

FY23

Sustainability Report





ACKNOWLEDGEMENT OF COUNTRY

The Arnott's Group would like to acknowledge the Wangal people of the Dharug Nation in Western Sydney, NSW; the Yorta Yorta people in Shepparton, Victoria; the Kurna people in Marleston, South Australia; the Turrbal and Jagera peoples in Virginia, Queensland; and the Bunurong and Wurundjeri peoples in Dandenong, Victoria who are the Traditional Custodians of the lands where each of our Australian sites are situated.

We recognise that the lands on which we operate have, for thousands of years, been cared for by the Traditional Custodians who live there. We pay our respects to all First Nations Elders, both past and present.

Our business started in the Newcastle region over 158 years ago and stretched out from there as love for our products grew and our business expanded, we recognise that this is the ancestral lands of the Awabakal and Worimi peoples and would like to extend our respects to them also.



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FROM THE CEO

I am always mindful of the responsibility that comes with being entrusted with the stewardship of cherished brands at The Arnott's Group.

Our products have been a source of delight in hearts and homes for an impressive 158 years. The significance of this legacy is not lost on me, and I am committed to upholding and nurturing it for the generations to come.

This year, amidst a backdrop of rising inflation and global supply chain pressures, businesses have had to ask themselves the difficult question of how they can truly become sustainable. Genuine progress in the sustainability space comes with investment. But we know that more than ever, the opportunity to de-prioritise certain efforts and initiatives, particularly where the price tag is high or where the return on investment is not immediate, is hard for many businesses to resist.

At The Arnott's Group, despite these pressures, we have remained laser focused on our commitments to progress in this space, recognising that our sustainability ambitions and our business objectives are inextricably linked – to overcome the challenges of the future while weathering the challenges of the present – and this means not allowing competing external pressures to demote the value we place on our sustainability aspirations.

.....
HERE AT THE ARNOTT'S GROUP, WE STAND FOR:

1

Fostering equality, diversity & sustainability

2

High performance, with integrity

3

Balancing decisions from our head & heart

4

Delighting our customers every time

As we look around us and see competitors and manufacturers alike grappling with these decisions, we welcome the impending reporting and regulatory frameworks that will help businesses make the right decisions for the future.

What is reflected in this report is our effort as a business to double down on sustainable practices – so that The Arnott's Group can create delicious moments, not just for our consumers, but for our value chain and planet as well.

We can be proud of much of our progress already. For me, our work with farming partners to produce more resilient and viable varieties of soft wheat; our efforts to reduce plastic usage and enhance the recyclability of our packaging; and the development of our 'Reflect' Reconciliation Action Plan, born out of respect for the connection that First Australians have with the land on which our business relies, are all highlights.

I acknowledge the challenges that our industry is being faced with. Our team works to find solutions that don't just keep us moving towards our targets (and beyond), but that also have robust business cases and longevity of impact, no matter the environment we find ourselves in. There is still much to be done and we must all persist if we're going to have any hope of influencing a positive future.

Transparency and accountability are key to progress. As always, we value the input and perspectives of our stakeholders and community members and welcome your questions, comments and feedback on the information provided in this year's report.

George

George Zoghbi
Chief Executive Officer





FROM THE CTO

At The Arnott's Group, our purpose is to create delicious moments, but we have a responsibility to ensure those moments can endure by preserving the land on which we rely and serving the local communities where we operate.

We do that by improving the environmental and social sustainability of our operations while encouraging and contributing to sustainable practices across our value chain.

The challenges we face are big, complex and systemwide, meaning we cannot find solutions and drive meaningful progress by simply playing in our own patch. But we can use our influence and scale to partner with industry and chart a path forward.

Our sustainability ambitions can only be achieved if we can see the full picture of our impact and connect the dots between our suppliers, our operations and our customers. I'm pleased to report that we have continued to put the foundations in place by modernising our data collection and deepening our industry partnerships this year:

- We became the first company in Australia and New Zealand to deploy Microsoft Sustainability Manager, a software solution which is helping us to build a comprehensive, real-time picture of our sustainability data to inform business decision making.

- We continued to partner across our full value chain with industry, government and suppliers to progress our collective sustainability targets. We are proud to have our representatives participate in a number of key industry bodies, including the Sustainability, Corporate Affairs & Health, Nutrition and Scientific Affairs Committees of the Australian Food & Grocery Council. We remain members of the ANZPAC Plastics Pact as well as the Business Council for Sustainable Development Australia, foundation supporters of the National Plastics Recycling Scheme and also have membership in both the Woolworths Health and Sustainable Packaging Councils, with the goal to initiate transformative change within the industry through regular sustainability actions.

- We continued to work closely with key partners like Allied Pinnacle, who supply a key ingredient in our products – flour. As Australia's largest buyer of soft wheat, we partnered with Allied and Longreach Plant Breeders on innovative projects to improve the quality and resilience of soft wheat grown in Australia and to support soft wheat farmers to employ sustainable practices on-farm.

An Indigenous artwork commissioned as part of our commitment to reconciliation tells the story of our connection to the land, to our farmers, partners and the broader community. It is a visual acknowledgement of Australia's Traditional Custodians and reminds us what can be achieved when we have respect for the land, strong relationships with our stakeholders and when we embrace inclusion.

In that spirit of storytelling, we are delighted to share the story of our progress toward, and ambition for, a sustainable future.

Our 2023-2024 'Reflect' Reconciliation Action Report

[READ IT NOW](#) ▶



Simon Lowden
Chief Transformation Officer





WHO WE ARE

The Arnott's Group portfolio of brands continues the 158-year legacy of the Arnott family, providing quality, great tasting food to create delicious moments for consumers around the world.

