



# Statement on *Sustainability* 2021

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Creating delicious moments with a plan to protect  
the land we rely on, build a sustainable food system  
and connect our communities.

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**The Arnott's Group acknowledges** the Wangal clan of the Darug Aboriginal people as the Traditional Custodians of the lands on which our head office is located. We pay our respects to Elders past, present and emerging.

# 1. Introduction

## WHO WE ARE

At The Arnott's Group, we have always been about creating delicious moments - and we hope to continue delighting our consumers into the future.

The Arnott's Group portfolio of brands continues the 155-year legacy of the Arnott family, providing quality, great-tasting food.

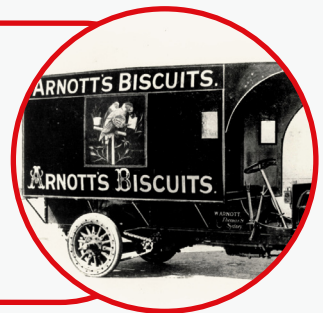


**1865**

After completing an apprenticeship as a baker and confectioner, William Arnott opens his first factory in Newcastle and it isn't long before the Arnott's name becomes synonymous with delicious sweet and plain biscuits.

**1882**

By this time, Newcastle's best kept secret is out. Arnott's famous biscuits are sent to Sydney by the ship load and a fleet of bright red delivery vans donning the company's peckish parrot.



**1889**

After becoming Australia's founding father of biscuits, William retires. In the decades that follow, his sons go on to create some of the country's most iconic bikkies, from, melt-in-your mouth Scotch Fingers to decadent Shortbread Creams.

**2015**

One and a half centuries on from the first factory William Arnott opened in Newcastle, Arnott's celebrates its 150th birthday, setting its sights on the next 150 years with a year of product innovations and community events.



**2020**

The Arnott's Group is formed, a new corporate entity bringing together a portfolio of consumer food brands. It includes the iconic Arnott's brands along with Campbell's products in Australia, Malaysia, Hong Kong and Japan, and a new cereal and snacks division called Good Food Partners.

**At The Arnott's Group we stand for...**

we stand for...



