



BEGA CHEESE LIMITED

# 2020 Sustainability Report

Greater Good



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# 1. Introduction

## About this report

This report addresses our performance and improvement plans in relation to the material sustainability impacts of Bega Cheese Limited during the financial year 1 July 2019 to 30 June 2020 (FY2020).

The introductory section outlines the nature of our business, our aspirations, values and strategic approach to sustainability. This includes how we identify and prioritise material issues, and our approach to governance and risk management. In the following sections, we highlight our material impacts on sustainability and our specific Corporate Social Responsibility commitments for each area. We outline how we are working to address each of those impacts locally and how this work contributes globally to the UN Sustainable Development Goals (UN SDGs) and their targets.

All references to a year refer to FY2020, unless otherwise stated. Bega Cheese Limited is a publicly listed company on the Australian Securities Exchange (ASX Code: BGA) with approximately 12,500 shareholders. All references to the Bega Group, Bega or Bega Cheese refer to Bega Cheese Limited (ACN 008 358 503), and its subsidiaries Tatura Milk Industries Pty. Ltd., and the Peanut Company of Australia Pty. Ltd. (PCA).

Unless otherwise stated, the information in this report covers the following sites: Bega (Ridge and Lagoon Street), Koroit, Strathmerton, Tatura, Port Melbourne, Tolga and Kingaroy. It excludes the Maffra transfer station and the depots at Inverlaw and Gayndah. The Derrimut site, which is operated but not owned by Bega, is included in the safety and human resources statistics only. It is not included in the environmental data. The 25% joint venture Capitol Chilled Foods (Australia) Pty Ltd is included only in the financial information.

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards 2016. A copy of the GRI Content Index with links to relevant sections of the document is provided on page 68.

We produce a number of reports to meet the needs of our wide range of stakeholders. Our 2020 Annual Report provides a summary of Bega Cheese Limited's operations and financial statements for FY2020 and is available at [www.begacheese.com.au](http://www.begacheese.com.au). In addition to this, Bega Cheese produces an annual Corporate Governance Statement, Workplace Gender Equality report and an Australian Packaging Covenant Organisation Annual Report. We report our greenhouse gas emissions to the Commonwealth Government and will prepare our first Modern Slavery Statement next year. We publish multiple policies on our company website.

Our overall approach to audit and assurance is outlined in our 2020 Annual Report. Limited third-party assurance of sustainability-related information is conducted every two years, commencing with this FY2020 report. The scope of limited assurance includes a selection of disclosures related to priority strategies, material issues or indicators. As such, the scope is based on the highlights of our targets, performance and progress reporting in the FY2020 Sustainability Report (see page 66 for the assurance statement). This year we also undertook a voluntary, limited assurance of our scope 1 and scope 2 greenhouse gas emissions to provide increased confidence in our reporting, compliance with the National Greenhouse and Energy Reporting Act 2007 and a sound basis for target setting.

Where there are changes to previously reported data, this is explained in notes where the restated information appears.

### **We welcome your feedback**

We aim to keep improving our sustainability reporting and welcome your feedback on this report. Please address any questions, comments or suggestions to [bega.admin@bega.com.au](mailto:bega.admin@bega.com.au).

Previous reports are also available at [www.begacheese.com.au](http://www.begacheese.com.au). Please consider the environment before printing this report.





**Barry Irvin** Executive Chairman



**Paul van Heerwaarden** Chief Executive Officer

## Message from the Executive Chairman and CEO

Bega Cheese is pleased to present you with our sixth annual Sustainability Report. This year's challenges further underscore how essential a strong focus on sustainability is to the success of our business. The difficult circumstances brought on by Australia's devastating bushfires and drought conditions, followed by the COVID-19 pandemic has made this a year like no other.

For our valued stakeholders, our Corporate Social Responsibility strategy illustrates the proactive measures we take to ensure we manage our impacts and make a positive contribution for the greater good, economically, socially and environmentally. These measures are vital to how we navigate the challenges and sustain strong productivity.

As a food manufacturer, our most material sustainability issues are food safety, animal welfare, water, climate change, greenhouse gas emissions, food and nutrition, sustainable sourcing and responsible and ethical sourcing. In this report we detail our material impacts on sustainability and explain how we are working to address each. We also highlight how our work in each area contributes globally to the UN Sustainable Development Goals (UN SDGs), having set our priorities to align with the UN SDGs where we know we can make the greatest contribution.

## Managing our way through COVID-19

Throughout the COVID-19 pandemic our priority has been to ensure the health and wellbeing of our employees, customers and communities while minimising the disruption to our business.

Bega Cheese proactively implemented policies and practices with our supplier base to identify and mitigate the potential risks to our people and business. We demonstrated agility in our response, and a strong focus on governance and business continuity. This response is outlined in detail throughout this report.

Although the Group's markets for goods were disrupted by COVID-19, our financial performance was not materially impacted by the pandemic in FY2020. We did not experience any major material shortages or transport restrictions in our supply chain.

COVID-19 dampened growth in our export branded consumer and food service business across our markets from late January 2020. Demand for our brands in the foodservice channel was disrupted, however consumer demand switched to our brands in retail channels. The nutritional category performed in line with expectations for the first half of the year, with strong momentum from our range of goat milk formulas and products destined for South East Asia. In the second half, the category was impacted by COVID-19, particularly for customers supplying products into China.



## Responding to a changing climate

The pandemic was preceded by both drought and bushfires, presenting a clear signal that climate change will continue to have an increasing impact.

### Support through drought

In 2019 Australia experienced its driest year on record. Total milk production was significantly reduced as dairy farmer suppliers faced escalating costs and drought. The domestic market experienced unprecedented competition as national milk volume declined, resulting in a 9.6% reduction in our milk intake.

In response, Bega Cheese significantly increased milk payment prices and implemented a range of other initiatives to sustain and grow milk supply, paying record prices for milk this year. Our opening price for milk this season represented a 12.8% increase on last season. In addition to base milk price increases, our support initiatives include Bega Supply Premiums, ongoing irrigation rebates, the introduction of new milk growth incentives, and assistance through the Bega Better Farms program.

Bega Better Farms continued to provide grants for information and service support, development and training and on-farm capital works. During FY2020 a total of 84 approved projects were completed and a further 42 farm businesses had projects approved.

This year, Bega Cheese aligned with the Dairy Industry Code of Conduct which came into effect in January 2020 to regulate the process for negotiating contractual agreements with dairy farmers.

A new 'nine-and-three' milk payment system was introduced to better support efficient milk production. The plan was backed by the United Dairyfarmers of Victoria (UDV) as a simpler payment approach to better support the Australian Dairy Industry, and Bega Cheese has been an early adopter.

### Our bushfire response

With 2019 also being Australia's warmest year, our country faced extensive bushfires which became uncontrollable due to dry conditions, intensifying in south east NSW, Victoria and the ACT on New Year's Eve 2019. Our employees made a vital contribution by supporting farmers with milk collections, generators and emergency feed.

Bega Cheese closely monitored the fire risk and extreme conditions to ensure the safety of our employees, suppliers and their families always came first. While this was an incredibly difficult time for many of our people and dairy farmer suppliers, the bushfire impact was mitigated by an outstanding collaborative effort with our suppliers, freight providers, Local Land Services, New South Wales farmers, Bega Valley Shire Council, the NSW Rural Fire Service and volunteers. Despite the great efforts by the local team to minimise disruption, milk losses of 900,000 litres were unavoidable, however this did not have a material impact on Bega's overall operations.

## Growth and resilience

Our strategy to diversify our product portfolio and channels to market has been central to our strong performance. In FY2020, Bega Group revenue remained solid with an increase of 5% to \$1.49 billion. The normalised EBITDA of \$103 million was down 2% on the prior year and normalised net profit after tax was \$31.9 million, up 3% on the prior year.

The Group manufactured 297,668 tonnes of dairy, spreads, grocery and peanut products in both branded and bulk formats during FY2020. This represents a reduction of 5,584 tonnes or almost 2% on the prior year, due to lower milk intake as a result of prolonged drought and increased competition for supply.

The growing diversity of the Bega Group has continued, as has the great range of products we manufacture. The construction of a new lactoferrin facility at Koroit was commissioned in April 2020, anticipated to be fully operational for FY2021. The facility will add 35 tonnes of additional capacity and is supported by a long-term supply arrangement with a large international customer. This will position Bega Cheese as one of the world's largest producers of the specialty protein for the health food and infant formula market, and is a major step forward in the growth of our bio-nutrients business.

Our spreads offering expanded to include honey with the launch of B honey, a proudly Australian-owned honey brand that supports the future of the local honey industry. By supporting B honey, customers are supporting Bega's unique Purple Hive project which utilises innovative technology to detect the Varroa mite (*Varroa destructor*), a serious exotic parasite of adult European honey bees. While Australia remains the only country free of the Varroa mite, Bega is now playing a role in reducing this biosecurity risk through surveillance for early detection. Such early detection is vital to the health of the bee industry, as well as to Australian agriculture which values the role of bees as pollinators.

Emerging global consumer trends in nutrition have informed the expansion of our nutritional product portfolio. Bega is the majority shareholder in 180 Nutrition, an online health and wellness business that supplies dairy and plant protein products and natural health supplements via its e-commerce platform and educational podcasts.

Our iconic Vegemite brand and our Bega peanut butter range once again delivered solid growth. This year we also introduced our new butter brand, Farmers Table. We saw particularly strong growth from our Bega Simply Nuts peanut butter range, made from 100 per cent Australian peanuts sourced from our Kingaroy facility. Customers are increasingly focused on Australian owned and made products and seek provenance, improved traceability, quality assurance and sustainable farming practices. While we focus on healthier eating, we also ensure that our ingredients are sourced responsibly, ethically and sustainably and provide information to help consumers make better choices.

Following the successful launch of Gluten Free Vegemite last year, we expanded our iconic Vegemite brand with the launch of 40% Less Salt Vegemite. Online Vegemite merchandise sales continue to grow, as does the franchising of the Vegemite trademark.

### Highlights and challenges

In FY2020 we introduced a new Ethical Sourcing Policy which outlines our expectations of suppliers regarding due diligence on labour and environmental standards. We will also produce our first report on our efforts to examine and address modern slavery risks in our operations and supply chain in FY2021. We have committed to the Responsible Children’s Marketing Initiative and became an early adopter of the Australasian Recycling Label, which helps consumers correctly recycle each component of packaging. Bega Cheese became an associate member of the Roundtable on Responsible Palm Oil (RSPO), a not-for-profit that develops and implements global standards for sustainable palm oil, and commenced RSPO Supply Chain Certification for relevant manufacturing sites with the first certified in July 2020.

Bega Cheese proudly supports the local communities in which we operate. The Bega Corporate Event, normally held in March each year, was unfortunately postponed due to international and domestic travel restrictions due to COVID-19. The TAT200 charity bike ride was held in November 2019 attracting 325 participants and raising a total of \$90,000. Funds raised were directed towards local community support organisations and other initiatives, including university scholarships for members of local dairy farming families.

We are proud of our ongoing partnership with Foodbank which allows us to support front line charities, local communities, and schools across the country. More than 40% of all food and groceries distributed by Foodbank nationally is contributed to regional and rural communities. In FY2020, we donated over 57,000 kilograms of products, equating to more than 103,000 meals for Australians experiencing hardship.

While this report details our sustainability highlights, it also addressed the areas where we recognise we have more work to do. Mitigating our own greenhouse gas emissions and reducing our energy consumption is an ongoing challenge. This year our resource intensity per tonne of product across energy and greenhouse gas emissions increased. This was largely due to changes in our product mix and decreased production levels. Production decreased by 2% compared to the prior year, reflecting the impact of drought and supply competition.

We remain committed to our ambitious three year energy reduction program, with the completion of 80% of planned sub meter installations in FY2020 and the approval of over \$800,000 in energy efficiency projects for the coming year. We have purchased 1,575 Australian carbon credit units to offset our increased emissions over the past financial year. We have also sought third party assurance over our carbon and energy data which will better inform target setting and our transition to a lower carbon business.

The safety of our people is always our priority as we continue to strive to achieve zero injuries. In FY2020 our safety performance deteriorated with an increase in our total reportable injury frequency rate to 10.5, well above our rate in FY2019 and above our FY2020 target. Although a number of lead safety indicators improved, our overall performance is well below our expectations. To address this, we have engaged DuPont Sustainable Solutions, a leading global consultancy for workplace safety, who will work closely with our site based teams to assess our safety culture and determine the necessary development plans.

Although we face various domestic and global challenges, the Bega Cheese Group remains optimistic that the resilience of our category portfolio and market mix, along with the competitiveness and responsiveness of our supply chain, positions us well to take on the opportunities and challenges in FY2021 and beyond.

We remain committed to achieving our sustainability targets and acknowledge that there remains a great deal more work to be done. Our success relies on the knowledge and effort of our staff and the support we receive from our suppliers, shareholders, customers and the community. We thank them all for another year of their dedicated support during incredibly challenging times.



**Barry Irvin**  
Executive Chairman



**Paul van Heerwaarden**  
Chief Executive Officer

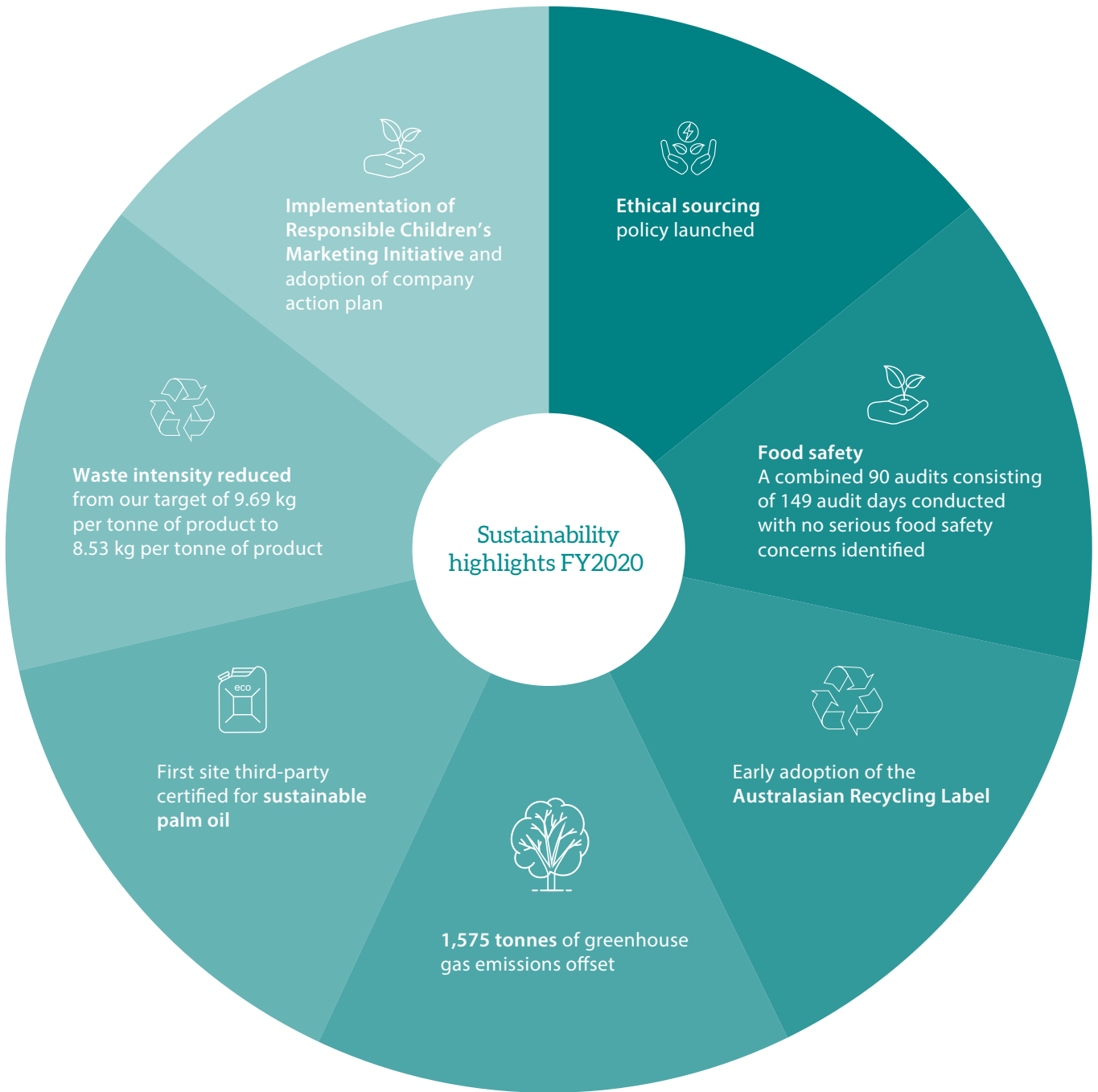


Figure 1A: Our sustainability highlights FY2020





Figure 1B: Our sustainability challenges FY2020

## COVID-19 – our response

As the coronavirus (COVID-19) pandemic developed across the globe, our response closely followed the Australian government health advice and regulations as they evolved throughout the crisis. During this challenging period we have been guided by our Bega values. In particular, our value to support each other has been displayed, which is influenced by our beginnings as a cooperative.

Our priority is to ensure the safety and wellbeing of our employees, customers and communities, whilst minimising disruption to our business. We have closely monitored the situation and actively reviewed our approach to ensure a calm and balanced response. Our controls have been effective in keeping our people safe and maintaining business continuity, with all sites remaining operational.

At the time of publishing this report parts of Australia, in particular Victoria, experienced an increase in case numbers that lead to additional COVID-19 transmission control measures being introduced. Our ability to collaborate, learn and adapt in this rapidly changing situation, as well as our ongoing communication with our people, customers, suppliers and the communities in which we operate, all remain core to our response. The executive-led crisis team at Bega Cheese continues to meet, monitor and update the company's response.

### Governance and business continuity

Bega Cheese enacted its business continuity plans which were revised to specifically address COVID-19. These are clear working documents that demonstrated the flexibility to respond appropriately to the pandemic and service our customers as expected. Our executive-led crisis team, which included the Executive Chairman of the Board, have met regularly to monitor developments and manage risk, based on information provided by the World Health Organisation and relevant Australian government authorities. Information papers were provided to the Board, as often as weekly, from 12 March to the present day.

The executive team and site managers met routinely to ensure clear and direct lines of communication between our core manufacturing people and senior leaders. Regular updates were provided to all employees, commencing 28 January 2020. Communication included leadership updates, policy and procedure updates via our dedicated COVID-19 Information Portal and a text messaging service for immediate companywide communication.

Leadership teams met regularly to consider the changing environment. They identified specific actions to support the development of pandemic business continuity plans, the implementation of company policies and to establish clear priorities and resource requirements.

The assessment of our business continuity plans has been ongoing. Bega Cheese Group Internal Audit has been monitoring and assessing these plans, sharing best practices between business units and ensuring consistency across key activities. Business continuity plans for the recovery phase have also been developed, aligned with both Federal and State government requirements, to ensure our business is well prepared for when restrictions ease. A post-COVID-19 review will examine our learnings as a business to inform our future planning.

While our FY2020 financial results indicated minimal commercial impact, it is anticipated the pandemic will affect future demand in some markets. Our business continues to carefully monitor and plan for any potential shortfall in sales.

## Supply chain

The Bega Cheese procurement and sales teams communicated frequently with suppliers and customers about our needs and responses to COVID-19.

Where appropriate, policies and procedures related to our interaction with suppliers were revised to ensure safety. For example, our Milk Service Officer Farm Visit Policy was updated to provide additional guidance to farm services staff when conducting essential visits to farms.

We proactively implemented policies and practices with our supplier base to identify potential risks and mitigate these risks to our people and our business. Our business did not experience any major material shortages or transport restrictions in our supply chain and we maintained our customer service levels.

While the impact of the pandemic will no doubt be evident well into the future, the main implications for our business in the near term include the strength of domestic demand for our portfolio of consumer products, and the return to normal levels of demand for food service and nutritional products in key export markets. Some domestic sales volumes increased, with uplift due to the impact of COVID-19 on consumer purchasing habits. While our export branded consumer and food service business continued to see strong growth this year, COVID-19 dampened this across our markets from late January 2020. Demand for our brands in the foodservice channel was disrupted, however consumer demand switched to our brands in retail channels.

Our nutritional category was impacted by COVID-19 in the second half of the financial year, particularly for customers supplying products into China. Many of these customers reported an increase in sales in Q3 caused by pantry loading, followed by a decrease in demand in Q4 due to factors including the increase in the cost of airfreight and fewer international flights. The pandemic is expected to continue to impact our customers and our supply chain in various ways, well into FY2021 or longer. However the resilience of our category portfolio and market mix, along with the competitiveness and responsiveness of our supply chain, positions us well to take on the opportunities and challenges we will face in FY2021 and beyond.

### Health and safety measures

As part of our commitment to providing a healthy and safe workplace, Bega Cheese policies were updated to align with Australian Government regulations as they were established or changed.

In February 2020, international business travel restrictions were adopted for our employees. Simultaneously, travel history and exposure screening was implemented for all visitors and contractors attending our sites. In March 2020 we restricted access for external visitors and contractors to all Bega Cheese sites, to only those which supported our obligations as a food manufacturer. Visitors or contractors attending our sites for business-critical purposes were required to complete a detailed questionnaire prior to gaining authorisation.

Our employees complied with a range of COVID-19 specific safety measures including working from home where possible, increased hygiene practices, workplace social distancing measures and limiting employee movement between our sites. On some production lines, separation screens were put in place as an additional measure.

Our sites implemented additional cleaning and sanitation measures. Our standard for cleaning of facilities was updated to respond to the risks associated with COVID-19 transmission. We increased the cleaning frequency of high-traffic and high-touch areas.

The wearing of face masks became mandatory for all Victorian based employees in July 2020 and for all contractors and freight carriers at all Bega sites.

Temperature checking was introduced for all personnel needing to access our offices or manufacturing facilities. Forehead temperature checking was implemented to detect and prevent anyone with a suspected fever from entering our sites. This included all employees, visitors, contractors, drivers and casual labour hire.

### Policy updates

The aim of the Bega Coronavirus Response Policy is to reduce or eliminate the risk of COVID-19 transmission in the workplace and minimise the impact on our Bega Cheese communities. This was communicated by our leaders and shared with all employees via the company intranet, requiring acknowledgement by all employees.

Bega Cheese implemented a range of specific procedures via our Workplace Social Distancing Policy, aligned to the Australian Government advice. Our IT infrastructure was quickly leveraged to enable employees to work remotely where possible. This was supported by our Remote Working Policy that outlined expectations around how employees would perform their work remotely and remain connected with their line managers and work teams. Essential Employee Letters were provided to those employees who continued to attend the workplace, as a confirmation to authorities that our employees are permitted to go on with their essential duties.

Our company leave policies were updated to include a Pandemic Leave Policy, providing up to 14 days additional paid special leave, should an employee be required to self-isolate or test positive to COVID-19.

### Management Response Plan

Bega Cheese also established the 'Bega Management Response Plan', which is a set of guidelines and protocols to manage the situation in the event of a suspected or confirmed case of COVID-19. An Internal Advisory Panel was established to support our sites with the Management Response Plan, review any situations of possible exposure to COVID-19 and provide consistent guidance to keep our people and business safe.

