



# SUSTAINABILITY REPORT 2016



Bega Cheese has been the heart and soul of economic sustainability in the Bega Valley since its establishment in 1899.

Today the company has grown into a \$1.2 billion business that extends throughout New South Wales and Victoria, producing a wide range of high quality dairy products.

The company's home town of Bega and its unspoiled farming environment has made Bega Cheese famous.

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## OUR PLEDGE TO SUSTAINABLE GROWTH

Bega Cheese recognises that sustainability doesn't just matter to us. It matters to our customers, our suppliers and the wider community; this is why we published our first sustainability report last year, which was met with wide interest.

Despite the last financial year being challenging for dairy in Australia, Bega was able to position itself for further growth and remain true to its values. Our second sustainability report continues our good news story.

As an iconic, Australian-owned and operated business, we are committed to positive economic, environmental and social outcomes everywhere that we operate. This report explains how we are honouring those commitments, detailing significant processes and projects which are reducing our environmental footprint; the direct and indirect contributions made to society through our employees and in the communities in which we operate; as well as our aim of sustainable growth.

## A DIMINISHING FOOTPRINT

During the year, we involved suppliers in our journey to sustainability, holding over 30 supplier training events and rolling out our new FarmSmart app that improves traceability across the supply chain. The year saw the completion of our 100th on-farm Bega Environmental Management System (BEMS) project. A milestone that was celebrated at the 2016 United Nations Association of Australia Environment Day Awards where our BEMS and Sustainability and Growth Programs were recognised as finalists in the Organisational Leadership category.

In accordance with our mantra to grow sustainably, our processing and manufacturing sites reduced energy intensity by eight per cent despite reaching record dairy outputs during the year. We continued to use water efficiently, reusing 29 per cent of our wastewater to irrigate local farms.

Remaining community-minded, we reduced our impact on our neighbours by investing \$8m into our Tatura site to reduce milk powder emissions by 95 per cent. We also donated over \$500,000 to local organisations in regional NSW and Victoria; with this support, we hope to help these regional communities continue to flourish.

We look after our people. A 50 per cent reduction of the total recordable injury frequency rate (TRIFR) represents a safer working environment. In a male-dominated industry, we continue to fight for diversity with over a quarter of management roles filled by women. Our employee benefit fund grew to over \$200,000, providing economic assistance to our people in need.

## A COMMITMENT THAT KEEPS GROWING

Moving forward, we remain absolutely committed to long-term sustainable growth and will make appropriate commercial and operational decisions so that we grow Bega Cheese in a way that is sustainable, and considerate of social and environmental as well as economic factors.

We look forward to sharing our sustainability story with you.



*B.A. Irvin*  
Barry Irvin  
Executive Chairman, Bega Cheese Group



*Paul van Heerwaarden*  
Paul van Heerwaarden  
CEO, Bega Cheese Group





# SUSTAINABILITY SNAPSHOT

## CONTEXT

**104**

BEMS projects completed



**130**

number of farms using the Bega Cheese FarmSmart app

**238,156t**

the volume of dairy product output in FY2016



**16%**

Bega Cheese's brand value share in Australian everyday retail cheese

## ECONOMIC

**\$1.2b**

7.5% increase in revenue for FY2016



**> 1,600**

No. of employees



## SOCIAL

**70%**

the reduction in the number of lost time injuries (LTIs) in FY2016

**26%**

the proportion of women who fill management roles



**Employee**

personal development plans underway

## ENVIRONMENT

**8%**

reduction in energy use per tonne of production in FY2016

**2%**

reduction of solid waste in FY2016

**35**

events held focussing on reducing on-farm carbon emissions

**Finalist**

in 2016 UNAA World Environment Day Awards

# ABOUT BEGA CHEESE GROUP

Bega Cheese is a publicly listed company on the Australian Securities Exchange (in the ASX200) with approximately 8,000 shareholders.

The company is governed by a Board comprising eight directors. The Board has established several committees to oversee the management of the company. They are:

- Audit and Risk Committee;
- Nomination, Remuneration and Human Resources Committee; and
- Milk Services Committee.

Bega Cheese is committed to achieving and maintaining appropriate standards of accountability and transparency in the management and conduct of its business.

The Board has adopted corporate governance policies and practices that it believes are consistent with the sustainable growth and success of the company, and the ongoing enhancement of value for Bega Cheese shareholders.

Bega Cheese is an active member of Dairy Australia, participating in the Dairy Manufacturers Sustainability Council (DMSC) and contributing data each year towards the DMSC environmental scorecard. The scorecard shows manufacturers' progress in water use, greenhouse gas emissions and waste reduction against targets set in the Australian Dairy Industry Sustainability Framework (ADISF).

The ADISF is aligned to international guidelines and standards, including the United Nations Global Compact and the Global Reporting Initiative (GRI) G4. The principles of the framework are to ensure:

- Ethical behavior;
- Transparency and accountability;
- Appreciation of stakeholder interest;
- Competitive neutrality 'not providing competitive advantage';
- Collective action that delivers mutual benefit; and
- Inclusivity.

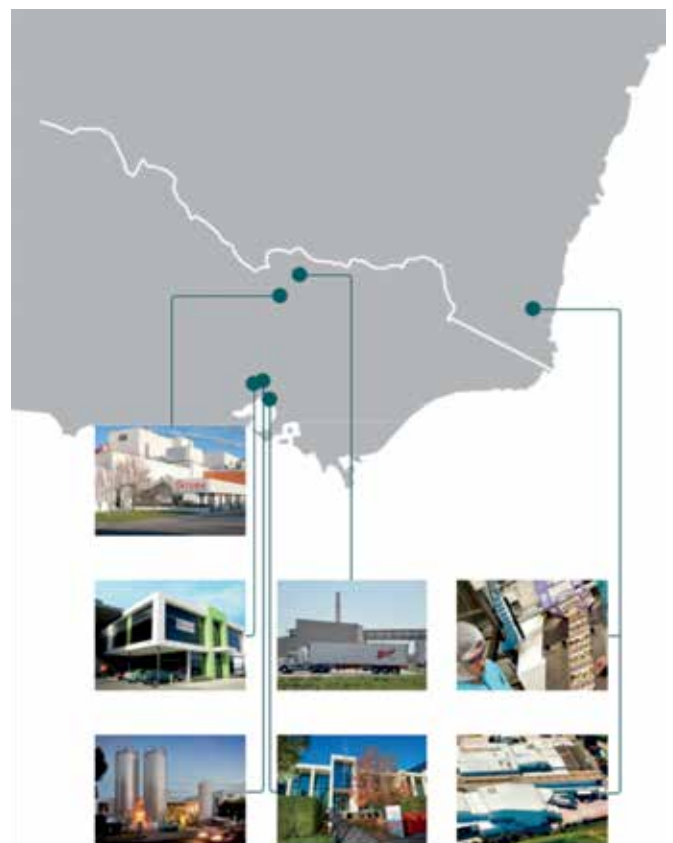
In FY2016 Bega Cheese became a member of the Australian Food and Grocery Council (AFGC) and recognises that this provides the business with access to a wider network of companies which model sustainability practices.

## AT HOME

Bega Cheese has six sites in south-eastern Australia and a corporate office in Port Melbourne.

Cheddar cheese, butter and whey powder are manufactured at the Lagoon Street site in North Bega: consumer products at our processing and packaging sites at Ridge Street in North Bega and Strathmerton in Victoria; with mozzarella, cheddar and liquid by-products manufactured at the Coburg site in Victoria.

Tatura Milk Industries (TMI) is a wholly owned subsidiary of Bega Cheese which produces cream-cheese, butter, a range of dairy powders and nutritional powders, and bio-nutrients at facilities in Tatura and Derrimut in Victoria.



*Figure 1: Bega Cheese operates at six locations in NSW and Victoria in south-eastern Australia, with a corporate office in Port Melbourne.*

# ABOUT BEGA CHEESE GROUP (CONT.)

## AND ABROAD

On top of an extensive Australian market, Bega Cheese maintains a broad customer base, including manufacturers, retailers and distributor agents in markets in South East Asia, China, Japan and the Middle East.

The accompanying chart shows sales distribution across the most significant countries and regions.

Bega Cheese has several long-term key international customers from Japan, France, the Middle East, USA and an increasing range of nutritional, food service and ingredient customers in China. Figure 2 below shows countries where products from Bega Cheese are exported.