**FOSTERING  
EQUALITY,  
DIVERSITY AND  
SUSTAINABILITY.**



**HIGH  
PERFORMANCE  
WITH  
INTEGRITY.**



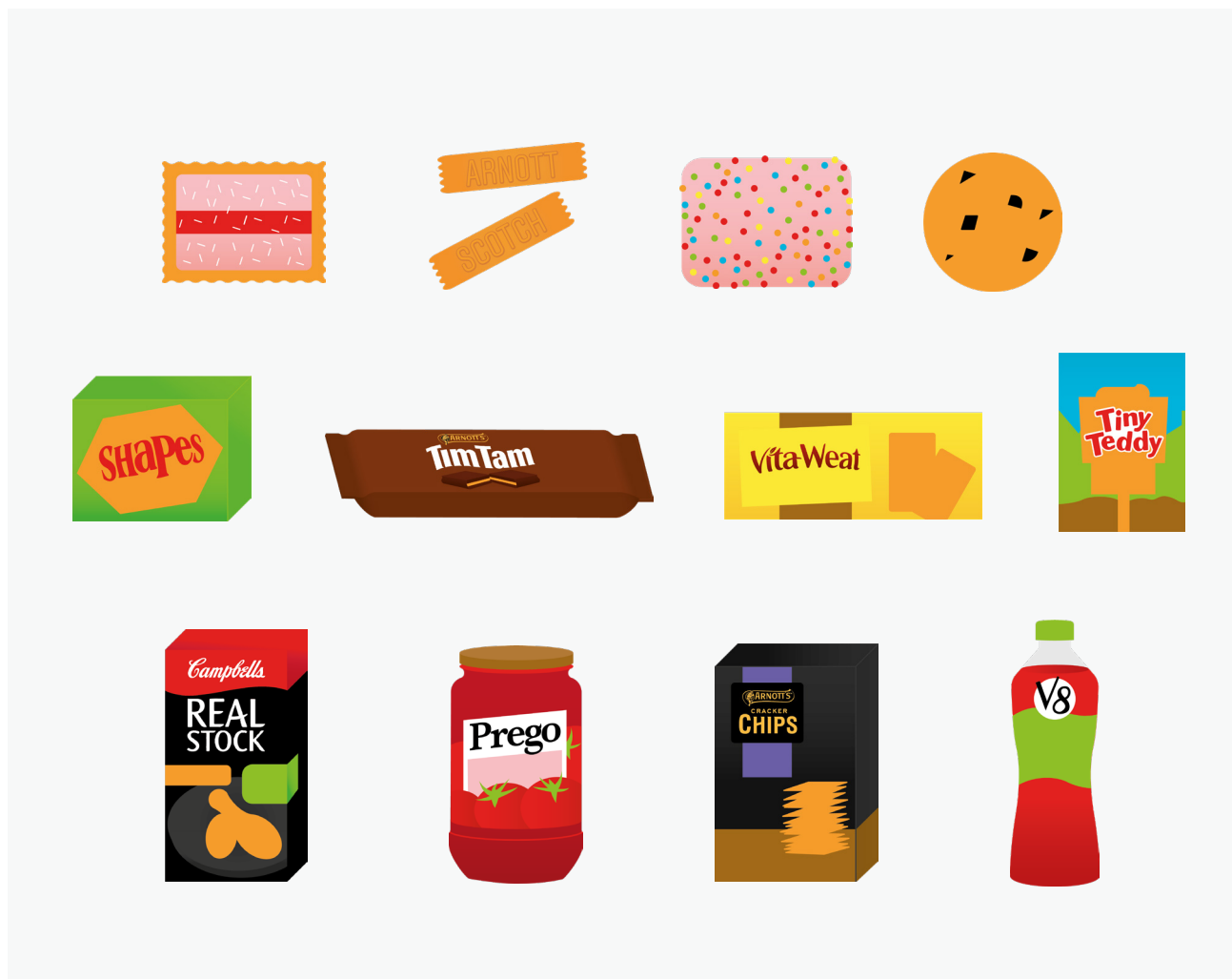
**BALANCING  
DECISIONS FROM  
OUR HEAD AND  
OUR HEART.**



**DELIGHTING  
OUR  
CONSUMERS  
EVERY TIME.**

## OUR BRANDS

We make delicious food enjoyed by millions across Australia, New Zealand and the Asia-Pacific region:



## OUR OPERATIONS

The Arnott's Group is headquartered in Sydney, Australia and while we employ over 3,500 people in markets across Asia Pacific, the majority of operations are in Australia. Our sustainability strategy therefore has an Australian lens with a view to apply more sustainable practices and influence sustainable behaviours throughout the supply chain in the other markets that we operate.

We make Arnott's Biscuits products in Sydney, Brisbane, Adelaide, with smaller facilities in Bekasi, Indonesia for the local market.

Our portfolio also includes Good Food Partners, 180degrees and products licensed from the Campbell Soup Company in Australia, Malaysia, Hong Kong, Japan and New Zealand, with manufacturing operations for these products in Shepparton, Australia and Kuala Lumpur, Malaysia. As such, The Arnott's Group staff profile is a diverse group across various geographies:



## FEEDBACK

We welcome feedback and suggestions for improvements. Please address any questions or comments to [sustainability@arnotts.com](mailto:sustainability@arnotts.com).

# 2. Our Strategy

## A MESSAGE FROM OUR CEO

At The Arnott's Group, we are custodians of some of Australia's most iconic food brands. To maintain their place in the hearts of Australian consumers, our business must evolve constantly.

We understand the urgent need for companies to conduct business within the natural boundaries of our planet. That is why sustainability is at the centre of our business strategy. We want to grow our business while shrinking our environmental impact and supporting the communities in which we operate.

While our products have held a special place in Australian homes for over 150 years, The Arnott's Group was established in late 2020. This has given me and my leadership team the licence to reassess our approach to sustainability and bring it into our everyday thinking.

