

BEGA CHEESE LIMITED

2021 Sustainability Report

Greater Good

dare

DOUBLE ESPRESSO

ROBUSTA



Bega

Introduction

Contents

Introduction	3	Our Planet	44
About this report	3	Climate change, energy and greenhouse gas emissions	44
Message from the Executive Chairman and CEO	4	Water management	44
Company overview	8	Producing more, wasting less	47
Our approach: <i>Greater Good</i>	22	Packaging – circular economy for a better planet	48
Our Products	25	APPENDICES	51
Food and Nutrition	25	APPENDIX A: Performance data	51
Making better, healthier food	25	APPENDIX B: Assurance statement	53
Making food that our customers and consumers trust	25	APPENDIX C: Figures and tables	57
		APPENDIX D: Glossary	58
		APPENDIX E: GRI content index and SASB index	59
Our People and Communities	27		
Our supply chain	27		
Responsible sourcing	28		
Supporting sustainable and regenerative farming practices	29		
Our employees	33		
Employee wellbeing	33		
Diversity and inclusion	33		
Safety management	38		
Our communities	41		
Helping the community thrive	41		

About this report

This report addresses our performance in relation to the material sustainability impacts of Bega Cheese Limited during the financial year 1 July 2020 to 30 June 2021 (FY2021).

All references to a year refer to FY2021, unless otherwise stated. Bega Cheese Limited is a publicly listed company on the Australian Securities Exchange (ASX Code: BGA) with more than 15,000 shareholders.

Our acquisition of the Lion Dairy and Drinks business came into effect on 25 January 2021. Throughout this report we use “Bega Group” when referring to the entity of Bega Cheese Limited, “Bega Dairy and Drinks” when referring to Bega Dairy and Drinks Pty Ltd, and “Bega Cheese” when referring to entities owned by Bega Cheese Limited prior to 25 January 2021. A current outline of the company structure and entity ownership is provided in Figure 4, with further details provided on page 90 of the Annual Report. Financial information presented includes Bega Dairy and Drinks from 25 January 2021 and unless otherwise stated, the rest of the information in this report covers all entities listed in Figure 4 and associated sites for FY2021. This report references the Global Reporting Initiative (GRI) Standards 2016 and the SASB Standard for Processed Foods (2018). A copy of the GRI Content Index with links to relevant sections of the document is provided in Appendix E.

Our 2021 Annual Report provides a summary of Bega Group’s operations and financial statements for FY2021 and is available at www.begacheese.com.au. In addition to this, we produce a 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 second Modern Slavery Statement by the end of this calendar year. The reports will be developed to reflect the Bega Group, while previous reports on both Bega Cheese and Bega Dairy and Drinks will remain available on our website or those of the relevant regulator.

This report reflects a period of consolidation. There is significant work underway, and still to be done, to bring together different policies, ambitions and data collection systems as Bega Group. This report therefore presents a statement of our performance and provides a foundation for our next steps as Bega Group. Our overall approach to data presentation in this report is to, preferably, provide three years of trend data for the whole of Bega Group where possible. This is on the basis that consistent and comparable trend information is more useful to our stakeholders and their decision-making. Data should only be used in full knowledge of Bega Group’s acquisition of Bega Dairy and Drinks having taken affect 25 January 2021. A detailed data table is provided in Appendix A.

Being a new acquisition, this year we have focused our assurance efforts on Bega Dairy and Drinks to provide a sound basis for the setting of our carbon targets and monitoring for the whole of Bega Group in future. An assurance statement is provided in Appendix B.

Where there are changes to previously reported data, this is explained in notes where the restated information appears. No dedicated external stakeholder engagement has been undertaken by Bega Group in the preparation of this report or in the ongoing development of our approach this year.

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.

Previous reports are also available at www.begacheese.com.au. Please consider the environment before printing this report.





Bega Cheese is pleased to present our seventh annual Sustainability Report. This year we continued to navigate the challenges of a global pandemic, along with increasing geopolitical tensions and competitive pressures across the dairy industry and grocery channels. We made the largest and most important transformational acquisition in our history, navigated volatile trading environments, and initiated a community program in the Bega Valley focused on the principles of circularity. We have also adopted carbon reduction targets, aiming to achieve net Zero by 2050, supported by a plan aligned with the requirements of the Science Based Targets initiative.

As a food manufacturer, we aim to grow our business sustainably by reducing our impact on the natural environment, while making a positive contribution for the greater good of society, the economy and the environment. This commitment has been guided by our comprehensive Corporate Social Responsibility (CSR) strategy, Greater Good, which ensures we focus on our most material impacts and aligns our activities with the United Nations Sustainable Development Goals (UN SDGs). Within this framework, we have prioritised five areas of focus: food and nutrition, packaging, water sustainability, greenhouse gas emissions, and diversity, inclusion and equality.

The significant acquisition of the Lion Dairy and Drinks business, now known as Bega Dairy and Drinks, brings an increase in our overall footprint and further opportunity to grow sustainably as a business.

The acquisition increases the number of manufacturing sites in our network from eight to twenty, with the capacity to deliver a range of products including high-value micro proteins such as Lactoferrin, infant formula and nutritional powders, as well as cheddar, processed and cream cheese, milk, iced coffee, flavoured milk, yoghurt, juice, Vegemite and peanut butter.

This report reflects a period of consolidation, reporting transparently on our footprint as we work to align data collection, policies and systems for the Bega Group in future reporting cycles.

Our strategy and performance

Our business model incorporates four elements: our brand portfolio, distribution network, manufacturing footprint and farmer relationships. The acquisition of the Lion Dairy and Drinks business has transformed and expanded each element of this business model.

The business continued to perform well through uncertain times and a major acquisition, with revenue growth of 38% in FY2021 to \$2.07 billion. The normalised EBITDA of \$141.7 million was up 38% on the prior year and normalised net profit after tax was \$39.6 million, up 24% on the prior year. The financial result incorporates the Lion Dairy and Drinks acquisition and five months of commercial operations.

The new lactoferrin facility at Koroit is fully operational and we achieved the full year benefit from that investment. With the combined lactoferrin capacity at our Tatura and Koroit facilities, we are now one of the largest lactoferrin producers in the world.

In the second half of FY2021 we were informed that our long-term nutritional powder and canning arrangements with Reckitt would end in FY2022 which is a significant change for our nutritional business. In 2017, we sold an infant formula drier at Tatura and an infant formula canning plant at Derrimut to Reckitt for \$200m and entered into ten-year service and access agreements to operate both plants and maintain access to 25% of the plant capacity. A change in strategy at Reckitt led to a termination notice for the service and access agreements in the second half of FY2021.

Our brands and markets

Our portfolio of brands includes Bega, Vegemite, Dare, Farmers Union, Dairy Farmers, Pura, Yoplait, B honey, Big M, Masters, Juice Brothers, Mildura and Berri. We have leading market share in large, growth categories such as yoghurt and milk-based beverages. These two product categories alone enjoy growth rates of 4.9% and 5.9% respectively. Our 26% market share in yoghurt and 48% market share in milk-based beverages position us well to capitalise on the growing appeal of natural, healthy foods and a shift to convenience, which is driving growth across these and other product categories.

Bega now holds the number one or two market share position in Australia across flavoured milk beverages, yoghurt, and table spreads. We now also hold 31% of the spreads market.

In the previous financial year 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.

Responding to a changing climate

The impacts of last year's devastating bushfires were still felt by some of our farmers and communities this year. While we continued to build on our sustainable farms and factories programs, we have also been working on defining a path to reduce our emissions in support of the Paris Agreement goals. Based on this initial work, we have committed to reducing absolute Scope 1 and 2 greenhouse gas emissions by 40% by 2030 and emissions intensity by 50% per litre produced for Bega Dairy and Drinks and per tonne produced for Bega Cheese off a base year of 2021. Furthermore, we are aiming to achieve net Zero by 2050, supported by a plan aligned with the requirements of the Science Based Targets initiative (SBTi). A key step in this journey will be continuing to engage with our customers and suppliers to understand our scope 3 supply chain emissions and where reduction opportunities exist.

Working with our farming communities

The acquisition of Lion Dairy and Drinks has brought with it new dairy farms, as well as orchards for our juice brands and soy products through our joint venture with Vitasoy Australia, which also positions us well to participate in the fast-growing plant-based milk segment of the market. Our suppliers now include more than 800 dairy farms, 150 peanut farms and 70 orchards. Our mission to be the Great Australian Food Company depends on our farmers. Our contribution to the UN Sustainable Development Goal #2 – to end hunger, achieve food security and improved nutrition and promote sustainable agriculture – relies on our relationships with our farmers and our ability to feed a growing global population using fewer resources and generating less emissions.

This year we collected 1.12 billion litres of milk. While we increased our milk intake through the acquisition, we lost some milk supply in Victoria due to the end of the two-year Koroit supply guarantee with Saputo, strong competition for milk and supplier exits due to retirements and alternative land use. While seasonal conditions were highly favourable, farm milk production across Australia only grew a modest 0.6% with strong competition for supply throughout the year. Excess manufacturing and milk processing capacity, combined with the relative slow growth of milk supply, continues to be an issue in the industry. This also represents a challenge to our resource use, where lower milk volumes result in less efficient use of energy and water. Milk supply will remain competitive through FY2022, with historically high opening farm gate milk prices and the ongoing challenge of overcapacity across processors. Farmers continue to face challenges from climate change and a shortage of available farm labour.

The Bega Better Farms program continues to help dairy farmers develop and improve their business through capital grants, advice and training. Since April 2018, we have invested more than \$1.1m in grants from Bega Cheese, leveraging additional funding contributions of over \$3m with our farmers. We now have fruit supply arrangements directly with contracted growers who supplied over 37,000 tonnes of oranges, apples and pears. Growing conditions recovered from the prior year and harvest yields were above average in FY2021. Intake volumes for fruit in FY2022 are expected to be similar.

1. Based on our report to the WGEA.

Active peanut grower engagement and initiatives plus improved weather conditions in Queensland saw a significant increase in the volume of Australian peanuts harvested, supporting our aim to maximise Australian grown peanuts in our products. The FY2021 harvest of around 22,000 metric tonnes was the largest since 2013, following several years of challenging growing conditions and industry uncertainty prior to our acquisition of PCA in 2018. Favourable weather conditions are expected in key growing regions in Queensland, which will support new crop planting towards the end of the 2021 calendar year.

Extreme weather conditions and bushfires in early 2020 resulted in a historically poor honey season in FY2021 and significant supply constraints led to higher prices. As honey supply recovers from the challenges of the previous year, we see an improved outlook for honey supply which is necessary to support the ongoing growth and distribution of our B honey brand.

This year we also commenced a pilot program in the Bega Valley to create the most 'circular' valley in Australia. With the pro bono support of KPMG, Rabobank and Addisons, Bega Cheese is working with the local council and NSW State government agencies, small business, landowners and community organisations to coordinate and facilitate circularity projects across the region. It is an ambitious project, but one that has captured the imagination of the region and been embraced by all who have been approached to take part.

Growing our people and helping others

We now have approximately 4,000 employees. Our aim over the past year was to increase the representation of women in management positions to 32% and this year we reached 35% across the Bega Cheese Group.¹ Internal promotion, recruitment and acquisition over the last five years has changed the employee profile of Bega in our salaried staff, with the proportion of externally recruited salaried women now at 51%.

Our Bega Aspire Leadership Development Program develops capability in our aspiring leaders, giving them exposure to senior leaders, the opportunity to forge new internal networks and work on projects that have a lasting impact on the business. The Bega Graduate Program continued this year.

To support the development of our graduates and early career employees in our business, we introduced #HeartLEADER, a development program focused on connected relationships, empathy, business agility and leading with heart, specifically designed for our leaders of tomorrow.

We are proud of our ongoing partnership with Foodbank through which we help support over 2,500 front line charities, local communities and 3,000 schools across the country. In FY2021, we donated over 750,000 kilograms of products, equating to more than 1.5 million meals for Australians in need. In addition to this we produced over 230,000 litres of fresh white milk for Foodbank's National Collaborative Supplier Program, which provides more certainty in their supply chain.

COVID-19

We continue to prioritise safety throughout our business and the operational impacts of COVID-19 across all our sites and throughout our supply chain. Employee wellbeing programs, referred to in this report, have been integral to us maintaining a focus on supporting the mental wellbeing of our people throughout another difficult year.

Specialised COVID-19 management committees, including senior executives and safety and site leadership, work closely with government and supply chain partners to ensure we can continue to procure, produce and deliver our products to our customers in Australia and around the world.

A notable market change since the onset of COVID-19 is the change in demand in the infant formula and toddler category, particularly in China. The reduced demand across the sector can be attributed to the lack of international travel materially changing the "Daigou" channel, lower than expected birth rates in China, and stronger support of Chinese-owned brands by Chinese consumers. The change in demand has had significant impact on companies in the sector and on many of our Australian-based customers. While not entirely being able to offset the reduced demand from China, servicing customers in markets such as Indonesia over many years has helped manage the changed demand profile.

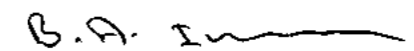
Meeting ongoing challenges

Safety is fundamental to our business and we recognise our current Total Reportable Injury Frequency Rate (TRIFR) needs to improve. Safety data for Bega Dairy and Drinks is reported separately from the rest of the Bega Group due to current differences in data collection methodologies and systems. These will be reconciled over coming reporting cycles. During FY2021, Bega Cheese TRIFR per million hours worked was 20.7. Over the same period, Dairy and Drinks' TRIFR per million hours worked was 4.8. Although the Bega Cheese TRIFR is a disappointing result, we remain committed to improving our safety performance.

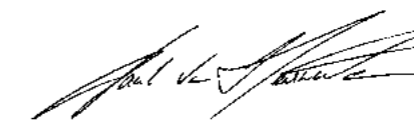
While we seek to eliminate all injuries, we realise there is more that needs to be done and continually strive to do better through initiatives such as our safety behavioural leadership program which is facilitated by DuPont Sustainable Solutions. This program has many facets including one-on-one coaching and risk containment training for more than 350 of our site-based leaders. One of the outcomes of this program which commenced over 12 months ago has been the increased level of incident reporting including near misses, hazards and injuries. While this increase is concerning, it has allowed our site-based teams and frontline leaders to focus on key risks particularly those related to traffic management and machine safety. The integration of the Bega Dairy and Drinks business is also a key area of focus for our safety program, which has progressed significantly at Bega Dairy and Drinks' sites.

Although we continue to face various domestic and global challenges, Bega Cheese Group remains optimistic that our consistent strategy, along with the competitiveness and responsiveness of our supply chain, continues to position us well for the future.

Beyond the integration of our business, we are mindful that we have a great deal of work ahead in aligning our sustainability targets. We are committed to this goal and extend our thanks to the support of our staff, shareholders, customers and the community over the past year.



Barry Irvin
Executive Chairman



Paul van Heerwaarden
Chief Executive Officer

Company overview

Our vision is to become the Great Australian Food Company. In recent years, we have transformed through a series of acquisitions and capital investments. In FY2021 the Bega Cheese Group generated top line normalised revenue of \$2.07 billion. Employing approximately 4,000 people, today we own and operate twenty manufacturing sites across Australia and are supplied by over 800 dairy farms, 150 peanut growers and over 70 orchard owners. The acquisition of Bega Dairy and Drinks brings with it one of the largest cold chain distribution networks in the country, with 3 distribution centres, 13 cool rooms and access to 118 depots, which collectively enable us to deliver food product to more than 95% of the population in Australia.

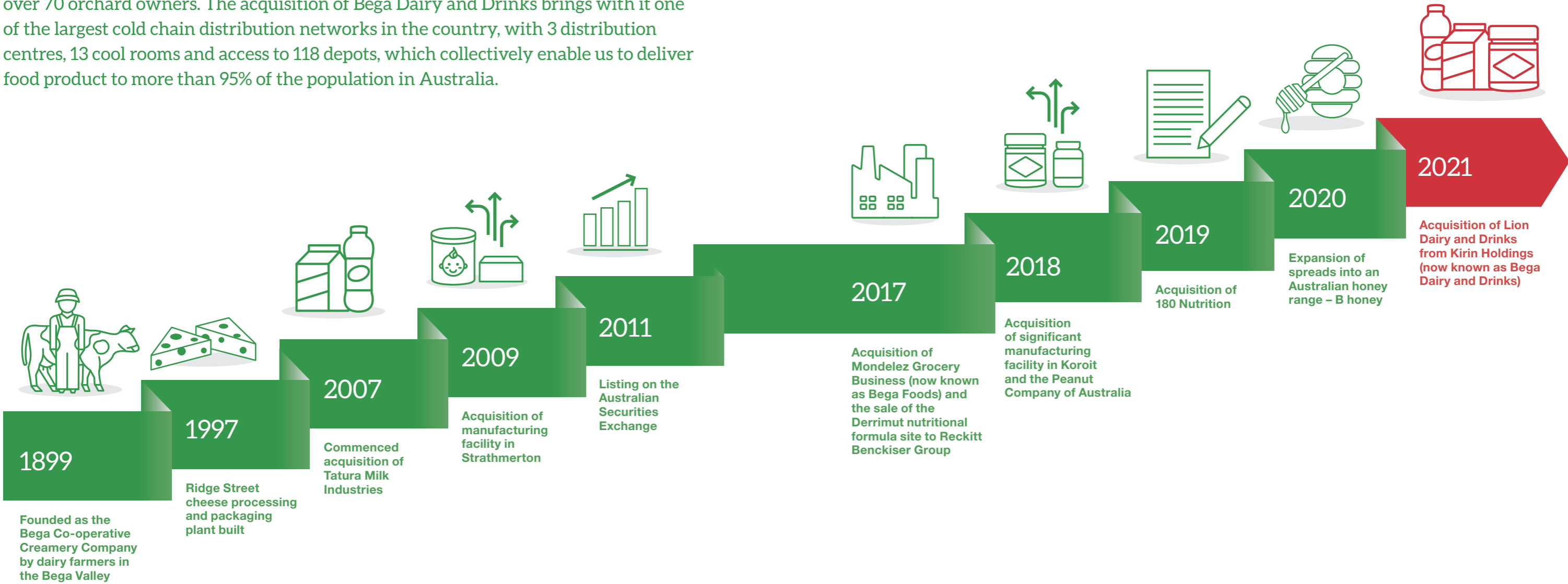


Figure 1: Bega Group History

Revenue

The Bega Cheese Group generated top-line revenue of \$2.07 billion in FY2021, which is 39% higher than FY2020. With the acquisition of Lion Dairy and Drinks (completed in January 2021), Bega Cheese accelerated progress towards its goal of having 75% of all revenue generated through branded products, finishing the year with 73% of sales derived from branded business (59% in FY2020).