Our Management Response Plan was also supported by a Coronavirus Contact Tracing Procedure and Onsite Quarantine Procedure. At the time of publishing this report, we had managed 636 situations where testing or tracing was required for our people, with no positive cases of COVID-19 to-date.

To support the Australian Government's release of the CovidSafe contact tracing app, a communication was sent by our CEO to all our employees via mobile phone text messaging on 4 May 2020, encouraging the download of the voluntary app.

During the second wave, when cases in the community began to increase again, Bega Cheese completed a full risk review of all Melbourne based essential employees and casuals attending the workplace, based on the Victorian Government restrictions imposed on 'hotspot' postcodes. We completed the review in readiness for potential further restrictions and to understand how this may impact our Melbourne operations.

Bega Cheese is continually monitoring and reviewing learnings from our external environment, including specific cluster cases observed in the community. This includes studying other businesses' responses to having a positive case, to adopt key learnings into our plans and policies. We collaborated with both Dairy Australia and Dairy Food Safety Victoria, sharing our CovidSafe plans for them to review, provide feedback and share learnings to enhance the dairy industry response.

### Wellbeing

The ongoing health and wellbeing of our employees during this time of uncertainty has been a key priority. We introduced a number of initiatives to support our employees and their families including Calm Healthy Minds, which is a mindfulness-based psychological resilience program aimed at helping participants develop tools to manage anxiety and calm the mind.

A Wellness Portal for our employees was established on the company intranet, providing information, resources and online sessions for general health, nutrition, fitness and mental health. Employee participation was actively promoted and encouraged.

The effectiveness of our response, both for those working remotely and those continuing to attend the workplace, was measured through surveys. Information received was reviewed by the executive team, with key insights informing our approach on how we continued to support our employees. Our people reported being satisfied with their remote working arrangements. Specific challenges around isolation and communication with coworkers were identified and informed future updates from leadership. Overall, our employees felt they received clear and timely communication regarding COVID-19 and were able to work effectively during the disruption.



CASE NUMBERS NATIONALLY



COVID-19: our response

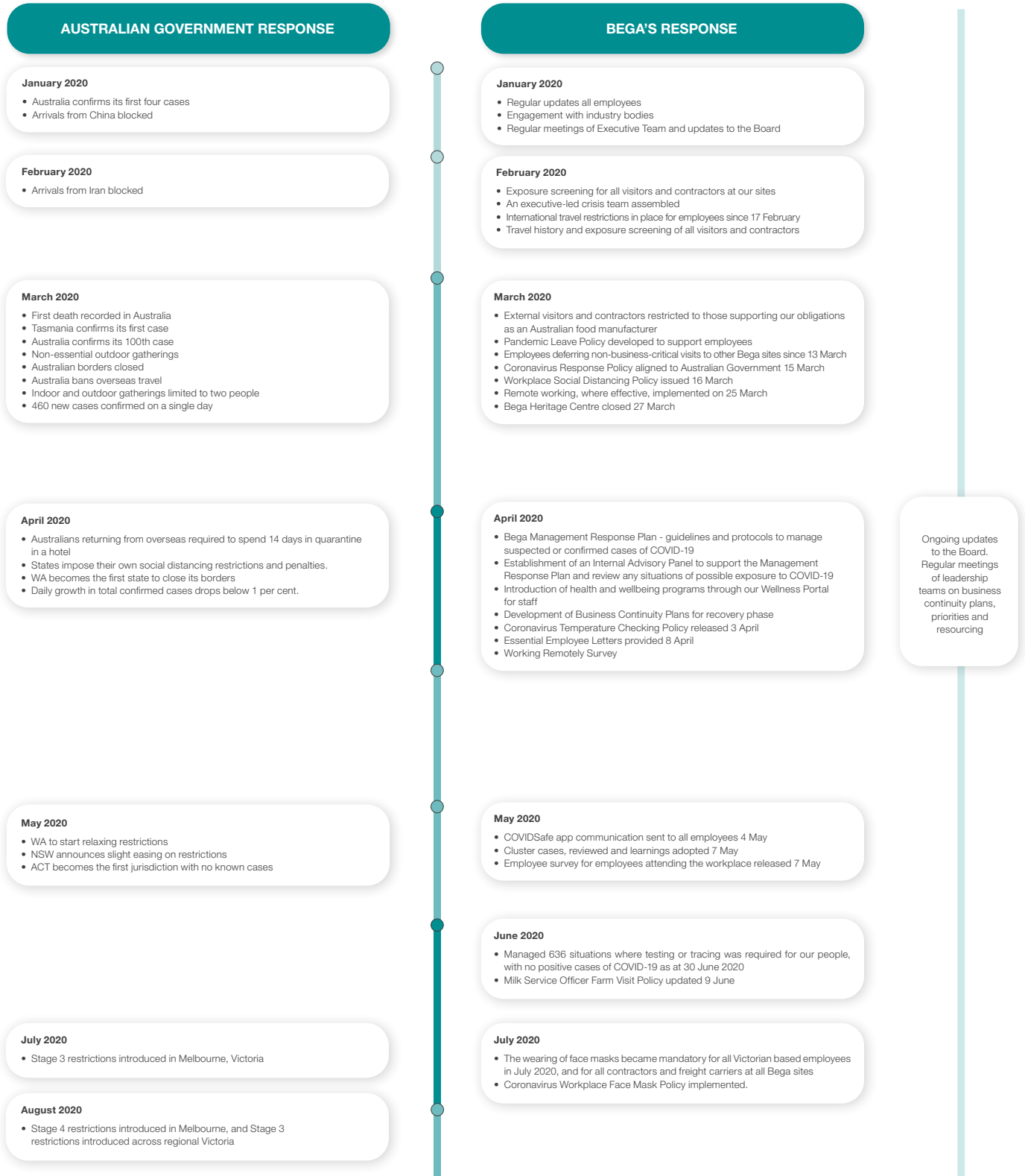


Figure 2: COVID-19 – our response

### Company overview

Since its modest beginning, Bega Cheese has grown into a \$1.49 billion corporate entity employing around 1,800 permanent staff. The business was listed on the Australian Securities Exchange in 2011. Today we own and operate eight manufacturing sites across New South Wales, Victoria and Queensland. We are supplied by over 500 dairy farms and over 120 peanut growers.

We have continued to leverage and evolve our core dairy and nutritional capabilities to become a respected and successful global food business, with a vision to become the Great Australian Food Company. In recent years we have grown and transformed through a range of strategic acquisitions and shareholder interests, including:

- completing acquisition of Mondelez International’s Australian and New Zealand grocery business in July 2017, since known as the Bega Foods business
- finalising acquisition of PCA in January 2018, suppliers of peanuts for our peanut butter snacking ranges
- acquiring one of Murray Goulburn’s former dairy manufacturing facilities, located at Koroit in Western Victoria, in August 2018
- becoming the majority shareholder in 180 Nutrition in February 2019, an online health and wellness business that supplies dairy and plant protein products and natural health supplements through its e-commerce platform
- expanding our spreads offering in FY2020 to include a honey range, B honey, made from 100% pure Australian honey and committed to supporting the future of the Australian honey industry.

We continue to focus on our strategy to be the Great Australian Food Company - building a dairy and food business capable of servicing customers and consumers in Australia and around the world with competitively priced, high quality products from dairy and agriculture regions in Australia. We are positioned well for further growth in domestic and international markets as our business has great capacity and capability across a range of dairy ingredients, nutritionals, retail dairy products and spreads, including Vegemite and peanut butter.

### Year-by-year revenue



Figure 3: Year-by-year revenue

### Year-by-year production volume

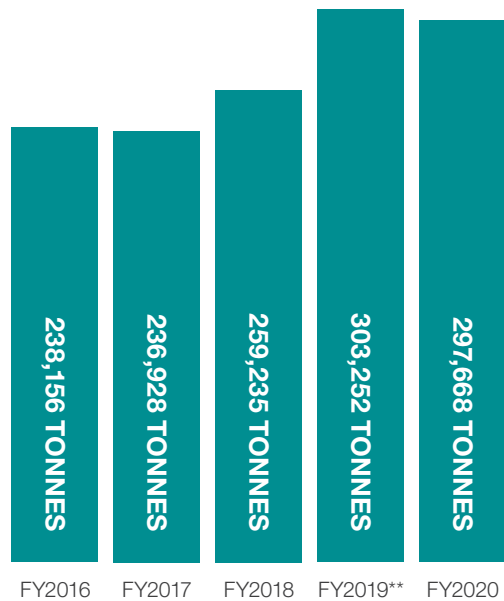


Figure 4: Year-by-year production volume

\*FY2018 and FY2019 revenue is restated due to adjustment for the impact of AASB15 Revenue from Contracts with Customers.  
 \*\*FY2019 production volume is restated

## Our vision and values

Our vision is to be the Great Australian Food Company.

This involves a focus on great food, great people, great aspirations and working for the greater good.

We make a difference in everything we do by embracing our values:

### **Passion for the customer**

We create great food and build brands that our customers and consumers love and trust.

### **Grow our people**

We ensure our people will continue to grow with Bega. We give them the responsibility to work together and achieve great outcomes.

### **Invest in our future**

We have great aspirations to go beyond our business today. We invest in technology, innovative products and new markets.

### **Support each other**

We strive for a greater good by combining our success with a positive and lasting impact on others.





# Our sites

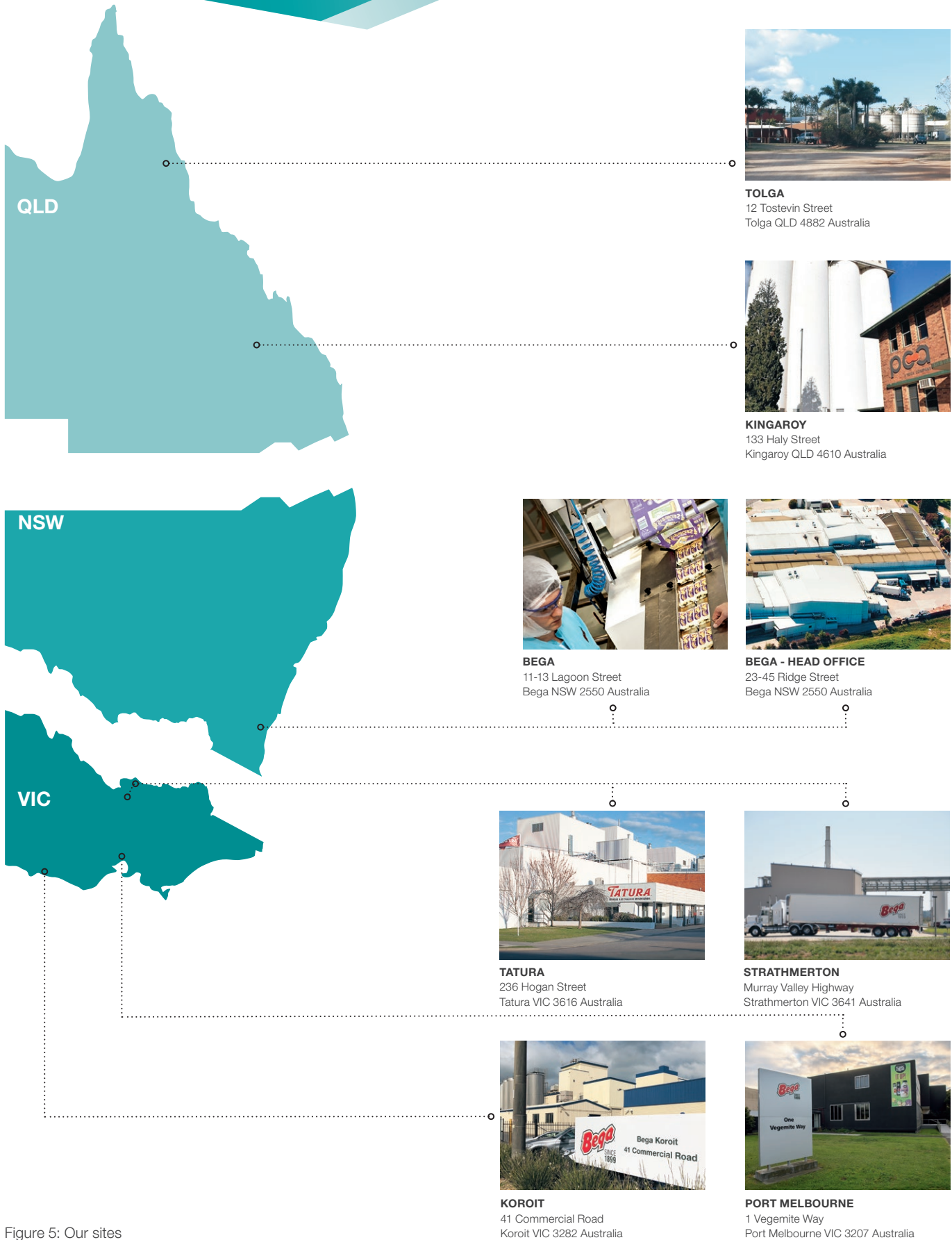


Figure 5: Our sites

**Our markets**

In FY2020 Bega Cheese Group revenue increased by \$73 million, or 5% compared to the previous financial year.

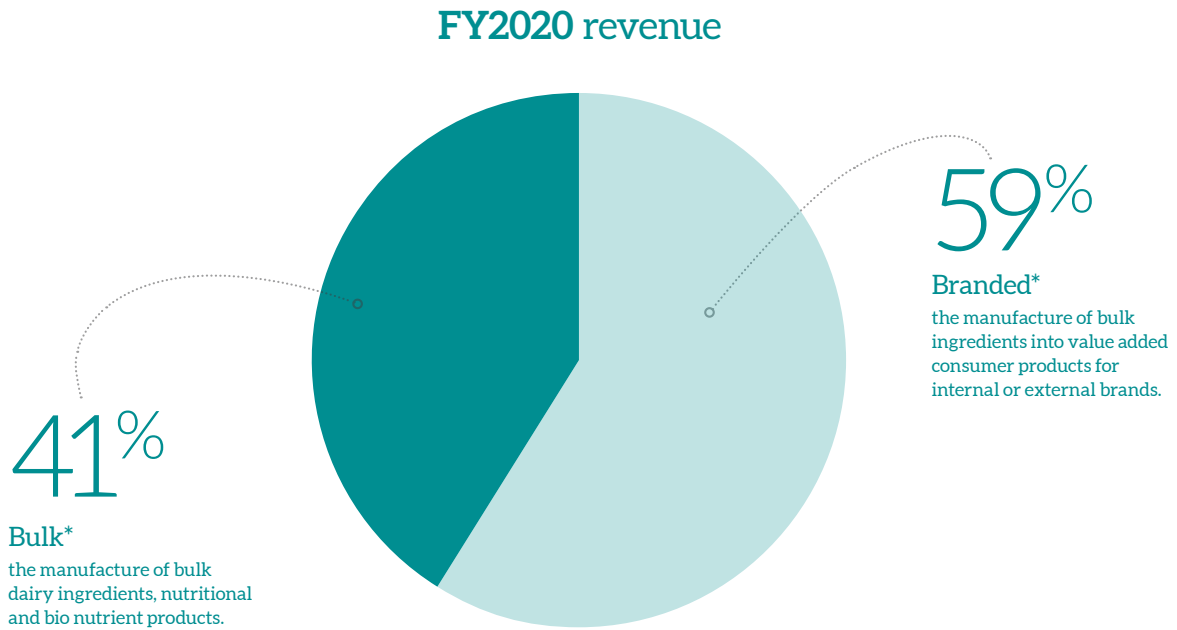


Figure 6: FY2020 revenue

Our brands include some of Australia’s favourite household names such as Vegemite, ZoOSh, Bega and Dairymont. In addition to our iconic Vegemite brand, we are the market leader in peanut butter.\*

Our superior wholesale food product range is a testament to our expertise in the Australian foodservice industry. We are suppliers of high-quality products from cheese to condiments, dressings, mayonnaise, spreads and portion control staples.

Domestic customers include Aldi, Coles, Woolworths and Metcash plus distribution across food service and quick service restaurants. Our business-to-business customers include Fonterra, Kraft, Mondelez, Bellamy’s and Blackmores.

Internationally, our brands and products continue to increase in popularity. Export sales totalled \$523 million, which was an increase of 15% on the prior year and comprised 35% of total sales. We continue to expand our range of dairy ingredients, nutritional and core food products around the world. Our international customer base includes manufacturers, retailers, distributors and agents in markets including South East Asia, China, Japan, Korea, United Kingdom, France and the Middle East. A growing number of our nutritional, food service and ingredient customers are in China.

Our focus on health and nutrition ingredients continues to grow. Bega Bionutrients’ flagship product, lactoferrin, has been produced at Tatura since 2002. The construction of a new lactoferrin facility at Koroit in Victoria commissioned this year will bring 35 tonnes of additional capacity annually, positioning our business as one of the world’s largest producers of the specialty protein for the health food and infant formula market. Aspects of Bega Bionutrients’ footprint are included in this report through the energy, water, safety and human resources facets of the relevant operating sites, such as Tatura. We are also a majority shareholder in 180 Nutrition, a business that sells dairy and plant based protein products, superfoods and wholefood bars online in Australia. In FY2020, 180 Nutrition launched a collagen peptide powder. A new range of whey protein isolate powders and other new products are in development.



\* Based on supermarket scan sales data for the 12 months ending 17 July 2020. The Group has two new reporting segments:  
 i. Branded – the manufacture of bulk ingredients into value added consumer products for internal or external brands.  
 ii. Bulk – the manufacture of bulk dairy ingredients, nutritional and bio nutrient products.



Bega produces a wide range of products, including dairy ingredients, nutritional products, dairy products, and spreads including Vegemite and peanut butter.



Figure 7: International customer base

Our value chain

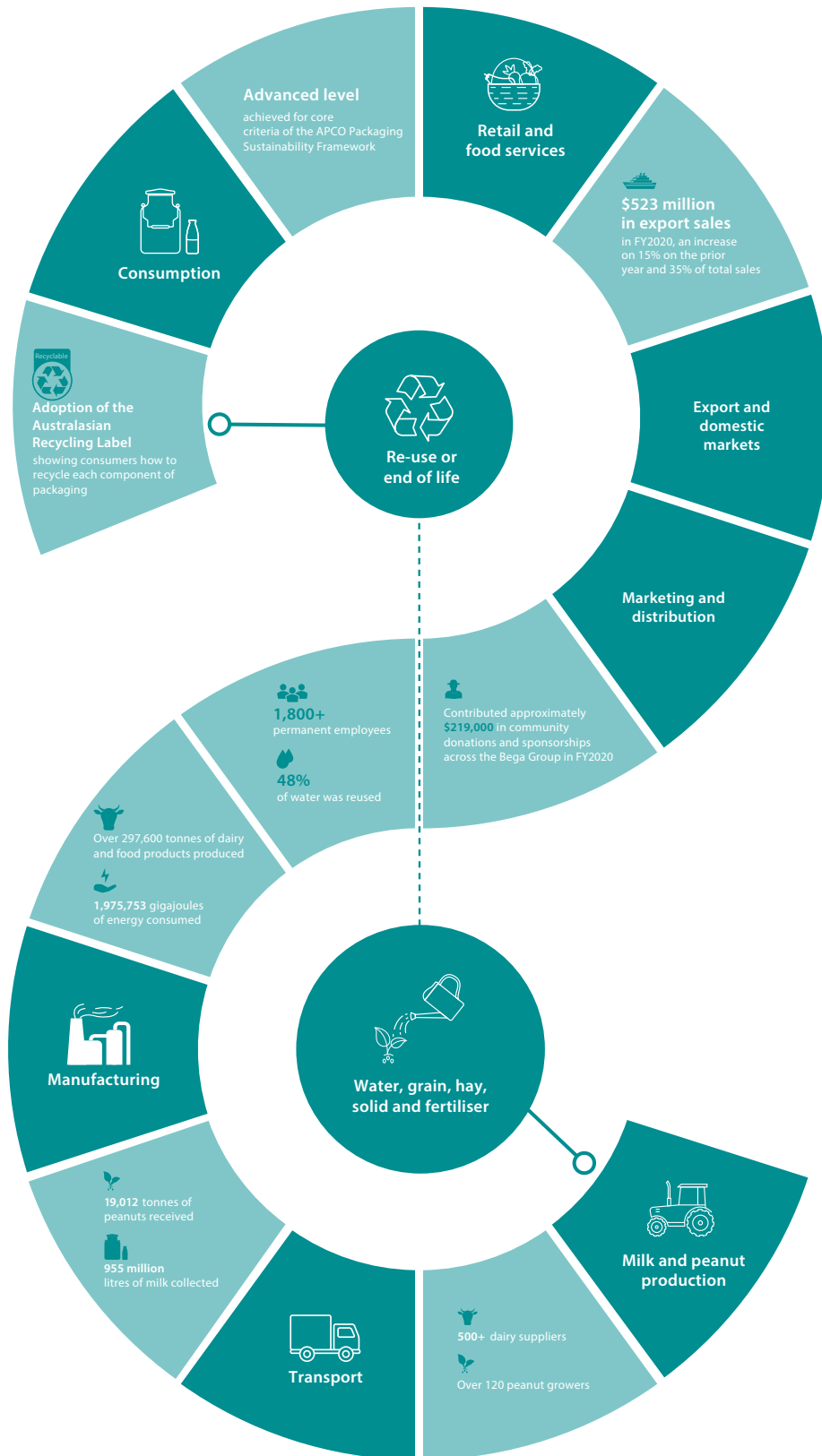


Figure 8: Our value chain

**Our governance**

Bega Cheese Limited sets consistently high standards of business conduct and ethics. We aim to deliver strong business results, whilst ensuring that we never compromise our values. During the year we adopted Standards of Business Conduct and a revised Code of Conduct, endorsed by our Board in February 2020 and available on our website at: [www.begacheese.com.au/business-conduct](http://www.begacheese.com.au/business-conduct)

These documents provide a framework of principles that Bega Cheese Limited and its subsidiary companies abide by in business and when dealing with stakeholders. They outline the responsibilities and expectations of employees, contractors, suppliers, consultants and directors in areas including safety, working hours, child labour and forced labour, wages and benefits, non-discrimination, fair business practices, ethical behaviour and grievance mechanisms.

Employees complete a Code of Conduct Declaration upon employment and participate in refresher training every 12 months to ensure awareness of any changes.

Our Board, as at 30 June 2020, consists of six directors overseeing the sustainability activities of Bega Cheese. Directors are listed on page 12 and 13 of our FY2020 Annual Report. Board sub-committees monitor performance and provide advice and assistance. The Audit and Risk Committee monitors and reviews the risk register at least annually to assess the degree to which material risks are being effectively managed, and to ensure that all material financial and compliance risks are adequately reflected in the financial statements.

The Group Manager Internal Audit reports annually to the Audit and Risk Committee on the organisation’s compliance with our risk management policy, and the effectiveness of the Bega Cheese risk framework. Our approach to risk is based on AS/NZS ISO 31000:2009. Managers are responsible for compliance with risk management policies and processes, and ensuring that key controls are in place and effective.