We are headquartered in Sydney, Australia and employ more than 4,000 people in markets across the Asia Pacific region. This includes manufacturing sites in New South Wales, Queensland, Victoria, South Australia as well as New Zealand, Malaysia and Indonesia.

Our portfolio comprises the suite of Arnott's, Campbell's and V8 products; gourmet cracker brand, 180 Degrees; and the Good Food Partners business which boasts brands such as Freedom cereals, Messy Monkeys, Joy St, Sam's Pantry and Heritage Mill. It also includes Nyam Nyam, Good Time, Kimball and Prego brands, which we make and sell in Asia.

We have undertaken a sustainability assessment of materiality, informed by the Global Reporting Initiative (GRI). Using this framework and approach, we will continue developing a deeper understanding of the organisation's sustainability impacts of significance ([appendix 1](#)). To complement this, we value the environmental and social governance frameworks, such as Sustainability Accounting Standards Board (SASB) standards, that assist in bringing higher standards of transparency and accountability for reporting against the issues that are likely to affect our business. Our assessment stands as a benchmarking process for the entire organisation, a way to recognise and integrate

sustainability principles into each function. We also take direction in our sustainability agenda from the critical targets laid out under the UN Sustainable Development Goals, and this is reflected in our materiality assessment and actions.

Our 2023 Sustainability Report covers the reporting period of 1 August 2022 – 31 July 2023. With 89% of our operational output, based on production tonnage, located in Australia, our targets are initially focused on this market – though we will continue to evolve our sustainability approach across the whole of The Arnott's Group. We have outlined in this report where targets or data relate to our network, or a specific region, country or brand.





OUR APPROACH

Our sustainability strategy continues to target the three key focus areas across our supply chain which are:



SOURCE

Sustainable Ingredients

Grow and source 100% of our key ingredients (wheat flour, sugar, oils, dairy and cocoa products) sustainably by 2035.

PROGRESS: Ahead of Target



MAKE

Net Zero Emissions

Achieve net zero emissions in our operations (scope 1 and 2) by 2040 and across the value chain (scope 3) by 2050.

PROGRESS: On Track

Circular Packaging

By 2025, we will reduce, reuse or repurpose (upcycle) ANZ plastic packaging by 10% and meet Australia's 2025 National Packaging Targets.

PROGRESS: On Track



CONNECT

Thriving Communities

Increase choice, opportunity and wellbeing by promoting inclusion and belonging, supporting communities and providing more diverse food options and guidance on nutrition.

PROGRESS: On Track



OUR FY22-23 PROGRESS

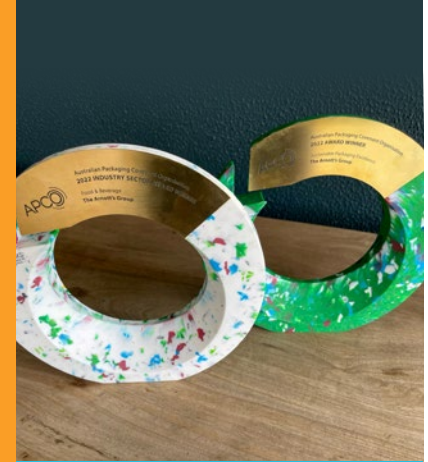
	TARGET ¹	DUE DATE	WHERE WE ARE TODAY	
SOURCE	Locally source (Australia or New Zealand) key ingredients (namely flour, sugar, oils, dairy and cocoa), wherever possible and commercially feasible to do so.	2035	Ahead of Target	<ul style="list-style-type: none"> 100% Australian and New Zealand-grown and processed wheat flour² More than 99% Australian or New Zealand dairy products³ 100% Australian-grown sugar⁴ 100% Australian-grown and refined canola oil⁵ We do not source cocoa locally as cocoa is not grown in Australia or New Zealand in large commercial quantities
	Procure key ingredients (namely flour, sugar, oils, dairy and cocoa) only through certified, audited or industry-led sustainable programs.	2035	On Track ⁶	<ul style="list-style-type: none"> 15% of the cocoa we source is Rainforest Alliance Certified and we are working on ensuring that this reaches 100% by 2035 (by progressively increasing our cocoa certification from 2025 and beyond) 100% of our Australian dairy suppliers are Australian Dairy Industry Sustainability Framework suppliers. The NZ equivalent is currently being established 100% Segregated and/or Certified Sustainable Palm Oil (RSPO) Working with our other key ingredient suppliers (including flour, sugar and canola oil suppliers) to further understand their sustainability programs
	Develop strong collaborations and partnerships with suppliers to deliver lasting benefits to farming communities in our supply catchments.	2025	On Track ⁷	<ul style="list-style-type: none"> Invested in Australian soft wheat crop research Worked with our flour suppliers to further 'on farm' projects, including support for the Cool Soil initiative (which covers around 25% of our soft wheats) Worked with suppliers who commit to The Arnott's Group Responsible Sourcing Supplier Code and are members of and adhere to SEDEX
MAKE	100% of our packaging will be reusable, recyclable or compostable (our target based on the APCO targets established in 2018).	2025	Ahead of Target ⁸	<ul style="list-style-type: none"> Currently 98% (by weight) / 85% (by SKU) of our packaging is reusable, recyclable or compostable
	50% average recycled content to be included across all packaging by 2025 (our target based on the APCO targets established in 2018).	2025	In Progress ⁹	<ul style="list-style-type: none"> 69% average recycled content (by weight) across our products (0% recycled content in respect of plastic) Worked towards having at least 30% (by weight) of average recycled content across our rigid plastic packaging by 2025
	Problematic and unnecessary single-use plastic packaging will be phased out (our target based on the APCO targets established in 2018).	2025	Target Achieved ¹⁰	<ul style="list-style-type: none"> Eliminated PVDC (a type of non-recyclable plastic) from all our packaging