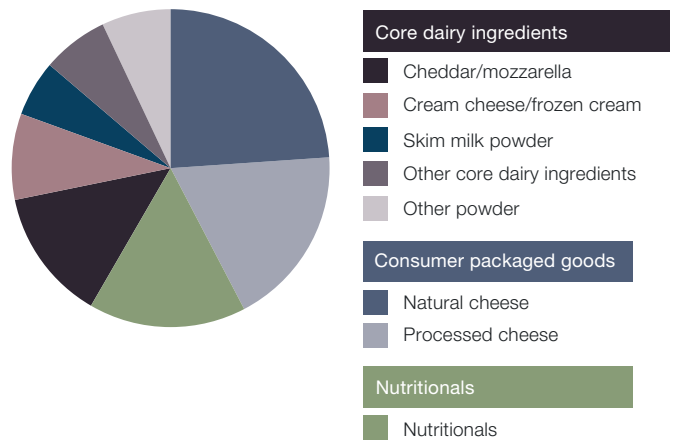
## SUSTAINABILITY

What does this have to do with sustainability?

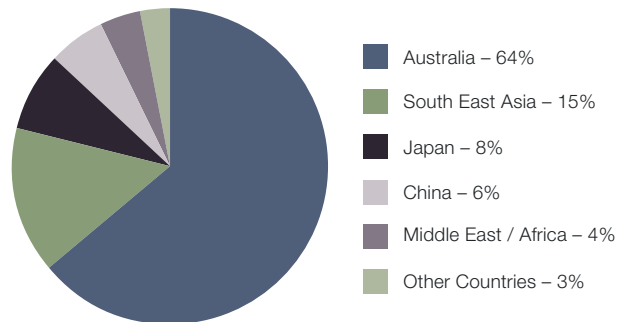
When Bega Cheese thinks about customers and their requirements, a strategy to deliver an efficient sustainable supply chain is a key consideration.

This begins by considering the long-term sustainability of milk supply and the expectations customers (and the wider community) have about raw material sourcing and manufacture of products.

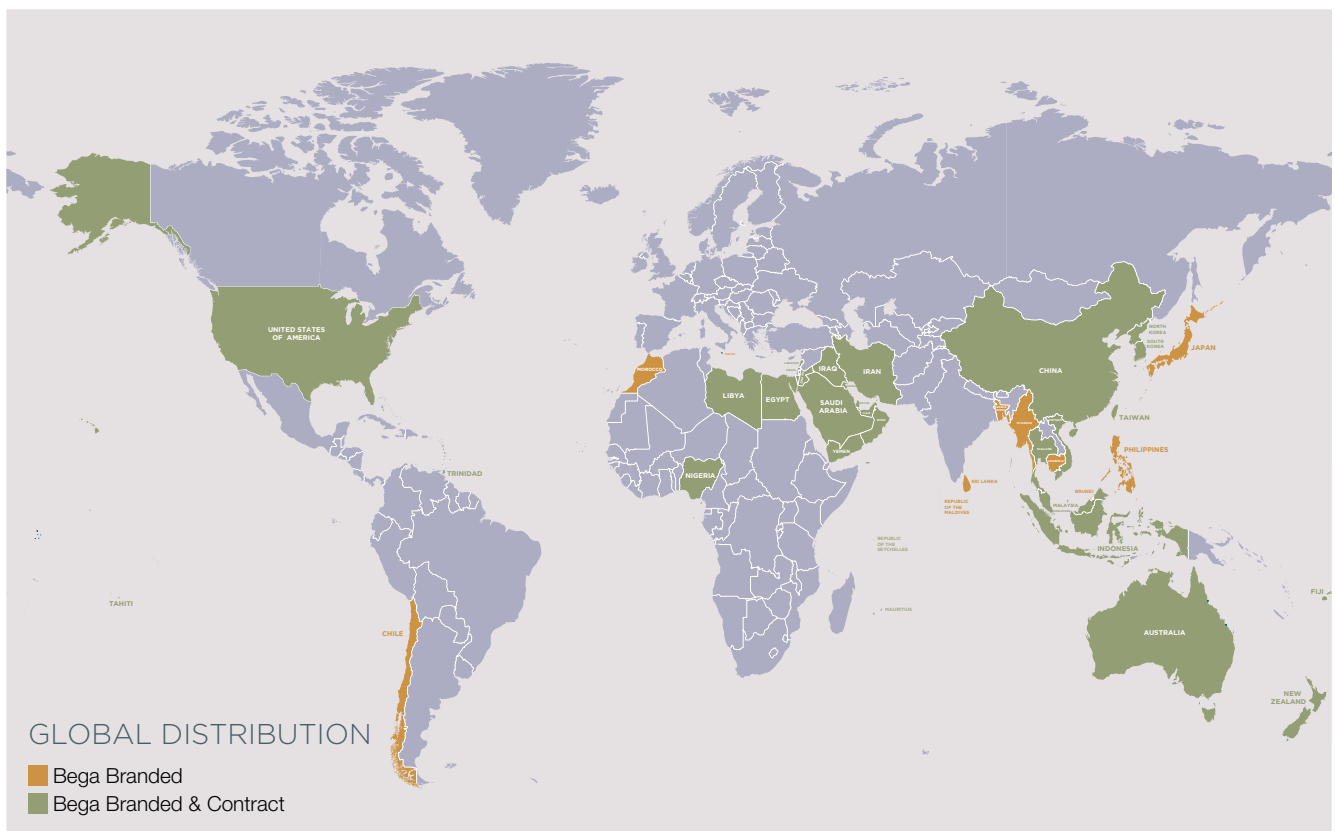
**BEGA CHEESE PRODUCT SALE TONNES BY COUNTRY/REGION**



**Graph 1:** Bega Cheese Group achieved record production output in FY2016 with total volume increasing by 5.9% to 238,156 tonnes



**Graph 2:** Bega cheese product sale by country/region



**Figure 2:** South East Asia, China, Japan and the Middle East are key markets for the global distribution of Bega Cheese branded and contract products.



# ABOUT THIS SUSTAINABILITY REPORT

Bega Cheese always considers the economic, environmental and social impacts of our manufacturing sites. Customers and the wider community are increasingly seeking to understand and confirm that the business is doing the right thing – by the environment, our employees and the communities in which we operate.

The list of material issues for our second Sustainability Report includes:

- Economic contribution, particularly relationships with farmers;
- Environmental compliance and resource consumption including energy, water, waste and packaging;
- Staff employment, health and safety, and training and education;
- Responsibility for products including safety and quality; and
- Broader social responsibilities including governance, customer expectations on bribery and corruption, and animal welfare.

## HOW WE DO BUSINESS

This report covers activities across the business during FY2016 (1 July 2015 to 30 June 2016) and importantly, identifies opportunities to continuously improve the report over time.

Reporting on the environmental, social and economic sustainability performance of the Group is now a part of how we do business.

As such, where possible the Global Reporting Initiative's (GRI) principles for defining report content is used. The Group will develop its capacity towards best-practice in future reports.

In developing the content for this Sustainability Report, Bega Cheese examined:

- The risk framework and risk register for economic, social and environmental sustainability risks;
- The content of supply chain questionnaires from major customers and their primary areas of concern;
- GRI's Sustainability Topics for Sectors: What do stakeholders want to know? and
- The objectives and targets of the Australian Dairy Industry Sustainability Framework.

## INVOLVING STAKEHOLDERS

In developing future reports, Bega Cheese will further explore these issues and formally include stakeholders in discussions on the report and its structure.

This will help to determine the issues which are most significant to the business and stakeholders – and the places where they are most significant in the Australian dairy industry value chain (refer Figure 3). While we may not have direct control over some of these issues, Bega Cheese has an important contribution to make to an industry-wide responsibility.

Up until this point, formal stakeholder engagement has typically focused on fulfilling Bega Cheese's responsibility as a publicly-listed company.

Engagement with community and partners has been less structured and has occurred when necessary, for example, during contract renewals and negotiation of supply and services agreements, and when advising the community of significant activities at regional sites. To improve on this, and bring stakeholders along on our sustainability journey, the Corporate Procurement team will include engagement as part of future contract and service agreements to ensure any issues for the company and its partners are identified and regularly reviewed.

## A REPORT WITH RIGOUR

This Sustainability Report – Bega Cheese's second – outlines the company's performance on sustainability topics that are material to its operations for the FY2016 and builds on the baselines which were established in last year's report.

Bega Cheese's Sustainability Report and Annual Report 2016 contain Standard Disclosures from the GRI Guidelines and a GRI Content Index can be found at the back of this report. The content of this report has not been the subject of any external assurance, apart from information taken from the Bega Cheese Annual Report 2016.