Two Committees address the sourcing of our two key raw materials - peanuts and milk. The Peanut Growing and Breeding Committee and the Milk Services Committee support the Board in developing strategies to ensure peanut and milk supply. They also work with the Board on strategies to strong foster relationships with our valued farmer suppliers.

**COVID-19 response:  
crisis management and business continuity**

Bega Cheese proactively implemented business continuity plans during our response to the devastating bushfires this year and the COVID-19 pandemic. To read more about this, see page 51 for an outline of our crisis management process during the bushfires and page 9 for our response throughout the COVID-19 pandemic.

**Bega Cheese governance**

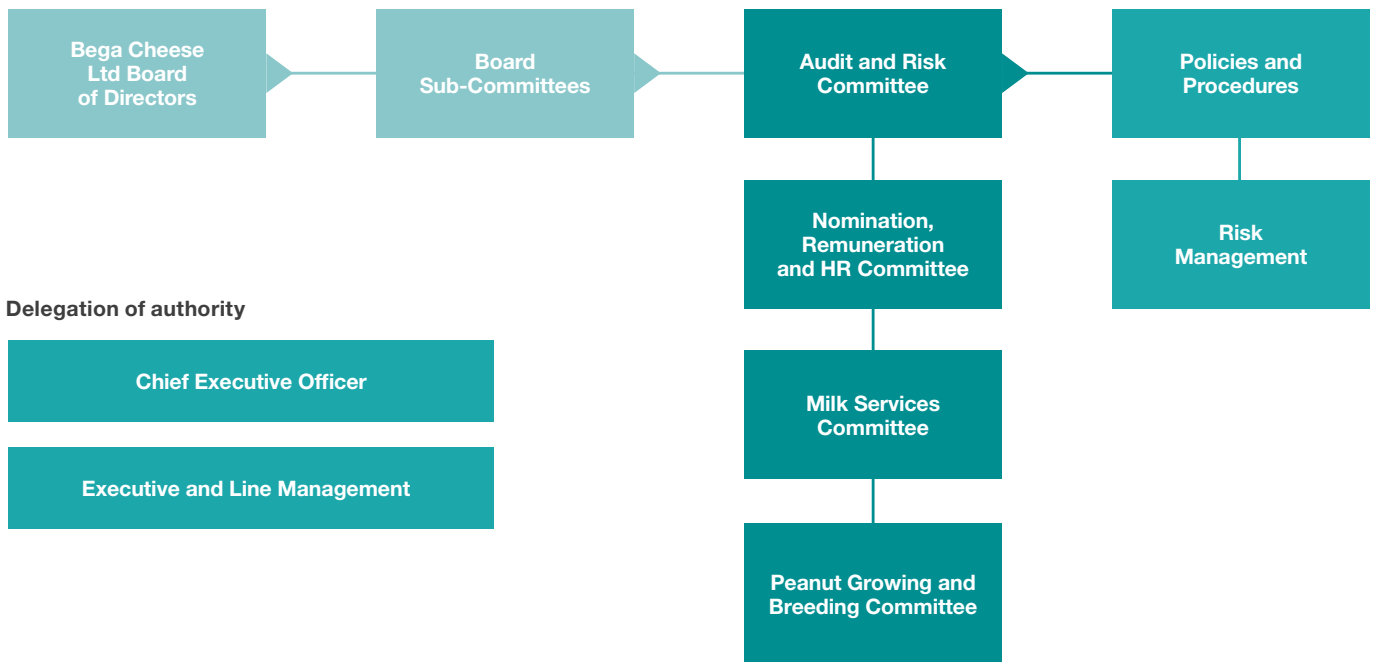


Figure 9: Our governance structure



## Targets and performance

We set targets to measure our performance on key sustainability issues, aiming to improve performance year on year. Sustainability targets are reflected in business unit planning and performance is regularly reviewed by site leadership teams, the Group Safety and Sustainability Manager, and other senior group managers.

The table below shows the sustainability targets we established for FY2020 and how we performed in each area.

### Bega Cheese targets and performance

	ONGOING TARGET	FY2020 PERFORMANCE	PROGRESS
% of women in management positions	32%	27%	More to do
Maintain zero product recalls for food safety	0	0	On track
Food safety	Continue quality and food safety management integration of newly acquired businesses		On track
	Embed and sustain a culture of quality		

	FY2020 TARGET	FY2020 PERFORMANCE	PROGRESS
Food safety	Select and commence rollout of a business-wide solution for digital monitoring and Statistical Process Control of food safety and quality control points	Partners and collaborators chosen and announced	More to do
	Build and implement a comprehensive regulatory information resource to facilitate compliance to an importing country's requirements when exporting products	Underway and expected to be completed by December 2020	On track
Food nutrition	Initiate a reformulation program to align with the nutritional profiling standard	Project initiated to reduce salt and sugar	More to do
Workplace injuries	FY2020 Target TRIFR <5.5	10.5	More to do
	Plan the scope and timing of a certification audit to the ISO 45001 global safety standard	Certification audit delayed until 2021	More to do
	Communicate our golden safety rules and its rollout to all employees via our learning management system	Rolled out to all employees	Completed
	Roll out stage two of our behavioural safety leadership program	Rolled out to sites in Bega and Strathmerton, before reviewing our program needs through the commencement of a cultural safety assessment in partnership with DuPont Sustainable Solutions at Tatura.	More to do
	Continue our internal audit program by auditing all sites to determine compliance to the permit systems for confirmed-space entry, hot work and working at heights	Permit systems were standardised across all business units in FY2020 with supporting training programs developed. Compliance auditing to take place in FY2021.	More to do
















	FY2020 TARGET	FY2020 PERFORMANCE	PROGRESS
Sourcing	Increase Australian peanut content for our peanut butter products	<p>Launch of larger format Simply Nuts which is 100% Australian peanuts</p> <p>45% of peanuts sourced in Australia across entire product portfolio</p> <p>Excludes peanuts used for oil and meal.</p>	 More to do
	By December 2020, Bega Cheese will source 100% of its palm oil and palm products from Segregated or Identity Preserved palm oil and palm oil products	First site audited for RSPO Supply Chain Certification	 On track
Energy intensity	6.03 GJ/t	6.73 GJ/t	 More to do
	Continue to implement Energy Roadmap by developing site specific energy management plans and explore sustainable energy options	Completed 80% of planned sub meter installations	 More to do
	Implement a company-wide water, energy and greenhouse gas policy	Delayed	 More to do
Greenhouse gas intensity	Continue to develop our CSR plan, which includes developing a policy and framework for managing GHG emissions	Delayed	 More to do
	Targets and benchmarking to be established for 2020, 2023, 2025 and 2030 around GHG footprint, sourcing, cleaner technology, GHG efficiency, renewable energy and stewardship	Delayed	 More to do
	Complete a Carbon Disclosure Project gap analysis in 2020	Delayed	 More to do
Water intensity	5.54 kL/t	6.57 kL/t	 More to do
	Implement a company water policy	Delayed	 More to do
	Commence water mapping	Milk and peanut suppliers mapped for water risk	 Completed
Waste diversion from landfill	54%	52%	 More to do
	Transition up to 20% of cheese slice 'clamshell' packaging to 100% recycled PET	On track to deliver 50% recycled PET by the end of 2020	 On track
	Partner with APCO, in conjunction with Planet Ark, to launch the application of the Australasian Recycling Label	Launched	 Completed
Waste intensity	9.69 kg/t	8.53 kg/t	 On track

Table 1: Targets and performance

## Materiality

At the end of 2019 we began the process of reviewing our list of material issues last identified in our FY2017 sustainability report. This activity included workshops with internal and external stakeholders in the regions where we operate. This process was disrupted by the COVID-19 pandemic and the immediate priority we placed on keeping our employees and local communities safe.

It is anticipated this will recommence in the coming financial year and we have identified the interim list of material issues as shown on the following page. While this is our intention, the timing and nature of engagement will be subject to the ongoing impact of the public policy response to the COVID-19 pandemic.

The interim list was based on:

- results of the stakeholder engagement conducted to date
- a materiality assessment undertaken for the Australian Dairy Industry Sustainability Framework in 2019 by Dairy Australia
- a desk-top review of our operating context and impacts in relation to sustainable development informed by global standards and agreements, including the United Nations Sustainable Development Goals, and
- a review of peers in the agriculture, food and beverage sectors.

Our material issues in FY2020

MATERIAL ISSUE	SCOPE
<b>Food safety</b>	All aspects of food safety including policy, compliance, complaints, feedback and product recalls
<b>Animal welfare</b>	Policy and performance against animal welfare standards, particularly in relation to bobby calves, antibiotics use and biosecurity
<b>Water availability and efficiency</b>	Approach to water security and stewardship including consumption, intensity, re-use, recycling and effluent management in manufacturing and on farms
<b>Climate change</b>	Physical impacts of climate-related events such as drought, extreme weather events and wildfire
<b>Greenhouse gas emissions</b>	Scope 1 and 2 greenhouse gas emissions from manufacturing and approach to Scope 3 emissions
<b>Food and nutrition</b>	Opportunities to improve human health and nutrition through products and innovation and meeting diverse dietary and consumer needs
<b>Sustainable sourcing</b>	Spending on local suppliers, support to farmers for practice improvement, access to capital and environmental performance of suppliers
<b>Responsible and ethical sourcing</b>	Performance of suppliers in areas such as fair work practices on farms and human rights such as anti-discrimination and child or forced labour
<b>Safety</b>	Health and safety of workers at manufacturing sites, office staff, on-farm safety practices and chain of responsibility for transport related activities
<b>Land and biodiversity management</b>	Management practices of farmers in chemical management, soil, waterways and remnant vegetation
<b>Environmental compliance</b>	Compliance with environmental regulations, local complaints and responses
<b>Waste and packaging</b>	Waste generation, rates of recycling, types of packaging, recycled content
<b>Energy</b>	Energy security and costs, energy consumption and intensity, energy sources and use of renewable energy
<b>Diversity</b>	Providing equal opportunities, combating discrimination, promoting diversity and inclusion and being an employer of choice.
<b>Community contribution</b>	Contribution to local communities including local employment, local sourcing where practical, tax transparency and charitable giving

Table 2: Our material issues FY2020



## Stakeholder engagement

We regularly engage with stakeholders at key milestones including during contract renewals, at negotiation of supply and services agreements, and when advising the community of significant changes to activities at operating sites.

This year we commenced a program to specifically engage key stakeholders on the topic of sustainability by engaging with our employees, the communities in which we operate and a range of stakeholders across our entire value chain. This program will resume later in 2020 and will inform the ongoing development of our Corporate Social Responsibility Strategy, to be reflected in our future reporting cycles. This will also be informed by ongoing stakeholder engagement undertaken by Dairy Australia as part of the Australian Dairy Industry Sustainability Framework.

### Our stakeholders and their interests in FY2020

Stakeholders	Common interests	Specific interests	How we engaged in FY2020
Milk and peanut suppliers	<b>Food safety and quality</b>	<ul style="list-style-type: none"> <li>Finance issues</li> <li>Milk prepayments</li> </ul>	<ul style="list-style-type: none"> <li>Direct from Supply Team</li> <li>Grower Advisory Group</li> <li>Monthly newsletter</li> </ul>
Other suppliers and business partners		<ul style="list-style-type: none"> <li>Leadership in sustainability</li> <li>Changing consumer choices and nutrition</li> </ul>	<ul style="list-style-type: none"> <li>Direct interviews</li> <li>Supplier visits and audits</li> <li>Meetings and regular reviews</li> </ul>
Shareholders	<b>Animal care and welfare</b>	<ul style="list-style-type: none"> <li>Changing consumer choices and nutrition</li> <li>Business strategy and acquisition integration</li> <li>Packaging and plastics</li> <li>Human rights in the supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Results presentations</li> <li>ASX announcements and press releases</li> <li>Annual General Meeting</li> <li>Roadshows</li> <li>ESG investment surveys</li> </ul>
Customers and consumers	<b>Land, water and biodiversity management</b>	<ul style="list-style-type: none"> <li>Human rights in the supply chain</li> <li>Changing consumer choices and nutrition</li> <li>Plastics and packaging</li> </ul>	<ul style="list-style-type: none"> <li>Consumer Panel</li> <li>Responses to questionnaires</li> <li>Customer visits and audits</li> <li>Meetings and review</li> <li>Monthly reports</li> </ul>
Governments and regulators	<b>Responding to a changing climate</b>	<ul style="list-style-type: none"> <li>Regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>Input to requests for information</li> <li>Participation in system audits</li> <li>Strategic meetings with regulators</li> <li>Dairy Export Industry Consultative Committee</li> <li>Statutory reporting</li> </ul>
Industry associations	<b>Greenhouse gas emissions</b>	<ul style="list-style-type: none"> <li>Health and nutrition and consumer choices</li> <li>Plastics and packaging</li> <li>Industry leadership in sustainability, sharing of knowledge and benchmarking</li> </ul>	<ul style="list-style-type: none"> <li>Formal participation in industry initiatives and frameworks (see pages 26 and 62)</li> </ul>
Non-government organisations and certification bodies	<b>Compliance with regulations and certifications</b>	<ul style="list-style-type: none"> <li>Sustainability leadership</li> </ul>	<ul style="list-style-type: none"> <li>Formal participation in programs (e.g. The Australian Packaging Covenant, Roundtable on Sustainable Palm Oil)</li> </ul>
Workers	<b>Worker health and safety</b>	<ul style="list-style-type: none"> <li>Local and regional employment</li> <li>Plastics and packaging</li> <li>Australian ownership</li> <li>Energy and water consumption and efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Face to face workshops</li> <li>Safety briefings</li> <li>Newsletter (Bega Bites)</li> </ul>
Communities of operation	<b>Relationships with farmers</b>	<ul style="list-style-type: none"> <li>Regional investment and the flow on effects of production</li> <li>Water access and policy reform</li> </ul>	<ul style="list-style-type: none"> <li>Face to face workshops</li> <li>Participation in regional industry initiatives</li> </ul>

Figure 10: Our stakeholders and their interests in FY2020

## Our Corporate Social Responsibility Strategy: Greater Good

Our Corporate Social Responsibility (CSR) framework sets our agenda for addressing the impacts of our business and opportunities where we can contribute to progress in sustainable development, locally and globally. Our framework is informed by multiple initiatives, including:

- a consideration of the United Nations Sustainable Development Goals (UN SDGs) and where we have the greatest impact or contribution to make as a business
- industry guidance including the Dairy Declaration of Rotterdam, developed by the International Dairy Federation and the Food and Agriculture Organisation of the United Nations and the Australian Dairy Industry Sustainability Framework
- the interim results of an update to our materiality assessment, which commenced this financial year and will be completed in FY2021.

Our CSR framework is based on three critical aspects of our business where we can make a difference: our products, our people and communities, and our planet.

### Our products

Bega products are household favourites across Australia. We create food that people love and trust. We ensure transparency in labelling and marketing, we adhere to the highest food safety standards and we develop products that provide options to meet evolving customer needs.

### Our people and communities

Our success is underpinned by our people and the communities in which we operate. Bega is a valued partner in local communities and proudly supports a range of charities and organisations. We are committed to ensuring a healthy and safe work environment for our people. We value a diverse workplace that brings about a wide array of thinking, perspectives and experience. We believe in 'growing our people' and actively supporting their development throughout their careers.

### Our planet

We recognise the need to minimise the impact our business activities have on our planet. Through good land and water management, and reducing our greenhouse gas emissions and packaging impact, we aim to contribute to a better planet for generations to come.

### Our priorities

Our focus is on the following five areas:

- food nutrition
- diversity, inclusion and equality
- greenhouse gases
- water sustainability
- packaging.

Our CSR Framework: Priorities and alignment with the UN Sustainable Development Goals



Figure 11: Our CSR Framework: Priorities and alignment with the UN Sustainable Development Goals.

### Progressing sustainable Australian agriculture

We are active contributors to the Australian Dairy Industry Sustainability Framework and are guided by the national priorities for the industry in our approach to assessing material issues, developing targets and monitoring our progress in sustainable development. You can read more about the Framework at [www.dairyaustralia.com.au/ourdairypromise](http://www.dairyaustralia.com.au/ourdairypromise).

Bega Cheese also contributes its performance data on energy, greenhouse gas emissions, water and waste to the Dairy Manufacturers Sustainability Council - Environmental Sustainability Scorecard which can be viewed online at [www.manufacturing.dairyaustralia.com.au/support-programs](http://www.manufacturing.dairyaustralia.com.au/support-programs).

We are also an active participant and member of various industry bodies, some of which have a dedicated focus on issues on sustainability. These include the:

- Australian Dairy Industry Council
- Australian Dairy Products Federation Incorporated
- Australian Farm Institute
- Dairy Industry Association Australia (NSW and Victoria)
- Dairy Research Foundation
- Gardiner Foundation
- NSW Farmers Association
- NSW Irrigators' Council
- Australian Packaging Covenant Organisation
- Australian Food and Grocery Council
- Infant Nutrition Council, Australia and New Zealand.

Bega Cheese Directors occupy positions on the governance bodies of a number of key industry associations. Jeff Odgers, Director until 30 June 2020, was a Director of Dairy Australia and became their Chairman in November 2017.

Some executive and management members also occupy positions on industry associations.

Liz Newlan, Manager Human Resources, is a member of the Skills Impact Food, Beverage and Pharmaceuticals Industry Committee and the Federal Government Department of Education Food, Beverage and Pharmaceutical Industry Reference Committee. Hamish Reid, Executive General Manager Nutritionals, is Chair of the Board of the Infant Nutrition Council of Australia and New Zealand, of which Tatura Milk Industries is an associate member. Mark McDonald, Executive General Manager Ingredients is on the Executive of the Australian Dairy Processors Federation.

Further details on Bega Cheese Directors and their other current directorships are available on pages 12 and 13 of our FY2020 Annual Report.





Our products



## 2. Food and nutrition

### Making better, healthier food

#### Our CSR commitment

We will deliver on customer expectations by completing ingredient health reviews across our portfolio and designing product alternatives to meet specific dietary requirements.

As one of our key focus areas, our commitment will include:

- developing a nutritional profiling standard based on the World Health Organisation's nutritional recommendations and Australian Dietary Guidelines
- removing 15 tonnes of salt from our product portfolio by 2023
- reducing sugar by 10% in Bega Peanut Butter by 2023.



#### 2.4

By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.



#### 3.4

By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.

Today, several key trends are driving the behaviour of our consumers. Consumers are increasingly aware of the impact that their dietary choices have on their health, and the ramifications of their consumption habits on the health of the planet. This awareness continues to drive our research and innovation as we work towards building a healthier future for our consumers and the environment.

Given our aspiration to be the Great Australian Food Company, we have a responsibility to embrace the changing consumer environment. Bega Cheese is committed to providing nutritious products to suit our consumers. We endeavour to support changing lifestyles and needs by growing, enhancing and improving our product portfolio.

Our well known Bega brands, including Vegemite and our Peanut Butter range, are household names in the Australian market. Many of our products are staple foods in Australian homes and pantries. Because we play such an important role in consumers' diets, it is essential that our product portfolio continues to evolve along with customer needs and preferences. Providing an expanding range of wellbeing choices and information is a key part of how we support the various nutritional needs of our consumers.

Evidence shows that diets high in salt and sugar can contribute to obesity and heart disease. Our salt and sugar reduction targets provide better choices and publicly declare our commitment to health and wellbeing. We continue to innovate our product range in line with our food nutrition targets to remove 15 tonnes of salt from food products by 2023 and reduce sugar by 10% in Bega Peanut Butter by 2023.

In recent years, an increasing number of consumers are looking for plant-based products, and the trend is set to continue. Looking to the future, we are preparing to expand our plant-based product options to meet these consumer preferences.

**Health and wellbeing strategy**

In the previous financial year, we established our health and wellbeing strategy outlining clear commitments to expand and modify our product range to meet consumer needs. Our promise is to support the nutritional needs of our consumers by providing better choices, producing food that is safe, tasty and nourishing, ensuring clear communication, and publicly declaring our commitments and policy relating to health and wellbeing.

Our commitment to wellbeing begins with our people. See page 39 of this report for an outline of key wellbeing initiatives for our employees.

**Nutrition Roundtable**

In August 2019 the Bega Nutrition Roundtable, an internal working group, was established comprising cross functional representatives from across our business including research and development, marketing and technical delegates. The objective of the Roundtable is to discuss the number of key trends driving consumer behaviours, and how we can facilitate change to meet new and evolving consumer needs and preferences.

The group meets every two months to discuss current research and innovation in the areas of health and nutrition, and aims to increase the visibility of the nutrition programs within Bega Cheese. The Nutrition Roundtable also monitors and reviews the nutrition programs we currently have in place, ensuring we remain on track to deliver on our commitments.

**Nutrient profiling standard**

The Bega Nutrient Profiling Standard is central to how we deliver our nutrition strategy and is based on the World Health Organisation’s nutritional recommendations and Australian Dietary Guidelines. Developed in FY2019, the comprehensive standard provides nutrient targets for new products and reformulations.

In FY2020 we continued to work towards our ambitious targets to align our product portfolio to this standard. We have already made significant inroads into supporting the health needs of consumers, or those with special dietary requirements. For example, Bega Cheese has already developed a Reduced Salt Vegemite, Gluten Free Vegemite, the Bega Simply Nuts Peanut Butter range, plus a range of reduced fat dairy products.

This year, our continued progress in creating and promoting ‘better for you’ products included the following nutrition initiatives:

- the launch of 40% Less Salt Vegemite
- Vegan certification of Vegemite, and
- Bega Bionutrients’ launch of the HAPPI range of lactoferrin baby and kids supplements.

**Launch of new 40% Less Salt Vegemite**

Our research indicates that older Australians and families with young children are looking to reduce the salt in their diet. In March 2020, Bega launched 40% Less Salt Vegemite. To meet this need, it was important that we introduced a Vegemite product that all Australians could continue to enjoy, while keeping to their dietary preferences.

Significant research and development went into developing the new product, which still has the same mighty Vegemite taste. Vegemite has always contained B1, B2, B3, and B9 vitamins. Vegemite 40% Less Salt now also includes B6 and B12, which offers immune support and aids metabolism.

**Vegan certification**

Vegemite became officially vegan certified on World Vegan Day, 10 November 2019. Now fully certified by Vegan Australia, our Vegemite packaging displays the Vegan Australia Certified logo. This helps customers easily identify that our product meets the high standards set for vegan products.

Vegemite is rich in four B vitamins. Including Thiamine, Riboflavin, Niacin and Folate, making it a good choice for vegetarians and vegans. While Vegemite has always been a vegan product, this official certification helps us clearly communicate health credentials to our consumers through recognisable endorsements, making it easier to identify the foods suited to their specific dietary needs. With over 10 per cent of Australians choosing a vegan or vegetarian-based diet, now vegetarians and vegans can confidently enjoy Vegemite, endorsed by Vegan Australia, as part of a balanced diet.

**Introducing HAPPI - market-first immune health for infants and children**

In March 2020, Bega Bionutrients launched the HAPPI range of products, providing Australian parents with the first tailored lactoferrin baby and kids supplements. The range is complementary to formula-feeding and food, offering convenient products to support immune health and general wellbeing from birth.

Lactoferrin, derived from cow’s milk, is an immune protein which plays a key role in the establishment and maintenance in immune health from early life.