Year-by-year revenue (\$ million)

FY2021
\$2.07
 billion

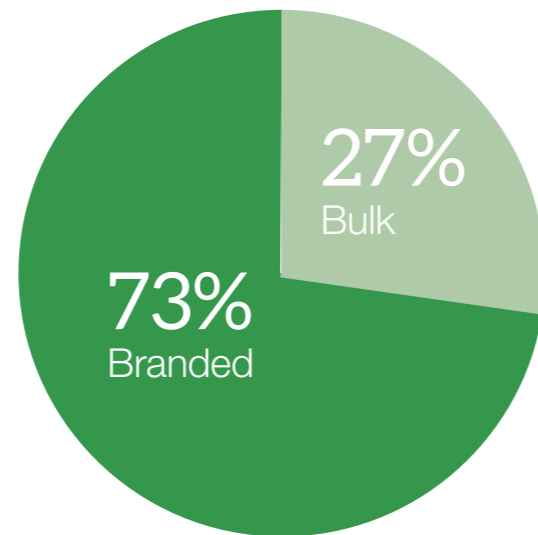


Figure 2: Year-by-year revenue

Year-by-year production volume (tonnes)

FY2020
\$1.49
 billion

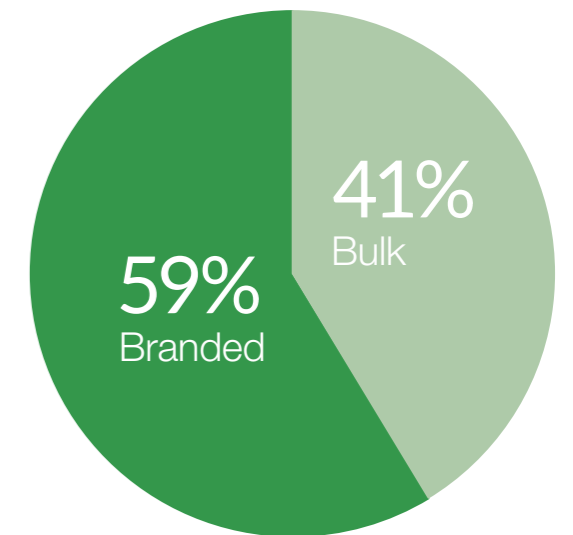
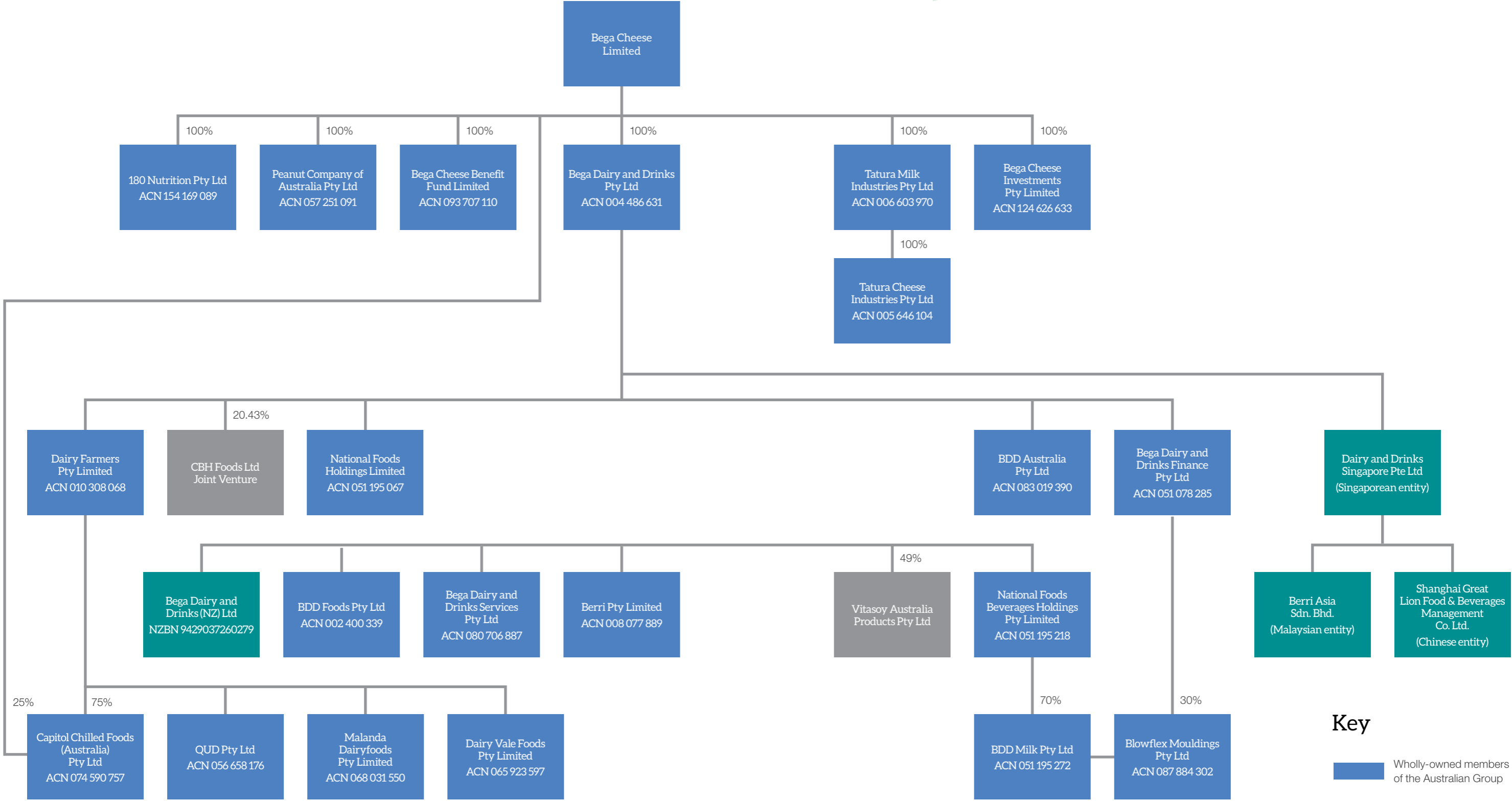


Figure 3: Year-by-year production volume

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

Bega Group Structure



Key

- Wholly-owned members of the Australian Group
- International entities
- Joint Venture

Figure 4: Bega Group entity structure

Manufacturing Footprint

20 Manufacturing Facilities

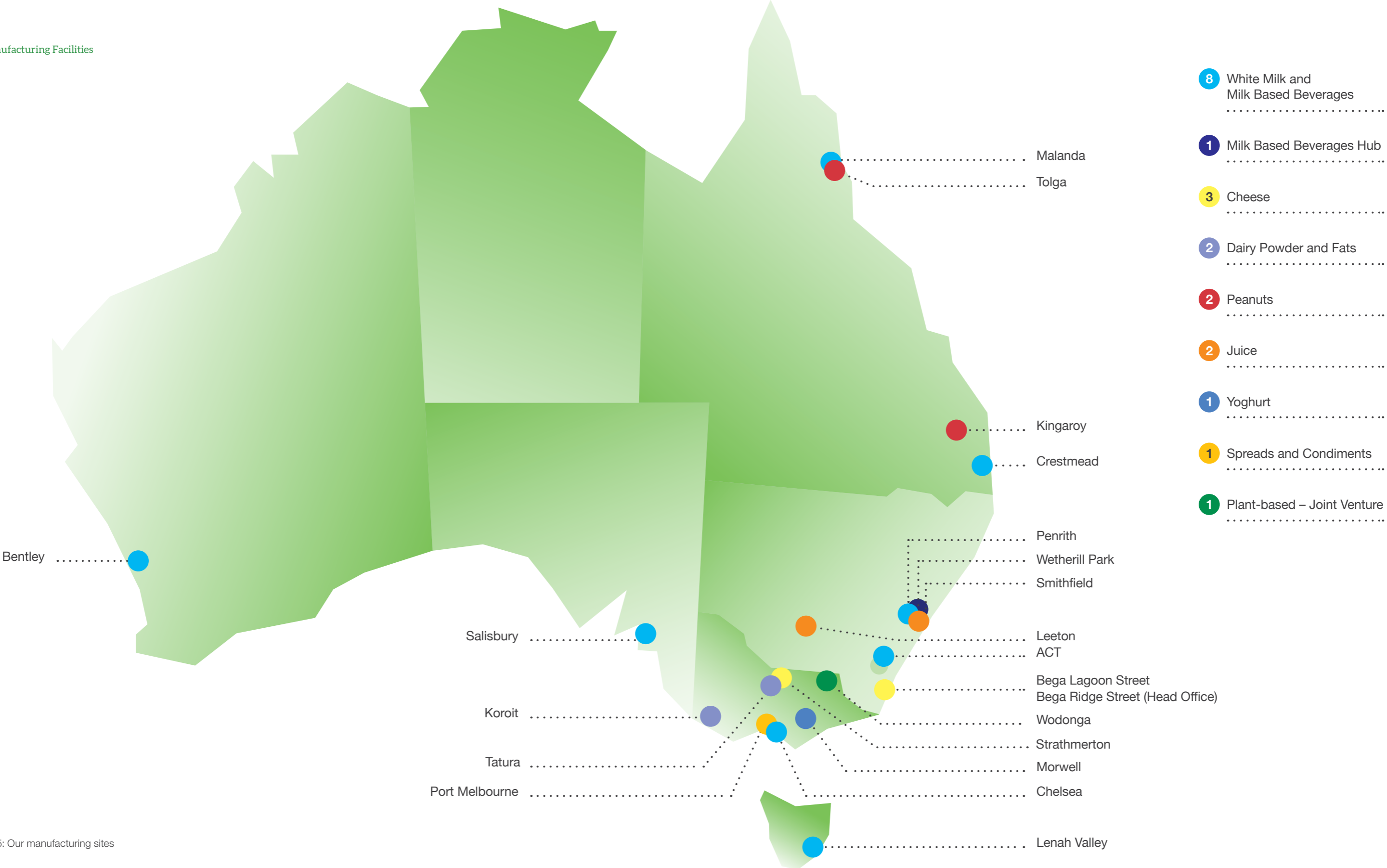


Figure 5: Our manufacturing sites

Our brands and markets

Our brands include some of Australia's favourite household names such as Vegemite, Tatura, Bega and Dairymont. Bega Dairy and Drinks also brings a range of trusted brands including Dairy Farmers, Dare, Farmers Union, Daily Juice and Yoplait (under license).

We supply a range of high-quality products to the Australian foodservice industry from cheese to condiments, dressings, mayonnaise, spreads and portion control staples.

Bega now holds the number one or two market share position in Australia across flavoured milk beverages, yoghurt, and table spreads. We now also hold 50% of the milk based beverage market, 31% of the spreads market and 26% of the yoghurt market.

Our domestic customers include grocery outlets such as Aldi, Coles, Woolworths and Independent Grocers. Following the integration of Bega Dairy Drinks this incorporates a larger focus on the Petrol and Convenience, Route, Foodservice and Quick Service Restaurants channels. Our key business-to-business customers include Fonterra, Kraft, Mondelez, and Blackmores. Export sales totalled \$544 million comprising 23% of total sales. 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.

Milk based beverages



White Milk



Yoghurt and Desserts



Juice and Drinks



Water ice



Culinary



Plant-based



Dairy Foods



Spreads and Condiments



Nutritionals



Ingredients



Figure 6: Our brands

* Vitasoy Australia Products and Made by Cow – Joint Ventures

Our value chain

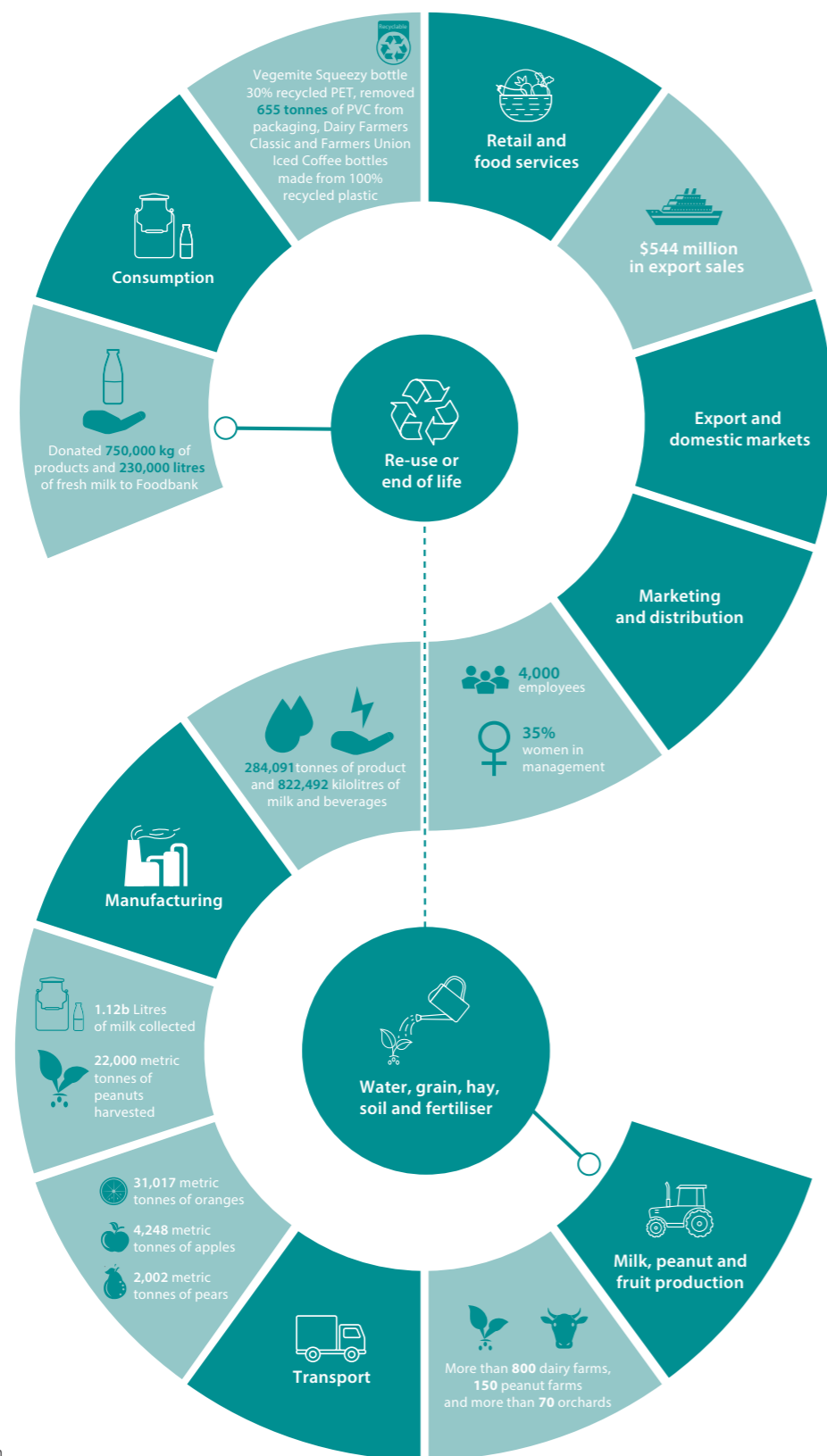


Figure 7: Our Value Chain

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 governance

Our approach to business stems from our values and is outlined in our Standards of Business Conduct and Code of Conduct, endorsed by our Board in February 2020 and available on our website at: www.begacheese.com.au/business-conduct. These documents provide a framework of principles that Bega Group abides 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 2021, consists of seven directors. Directors, and their other current directorships, are listed on pages 32 and 33 of our FY2021 Annual Report. Profiles of Directors, including their directorships, are also detailed on our website.

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.

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.

Participation and advocacy

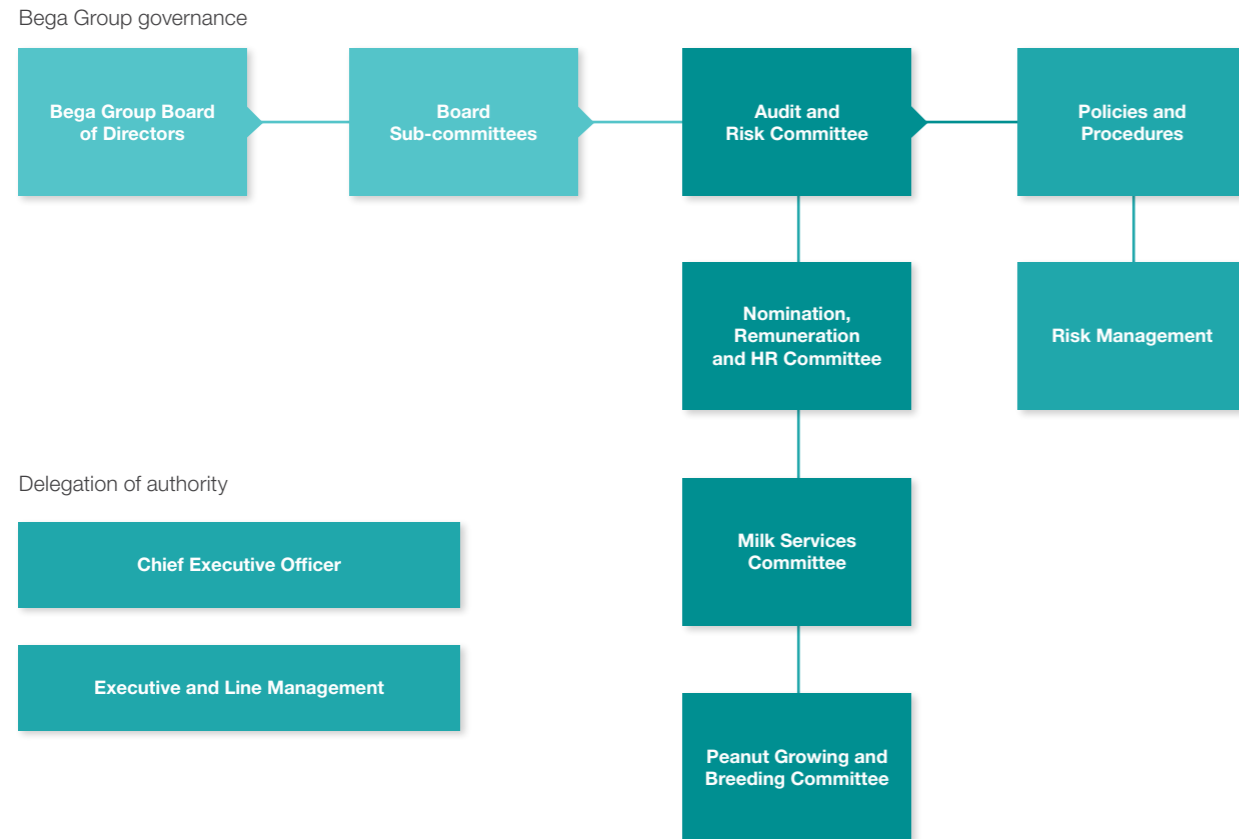


Figure 8: Our governance structure

We are active contributors to various industry bodies, many of which have a dedicated focus on challenges related to 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
- Australian Industry Group
- Australian Honeybee Industry Council
- Dairy Australia
- Australian Association of National Advertisers.