This Sustainability Report covers Bega Cheese Limited and the wholly owned subsidiary Tatura Milk Industries Limited, which are together referred to as Bega Cheese. Neither the 25 per cent joint venture Capitol Chilled Foods (Australia) Pty Ltd nor the 50 per cent joint venture Bemore Partnership are included in this report.

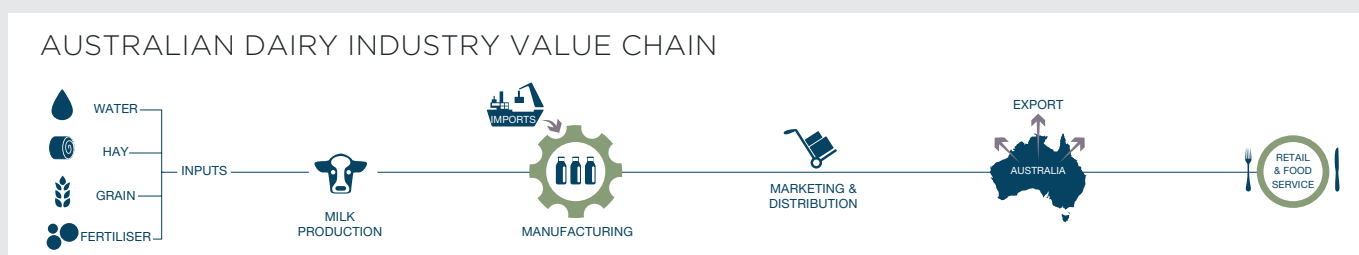


Figure 3: The Australian dairy industry value chain.

# LOOKING AFTER OUR SUPPLY CHAIN

Bega Cheese's on-farm Environmental Management System (BEMS) and the Milk Sustainability and Growth programs were recognised as a finalist in this year's UNAA World Environment Day Awards within the Organisational Leadership category. With the long-term sustainability of milk supply a priority for the company it was pleasing to see the programs being recognised at this level.

The Bega Cheese BEMS program continues to progress well across all supplier regions. The major focus this year has been on analysing the BEMS Sustainability Assessment data across 350 farms. Recommended management practice data across 15 priority sustainability areas has enabled the company to determine areas where suppliers are performing well and areas requiring extension support to encourage improvement. This data will guide the development and implementation of professional development programs moving forward.

The roll out of the FarmSmart Phone App was a significant achievement this year. To date, 130 individuals have registered and downloaded the app. FarmSmart is an exciting new tool that will enable suppliers to record paddock and animal treatments; this improves traceability across the supply chain and help suppliers contribute to sustainability outcomes.

The on-ground works program continued this year with funding and technical support from the South East Local Land Service. On ground works also commenced in the Tatura region with four farms signing BEMS contracts to undertake shade and shelter revegetation projects on-farm.

Number of BEMS projects approved	155
Number of projects completed	104
Effluent systems upgraded	49
Fencing installed	240km
Streams protected	405ha
Wetlands protected	72ha
Riparian areas revegetated	247ha
Shade and shelterbelts created	112ha
Nutrient Plans Northern Vic	25

**Table 1:** Cumulative summary of BEMS achievements to the end of FY2016

Region	No. of events	Participants
Central	13	8-26 farmers/event
Northern Vic	16	5-16 farmers/event
Gippsland	2	7-15 farmers/event
Western District	1	5 farmers

**Table 2:** Supplier training events carried out in regions during FY2016

## A SUSTAINABLE MILK SUPPLY

Procurement of milk is managed by the Farm Services teams who also work closely with milk suppliers to help them improve the long-term sustainability of their business through the implementation of BEMS.

The professional development program for Bega's suppliers continued this year with funding support from the Federal Government Department of Agriculture, as part of its Carbon Farming Futures Extension and Outreach program. This financial year, 32 events focused on reducing carbon emissions through improving on-farm efficiency. These were well attended and received by suppliers.

## A SUSTAINABLE SUPPLY CHAIN

Bega Cheese has an integrated end-to-end supply chain function.

The sourcing of all raw materials and packaging, utilities, and key goods and services is managed by the Group Procurement team (residing within the Group Supply Chain function). This team is also responsible for the ongoing contract and performance management of suppliers, including payment terms. Where possible and commercially viable, Bega Cheese endeavours to procure goods and services from local suppliers.



## FARM SUSTAINABILITY AND MILK GROWTH

There are over 400 dairy farms situated in south-eastern Australia that supply Bega Cheese.

In 2014, Bega Cheese launched the Milk Sustainability and Growth Program designed to encourage investment by farmer suppliers in farm sustainability and milk growth.

Now in its final year, the program placed Bega Cheese in a strong position in relation to milk supply, provided an innovative connection with dairy farmers, and made an investment to sustainably increase milk supply into the future.

To June 2016, the program has achieved the following outcomes:

- 93 per cent of the direct farm milk supply is now participating in the sustainability program and have signed supply agreements;
- 55 per cent of the milk supply is participating in the milk growth program;
- 469 milk growth projects will be initiated across the three years of the program;
- 29 per cent projected milk increase from participating suppliers over the three years of the program; and
- Bega Cheese's \$25 million investment in the Sustainability and Growth Program has initiated over \$50 million of investment in on-farm initiatives. This includes an estimated \$33 million in co-commitment from farmers to these projects.



## THE ENVIRONMENT AND OUR SUPPLY CHAIN

Bega Cheese is aware of its ability to influence the environmental aspects of farming outside its operational control and the company uses this influence to improve the environmental footprint of the dairying community. In 2005, the *Bega Environmental Management System* (BEMS) was piloted on 20 farms in Bega to help improve the long-term sustainability of our milk supply base.

From modest beginnings in the Bega region, the program has spread across all supply regions. Today, 93 per cent of milk suppliers to Bega Cheese have completed a BEMS Sustainability Assessment as part of the BEMS program – which has 94 per cent participation of suppliers across the company. BEMS is a voluntary continuous improvement program. In the program sustainability risks on dairy farms are identified and the information is used to develop extension programs and secure resources to support farmers to reduce the risks and improve long term viability of dairying.

In addition to BEMS, Bega Cheese works closely with its suppliers to identify and address key issues that are important to them. Over the past year, these issues have included:

- DPI Water IPART water pricing review;
- Representing suppliers in Murray Darling Basin Senate inquiry; and
- The repair to the Cochrane Dam near Bega, and water access.

## ANIMAL WELFARE

The basic, raw material for Bega Cheese is fresh milk. So, the company's operations depend on the productivity of dairy cows – and this means their health and welfare.

Bega Cheese requires its suppliers to abide by the Australian Animal Welfare Standards and Guidelines for Cattle and encourages the adoption of recommended practices as part of its BEMS program.

Sector	% of Non Milk Spend	No. of Suppliers	Supplier Location
Ingredients	50%	60	Majority o/s
Packaging	12.5%	25	Majority local
Transport & Logistics	12.5%	20	Local*
Energy	5%	5	Local*
Other Goods & Services	20%	1000+	Majority local

\* Note: 'Local' means in south coast NSW. For the operating sites in Victoria local will be operating within the state.

**Table 3:** An overview of third-party expenditure and suppliers (excluding milk)

# ECONOMIC IMPACT IN A DIFFICULT ENVIRONMENT

## SUPPORTING REGIONAL LIVELIHOODS AND ECONOMIES

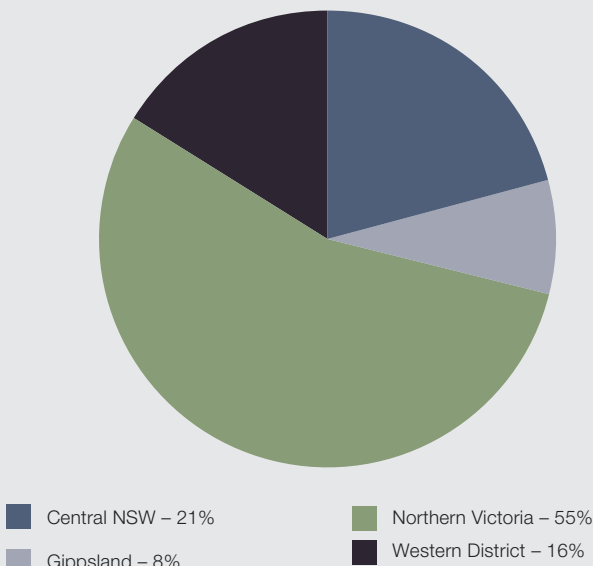
Bega Cheese is a \$1.2 billion corporate entity, employing over 1,600 people and operating on seven sites in New South Wales and Victoria receiving milk from over 400 supplier farms.

Bega Cheese is considered the biggest employer in the Bega Valley (home to a residential population of 33,500) where the local council estimates the value of Gross Regional Product at \$1.36 billion.