Lactoferrin is also a natural component of breast milk and plays an important part in establishing a healthy gut immune function and fighting illness, in particular upper respiratory tract infections.

The flagship HAPPI product “Baby Immune Defence Lactoferrin” is an Australian first-to-market innovation, offering an ideal daily dose of lactoferrin in a convenient sachet. This is an exciting new development in approaching infant health when a child moves on from exclusive breastfeeding. For more information on the HAPPI range, visit [happihealth.com.au](http://happihealth.com.au).



This medicine may not be right for you. Always read the label. Read warnings before purchase. Follow directions for use. Vitamins can only be of assistance if dietary intake is inadequate.

<sup>1</sup> Consumer research conducted by T-Garage for Bega Cheese

<sup>2</sup> A supply chain that assures that RSPO certified palm oil products delivered to the end user come only from RSPO certified sources

## Making food that our customers and consumers trust

### Our CSR commitment

We are committed to ensuring our products meet the expectations of our customers and consumers. We will focus on continuing to improve food safety and quality systems in our operating facilities by maintaining certification to Global Food Safety Initiative (GFSI) and recognised schemes such as British Retail Consortium (BRC) Global Standards

Our Quality Policy underpins the approach we take to food safety and applies to all Bega Cheese manufacturing sites, third party manufacturers producing products on our behalf, and our supply chain. This policy is informed by international food safety standards recognised by the Global Food Safety Initiative, regulation, the standards of major customers and industry best practice.

We are committed to supplying safe, quality and consistent products that are compliant to legal requirements and true to the designed specification. Our commitment is to supply products that meet the expectations of our customers and consumers. This is achieved through:

- compliance with regulatory obligations, including export legislation and the requirements of any importing country
- the application of Good Manufacturing Practices and meeting the standards of our customers and consumers
- a documented quality management system, which provides the framework to assess and control current and emerging food safety and quality issues
- developing and maintaining appropriate management and supervisory controls over all activities in the design, production and supply of products
- ensuring all employees are trained to the required level to ensure compliance with the standards and requirements of their role
- empowering employees to take ownership of product quality so that customer and consumer expectations are met
- establishment and monitoring of key programs including vendor assurance, storage and handling, production and processing, product testing and product release
- evolving our systems in response to changing regulations, industry best practice and moving expectations of markets.



### PLANS FOR FY2021

- Maintain zero product recalls for food safety
- Continue the journey to embed and sustain a culture of quality
- Continue rollout of a business-wide solution for digital monitoring and Statistical Process Control of food safety and quality control points
- Enhance our capabilities and improve efficiencies of our analytical services activities.

Bega Cheese maintains a priority focus on risk reduction in food safety, particularly in the areas of allergens, microbial contamination and foreign matter. Our quality and food safety management systems are frequently audited internally but also by second and third parties. In FY2020, a combined 90 audits consisting of 149 audit days were conducted across 8 sites, with no serious concerns being identified.

Our manufacturing plants are certified to the British Retail Consortium (BRC) Global Standard for Food Safety. SAI Global, the worldwide leading provider of supplier evaluations to the BRC standard, continue to be our provider of choice for auditing against the standard. Auditing by SAI Global across all sites ensures consistency in the audit approach. This supports continuous improvement in quality and food safety management across Bega Cheese Group. All Bega Cheese sites hold an A or AA rating under this certification scheme. We review results of the audits to improve our performance in quality and food safety along with other internal measures such as the business benefits and costs of meeting or not meeting specifications the first time.

We are pleased to report that we had no enforced or voluntary product recalls for food safety issues in FY2020. There were no incidents of non-compliance with regulations or voluntary codes concerning the health and safety impacts of our products.



## Speaking honestly about our products

### Our CSR commitment

The quality of our food speaks for itself. There is nothing to hide, no corners to cut, nothing our consumers wouldn't be glad to hear about. We continue to be transparent and clear in our marketing, advertising and labelling practices, to help consumers make better choices.

Maintaining and building trust with our consumers is essential to our business. One way that trust can be preserved is by ensuring that we are responsible when communicating with our consumers and to ensure our information provided to our consumers is accurate, whether it be on-pack or through marketing communication.

Bega Cheese is committed to ensuring its nutrition communications are transparent, legally compliant, truthful and reliable, with claims that have a solid scientific basis. We ensure that information on our product benefits is reliable and clear, making it easy for consumers to understand. A significant gateway process is undertaken to ensure that nutrition messaging and communication is correct and scientifically validated. This involves a rigorous check system that includes a range of specialists such as research and development, dietitians, marketing and legal. We continue to be transparent and clear in our marketing, advertising and labelling practices, with the aim of helping consumers make better choices.

We have also committed to the Responsible Children's Marketing Initiative (RCMI) which seeks to reduce advertising and marketing to children for food and drinks that are not healthier choices, and use advertising and marketing to children to promote healthy eating and lifestyles. A copy of our RCMI Company Action Plan is available on our website at: [www.begacheese.com.au/business-conduct](http://www.begacheese.com.au/business-conduct)



Our people  
and communities

### 3. Our supply chain

With around 200 main suppliers and over 800 smaller suppliers, more than 90% of our supply chain expenditure is in Australia. Local sourcing and long-term arrangements allow us to maintain a strong focus on quality and sustainability. More than 70% of our spending is on milk and raw materials. This year we collected 955 million litres of milk from dairy farmers, a 9.6% decrease on FY2019, the lower supply due to seasonal and competitive reasons. We currently assess suppliers through a company-wide standardised sourcing and evaluation process. During FY2020, there were no other significant changes to the supply chain or location of suppliers.

#### Bega Cheese supply chain expenditure

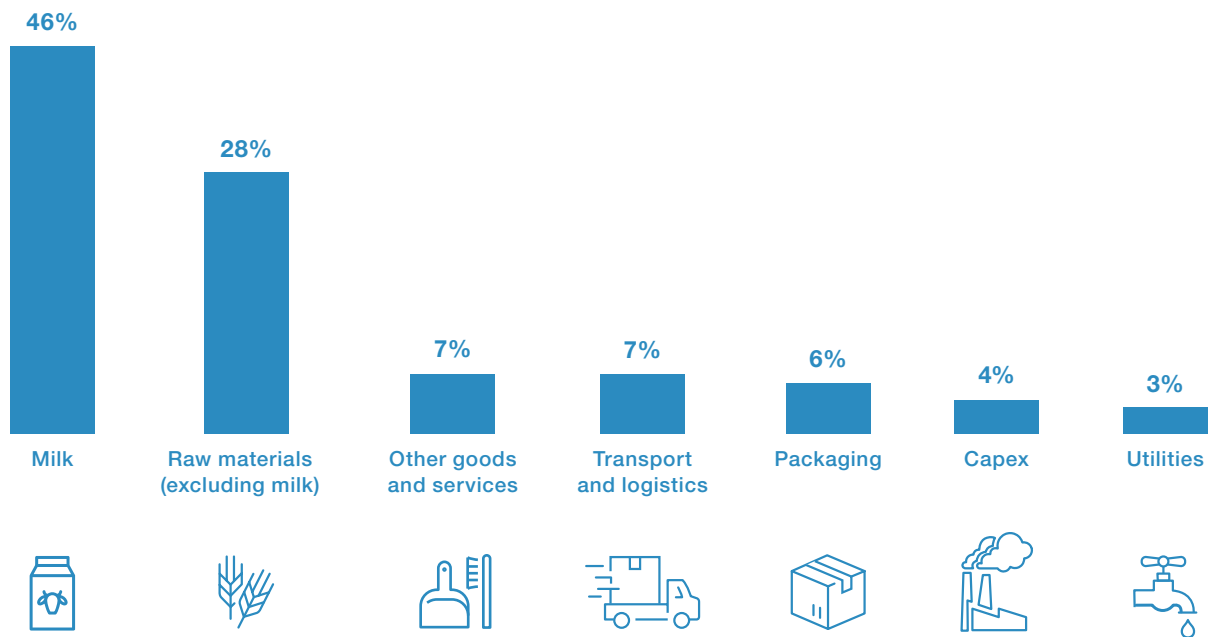


Figure 12: Bega Cheese supply chain expenditure



## Responsible and sustainable sourcing

Our Group Procurement Charter was revised in FY2020 to reflect our Standards of Business Conduct, revised Code of Conduct and new Ethical Sourcing Policy. Together, these documents outline our own commitments and expectations of suppliers in social responsibility and managing environmental impacts. Our approach is also consistent with the principles of the ISO 20400:17.

Our Ethical Sourcing Policy, adopted in January 2020, is informed by relevant international agreements on labour and human rights. It sets minimum standards for suppliers on a range of human rights issues, such as child labour and non-discrimination, as well as environmental impacts, such as greenhouse gas emissions, water, waste and packaging.

Suppliers must complete an annual ethical sourcing self-assessment questionnaire (SAQ) and Bega Cheese may, at its discretion, require an independent compliance audit of the supplier. The Ethical Sourcing Policy supersedes other related policy documents and will be referenced in all future supply agreements. It is available on our website at: [www.begacheese.com.au/business-conduct](http://www.begacheese.com.au/business-conduct)

### Addressing modern slavery risks

This year we started to prepare for our compliance with the Commonwealth Modern Slavery Act 2018. Bega Cheese conducted a modern slavery risk assessment to identify any potential risks in our own operations and our supply chain, such as child labour. We also reviewed our current systems and policies to help assess risks and ensure compliance regarding modern slavery and broader human rights across our business. This work helped inform our new Ethical Sourcing Policy.

We are on track to finalise our first report on our current status on this issue prior to the due date required by the Modern Slavery Act.

### Standard supplier on-boarding platform

A standard supplier on-boarding platform will be implemented at the start of FY2021 to enable us to assess all current and potential suppliers against the requirements outlined in our Ethical Sourcing Policy and modern slavery risk. SEDEX, a global membership-based platform for responsible sourcing data, will be utilised as the framework for assessing suppliers.

Suppliers considered to be 'high risk' due to various factors, including modern slavery, will be audited for their compliance. Commitment to our Chain of Responsibility Policy is also assessed as part of the supplier on-boarding platform. New employees are required to complete Chain of Responsibility awareness training as part of their induction.

## Sustainable Palm Oil

Our goal is to procure 100% of our palm oil and palm oil products from Segregated or Identity Preserved sources by December 2020. Our Sustainable Palm Oil Sourcing Policy was adopted last year and is available on our website at: [www.begacheese.com.au/business-conduct](http://www.begacheese.com.au/business-conduct)

In FY2020 we became associate members of the Roundtable on Responsible Palm Oil (RSPO) which is a not-for-profit that develops and implements global standards for sustainable palm oil to help minimise the negative impact of palm oil cultivation on the environment and communities in palm oil-producing regions.

We have commenced RSPO Supply Chain Certification (SCC) for relevant manufacturing sites and the first of these was certified in July 2020. The certification process is performed on an individual site basis and therefore we are planning on sequentially certifying all of these sites. Only sites that use palm oil require Supply Chain Certification and we expect to complete all relevant sites by the end of 2022.

Currently, based on the certification of our suppliers, 100% of the palm oil and palm oil products used by Bega in our branded products are RSPO certified. At this time, more than 80% of this supply is either Identity Preserved or Segregated, while the remaining is managed through a Mass Balance approach. We are on track to meet our goal of 100% of palm oil and palm oil derivatives sourced from Identity Preserved or Segregated sources by the end of 2020.

<sup>2</sup> a supply chain that assures that RSPO certified palm oil products delivered to the end user come only from RSPO certified sources

<sup>3</sup> a supply chain model that assures that the RSPO certified palm oil products delivered to the end user is uniquely identifiable

<sup>4</sup> Associate members purchase less than 500 metric tonnes of oil palm products per year

<sup>5</sup> Mass Balance: Sustainable palm oil from certified sources is mixed with ordinary palm oil throughout supply chain

## Supporting sustainable farm practices

### Our CSR commitment

We understand that agriculture has a profound impact on the environment and we work closely with our suppliers to support them in their sustainable farm practices. We continue to work with our farming communities to improve water security and long term water use efficiency.



#### 2.4

By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.

### Growing the Australian peanut industry

Our focus is on Australian sourcing and our Bega Simply Nuts Peanut Butter range is made from 100% Australian grown peanuts. Through our ownership of The Peanut Company of Australia (PCA), we're now Australia's leading supplier of peanuts to domestic and overseas customers from our sites at Kingaroy, Gayndah and Tolga in Queensland.

Our Peanut Growing and Breeding Committee reports directly to our Board and oversees ongoing research and development of new peanut varieties to benefit our peanut growers. Our Peanut Breeding Program is a collaboration between Bega and the Grains Research Development Corporation (GRDC) and aims to develop new peanut varieties with improved traits including kernel yield, disease resistance, and drought resistance which results in peanut crops requiring less water.

Our goal is to grow the Australian peanut industry. Through our Farming Services Team, we provide growers with agronomic advice in the field, and training on growing conditions and new varieties. Our Grower Advisory Group includes grower representation from each of our major regions, helping us to maintain two-way communication and build longer relationships with peanut growers.

In December 2019, new regulations were introduced in Queensland to address land-based sources of water pollution to the Great Barrier Reef, including agricultural sources of nutrients and sediments. The regulations will be rolled out progressively over three years and will set industry specific minimum practice agricultural standards and additional permissions for expanded cropping activities. They will also require growers to keep records and primary documents about the use of agricultural chemicals such as herbicides, insecticides or fungicides.

Under the new regulations, sugarcane producers will need to develop and implement a farm nitrogen and phosphorus budget. Nutrient run-off is a significant threat to the Great Barrier Reef.

Up to 25% of the national peanut crop is grown as a rotational crop with sugar cane. This can boost the cane yield by 20% by breaking the disease cycle of pests and pathogens. Importantly, peanuts provide "free" nitrogen in the soil to the cane crop by fixing their own nitrogen, and hence reducing nutrient run-off in catchments where they are grown.

We already work with peanut growers to ensure that the use of any chemicals and fertilisers can be traced back to the paddock. Growers must provide a Grower Declaration and Peanut Grower Chemical Use Record to us prior to the delivery of any peanuts, which includes the use of any registered chemicals. Our Farming Services Team will continue to work with our growers to ensure that these records develop in a way which is consistent with the new regulations. Some of our new varieties from our Peanut Breeding Program have recently been commercialised and require as much as 50% less fungicide application per season, further minimising the need for chemicals therefore reducing potential impact on the Great Barrier Reef.

### Dairy Industry Code of Conduct

This year saw the commencement of The Dairy Industry Code of Conduct (the Code), which came into effect in January 2020. The Code regulates the process for negotiating contractual arrangements between dairy farmers and dairy processors. As required by the Code, we have developed Standard Form Agreements for all new agreements that Bega Cheese Limited or its subsidiary Tatura Milk Industries intends to enter into in FY2021. These are available on our website at: [www.begacheese.com.au/farm-services/milk-supply-agreements/](http://www.begacheese.com.au/farm-services/milk-supply-agreements/)

### Supporting efficient milk production

A new 9 / 3 milk payment system was introduced this year to better support efficient milk production. The plan was welcomed by dairy farmers and the United Dairyfarmers of Victoria (UDV) as a simpler payment approach to better support the Australian Dairy Industry and Bega Cheese has been an early adopter.

The 9 / 3 milk payment system provides a flat price for nine months of the year outside of spring and another lower price for the three months of spring. Bega Cheese provided a differential of \$0.50 per kilogram of Milk Solids between the spring months and the remainder of the year. This simple payment system increases early season cash flow to dairy farmers and encourages them to produce milk at a time that best suits their farm business. Uptake of the new milk payment system is around 68% of our dairy farmer suppliers in northern Victoria, 73% in Gippsland and 38% in the western districts of Victoria.

**Farm report checklist**

As part of our on-boarding of new dairy suppliers to Bega Cheese, a farm report checklist is completed which includes key questions on animal health and welfare practices, chemical use and effluent management. By the end of FY2020, all of our new dairy suppliers had completed the check list.

**Bega Better Farms**

Our Bega Better Farms program continues to help dairy farmers develop and improve their business. Grants were made available for information and service support, development and training and on-farm capital works. Our Field Officers assessed applications against the expectations of the farm report checklist, the risk of non-compliance and opportunities for improvement. A summary of the grants approved and completed in FY2020 is presented in table 3, with the vast majority of projects devoted to calf management, animal health and welfare or irrigation, water and effluent management initiatives.

BEGA BETTER FARMS PROGRAM – GRANTS FY2020		
CAPITAL WORKS PROJECTS – UP TO \$5,000		
Bega Better Farms Category	Projects approved	Projects completed
Animal health	18	31
Calf management	4	7
Chemicals	1	
Effluent	7	19
Energy	4	7
Irrigation and water	6	18
Soil and nutrients		1
Workplace health & safety	1	
<b>Total projects</b>	<b>42</b>	<b>84</b>
<b>Funds</b>	<b>\$150,134</b>	<b>\$412,489</b>
ADVICE AND SERVICE SUPPORT - UP TO \$1,000 PER FARM		
Farm planning		16
Animal health		24
Soil and nutrients		9
<b>Total farms</b>		<b>49</b>
<b>Funds</b>		<b>\$46,843</b>
TRAINING AND DEVELOPMENT		
Individual scholarships		10
<b>Funds</b>		<b>\$6,343</b>

Table 3: Bega Better Farms program grants for FY2020



## Responding to drought

Australia experienced its driest year on record in 2019. The past three years have seen dry conditions over much of eastern Australia. Rainfall for most of that period was the lowest on record for the Murray-Darling Basin and for New South Wales. Groundwater levels across the Murray-Darling Basin have also declined during the prolonged dry period.<sup>7</sup> A large number of farms implemented projects to improve their stock water and irrigation infrastructure to assist with managing the dry conditions.

Total milk production in Australia was significantly reduced in the first half of FY2020. Dairy farmers across Australia experienced significant strain with the impacts of drought effecting all regions directly and indirectly with high costs of water, feed and other farm inputs. Suppliers in Northern Victoria were impacted by lower water allocations and escalating water and feed costs. The price of water traded in North East Victoria increased by 255% during the 12 months to April 2019, and by 111% compared to the previous five years.<sup>8</sup> Bega Cheese significantly increased milk payment prices and implemented a range of other initiatives that included a new milk incentive to sustain and grow milk supply.

Our opening price for milk this season represented a 12.7% increase on last season in Victoria and a 6.9% increase on last season in NSW. We paid record prices for milk this year with payments per kilogram of Milk Solids (kg MS) reaching \$6.97 in the southern region of Victoria, \$7.17 in northern region of Victoria and \$7.75 in NSW. We continued to provide an irrigation supplement payment in Northern Victoria to assist with the purchase of farm inputs that included feed and temporary water. The supplement, paid monthly, provided a further \$0.20 per kilogram of Milk Solids to our dairy farmer suppliers on top of the opening price.

## Animal welfare

Our business depends on the health and welfare of Australia's dairy herd. We support the Australian Dairy Industry Sustainability Framework, which aims for 100% compliance with legislated Australian Animal Welfare Standards and 100% uptake of relevant recommended practices by 2020. We also support the National Dairy Industry Animal Welfare Strategy and require all of our suppliers to comply with the Australian Animal Welfare Standards and Guidelines for Cattle, and the Australian Animal Welfare Standards and Guidelines for Land Transport for Cattle. Our new Standard Form Agreements for suppliers in FY2021 includes an obligation to comply with all applicable laws, regulations and mandatory codes in relation to animal welfare.

Adhering to these standards and guidelines is detailed in our Supplier Handbook. Our farm report checklist for on-boarding new suppliers includes questions on these standards, such as the use of pain relief when dehorning calves, managing herd fertility to eliminate routine induction, provision of adequate shelter and eliminating tail docking.

Animal welfare is a major focus of the Better Bega Farms program with more than a third of the program's capital works projects in FY2020 going toward improvements on farms to animal health or calf management infrastructure. This includes improvements to yards and laneways to prevent lameness, better sheds for calves, improved access to water in summer and the provision of shade and shelter in paddocks.

## Biosecurity

As a food business sourcing 90% of our raw materials in Australia, playing our part in the country's biosecurity regime is important. We expect our suppliers to comply with regulations designed to reduce the risks posed by invasive pests or diseases that could damage crops and livestock as well as the wider environment. During the bushfires in the Australian summer of 2019-2020, our Field Services Team delivered free entrance gate signage to impacted farms in the Bega Valley. The signs alerted any visitors to the importance of biosecurity procedures and helped control access and movement, ensuring consistency with biosecurity plans.

## Supporting the bee industry B honey and the Purple Hive Project

Honey bees provide significant benefits to native forests and support biodiversity through pollination. Over a third of Australia's food crops are reliant on bee pollination.

As a major food producer in Australia, Bega Cheese is conscious of the viability of the beekeeping industry and has taken positive steps towards playing a key role in reducing biosecurity risk. This year Bega Cheese launched B honey, a new honey brand that underpins our commitment to supporting the goodness of the land. Related to this is our investment in an exciting new initiative, the Purple Hive Project, involving innovative technology to benefit the Australian bee industry and Australian agriculture.

B honey is our proudly Australian owned new honey brand, launched initially via retailers nationally in May 2020. B honey is committed to the future of the Australian honey industry and dedicated to supporting bees as the world's most important insect pollinator of food crops. Made from 100% pure Australian honey, B honey is sourced directly from Australian beehives. The product range includes the Red Gum variety which comes from nectar sourced from the Murray River region in Victoria and the Yellow Gum variety from nectar sourced from the Victorian goldfields region – distinct in flavours and colours.

By supporting B honey customers are supporting the Purple Hive Project, helping protect the Australian honey bee and its environment. Bees are under a significant biosecurity threat due to the Varroa Destructor, which is a serious, exotic parasite of adult European honey bees that has destroyed bee colonies throughout the world. Fortunately, Australia is the last inhabited country on earth free of the Varroa Destructor. Surveillance for early detection of the mite remains crucial to the health of the bee industry and agriculture in Australia.

The 'Purple Hive' is a solar powered digital device that can be attached to a beehive, capable of detecting the Varroa Destructor. This artificial intelligence-based monitoring system has been designed to facilitate early detection of the Varroa Destructor, thereby helping to protect bees, and the Australian agriculture industry, from the Varroa Destructor. The hive works with a live camera feed which captures and scans every bee entering and exiting the hive. As the cameras are scanning the bees, the technology enables a scan of each image frame to detect if the Varroa Destructor is present on a bee. If detected, has the capability to share an instant alert.

The project has been innovated by Bega with Thinkerbell Pty Ltd, brought to life with technology the help of Honest Fox Pty Ltd (Honest Fox), Vimana Tech Pty Ltd (Vimana), and Xailient Pty Ltd (Xailient) and Honest Fox Pty Ltd (Honest Fox). Vimana is the hardware developer responsible for the device electronics, data creation and synthesis. Xailient have powered the Purple Hive Project with artificial intelligence technology, which allows the Purple Hive to see. Honest Fox is responsible for the technical architecture, cloud application development and web design.

Bega Cheese is continuing to work on how we can roll out this technology in future, making it widely accessible to industry. Our longer term vision is that each hive will become part of a mesh network that can detect the Varroa Destructor remotely. We are proud to have brought the Purple Hive Project technology to life, in support of the honey industry and all Australian agriculture.