	TARGET ¹	DUE DATE	WHERE WE ARE TODAY
MAKE	Achieve net-zero emissions in our operations (scope 1 and 2).	2040	On Track ¹¹ <ul style="list-style-type: none"> For scope 1 emission reductions, we are reviewing individual projects, for example, in the LPG and vehicle fuel space For scope 2 emissions, we have installed solar panels at our North Strathfield office and Virginia bakery, and are currently installing solar panels at our Huntingwood bakery, as part of our plans to transition to 100% renewable electricity by 2029. The solar panels are expected to reduce scope 2 emissions significantly Signed agreements with Stanwell Energy and CleanPeak which will progressively move our Virginia and Huntingwood sites to 100% renewable electricity by 2029-30
	Achieve net-zero emissions across our value chain (scope 3).	2050	In Progress ¹² <ul style="list-style-type: none"> Completed inventory mapping with a baseline year of FY22 to understand the extent and location of our scope 3 emissions. This data will allow us to begin engagement with suppliers to reduce our scope 3 emissions. We acknowledge the inherent complexities in achieving this target and remain committed to achieving this
CONNECT	Provide a truly inclusive and safe working environment where our employees have the equal opportunity to thrive: Develop and implement an Inclusion and Diversity Strategy; and Promote greater representation and diversity across marketing initiatives.	2025	On Track <ul style="list-style-type: none"> Released our 'Reflect' Reconciliation Action Plan (RAP) Evolved our Inclusion & Belonging strategy to a new Connect Impact Group program with leadership steering committee
	Evolve and amplify our Arnott's Foundation partnerships and investment in local communities.	2025	On Track <ul style="list-style-type: none"> Partnered with Foodbank to donate 563,600 meals to households in need The Arnott's Foundation donated \$340,000 to Camp Quality and Fairy Sparkle
	Half of Arnott's Group products in ANZ will have positive nutrition attributes through the presence of whole grains, fibre, protein, and/ or a reduction in sodium, saturated fat or added sugar ¹³ .	2025	Target Achieved ¹⁴ <ul style="list-style-type: none"> Improved the nutritional value of some existing product ranges and introduced new products to the portfolio, which together represent a more nutritious choice through increased fibre, protein, wholegrains or vegetables and/or reduced levels of saturated fat, added sugar or sodium. As of April 2023, this applies to half of our ANZ products, compared to a figure of 47% for the last financial year
	Increase our ANZ range of portion control snacks by 20%.	2025	Target Achieved ¹⁵ <ul style="list-style-type: none"> Increased our range of portion control snacks by 41% (compared to FY21), including Good Food Partners bars and snacks and Tim Tam biscuits
	One third of our products with 3.5+ Health Star Rating (HSR) ¹⁶	2025	Target Achieved ¹⁷ <ul style="list-style-type: none"> Over a third (35%, by SKU) of our products has a Health Star Rating of 3.5 or higher

OUR HIGHLIGHTS

Provided consumers in Australia with almost **320 million** servings of whole grains, **1.2 million** kgs of fibre, **140 million** servings of vegetables and **36.5 million** servings of fruit²⁰.

500+ tonnes of **packaging material** eliminated from our products.



or higher Health Star Rating on **one third of our products** (2 years ahead of schedule)¹⁹.



98% of our Australian ingredients and packaging supplied by companies that commit to our **Responsible Sourcing Supplier Code**.

2,100 solar panels installed as part of our plans to transition to **100% renewable electricity by 2029**.



Received the **2022 Sustainable Packaging Excellence Award** from the Australian Packaging Covenant Organisation.

With Allied Pinnacle and Cool Soils we measured the emissions baseline from 10 soft wheat growers across **1,417 hectares**.

85% of Arnott's biscuits soft plastic packaging (by SKU) transitioned from multi material that is not recyclable to **recyclable mono-material**.



Increased our range of **portion control snacks by 41%** (compared to FY21), including Tim Tam biscuits¹⁸.



Received final endorsement from Reconciliation Australia for our 'Reflect' **Reconciliation Action Plan**.



563,000+ meals donated to Foodbank Australia who provides **daily food support** to Aussie families in need.



Increased **inclusion of women** across all levels of management by 2% (to 41%) in the last 12 months.



SOURCE



WHAT WE DID & WHY

As a responsible food company, it is vital that our ingredients are sourced both sustainably and ethically.

In FY23 we took action to ensure the ingredients we use to make our delicious products are grown and sourced with reduced impact on the environment and with fair and safe working conditions in our supply chain. The three key actions we took are outlined across the following pages.

1

Reviewed our commercial contracts through a sustainability lens to identify and respond to risks.

We identified potential risks in the cocoa products we were sourcing, relating to illegal deforestation and child labour. Due to this and other considerations, we considered alternative sources. In particular, the review against ESG criteria highlighted the option to switch from West African to Asian suppliers. We also conducted a study through the CSIRO to ensure that switching the origin of our cocoa liquor would not have an impact on the flavour or quality of our products. We now source our cocoa liquor products entirely from Asia²¹.

We retained our Rainforest Alliance certification on cocoa for some products, which promotes climate-smart farming methods and supports cocoa-growing communities. Currently 15% of the cocoa we source is Rainforest Alliance Certified and we are working on ensuring that this reaches 100% by 2035 (by progressively increasing our cocoa certification from 2025 and beyond).

2

Partnered with key suppliers and farmers to help them adopt more sustainable and ethical practices.

We have supported key suppliers in tracking and reducing their emissions impact. We incentivised and supported action by adopting key sustainability clauses in commercial agreements and jointly funding sustainability initiatives in partnership with suppliers. For example, our partnership with Australian flour supplier Allied Pinnacle and initiatives such as the Cool Soil Initiative are helping soft wheat farmers in our supply chain measure their baseline greenhouse gas emissions. A team of agronomists will ultimately work with growers to improve farming practices and incrementally reduce the emissions intensity of growing soft wheat.