The company's operations at Tatura in north-eastern Victoria contribute to the value of milk production being second only to fruit in the Greater Shepparton local government area, where one in 10 people are employed in agriculture, forestry and fishing.

In the neighbouring Moira Shire where our Strathmerton operations are based, the food processing sector, including mainly dairy products (recent estimates valued the output at \$503m) is the largest sector based on economic output. In 2014-2015 the value of agricultural production was estimated at approximately \$300 million and employed 28.7 per cent of the population.

### BEGA CHEESE \$ SPEND FOR MILK BY REGION



**Graph 3:** An overview of the estimated value of payments made to milk suppliers by Bega Cheese Group, region by region.

## GROWING MILK SUPPLY AND VALUE-ADDED PRODUCTS

Bega Cheese's FY2016 results demonstrates the strength of its long-term strategy, the experience and capability of the leadership team, and the values and resilience of the company.

In a year of market oversupply and strong competitor activity Bega Cheese grew revenue by 7.5 per cent to \$1.2 billion, increased EBITDA to \$65.4 million and increased profit after tax by 132 per cent to \$28.8 million (normalised increased 33 per cent to \$29.2 million).

Significant increases in global dairy production, a softening in demand in China, sanctions in Russia and a highly competitive Australian market created a very challenging operating environment for dairy companies and dairy farmers. These challenging circumstances turned tumultuous when two large dairy companies announced retrospective price cuts to their dairy farmer suppliers.

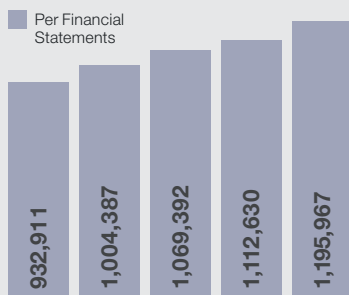
Bega Cheese's strategy of consistent and controlled investment in infrastructure and capacity is demonstrated in the stability of our business and our ability to respond to volatile market circumstances. It reflects both Bega Cheese's values and strategy that the company maintained its commitments to our dairy farmers while achieving strong revenue and profit growth.

Bega Cheese produced 238,000 tonnes of dairy products in FY2016, a 6 per cent increase on the previous year. The company continues to focus on its four business platforms of Dairy Foods, Ingredients, Nutritional, and Bio nutrients.



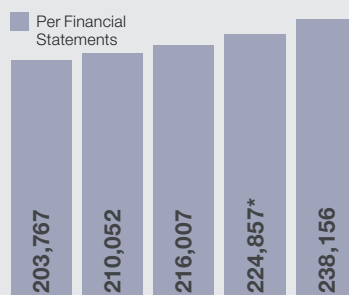


#### REVENUE (\$'000)



FY 2012 2013 2014 2015 2016

#### PRODUCTION VOLUME (TONNES)



FY 2012 2013 2014 2015 2016

**Graph 4:** Total revenue and volume of production achieved by Bega Cheese Group in FY2016.

\* This restates previous figures presented in the Bega Sustainability Report 2015.

## MANAGING KEY ECONOMIC SUSTAINABILITY RISKS

Economic sustainability risks for Bega Cheese are substantively controlled by:

- Meeting customer expectations globally;
- Investing in efficient globally competitive infrastructure;
- Maintaining a culture of innovation and continuous improvement;
- Effective fiscal management;
- Responding to changes in the Australian and overseas markets; and
- Facilitating growth through appropriate acquisition.

The company has medium and long-term contractual arrangements with key partners assisting domestic marketing with market share performance criteria, as well as contingency planning to develop new business.

Brand performance monitoring and market research is tasked to the Sales and Marketing team.

The Export team maintains direct relationships with overseas agents and in-country advisors, and monitors regulatory changes in key countries.

The Operations team maintains focus on continuous improvement and cost control at the lowest possible level on the production line. Innovation is facilitated by a collaborative effort coordinated by the Technical team based mainly on major customer expectations and market research.





# A RESPONSIBLE EMPLOYER, COMMUNITY PARTNER

Bega Cheese is a major business in regional cities and towns in southeastern Australia. The sustainability of the communities is a fundamental cornerstone of the Group's approach to business, with support of local organisations.

Bega Cheese provides support to charity through monetary contributions, and organising charitable events such as the Tatura 200 Charity Bike Ride and the Bega Corporate Event, while encouraging our staff to participate in volunteer work and partnering with organisations to support rural activities such as the Australian National University Rural Clinical School. There are over 1,600 people employed across seven locations in the Bega Valley of New South Wales, the Goulburn of regional Victoria and in Melbourne. More than 1,300 of the employees are on collective bargaining agreements representing approximately 80 per cent of the total workforce.

## COMPANY VALUES

Bega Cheese sets consistently high standards of business conduct and ethics. We aim to deliver strong business results, whilst ensuring we never compromise our values. The values that underpin our organisation are:

- **Thinking Customer, Valuing Supplier** – we support our customers and suppliers to be successful, and we are passionate about understanding and delivering on their expectations.
- **Supporting Each Other** – we make a positive contribution to our people and to our communities, and we help each other by working as a team to make a difference.
- **Safety Always** – we make safety our first priority, and we look after each other's safety.
- **Right First Time** – we do it once, we do it right, and we help each other to look for better ways to do things.
- **Taking Ownership** – we take pride in what we achieve together, and we act with integrity and honesty, respect each other and talk up.
- **Being Agile** – we look to the past with a sense of pride, and to the future with a sense of excitement, and we expect success and celebrate it.

Working with these values enhances compliance with all legal and regulatory requirements, and results in Bega Cheese acting as a responsible business partner and community citizen. These values create an organisational culture that respects and supports all employees, and sets the foundation for Bega Cheese to develop itself as an employer of choice.

## CODE OF CONDUCT

The Board and management recognise the need to observe the highest standards of corporate practice and business conduct in Bega Cheese's interaction with its customers, shareholders, employees, suppliers, business partners, the community and environment in which it operates.

The Bega Cheese Code of Conduct provides a framework of principles that Bega Cheese as a company will abide by in business and dealing with stakeholders. The Bega Cheese Code of Conduct requires all to:

- a. act with honesty, integrity and fairness;
- b. respect, and act in accordance with, all applicable laws, regulations, policies and procedures;
- c. engage in the proper use of Bega Cheese's information, funds, equipment, property and facilities; and
- d. avoid real or apparent conflict of interests.

All Bega Cheese employees play an important role in establishing, maintaining and enhancing the reputation of Bega Cheese and ensuring that the high standards of ethics and behavior are observed. It is required that employees display the highest levels of professionalism in all aspects of their work and comply with this Code of Conduct, other applicable Bega Cheese corporate policies and all applicable laws.

## SOCIAL DIVERSITY AND EQUAL OPPORTUNITY

Bega Cheese has a strong commitment to workplace diversity. Bega Cheese recognises that the wide array of perspectives resulting from a workplace that is diverse in gender, age, ethnicity and cultural background promotes innovation and benefits for Bega Cheese shareholders, customers, suppliers and other stakeholders.

The appointment of a diverse group of well qualified employees, senior management and Board of Directors maximises the potential achievement of corporate goals.

This diversity policy is designed to supplement Bega Cheese's Code of Conduct and other internal Bega Cheese employment policies.



The Bega Cheese Diversity Policy provides a framework for Bega Cheese to achieve:

- a diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;
- a workplace culture that is characterised by inclusive practices and behaviors for the benefit of all staff;
- improved employment and career development opportunities for women;
- a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and
- awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity.

## A SAFE WORKPLACE

*Safety Always* is a core Bega Cheese value. It is also a mindset which guides decisions to ensure a safe workplace so that everyone involved in Bega Cheese's operations goes home safely, every day, everywhere.

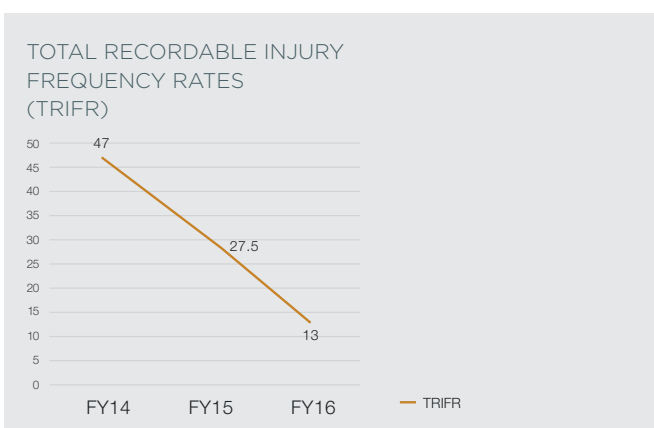
Bega Cheese's strategic actions to ensure a safe workplace are driven by a comprehensive risk management framework, with the primary focus on reducing critical risk exposures. Bega Cheese's risk-based approach to safety is underpinned by an emphasis on leadership, employee engagement, culture development, and a commitment to continuous improvement in all the company does.