PLANS FOR  
FY2021

- Increase Australian peanut content for our peanut butter products
- Source 100% palm products from Roundtable on Sustainable Palm Oil (RSPO) certified sources
- Implement new standard supplier on-boarding platform
- Publish first modern slavery statement
- Revise animal welfare policy position.

COVID-19 response: supply chain and products

During the COVID-19 pandemic a range of proactive steps were taken to protect our supply chain.

We proactively implemented policies and practices with our supplier base to identify potential risks and mitigate these risks to our people and our business. Our business did not experience any major material shortages or transport restrictions in our supply chain and we maintained our customer service levels.

See page 9 of this report for a full report on our COVID-19 response.



The 'Purple Hive' is a solar powered digital device that can be attached to a beehive to detect the Varroa Destructor mite.

## 4. Our employees

At Bega Cheese we are proud of our diverse and inclusive workforce of over 1,800 permanent employees. As a significant employer in many rural areas, we are an integral part of the communities in which we operate. Our people are the foundation to our success and Bega Cheese is committed to creating a workplace where all our people can thrive.

Our Code of Conduct, referred to throughout this report, is the cornerstone of our commitment to ethical behaviour. It outlines our business, social and environmental responsibilities and the standards by which our employees work. This guiding set of principles sets the benchmark for the way we do business at Bega Cheese, ensuring we observe the highest standards of business conduct. It outlines the responsibilities that Directors, employees, contractors and consultants, have toward Bega Cheese and covers multiple aspects of our business including, health and safety, conflicts of interest, fair business practices, community engagement and grievance processes. Each staff member is required to read and sign that they understand and will adhere to our Code of Conduct.

We respect our employees' right to freedom of association and collective bargaining. Approximately 69% of our employees' employment arrangements are covered by collective bargaining agreements.

### A focus on employee wellbeing

In FY2020 Bega Cheese launched its Employee Wellbeing Indicator survey. The survey is designed to assess the wellbeing of our staff, looking at the aspects of financial, emotional, physical and social wellbeing. Bega Cheese employees across Australia were invited to do the survey. This inaugural survey has provided an important baseline for Bega Cheese employees' wellbeing measures. In future years the results will be vital to informing further wellbeing initiatives in our workplace.

A new Wellness Portal housed on the company intranet was introduced this year to communicate health and wellbeing initiatives in support of Bega Cheese staff. Launched in June 2020, the Wellness Portal provides information and online sessions on health and nutrition, fitness and mental health. This serves as a one-stop place for health and wellbeing at Bega Cheese and all sites are encouraged to participate and engage online.

The Wellness Portal has been particularly important in supporting staff throughout the COVID-19 pandemic and forms a key part of our commitment to providing a healthy and safe workplace for our people.

Strongly aligned with our value to 'support each other', an important mental health awareness day that Bega Cheese marks annually is R U OK Day. This event, held in September, helps to inspire and empower people to meaningfully connect with others in order to start a conversation with anyone who may be struggling in their life, and in turn reduce feelings of isolation. Our site HR teams took the opportunity to bring people together for R U OK Day, to talk about the importance of looking out for each other, and to boost our confidence to connect in a genuine and meaningful way, via a range of talks and morning teas across our sites. For more information visit [www.ruok.org.au](http://www.ruok.org.au)

During the COVID-19 pandemic, a range of mental health and wellbeing initiatives were put in place to support our people. Leave policies were updated to include a Pandemic Leave Policy, providing up to 14 calendar days additional paid special leave, should any employee be required to self-isolate or test positive to COVID-19. See page 7 of this report for more information on the important steps taken by Bega Cheese to protect and ensure the health and wellbeing of our employees during this difficult time.

### Supporting new parents

Our family-friendly policies include paid parental leave (including in cases of stillbirth or infant death) offering 12 weeks' paid leave for the primary caregiver. In addition, we have introduced a Super Booster policy which is a top-up of up to 12 weeks superannuation for those taking more than 12 weeks of unpaid parental leave. This support means that we consistently have a high rate of employees return to work after taking parental leave.

### Supporting mature age employees

We value age diversity in our organisation and appreciate the knowledge and experience our mature age employees bring to the workplace. We offer a wide range of flexible working initiatives, including options for employees to take a phased approach to retirement.

### Working flexibly

We strive to provide a flexible working environment that accommodates the needs of our people, our customers and our business. A flexible working policy and process exists for salaried employees, which employees and their managers can work through to determine whether flexible working requests can be accommodated. Access to flexible working options can improve productivity and support a more sustainable work-life balance.

In FY2020, due to the COVID-19 pandemic, Bega Cheese had to quickly leverage to enable employees to work remotely where possible. This was supported by a Remote Working Policy that clarified how employees would perform their work from home and connect with line managers. Pulse surveys were conducted to check in on how our people were coping with working from home and ensure key feedback was heard and considered in ongoing planning. Feedback has been positive and page 9 of this report provides our full report on COVID-19.

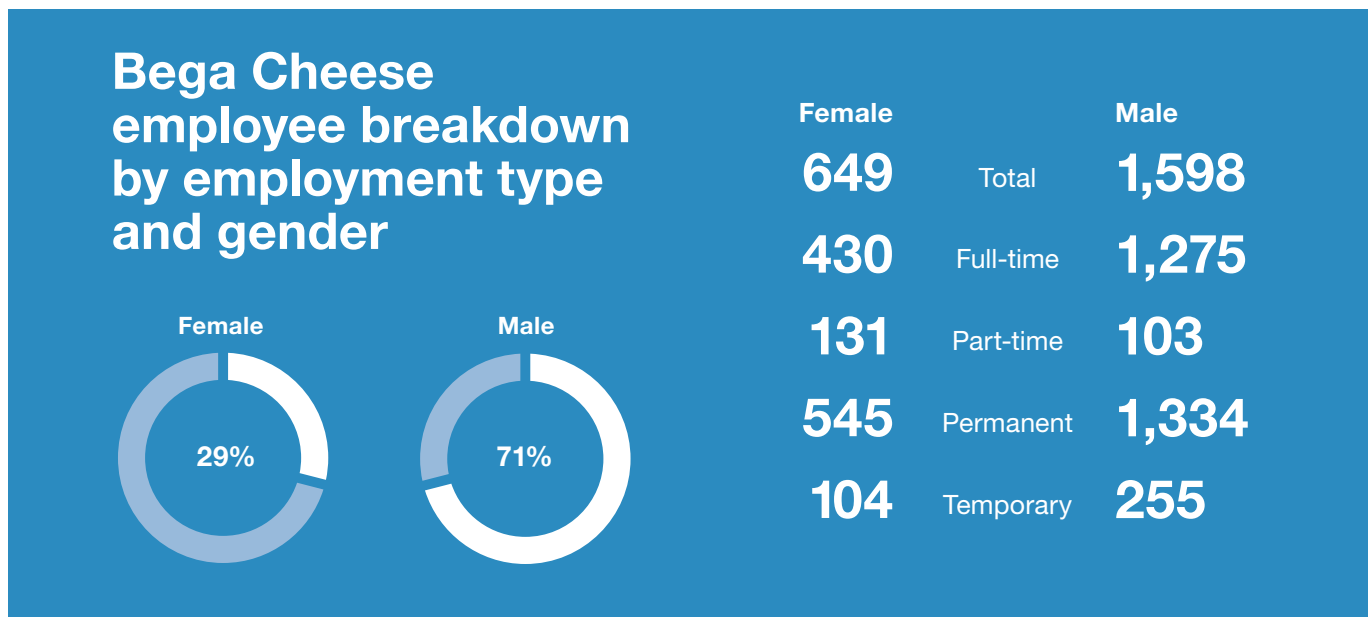
### Bega Support Fund

In FY2020 Bega Cheese launched the group wide Bega Support Fund for employees in need, in line with our value to 'Support each other'. The Bega Support Fund exists to provide financial support to employees and their immediate families who are experiencing tragic, extraordinary or compassionate situations and are unable to meet associated costs. Support may take the form of contributions to cover expenses such as medical and associated costs, travel and accommodation, family care and support or funeral costs.

**Employee breakdown by employment type and gender**

While overall our staff is comprised of 29% female and 71% male employees, our professional staff base is comprised of 43% female and 57% male employees.

**Bega Cheese employee breakdown by employment type and gender**



**Number of employees by State**

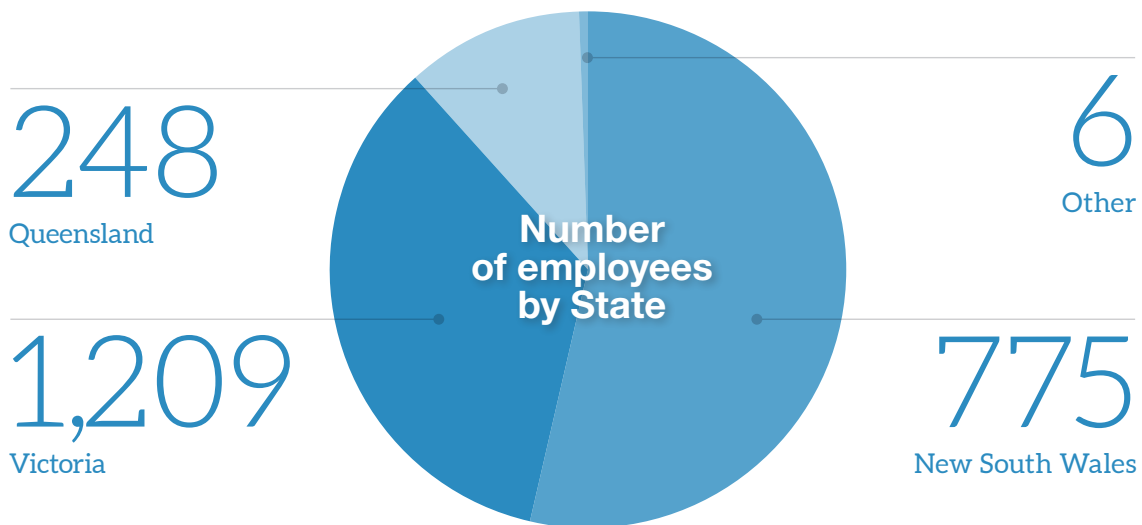


Figure 13: Employee breakdown by employment type and gender.

Figure 14: Number of employees by State.



## Recognising that everyone has something to give

### Our CSR commitment

We will continue to actively invest in creating an inclusive culture, embracing diversity and treating people with respect through our policies and practices. We are committed to promoting gender equality in the workplace and increasing the percentage of leadership positions held by women. We report annually to the Workplace Gender Equality Agency against the standardised gender equality indicators, in accordance with the requirements under the Workplace Gender Equality Act 2012 (Cth).

As a key focus area, our commitment to diversity, inclusion and equality includes:

- increasing the representation of women in management positions to the overall proportion of women employed by the Group to 32% (currently 27%)
- having succession plans in place for all Executive team positions with a diverse pool of identified successors.



#### 5.5

Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.



#### 10.2

By 2030, empower and promote the social economic and political inclusion of all, irrespective of age, sex, disability, origin, religion or economic or other status.

One of Bega’s core values is to ‘support each other’. We strive for greater good by combining our success with a positive and lasting impact on others. We are proud of our heritage and always consider the wellbeing of our people, our farmers and suppliers, the environment, and the communities who support us. Supporting the values are our leadership competencies and behaviours. We expect all employees to foster inclusion and value diversity, and we have a leadership expectation that our leaders ensure they work to promote and optimise diversity.

### Our approach to diversity and inclusion

Over the past three years we have been guided by our Board-approved Diversity and Inclusion Strategy for 2017-20. The strategy outlines how we work to foster a diverse and inclusive workplace. Bega Cheese is currently revising the Diversity and Inclusion Strategy to develop a blueprint for FY2021 and beyond. The current strategy is available on our website at: [www.begacheese.com.au/investors/corporate-governance](http://www.begacheese.com.au/investors/corporate-governance)

We aim to be an employer of choice which attracts the best, brightest, diverse talent at all levels, including into leadership. This involves providing a centralised, focused, strategic approach to mitigate and manage the cultural and structural barriers that underrepresented people may face when joining and advancing at Bega Cheese.

We are proud of our diverse workplace and value having a wide array of thinking, perspectives and experience. This promotes innovation, enhances quality decision making, and enables us to attract and nurture the best talent.

Our commitment to diversity and inclusion is formalised in the Bega Cheese Diversity and Inclusion Policy, which has five elements: leveraging strengths, developing people, understanding people’s needs, community, and removing barriers. The policy also links with and references our company values.

### Gender equality

Bega Cheese is committed to promoting gender equality in the workplace. We remain focused on increasing the percentage of leadership positions held by women - an opportunity that is key for our organisation. We report annually to the Workplace Gender Equality Agency against the standardised gender equality indicators, in accordance with the requirements under the Workplace Gender Equality Act 2012 (Cth). The most recent report is available on our website at: [www.begacheese.com.au/business-conduct](http://www.begacheese.com.au/business-conduct)

We aim to:

- increase the representation of women in management positions to 32%
- have succession plans in place for all Executive team positions with a diverse pool of identified successors
- actively manage any gender pay equity imbalances
- ensure our employment practices generate a diverse pool of candidates
- measure the effectiveness of the diversity and inclusion strategy through engagement survey feedback.

### Diversity training

Around 60 members of the Bega Cheese leadership team participated in a diversity training offsite held in December 2019. This provided an invaluable opportunity to discuss the organisation’s diversity agenda. The training resulted in a number of actions and outcomes including:

- future diversity coaching and mentoring for the executive team
- a Diversity Roundtable at CEO level
- the Bega Diversity and Inclusion Blueprint
- a diversity calendar for the organisation, and
- a number of key actions to promote a greater focus on cultural awareness.

Future plans involve the establishment of a Diversity Council comprised of diverse employee representatives to encourage and support diversity committees at a site level, and help provide a voice for underrepresented employees. The Diversity Council will play a key role in reviewing all policies and procedures for potential adverse impact on underrepresented employees, and assess any new policies being introduced.

### Diversity Roundtable

In January 2020, a Diversity Roundtable was established to provide a forum for mentoring and discussion on key diversity issues. The group involves the CEO and key leaders from within the business from diverse backgrounds. The roundtable meets monthly to discuss current issues. Discussion is facilitated and actions and outcomes are agreed, guided by the Bega Diversity and Inclusion Blueprint.

### Bega Diversity and Inclusion Blueprint

In FY2020 Bega Cheese developed the Bega Diversity and Inclusion Blueprint. The blueprint provides an overarching framework for development of goals, targets and priorities and against which we can measure our success.

The blueprint refers to diversity across all areas including, but not limited to, age, race, religion and sexual orientation. It highlights goals over three key areas to help ingrain diversity and inclusion in our organisation, including strategic priorities and recommended actions for each goal, culminating in metrics and implementation plans.

The blueprint outlines an action plan on how we will:

1. provide leadership and communicate our commitment to diversity
2. attract, retain and promote a diverse body of employees, and
3. create and sustain an inclusive organisational climate.

This provides an essential roadmap for how our business units, group functions, teams and individuals will work together in an ongoing and sustained effort to recognise, nurture and value the diversity of our people.

### Bega Lean In Circle

In FY2020 Bega Cheese piloted the first Lean in Circle at our Port Melbourne site in Victoria. Aimed at supporting workplace diversity, the objectives of the group are based on Sheryl Sandberg’s renowned book, Lean In. The Circles are small groups who come together for talk and peer support, providing a safe space to speak openly about the challenges we’re facing, with the aim of working together to tackle them. They are a forum for sharing ideas, seeking advice, learning new skills and helping each other grow.

At Bega Cheese, the groups are not limited to women and are attended by a diverse range of members. Participants meet fortnightly to support one another on topics such as career progression, impostor syndrome, confidence and financial literacy.

During the pilot program, participant feedback has shown that 85% of members credit their Lean in Circle with influencing a positive change in their life. Almost two-thirds of members have taken on a new challenge as a result of participating in the groups. We intend to roll out this initiative to other interested sites across the business.

### National Association of Women in Operations

Bega Cheese is a Gold Corporate level member of the National Association of Women in Operations (NAWO). NAWO is the peak body championing women in operations and their vision is ‘to inspire and support women to reach their full potential and achieve their chosen career goals’. This is in line with our gender equality aims at Bega Cheese to support women in their career progression and increase the representation of women in leadership. NAWO works to inspire women to take charge of their career via networks, role models and development opportunities. Members benefit from ideas and actions to achieve greater inclusion and gender balance in operations roles. Our association with NAWO helps support and reinforce our commitment to supporting women in their careers.



### CASE STUDY: ASPIRE LEADERSHIP PROGRAM BRINGS SUSTAINABILITY WINS

The Bega Aspire Leadership Development Program is an accelerated development program for future leaders at Bega Cheese. The program has an ongoing focus on engaging our future leaders in how we examine and solve sustainability challenges. It is aimed at developing capable, energetic and passionate leaders in our business who are central to our growth aspirations. Participants undertake a series of learning modules linked to the Bega Business Leader Success profile and values. They then work in teams on a business improvement initiative where they use the skills acquired during the program. In October 2019 the Bega Aspire Leadership Development Program won the Australian Institute of Training and Development Excellence Awards, in the category of Best Talent Development Program.

Following the successful launch of this program in 2017, two programs have been completed. Participants from across the business continued with the third Aspire program throughout FY2020, delivering a range of community and sustainability initiatives.

Participants from across the Bega Cheese group worked on developing a proposal for a community-based initiative at three of Bega’s sites: Port Melbourne, Kingaroy and Koroit. A challenge was set to create an initiative that would benefit the sites’ local communities and be sustainable to grow year on year, following the successful model of our TAT200 and the Bega Corporate Event. Community fundraising initiatives will continue to run in future with the aim of building a growing contribution to charities and local communities.

A number of Aspire projects in FY2020 had a specific focus on sustainability. An example is the Skeletal Packaging Project, which aims to reduce the amount of plastic in our primary packaging of tubs and lids used for existing dips and cream cheese products. This initiative, currently in development phase, will potentially provide more sustainable options for future product packaging. The Skeletal Packaging innovation removes plastic from the walls, base, and lid of the packaging and utilises the ‘skeleton’ of packaging - the frame, edges and label. This provides the appropriate barrier and rigidity for packaging, while also reducing the amount of plastic used. This in turn has the potential to reduce our carbon footprint and packaging costs. Bega has partnered with Visy on this project and is currently prototyping samples, with a view to future concept trials.

#### Inaugural Sustainability Week

A great outcome of the leadership development program in FY2020 was our inaugural Sustainability week, held across all Bega Cheese sites from 18 to 22 November 2019. The initiative was led by one of the Aspire teams, designed to engage and inspire Bega Cheese employees to take action for the greater good of our environment. Over the week, 50 employees from across our business took part in volunteer activities through Conservation Volunteers Australia to protect local habitats. A staff competition was held inviting staff to come up with a “Bega Big Idea” for sustainability improvements for our business. The competition included a “Sustainability Starts at Home” section, encouraging staff to think of ideas for making their home lives more environmentally friendly. Ideas and entries were communicated companywide, helping drive awareness and engagement on the importance of sustainability to our business and communities.



Bega employees rolled up their sleeves to make their contribution during our Inaugural Sustainability Week. This group lent a hand at Elwood Beach by spending the morning removing weeds along the foreshore.

## Keeping everyone healthy at work

### Our CSR commitment

‘Safety always’ is a priority for our business. We continue to create a strong, engaging and self-sustaining safety culture through demonstrated leadership, shared values and the mindset that adopts ownership of safety. We invest in improving safety in our operations, share our best practices across sites and build capability in our teams through behavioural-based safety programs and training. We will also examine the benefits of independent certification of our safety management systems, to be recognised by international and Australian standards.

Bega Cheese is committed to providing a healthy and safe workplace for all employees, contractors and visitors. Ensuring the safety of people presents significant challenges across the agriculture and food processing industries, both on farms and in manufacturing. Our approach is guided by compliance with the Occupational Health and Safety Act 2004 in Victoria, the Work Health and Safety Act 2011 in New South Wales, and the Work Health and Safety Act 2011 in Queensland. The corresponding Occupational Health and Safety (OHS) regulations, related to the Acts in each state, set out how the business must comply.

### Safety management

Our Health and Safety Policy, refreshed in 2018, is risk-based and applies to all of our manufacturing sites and commercial offices in Australia, including our sales teams and field support staff working domestically or overseas. The policy highlights the importance of proactive identification and management of hazards and reporting of near misses to enable continuous improvement. Our policy is central to our safety management approach, which is outlined in Figure 15 and available on our website at: [www.begacheese.com.au/business-conduct](http://www.begacheese.com.au/business-conduct)

## Bega Safety Management System

### OHS Communication, Participation and Consultation Procedure (2019)

Outlines the Bega processes for ensuring workers are provided with relevant OHS information, are given opportunities to be involved in OHS processes and are consulted on OHS matters

### OHS Resources, Roles, Responsibilities and Authorities Procedure (2019)

Outlines OHS resources, roles, responsibilities and authority to ensure Bega complies with relevant OHS legislation and can achieve health and safety policy outcomes and strategic objectives

## Bega Cheese Health and Safety Policy (2018)

### OHS Competency, Training and Awareness Procedure (2019)

Outlines the Bega processes for ensuring workers are provided with suitable and sufficient training and education including awareness to carry out their OHS responsibilities effectively and safely

### OHS Hazard and Incident Management Procedure (2020)

Outlines the Bega processes for hazard and incident reporting, investigation and recording so that appropriate corrective and preventive actions can be implemented to prevent recurrences

### Safe Systems of Work (2018)

A set of risk-specific documents that provide guidance on our way of working for assessing and safely controlling risks commonly found throughout our business.

Figure 15: Our approach to safety management

We communicate our safety approach through a variety of mechanisms, including site inductions and new-employee onboarding programs, as well as noticeboards, digital screens, intranet and email. Elected Health and Safety Representatives are present at each site and are actively involved in formal Health and Safety Committee meetings, which are run as a consultative forum in accordance with OHS regulations. Workers who may be impacted, affected, or could provide specialist knowledge are involved in hazard identification, risk assessment, risk control and close-out of corrective actions.

The company Whistleblower Service is also available to workers to raise issues, including safety, outside of these procedures. We also work with an onsite provider of workplace health, wellbeing and injury management to treat staff and prevent further injuries through early intervention.

**Safety performance**

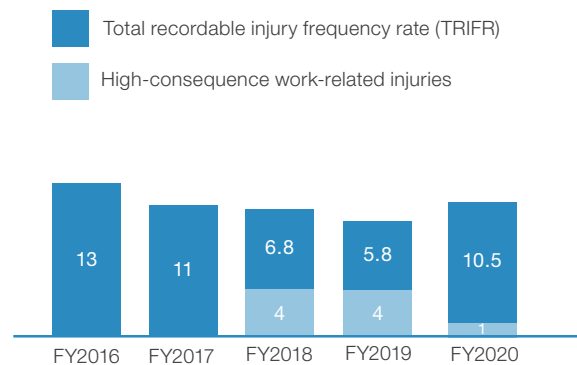
We are committed to preventing injuries and pursuing continual improvement in our Total Recordable Injury Frequency rate (TRIFR). During FY2020, Bega Cheese Group’s TRIFR per million hours worked was 10.5. Recordable injuries includes all lost time injuries, medical treatment injuries and restricted work injuries. Our overall hours worked in FY2020 was 3,407,549.