Some Bega Cheese executive and management members occupy positions on industry associations. 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.

Bega Dairy and Drinks has a Joint Venture with Vitasoy. Our CEO Paul van Heerwaarden, CFO Peter Findlay and Executive General Manager Beverages Darryn Wallace, are either members or proxy members of the Board of Vitasoy Australia Products Pty Ltd.

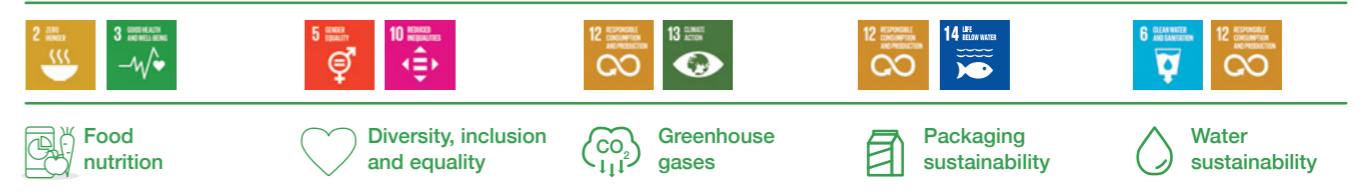


Our approach: Greater Good

Both Bega Cheese and Bega Dairy and Drinks had developed significant sustainability and corporate social responsibility strategies prior to Bega Group's acquisition of Bega Dairy and Drinks.

The Bega Cheese *Greater Good* strategy is aligned with the United Nations Sustainable Development Goals with a focus on addressing the impacts of our business and where we can contribute to sustainable development – our products, our people and communities and our planet.

Within this framework, we have prioritised:



Our priorities are aligned with the UN Sustainable Development Goals



Food and nutrition

Reformulating products to align with nutritional profiling standards and designing product alternatives to meet specific dietary requirements.

Diversity inclusion and equality

Creating an inclusive culture, embracing diversity and treating people with respect.

Greenhouse gas emissions

Investing in energy reduction programs and process improvements to reduce greenhouse gas emissions.

Packaging

Developing more sustainable packaging solutions to improve recyclability, with an alignment to the Australian Packaging covenant.

Water sustainability

Investing in capital to improve water systems and process redesign to improve water management throughout our operations.

Figure 9: Greater Good and alignment with the UN Sustainable Development Goals



Our Products

Bega Dairy and Drinks outlines the following key focus areas for sustainability in its 'Our Sustainability Promise' approach:

- Our Goodness Promise: Champion nutrition and responsible consumption
- Our Sourcing Promise: Responsible product sourcing through our entire supply chain
- Our Planet Promise: Reduce our environmental footprint
- Our Community Promise: Support the communities in which we operate.

These approaches will be reconciled as part of the integration of the Bega Dairy and Drinks business. It is important to note that both parts of the business have been active in industry programs and sustainability initiatives, prior to the acquisition, including:

- The United Nations Sustainable Development Goals
- The Dairy Declaration of Rotterdam, and
- The Australian Dairy Industry Sustainability Framework.

A desk-top review was undertaken this year to inform the content for the FY2021 sustainability report and to confirm a common list of material topics for this year. Previous sustainability reports were examined as well as GRI's draft Sector Standard for Agriculture, Aquaculture and Fishing. Dairy Australia's work on materiality, on behalf of the industry, was also reviewed as this was developed to underpin the Australian Dairy Industry Sustainability Framework and has been the subject of third-party assurance. This is available from the Framework's website at:

<https://www.sustainabledairyoz.com.au/>

The most mutually shared and highly material topics were found to be:

- climate change and greenhouse gas emissions
- water scarcity and efficiency
- waste and packaging
- food safety and nutrition
- responsible and ethical sourcing
- sustainable agricultural sourcing
- animal welfare
- safety, health and wellbeing
- supporting communities
- diversity and inclusion.

Food and Nutrition

Making better, healthier food

Bega Group is committed to providing nutritious products to suit our consumers. We're proud to own and manufacture some of the most iconic brands in Australia, including Bega Cheese, Vegemite and Bega Peanut Butter.

In January 2021, we gained additional well-known brands, through the acquisition of Bega Dairy and Drinks. This brought on board more major dairy brands, juice and soy products to our portfolio including Dairy Farmers, Dare, Farmers Union, Daily Juice and Yoplait (under license) as well as The Juice Brothers, Mildura, Big M, Pura, Masters, Zooper Dooper.

This year, Bega Dairy and Drinks produced 822,492 kilolitres of milk and beverages and Bega Cheese produced 284,091 tonnes of food.

We aim to support our consumers' changing lifestyles and needs by growing, enhancing and improving our product portfolio. Acknowledging that diets high in sugar and salt can contribute to many lifestyle diseases such as obesity and heart disease, 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. This year we delivered a 5% reduction of sugar in our Bega Peanut Butter range and look forward to achieving our overall target. In line with this, our Bega Dairy and Drinks business is also committed to nutritionally improving its product portfolio by removing 1,000 tonnes of added sugar from our portfolio, providing 20 million more no added sugar serves by 2025.

Developed in FY2019, 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. We have already launched products to support health and nutrition needs, including Reduced Salt Vegemite, Gluten Free Vegemite, the Bega Simply Nuts Peanut Butter range, plus a range of reduced fat dairy products. Vegemite has always contained vitamins B1, B2 B3 and folate. While it has always been a vegan product, it now carries a formal vegan certification.

Bega Dairy and Drinks launched *Our Goodness Promise* in 2014 to improve the nutritional content of products, developed in line with nutrient criteria which have been independently reviewed and approved by scientific experts at the CSIRO and Deakin University. Bega Dairy and Drinks ranked number one out of all Australian FMCG companies assessed for their commitments and achievements towards public health and obesity in the 2018 Deakin University Business Impact Assessment.

Our plans include achieving 85% of the product portfolio to be classified in the "best" and "good" categories of products by 2025, which would represent a shift from 70% in 2014. Bega Dairy and Drinks has launched a number of products to support this goal including numerous lower or no added sugar products to support consumers in reducing their sugar intake, including: Yoplait Petit Miam with No Added Sugar, Dare No Added Sugar Iced Coffee, Prima No Added Sugar fruit drink, Zooper Dooper No Added Sugar and Yoplait Balance. Additional innovation has focused on delivering to key consumer health needs. This includes Dairy Farmers A2 Goodness + Prebiotic and Dairy Farmers GutActive, both with prebiotics to support gut health. Another example is Dairy Farmers BoneActive milk, which is very high in calcium to help support bone health at all ages and reduce the risk of osteoporosis in adults over 65 years of age. We also continue our ongoing testing to ensure all of our milk, milk beverages and many of our yoghurts naturally provide eight essential nutrients, including calcium, protein, phosphorus, potassium, iodine and vitamins B2, B5 and B12.

Making food that our customers and consumers trust

Bega Group makes a commitment to customers and consumers that our products are safe when used for the intended purpose and will meet or exceed all food regulatory requirements. Our Quality Policy underpins our approach and applies to all of our manufacturing sites, third party manufacturers producing products on our behalf, and our supply chain. It is informed by international food safety standards recognised by the Global Food Safety Initiative, regulation, the standards of major customers and industry best practice. Our Quality Policy is available on our website at: <https://www.begacheese.com.au/wp-content/uploads/2020/08/Quality-Policy.pdf>



Our People and Communities

We 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 the British Retail Consortium (BRC) Global Standards and FSSC 22000 Global Standards. Our quality and food safety management systems are frequently audited internally, and also audited extensively by second and third parties. SAI Global, a worldwide leading provider of supplier evaluations to the GFSI recognised standards, continue to be our provider of choice for auditing against these standards. Auditing by SAI Global across all sites ensures consistency in the audit approach.

All Bega Group sites have consistently achieved very successful results from these certification assessments over the previous year, with many sites currently achieving the highest level ratings of "AA" under BRC or "excellent" under FSSC 22000. We review insights from these audits to improve our performance in quality and food safety, along with other internal measures such as the business benefits and costs of not meeting specifications the first time. Data on food safety for the whole of the Bega Group for the past three years is presented in Table 1. This reflects audits and compliance information.

Our efforts to embed a culture of food safety and quality continued throughout the year, including assessing our current maturity and food safety awareness via staff feedback, awareness initiatives (site posters, celebrating events like World Food Safety Week, Hand Washing Day, Food Allergen Week) and the implementation of a Food Safety task force with site participation. This financial year also saw us pilot the roll out of a business-wide solution for digital monitoring and statistical process control of food safety and quality control points. This has been temporarily paused while we further align the newly acquired Bega Dairy and Drinks business. In addition, we completed the

development of a regulatory information resource to facilitate compliance with importing requirements across fifty markets. This will continue to expand next year and beyond as we reach more international markets with our products.

Bega Group is committed to ensuring its nutrition communications are transparent, legally compliant, truthful and reliable, with claims that have a solid scientific basis. A significant process is undertaken to ensure that nutrition messaging and communication is correct and scientifically validated. This involves an approval system that includes a range of specialists such as research and development, dietitians, regulatory, 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. Bega Group is committed to the Responsible Children's Marketing Initiative (RCMI). The RCMI seeks to ensure a high level of social responsibility is maintained in the marketing and communication of food and beverage products in Australia. They aim to encourage the promotion of healthy eating and lifestyles to children. A copy of our RCMI Company Action Plan, adopted in June 2020, is available on our website at: www.begacheese.com.au/business-conduct.

The action plan also applies to Bega Dairy and Drinks. However, the RCMI will cease operation later this year when the Australian Association of National Advertisers (AANA) Food and Beverages Advertising Code becomes the sole governing set of rules to regulate food and beverage advertising in Australia. Our marketing team will be working to ensure that we update Bega Group's approach and action plan following the changes from 1 November 2021.

Food Safety Performance for Bega Group FY2019 - FY2021

Food safety audits and compliance	Business	FY2019	FY2020	FY2021
Number of audits	Bega Cheese	99	90	83 ²
	Bega Dairy & Drinks	73	79	82
Number of audit days	Bega Cheese	134	149	131
	Bega Dairy & Drinks	104	119	122
Number of sites audited	Bega Cheese	8	8	8
	Bega Dairy & Drinks	13	13	13
Incidents of non-compliance with regulations or voluntary codes	Bega Cheese	0	0	0
	Bega Dairy & Drinks	1 ¹	0	3
Recalls issued	Bega Cheese	0	0	0
	Bega Dairy & Drinks	1 ¹	1 ¹	0

Table 1: Food Safety Performance for Bega Group FY2019 - FY2021

Prior to the acquisition of Lion Dairy and Drinks by the Bega Group in 2021, there were two recent voluntary recalls. One related to specific Canberra Milk brands, due to a faulty bottle cap, in October 2018 and the second for Dairy Farmers full cream white milk products, due to potential microbial contamination, in February 2020.

1. Occurred prior to acquisition.

2. Audits days down on previous years as a number were postponed due to Covid-19 restrictions, some held virtually.

Our supply chain

With around 4,000 suppliers, more than 85% of Bega Group 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 60% of our spending is on raw materials, including milk. Our top 25 suppliers represent most of our expenditure and 11 of those are milk suppliers, reflecting longer term changes to the dairy sector.

The Group received 1.12 billion litres of milk during the course of FY2021, up 17% on the 955 million litres received in FY2020, including milk procured by Bega Dairy and Drinks from the date of acquisition.

During FY2021, there were significant changes to our supply chain associated with the acquisition of the Bega Dairy and Drinks business. This brings with it new dairy farms but also orchards for our juice brands and soy products through our joint venture with Vitasoy Australia. Our contracted fruit growers supplied more than 37,000 tonnes of oranges, apples and pears this year.

Supply chain expenditure - Bega Group

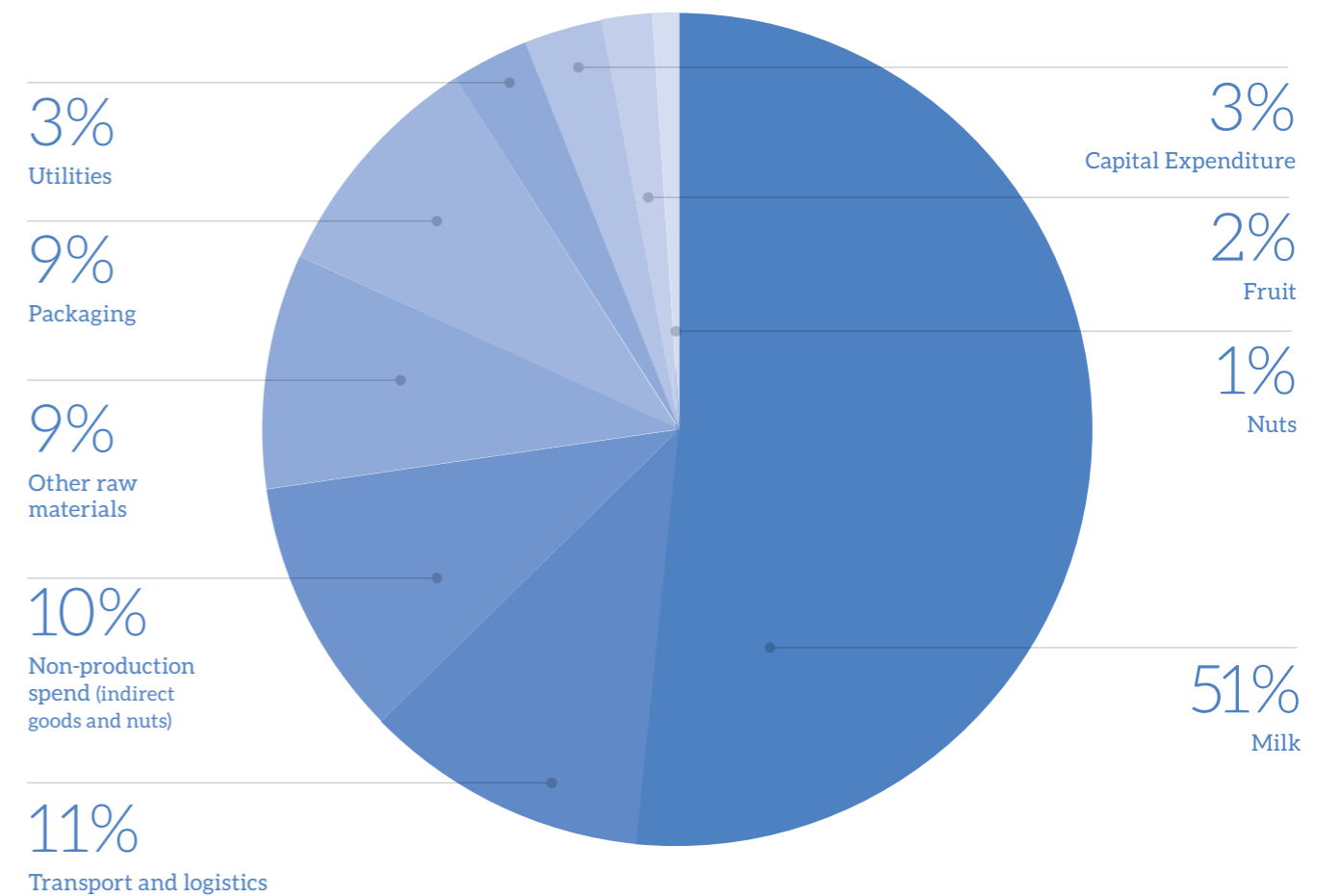


Figure 10: Bega Group supply chain by % of expenditure

Responsible sourcing

Our Ethical Sourcing Policy was adopted by the Board in January 2020 and is informed by relevant international agreements on labour and human rights. It sets minimum standards for suppliers on a range of topics and practices including child labour and non-discrimination, as well as environmental impacts, such as greenhouse gas emissions, water, waste and packaging. We have started referencing the Policy in supply agreements and it is available on our website at: www.begacheese.com.au/business-conduct

A standard supplier on-boarding platform was implemented at the start of this year to enable us to assess all current and potential suppliers against the requirements outlined in our Policy. We are an active member of SEDEX, a global membership-based platform for responsible sourcing data. Suppliers are required to share their data and response against an internationally recognised audit and compliance program. Our suppliers must also complete an annual ethical sourcing self-assessment questionnaire (SAQ) and Bega Group may, at its discretion, require an independent compliance audit of the supplier, particularly those deemed to be high risk. 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.

Bega Dairy and Drinks has operated under a similar structure with a Procurement Policy and a Supplier Responsible Sourcing Code which outlines operational expectations of suppliers when it comes to sustainable sourcing practices spanning human rights, the environment and business ethics. Bega Group will reconcile the sourcing policies and codes by the end of the calendar year.

Modern Slavery

We will produce our second modern slavery statement at the end of this calendar year in compliance with section 13 of the Modern Slavery Act 2018 (Cth) and section 24 of the Modern Slavery Act. An initial assessment in 2020 identified potential sources of modern slavery risk in our operations and supply chain and identified areas for improvement. Specifically, we identified risks we potentially cause in areas such as seasonal work, and risks where we might be contributing or otherwise linked to such as ingredients grown offshore or licencing agreements.

A long history of commercial relationships with our suppliers and service providers, has helped build trust, reduce potential risks and provide early remedies. This does not guarantee the elimination of modern slavery and we need to remain vigilant. We have developed an internal Modern Slavery Working Group which reports to the Board on a regular basis.

Our focus over the past six months has been on the incorporation of the Bega Dairy and Drinks business and the roll out of a modern slavery risk assessment to identify any potential risks in the operations and supply chain associated with that business. Another area of focus is on high-risk commodities, such as palm oil, which have known certification standards. We are also focusing on the use of auditors where there is no recognised certification.

Our first modern slavery statement is available at: <https://www.begacheese.com.au/wp-content/uploads/2021/03/Bega-Modern-Slavery-Statement-2020.pdf>

Deforestation and Palm Oil

In FY2020 Bega Cheese became an associate member 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.

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

Bega Cheese commenced RSPO Supply Chain Certification (SCC) for relevant manufacturing sites with Bega (Ridge Street) being the first of these, certified in July 2020 and our Strathmerton site gaining certification in June 2021. We continue to work closely with suppliers and have actively transitioned additional raw materials identified where alternate options are available. However, some minor ingredients (e.g. flavours), which contain palm oil derived sub-ingredients are still to be transitioned. We have implemented several new processes that assist in providing greater transparency through vendor assurance and, as a result, have sought further clarification from some suppliers on the source of minor components in ingredients. This has resulted in the identification of some further raw materials containing palm oil derivatives that we will address.

Bega Dairy and Drinks also adopted a palm oil policy in 2020. Palm oil or its derivatives is limited to less than 1.5% of the Bega Dairy and Drinks products. The policy commits Bega Dairy and Drinks to 100% RSPO certified sustainable palm oil according to the Mass Balance model as a minimum. A whole of Bega Group palm oil policy will be developed during the next financial year.