We have also continued to fund the Soft Wheat Breeding Program in partnership with Allied Pinnacle and Longreach Plant Breeders. The program aims to develop more competitive and resilient soft wheat varieties with higher yields to improve the quality of crops, reduce

biodiversity threats and support farmer livelihoods. The program has recently delivered a new variety of soft wheat affectionately named 'Scotch' after our Arnott's Scotch Finger biscuit. Trial data has shown that 'Scotch' has outperformed many main-season, hard-wheat varieties for yield. The trial also delivered a 16% higher yield than the QAL 2000 (the most common variety of soft wheat).

We also participated in the rollout of Cargill's new PalmWise tool which provides an extra layer of transparency over our Malaysian palm oil supply chain. While we already purchase certified segregated RSPO palm oil through Cargill, the tool now provides us with a greater level of detail as to exactly where supply is coming from, and it allows us to monitor for any certification concerns with those suppliers.



3

Worked to increase transparency and adopt sustainability standards and progress across our supply chain.

We continue to work in a systematic way with suppliers to set expectations and ensure sustainability standards are upheld. In FY23 we continued to encourage our suppliers (both direct and indirect) to sign up to Sedex, a formal supply chain assessment tool where our suppliers store, analyse and share details about their ethical sourcing, sustainability practices and modern slavery risks. 98% of our direct suppliers and 40% of our indirect suppliers (by spend) for our Australian business are now members of Sedex and we've had an increasing number of suppliers completing self-assessments through the platform this year, helping us better identify and understand any areas of risk.

We are also developing a new Supplier Management Hub. This will pull data from the Sedex platform and allow us to have better and more efficient communication with our suppliers, ensuring compliance, minimising risks and optimising environmental performance.





CASE STUDY:

Establishing emissions with Australia's soft wheat farmers

THE CHALLENGE:

The Arnott's Group is the largest user of soft wheat in Australia. After successfully supporting the Soft Wheat Breeding Program, we recognised the opportunity for greater engagement with farming partners, particularly when it comes to reducing greenhouse gas emissions on farms and protecting biodiversity. The agriculture sector is made of many diverse and dispersed players so it can be difficult to measure the emissions impact, let alone reduce it.

THE ACTION:

We have worked with Allied Pinnacle, who is an industry partner in the Cool Soil Initiative (CSI), to understand emissions from the 2022 soft wheat growing season. The Cool Soil Initiative is a Charles Sturt University and Food Agility Cooperative Research Centre led program which measures grain farming emissions and works with farmers to identify farm practices to improve soil health and support low emission, productive, sustainable agricultural practices. CSI captured data from 10 soft wheat growers in the 2022 season covering 46 paddocks and 1,417 hectares of cropland. The growers who participated provided 4,658mt of soft wheat to Allied Pinnacle who then mills the wheat into flour for Arnott's products (representing a quarter of Arnott's soft wheat requirements).

THE IMPACT:

Using year 1 emissions data, the program aims to support growers to trial practices on farm that have the potential to improve soil health and/or reduce greenhouse gas emissions. As part of the program, in 2023 pilot trials are being run to test the potential for slow-release urea fertilisers to reduce volatilisation losses without impacting yield.



WHAT WE LEARNED & WHERE TO NEXT

The Arnott's Group has over 100 ingredients suppliers, and in time will manage over 1,700 direct and indirect suppliers through our management systems. As you would expect there can be certain challenges and complexities in keeping track and measuring impact across a complex and disconnected supply chain. We have been bringing the data together to manage key risks and start to identify the big opportunities in our ingredient supply chain. Our focus has been on some of our most significant inputs, like soft wheat, and we will continue to explore on-farm trials to support the implementation of climate smart practices and initiatives. However, our partnerships and supplier relationships will allow us to continue to deepen, scale and broaden these initiatives in the years to come. For example, through our partnership with Cargill we may have the opportunity to support smallholder farming projects to improve sustainability outcomes in the farming of palm oil and canola oil.



MAKE



1

Reducing our emissions impact

WHAT WE DID & WHY

Sustainability isn't just about the ingredients that go into our products, it's also about how we go about making them. Our bakeries, food manufacturing and warehousing sites use large amounts of energy and resources.

As the saying goes, you can't manage what you don't measure. This year we mapped our scope 1, 2 and 3 emissions profile across our total network using a methodology aligned to the Greenhouse Gas (GHG) Protocol.