There were no workplace fatalities, prosecutions, fines or penalties for occupational health and safety issues in FY2020. This data includes direct employees and workers employed through labour hire contracts. TRIFR data for other contractors includes incidents but not total hours worked. This distorts our overall TRIFR performance. FY2020 was a particularly challenging year for safety performance, which we somewhat attribute to having our attention and resources diverted to the bushfire crisis in the Bega Valley and managing our response to the COVID-19 pandemic. We also reviewed our incident reporting parameters in FY2020 and further clarified definitions to ensure all recordable incidents were captured correctly. We remain committed to investigating all recordable incidents that occur, establishing root cause and implementing

sustainable corrective actions to prevent reoccurrence. We recorded 216 near misses and 1,691 hazard reports this year and will report trends in future reports.

While we still saw improvement in a number of lead safety indicators, our overall performance is well below our expectations. We have engaged DuPont Sustainable Solutions, a leading global consultancy for workplace safety, who will work closely with our site based teams to assess our safety culture and determine the necessary development plans.

**Injury rate**



- Total Recordable Injury Frequency Rate (TRIFR) is calculated as the total number of recordable injuries for each million hours worked. Recordable injuries includes all lost time injuries, medical treatment injuries and restricted work injuries. High-consequence work-related injuries are those from which the worker cannot, does not or is not expected to recover fully to pre-injury health status within 6 months. Data not available for high-consequence work-related injuries for FY2017 and 2016.

Figure 16: Total recordable injuries and high consequence work-related injuries



### Reviews, audits and training

Mandatory safety training takes place across all our sites. This year we reviewed the nationally accredited training courses provided to ensure consistency and rolled out training on our six 'golden safety rules', which establish minimum standards of safety to protect people from the risks most likely to cause serious injury, illness or death.

In FY2020 we also developed a Chain of Responsibility Policy to ensure compliance with the Heavy Vehicle National Law. Commitment to this policy ensures that everyone involved in organising or carrying out a road transport activity is accountable for the reduction of risk and improved safety performance of our supply chain. The policy is available on our website at: [www.begacheese.com.au/business-conduct/](http://www.begacheese.com.au/business-conduct/)

We also reviewed high risk work permits and initiated a machine safety and guarding review.

Our behavioural leadership program was rolled out to our sites in New South Wales and at Strathmerton, although rollout plans were disrupted by the priority our business placed on responding to the COVID-19 pandemic. The program aimed to build a culture of safety and included in-field coaching and skill development for managers, supervisors, team leaders and health and safety representatives. In FY2021 we will reassess our needs for improvement in safety through a whole of organisation safety cultural assessment in partnership with DuPont Sustainable Solutions (DSS).

#### COVID-19 response: safety measures and policy updates

See page 8 of this report for details of our COVID-19 response with regards to safety measures and policy updates.

### PLANS FOR FY2021

- Continue to improve and standardise all aspects of our Safety Management System
- Continue to plan the scope and timing of a certification audit to the ISO 45001 global safety standard, which was delayed this year
- Enrol site-based electrical technicians in a certified machine safety course with an accredited third-party industry leader, to further build in-house capability
- Deliver third-party comprehensive machine safety training to site engineers and safety professionals to expand their knowledge in this field
- Achieve a TRIFR of <5.8
- Continue our internal audit program by auditing all sites to determine compliance to the permit systems for confined-space entry, hot work and working at heights
- Conduct a safety cultural assessment to identify required focused improvements in safety leadership and culture, and to better understand how consistently we are leading safety and how effectively we are developing and sustaining the safety culture. This will also support the next stage of the behavioural leadership program.

## 5. Our communities

### Helping the community thrive

#### Our CSR commitment

We are a valued partner in many communities and support a range of charities and organisations. We aim to direct our support to projects that have a lasting community benefit, are based in our local communities and support local organisations.

Our community partnership work is often directed to regional areas, supporting charities assisting members of the community experiencing difficult circumstances. We support a wide range of community projects in the areas of education, sport, community service, the arts and health.

Bega Cheese makes a genuine difference in the regions where we operate by supporting local communities and encouraging their economic development. A priority is placed supporting the communities of our farmer suppliers and our staff. This happens through a range of charitable events and sponsorships. Much of our corporate support is directed to regional areas, often supporting charities that assist members of the community experiencing difficult circumstances. A wide range of community projects are supported and include the areas of education, sport, community service, the arts and health.

In FY2020, we raised and contributed \$219,000 in sponsorships. Our local sponsorships prioritise opportunities based on projects which have the widest community benefit, are based in our local communities and support local organisations, and which have a lasting community benefit.

### Charitable events and workplace volunteering

#### Tatura 200 Charity Bike Ride & Walk

The Tatura 200 Charity Bike Ride & Walk is one of our long-standing charitable events. Known as the TAT200, it was an initiative of the original Tatura Milk Industries Board, aimed at extending community support beyond its traditional stakeholders. Since the event's inception in 2008, the past 11 years has seen the Tatura 200 Charity Bike Ride & Walk raise over \$900,000 for local charities, organisations and community groups in the Goulburn Valley. More information on the event and fund recipients can be found at [www.tatura200.com.au](http://www.tatura200.com.au).

Unfortunately due to COVID-19 this year's TAT200 was cancelled. However, we expect the event to be ongoing and resume in 2021. Charities with multi-year commitments associated with the event will instead receive support directly from Bega Cheese this year.

#### Bega Cheese Corporate Event

Our annual Corporate Event has raised more than \$1 million in the past decade. This event is an important opportunity to showcase the Bega Valley to visiting guests, who then attend a charity auction held in aid of the causes we support each year. In addition to the support from corporate clients, Bega Cheese also makes a substantial donation. Bega Cheese chooses a local charity in the Bega Valley as the beneficiary. Corporate clients, customers and suppliers from around the world are invited to attend the event and tour the region. The event was scheduled to be held in March 2020 and was cancelled due to COVID-19 restrictions. We hope to hold the event in 2021. Previous recipients of the annual Bega Cheese auction include, Tulgeen Disability Services (who provide respite and supported living services), Community Carers Accommodation South East at the regional hospital, the Youthland project at Jigamy (a camp that educates young people about aboriginal culture), the Tathra Bushfire Recovery Mayoral Appeal, and South East Women's and Children's Services.

#### Volunteering

One of our key volunteering initiatives is in support of Foodbank, Australia's largest hunger relief organisation providing food for 815,000 Australians each month pre COVID-19. That figure has increased significantly with many new demographic groups receiving food relief for the first time. Foodbank advocates for the almost one in five Australians who experience food insecurity each year. In October 2019, Bega Cheese employees volunteered their time with Foodbank once again to help pack food parcels. In under five hours, the team of volunteers from our Vegemite Way site in Port Melbourne packed 7,440 kilograms of food orders. This was the equivalent of 13,400 meals, enough to feed a family of four with three meals a day over a period of three years. The parcels were sent out to 26 charities, where they were distributed to families in need across Victoria. Bega Cheese became a National Donor to Foodbank in 2018 and in FY2020, we donated 57,241 kilograms of products, equating to more than 103,000 meals for Australians experiencing hardship.



Our planet



# Our planet

We are committed to minimising environmental impacts across our operations, and throughout our entire value chain. The environmental impacts of our manufacturing sites across Australia include energy consumption, water consumption, solid waste generation, wastewater management, air emissions and local noise and odour.

Our value chain can impact the environment through the sourcing of raw materials, manufacturing, distribution and packaging. In particular, cows on dairy farms generate methane emissions and nut farming requires the use of pesticides and fungicides.

## In FY2020, the highlights from our actions to reduce environmental impacts included:



the installation of energy submeters



integrating energy efficiency projects and energy management into operational and capital planning activities



re-using 48% of water in our manufacturing operations for irrigation on farms



commencing a water efficiency and risk management project.

Our approach is informed by our Environmental Policy. This outlines our commitment to reducing our environmental impacts, protecting the environment and reducing pollution. The Policy is available on our website at: [www.begacheese.com.au/business-conduct](http://www.begacheese.com.au/business-conduct)

A number of our sites are subject to state-wide EPA licence conditions, which also informs our approach and the content of our environmental management system (EMS). We are working towards establishing a corporate-wide EMS aligned to ISO 14001. In FY2020 a group wide compliance continuous improvement program was established which is driving implementation of the EMS.

Actions are implemented through site-based Continuous Improvement (CI) teams who work cross-functionally to identify and implement ideas for improvement. Initiatives and learnings are then shared across the group so that they can be quickly adopted to accelerate delivery of the benefits.

In FY2020, our focus as a CI team was to deploy Daily Management Systems (DMS) to review daily operations performance including environmental performance. DMS enabled us to identify gaps and initiate root cause analysis to address those gaps.

Problem solving capability was one of the key focus areas in FY2020. We aimed to provide our manufacturing employees with problem solving skills to improve capability in identifying, escalating and solving problems on the spot.

In addition to this, our waste elimination program continued to deliver outstanding benefits to the business, focusing mainly on yield and energy projects.

### Environmental compliance

Bega Cheese Group is subject to Federal and State Environmental Acts and Regulations. These include reporting requirements under the National Greenhouse and Energy Reporting Act 2007 (Cth), the Environment Protection Act 1970 (Vic), the Protection of the Environment Operations Act 1997 (NSW), the Environmental Protection Act 1994 (Qld) and the Clean Energy Act 2011 (Cth).

Our manufacturing sites are licensed under their respective State Environment Protection Regulations. The licences stipulate performance standards as well as specific monitoring requirements for emissions such as noise, air, odour and wastewater. Two tradewaste notices were received from South East Water during FY2020. We are pleased to report there were no infringements or notices from the Environment Protection Authority.

## 6. Responding to the challenges of climate change

### Our CSR commitment

Climate change has already had observable effects on the environment and global temperatures will continue to rise for decades to come. Climate change affects our supply chain through water security, weather events, food security, prices and farming viability.

We recognise the need to respond to these challenges by reducing greenhouse gas emissions from our energy consumption and our supply chain. As a key focus area, our greenhouse gas initiatives include:

- improving energy efficiency in manufacturing through our Energy Roadmap
- implementing a comprehensive water, energy and greenhouse gas policy.



**13**

Take urgent action to combat climate change and its impacts



**12.2**

By 2030, achieve the sustainable management and efficient use of natural resources.



**2.4**

By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.

Our business understands the science of climate change and recognises the global consensus of the Paris Agreement, which commits to hold the increase in the global average temperature to below 2°C relative to the pre-industrial period.

Climate change has caused an increase in the occurrence of extreme fire weather and in the length of the fire season across large parts of Australia since the 1950s. In addition to 2019 being the driest year since records began in 1900, it was also Australia's warmest year. A drought has had serious impacts on our dairy suppliers in Northern Victoria, and our response is outlined in section 3.3 of this report, while the Bega Valley was impacted by this year's bushfires.

We are currently developing our response to the recommendations of the Taskforce on Climate-Related Financial Disclosures so that we can provide our stakeholders with appropriate information going forward. While our strategy is still under development, we continue to roll out our Energy Roadmap and have undertaken a third-party assurance of our scope 1 and 2 greenhouse gas emissions to ensure the integrity of this data prior to setting medium and long term reduction targets.

### Managing major climate events: bushfires

Australia faced severe and widespread bushfires in 2019-2020, which burned more than 10 million hectares of land in southern Australia. In late December 2019, fires rapidly spread across all states to become some of the most destructive on record. With New South Wales being the state most affected, a number of bushfires spread through several parts of the Bega Valley and remained an ongoing threat to communities throughout this period. Sadly, several dairy suppliers lost family members and some of our staff, dairy suppliers and farm workers lost their family homes. The bushfires were finally declared contained in New South Wales by mid-February 2020, assisted by the arrival of rain.

Our priority throughout this period was to ensure the safety of our employees, suppliers and their families. While there was no material financial impact on the company, milk supply or our ongoing operations, there was a significant impact to the community and the environment. The bushfires affected many of our employees, suppliers and communities in and around the Bega and Orbost regions. Fires in the Western District of Victoria also affected some of our employees.

Our existing crisis management process was proactively enacted when it became evident that there was a high risk for the Bega and Orbost regions. We proactively co-ordinated planning for our operations, which included meetings twice a day with a core local team and participants from outside the region, as well as daily text message updates to all employees involved.

Our Field Service Team was instrumental in working with farmer suppliers to access and connect generators, supply feed for cattle, and deliver fencing and other assistance to repair farms. Animal welfare remained top of mind and these measures helped enable daily milking of cattle, preventing cows from suffering mastitis. The impact was mitigated due to an outstanding collaborative effort from our employees, suppliers, freight providers, Local Land Services, New South Wales farmers, the Bega Valley Shire Council, the Rural Fire Service, volunteers and other services involved in working with us through this challenging period. The commitment and resilience of our colleagues and the community was extraordinary during this time.

### Safely vacating sites

Bega Cheese operates two sites at Bega in New South Wales: a milk receiving and bulk cheese production facility at Lagoon Street, as well as a cheese cutting and processing facility at Ridge Street. During the peak of the extreme weather forecast over the weekend of 4 and 5 January 2020, the decision was made to safely vacate our two sites at Ridge and Lagoon Street. A small team remained to supervise and monitor the facilities and we continued to pay all evacuated staff. There were no reported incidents and both of the Ridge and Lagoon Street sites were back in operation by the evening of Monday 6 January 2020.

Although our Ridge Street cutting and processing site was closed during the routine scheduled shut down period for two weeks over the Christmas period, maintenance staff at the site participated in the crisis management process and continued vigilant watch. The Lagoon Street site usually continues to take milk and manufacture cheese over the Christmas period and remained operational throughout the bushfires.

In total, over the entire period of these bushfires there were four safe, controlled closures enacted between 2 January and 3 February.

### Milk losses

Despite significant efforts by the local team to minimise disruption, milk losses were unavoidable. Restricted farm access due to road closures meant some suppliers had to dispose of milk for short periods of time. However, once road restrictions were lifted and farms regained power, full milk collection and supply resumed.

The total volume of milk unable to be collected during this period reached 900,000 litres out of an overall annual milk intake across the company of around one billion litres. In addition, two suppliers decided to dry-off their herds earlier than planned due to the fires, reducing milk supply by a further one million litres. These milk losses had no material overall impact on Bega's operations. Bega Cheese incurred additional costs of \$2.5 million from the bushfires. These costs were chiefly associated with lost milk, additional labour and freight to move collected milk to alternative processing sites.

### Supporting our suppliers

Bega Cheese worked with Local Land Services to support farmers and local communities. Suppliers were supported with emergency feed and fuel and, where possible, generators were provided to assist with power loss. We ensured regular communication with our farmer suppliers was maintained.

The fires affected farm operations and infrastructure causing the destruction of fencing and power lines, burnt out paddocks and restricted road access. Fortunately, no dairy milking sheds were lost. Of our 53 farmer suppliers in the region, 23 were impacted. There were direct impacts on milking livestock and farm equipment. Replacement livestock, fencing, and feed was also lost and many farms could not be accessed due to road closures. The loss of power impacted a number of farms, and affected their ability to run milking sheds.

With significant road closures, milk collection was challenging. However, where safe access was possible we continued to collect milk from our suppliers for our Lagoon Street site and from the majority of farms. While unfortunately there were instances where we were unable to collect milk, everything possible was done to keep this to a minimum. Where this occurred, farmers safely disposed of milk on farm and Bega Cheese ensured suppliers were compensated for losses and paid for the milk they had collected.

### Employee and community safety and wellbeing

Despite the relative safety of our factory locations, the impact on our employees and the community was significant. Outside of the towns of Bega and Merimbula many of our employees and their families were evacuated. Several of our employees lost their homes and Bega Cheese worked to support them to ensure safe accommodation for their families. Many more employees had parts of their property impacted.

The wellbeing of our employees, farmer suppliers and all families impacted remains a continued focus for us. In the aftermath of the fires, Bega Cheese has implemented a recovery plan covering four key areas: mental health support, financial assistance, farmer and supplier support, and government support.

In the area of mental health, our Employee Assistance Program (EAP) remains a resource to support any employee or supplier needing support. We have also engaged our EAP provider, using both internal and external expertise to run proactive mental health sessions for all Bega Cheese supervisors.

Financial assistance has been provided with Bega Cheese matching every dollar raised from employee fundraising efforts. This effort has raised a total of \$40,000 to date and a committee is in place to work with the Bega Valley Shire Council to determine how funds can best be used to support our people and the community.

The farmer and supplier aspect of our recovery program continues to provide support in helping suppliers deal with the effects of lost property, loss of power, fencing and feed, farmers without feed and, importantly, the emotional impact across the entire community. Bega suppliers from other regions in Victoria have donated their own feed to assist their fellow farmers. We continue to work with local support groups to assist in the recovery of our farmer suppliers.

In our recovery efforts, Bega Cheese is also looking at how to most efficiently leverage dedicated government support by advocating for the best possible outcomes for our regions and suppliers, ensuring a focus on the issues most important to them.

### Refining crisis management and business continuity plans

Throughout the bushfires, Bega Cheese has continued to demonstrate strength and resilience. Our focus remains on reviewing and refining business continuity planning as a result of this experience, applying our learnings to preparing for other natural disasters in future. Business Continuity Plans for each site have since been revised after specific scenario planning on bushfire risks. Scenario planning has taken place and has been used to inform a revised Crisis Management Plan.

#### Bega Workplace Giving:

### Bega Valley Community Disaster Relief Fund

In FY2020, we invited our employees to contribute to the Bega Workplace Giving Program to raise funds in support of our colleagues and communities impacted by the significant bushfires in the Bega Valley. The Bega Valley Shire Council established the Bega Valley Community Disaster Relief Fund, with donations going towards assisting the local communities to rebuild their lives, homes and businesses after the devastating impact of the bushfires.

In support of this, Bega Cheese set up an employee workplace giving program. Employees were able to donate to the Bega Valley Community Disaster Relief Fund by nominating an after-tax deduction to their pay. We were overwhelmed with the generosity of our employees, who collectively donated \$19,535. This was matched by the business and our combined donation of \$40,000 has been made to Blaze Aid, a volunteer-based organisation that works alongside rural families to rebuild fences and other structures that have been destroyed.

Blaze Aid will use these funds for recovery work in the Bega Valley. Bega Cheese is proud to support this important cause and thankful for the generosity of our employees. To learn more about Blaze Aid, visit [www.blazeaid.com.au](http://www.blazeaid.com.au)

## Energy and greenhouse gas emissions

We rely on energy for all aspects of our manufacturing operations. Energy management is a material issue for our business due to the environmental impact of greenhouse gas emissions, energy resource consumption and financial costs. By analysing our energy consumption patterns, significant energy savings can be achieved through process redesign, energy efficiency upgrades to plant and heat recovery.

Our energy target is adjusted from year to year and takes into consideration key factors which have an impact on energy intensity, such as the anticipated specific product mix. The product energy intensity target for FY2020 was 6.03 gigajoules per tonne of product (GJ/t) and our performance was 6.73 GJ/t.

Although we did not meet our target, this represented a relatively small increase on FY2019 as performance was affected by a number of factors. We were unable to implement all planned energy saving projects due to capital being diverted to critical business priorities. Decreased production at some sites impacted overall efficiency, including production in New South Wales being disrupted by bushfires. In addition, FY2020 also saw the commencement of an energy intensive Lactoferrin drying plant at Koroit in Victoria.

FY2020 energy intensity remained comparable to FY2019 due to marked energy efficiency improvements at our Tatura site in Victoria and Lagoon Street site in Bega, New South Wales. This was achieved despite production tonnes decreasing at these sites in comparison to FY2019, and in the face of the catastrophic Australian bushfires affecting milk supply at our Lagoon Street site in Bega.

We continued the rollout of our Energy Roadmap in FY2020, approving over \$800,000 in energy efficiency projects including LED lighting upgrades, air compressor upgrades, optimising boiler controls, steam recovery improvements and steam lagging upgrades. Capital invested in FY2020 energy projects is expected to reduce group energy consumption by around 2%, saving 44,000 GJ. The Roadmap guides the energy performance improvement within our manufacturing operations, with a focus on initiatives that improve energy intensive processes. Additional sub-metering and systems will also enable better energy management. The Roadmap also ensures our business maintains a focus on evaluating new and emerging energy technologies, sustainable energy options and reducing our exposure to energy price fluctuations.

Our Energy Management Capability (EMC) project is in its second year of implementation and almost complete. In FY2020, the project saw sub meters installed at six sites, with data extracted into an energy management platform. Energy targeting sessions were conducted to identify a priority list of energy efficiency projects for implementation in FY2021 and energy management has been integrated into the capital planning process. Monitoring and reviewing energy performance has now become a business-as-usual process for our operational teams.

An Energy Management System gap analysis was conducted in FY2020 as the business continues to explore options to improve energy management. Measured energy data over a 12 month period is now available to support creating site energy models which will inform energy reduction activities and our future long term strategy. Bega Cheese is in the process of developing greenhouse gas reduction goals supported by both the Energy Roadmap and EMC project.



PLANS FOR  
FY2021

- Improve energy efficiency in manufacturing and achieve an energy intensity target of 6.79 GJ/t
- Continue to implement the Energy Roadmap by investing in energy efficiency projects and exploring sustainable energy options
- Implement a company-wide water, energy and greenhouse gas policy.

**Total energy consumed by source**

Energy Source	FY2020 Energy Consumption (GJ)
Natural Gas	1,304,796
Electricity	418,515
Wood	202,269
Stationary LPG	45,432
Transport Diesel	2,970
Transport Petrol	1,185
Stationary Diesel	308
Stationary Petrol	278
<b>Total</b>	<b>1,975,753</b>

Table 4: Total energy consumed by source

**Energy intensity by financial year**

	FY2016	FY2017	FY2018	FY2019	FY2020
Energy in gigajoules per tonne	6.24 <sup>^</sup>	6.03 <sup>^</sup>	6.19 <sup>†</sup>	6.70 <sup>≤</sup>	6.73 <sup>Δ</sup>

Table 5: Energy intensity by financial year

\* Energy data is sourced from utility bills.

<sup>^</sup> Ridge, Lagoon, Tatura, Strathmerton, Coburg, Derrimut

<sup>†</sup> Ridge, Lagoon, Tatura, Strathmerton, Coburg, Bega Foods from July 2017 plus PCA from January 2018

<sup>≤</sup> Ridge, Lagoon, Tatura, Strathmerton, Coburg (until Feb 2019), Koroit (From August 2018), Vegemite Way, Tolga, Kingaroy and depots at Inverlaw, Gayndah and Maffra

<sup>Δ</sup> Ridge, Lagoon, Tatura (excluding a drying plant outside of operational control), Strathmerton, Koroit, Vegemite Way, Tolga, Kingaroy and depots at Inverlaw, Gayndah and Maffra

FY2019 intensity restated due to gas correction for Koroit, removing energy from a drying plant outside of our operational control and including Maffra.

Performance intensity for environmental data has been calculated using 293,490 production tonnes for FY2020 and are re-stated for FY2019 as 294,971 production tonnes, based on a revision of our operational control of sites.