Over the last three years Bega Cheese has developed a single Bega Cheese Safety Management System and aligned key processes and work practices across all its sites; these are great foundations and along with increasing levels of accountability and capability, Bega Cheese has delivered a significant reduction in injuries year on year.

Across FY2016, the Group's Total Recordable Injury Frequency Rate (TRIFR) halved, reducing from 26 to 13. TRIFR is the single safety metric included in the report this year and reflects Bega Cheese's shift away from Lost Time Injury Frequency Rate (LTIFR) to a more comprehensive statistic.

In FY2017 Bega Cheese anticipates a further reduction in TRIFR and will also commence measuring the rate at which actions are closed to mitigate identified risk exposures.

The company has implemented rules for the reporting of incident statistics based on common industry practices. These rules utilise many of the definitions of AS/NZS 1885.1 – 1990 and are broadly aligned to the International Labour Organisation code of practice.



Graph 5 : Total Recordable Injury Frequency Rates (TRIFR).



All levels of management are required to participate in 'safety walks' with the aim of promoting a safe work environment by engaging with employees and contractors. Participation in safety walks is a key performance objective for all senior managers across the company.



Figure 4: Bega Cheese's "Golden Rules" establish minimum standards which protect workers from the risks most likely to cause serious injury, illness or death.

## TRAINING AND EDUCATION

All Bega Cheese employees working in operational areas receive specific training relevant to those areas (i.e. chemical handling, Hazard Analysis and Critical Control Points).

All Bega Cheese employees undertake Code of Conduct training, which covers safety, behaviour, bribery and corruption, as part of their inductions and refresher training, which incorporates anti-corruption.

Our Fraud and Corruption Training Program was developed as part of the company's e-learning program. This has been rolled out across all sites to senior management, general management and targeted staff in high exposure positions,

for example the Procurement Manager who is responsible for high value contracts.

The performance management process, succession planning and talent development initiative identify opportunities for further development. This can be on an individual basis or for groups of people and can include:

- Leadership development programs;
- Exchanges or visits with other organisations; and
- Participation in cross-functional projects.

These opportunities result in the broadening of capabilities beyond an employee's current role.

All managers have participated in fraud and corruption training including refreshers presented by the Governance and Assurance team.

## SUPPLY CHAIN WORKFORCE

The Bega Cheese quality management system includes a comprehensive vendor assurance program that is designed to audit and assess supplier practices and their policies to ensure compliance with Bega Cheese requirements. Preliminary assessment prior to entering a tendering process with a potential supplier includes a review of their present customer base and delivery to existing customer requirements. Attainment of third party certification is also used to assess a potential supplier's compliance with Bega Cheese standards and requirements.

Bega Cheese requires that all suppliers with a supply agreement or service level agreement accept a Corporate Social Responsibility statement. The template for standard supply agreements and service level agreements states that suppliers must comply with relevant Bega policies and procedures; this include Bega Cheese's code of conduct, anti-fraud and corruption policy etc. and refers them to the company website.

The Procurement and Vendor Assurance teams continue to improve the robustness of qualification of suppliers and monitoring of the supply chain to validate compliance with our business code of conduct and other requirements.



## ANTI-CORRUPTION

As a responsible member of the business community, Bega Cheese acknowledges our shared role in eliminating bribery and corruption in all its forms and promoting a more transparent global economy.

Bega Cheese supports the principles of the United Nations Convention Against Corruption and has developed policies and programs to ensure these principles are implemented. The company's zero tolerance of fraud and corruption is supported by the establishment of high standards of prevention, detection and remediation – these are outlined in the company's *Fraud and Corruption Control Plan* and *Anti-Fraud and Corruption Policy*. Both of these documents are made available to all staff and suppliers through Bega Cheese's intranet.

## PRODUCT SAFETY

As a food producer, the safety of products manufactured by Bega Cheese is a priority. Our material social sustainability risks include matters relating to product safety. Breaches may also result in significant reputational damage.

The company's quality management systems are designed to control inputs and activities through the entire supply chain from procurement of ingredients to delivery of products to the customer. Regular simulated product traceability exercises and mock recalls are carried out to ensure we are prepared and can minimise the extent of any in market concern.

Bega Cheese monitors performance in this area through extensive internal analysis and review along with a rigorous complaints management process. Customers are able to contact the company directly or through established marketing and distribution partners.

- Bega Cheese produced 238,000t of dairy products in FY2016
- This represents on average 9.5 billion serves
- Less than one complaint from every 500,000 serves delivered to the customer
- No enforced product recalls for food safety issues in FY2016

## SERVICE TO INDUSTRY

Bega Cheese executives occupy positions on governance bodies of several industry business associations.

Bega Cheese has executive or board-level representatives at:

- Dairy Australia
- Gardiner Foundation

In addition, the company is a member of the following organisations and associations:

- Australia Packaging Covenant
- Australian Dairy Industry Council
- Australian Dairy Products Federation Incorporated
- Australian Farm Institute
- Australian Food & Grocery Council
- Dairy Australia
- Dairy Industry Association Australia – NSW and Victoria
- Dairy Manufacturers Sustainability Council
- Dairy Research Foundation
- Gardiner Foundation
- NSW Farmers Association
- NSW Irrigators Council

## CORPORATE DONATIONS AND SUPPORT FOR COMMUNITY

In FY2016, Bega Cheese and its subsidiary, Tatura Milk Industries (TMI), donated more than \$500,000 (Bega \$319,000; TMI \$188,300) to more than 80 local organisations throughout regional NSW and Victoria.

These organisations ranged from local sporting and service clubs, to hospital auxiliaries (including \$50,000 to GV Health) and local festivals. Significant support has been provided to women's refuges, disability services, construction of respite accommodation, and homeless services.

## EMPLOYEE BENEFIT FUND

The Bega Cheese Benefit Fund exists to provide support to employees and their immediate families who are experiencing tragic, extraordinary or compassionate situations. Generally, such situations will be outside the control of the employee, and other forms of support will have been exhausted.

The Fund is managed by a Committee which reflects a broad cross-section of Bega Cheese, and derives its funds from employee contributions via payroll, company donations, raffles, bequests and other avenues. Regular information on the Fund and its activities is provided to employees.

Since the Fund commenced in 2000, Bega Cheese has provided \$206,910 to employees to assist in over 92 separate cases, covering areas such as medical costs, family care and support, and sadly in cases of family death.





# LOCAL AND GLOBAL ENVIRONMENT

## A STRATEGY TO ENSURE SUSTAINABLE OPERATIONS

As an Australian dairy industry icon with a proud regional heritage and an increasing presence globally, Bega Cheese understands that for the business to be successful, it must minimise the impact of its operations and enrich the communities in which the company operates.

Key activities to ensure sustainable operations include:

- Reducing use of natural resources (water, energy, packaging);
- Reducing emissions (air, water, land);
- Preventing pollution; and
- Engaging with local communities including farmers and suppliers.

In FY2017 Bega Cheese will comprehensively assess the materiality of operational risks and stakeholder concerns and use these data to further refine the Bega Cheese strategic plan; outcomes from the materiality assessment will be reported within the FY2017 Sustainability Report.

## BEGA CHEESE'S COMMITMENT

Bega Cheese's commitment to the environment starts with the Bega Cheese Environmental Policy Statement which is endorsed by both its Chief Executive Officer and Executive Chairman.

While the company's policy is a high-level statement of intent, it is inextricably linked to management processes and guides all operations. Specifically, it encourages business managers to consider environmental implications of decision-making processes including capital allocation and procurement, it establishes measurable objectives and targets to reduce resource use, and it also fosters a mind-set of continuous improvement through the whole organisation.

Activities to honour the commitments detailed in the Environmental Policy Statement and achieve environmental key performance indicators are reviewed annually to ensure that they remain relevant to Bega Cheese's operational needs and deliver improved performance whilst maintaining compliance.

A highlight in recent years has been the reduction in energy used per tonne of product produced. Through a series of projects and initiatives, Bega Cheese has been able to improve resource efficiencies, reduce pollution and deliver a cost benefit to the business.