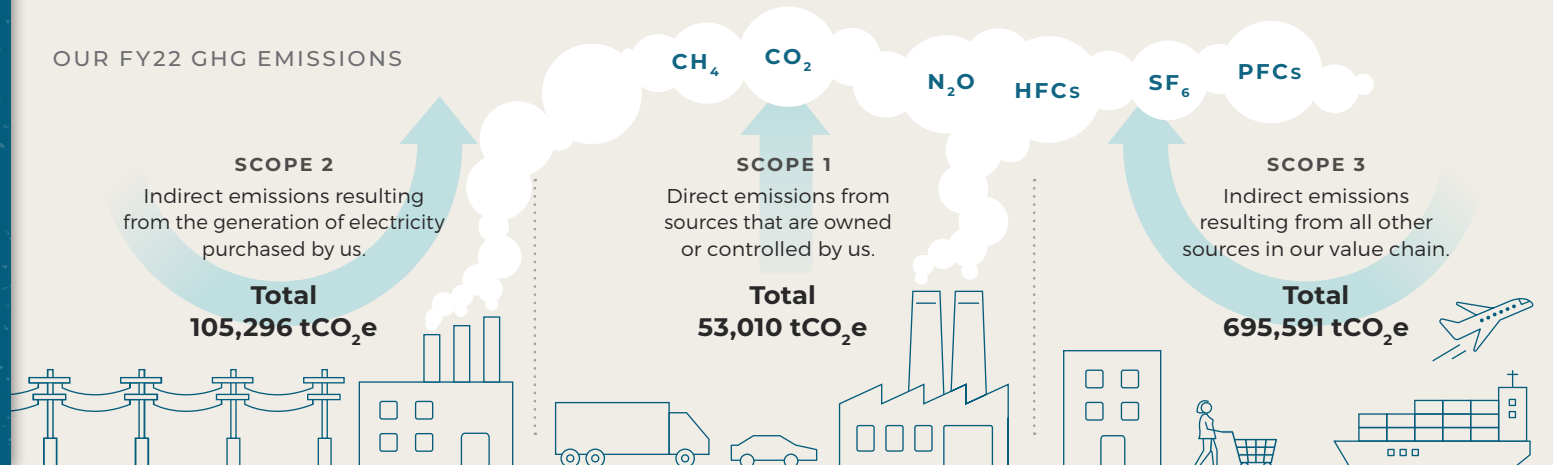
The exercise confirmed that in FY22 our GHG emissions were dominated by scope 3 emissions, which made up 81.5% of the total. Out of our scope 3 emissions, raw materials (or ingredients) made up 77% and packaging made up 8% of our scope 3 emissions profile. We acknowledge the inherent complexities in achieving our scope 3 emissions target and remain committed to achieving this. We have completed inventory mapping with a baseline year of FY22 to understand the extent and location of our scope 3 emissions. This data will allow us to begin engagement with suppliers to reduce our scope 3 emissions.

While we are exploring how best to work with agricultural partners in our supply chain to reduce scope 3 emissions, this year was focused on activities to reduce emissions within our direct operations.

- We completed the install of solar panels at our North Strathfield head office and our bakery in Virginia, Queensland. We are in the process of installing panels at our largest bakery and distribution centre in Huntingwood in Western Sydney. The solar panels are expected to reduce our scope 2 emissions significantly.

- We signed an agreement to deliver one of Australia's largest behind-the-meter solar and battery installations and transition our world-class Huntingwood manufacturing facility to 100% renewable electricity by 2029. The solar installation will be fully operational by 2024.
- We announced an eight-year deal with the Queensland Government and energy generator, Stanwell Corporation Limited, to connect our Virginia bakery to a pipeline of renewables projects. The agreement will see the site operate on 100% renewable energy by end-2029.

OUR FY22 GHG EMISSIONS





CASE STUDY:

Using technology to drive sustainable decision making



THE CHALLENGE:

At The Arnott's Group, we have big ambitions to operate more sustainably and reduce our environmental impact, but it's difficult to decide the best way forward when you don't have a full and timely picture of how your business is performing on key sustainability metrics. While many organisations recognise the need for quality sustainability data to drive business decisions, they often lack the insights and robust reporting capabilities needed to measure progress, report transparently and inform strategy.

THE ACTION:

We adopted a technology-first approach and became the first business in Australia and New Zealand to partner with Microsoft to deploy its Microsoft Sustainability Manager solution. The tool helps us to collate data and visualise a comprehensive picture of our emissions footprint. This tool provides a comprehensive, integrated, automated, real-time view of our emissions activity that will help us, and our suppliers and customers to make business decisions that will reduce our emissions impact.

THE IMPACT:

Microsoft Sustainability Manager gave our business greater visibility of our emissions profile. As a result, we can report on the impact and progress of sustainability initiatives in near real time. We can also use insights from the platform to refine and scale our sustainability initiatives, supporting greater transparency and accountability, and making a real difference across our entire supply chain. One of the first ways we have done this is by creating scorecards for each of our sites to encourage activities to reduce energy use and emissions.

WHAT WE LEARNED & WHERE TO NEXT

Having a baseline picture of our emissions profile is a major step in being able to measure, set targets and take the right actions, in collaboration with our partners, to reduce our overall emissions. Our next step will be to review and have our emissions reductions targets validated by the Science Based Targets initiative, and we will, of course, continue our investment in renewables across our manufacturing sites.



WATCH: The Arnott's Group deploys Microsoft Sustainability Manager



2

Reducing our packaging impact

WHAT WE DID & WHY

The food industry is also looking to food packaging to create food-grade solutions that keep products safe and fresh while reducing the packaging waste that ends up in landfill or in our natural environment.

We have continued to accelerate initiatives to reduce, reuse and repurpose plastic packaging and in FY23 received industry recognition for our efforts. The Arnott's Group was the recipient of the 2022 Sustainable Packaging Excellence Award at The Australian Packaging Covenant Organisation (APCO) Annual Awards.

The award recognised our ambition and the action we are taking as part of our packaging strategy, and the results we have achieved to date. For example, we improved our annual Australian Packaging Covenant Organisation (APCO) performance in 2022 from 81% to 90%, while the average of all APCO Members was 52%, which put us in the *Beyond Best Practice* category. Other key achievements include:

- We have eliminated more than 500 tonnes of packaging from our products by reengineering some of our materials, reducing the thickness and grammage, along with more than 20 tonnes of plastic.
- Transitioned soft-plastic packaging from multi-material films to fully recyclable mono-material wrappers across 85% of Arnott's biscuits (by SKU). The 15% remaining is working in progress, and we expect to get to 100% of the portfolio by the end of 2024. This transition is essential to create flexibility and simplification for soft-plastic recycling and allow Arnott's film wrappers to be recycled in mechanical and advanced (chemical) recycling facilities.