**Greenhouse gas emissions**

A continued focus on lowering greenhouse gas emissions is key to reducing our carbon footprint and to ensuring we contribute to national and global reduction targets. While our immediate focus is on energy efficiency, a broader energy and greenhouse gas strategy is under development.

Bega Cheese reports emissions under the National Greenhouse and Energy Reporting (NGER) scheme, established by the National Greenhouse and Energy Reporting Act 2007 (NGER Act). Information on greenhouse gas emissions has been calculated according to the National Greenhouse and Energy Reporting (Measurement) Determination 2008.

Our greenhouse gas emissions intensity for FY2020 was 0.63 tonnes of carbon dioxide equivalent gas per tonne of product (tCO2e/t). This means we effectively maintained a similar performance to our FY2019 greenhouse gas emissions intensity of 0.62 tCO2e/t.

FY2019 emissions are restated as 184,034 of carbon dioxide equivalent tonnes (tonnes CO2e) due to correcting Koroit gas usage, excluding a drying plant after assessing operational control and including Maffra.

Our total scope 1 and 2 emissions increased slightly in FY2020 compared to FY2019, from 184,034 tonnes to 184,394 tonnes and we have purchased 1,575 Australian Carbon Credit Units issued by the Commonwealth Government’s Clean Energy Regulator, to offset that increase. We aim to not exceed our FY2019 emissions while we develop an appropriate greenhouse gas strategy and set reduction targets. FY2020 emissions after abatement are 182,819 of carbon dioxide equivalent tonnes (tonnes CO2e), which is slightly less than the result of 184,034 in FY2019.

The offsets were generated in Australia by the ‘Grounds Keeping Carbon project’ in South East Victoria. The project creates carbon credits by increasing carbon stored in rejuvenated pasture soil on dairy farms, achieved through a ground-breaking pasture management process using Soilkee® technology.

The innovative farming system utilises the Soilkee Pasture Renovator, which combines cultivation, mulching, aeration and mixed species seeding to improve grazing systems and build soil carbon. The higher the soil carbon levels, the more productive and healthy the farm. Carbon credits from the ‘Grounds Keeping Carbon project’ are the first to count towards Australia’s national targets under The Paris Agreement and first soil credits worldwide to be eligible under the agreement.

**Greenhouse gas emissions intensity**

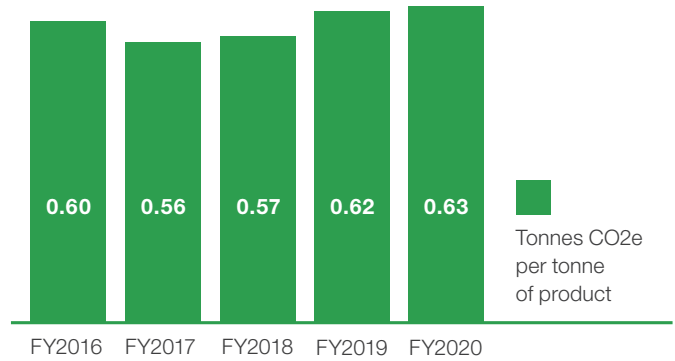


Figure 17: Greenhouse gas emissions intensity

FY2019 intensity is restated after re-assessing operational control. FY2020 intensity after abatement is 0.62

**Greenhouse gas emissions**

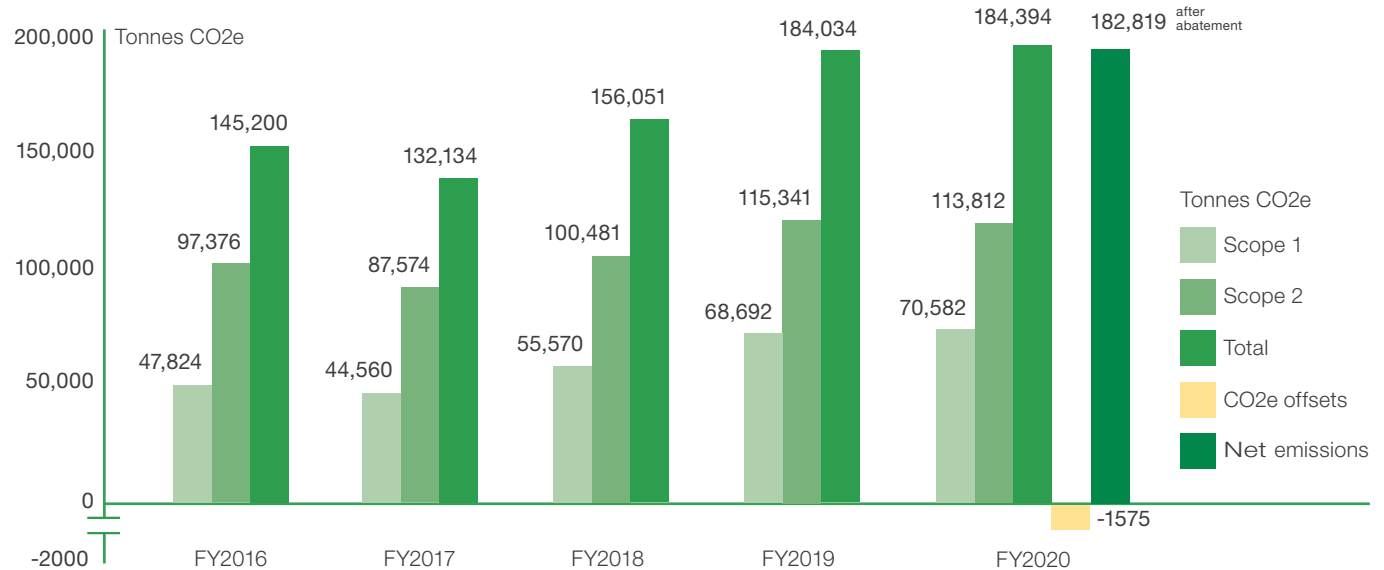


Figure 18: Greenhouse gas emissions

FY2019 emissions are restated as 184,034 of carbon dioxide equivalent tonnes (tonnes CO2e) due to a Koroit gas usage correction, and after reassessing operational control a drying plant has been excluded and Maffra has been included.



Bega has offset 1,575 tonnes of greenhouse gas emissions with Australian Carbon Credit Units generated by the Grounds Keeping Carbon project at Hallora in West Gippsland, Victoria.

**CASE STUDY: ENERGY SAVED BY TATURA SITE'S NEW BOILER CONTROL SYSTEM**

In May 2020, our Tatura site implemented a new lead-lag control system, to improve the efficiency of the site's four main boilers. A lead-lag control system enables the electronics of each boiler to communicate with one another, to ensure they operate at optimum efficiency. The project saves over \$155,000 in annual gas costs, represents an energy saving of 14,000 GJ per year and results in an estimated 3% reduction in fuel used, per tonne of steam generated.

Previous upgrades to the site's boilers allowed for more reliability and flexibility in how they could be operated. By introducing a new lead-lag system, the four main boilers can be linked and a lead boiler can be run at optimum efficiency more often. Lag boilers then run in a series, less often and at a more efficient load.

As one of the site's Continuous Improvement initiatives, the project involved an investment of \$116,000 with payback achieved in less than a year.



**Savings of**

- over \$155,000 in annual gas costs
- energy saving of 14,000 GJ per year
- an estimated 3% reduction in fuel used, per tonne of steam generated.



**PLANS FOR FY2021**

- Continue to develop our CSR plan, which includes developing a policy and framework for managing GHG emissions
- Establish targets and benchmarking for GHG footprint, sourcing, cleaner technology, GHG efficiency, renewable energy and stewardship.

# 7. Water: ensuring every drop counts

## Our CSR commitment

Water security is a key challenge for our business and we continually explore opportunities for water system improvements. We are vigilant with ensuring effective water management in our operations, including initiatives to reduce water consumption and decrease wastewater.



### 2.4

By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.



### 12.2

By 2030, achieve the sustainable management and efficient use of natural resources.



### 6.4

By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.

## Water management

Much of Australia is prone to drought and water shortages, placing stress on our farmer suppliers and communities. Water supply is critical to our dairy and peanut supply chains and in our direct operations.

Most of our manufacturing sites also draw on water in regional communities, some of which have experienced prolonged drought. It is vital that our sites demonstrate leadership in reducing water intensity, while we also focus on supporting our farmer suppliers through programs such as Bega Better Farms.

Our target for FY2020 was to reduce potable water intensity to 5.54 kilolitres per tonne of product (kL/t). Our actual water intensity of 6.57 kL/t was over target. Performance was affected by the introduction of new water intensive processes and products this year and the inclusion of the Maffra milk depot. Along with fewer production shifts and shorter product runs, this resulted in more frequent cleaning requirements reliant on water consumption.

Approximately 48% of water used in our manufacturing was reused in FY2020 via irrigation on farms.

In FY2020 our wastewater per tonne of product was 8.39 kL/t. Wastewater data now includes Maffra. Ground water extraction reduced by 7%.

For our direct operations, we have set a target for potable water intensity of 6.46 kL/t for FY2021.

Bega Cheese is developing a Water Management Capability program for implementation over the coming years to map water usage on sites and install water meters for measuring, monitoring and improving water efficiency. Capital has been allocated to the program for FY2021. A Water Roadmap is being developed which aims to help us better understand and positively influence water related issues in our farming communities, particularly water access and security.

## Water withdrawal by source (ML)

Water withdrawal by source (ML)	FY2016	FY2017	FY2018	FY2019	FY2020
Ground water	340	330	331	325	301
Municipal water	1,906	1,730	1,691	1,930	1,627
Total withdrawal	2,246	2,060	2,022	2,255	1,928
Reused water (via irrigation)	656	570	569	874	929

Table 6: Water withdrawn from ground water and municipal water sources for manufacturing over time.

FY2019 Municipal water and Total withdrawal restated after re-assessing operational control and correcting an omission.

**Potable water intensity (kL/t of product)**

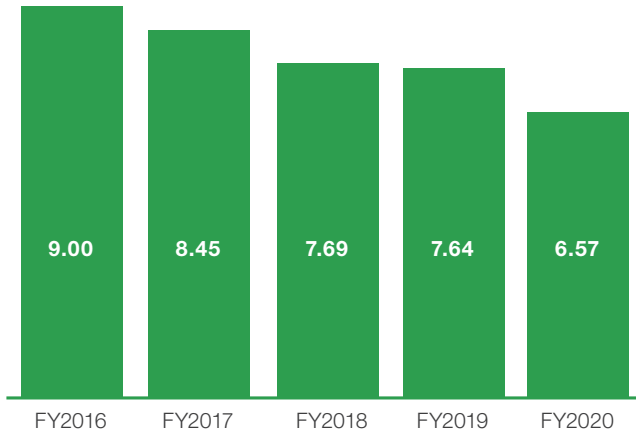


Figure 19: Potable water intensity (kL/t of product)

FY2019 intensities are restated after re-assessing operational control and correcting an omission.

**Wastewater intensity (kL/t of product)**



Figure 20: Wastewater intensity (kL/t of product)

FY2019 intensities are restated after re-assessing operational control and correcting an omission.

**CASE STUDY: KOROIT SITE ACHIEVES SIGNIFICANT WATER SAVINGS**

In March 2020 Bega’s Koroit site implemented an initiative to recover additional clean water for reuse in the manufacturing plant. The water was otherwise being sent to effluent. The improvement reduced our demand on town water by approximately 200-300 kL per day when the plant was producing a particular product. This saves an estimated 20 ML of potable water per annum and around \$45,000 in town water costs per year.

The project came about due to an observed increase of town water usage onsite. The team investigated and found that increased water usage was taking place during the production of milk protein concentrate. When manufacturing milk protein concentrate, town water was being diverted to effluent rather than captured for reuse because condensate was not recovered and therefore not available to dilute the town water. Condensate is a byproduct created in the milk evaporation process. With no dilution, the returned town water had a higher conductivity level than the recovery system set point, causing the valve to close and divert the town water to effluent. A computer programming change to the system enabled the valve to remain open at a higher conductivity set point. This ensured we recovered town water back into the system when manufacturing this product, resulting in significant water savings.

**Water savings**

- of approximately 20 ML of potable water per annum

**Cost savings**

- an estimated saving of \$45,000 per year

**PLANS FOR FY2021**

- Achieve a water intensity target of 6.46 kL/t
- Implement a company water roadmap and policy
- Commence water mapping and installing water meters.



### CASE STUDY: WATER MAPPING BRINGS ABOUT WATER SAVINGS IN VEGEMITE PRODUCTION

In January 2020, a Continuous Improvement water mapping exercise at our Port Melbourne site identified an opportunity to save water during weekends and shutdowns. Turning off pump seal cooling water during these non-production periods resulted in a saving of 613,000 L of water per year and a cost saving of \$21,000 per year.

Pumps used in the manufacture of Vegemite have mechanical seals that require cooling when running. Through a water mapping exercise, the Continuous Improvement team at Port Melbourne examined excess water consumption, with a particular focus on weekend consumptions. The team found that pump seal cooling water continued to run through pumps during non-production weekends and shutdowns for maintenance. Automation programs were updated to ensure cooling water doesn't circulate through seals when it isn't needed. By turning off seal cooling water during non-production periods, significant water savings were realised.



#### Water savings

- of 613,000 L of potable water per year

#### Cost savings

- \$21,000 per year

# 8. Producing more, wasting less

## Our CSR commitment

We will continue to strive to reduce our waste going to landfill. Our business is committed to exploring new ways to divert our trade by products from landfill, ensuring beneficial reuse wherever possible.



### 12.2

By 2030, achieve the sustainable management and efficient use of natural resources.



### 12.3

By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.

In FY2020 our landfill intensity target was 9.69 kilograms per tonne of product (kg/t). The outcome was better than target, with a landfill intensity result of 8.53 kg/t. Our diversion rate from landfill was 52% and below our 54% target for the year.

Our performance in waste, waste diversion and recycling was mainly affected by a changing product mix. We manufactured less skim milk, which results in no waste to landfill. We produced less products that generate recycled waste. Scrap metal recycling also decreased due to less capital projects being implemented.

Opportunities to increase recycling are heavily dependent on the recycling industry and regional capacity for reuse, collection and diversion. Although this area is gaining traction under Australia's National Waste Targets, recycling opportunities differ between our regionally located manufacturing sites.

## PLANS FOR FY2021

- Achieve a FY2021 landfill intensity target of 8.41 kg/t, and a 54% diversion from landfill rate.

## Solid waste diverted from landfill (% recycled)

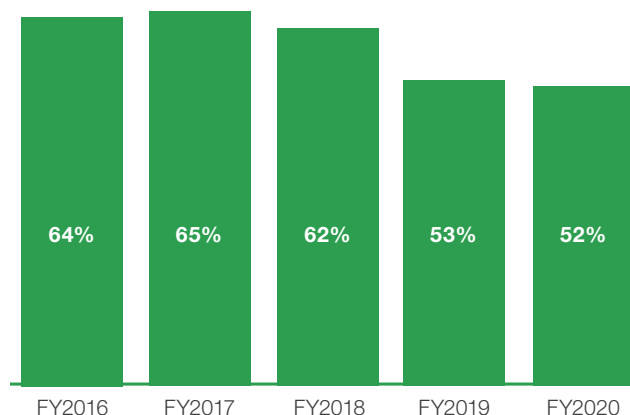


Figure 21: Solid waste diverted from landfill (% recycled)  
FY2019 re-stated after re-assessing operational control.

## Waste-to-landfill intensity (kg/t)

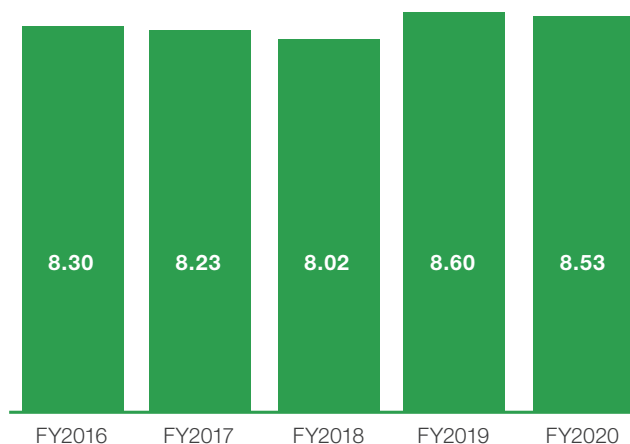


Figure 22: Waste-to-landfill intensity (kg/t)  
FY2019 restated after re-assessing operational control.

## Solid waste FY2020

Waste type	Weight of waste (t)
Non hazardous waste	5,194
Reuse	35
Recycling	2,690
Landfill	2,504

Table 7: Solid waste FY2020

Figures exclude waste from Maffra

**CASE STUDY: BIOTREATMENT OF SLUDGE AT KOROIT REDUCES SLUDGE DISPOSAL**

Biosolids or ‘sludge’ is a manufacturing byproduct made up of fat, protein and milk solids resulting from processing and washing activities on site. In January 2020, the Koroit site implemented a new form of biotreatment, involving aeration and bacterial dosing of wastewater in the secondary lagoon at the wastewater treatment farm.

This process aims to reduce the volume of sludge in the lagoon, eliminating the need for manual desludging. The benefits include reduced odour, improved water quality for irrigation and cost savings in the disposal of sludge. This has saved costs of around \$600,000 in FY2020 and will save an additional \$700,000 every 4 years in costs associated with desludging, dewatering and sludge disposal.



**Cost savings**

- saves around \$600,000 in FY2020 and an additional \$700,000 every 4 years

**Waste reduction**

- reduction of 28,900 m3 in sludge waste per annum

**CASE STUDY: VEGEMITE PROMOTES WASTE-FREE LUNCHES**

VEGEMITE proudly partnered with the Nude Food Movement for a second consecutive year to coincide with the tenth year of Nude Food Day. Nude Food Day was created to promote the importance of packing healthy, rubbish-free lunches to students, parents, schools and the wider Australian community.

Nude Food Day encourages happy little VEGEMITE’s to consider the impact that their lunch choices have on the environment and to have a conversation about their environmental footprint.

Through this initiative, schools across Australia were invited to bring their best nutritional, environmentally-friendly Nude Food ideas to life. VEGEMITE, in partnership with Nude Food and Nutrition Australia, awarded \$10,000 in grants and prizes to winning schools during October 2019. Grants were awarded to Essendon North Primary School, South Melbourne Park Primary School and South Melbourne Primary School.

At Essendon North Primary School, their ‘Green Team’ are using the funds to build a school garden to educate students on the positive impact that composting can have on the environment. South Melbourne Park Primary School will be planting fruit trees to provide healthy snacks to students. South Melbourne Primary School will be implementing Green Cones (compost waste bins) to reduce landfill waste, educate students and enrich the school environment by providing nutrients to their existing gardens.



# 9. Packaging for a better planet

## Our CSR commitment

We are systematically reviewing packaging to identify continuous improvement opportunities and explore more sustainable options. As one of our key focus areas, our packaging commitments include:

- transitioning up to 20% of cheese slice clamshell packaging to 100% recycled PET
- partnering with APCO in conjunction with Planet Ark to launch the application of the Australasian Recycling Label.



### 12.2

By 2030, achieve the sustainable management and efficient use of natural resources.

As a food manufacturer, we use a range of packaging to protect food quality and safety, reduce food waste, and communicate product information to consumers. An ongoing challenge is ensuring we make the right packaging choices to maintain product integrity, while also reducing the environmental impact of our packaging.

Our Ethical Sourcing Policy requires our suppliers to support the 2025 Australian National Packaging Targets. This year we revised and updated our Packaging Sustainability Policy to support the National Packaging Targets Australia adopted in 2018 and our participation in the Australian Packaging Covenant (APCO). The new policy is available on our website at: [www.begacheese.com.au/publications-2](http://www.begacheese.com.au/publications-2)

We integrate packaging considerations into our product development process, guided by our Sustainable Packaging Guidelines Procedure and Sustainable Packaging Guideline Form.

Our key areas of focus are:

- single use packaging - eliminating single use packaging between our manufacturing sites through reuse or recycling
- on-site packaging diversion - diverting packaging from landfill by working with existing recycling streams or creating new streams so that packaging is recyclable, reusable or compostable
- packaging material efficiency - reducing the weight to volume ratio of packaging
- recycled and renewable materials - incorporating or optimising recycled and/or renewable content by working with suppliers to develop and substitute lower impact materials.

## Australasian Recycling Label

As part of our participation in APCO, Bega Cheese is an early adopter of the Australasian Recycling Label (ARL). The new labelling scheme aims to reduce confusion for customers by clearly showing how to correctly recycle each component of packaging, helping to reduce recycling contamination and waste to landfill. Developed in 2018 by APCO in conjunction with Planet Ark, the ARL is the only evidence-based labelling system on the market in Australia. It is driven and informed by the Packaging Recyclability Evaluation Portal (PREP), an online tool that assesses packaging recyclability in the Australian and New Zealand recovery systems.

Bega Cheese commenced using the PREP tool in 2019 with the guidance of APCO. Our first Bega Cheese product to display the ARL was our new 40% Less Salt Vegemite launched in February 2020, and our Peanut Butter range followed suit in March 2020. This now includes ZoOsh dressings and our natural cheese portfolio which now also carries the REDcycle logos, to support collection and recycling of soft plastics. The REDcycle Program is a product stewardship model involving an innovative recycling program that diverts plastic bags and packaging from landfill and turns them into a resource used to manufacture new products. This work will continue as we progressively update our labelling artwork across our business.





**Recycle ready**

Bega Cheese has pursued light-weighting efforts, which reduces the overall amount of material to create packaging. Our focus in the past 12 months has been directed towards using recycled content in new packaging and getting our packaging 'recycle ready'.

Approximately 71% of our cardboard packaging is made of recycled content and we are actively collaborating on two closed loop initiatives with packaging suppliers to trial using post-consumer plastic for food grade packaging. These initiatives are currently in development phase and we are actively working to commercialise them. At the concept phase, we successfully trialled a packaging item with greater than 30% post-consumer recycled polyethylene terephthalate (rPET). In FY2021, one of our spreads products will be sold in a bottle manufactured from at least 30% post-consumer rPET. We are on track to transition up to 20% of our cheese slice clamshell packaging to incorporate up to 50% post-consumer rPET by the end of this year.

'Recycle ready' is our future focus for packaging, including polypropylene tubs and a move toward single layer polyethylene wrapping for when recycling infrastructure for this becomes available. Single layer polyethylene wrapping has been successfully trialled at our Koroit facility.

We continue to transition away from polyvinyl chloride (PVC), having recently approved the use of PET across all of our 500g clamshells as secondary packaging for cheese slices. We expect to expand this to our 250g packs by the end of the year. Only one other item of PVC packaging remains and we are seeking to transition from this as well.

Our participation in industry bodies is an important part of our work to improve packaging sustainability. Bega Cheese is an active participant in Dairy Australia's Industry Working Group for Sustainable Packaging (IWGSP). Established in October 2018 the collaborative group aims to identify sustainable packaging opportunities and, importantly, discuss barriers as well as solutions to meet the 2025 National Packaging Targets.