## REDUCING BEGA CHEESE'S SODIUM WASTE

Sodium discharged to the Goulburn Valley Water trade waste system by Tatura Milk Industries (TMI), is eventually irrigated onto local farmland, and can have negative impacts on the soil structure and groundwater if not managed correctly.

Most sodium discharged is generated by using caustic soda used in the cleaning processes at TMI.

In April 2015, a cross-site multifunctional team was established to critically review all CIP processes in all plants, with the aim of identifying opportunities to reduce the amount of caustic soda and water used.

The team consisted of staff from Operations Management, Production, Engineering, Environment, Maintenance and Process Improvement.

Numerous opportunities were identified during FY2016 (large and small) to reduce the use of caustic soda and subsequent sodium discharge.

These changes were reductions in cleaning times, standardisation and in many cases reductions of caustic strengths between plants, improved re-use of caustic solutions and modification of inconsistent software programming.

The success of this program – which is continuing in FY2017 – is reflected in the total sodium discharged to trade waste – 370 tonnes in FY2016 compared to 468 tonnes in FY2015. This is a reduction of 21 per cent, which also reversed a trend of increasing sodium discharge year on year over the past five years.



*New Separators and Lactoferrin CIP Kitchen infrastructure located in Central CIP Facility.*



## MANAGING ENVIRONMENTAL ASPECTS AND IMPACTS

Each Bega Cheese site maintains an Aspects and Impacts Register that details environmental risks as well as opportunities. Environmental aspects and impacts from doing business are systematically reviewed, assessed, and ranked with approved controls selected to avoid, remedy or further mitigate impacts.

Bega Cheese is progressively aligning and streamlining environmental management and reporting processes. During FY2016 the business implemented a common platform for incident reporting which has a strong emphasis on ensuring actions are developed and accountability is assigned to all incidents.

## INTERACTING WITH OUR ENVIRONMENT

Bega Cheese depends on a healthy environment for milk for dairy product manufacture. Dairy farming suppliers rely on healthy soil, rainfall and nutritious pasture for feeding cows, as well as a stable climate.

A key tool of Bega's Environmental Management System is the Aspect and Impact Register.

## AIR EMISSIONS

At Bega Cheese's Lagoon Street site, particulate emissions from the whey powder drying process have been reduced by optimising the crystallisation process and balancing equipment. This has increased the solids content of whey powder, reducing the drying cycle by two-hours and saving 15 per cent of steam energy used for drying.

### WOOD BOILER EMISSIONS REDUCTION AT LAGOON STREET

Studies have been conducted to investigate options for reducing particulate emissions from the wood boiler including the trial of a compressed sawdust nugget fuel source. Engineering and operations teams are continuing to evaluate boiler performance and associated impact on air emissions of the various options.

### REDUCING NOISE EMISSIONS AT COBURG

During the year, Bega worked diligently to reduce noise emissions from the Coburg site and comply with a Pollution Abatement Notice issued by the Environment Protection Authority of Victoria.

Emissions, whilst not yet fully compliant day and night, have significantly reduced as a result of installation of an acoustic wall around the site and refrigeration compressors, sound-proofing of many pumps and fans, and suppression of exhaust emissions at roof level. Site management and the environment team are continuing to address remaining noise sources whilst also proactively engaging and updating local residents and authorities.



MSD1 Dryer Stack post baghouse installation – no visible emissions.

## REDUCING IMPACT TO OUR NEIGHBOURS

The Tatura site has four milk powder dryers. Until recently only three of these dryers were equipped with baghouse filters to reduce dust emissions to air.

In October 2015, Bega Cheese invested over \$8 million dollars to retrofit a baghouse filter to the remaining drier (MSD1).

Prior to the fourth drier being installed with a baghouse filter, numerous community complaints had been received as a result of milk powder being deposited onto neighbouring houses, cars and washing.

Since the installation of the baghouse, there have been no complaints attributable to milk powder emissions from the MSD1 dryer. The MSD1 baghouse not only captures the particulates that were formerly emitted to the surrounding community, but the captured powder is re-used as stockfeed.

Prior to the baghouse installation MSD1 typically emitted over 7,400 kg of milk powder per year. Analysis from the first year of operation has revealed that these emissions have fallen to less than 350 kg/year – this represents a reduction of more than 95 per cent.



## ENERGY AND WATER

In recent years, Bega has set ambitious targets to improve resource efficiencies across all manufacturing sites; activities to achieve these targets range from small process modifications to improve the efficiency of a line, to major capital projects delivering efficiency improvements to a whole site.

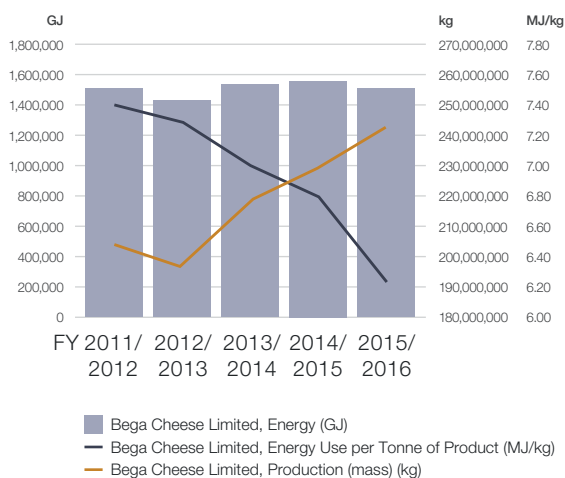
In FY2016 the business reduced energy intensity per tonne of product produced by nearly eight per cent. This represents a great sustainability outcome, not only reducing our environmental footprint, but delivering a significant benefit to the bottom line and ensuring Bega Cheese remains cost competitive in what has been a tough economic year for dairy processors.

The company recognises there is a way to go to ensure water is used as efficiently as possible. Bega and Strathmerton sites irrigated 656ML of wastewater onto surrounding farms. Farmers welcome the water and buy less fertilizer thanks to the beneficial nutrients and minerals in the water. Bega Cheese studies the health of irrigated soil as part of the sustainable irrigation program. 29 per cent of water consumed by the Group is irrigated to farms.

In tandem with these activities, there are numerous improvements planned or underway to improve release of wastewater. One of these improvements is the recovery of water from the whey concentrating process for reuse in cooling towers at the Bega sites.

Approximately 125-150 kL/day of water is recovered from cheese processing and used in five cooling towers at the Dairy Processing Unit in Bega. Permeate from the nano-filtration process goes through a reverse-osmosis membrane then to the DPU's five cooling towers. This reduces use of bore water. In addition, steam condensate from the whey evaporating process is returned to the boiler feed water tank saving approximately another 70 kL/day of bore water.

### GROUP TOTAL ENERGY USE GJ'S PER TONNE OF PRODUCT - YTD 2011-16



Graph 6: Group total energy use per tonne of product.

### ENERGY AND GREENHOUSE GAS EMISSIONS FY 2016

Energy and Emissions	
GJ	1,514,967
kg CO <sub>2</sub> -e, Scope 1	47,824,272
kg CO <sub>2</sub> -e, Scope 2	97,376,242
kg CO <sub>2</sub> -e, All	145,200,514

Table 4: Energy use FY2016.

### GROUP CO<sub>2</sub> PER TONNE OF PRODUCT

CO <sub>2</sub> per Tonne of Product	Bega Cheese Limited t-CO <sub>2</sub> -e, All
FY2012	0.67
FY2013	0.70
FY2014	0.66
FY2015	0.63
FY2016	0.60

Table 5: Group CO<sub>2</sub> per tonne of product.

### ENVIRONMENTAL - WATER (G4-EN8)

GRI G4 Indicators	2014/2015
<b>Total water withdrawal by source (G4-EN8) [ML]</b>	
Ground water [m <sup>3</sup> ]	340
Municipal water [m <sup>3</sup> ]	1,906
Rain water [m <sup>3</sup> ]	0
Surface water [m <sup>3</sup> ]	0
Wastewater (external) [m <sup>3</sup> ]	0
<b>Total withdrawal</b>	<b>2,246</b>

Table 6: Water use FY2016.

## RELEASE OF WASTE WATER

Chemical Oxygen Demand (COD) – expressed as equivalent litres of milk discharged to trade waste – increased by 5-6 per cent from the previous year. This was partly attributed to the loss of significant amounts of whey at Lagoon Street but was also due to improvements in wastewater testing methods. Given the cost implications of trade waste treatment on top of the loss of a valuable raw material, milk recovery represents a significant opportunity for the company with each of the milk processing sites continually exploring options to reduce losses through small initiatives and large projects.

Specifically, Bega Cheese is reviewing the way it treats and manages milk solids within the various product streams, exploring opportunities to optimise fat, protein and lactose within the process. Optimisation is an effective waste minimisation strategy, reducing COD levels in wastewater and ensuring maximum productivity from raw milk supplied.