- Adopted the Australian Recycling Label (ARL) on 93% of our product portfolio (up from 56% last year), which sets us up to reach 100% two years ahead of the 2025 national target. We are cognisant that Australia has constraints on recycling infrastructure and that just because packaging is labelled as recyclable doesn't automatically mean it is recycled. However, we are doing our part and ensuring that our products are labelled appropriately so that consumers are clearly made aware of what can be recycled.
- Helped to develop a pilot for the National Plastics Recycling Scheme (NPRS), with representatives from The Arnott's Group sitting on both the NPRS Steering Committee and Business Case Design group. As part of this Scheme, limited kerb-side soft plastic collection trials were carried out in select local government areas across the country from November 2022 to March 2023.

- Deepened our industry collaboration through memberships of the Australian Packaging Covenant, National Plastics Recycling Scheme, ANZPAC Plastics Pact, NZ Soft Plastic Recycling, NZ Packaging Forum and Woolworths Sustainability Council.





CASE STUDY: Innovating soft-plastic packaging for increased recyclability



MULTI-MATERIAL



MONO-MATERIAL



MULTI-MATERIAL



MONO-MATERIAL

THE CHALLENGE:

Multi-material flexible plastic wrappers have become popular with food manufacturers because they are economical and versatile, but mostly because they extend the life of food products and reduce food waste. However, these wrappers are notoriously difficult to recycle because they are made of multiple types of plastic that are difficult to sort and separate, and have high processing costs.

THE ACTION:

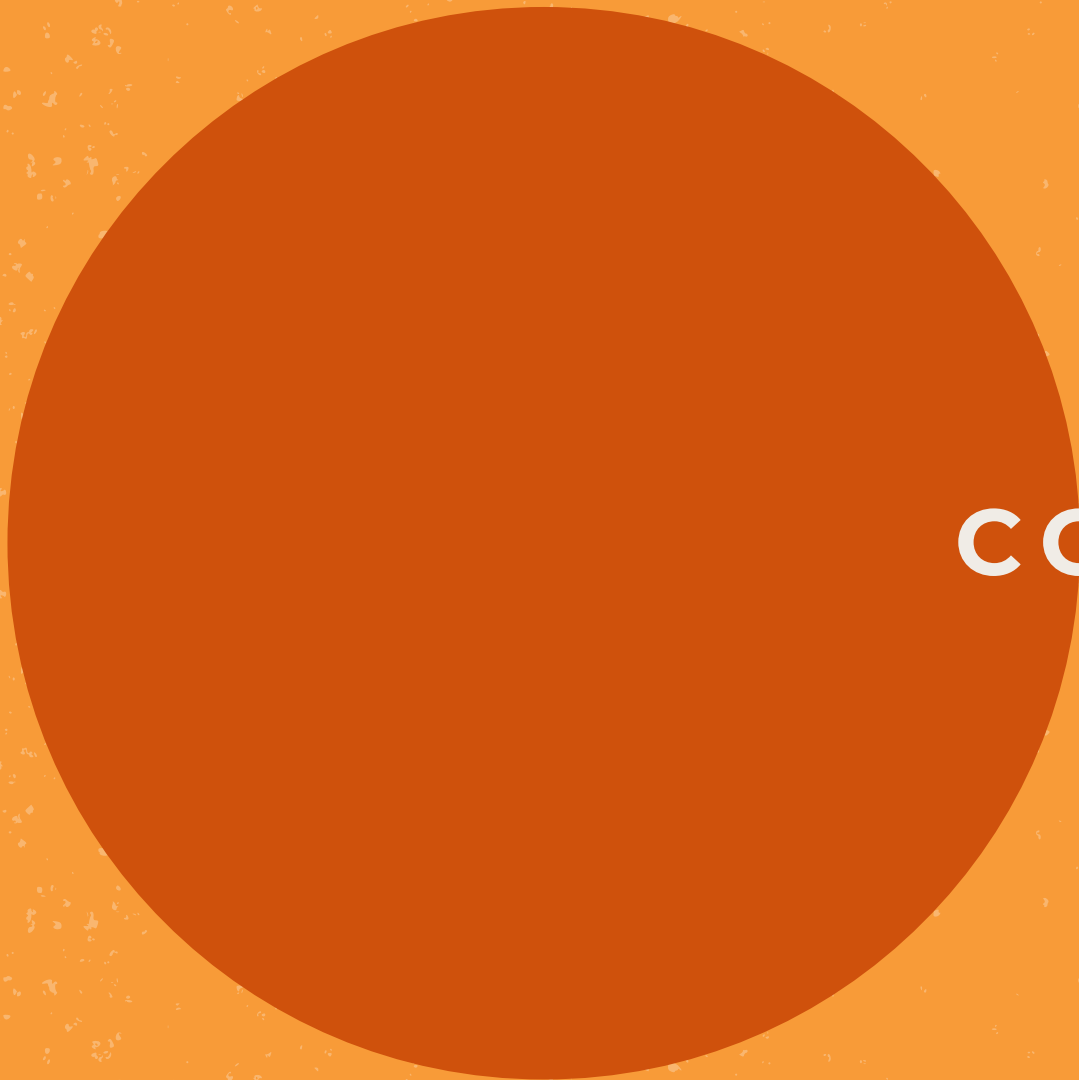
We worked with our packaging film supplier to develop a mono-material food wrapper, which in addition to sharing similar protection and performance of the multi-material film, is composed of only one type of plastic so that it can be recycled in mechanical and advanced (chemical) recycling facilities (although we are aware that there are limitations in soft plastic recycling infrastructure in Australia currently). We have transitioned 85% of Arnett's biscuits packaging (by SKU) to the new recyclable wrappers. Not only are the wrappers fully recyclable, they look practically identical as multi-material wrappers, so consumers wouldn't notice the difference.