We will also review the procurement of other ingredients associated with environmental and social impacts, such as cocoa, soy and coffee, and report on our progress next year.

Supporting sustainable and regenerative farming practices

Better Farms

The Australian dairy supply grew by only 0.6% across the industry in FY2021, despite favourable seasonal conditions. Competition for milk supply continues. As required by the Dairy Industry Code of Conduct, there are Standard Form Agreements for all new agreements that Bega Cheese Limited, Tatura Milk Industries and Bega Dairy and Drinks enter into with dairy farmer suppliers. These are available on our website at: www.begacheese.com.au/farm-services/milk-supply-agreements/

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. This process is undertaken for new suppliers signing new milk supply agreements with Bega Cheese and Tatura Milk Industries. Currently new suppliers signing new milk supply agreements with Bega Dairy and Drinks do not complete this onboarding process, however this will be introduced in the future. Approximately half of the dairy suppliers to Bega Cheese operate in areas of high water stress, however, we are yet to complete similar analysis of dairy suppliers to Bega Dairy and Drinks. As part of our work to achieve net Zero emissions by 2050, we will be working to understand our scope 3 emissions on farms and both the opportunities and significant challenges involved in reducing those emissions in the medium and longer term.

Our Bega Better Farms program continues to help dairy farmers develop and improve their business through capital grants, advice and training. Our Field Officers assess applications against the expectations of our farm report checklist, seeking opportunities for improvement. Since April 2018, we have invested more than \$1.1m in grants from Bega Cheese, leveraging additional funding contributions of over \$3m with farmers.

This year we launched a consumer facing Better Farms Program website which tracks the program's achievements, to highlight them to Australian consumers. We have also incorporated a new refreshed Better Farms Program logo on our retail Dairy Farmers block butter range.

Importantly we also commissioned an independent, third-party audit by Ernst and Young to assure our stakeholders that grants under the program are designated to eligible farms, and that funds were being spent on agreed projects. This is also publicly available on the website. We look forward to expanding this program to our Bega Dairy and Drinks suppliers. For more information visit our dedicated Better Farms website: www.betterfarms.com.au

A summary of the grants approved and completed in FY2021 is presented in Figure 10.

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. We also support the National Dairy Industry Animal Welfare Strategy and require all 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.



Better Farms Grants

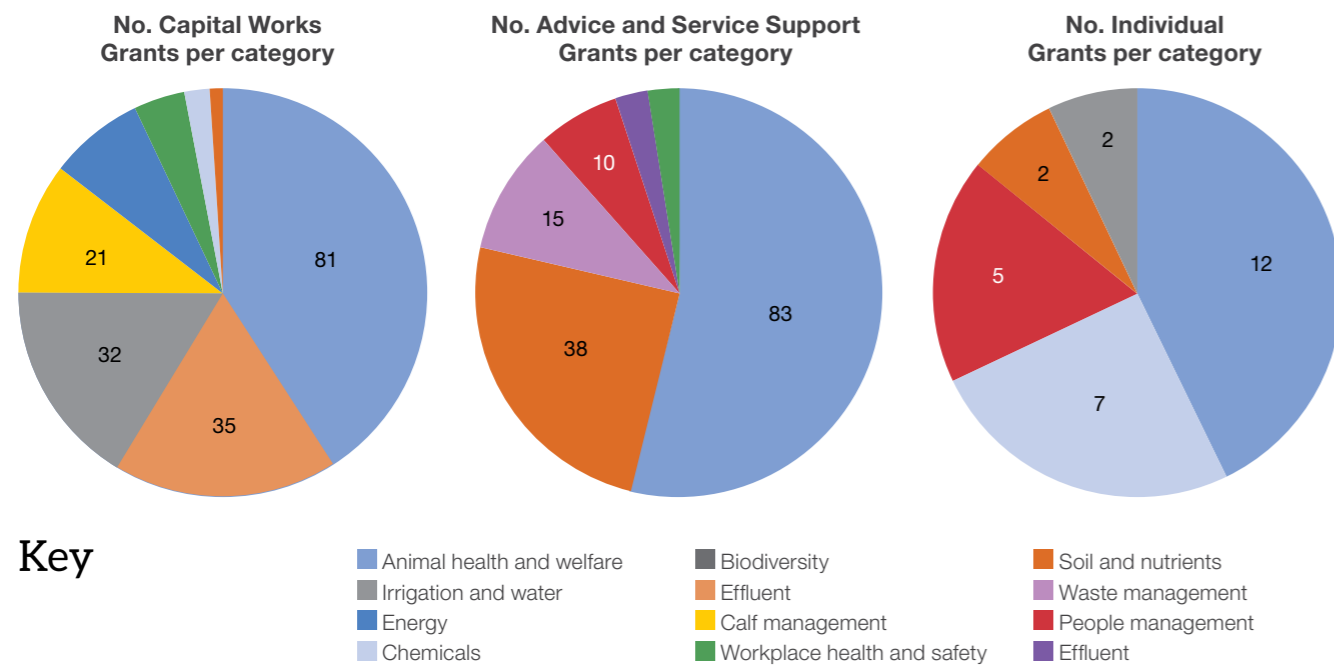
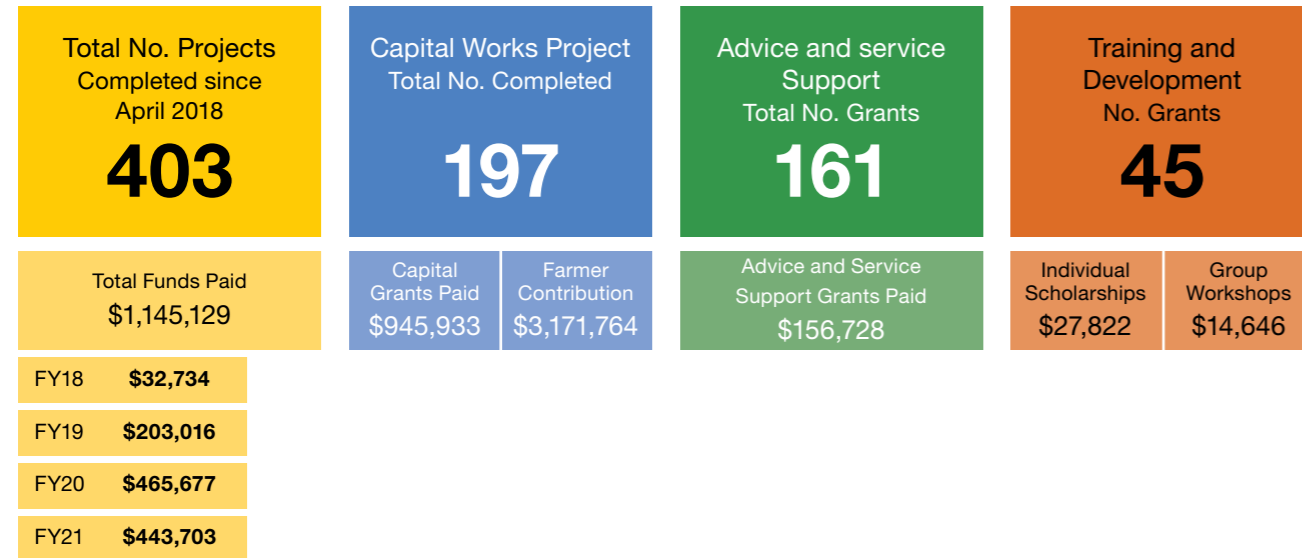


Figure 11: Better Farms program grants approved and completed FY2018-FY2021

Our Standard Form Agreements for suppliers include 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 Farms program, with more than 50% of capital works projects and advice and service support grants being devoted to calf management or animal health and welfare. A summary of grants approved and completed to 30 June 2021 is presented in Figure 10.

Growing the Australian peanut industry

Part of our ambition as the Great Australian Food Company is to increase growth of the Australian peanut crop and become less reliant on imported peanuts. While our Bega Simply Nuts Peanut Butter range is made from 100% Australian grown peanuts, roughly only 40% of peanuts consumed in Australia are locally grown. Through our ownership of The Peanut Company of Australia (PCA), we're now Australia's leading supplier of peanuts from our sites at Kingaroy and Tolga in Queensland. With improved weather conditions this year, we have increased the peanut harvest from approximately 8,000 metric tonnes to nearly 22,000 metric tonnes from growers across North, Central and South Queensland and Northern New South Wales.

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 Group and the Grains Research Development Corporation (GRDC). The program aims to develop new peanut varieties with improved traits including kernel yield, disease tolerance, and quality traits including blanchability, taste and high oleic oil. New varieties are also assisting in our response to a changing climate in which rainfall is less frequent and temperatures are generally warmer. Growers have various options for different planting windows and different rain events or climatic conditions.

Peanut production has also moved into irrigated regions such as Bundaberg where it is used a rotational crop with sugar cane with many environmental benefits. This helps to spread supply risks across multiple growing regions and systems with a smaller proportion of the peanut crop relying on rainfed production. In FY2019 we conducted a water mapping exercise which found at the time that only 16% of our peanut growers were located in catchments of high-water stress.

Our Farming Services Team provides peanut 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 growing regions and this helps us to maintain two-way communication and build stronger relationships with peanut growers. New regulations to address land-based sources of water pollution to the Great Barrier Reef were introduced in 2019. They require growers to keep records and primary documents about the use of agricultural chemicals such as herbicides, insecticides or fungicides. We currently 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 Declaration and Chemical Use Record to us prior to payment for peanut crops, which includes the use of any Australian Pesticides and Veterinary Medicines Authority registered chemicals. Our Farming Services Team will continue to work with our growers to ensure that these records develop in alignment with new regulations.

Some of our new varieties from our Peanut Breeding Program have recently been commercialised and require less fungicide applications per season.



Working with fruit suppliers

Bega Dairy and Drinks' Orchard Pride program offers orange supply partners a way to measure, evaluate and improve their practices in key areas of sustainable agricultural practice. The program includes a website with tools and resources and an online self-assessment tool which helps growers build action plans. The program is aimed at our 70 plus fruit growers and covers business management, environmental practices, orchard safety, wellbeing and employment, and labour-hire management.

For more information visit:

<https://www.thejuicebrothers.com.au/sustainability/>

Continuing to support the beekeeping industry

As a major Australian food producer, Bega Cheese is conscious of the role we play in the need to sustainably nourish a global population of 9.7 billion by 2050, while meeting the United Nations' Sustainable Development Goals (SDGs). Meeting this challenge requires food systems that are sustainable, efficient, nutritious and healthy. Bees are crucial to this as they play a vital role in preserving biodiversity and ecosystem health, with over a third of food crops relying on bees for pollination.

In support of the viability of the beekeeping industry, we have taken positive steps towards playing a key role in reducing biosecurity risk through our honey brand, B honey. B honey is the driving force behind the Purple Hive Project – an innovative technology project that has taken positive steps to support reducing biosecurity risk for the Australian beekeeping industry. By supporting B honey, our customers are supporting the Purple Hive Project, helping protect the Australian honey bee and its environment.

The Purple Hive is an artificial intelligence-based monitoring system that has been designed to facilitate early detection of Varroa destructor, a parasitic mite which has decimated bee colonies around the world. Bees are under a significant biosecurity threat due to the Varroa destructor and this project will help protect bees and Australian agriculture. Fortunately, Australia is the last inhabited country on earth free of the Varroa destructor. The Purple Hive's 360-degree camera technology and artificial intelligence has been designed to distinguish a healthy bee from a bee carrying Varroa destructor, while the bees are entering and exiting the Purple Hive. If the mite is detected, it shares an instant alert.

Surveillance for early detection of the mite remains crucial to the health of the bee industry and agriculture in Australia. Should Varroa destructor establish itself in Australia, it's estimated that the healthy population of bees and the pollination services they provide could be reduced by 90-100 per cent, with the potential to impact crops such as almonds and apples which rely on the pollination services that bees provide.

Following the announcement of the Purple Hive Project in 2020, the initiative found its first home in March 2021 at the Port of Melbourne, which was identified as the most likely entry point of bee pests in Victoria. To facilitate the trial, Bega Cheese joined forces with Agriculture Victoria to deploy the hive at the Port of Melbourne, where the device is now trialling alongside sentinel hives which provide frontline defence against Varroa destructor. This year, the Purple Hive underwent critical testing and training in a real-world environment with Varroa destructor. This took place in New Zealand, with the support of

local beekeepers and the technical expertise of Plant & Food Research, where the device interacted with honey bees carrying the mite. Project validation was completed, with the Purple Hive successfully detecting bees carrying Varroa destructor.

The deployment of B honey's Purple Hive Project at the Port of Melbourne is a significant step for the beekeeping industry, and for Australian agriculture more broadly. We continue to work on our expansion of the Purple Hive Project technology with a focus on a long-term vision that each Purple Hive will become part of a mesh network that can detect Varroa destructor remotely.

The Purple Hive Project has been innovated by Bega Group 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). Bega Group is proud to be investing in technology to support Australian biosecurity efforts and excited to have worked closely with Agriculture Victoria this year to deploy the Purple Hive at its first home.



Our employees

Our diverse workforce now comprises approximately 4,000 employees.¹ Our people are vital to our success and we are committed to creating a workplace where all our people can thrive. The scale of the acquisition of the Bega Dairy and Drinks business provides a great opportunity for employees to have greater career opportunities and to further build our culture as a Great Australian Food Company.

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, including Directors and contractors. Each employee is required to read and sign that they understand and will adhere to our Code of Conduct.

The data presented is for all employing entities as reported to the Workplace Gender Equality Agency (WGEA). Specifically: Tatura Milk Industries Pty Ltd, Peanut Company of Australia Pty Ltd, Bega Cheese Limited, Bega Dairy and Drinks Services Pty Ltd, Malanda Dairyfoods Pty Limited, Blowflex Mouldings Pty Ltd, Berri Pty Limited, BDD Milk Pty Ltd, BDD Foods Pty Ltd, Capitol Chilled Foods (Australia) Pty Ltd, Vitasoy Australia Products Pty Ltd, Bega Dairy and Drinks Pty Ltd. Employee data presented refers to the WGEA reporting period of 1 April 2020 to 31 March 2021.

We respect our employees' right to freedom of association and collective bargaining. Approximately 58% of our employees' employment arrangements are covered by collective bargaining agreements. While overall our employee base is comprised of 28% female and 72% male employees, our salaried staff is comprised of 44% female and 56% male employees.

Employee wellbeing

Last year we launched our Employee Wellbeing Indicator survey, to inform initiatives and provide an important baseline for employees' wellbeing measures. A Wellness Portal on the company intranet was also introduced to communicate health and wellbeing initiatives in support of Bega Group staff. Over the past year, the Bega Dairy and Drinks business launched 'Nutrition to Live Well' to communicate nutrition and health messages to employees via a blog, video and podcast, also designed to support employee wellbeing. This initiative will further enhance our Wellness Portal.

We also launched the Calm Healthy Minds program partnering with Engage Health in the first few months of COVID-19 restrictions, to provide mindfulness-based psychological resilience training to support mental wellbeing. The eight-week program included over 150 participants from all levels in the organisation and focused on techniques to improve habits, increase mindfulness and emotional intelligence, and enhance self-care and long-term mental health. Engage Health conducted pre and post-program surveys that showed participants experienced significant increases in their ability to manage and regulate emotions, cope with stress and anxiety, and process difficult or unpleasant emotions. Employees who took part reported having a calmer, peaceful mind, and were able to reduce negative thought patterns. The program also improved mindful leadership skills, enabling participants to learn how to listen more attentively and communicate more effectively. In FY2022, we will establish a mental health committee and will introduce a mental fitness app. The app is designed to encourage ongoing engagement, allowing staff to set wellbeing goals and track their status over time.

1. As of 31 March 2021.

COVID-19 Pandemic

In responding to the ongoing nature of the COVID-19 pandemic, our priority is to ensure the safety and wellbeing of our employees, customers and communities, whilst minimising disruption to our business. We closely monitor the situation across our sites and markets and actively review our approach and controls. Regular updates are provided to all employees and updates are provided via our dedicated COVID-19 Information Portal on our intranet and a text messaging service for immediate companywide communication. The Wellness Portal has also been important in supporting staff in providing a range of mental health and wellbeing initiatives.

Our Pandemic Leave Policy, provides up to 14 calendar days of additional paid special leave, should any employee be required to self-isolate or test positive to COVID-19. A Remote Working Policy clarifies how employees perform their work from home and connect with line managers.

Diversity and inclusion

Our commitment to diversity and inclusion is formalised in the Bega Cheese Diversity and Inclusion Policy. We believe that a richly diverse workplace promotes innovation, enhances the quality of decision making and enables Bega Group to access and grow the best talent that exists in the community.

The strategy requires a long-term commitment for leaders to lead diversity and inclusion through our values to embed a culture of enhanced thinking on how talent is recognised, harnessed, developed and rewarded. Diversity is about creating a respectful, inclusive work environment, and individual and collective growth depends on its ability to appreciate, access, and amplify the unique talents and strengths of our people.

The policy also links with and references our company values and is available from our website at: www.begacheese.com.au/investors/corporate-governance/. Progress is reported to the Board which annually assesses measurable objectives. In FY2020 we developed the Bega Diversity and Inclusion Blueprint which provides an overarching framework for the development of goals, targets and priorities and against which we can measure our success.

The strategy has been communicated through CEO updates and the following three strategic pillars have been formulated from a diagnostic survey of Bega's salaried women in June 2020.

1. Fostering Inclusive Leadership:

- build leadership capability to support and leverage diverse teams
- set measurable objectives for achieving gender-based teams
- deliver fair and equitable people practices and processes (including but not limited to, talent processes such as Succession Planning, Performance Reviews, Development Programs, Reward & Recognition, and Resourcing).

2. Supporting Working Families:

- champion flexible work arrangements through Bega Flex, Circle In and Leader education.

3. Developing Women Leaders:

- tailored leadership, mentoring and coaching support and advice
- analyse pay equity every 12 months.

Internal promotion, recruitment and acquisition over the last five years has changed the employee profile of Bega Cheese in our salaried staff, with the proportion of externally recruited salaried females now at 51%.

The proportion of women employed by the Bega Group as reported to the WGEA during the reporting period was as follows:

Board of Directors	29%
Managers (including senior executives)	35% ¹
Bega Cheese salaried staff	42%
The Bega Cheese Group	28%

In early 2021 Bega Cheese Limited acquired the Lion Dairy & Drinks business which negatively affected previous gender composition levels, in particular EBA gender composition. At the time of the acquisition, gender composition at Bega Cheese was 23% female and Lion Dairy and Drinks was 11% female. Bega Group has introduced site-based diversity and inclusion teams to address local needs with a particular focus on understanding barriers of entry faced by women and underrepresented groups in recruitment processes and campaigns.