During the year the Coburg processing site increased the recovery of whey (reducing discharges to drain) whilst Tatura reduced discharges of condensate, milk product, and sodium.

### TATURA CONDENSATE DISCHARGE TO CUSSEN PARK (FY2016)

Tatura site is licensed by the Environment Protection Authority of Victoria (EPA) to discharge excess condensate to a local wetland called Cussen Park, subject to strict water quality limits.

During FY2016 Tatura conducted an audit of the condensate system and found several opportunities to increase the recycling of condensate on-site, reducing the need for town water and also reducing the volume discharged to Cussen Park. The audit also identified opportunities to reduce the nutrient content of the condensate discharged to the wetland (a desirable outcome). As a result of work undertaken, condensate volume discharged to Cussen Park in FY2016 was 17 per cent lower than FY2015 (a reduction of 45ML/yr). In addition, the total load of nutrients (nitrogen, phosphorous and Biological Oxygen Demand (BOD)) discharged to Cussen Park was reduced by 80% in FY2016 compared to FY2015.

### TATURA LOSS TRACKING PROJECT - REDUCTION IN FAT, PROTEIN AND LACTOSE TO TRADE WASTE (ONGOING)

A cross-site multifunctional team was established in April 2015 to critically review all processes in all plants with the aim of identifying sources of milk product loss to the trade waste system. The team consisted of staff from operations management, production, engineering, environment, maintenance, and process improvement. More than 60 opportunities (large and small) were identified during FY2016 to reduce the loss of fat, protein and lactose to trade waste. As a result, the following reductions were achieved in FY2016 compared to FY2015:

- **Fat** – 12 per cent reduction
- **Protein** – three per cent reduction
- **Solids (mainly lactose)** – six per cent reduction.

*Note: this project is also continuing in FY2017, with many identified improvements still to be completed.*

### TATURA LACTOFERRIN AND SEPARATORS KITCHEN RELOCATION - A PROJECT TO REDUCE SODIUM

The original clean in place (CIP) kitchens servicing the lactoferrin and separator areas at TMI were antiquated single-use satellite systems, using large volumes of caustic soda and with a number of inherent safety issues.

The company approved capital of \$1 million to install new cleaning infrastructure in a centralised CIP area to service the lactoferrin process and milk separators. The new system will be a re-use system resulting in an annualised reduction of sodium of 54 tonnes and an annual water use reduction of 36 ML.

### POTABLE WATER USE PER TONNE

	KL/t
FY2012	9.45
FY2013	9.20
FY2014	7.63
FY2015	9.25*
FY2016	9.43

### WASTE WATER PER TONNE OF PRODUCT

	KL/t
2011/2012	9.81
2012/2013	9.80
2013/2014	9.87
2014/2015	10.01
2015/2016	9.95

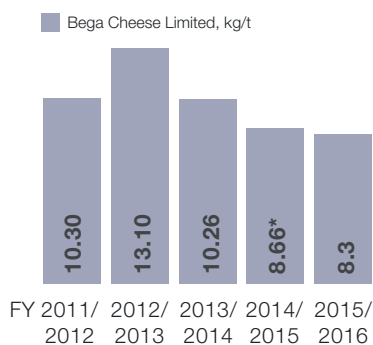
**Table 7:** Potable water use and waste water per tonne.

\* This restates previous figures presented in the Bega Sustainability Report 2015

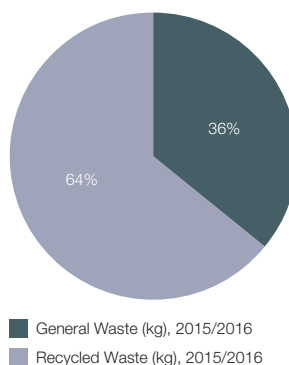
## SOLID WASTE

The amount of solid waste generated (measured as kilograms of solid waste generated per tonne of product produced), reduced by nearly three per cent and the percentage of solid waste recycled increased by a similar figure during the year.

### BEGA CHEESE GROUP LANDFILL WASTE INTENSITY KGS PER TONNE



### BEGA CHEESE LIMITED



**Graph 7:** Solid waste.

\*This restates previous figures presented in the Bega Sustainability Report 2015

While these are good outcomes and build upon improvements made in prior years, Bega Cheese remains committed to reducing waste to landfill and continues to seek opportunities to eliminate waste and increase recycling at each stage of the value chain from design, procurement and manufacturing, through to post-consumer waste.

As a signatory to the Australian Packaging Covenant (APC) since 2002, the business updates its action plan to reduce waste generated from packaging each year. In FY2016 Bega Cheese was assigned an APC rating of 3.8 out of 5, an increase from 3 the previous year, and was commended for working collaboratively with suppliers during the year.

Recycling of pallets and pallet boards occurs at both Strathmerton and Coburg for all wooden non-returnable pallets now as well. This is cost neutral at Strathmerton and we get paid a small amount for the pallets at Coburg. Nearly all waste from Derrimut now is recycled, and the monthly percentage is close to 100 per cent. Bega Cheese only pays for co-mingle pick-up costs and all other pick-ups are at no cost.



## LISTENING TO OUR EMPLOYEES AND REDUCING WASTE

During 2016, a tanker bay employee at the Tatura site identified losses to trade waste when loading permeate and whey tankers.

The employee identified that toward the completion of tanker loading, fresh water was pushed into the transfer line to clean it, but because the tanker would typically fill before the water pushed through the entire length of the transfer line, often this resulted in permeate or whey being lost to the trade waste drain.

A simple solution of installing opacity meters in the transfer line now enables the operators to fill the tankers completely with product and avoids discharging a significant volume of whey or permeate to the drain.

This system was installed in late September 2016, and a comparison of the total trade waste discharge of lactose between October 2015 and October 2016 has revealed that 212 tonnes of lactose was discharged in October 2015, whereas only 151 tonnes was discharged in October 2016. This represents a 29 per cent reduction – most of which is attributable to the change at the tanker bay.



*Visual example of losses of whey & permeate from the Tanker Bay draining to Trade Waste System.*



# GLOSSARY

## TERMS

### **ADISF**

Australian Dairy Industry Sustainability Framework.

### **APC**

Australian Packaging Covenant.

### **BEMS**

Bega Cheese Environmental Management System.

### **DPI Water IPART**

NSW Department of Primary Industries Water Independent Pricing and Regulatory Tribunal.

### **Fert\$mart**

A program of Dairy Australia developed to improve the efficiency and profitability of fertiliser use and to improve soil health on Australian dairy farms.

### **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**

Emissions that result directly from onsite activities such as the combustion of fossil fuels.

### **Scope 2**

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.

### **GJ**

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

### **kg**

Kilogram, unit of mass equal to 1000 grams.

### **LTIFR**

Lost Time Injury Frequency Rate calculated as the number of lost-time injuries relative to the total number of hours worked during the reporting period.

### **ML**

Megalitre, a unit of volume equivalent to 1 million litres.

### **mj**

Megajoule, 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 Rate calculated as injuries relative to the number of hours worked during the reporting period.

# GRI NAVIGATION INDEX

Our Sustainability Report and Annual Report 2016 contain Standard Disclosures from the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines. The Content Index 2016 indicates the sections of our Sustainability Report and Annual Report that align with the GRI G4 Guidelines.

General Standard Disclosures			
G4	Disclosure <sup>1</sup>	Location	
		Page	Other sources, notes or omissions
<b>Strategy and analysis</b>			
G4-1	Statement from the most senior decision maker	1	
<b>Organisational profile</b>			
G4-3	Name of the organisation	3-4	Bega Cheese Limited Annual Report 2016 page 84
G4-4	Primary brands, products & services	3-4	<a href="http://www.begacheese.com.au/products/">www.begacheese.com.au/products/</a>
G4-5	Location of headquarters	3-4	Bega Cheese Limited Annual Report 2016 page 84
G4-6	Countries of operations	3-4	
G4-7	Nature of ownership	3-4	Bega Cheese Limited Annual Report 2016 page 81, 84 <a href="http://www.begacheese.com.au/wp-content/uploads/2013/10/Constitution-Oct-2013.pdf">www.begacheese.com.au/wp-content/uploads/2013/10/Constitution-Oct-2013.pdf</a>
G4-8	Markets served	3-4	<a href="http://www.begacheese.com.au/export/">http://www.begacheese.com.au/export/</a>
G4-9	Scale of the organisation	8-9	Bega Cheese Limited Annual Report 2016 page 3
G4-10	Number of employees	11-14	
G4-11	Employees covered by collective bargaining agreements	11-14	
G4-12	Description of supply chain	6-7	
G4-13	Significant changes to the organisation	1-2	Bega Cheese Limited Annual Report 2016 pages 3-6, 10-17
G4-14	Use of the precautionary principle	16-19	Bega Cheese Limited Annual Report 2016 pages 34-35 <a href="http://www.begacheese.com.au/wp-content/uploads/2012/10/Risk-Management-Policy-v2-0.pdf">www.begacheese.com.au/wp-content/uploads/2012/10/Risk-Management-Policy-v2-0.pdf</a>
G4-15	List of charters, principles or initiatives subscribed	11-14	
<b>Identified material aspects and boundaries</b>			
G4-16	Memberships of associations		Bega Cheese Limited Annual Report 2016 pages 18-19
G4-17	Entities included in financial statements	3-4, 5	Bega Cheese Limited Annual Report 2016 page 84
G4-18	Defining report content	5	
G4-19	Material aspects identified	5	
G4-20	Aspect boundary within the organisation	5	
G4-21	Aspect boundary outside the organisation	5	
G4-22	Restatements of information	8-9, 16-19	Re-statements are noted in the text of the report.