THE IMPACT:

We are making the mono-materials packaging innovation available to the industry to generate better value and opportunity for the circular economy through soft-plastics recycling. Mono-materials are aligned with Ceflex (Circular Economy For Flexible Packaging) guidelines – they reduce packaging waste and eliminate the need for a complex sorting process. While there is still work to be done to make soft plastics collections and recycling more viable in Australia, we are doing our part to ensure our packaging is part of the solution.

WHAT WE LEARNED & WHERE TO NEXT

On the packaging front, while we're seeing great progress on recycled content in, and recyclability of, our packaging, whether packaging is actually recycled continues to be a challenge for us and for the broader industry. According to APCO, only about 18% of plastic packaging in Australia is being recycled or composted. In the wake of the elimination of the REDcycle program, there is an opportunity to harmonise a collection process and develop a holistic national strategy. This is not something that we, as a food company, can solve alone so we will continue to work with industry and government in multiple ways to help develop solutions and infrastructure. We can control the redesign of our packaging and products to avoid unnecessary material use and we think there are efficiencies to be found if the industry collaborates on consumer education to promote the benefits of reduced packaging.



CONNECT



WHAT WE DID & WHY

We know that being a sustainable business does not end at sustainable operations and products, it also matters how we connect with our people, consumers, and communities.

Our choices show who we are as a business, our values and what we stand for. In FY23, we continued to progress towards our targets to strengthen our connection with community by promoting inclusion and belonging, investing in our community partners, and ensuring consumers have the information and options to make healthy choices about the food they eat.

1

Promoting inclusion and belonging

Our first 'Reflect' Reconciliation Action Plan (RAP) received final approval and endorsement by Reconciliation Australia in July 2023. Our RAP journey will help us to deepen our understanding of our place in the stories of First Nations Australians, our sphere of influence and the unique contribution we can make to lead progress toward reconciliation.

We piloted a numeracy and literacy program for 14 members of our manufacturing team in Auckland, New Zealand who speak English as a second language. The program is run in partnership with Upskills NZ and we have already seen fantastic results across our first batch of graduates who have displayed improved confidence and communication skills.

We introduced a Gender Affirmation Policy & Guidelines to support employees who are taking the significant step of affirming their gender. The policy provides four weeks of paid leave to those who are taking medical and legal steps to live as their defined gender(s), based on what is right for them.

2

Supporting thriving communities

Over the last 12 months, The Arnott's Group's Australian business increased representation of women across all levels of management by 2% (from 39% to 41%).

We've commenced work with Jigsaw Australia, a social enterprise that trains and transitions people with disability into employment, on a file digitisation program at our Marlestone site. We've also partnered with the Thorndale Foundation, who aim to provide opportunity and equality for people with disability, on the lawns and grounds maintenance at our Huntingwood site.

We continued our support of Foodbank, the largest hunger relief charity in Australia. In FY23 we donated 563,600 meals to households in need amidst cost-of-living pressures that left more Australians relying on food relief. The most recent Foodbank Hunger Report revealed over 2 million households across Australia have experienced food insecurity in the last twelve months. We were proud to further our partnership by also participating in the inaugural Woolworths and Foodbank promotion program.

We continued our support of Camp Quality and Fairy Sparkle, with The Arnott's Foundation donating AU\$340,000 to improve the quality of life of kids impacted by cancer and kids in hospitals in NSW and Queensland. The Arnott's Foundation also continued its support of the Driver Reviver program and in recognising the cost-of-living pressures facing our communities and the impact of weather-related events, we also continued our product donations to Eat Up.



3

Increasing consumer choice with more diverse food options and transparent nutrition information

We diversified our product offering and increased the nutritional value of our existing portfolio. Now more than a third (35% by SKU) of our portfolio²² has a Health Star Rating of 3.5 or higher (ahead of our 2025 target).

We helped consumers increase their intake of wholegrains, vegetables and fruit. In the last 12 months, we provided Australian consumers almost 320 million servings of wholegrains, 1.2 million kilograms of fibre, 140 million servings of vegetables and 36.5 million servings of fruit.

We improved the nutritional value of some existing product ranges and introduced new products to the portfolio, which together represent a more nutritious choice through increased fibre, protein, wholegrains or vegetables and/or reduced levels of saturated fat, added sugar or sodium. As of April 2023, this applies to half of our ANZ products, compared to a figure of 47% for the last financial year²³.

We displayed the Health Star Rating across 100% of our cereals and soups and more than 88% of our snacks – well on track to meet our 100% target by end 2024.

16% of our snacking SKUs are available in portion control packs (i.e. single serves), including Good Food Partners bars and snacks and Tim Tam biscuit.



WATCH: Episode 1: The Future of Manufacturing



CASE STUDY:

Creating healthy products for diverse dietary needs



THE CHALLENGE:

The food preferences of people in Australia are changing as we begin to better understand intolerances and are influenced by food trends, whether based on nutrition, or values. For example, there has been a significant rise in demand for plant-based or vegan food products as result of health and ethical concerns.

THE ACTION:

At The Arnott's Group we have strategically invested in what we call our better-for-you cereal and snacks ranges, increasing the choices available to consumers and ensuring transparent labelling and information related to health and nutrition.

THE IMPACT:

We took out three categories at the 2023 Healthy Food Guide Lunchbox Awards, which are the definitive guide to the most nutritious food products on supermarket shelves. *Vita-Weat Soy & Linseed* won best bread & alternative, *Campbell's Real Soup Strength Green Pea & Spinach* won best fridge & pantry shortcut and *Messy Monkeys Burger Bites* won best snack. These award wins demonstrate our commitment to provide consumers with a wide variety of products that fit in with their lifestyle needs.