We report to the WGEA against the standardised gender equality indicators, in accordance with the requirements under the Workplace Gender Equality Act 2012 (Cth). We submitted our report for the 12-month period ending 31 March 2021 and have received a notification of compliance from the WGEA. The report can be found on our website and is available from the WGEA website at: <https://www.wgea.gov.au/>

Our aim is to:

- increase the representation of women in management positions to 32% and this year we reached 35% across the Bega Cheese Group
- 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.

We also report on our performance on diversity in our Corporate Governance Statement available on our website at:

<https://www.begacheese.com.au/investors/corporate-governance/>

Female representation

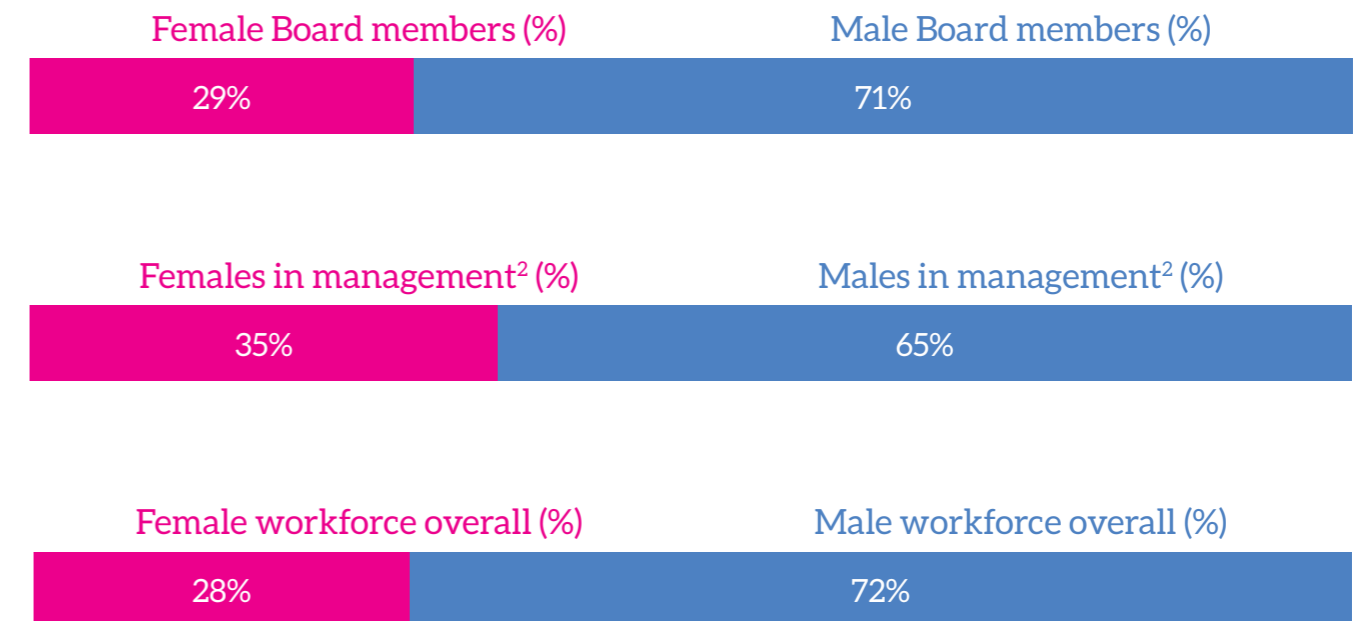


Figure 12: Female representation

1. Based on full time equivalent employees excluding casual or temporary employees or external contractors for the Bega Group. Includes employees at the Derrimut site.

2. Includes senior executives.

Workforce by region

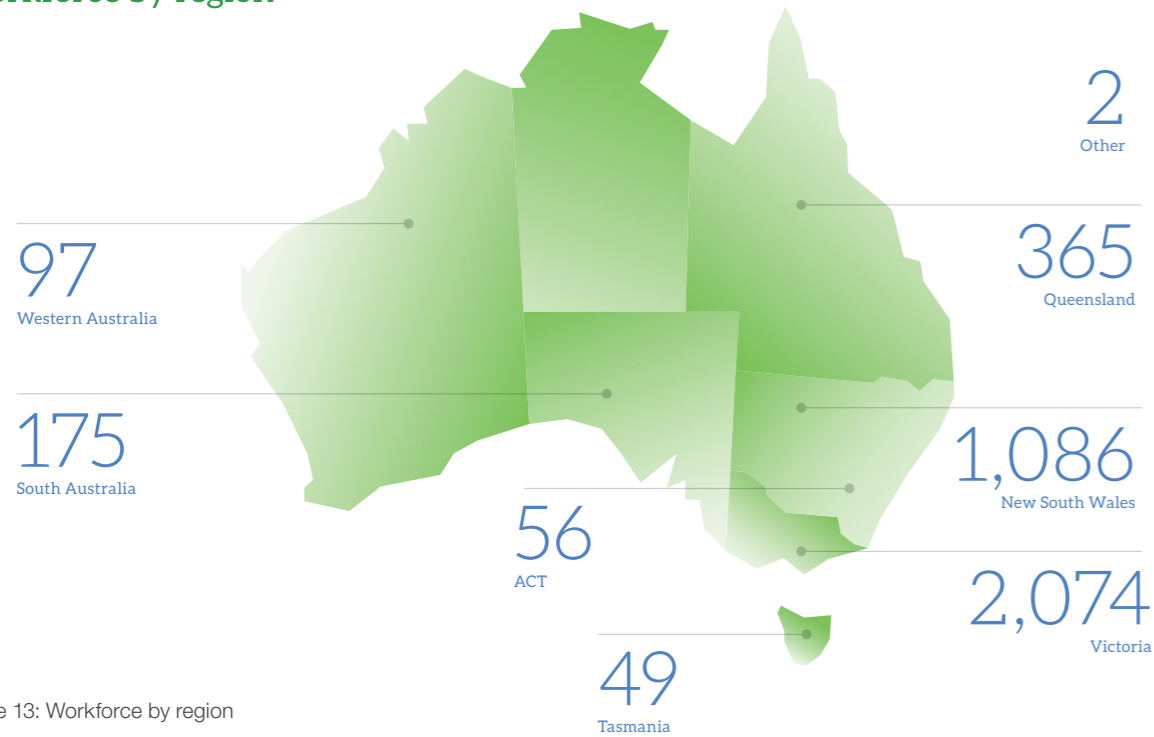


Figure 13: Workforce by region

Workforce by gender and employment type

Bega Group employee breakdown	Female	Total	Male
	1,095		2,808
	833		2,545
	190		92
	972		2,540
	123		268

Figure 14: Workforce by gender and employment type¹

1. One employee of Bega Group identifies as non-binary.

Case Study: Bega's parents and carers platform Circle In

At the heart of our vision to become the Great Australian Food Company is building a workplace that celebrates diversity, inclusivity and equality. This year we were delighted to launch our new parents and carers platform, Circle In to help our people navigate their roles at work and at home. Circle In provides resources to support team members navigating parental leave, plus resources for working parents, grandparents, people caring for elderly family members and people who are yet to begin their parenthood journey. The program also supports line managers by ensuring they have the resources they need to best support their team members, no matter what parental or caregiving journey they are on.

Circle In has been introduced as a direct result of our research into Diversity and Inclusion needs at Bega. In a recent survey we found that over 49% of women at Bega had primary caring responsibilities.

A key pillar in our Diversity and Inclusion blueprint is 'Supporting Families at Bega'. Launching the Circle In platform for our people demonstrates our genuine commitment to this, and to making Bega a great place to work for all our people.

Case Study: Flexible working at Bega

"Engaged employees are the best employees and when a work arrangement works for them on a personal level, they genuinely want to be at work and it shows!"

Selina Foo, Manufacturing Leader, Morwell.

Selina is Manufacturing Leader at our Morwell site in Victoria, and she is a big believer in flexible working, seeing firsthand the significant benefits for individuals, the wider team and our business.

"There's no reason that flexible working can't be done in manufacturing roles and we champion that at Morwell, through job share arrangements which allow people to come to work around their personal commitments," Selina said.

At Morwell, each job share pair does different shifts to best suit their circumstances. One pair splits all day shifts with all night shift, while another does one week on and one week off to work around their parenting commitments. Another share pair chooses their work schedule around their partner's Fly In Fly Out schedule.

"While the focus is on making it work for the pair, there are operational advantages too as there is a larger pool of skilled employees to draw on during peak times," Selina said.

Case Study: Bega supports R U OK Day

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 take the opportunity to connect our people in a variety of ways to mark R U OK Day, with a focus on talking about the importance of looking out for each other, and making time to connect in a genuine and meaningful way.

In the past year, Bega Dairy and Drinks also supported R U OK? With a partnership through our Dare Iced Coffee brand, through which we made a long-term commitment to the charity to help Dare drinkers better identify the signs that someone in their life may be struggling. In August 2020, Dare Iced Coffee announced a three-year partnership with R U OK? To encourage Dare drinkers to provide support to mates and loved ones who may be doing it tough.

Dare 500ml core packs carried the R U OK? Message on the label leading up to R U OK? Day on 10 September 2020 reminding people to ask their mates and family members – _are you OK? The important message featured on millions of Dare packs as a powerful reminder for people to ask after their mates, family and colleagues.

This long-term commitment by Dare will also support the cause by helping consumers to identify the signs that someone in their life may be struggling and to encourage a more meaningful conversation.

As part of the three-year agreement, Dare will also provide support to the cause across its social, online video and high-profile sponsorships with football clubs.

For more information visit www.ruok.org.au



Safety management

We are committed to providing healthy and safe work for all employees, contractors and visitors. We believe that all incidents, injuries and work illnesses can be prevented and that no work is so important that it cannot be done safely. Our safety culture is guided by our safety principles and is reflective of our employees' safety values, attitudes and beliefs.

Our safety management framework is designed to be compliant with the relevant legislative occupational, work health and safety acts for the states in which we operate.

Our Health and Safety Policy applies to all of our manufacturing and network logistics sites and commercial offices in Australia, including our sales teams and field support staff working domestically or overseas and all other locations where Bega Group has management control. The policy is available from our website at: <https://www.begacheese.com.au/business-conduct/>

The integration of the Bega Dairy and Drinks business is a key area of focus for our safety program and we are currently redeveloping our Bega Group safety management system to ensure an aligned and consistent approach across the business. We have extended the scope of work for DuPont Sustainable Solutions to include a safety culture assessment of the Bega Dairy and Drinks business, and intend to integrate the safety culture transformation roadmap with Bega Cheese.

A key component of the safety culture transformation program is safety leadership coaching at all levels in our business, commencing with the Executive. The program aims to build a culture of safety and includes one-on-one, in-field coaching and skill development for managers, supervisors, team leaders and health and safety professionals, to assist them with risk awareness and leadership. One of the outcomes from this program, which commenced 12 months ago, has been the increased level and accuracy of incident reporting including near misses, hazards and injuries. While an increase may appear to be concerning, this new level of transparency has allowed our site-based teams and frontline leaders to focus on key risks particularly those related to traffic management and machine safety.

Safety performance

Key safety performance data for the past three financial years is presented for each of Bega Cheese and Bega Dairy and Drinks in Figure 15 and Figure 16. The data covers all entities and sites for Bega Cheese and Bega Dairy and Drinks for FY2019 to FY2021.

Safety data for Bega Dairy and Drinks is reported separately from the rest of the Bega Group due to current differences in data collection methodologies, systems and definitions. These will be reconciled over coming reporting cycles. During FY2021, Bega Cheese TRIFR per million hours worked was 20.7. Over the same period, Dairy and Drinks' TRIFR per million hours worked was 4.8. Recordable injuries include all lost time injuries, medical treatment injuries and restricted work injuries. Injuries to contractors are included in the TRIFR data for Bega Cheese, however, contractor hours are not included. Data includes employees at the Derrimut site.

Bega Group 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 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 can achieve health and safety policy outcomes and strategic objectives.

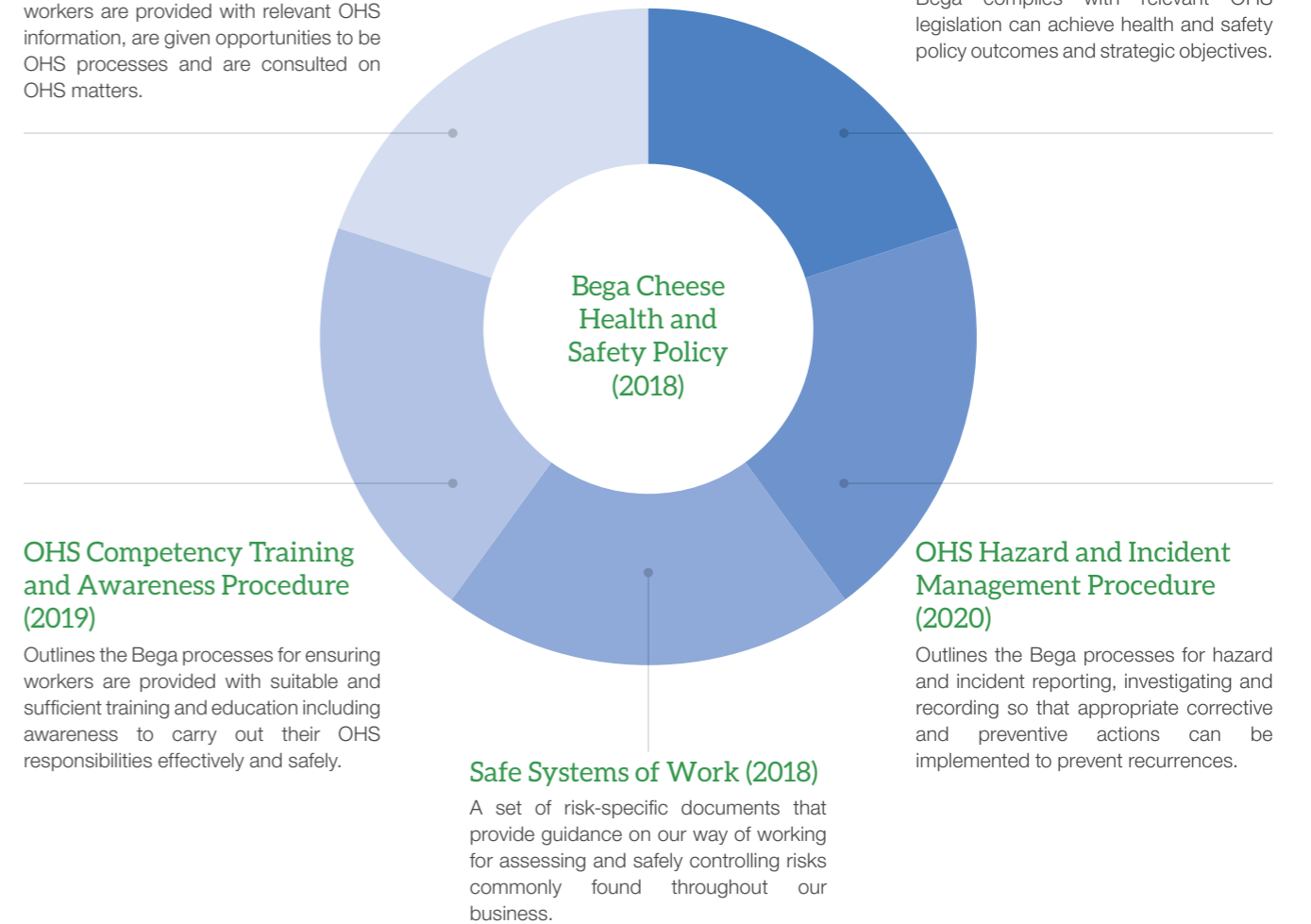


Figure 15: Bega Group's approach to safety management

Bega Cheese Safety Performance

Zero Fatalities

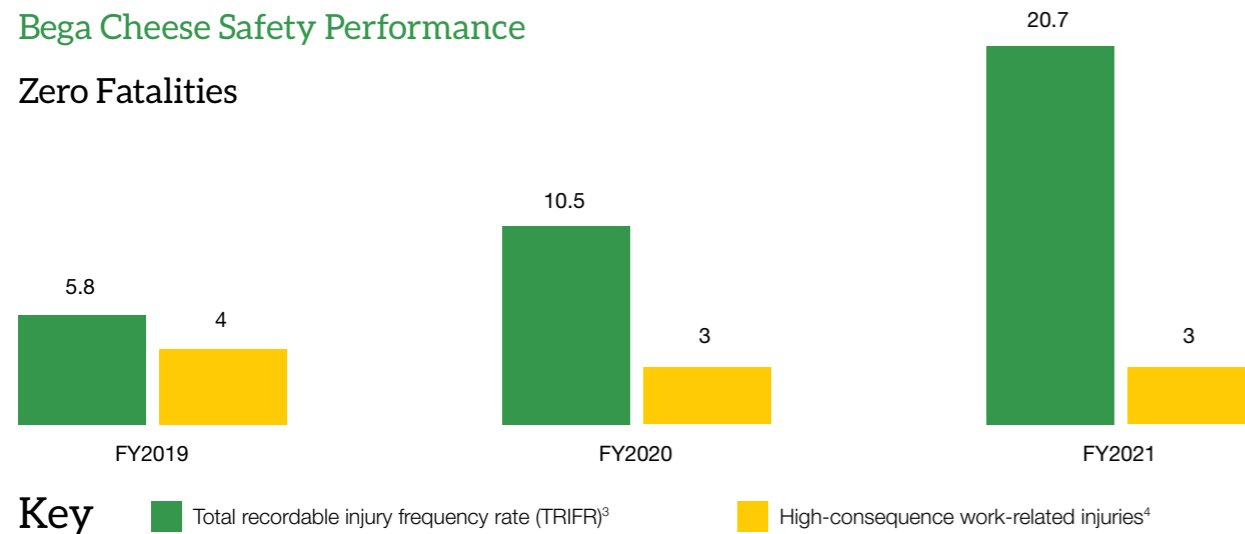


Figure 16: Bega Cheese Safety Performance FY2019 - FY2021

Bega Dairy and Drinks Safety Performance

Zero Fatalities

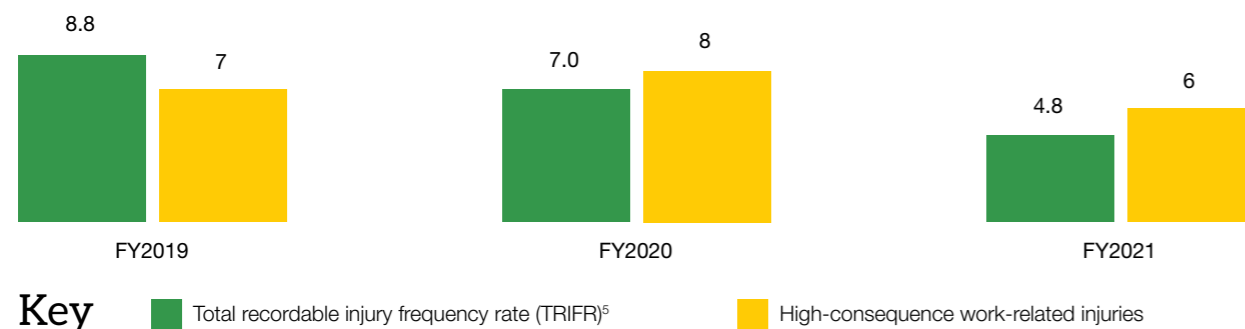


Figure 17: Bega Dairy and Drinks Safety Performance FY2019 - FY2021

3. TRIFR is calculated as the total number of recordable injuries for each million hours worked.

4. 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.