**Primary and secondary packaging procured by weight in FY2020**

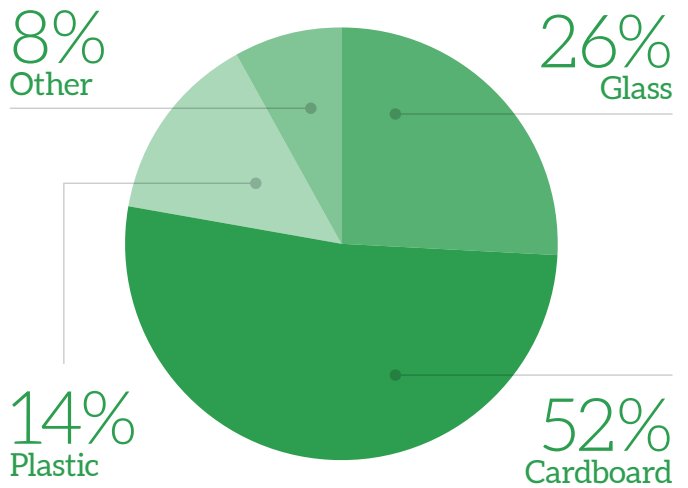


Figure 23: Primary and secondary packaging procured by weight in FY2020

**PLANS FOR FY2021**

- Launch of one of our spreads products in a bottle manufactured from more than 30% post-consumer recycled PET
- Phase out of PVC packaging completed by December 2020.

**CASE STUDY: PACKAGING EFFICIENCY IN VEGEMITE PRODUCTION**

In March 2020, a Continuous Improvement Initiative was implemented to improve the packaging efficiency of Vegemite pallet wrapping. This saves 3.38 tonnes of plastic pallet wrap annually.

Bega worked with the supplier of the plastic pallet wrap to review its material efficiency. It was found that introducing a thinner plastic to wrap pallets would enable more stretch, meaning the material would go further. This has significantly reduced the amount of plastic needed to wrap pallets.

**Packaging material efficiency**

- Saving 3.38 tonnes of plastic pallet wrap annually

## 10. Appendices

### Performance Data

Not reported

MEASURE	FY2016	FY2017	FY2018	FY2019	FY2020
<b>Workforce</b>					
Total workforce <sup>1</sup>	1,650	1,600	2,037	2,512	2,247
Employees covered by collective bargaining agreements (%)	80	77	71	70	69
Female Board members (%)	13	13	13	14	33
Females in management <sup>2</sup> (%)	26	21	26	22	27
Female workforce overall <sup>3</sup> (%)	28	29 <sup>4</sup>	30	29	29
<b>Workforce by State</b>					
Queensland			220	315	248
New South Wales			722	779	775
Victoria			1,082	1,402	1,209
Other			13	16	6

MEASURE										
Workforce by gender and by employment type <sup>5</sup>										
	FY2016		FY2017		FY2018		FY2019		FY2020	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Total workforce			504	1,096	604	1,433	735	1,777	649	1,598
Full-time			286	955	373	1,161	444	1,378	430	1,275
Part-time			86	73	101	73	132	88	131	103
Permanent			372	1,028	474	1,234	576	1,466	545	1,334
Temporary			132	68	130	199	159	311	104	255

<sup>1</sup> Based on full time equivalent employees excluding external contractors.

<sup>2</sup> Includes senior executives.

<sup>3</sup> Bega Cheese Group.

<sup>4</sup> Re-stated to be consistent with the Corporate Governance Statement FY2017


<sup>5</sup> Does not include external contractors.

MEASURE	FY2016	FY2017	FY2018	FY2019	FY2020
<b>Workplace health and safety</b>					
Fatalities	0	0	0	0	0
Total recordable injury frequency rate (TRIFR) <sup>6</sup>	13	11	6.8	5.8	10.5
High-consequence work-related injuries <sup>7</sup>			4	4	1

<sup>6</sup> TRIFR is calculated as the total number of recordable injuries for each million hours worked. Recordable injuries includes all lost time injuries, medical treatment injuries and restricted work injuries.

<sup>7</sup> High-consequence work-related injuries are those from which the worker cannot, does not or is not expected to recover fully to pre-injury health status within 6 months.

## Performance Data (cont.)

 Not reported

MEASURE	FY2016	FY2017	FY2018	FY2019	FY2020
<b>Energy consumption (Gigajoules)</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>
Total	1,514,967	1,427,862	1,697,846	1,976,728 <sup>14</sup>	1,975,753
Energy intensity (Gigajoules per tonne)	6.24	6.03 <sup>13</sup>	6.19	6.70	6.73 <sup>15</sup>
Natural gas		824,370	1,029,264	1,251,058	1,304,796
Electricity		305,831	352,653	408,635	418,515
Wood		269,048	279,594	253,365	202,269
Stationary LPG		26,162	33,942	59,375	45,432
Transport diesel		1,300	1,197	2,659	2,970
Transport petrol		1,151	1,196	1,134	1,185
Stationary diesel <sup>16</sup>					308
Stationary petrol					278
<b>Greenhouse gas emissions</b>					
Greenhouse gas emissions intensity (Tonnes CO <sub>2</sub> e per tonne of product)	0.60	0.56 <sup>17</sup>	0.57	0.62 <sup>18</sup>	0.63
Scope 1 (Tonnes CO <sub>2</sub> e)	47,824	44,560	55,570	68,692	70,582
Scope 2 (Tonnes CO <sub>2</sub> e)	97,376	87,574	100,481	115,341	113,812
Total (Tonnes CO <sub>2</sub> e)	145,200	132,134	156,051	184,034	184,394
Offsets (Tonnes CO <sub>2</sub> e)					1,575
Net emissions (Tonnes CO <sub>2</sub> e)					182,819

<sup>8</sup> Includes energy data for the following sites: Ridge, Lagoon, Tatura, Strathmerton, Coburg, Derrimut.

<sup>9</sup> Includes energy data for the following sites: Ridge, Lagoon, Tatura, Strathmerton, Coburg, Derrimut. Data rounded in conversion from megajoules to gigajoules.

<sup>10</sup> Includes energy data for the following sites: Ridge, Lagoon, Tatura, Strathmerton, Coburg, Bega Foods from July 2017 plus PCA from January 2018. Data rounded in conversion from megajoules to gigajoules.

<sup>11</sup> Includes energy data for the following sites: Ridge, Lagoon, Tatura, Strathmerton, Coburg (until Feb 2019), Koroit (From August 2018), Vegemite Way, Tolga, Kingaroy and depots at Inverlaw and Gayndah.

<sup>12</sup> Includes energy data for the following sites: Ridge, Lagoon, Tatura (excluding a drying plant outside of operational control), Strathmerton, Koroit, Vegemite Way, Tolga, Kingaroy and depots at Inverlaw, Gayndah and Maffra.

<sup>13</sup> Re-stated in FY2018 due to a revision of LPG energy data.

<sup>14</sup> FY2019 total energy consumption, energy intensity, natural gas and electricity are re-stated due to gas correction for Koroit, removing energy from a drying plant outside of our operational control and including Maffra. Performance intensity for environmental data has been calculated using re-stated production tonnes for FY2019 as 294,971.


<sup>15</sup> Performance intensity for environmental data has been calculated using 293,490 production tonnes for FY2020.

<sup>16</sup> Stationary diesel was not reported prior to FY2020 as it wasn't material.

<sup>17</sup> Re-stated in FY2018 due to a revision of LPG energy data.

<sup>18</sup> All greenhouse gas emissions data for FY2019 are restated due to a Koroit gas usage correction, excluding a drying plant after reassessing operational control and including a site at Maffra. This applies to scope 1, 2, total emissions and emissions intensity for FY2019.

## Performance Data (cont.)

 Not reported

MEASURE	FY2016	FY2017	FY2018	FY2019	FY2020
<b>WATER</b>					
<b>Water withdrawal by source (Megalitres)<sup>19</sup></b>					
Ground water	340	330	331	325	301
Municipal water	1,906	1,730	1,691	1,930 <sup>20</sup>	1,627
Total withdrawal	2,246	2,060	2,022	2,255 <sup>20</sup>	1,928
Reused water	656	570	569	874	929
Potable water intensity <sup>21</sup> (Kilolitres per tonne of product)	9.00	8.45	7.69	7.64	6.57
<b>Wastewater</b>					
Wastewater intensity (Kilolitres per tonne of product)	9.80 <sup>22</sup>	8.52	8.32	8.49	8.39
<b>WASTE<sup>23</sup></b>					
Solid waste diverted from landfill (% recycled)	64	65	62	53 <sup>24</sup>	52
Waste to landfill intensity (Kilograms per tonne of product)	8.30	8.23	8.02 <sup>25</sup>	8.60 <sup>26</sup>	8.53
<b>Solid waste (Tonnes)</b>					
Non hazardous waste			5,494,582	5,445	5,194
Reuse			30,800	22,108	35
Recycling			3,260,869	2,837	2,690
Landfill			2,233,713	2,608	2,504
<b>PACKAGING<sup>27</sup></b>					
<b>Primary and secondary packaging procured by weight (%)</b>					
Glass					26
Plastic					14
Cardboard					52
Other					8

<sup>19</sup> Bega Cheese does not use surface water, collected rainwater or waste-water from other organisations.

<sup>20</sup> Re-stated in FY2020 to align with a review of re-assessing operational control and correcting an omission.

<sup>21</sup> FY2019 intensities are restated after re-assessing operational control and correcting an omission.

<sup>22</sup> Re-stated in FY2019.

<sup>23</sup> Excludes waste from Maffra.

<sup>24</sup> FY2019 re-stated after re-assessing operational control.

<sup>25</sup> Waste to landfill intensity data for 2018 is re-stated due to revisions and improvements in record keeping at a key operating site, post publication. This represents an increase of approximately 4% to the overall Group figure for 2018. Waste data from Lorimer Street was excluded.

<sup>26</sup> FY2019 re-stated after re-assessing operational control.

<sup>27</sup> Figures include primary and secondary packaging across all sites. Data provided by suppliers and validated by Group Procurement.



## Independent assurance statement to the Board and management of Bega Cheese Limited

We, Point Advisory Pty Ltd ('Point Advisory'), performed independent assurance over selected performance data presented in Bega Cheese Limited's ('Bega's') Sustainability Report which includes performance over the period 1 July 2019 to 30 June 2020 ('the Report').

### Respective responsibilities

- Bega's management is responsible for the preparation and presentation of the information within the Report. Bega's management is also responsible for the design, implementation and maintenance of internal controls relevant to the preparation of the Report so that it is free from material misstatement. Bega's management is also responsible for setting targets and for the development of appropriate internal controls to monitor performance.
- Point Advisory's responsibility, in accordance with the terms of our engagement letter with Bega dated 30 June 2020, is to express a limited assurance conclusion in accordance with ASAE 3000 (Assurance Engagements Other Than Audits or Reviews of Historical Financial Information) and ASAE 3410 (Assurance Engagements on Greenhouse Gas Statements) on selected data and performance claims in the Report (as listed below under 'Subject Matter').

### Subject Matter

The Subject Matter covered as part of this assurance engagement is listed below.

- Percentage of women in management positions
- Product recalls for food safety
- Total recordable injury frequency rate (TRIFR)
- Energy intensity
- Greenhouse gas intensity
- Water intensity
- Waste diversion from landfill
- Waste intensity

### Criteria

We have used the following Criteria against which to evaluate the Subject Matter in the Report:

- Bega's own reporting criteria (as set out in the Report) and relevant policies and procedures to compile the selected data.
- The National Greenhouse and Energy Reporting (NGER) scheme (for energy and greenhouse gas-related metrics).

### Summary of assurance procedures

Our assurance engagement was planned and performed in accordance with ASAE 3000 and ASAE 3410. The procedures we performed were based on our professional judgement and included:

- Interviewing a selection of Bega staff and reviewing information to understand Bega's corporate structure and boundary covered by the Report.
- Interviewing data owners of the Subject Matter to understand how metric data is collected, calculated, and aggregated and checking any assumptions or estimations that were made.
- Testing the Subject Matter metrics against source data on a sample basis.
- Reviewing supporting information or explanations relating to the Subject Matter.
- Checking that the Subject Matter was transcribed accurately and presented reasonably in the Report.

### Use of our assurance statement

Our evidence gathering procedures were designed to allow us to reach a limited assurance opinion (as defined in ASAE 3000). The extent of procedures performed is less than that of a reasonable assurance engagement (such as a financial audit) and therefore a lower level of assurance is provided. Further to this, we did not visit any Bega sites as part of our procedures as a result of COVID-19 restrictions.

We do not accept any responsibility for any reliance on this assurance statement by any other person(s) or organisation(s) other than the Board and management of Bega. Other stakeholders should do their own due diligence before taking any action as a result of this statement.

### Our conclusion

Based on our limited assurance procedures, nothing has come to our attention that causes us to believe that the Subject Matter has not been reported and presented fairly, in all material respects, in accordance with the Criteria, for the year ended 30 June 2020.

On behalf of the assurance team.



Charlie Knaggs

Managing Principal, Melbourne

Point Advisory

25 September 2020

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## Glossary

### TERMS

#### ADISF

Australian Dairy Industry Sustainability Framework

#### APCO

Australian Packaging Covenant Organisation

#### EMS

Environmental Management System

#### EBITDA

Earnings before interest, taxes, depreciation and amortisation

#### DPI Water IPART NSW

Department of Primary Industries Water Independent Pricing and Regulatory Tribunal

#### GHG

Greenhouse Gases

#### GRI

Global Reporting Initiative

#### HACCP

Hazard analysis and critical control points

#### KPI

Key Performance Indicator

#### TMI

Tatura Milk Industries, a wholly owned subsidiary of Bega Cheese

#### Scope 1

Greenhouse gas emissions that result directly from onsite activities such as the combustion of fossil fuels

#### Scope 2

Greenhouse gas emissions that result indirectly from the consumption of electricity generated off-site

### UNITS

#### CO<sub>2</sub>e

Carbon dioxide equivalent, a standard unit for measuring carbon. The amount of a greenhouse gas that a business emits is measured as an equivalent amount of carbon dioxide which has a global warming potential of one.

#### tCO<sub>2</sub>e

Tonnes of carbon dioxide equivalent gas

#### GJ

Gigajoule, unit of energy equal to one billion (10<sup>9</sup>) joules of energy

#### GJ/t

Gigajoules per tonne of product

#### kg

Kilogram, unit of mass equal to 1000 grams

#### kg/t

Kilograms per tonne of product

#### kL

Kilolitre, a unit of volume equivalent to 1,000 litres

#### kL/t

Kilolitre per tonne of product

#### kWh

Kilowatt hour, unit of energy equivalent to 3.6 megajoules

#### ML

Megalitre, a unit of volume equivalent to 1 million litres

#### MJ

Megajoule, unit of energy equal to one million (10<sup>6</sup>) joules of energy

#### t

Tonnes, unit of mass equal to 1,000 kilograms

#### TRIFR

Total Recordable Injury Frequency Rate calculated as total recordable injuries for each million hours worked during the reporting period

## GRI Content Index

GRI STANDARD	DISCLOSURE <sup>1</sup>	PAGE NUMBER(S) AND URL(S)	
<b>GRI 101: Foundation 2016</b>			
<b>GRI 102: General Disclosures 2016</b>			
<b>GRI 102: General Disclosures 2016</b>	102-1	Name of the organisation	Page 3
	102-2	Primary brands, products, and services	Page 15-17
	102-3	Location of the organisation's headquarters	Page 14
	102-4	Number of countries where the organisation operates	Pages 14 and 16
	102-5	Nature of ownership and legal form	Page 3
	102-6	Markets served: geographic locations, sectors served, types of customers and beneficiaries	Page 16
	102-7	Scale of the organisation	Pages 12, 14-16 and 40
	102-8	Total number of employees by employment contract (permanent and temporary), by gender	Page 40
	102-9	A description of the organisation's supply chain	Page 33
	102-10	Significant changes to the organisation's size, structure, ownership, or supply chain	Pages 4-6, 7-8 and 19-20
	102-11	Whether and how the organisation applies the Precautionary Principle or approach	Page 18
	102-12	A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes, or which it endorses	Pages 24 and 26
	102-13	A list of the main memberships of industry or other associations, and national or international advocacy organisations	Page 26
	102-14	A statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and its strategy for addressing sustainability	Pages 4-6
	102-15	A description of key impacts, risks, and opportunities	Page 22
	102-16	A description of the organisation's values, principles, standards, and norms of behaviour	Pages 13, 18 and 35
	102-18	Governance structure of the organisation	Page 18
	102-40	A list of stakeholder groups engaged by the organisation	Page 23
	102-41	Percentage of total employees covered by collective bargaining agreements	Page 39
	102-42	The basis for identifying and selecting stakeholders with whom to engage	Page 23

<sup>1</sup> Disclosure descriptions have been summarised. For detailed descriptions refer to the GRI Standards <https://www.globalreporting.org/standards>



GRI STANDARD	DISCLOSURE <sup>2</sup>	PAGE NUMBER(S) AND URL(S)
<b>GRI 102: General Disclosures 2016</b>		
<b>GRI 102: General Disclosures 2016</b>	102-43 The organisation's approach to stakeholder engagement	Page 23
	102-44 Key topics and concerns raised	Page 23
	102-45 Entities included in the consolidated financial statements	See Annual Report 2020
	102-46 Defining report content and topic boundaries	Page 22
	102-47 A list of material topics	Page 22
	102-48 Restatements of information	Page 3
	102-49 Changes in reporting	Pages 21 and 22
	102-50 Reporting period	Page 3
	102-51 Date of most recent report	Page 3
	102-52 Reporting cycle	Page 3
	102-53 Contact point for questions regarding the report	Page 3
	102-54 Claims of reporting in accordance with the GRI Standards	Page 3
	102-55 GRI content index	Page 40
	102-56 External assurance	Pages 3 and 66

GRI STANDARD	DISCLOSURE <sup>3</sup>	PAGE NUMBER(S) AND URL(S)	OMISSION
<b>Material Topic – Climate change</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundaries	Pages 37 and 50-51	
	103-2 The management approach and its components		Policy position under development.
	103-3 Explanation of how the organization evaluates the management approach		
<b>GRI 201 Economic Performance 2016</b>	201-2 Financial implications and other risks and opportunities due to climate change	Pages 37 and 50-51	
<b>Material Topic – Customer Health and Safety</b>			
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundaries	Page 30	
	103-2 The management approach and its components	Page 30	
	103-3 Explanation of how the organisation evaluates the management approach	Page 30	
<b>GRI 416: Customer Health and Safety 2016</b>	416-2 Incidents of non-compliance concerning the health & safety impacts of products and services	Page 30	
<b>GRI FP5</b>	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognised food safety management system standards	Page 30	

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<sup>3</sup> Disclosure descriptions have been summarised. For detailed descriptions refer to the GRI Standards <https://www.globalreporting.org/standards>

GRI STANDARD	DISCLOSURE <sup>3</sup>	PAGE NUMBER(S) AND URL(S)	OMISSION
<b>Material Topic – Water</b>			
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	Page 56
	103-2	The management approach and its components	Pages 49 and 56
	103-3	Explanation of how the organisation evaluates the management approach	Pages 49 and 56
<b>GRI 303: Water 2016</b>	303-1	Water withdrawal by source	Page 56
<b>GRI 303: Water 2016</b>	303-3	Water recycled and reused	Page 56
<b>Material Topic – Supplier Environmental Assessment</b>			
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	Pages 34-36
	103-2	The management approach and its components	Pages 34-36
	103-3	Explanation of how the organisation evaluates the management approach	Pages 34-36
<b>GRI 308: Supplier Environmental Assessment 2016</b>	308-1	New suppliers that were screened using environmental criteria	Pages 34 and 36 Data is limited to that associated with dairy suppliers.
<b>GRI FP2</b>		Percentage of purchased volume which is verified as being in accordance with credible, internationally recognised responsible production standards, broken down by standard	Page 34
<b>Material Topic – Environmental compliance</b>			
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	Page 49
	103-2	The management approach and its components	Page 49
	103-3	Explanation of how the organisation evaluates the management approach	Page 49
<b>GRI 307: Environmental Compliance 2016</b>	307-1	Non-compliance with environmental laws and regulations	Page 49
<b>Material Topic – Energy</b>			
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	Page 52
	103-2	The management approach and its components	Pages 49 and 52
	103-3	Explanation of how the organisation evaluates the management approach	Pages 49 and 52
<b>GRI 302: Energy 2016</b>	302-1	Energy consumption within the organisation	Page 53
<b>GRI 302: Energy 2016</b>	302-3	Energy intensity	Page 53
<b>Material Topic – Emissions</b>			
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	Page 54
	103-2	The management approach and its components	Pages 49 and 54
	103-3	Explanation of how the organisation evaluates the management approach	Pages 49 and 54
<b>GRI 305: Emissions 2016</b>	305-1	Direct (Scope 1) GHG emissions	Page 54
<b>GRI 305: Emissions 2016</b>	305-2	Energy indirect (Scope 2) GHG emissions	Page 54
<b>GRI 305: Emissions 2016</b>	305-4	GHG emissions intensity	Page 54

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GRI STANDARD	DISCLOSURE <sup>3</sup>	PAGE NUMBER(S)	OMISSION
<b>Material Topic – Waste</b>			
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	Page 59
	103-2	The management approach and its components	Pages 49 and 59
	103-3	Explanation of how the organisation evaluates the management approach	Pages 49 and 59
<b>GRI 306: Effluents and waste 2016</b>	306-2	Waste by type and disposal method	Page 59
<b>Material Topic – Occupational Health and Safety</b>			
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	Pages 44 and 45
	103-2	The management approach and its components	Pages 44-46
	103-3	Explanation of how the organisation evaluates the management approach	Page 46
<b>GRI 403: Occupational Health and Safety 2016</b>	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Page 45 Data reflects part a and b only and does not include hours worked by contractors.
<b>GRI 403: Occupational Health and Safety 2018</b>	403-8	Workers covered by an occupational health and safety management system	Pages 44 and 45
<b>GRI 403: Occupational Health and Safety 2018</b>	403-9	Work-related injuries	Page 45 Data reflects part a and b only and does not include hours worked by contractors.
<b>Material Topic – Animal Welfare</b>			
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its Boundaries	Pages 37 and 38
	103-2	The management approach and its components	Pages 37 and 38 Bega Cheese does not have a current animal welfare policy.
	103-3	Explanation of how the organisation evaluates the management approach	Pages 37 and 38

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# 11. Locations

## Bega Head Office

### Process, Cut and Packaging

23-45 Ridge Street  
North Bega  
NSW 2550

## Bega

### Cheese Dairy Products

11-13 Lagoon Street  
Bega  
NSW 2550

## Derrimut

### Canning Facility

11 Benn Court  
Derrimut  
VIC 3030

## Kingaroy

### Peanut Processing

133 Haly Street  
Kingaroy  
QLD 4610

## Koroit

### Dairy Processing

41 Commercial Road  
Koroit  
VIC 3282

## Port Melbourne

### Commercial Office

664 Lorimer Street  
Port Melbourne  
VIC 3207

## Port Melbourne

### Vegemite Way

1 Vegemite Way  
Port Melbourne  
VIC 3207

## Strathmerton

### Process, Cut and Packaging

Murray Valley Highway  
Strathmerton  
VIC 3641

## Tatura

### Dairy Processing

236 Hogan Street  
Tatura  
VIC 3616

## Tolga

### Peanut Processing

12 Tostevin Street  
Tolga  
QLD 4882

**Beyta**