<sup>1</sup> The description of the disclosures has been summarised. For the full text of disclosures see [www.globalreporting.org](http://www.globalreporting.org)

<b>General Standard Disclosures</b>			
G4	Disclosure <sup>2</sup>	Location	
		Page	Other sources, notes or omissions
<b>Identified material aspects and boundaries (cont.)</b>			
G4-23	Significant changes to scope and aspect boundaries		There are no changes to scope or aspect boundaries.
<b>Stakeholder engagement</b>			
G4-24	List of stakeholder groups engaged by the organisation	5	Bega Cheese Group undertakes stakeholder engagement as part of specific projects and regulatory requirements. No specific stakeholder engagement was undertaken to determine the content for this report.
G4-25	Basis for identification of stakeholders		
G4-26	Approach to stakeholder engagement		
G4-27	Topics raised by stakeholders		
<b>Report profile</b>			
G4-28	Reporting period	5	Bega Cheese Limited Annual Report 2016 page 84
G4-29	Date of previous report		2015
G4-30	Reporting cycle	5	Bega Cheese Limited Annual Report 2016 page 84
G4-31	Contact point for questions		Bega Cheese Limited Annual Report 2016 page 84
G4-32	In accordance option of GRI	5	
G4-33	Assurance	5	
<b>Governance</b>			
G4-34	Governance structure		Bega Cheese Limited Annual Report 2016 pages 18-19, 21-23 <a href="http://www.begacheese.com.au/wp-content/uploads/2015/07/Audit-and-Risk-Committee-Charter-v1.4.pdf">www.begacheese.com.au/wp-content/uploads/2015/07/Audit-and-Risk-Committee-Charter-v1.4.pdf</a>
<b>Ethics and integrity</b>			
G4-56	Values, principles, codes of conduct	11-14	<a href="http://www.begacheese.com.au/wp-content/uploads/2014/03/Bega-Cheese-Code-of-Conduct-Nov-2013.pdf">www.begacheese.com.au/wp-content/uploads/2014/03/Bega-Cheese-Code-of-Conduct-Nov-2013.pdf</a>

<sup>2</sup> The description of the disclosures has been summarised. For the full text of disclosures see [www.globalreporting.org](http://www.globalreporting.org)



## GRI NAVIGATION INDEX (CONT.)

Specific Standard Disclosures				
Material aspect	DMA and indicators		Page	Other sources, notes or omissions
Economic performance	G4-DMA		2, 8-9	Bega Cheese Limited Annual Report 2016 page 34
	G4-EC1	Direct economic value	8-9	Bega Cheese Limited Annual Report 2016 pages 3, 11
Procurement practices	G4-DMA		6-7	Bega Cheese Limited Annual Report 2016 pages 21-22
	G4-EC9	Spending on local suppliers	6-7	
Energy	G4-DMA		16-19	Bega Cheese Limited Annual Report 2016 page 22
	G4-EN5	Energy intensity	16-19	
Water	G4-DMA		16-19	
	G4-EN8	Total water withdrawal	16-19	
Emissions	G4-DMA		16-19	
	G4-EN15	Direct CO <sub>2</sub> emissions	16-19	
	G4-EN16	Energy indirect CO <sub>2</sub> emissions	16-19	
	G4-EN18	CO <sub>2</sub> intensity	16-19	
Effluents & Waste	G4-DMA		16-19	
	G4-EN22	Total water discharge	16-19	
	G4-EN23	Total weight of waste	16-19	
Products & Services	G4-DMA		16-19	
	G4-EN28	% of products & packaging reclaimed	16-19	
Compliance	G4-DMA			Bega Cheese Limited Annual Report 2016 page 22
	G4-EN29	Monetary value of significant fines		Bega Cheese Limited Annual Report 2016 page 22
	G4-EN32	% of new suppliers that were screened	8-9	
Employment	G4-DMA		8-9, 11-14	
	G4-LA1	Employees	8-9	Detailed information is currently unavailable due differences between Bega & Tatura.
Occupational health & safety	G4-DMA		11-14	<a href="http://www.begacheese.com.au/wp-content/uploads/2014/03/Bega-Cheese-Code-of-Conduct-Nov-2013.pdf">www.begacheese.com.au/wp-content/uploads/2014/03/Bega-Cheese-Code-of-Conduct-Nov-2013.pdf</a>
	G4-LA6	Rates of injury	11-14	
Training & Education	G4-DMA		11-14	
	G4-LA9	Average hours of training per year	11-14	Detailed information is currently unavailable due to differences between Bega and Tatura.
Diversity	G4-DMA		1, 11-14	Bega Cheese Limited Annual Report 2016 pages 32-33 <a href="http://www.begacheese.com.au/wp-content/uploads/2014/07/Diversity-Policy-v1.1.pdf">www.begacheese.com.au/wp-content/uploads/2014/07/Diversity-Policy-v1.1.pdf</a>
	G4-LA12	Composition of governance bodies		Bega Cheese Limited Annual Report 2016 pages 18-19, 32-33
Anti-corruption	G4-DMA		11-14	<a href="http://www.begacheese.com.au/wp-content/uploads/2014/03/Bega-Cheese-Code-of-Conduct-Nov-2013.pdf">www.begacheese.com.au/wp-content/uploads/2014/03/Bega-Cheese-Code-of-Conduct-Nov-2013.pdf</a>
	G4-SO4	Training on anti-corruption	11-14	

<b>Specific Standard Disclosures</b>				
<b>Material aspect</b>	<b>DMA and indicators</b>		<b>Page</b>	<b>Other sources, notes or omissions</b>
Customer health & safety	G4-DMA		11-14	
	G4-PR2	Health & safety impacts of products	11-14	
Product & service labelling	G4-DMA			<a href="http://www.begacheese.com.au/wp-content/uploads/2014/05/EMS-POL03-Procurement-Packaging-Policy.pdf">www.begacheese.com.au/wp-content/uploads/2014/05/EMS-POL03-Procurement-Packaging-Policy.pdf</a>
	G4-PR4	Product information and labelling		Bega received no penalties for any legal or regulatory non-compliance concerning the provision and use of products or services during the year. One minor incident was recorded related to incorrect bar code labelling. Bega managed the issue within the supply chain.
Compliance	G4-DMA			Not reported
	G4-PR9	Provision and use of products and services		There were no significant fines for non-compliance with laws and regulations concerning the provision and use of products and services during the year.
Animal welfare <sup>3</sup>	G4-DMA		6-7	

<sup>3</sup> Outlined in GRI's Food Processing Sector Disclosures document



BEGA HEAD OFFICE AND  
PROCESS, CUT & PACKAGING UNIT

23-45 Ridge Street, North Bega NSW 2550 Australia

BEGA CHEESE DAIRY PRODUCTS UNIT

11-13 Lagoon Street, Bega NSW 2550 Australia

TATURA DAIRY PROCESSING UNIT

236 Hogan Street, Tatura VIC 3616 Australia

DERRIMUT – CANNING FACILITY

11 Benn Court, Derrimut VIC 3030 Australia

COBURG – DAIRY PRODUCTS UNIT

10-16 Allenby Street, Coburg VIC 3058 Australia

STRATHMERTON – PROCESS, CUT & PACKAGING UNIT

Murray Valley Highway, Strathmerton VIC 3641 Australia

PORT MELBOURNE – COMMERCIAL OFFICE

664 Lorimer Street, Port Melbourne VIC 3207 Australia