5. Bega Dairy and Drinks TRIFR data includes WRI. Overall hours worked in FY2021 was 3,775,990.75 for Bega Dairy and Drinks.

Our communities

Helping the community thrive

Bega Group 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 takes place 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 FY2021, we contributed approximately \$800,000 in donations and 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.

The Bega Group considers tax risk management and governance fundamental to maintaining efficient and effective operations. Our approach at Bega is to be prudent in managing tax risk and adopting a low risk appetite. Risk management responsibility is appropriately delegated whereby the Board oversees overall tax risk and delegates specific responsibility to the Audit and Risk Committee as set out within Bega's Tax Risk Management and Governance Policy. We seek to maintain a collaborative and trusted relationship with the Australian Taxation Office and other revenue authorities. Moreover, Bega is committed to ensuring that it is compliant with applicable legislation, regulations, reporting and disclosure requirements in the countries in which we operate.

In FY2021, the Bega Group paid income taxes of \$0.7 million (net of income tax refunds). In addition to income tax, Bega Group is subject to other taxes such as payroll tax, property taxes and fringe benefits tax. Bega Group also collects and remits taxes including PAYG withholding tax, net goods and services tax and customs duty on behalf of the Australian Government. Bega has a strong history of paying fully franked dividends to shareholders and in FY2021 the results of Bega Group continued to support the total payment of fully franked dividends of 10 cents per share for the entire year. For more information on Bega Group's income tax, please refer to Notes to the Financial Statements in the FY2021 Annual Report.

Foodbank

We are proud of our ongoing partnership with Foodbank which allows us to support over 2,500 front line charities, local communities, and 3,000 schools across the country. More than 40% of all food and groceries distributed by Foodbank nationally goes back to support regional and rural communities, which is another reason why Foodbank is at the centre of what we do in the community.

Rural and regional communities are more likely to experience food insecurity. Many new demographic groups are also receiving food relief for the first time during the COVID-19 pandemic. As a food producer with a strong presence in rural and regional Australia, addressing this problem is vital to the Bega Group.

In FY2021, we donated over 750,000 kilograms of products, equating to more than 1.5 million meals for Australians in need. In addition to this we produced over 230,000 litres of fresh white milk for Foodbank's National Collaborative Supplier Program, which provides more certainty in their supply chain.

Case Study: Bega Circular Valley 2030 Program

The Bega Circular Valley 2030 Program: Together for a stronger Bega is a community vision initiated by Bega Cheese and Rabobank with the support of KPMG for circularity in the Bega Valley. In a circular economy, resources and materials are maintained at the highest possible value for as long as possible and are recovered and not lost as waste.

Instead of a linear model where we make use and dispose of resources, it reflects a 'closed loop' right along the value chain. A ten-year project is bringing together federal, state and local governments, large and small businesses, universities, international expertise, community organisations – all with a common purpose of creating a circular economy Cooperative.

Key priority enabling projects include:

- a Bega Valley circular co-operative
- a biodiversity and carbon trading desk
- on farm smart water storage network
- smart food and logistics programme
- a regional circularity baseline assessment of material flows.

Bega Group is investing in the building of the Bega Circular Centre as well as providing co-investment in both the Cooperative establishment and projects, alongside pro bono resources.

The focus areas of pilot projects in the Circular Valley will include:

- waste generation and re-purposing (e.g. waste to energy, commercial recovery and re-purposing of materials)
- water (e.g. recovery and re-use of water, improving water quality)
- soil (e.g. regenerative farming practices)
- biodiversity (e.g. land productivity, re-forestation)
- energy and greenhouse gas emissions (e.g. renewable energy, carbon sequestration)
- nutrients and animal feed (e.g. soil fertility, nutrient recycling)
- packaging and logistics (e.g. scope 3 emissions, use of electric vehicles)
- animal care (e.g. reducing emissions and waste)
- community education and innovation (e.g. local stakeholder engagement, population growth, mental health)
- rural economy (e.g. job creation, investment, training programs).

Bega Valley - On the way to becoming the most circular valley in Australia



"Our goal is to create a legacy for the future generations of the Bega Valley, and be an example for the other regions to follow as the most circular valley in Australia"

Barry Irvin AM
Bega Cheese Executive Chairman

Figure 18: Bega Circular Valley program 2030

Case Study: Dare to care

As COVID-19 continued to impact Australia, Dare wanted to make a meaningful difference to healthcare workers on the front line. We found a way to do this by supporting the work of a Melbourne-based charitable start-up, Alex Makes Meals.

Alex Makes Meals was started by 21 year-old Alex Dekker. Alex noticed the stress his sister was under at work and decided to make a meal for her and her workmates. His cooking was a hit, so he decided to cook for more people. His efforts have grown from a one-man operation into a charity that has since delivered thousands of meals to those on the frontline during the COVID-19 pandemic, feeding the doctors, nurses, cleaners and scientists working on the frontline, and expanding the service to include international students and anyone facing food insecurity.

We were delighted to donate dairy products for the team to use in meals, including single serve yoghurt tubs, dairy drinks, plus the use of our Dare van for deliveries as well as a financial contribution.



Case Study: Vitasoy supporting local community during COVID-19

Throughout COVID-19 we recognise that many people are doing it tough, so we've been doing what we can to support the local communities in which we operate during these challenging times.

The Vitasoy team launched a fantastic initiative in June to show support for the local Albury Wodonga community affected by COVID. Teaming up with Albury Wodonga Health, Vitasoy shouted all employees at the hospital a free hot beverage of their choice. Proudly manufactured in Albury Wodonga, the Vitasoy team wanted to thank workers on the front line for their hard work during these tough times with a small token of appreciation.

Vitasoy also supplied free stock to cafes across Albury and Wodonga that reopened after restrictions eased to help them get back on their feet.



6. Excluding MSD2 dryer.

7. Maffra is excluded from the waste data.

Our Planet

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 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

At Bega Group, we acknowledge the responsibility to manage natural resources for current and future generations. We are working to improve the sustainability performance in our manufacturing sites across Australia.

Bega Group operates in accordance with significant Commonwealth legislation relevant to our organisation. These include the National Greenhouse and Energy Reporting Act 2007 and National Environment Protection Measures. We also operate in accordance with various environmental protection regulations associated with State legislation which regulates, controls and manages impacts on the environment. These include the Environmental Management and Pollution Control Act (Tasmania), Environment Protection Act 1993 (South Australia), Environment Protection Act 2017 (Victoria), Environmental Planning and Assessment Act 1979 (New South Wales), Environmental Protection Act 1986 (Western Australia) and the Environmental Protection Act 1994 (Queensland).

Our approach to improve our environmental performance is based on the International Standard ISO 14001:2015. We aim to improve our environmental performance through the efficient use of resources. Bega Cheese currently has Corporate ISO 14001:2015 certification, which includes head office functions as well as 11 manufacturing sites. We are continuously working towards expanding the certification to all Bega Group sites. Our continuous improvement programs across all manufacturing sites aim to ensure ongoing improvements to our resource efficiency.

The environmental performance data presented does not include the Vitasoy joint venture. Unless noted, it includes the following manufacturing sites: Capitol Chilled Foods in the ACT, Leeton, Penrith, Smithfield, Ridge Street, Lagoon Street and Wetherill Park in NSW, Crestmead, Tolga, Kingaroy and Malanda in QLD, Salisbury in SA, Lenah Valley in TAS, Chelsea, Koroit, Tatura, Strathmerton, Port Melbourne and Morwell in VIC and Bentley in WA. Logistics sites for Bega Dairy and Drinks are included only in the energy and carbon data.

Climate Change, Energy and Greenhouse Gas Emissions

We support the Paris Agreement goal to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels. In supporting this goal, we understand this extends to responsibility for managing the impact of and contributing to the solution to the global challenge of climate change.

Case Study

Promoting clean energy production

Our Crestmead site recovers the heat and power generation from the wastewater treatment plant, generating green energy for its production, reducing the consumption of gas and the generation of greenhouse gases. Renewable energy is also generated through rooftop solar plants at four Bega Dairy and Drinks logistics sites.

We have undertaken work on a more detailed path toward that goal. Outlined in our annual report we have developed a series of defined targets for our organisation, including:

- 2030 absolute emissions reduction target: Reduce absolute scope 1 and 2 GHG emissions by 40% by 2030 (from a 2021 base year)
- Emissions intensity targets (Scope 1&2):
 - 50% reduction by 2030 (compared to 2021) - per litre produced (Bega Dairy and Drinks)
 - 50% reduction by 2030 (compared to 2021) - per tonne produced (Bega Cheese)
- Net Zero by 2050: Commit to developing a clearly defined path, aligned to SBTi, to achieve net Zero by 2050
- Scope 3 Emissions: By 2022 we will have completed engagement with our material customers and suppliers to understand our scope 3 supply chain emissions and where reduction opportunities exist.

We have commissioned external assurance of our energy and greenhouse gas emissions data for scope 1 and scope 2 emissions this year to ensure a robust baseline for future reporting. This enables us to work towards our net Zero by 2050 target in alignment with the Science Based Targets initiative (SBTi) from a baseline of FY2021 which best reflects the emissions profile of the Bega Group. We plan to extend this knowledge in the coming year by engaging with our material customers and suppliers across our supply chain. This activity will enable us to better understand, measure and report on our scope 3 emissions and to identify potential opportunities for collaboration and reduction.

Bega Group has conducted site level analysis across Bega Cheese production facilities to identify initiatives that will save energy and reduce emissions through efficiency, electrification, fuel switching and renewable energy generation and are developing a prioritised roadmap for implementation over the coming year. This will form the cornerstone of our partnership with the Victorian Government's Business Recovery Energy Efficiency Fund and be part of the Bega Group five-year 'Energy Productivity and Emissions Reduction Roadmap'.

Measuring our greenhouse gas emissions profile, setting reduction targets and working towards them is a significant undertaking but more action is needed to better understand the risks of climate change to our business and strategy. We intend to align our reporting with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) in future reporting cycles and have to date undertaken a review of the disclosure landscape and gap analysis against the recommendations. We will prioritise disclosures on our climate risks in FY2022.

Over the past three financial years, absolute greenhouse gas emissions as Bega Group have fluctuated and slightly increased in FY2021. Some of this is due to the acquisition of Bega Dairy and Drinks' emissions profile as well as decreased production volumes at sites such as Koroit and efficiency projects at sites such as Tatura. Detailed information on our scope 1 and 2 emissions, total emissions and a breakdown of energy consumption by source is provided in the performance data table in the Appendix.

Energy consumption by source (Gigajoules)

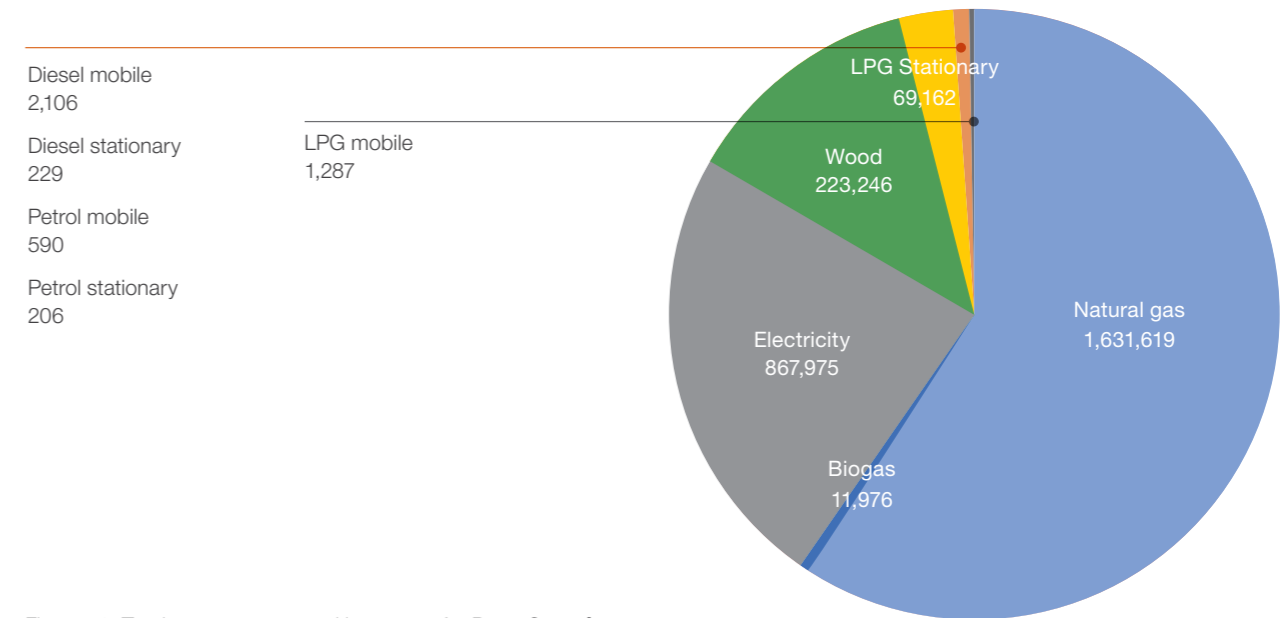


Figure 18: Total energy consumed by source for Bega Group⁶

Greenhouse gas emissions (Tonnes of CO₂e)

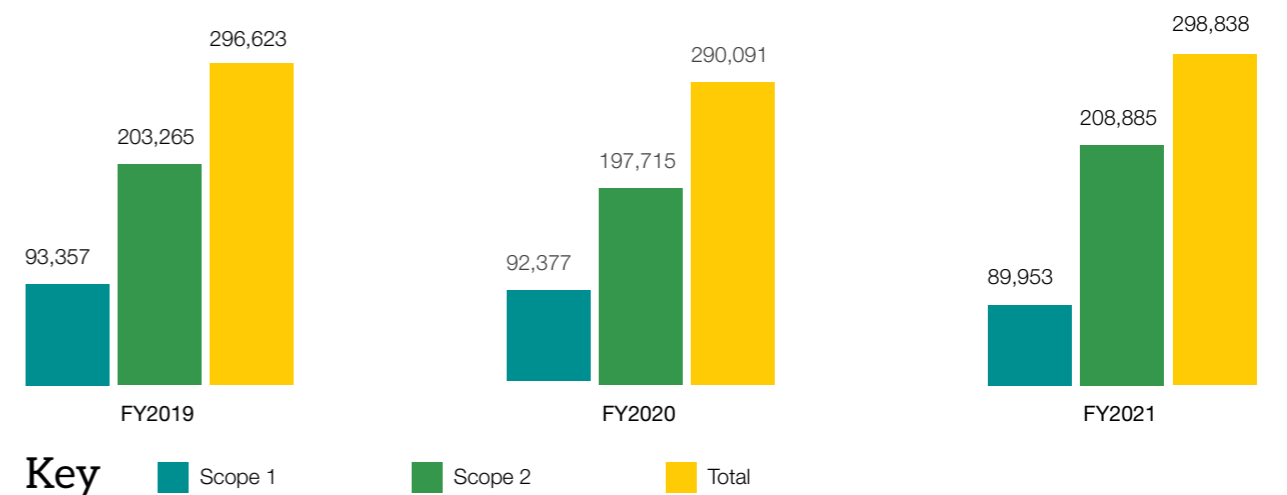


Figure 20: Greenhouse gas emissions – scope 1, scope 2 and total emissions for Bega Group

⁶Excludes a drying plant outside of operational control at Tatura

Water management

Water consumption across the Bega Group decreased over the past three years. This is in part due to lower volumes of milk processing across the dairy sector but also dedicated, site-based projects. Our manufacturing sites demonstrate leadership in reducing water intake, promoting water recovery, and finding alternatives for efficient resource processing. This has resulted in a reduction of 697 megalitres of water usage across our sites.

We also support our agricultural suppliers through our Bega Better Farms program. More than 65% of capital works grants under that program are dedicated to water, irrigation and effluent management projects.

Bega Group's overall data on water consumption is detailed in the performance data table in Appendix A.

Water withdrawal by source (Megalitres)

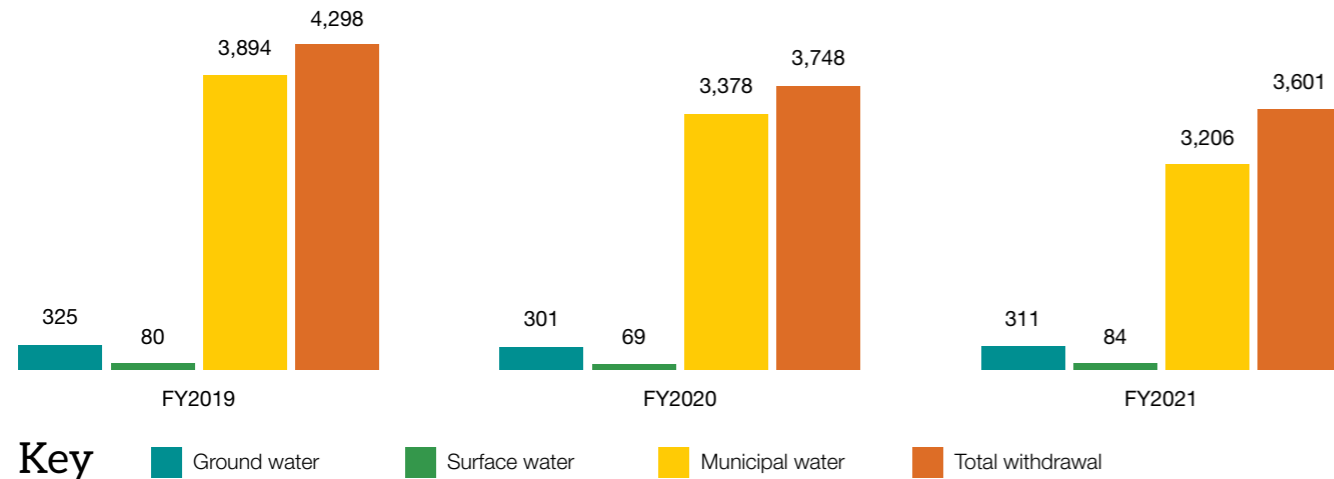


Figure 21: Water withdrawal for manufacturing by source FY2021 for Bega Group (Megalitres)

Wastewater generation (Megalitres)

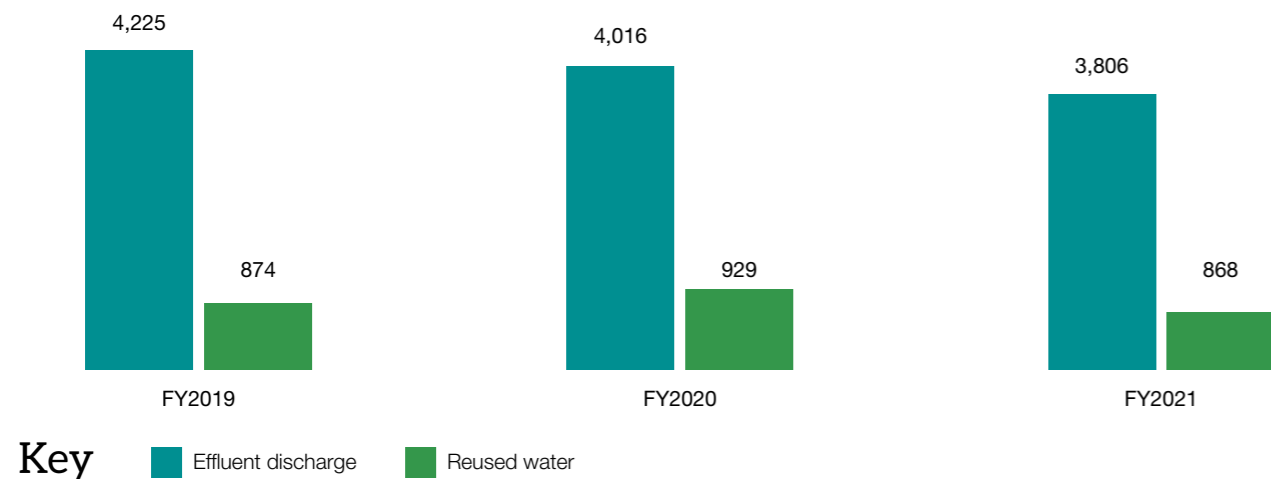


Figure 22: Wastewater generated by Bega Group (Megalitres)

Case Study: Water efficiency projects and the optimisation of water

The TetraPak sterilisers at Wetherill Park use three liquid-ring pumps, these pumps rely on a wet seal to maintain integrity. The sterilisers are designed to allow 30 L/hr of water to flow through the seal during operation to ensure the seal remains moist.