WHAT WE LEARNED & WHERE TO NEXT

As we embed our inclusion and belonging strategy across the organisation, we continue to assess the most efficient governance frameworks and processes to ensure we create inclusive moments for all our employees and communities. At The Arnott's Group we believe that consumers need to have clear, simple, and transparent nutrition information to make informed decisions about the food they eat. The Health Star Rating (HSR) is a front-of-pack rating system that rates the overall nutritional profile of packaged foods and to help Australians make more informed choices about what they eat. We have a clear plan to reach HSR labelling on 100% of our product range by the end of 2024.

APPENDIX 1

Our sustainability strategy is informed by the most pressing sustainability issues facing our business. To build upon our sustainability story and approach, and to understand the true spectrum of our environmental, social and governance (ESG) impacts, we conducted a materiality assessment to help guide future decision making.

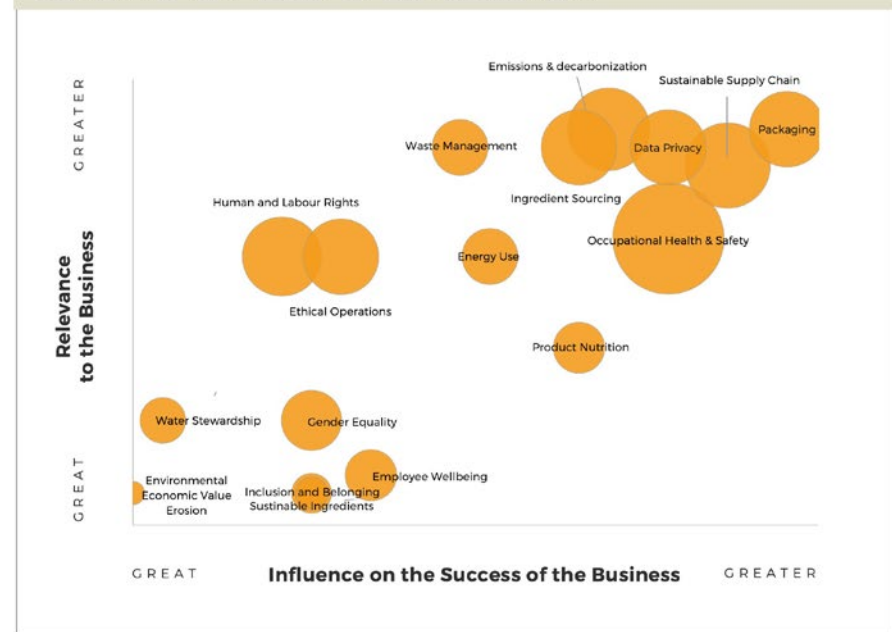
The process was guided by the GRI Materiality Model and involved establishing an understanding of the scale and scope of our business operations, identifying material impacts and categorising them, surveying stakeholders about the impacts of the material issues and ranking them based on the relevance and influence they would have on the success of the business. The assessment comprised of four stages: i) value chain & stakeholder mapping; ii) research & impact assessment; iii) stakeholder engagement & significance testing; and iv) data validation & prioritisation. Out of a total of 31 impacts identified, only 18 impacts were rated to have a possible negative impression on the business and were then submitted for further ranking from internal stakeholders. The ranking survey results from stakeholders is represented in this matrix. Future iterations of our strategy and reporting will apply the results of the assessment. Our internal sustainability action plan has been updated to reflect these topics.

Materiality Assessment



Materiality encompasses the substantial economic, environmental and social impacts of our organization, as well as the topics that significantly influence stakeholder assessment and decision-making. Through a year-long review, we surveyed internal stakeholders to appreciate the perspectives of our people regarding our priority areas.

OUR MATRIX AS A RESULT OF OUR ASSESSMENT:



ENDNOTES

- 1 Unless otherwise specified, these targets are outlined in our first sustainability report for FY2021.
- 2 This applies to our Australian and New Zealand operations, including Good Food Partners.
- 3 This applies to our Australian and New Zealand operations, excluding Good Food Partners.
- 4 This applies to our Australian operations, including Good Food Partners.
- 5 This applies to our Australian operations. 180 Degrees and Good Food Partners do not use any canola oil.
- 6 This applies to our Australian operations. This excludes 180 Degrees and Good Food Partners.
- 7 This applies to our Australian operations. This excludes 180 Degrees and Good Food Partners.
- 8 This applies to our Australian operations. This excludes 180 Degrees and Good Food Partners.
- 9 This applies to our Australian operations. This excludes 180 Degrees and Good Food Partners.
- 10 This applies to our Australian operations. This excludes 180 Degrees and Good Food Partners.
- 11 This applies to The Arnott's Group.
- 12 This applies to The Arnott's Group.
- 13 This target was specified in our FY2022 sustainability report.
- 14 This includes our Australian and New Zealand operations, including Good Food Partners and 180 Degrees.
- 15 This includes our Australian and New Zealand snacking operations, including Good Food Partners and 180 Degrees, but excluding our Campbell's portfolio.
- 16 This target was specified in our FY2022 sustainability report.
- 17 This includes our Australian and New Zealand operations, including Good Food Partners and 180 Degrees.
- 18 This includes our Australian and New Zealand snacking operations, including Good Food Partners and 180 Degrees, but excluding our Campbell's portfolio.
- 19 This includes our Australian and New Zealand operations, including Good Food Partners and 180 Degrees.
- 20 This is only for our Australian operations, excluding Good Food Partners.
- 21 This applies to our Australian operations, excluding Good Food Partners.
- 22 This includes our Australian and New Zealand operations, including Good Food Partners and 180 Degrees.
- 23 This includes our Australian and New Zealand operations, including Good Food Partners and 180 Degrees.

QUESTIONS?

Please address any questions, comments or feedback to sustainability@arnotts.com.