It was noted that the seal water flow across each pump was significantly greater than 30 L/hr or 0.5 L/min. The seal water flow across each pump was measured on average, 640 L/hr. The Wetherill Park team replaced the mechanical flow controllers, and all seal water flowrates were confirmed at 30 L/hr after installation and yielded a 300 kL/week reduction in water usage, and approximately 15,600 kL of water per year.

Our Wetherill Park team, aligned with continuous improvement thinking, delivered a savings of 86.6 Megalitres (ML) by a range of projects in FY2021. This achievement means that for every litre of product produced at Wetherill Park, we have saved 800 mL of water.

Producing more, wasting less.

We encourage all of our sites to implement waste separation and awareness programs to avoid contamination of material that could be recycled, as well as collaborate with our waste collection providers to achieve this target. In FY2021 our site in Salisbury, South Australia, achieved zero waste-to-landfill. Looking for opportunities for circularity and keeping the value of materials as high as possible for as long as possible is ongoing. Like many food processing companies, measuring and monitoring our various waste streams will help us to better understand how materials may be recovered and repurposed. Over the past three years, we have started to measure more accurately a wider range of waste streams, which have not previously been reported. While this adds to our total quantity of waste being reported, it is an important step in understanding the opportunities to manage these materials.

The loss and waste of food is a significant area of focus as any waste of food also reflects the waste of other resources, such as energy and water, which contributed to production. Dairy supply chain food losses occur on farms, in factories and distribution, as well as through retail and consumption. Bega Group is taking part in a Dairy Australia project that will create Australia's first food waste action plan for our dairy sector. The aim is to develop a practical and commercially realistic dairy sector food waste action plan to support the Australian dairy industry's public commitment to halve food waste by 2030.

Member companies share insights regarding food waste types, causes, locations, current disposal methods and proposed interventions. The project is co-funded by Sustainability Victoria, Dairy Australia, Australian Dairy Products Federation and Stop Food Waste Australia. Project partners include Fight Food Waste Limited, Australian Dairy Products Federation, Dairy Manufacturers Sustainability Council.

The Action Plan will outline how food waste occurs in the dairy value chain in terms of volumes, types, locations and costs. It will short-list priority waste streams and look at the root cause analysis of priority waste streams. It will also provide a practical list of options or partnerships for reducing priority food waste streams, examining current barriers to addressing food waste and areas where support is needed.

Our recycling rate decreased due to the inclusion of re-used and repurposed materials, such as compost and stock feed, not previously included in our measuring and monitoring of waste.

Waste data for Bega Cheese and Bega Dairy and Drinks is detailed in Appendix A.

Case Study: Towards zero waste to landfill

In 2020, the Bega Dairy and Drinks' Salisbury dairy manufacturing site achieved its target of being zero waste to landfill. The journey has taken thirteen years with the team implementing several initiatives, from plastic and cardboard compactors to establishing partnerships with external parties to achieve this result.

Packaging – circular economy for a better planet

As a food manufacturer, it is an ongoing challenge to ensure that we make the right packaging choices to maintain product integrity, while also reducing the environmental impact of our packaging. Both our Ethical Sourcing Policy and Packaging Sustainability Policy support the National Packaging Targets Australia adopted in 2018 and our participation in the Australian Packaging Covenant (APCO). The policy is available on our website at: www.begacheese.com.au/publications

We integrate packaging considerations into our product development process, guided by our Sustainable Packaging Guidelines Procedure and Sustainable Packaging Guideline Form. This year we launched our iconic Vegemite product in a new format. Vegemite Squeezy is a bottle manufactured from at least 30% post-consumer recycled polyethylene terephthalate (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. We are also on track to eliminate polyvinyl chloride (PVC) from our packaging altogether this year. We have phased out all but one product, removing 655 tonnes of single use PVC from our supply chain per annum.

Our Lenah Valley dairy manufacturing site in Tasmania has made the move from cartons to 100% rPET for our Dairy Farmers Classic and Farmers Union Iced Coffee bottles. We have also removed cardboard trays from Impulse Chilled Juice and our milk-based beverages, including Dare, Big M, Dairy Farmers Classic and some others across the eastern seaboard. This change will remove close to 600mt of cardboard from the Australian marketplace.

We're committed to using packaging that can be easily recycled in Australia, with more recycled content, light-weighting, and choosing the best options available for our products. In 2021 Bega signed up and partnered with RedCycle to reduce the disposal of soft plastic post-consumer products to the landfill. We will use this platform to support the recycling of our flexible plastics, for example our pouched yogurt, as well as plastic sleeves with Zooper Dooper. We actively participate in Dairy Australia's Industry Working Group for Sustainable Packaging (IWGSP) which aims to identify sustainable packaging opportunities and progressing industry collaboration toward the 2025 National Packaging Targets.

Bega Group Packaging Procured (Tonnes)

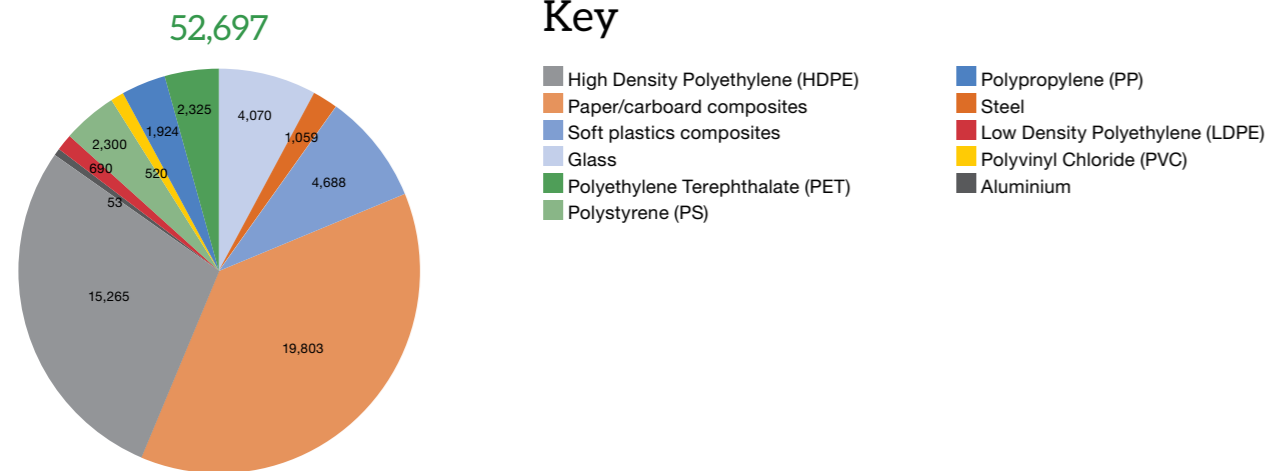


Figure 23: Primary and secondary packaging procured by weight⁸

⁸Data is for Bega Group for the 2020 calendar year.

Case Study: Bega Dairy and Drinks leads the way with r-HDPE sustainable packaging trial

Our Bega Dairy and Drinks team recently completed a successful research program to test the production of high-density polyethylene two and three litre milk bottles with a high level of recycled content. Currently in Australia we use up to 20% of recycled HDPE (r-HDPE) in milk bottles, but the goal is to push this much higher to up to 50% or more in line with 50% recycled content target set by the Australian government's National Packaging Targets for 2025. Each tonne of recycled high-density polyethylene is estimated to reduce carbon dioxide emissions by up to 1.5 tonnes. Using 50% recycled content would mean a saving of at least 30,000 tonnes per year.

The project was delivered in partnership with Nextek, a UK based global leader in sustainability and recycling programs, and Quenos, the Australian polyethylene manufacturer. It was supported with investment from Dairy Australia and Food Innovation Australia Ltd.

The trial

Overall, the study set out to investigate the potential to increase the r-HDPE content in two and three litre milk bottles to approximately 50%. The trial assessed the structural, sensory and milk quality aspects associated with increasing r-HDPE content in the milk bottles. It also looked at whether locally sourced r-HDPE would provide the same outcomes as imported European r-HDPE, the aim being to work with local industry to develop the knowledge required to produce higher quality r-HDPE locally.

Trials were conducted using virgin HDPE resin supplied by Qenos, local post-consumer recycled HDPE and a 2L bottle design supplied by Bega. Resin blending and bottle blowing was carried out by Qenos at its research facility. Resin and finished bottle testing were conducted by both Qenos and Bega.

HDPE bottles, mostly sourced from household collection, were sorted before going through a grinder and hot chemical wash to remove labels and glue. The washed flake was then sorted, removing residual contamination from other polymers and colour contamination from bottle caps. The sorted flake then underwent food grade decontamination from other polymers and colour contamination from bottle caps. Next, the sorted flake underwent food-grade decontamination extrusion, melt filtering and low pressure high temperature processing to produce a suitable product.

The trial examined if there was any effect on processing and performance of two litre milk bottles after repeated thermal loops of the blends, pushing the boundaries to simulate excessive closed loop recycling. The goal was to determine how repeated thermal treatment would affect processing and physical properties at 50% and 70% recycled content.

The end products were tested for material distribution and structural strength, bottle weight, shrinkage, sensory impacts, microbiological impacts, chemical migration, visual aspect, surface texture and looping affect. A trained sensory panel tested taint and odour confirming there was no discernible influence of the recycled resin on the smell or taste of full cream white milk.

Outcomes and next steps

While some further evaluation with other r-HDPE batches is required, the trial demonstrated a high level of confidence that levels of recycled content can be significantly increased to 50% across the industry without reducing the critical performance parameters of the two litre milk bottles.

Bega Dairy and Drinks has been utilising a smaller percentage of post consumer food grade recycled HDPE in a number of packaging applications for two years and is developing plans to increase the levels of recycled content in two litre fresh white milk bottles an other products over the coming months. The team is now working to establish a closed loop recycling program of our milk bottle packaging.

Bega has created a sustainability roadmap in order to meet the 50% recycle content target by 2025. This feasibility study supports that roadmap by providing the necessary evidence base to help us move forward with greater confidence towards an ambition of gradually increasing the r-HDPE content in our milk bottles to 50% by 2025, with a planned start in 2022.

APPENDIX A: Performance Data

Case Study: Dairy Packaging Roadmap to 2025

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

The group collaborates to navigate some of the challenges in working towards meeting the 2025 Targets. Members of the group share thoughts and ideas for troubleshooting, often inviting guest speakers from industry to present and share learnings.

The group recently developed a draft Roadmap, specific for packaging in the dairy industry. It aims to deliver an action oriented, evidence based and industry-endorsed strategic framework for supporting the Australian dairy industry to meet the 2025 Targets, clearly articulating the opportunities and challenges faced.

The Roadmap sets a plan for achieving desired outcomes by 2025, including packaging design for circularity, improved collection and recycling systems, and expanded markets for used packaging. It articulates key targets and strategies along with identifying the key value chain contributors who will work together to deliver on these, such as brand owners and packaging technologists, packaging manufacturers, recyclers and raw material suppliers, waste handlers, government, suppliers, retailers and consumers. Examples of strategies that the group will collaborate on include the design of soft plastics for recycling, the purchase of products made from recycled plastics to help build sustainable end markets, plus undertaking collaborative research and development to accelerate dairy industry progress in areas of technical complexity.

The Roadmap provides a collective call to action to all stakeholders in the dairy packaging value chain to work collaboratively to deliver a more sustainable packaging system for the future. The Dairy Packaging Roadmap is available from the Australian Packaging Covenant Organisation website. www.apco.org.au

Case Study: Transitioning cheese slice clamshell packaging to include post-consumer rPET

Over the past two years, Bega has embarked on a two-phased approach to remove Polyvinyl Chloride (PVC) plastic packaging from the supply chain. Phase one involved removing the single use PVC plastic trays for processed cheese slices and commencing our transition away from PVC cheese slice clamshells to more sustainable and wholly recyclable PET clamshells. Phase two centred on developing a new supply chain with a circular economy solution, enabling Bega to introduce post-consumer recycled polyethylene terephthalate (rPET).

In FY2020 we reported our aim to transition up to 20% of cheese slice 'clamshell' packaging to recycled PET. We also shared our ambition to transition up to 20% of our cheese slice clamshell packaging to incorporate up to 50% post-consumer rPET by the end of the year.

We are pleased to report that in FY2021 we formed an agreement with customers to remove single use PVC plastic trays and, in addition, we have completed our transition away from PVC cheese slice clamshells, having approved the use of PET across all of our cheese slice clamshell packaging. Collectively, this has enabled the realisation of our phase one ambition.

In FY2021 we successfully removed up to 655 tonne per annum of single use PVC plastic from our supply chain. We are now running any existing stock out of our supply chain and there will be no further production of PVC packaging thereafter.

With regard to phase two, we established a new supply chain for rPET, culminating in a scale-up trial in November 2020 with Woolworths, who fully supported the initiative. The rPET cheese slice clamshells, launched with Woolworths, include 30% post-consumer 'rPET'. The rPET clamshells will be rolled out to all Woolworths stores nationally throughout the second half of 2021.

The next important step towards circular economy is to continue to increase the post-consumer rPET from 30% to 50%, with a view to achieving 100% post-consumer rPET. This will be subject to trials and validation. By 2025, in line with the National Packaging Targets, we aim to have a complete portfolio using post-consumer rPET. The ultimate goal is to demonstrate a fully closed loop solution, thereby using fewer new or virgin materials and reducing waste and costs. Closing the loop not only helps to further reduce waste, but also benefits the environment by using less raw materials, reducing waste to landfill, and reducing energy in the manufacturing process.

Measure – Food Safety	FY2019	FY2020	FY2021
Audits and compliance – Bega Cheese			
Number of audits	99	90	83 ¹
Number of audit days	134	149	131
Number of sites audited	8	8	8
Incidents of non-compliance with regulations or voluntary codes	0	0	0
Recalls issued	0	0	0
Audits and compliance – Bega Dairy and Drinks²			
Number of audits	73	79	82
Number of audit days	104	119	122
Number of sites audited	13	13	13
Incidents of non-compliance with regulations or voluntary codes	1 ²	0	3
Recalls issued	1	1	0

Table 2: Measure - Food Safety

Measure - Workplace	2021 ³
Workforce	
Total permanent workforce ⁴	3,616
Employees covered by collective bargaining agreements (%)	58
Female Board members (%)	29
Females in management (%) ⁵	35
Female workforce overall (%) ⁶	28
Workforce	
ACT	56
Queensland	365
New South Wales	1086
South Australia	175
Victoria	2074
Western Australia	97
Tasmania	49
Other	2

Table 3a: Measure -Workforce

1. Audits and days down on previous years as a number were postponed, some held virtually.
2. Recalls and incidents of non-compliance occurred prior to the acquisition by Bega Group on 25 January 2021.
3. Gender data reflects WGEA reporting year from 1st April 2020 to 31 March 2021.
4. Based on full time equivalent employees excluding external contractors.
5. Includes senior executives.
6. Bega Group.

Measure - Workforce	2021	
	Female	Male
Workforce by gender and by employment type⁷		
Total workforce	1095	2808
Full-time	833	2545
Part-time	190	92
Permanent	972	2540
Temporary	123	268

Table 3b: Measure - Workforce

Measure ⁸	FY2019	FY2020	FY2021
Workplace health and safety – Bega Cheese			
Fatalities	0	0	0
Total recordable injury frequency rate (TRIFR) ⁹	5.8	10.5	20.7
High-consequence work-related injuries ¹⁰	4	3	3
Workplace health and safety – Bega Dairy and Drinks			
Fatalities	0	0	0
Total recordable injury frequency rate (TRIFR)	8.8	7.0	4.8
High consequence work-related injuries	7	8	6

Table 4: Measure - Workforce health and safety

7. Data is based on our report to the WGEA and does not include external contractors. One employee of Bega Group identifies as non-binary.
8. Injuries to contractors are included in the TRIFR data, however, contractor hours are not included. Our overall hours worked in FY2021 was 3,474,544 and 3,775,990.75 for Bega Cheese and Bega Dairy and Drinks respectively
9. 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.
10. 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.

Measure - Energy	FY2019	FY2020	FY2021
Energy consumption (Gigajoules) – Bega Cheese			
Energy consumption	2,234,031	1,975,753	1,963,723
Natural gas	1,470,243	1,304,796	1,246,557
Electricity	447,255	418,515	433,361
Wood	253,365	202,269	223,246
LPG stationary	59,375	45,432	57,452
LPG mobile	0	0	0
Diesel mobile	2,659	2,970	2,106
Diesel stationary ¹⁴	-	308	205
Petrol mobile	1,134	1,185	590
Petrol stationary	-	278	206
Biogas	0	0	0
Energy consumption (Gigajoules) – Bega Dairy and Drinks			
Energy consumption	902,048	833,757	844,673
Natural gas	415,230	380,360	385,062
Electricity	398,917	377,530	434,614
Wood	0	0	0
LPG stationary	15,444	16,048	11,710
LPG mobile	62,061	45,304	1,287
Diesel mobile	0	0	0
Diesel stationary	21	25	24
Petrol mobile	0	0	0
Petrol stationary	0	0	0
Biogas	10,375	14,490	11,976
Energy consumption (Gigajoules) – Bega Group			
Energy consumption	3,136,079	2,809,510	2,808,396
Natural gas	1,885,473	1,685,156	1,631,619
Electricity	846,172	796,045	867,975
Wood	253,365	202,269	223,246
LPG stationary	74,819	61,480	69,162
LPG mobile	62,061	45,304	1,287
Diesel mobile	2,659	2,970	2,106
Diesel stationary	21	333	229
Petrol mobile	1,134	1,185	590
Petrol stationary ¹⁵	0	278	206
Biogas	10,375	14,490	11,976

Table 5: Energy

11. 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.
12. 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.
13. 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.
14. Stationary diesel was included in the transport diesel data prior to FY2020.
15. Stationary petrol was included in the Bega Cheese petrol mobile data prior to FY2020.

Measure – Greenhouse gas emissions	FY2019	FY2020	FY2021
Greenhouse gas emissions (Tonnes CO2e) – Bega Cheese			
Scope 1	68,692	70,582	69,244
Scope 2	115,341	113,812	114,094
Total	184,034	184,394	183,338
Offsets	-	1,575	-
Net emissions	-	182,819	-
Greenhouse gas emissions (Tonnes CO2e) – Bega Dairy and Drinks			
Scope 1	24,665	21,795	20,709
Scope 2	87,924	83,903	94,791
Total	112,589	105,697	115,500
Greenhouse gas emissions (Tonnes CO2e) – Bega Group			
Scope 1	93,357	92,377	89,953
Scope 2	203,265	197,715	208,885
Total	296,623	290,091	298,838
Offsets	-	1,575	-
Net emissions	-	182,819	-

Measure – Water	FY2019	FY2020	FY2021
Water withdrawal by source (Megalitres)¹⁶ – Bega Cheese			
Ground water	325	301	311
Municipal water	1,930	1,627	1,572
Total withdrawal	2,255 ¹⁷	1,928	1,883
Reused water	874	929	868
Water withdrawal by source (Megalitres) – Bega Dairy and Drinks			
Ground water	0	0	0
Municipal water	1,964	1,751	1,634
Surface water	80	69	84
Total withdrawal	2,043	1,820	1,718
Reused water	-	-	-
Water withdrawal by source (Megalitres) – Bega Group			
Ground water	325	301	311
Municipal water	3,894	3,378	3,206
Surface water	80	69	84
Total withdrawal	4,298	3,748	3,601
Reused water	874	929	868

Table 6: Measure - Greenhouse gas emissions

Measure – Wastewater	FY2019	FY2020	FY2021
Wastewater (Megalitres) – Bega Cheese			
Effluent discharge	2,503	2,463	2,346
Wastewater (Megalitres) – Bega Dairy and Drinks			
Effluent discharge	1,722	1,553	1,460
Wastewater (Megalitres) – Bega Group			
Effluent discharge	4,225	4,016	3,806

Table 7: Measure - Wastewater

16. Bega Cheese does not use surface water, collected rainwater or waste-water from other organisations.

17. Re-stated in FY2020 to align with a review of re-assessing operational control and correcting an omission.

Measure – Waste	FY2019	FY2020	FY2021
Waste Diversion¹⁸ - Bega Cheese			
Solid waste diverted from landfill (% recycled)	53 ¹⁹	52	49
Solid waste by generation and disposal (Tonnes) – Bega Cheese			
Non-hazardous solid waste	5,467	5,194	6,133
Reuse	22	35	448
Recycling	2,837	2,690	2,964
Landfill	2,608	2,504	2,721
Waste Diversion - Bega Dairy and Drinks			
Waste diverted from landfill (%)	88.6	90.44	95
Solid waste by generation and disposal (Tonnes) – Bega Dairy and Drinks			
Waste total	24,471	25,126	49,142 ²³
Waste to landfill	2,785	2,402	2,430
Waste diverted from landfill	21,686	22,724	46,712

Table 8: Measure - Waste

18. The Maffra site is not included in any waste data.

19. FY2019 re-stated after re-assessing operational control.

Measure - Packaging ²¹	FY2020 (Tonnes) ²⁰		
Primary and secondary packaging procured by weight	Bega Dairy and Drinks	Bega Cheese	Total Bega Group
Paper and cardboard composites	10,500	9,303	19,803
High Density Polyethylene (HDPE)	15,000	265	15,265
Soft plastics composites	3,000	1,688	4,688
Glass	-	4,070	4,070
Polyethylene Terephthalate (PET)	1,500	825	2,325
Polystyrene (PS)	2,300	-	2,300
Polypropylene (PP)	1,300	624	1,924
Steel	-	1,059	1,059
Low Density Polyethylene (LDPE)	660	30	690
Polyvinyl Chloride (PVC)	-	520	520
Aluminium	-	53	53
Total	-	-	52,697

Table 9: Measure - Packaging

20. Data reflects calendar year 2020.

21. Figures include primary and secondary packaging across all sites. Data provided by suppliers and validated by Group Procurement.

22. Single use, non-recyclable PVC plastics were phased out during the reporting period and replaced with PET.

23. Sludge and organic waste included as of FY2021.

APPENDIX B: Assurance statement



Independent Assurance Statement to the Board and Management of Bega Cheese Limited

Assurance conclusion

Based on the scope of our independent limited assurance engagement, nothing has come to our attention that causes us to believe that the selected metrics presented in Bega Cheese Limited's 2021 Sustainability Report have not been prepared and presented fairly, in all material respects, in accordance with the Criteria defined below.

Scope

We, Point Advisory Pty Ltd ('Point Advisory'), performed a limited assurance engagement over selected metrics presented in Bega Cheese Limited's ('Bega Cheese') Sustainability Report ('the Report') for the reporting year ended 30 June 2021.

Subject Matter

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

- % of women in management
- Recalls issued (food safety)
- Total recordable injury frequency rate (TRIFR)
- Total energy consumption
- Total GHG emissions
- Total water withdrawal
- Waste diversion from landfill
- Total waste to landfill

Criteria

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

- Bega Cheese'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).

Respective responsibilities

Bega Cheese's management is responsible for the preparation and fair presentation of the selected metrics in accordance with the Criteria, and related information within the Report. Bega Cheese's management is also responsible for the design, implementation, and maintenance of internal controls relevant to the preparation of the Report, adequate records and making assumptions that are reasonable in the circumstances.

Point Advisory's responsibility, in accordance with the terms of our engagement letter with Bega Cheese dated 16 July 2021, is to express a limited assurance conclusion about whether the selected metrics have been prepared in accordance with the Criteria. Our assurance engagement has been planned and performed in accordance with the Australian Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* (ASAE 3000) and ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements* (ASAE 3410). Our team has the required qualifications and experience to effectively apply ASAE 3000 and ASAE 3410. We are not aware of any issues that could impair our independence or objectivity for this assurance engagement. Point Advisory's independence policy and supporting measures apply to management and professional staff. This policy also prohibits our team from having any financial interests in our clients that could impair our independence, either in fact or in appearance.

Our Methodology

The assurance procedures we performed were based on our professional judgement and included:

- Interviewing a selection of Bega Cheese staff and reviewing information to understand Bega Cheese'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.
- Performing analytical tests and limited substantive testing to source documentation for selected metrics and related qualitative information.
- Checking the accuracy of calculations performed and the reasonableness of assumptions used.
- Reviewing the presentation of the selected metrics and related disclosures in the Report to check that the metrics are fairly reported.

Inherent limitations

Our evidence-gathering procedures were designed to obtain a 'limited level' of assurance (as set out in ASAE 3000) on which to base our conclusions. The extent of evidence gathering procedures performed is less than that of a reasonable assurance engagement and therefore a lower level of assurance is provided. Further to this, we did not visit any Bega Cheese sites as part of our procedures as a result of COVID-19 restrictions.

Use of our assurance statement

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 Cheese. Other stakeholders should do their own due diligence before taking any action as a result of this statement.

On behalf of the assurance team.

Simon Dawes
Lead Auditor, Sydney
Point Advisory
22 October 2021

APPENDIX C: Figures and tables

Figures	Page
Figure 1: Bega Group History	page 8
Figure 2: Year-by-year revenue	page 10
Figure 3: Year-by-year production volume	page 11
Figure 4: Bega Group entity structure	page 12 and 13
Figure 5: Our manufacturing sites	page 14 and 15
Figure 6: Our brands	page 16 and 17
Figure 7: Our Value Chain	page 18
Figure 8: Our governance structure	page 20
Figure 9: Greater Good and alignment with the UN Sustainable Development Goals	page 22 and 23
Figure 10: Bega Group supply chain by % of expenditure	page 27
Figure 11: Better Farms program grants approved and completed FY2018-FY2021	page 30
Figure 12: Female representation	page 35
Figure 13: Workforce by region	page 36
Figure 14: Workforce by gender and employment type	page 36
Figure 15: Bega Group's approach to safety management	page 39
Figure 16: Bega Cheese Safety Performance FY2019 - FY2021	page 40
Figure 17: Bega Dairy and Drinks Safety Performance FY2019 - FY2021	page 40
Figure 18: Bega Circular Valley program 2030	page 42
Figure 19: Total energy consumed by source for Bega Group6	page 45
Figure 20: Greenhouse gas emissions – scope 1, scope 2 and total emissions for Bega Group	page 45
Figure 21: Water withdrawal for manufacturing by source FY2021 for Bega Group (Megalitres)	page 46
Figure 22: Wastewater generated by Bega Group (Megalitres)	page 46
Figure 23: Primary and secondary packaging procured by weight	page 47

Figures	Page
Table 1: Food Safety Performance for Bega Group FY2019 – FY2021	page 26
Table 2: Measure – Food Safety	page 51
Table 3a: Measure - Workforce	page 51
Table 3b: Measure - Workforce	page 52
Table 4: Measure - Workplace health and safety	page 52
Table 5: Measure - Energy	page 53
Table 6: Measure – Greenhouse gas emissions	page 54
Table 7: Measure – Wastewater	page 54
Table 8: Measure – Waste	page 55
Table 9: Measure - Packaging	page 55

APPENDIX D: 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
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	Emissions resulting directly from onsite activities such as the combustion of fossil fuels
Scope 2 Greenhouse gas emissions	Emissions resulting indirectly from the consumption of electricity generated off-site
UNITS	
CO ₂ 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 ₂ e	Tonnes of carbon dioxide equivalent gas
GJ	Gigajoule, unit of energy equal to one billion (10 ⁹) 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 ⁶) 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

APPENDIX E: GRI Content Index and SASB Index

GRI Standard	Disclosure ¹	Page number(s) and URL (s)
GRI 101: Foundation 2016		
GRI 102: General Disclosures 2016		
GRI 102: General Disclosures 2016	102-1 Name of the organisation.	Page 3
	102-2 Primary brands, products, and services.	Pages 16-17
	102-3 Location of the organization's headquarters.	Pages 14-15
	102-4 Number of countries where the organization operates.	Page 14-17
	102-5 Nature of ownership and legal form.	Page 3
	102-6 Markets served: geographic locations, sectors served, types of customers and beneficiaries.	Pages 16-17
	102-7 Scale of the organisation.	Pages 10-11, 14-15, 27, 35-36
	102-8 Total number of employees by employment contract (permanent and temporary), by gender.	Page 36
	102-9 A description of the organization's supply chain.	Page 27
	102-10 Significant changes to the organization's size, structure, ownership, or supply chain.	Pages 4-7, 8-9
	102-11 Whether and how the organization applies the Precautionary Principle or approach	Page 19
	102-12 A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses.	Pages 22-24
	102-13 A list of the main memberships of industry or other associations, and national or international advocacy organizations.	Page 21
	102-14 A statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy for addressing sustainability.	Page 4-7
	102-15 A description of key impacts, risks, and opportunities.	Page 24
	102-16 A description of the organization's values, principles, standards, and norms of behaviour.	Page 19
	102-18 Governance structure of the organization.	Pages 12-13
	102-40 A list of stakeholder groups engaged by the organization.	Page 3
	102-41 Percentage of total employees covered by collective bargaining agreements	Page 33
	102-42 The basis for identifying and selecting stakeholders with whom to engage.	Page 3

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

GRI Standard	Disclosure ²	Page number(s) and URL (s)
GRI 102: General Disclosures 2016		
	102-43 The organization's approach to stakeholder engagement.	Page 3
	102-44 Key topics and concerns raised.	Page 24
	102-45 Entities included in the consolidated financial statements.	Pages 12-13. See Annual Report pages 89-91, 97
	102-46 Defining report content and topic boundaries.	Page 3, 22-24
	102-47 A list of material topics.	Page 24
	102-48 Restatements of information.	Page 3
	102-49 Changes in reporting.	Page 3
	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.	APPENDIX E
	102-56 External assurance.	Page 3 and APPENDIX B

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

GRI Standard	Disclosure ¹	Page number(s) and URL (s)	Omission
Material Topic – Climate change			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries. 103-2 The management approach and its components. 103-3 Explanation of how the organization evaluates the management approach.	Page 44	
GRI 201 Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	Page 44	
Material Topic – Customer Health and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries. 103-2 The management approach and its components. 103-3 Explanation of how the organization evaluates the management approach.	Page 26	
GRI 416 Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health & safety impacts of products and services.	Page 26	
GRI FP5	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards.	Page 26	
Material Topic – Water			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries. 103-2 The management approach and its components. 103-3 Explanation of how the organization evaluates the management approach.	Page 46	
GRI 303 Water 2016	303-1 Water withdrawal by source.	Page 46	
GRI 303 Water 2016	303-3 Water recycled and reused.	Page 46	
Material Topic – Supplier Environmental Assessment			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries.. 103-2 The management approach and its components. 103-3 Explanation of how the organization evaluates the management approach.	Page 27-32	
GRI 308 Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria.	Page 29	
GRI FP2	Percentage of purchased volume which is verified as being in accordance with credible, internationally recognized responsible production standards, broken down by standard.	Page 29	

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

Material Topic – Environmental compliance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries. 103-2 The management approach and its components. 103-3 Explanation of how the organization evaluates the management approach.	Page 44	
GRI 307 Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	Page 44	
Material Topic – Energy			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries. 103-2 The management approach and its components. 103-3 Explanation of how the organization evaluates the management approach.	Page 44	
GRI 302 Energy 2016	302-1 Energy consumption within the organisation	Page 45	
Material Topic – Emissions			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries. 103-2 The management approach and its components. 103-3 Explanation of how the organization evaluates the management approach.	Page 44	
GRI 305 Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Page 45	
GRI 305 Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	Page 45	
Material Topic – Waste			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries. 103-2 The management approach and its components. 103-3 Explanation of how the organization evaluates the management approach.	Page 55	
GRI 306 Effluents and waste 2016	306-2 Waste by type and disposal method	Page 55	

Material Topic – Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries. 103-2 The management approach and its components. 103-3 Explanation of how the organization evaluates the management approach.	Pages 38-39	
GRI 403 Occupational Health and Safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities,	Page 40	
GRI 403 Occupational Health and Safety 2018	403-8 Workers covered by an occupational health and safety management system	Pages 38-40	
GRI 403 Occupational Health and Safety 2018	403-9 Work-related injuries	Page 40	
Material Topic – Animal Welfare			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries. 103-2 The management approach and its components. 103-3 Explanation of how the organization evaluates the management approach.	Pages 29-31	

Sustainability Accounting Standards Board Index – Food & Beverage Sector: Processed Foods Standard 2018

Activity metric	Category	Unit of measure	Code	Disclosure/Location
Weight of products sold	Quantitative	Metric tons	FB-PF-000.A	Bega Cheese produced 284,091 tonnes of product.
				Bega Dairy and Drinks produced 822,492 kilolitres of product.
Number of production facilities	Quantitative	Number	FB-PF-000.B	20

Topic	Accounting metric	Category	Unit of measure	Code	Disclosure/Location
Energy management	1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-PF-130a.1	(1) Page 45 (2) Page 45 (3) not reported
Water Management	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic meters (m ³), Percentage (%)	FB-PF-140a.1	1) Page 46 (2) Not reported
	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	Quantitative	Number	FB-PF-140a.2	No incidents of non-compliance during the reporting year
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	-	FB-PF-140a.3	Partially reported. Pages 29-31, 46
Food Safety	Global Food Safety Initiative (GFSI) audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	Quantitative	Rate	-	Page 26
	Percentage of ingredients sourced from Tier 1 supplier facilities certified to a Global Food Safety Initiative (GFSI) recognized food safety certification program	Quantitative	Percentage (%) by cost	-	Not reported
	(1) Total number of notices of food safety violation received, (2) percentage corrected	Quantitative	Number, Percentage (%)	-	Partially reported. Pages 26
	1) Number of recalls issued and (2) total amount of food product recalled	Quantitative	Number, Metric tons (t)	-	Page 26
Health & Nutrition	Revenue from products labeled and/or marketed to promote health and nutrition attributes	Quantitative	Reporting currency	-	Not reported
	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	Discussion and Analysis	-	-	Partially reported. Page 25

Product labelling and Marketing	Percentage of advertising impressions (1) made on children and (2) made on children promoting products that meet dietary guidelines	Quantitative	Percentage (%)	-	Not reported
	Revenue from products labeled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO	Quantitative	Reporting currency	-	Not reported
	Number of incidents of non-compliance with industry or regulatory labeling and/or marketing codes	Quantitative	Number	-	Not reported
	Total amount of monetary losses as a result of legal proceedings associated with labelling and/or marketing practices	Quantitative	Reporting currency	-	Not reported
Packaging Lifecycle Management	(1) Total weight of packaging, (2) percentage made from recycled and/or renewable materials, and (3) percentage that is recyclable, reusable, and/or compostable	Quantitative	Metric tons (t) Percentage (%)	-	Partially reported. Page 48
	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	Discussion and Analysis	-	-	Pages 48-49
Environmental & Social Impacts of Ingredient Supply Chain	Percentage of food ingredients sourced that are certified to third-party environmental and/or social standards, and percentages by standard	Quantitative	Percentage (%) by cost	-	Partially reported. Page 29
	Suppliers' social and environmental responsibility audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	Quantitative	Rate	-	Not reported
Ingredient Sourcing	Percentage of food ingredients sourced from regions with High or Extremely High Baseline Water Stress	Quantitative	Percentage (%) by cost	-	Partially reported. Page 29 and 31
	List of priority food ingredients and discussion of sourcing risks due to environmental and social considerations	Discussion and Analysis	-	-	Partially reported. Page 29

Principal Registered Office
23 Ridge Street
Bega NSW 2550
T: 02 6491 7777
E: admin@bega.com.au
W: www.begacheese.com.au