Since becoming the CEO in March 2020, much of the world has changed, as have people's priorities. Devastating bushfires in Australia and a global pandemic have brought climate, health and wellbeing to the forefront of consumer, government and business thinking.

A necessary, global dialogue is underway around the opportunity for a sustainable reset of economies and societies. This sustainability statement is our contribution to that dialogue.

As our first report on sustainability, this sets out our vision, and the priorities we will take on to address our obligations to the climate, to our community, and to future generations of Arnott's Group leaders.

We are taking stock of our entire supply chain – from the farm, to our bakeries, to supermarket shelves and eventually the household pantry. We have started conversations with our key partners – suppliers, retailers, distributors, logistics partners – to understand where we can find efficiencies in the way we use precious natural resources.



**George Zoghbi**  
CEO

Our benchmarking shows we have made strides in making our operations more sustainable in recent years, but we need a clear vision and renewed determination to drive change.

Our plan is to foster a more sustainable food system in Australia. To do so in a way that is ambitious but practical, requires both leadership and partnership, and where our actions inspire our consumers to make better choices for themselves, their families and communities.

It will take time, and there will always be more that we can – and should – do. But we believe in progress over perfection, and in that spirit, we will revisit this statement annually, to assess the impact of our actions and the strength of our commitment.



## OUR CTO'S PERSPECTIVE

### Our industry needs to act now to secure global food supply chains.

For too long, we have been making food in ways that are not sustainable for our planet.

The global food system is responsible for creating one-quarter of greenhouse gas emissions. How ingredients are grown and food products are manufactured, packaged, transported, consumed and discarded are contributing to unsustainable global warming.

The COVID pandemic has shown us how fragile our supply chains really are. It has never been more important to define our role and be prepared to act to ensure our business and its supply chain are truly sustainable.

### The Arnott's Group has a role to play in ensuring sustainable food systems.

A more sustainable food system is vital for achieving the UN's Sustainable Development Goals.

The Arnott's Group recognises that to build a more sustainable food system in Australia we must make change ourselves and inspire our consumers and our partners to do the same.

Our role goes beyond manufacturing; we must work with farmers to use the land more sustainably, with our packaging and logistics partners to reduce waste and we must educate and inspire our people and communities to make more sustainable choices.

### We start with solid foundations on sustainability.

We have good foundations on many issues. Around 99% of Arnott's Group products sold in Australia are made in Australia, by Australian workers using local and imported ingredients. We source key ingredients responsibly; we invest in soft wheat development; we partner with communities through The Arnott's Foundation; and we are proud of our progress on gender equality in the workplace. Partnering and collaborating with suppliers gives us the potential for more and deeper supply chain engagement.

### We can and will do more.

Business and sustainability interests are more aligned than ever. Our sustainability strategy considers where we can make the greatest impact and where it makes most sense for us to start our journey. The Arnott's Group will take action in some areas and a steadier approach in others.

This report is about communicating true commitment, not lofty but empty promises. We must continue to make ourselves more accountable and will endeavour to identify and respond to the climate-related risks within our business and our supply chain.

### WE WILL HOLD OURSELVES ACCOUNTABLE

As part of our governance model, we will track our impact and contribution against, not only our own targets but those of the UN's Sustainable Development Goals and other global standards on climate change.

- Simon Lowden



## SNAPSHOT: OUR 2021 SUSTAINABILITY STATEMENT

Sustainability is about our transformation as a business – it is key to our strategy to be an ethical and responsible business. We have chosen to focus on areas where we can:

- a** have the most meaningful and immediate impact on our supply chain, with our retailers and with our consumers and;
- b** focus on creating the greatest climate benefit and community wellbeing.

To that end, our strategy targets three key focus areas across our supply chain, putting sustainability at the heart of our purpose.

Under these three pillars - Source, Make and Connect - we have set ourselves four goals where we, as a business, can have the greatest positive impact, and where alignment to our overall business strategy is strongest



### 2021 SUSTAINABILITY STATEMENT

Creating delicious moments with a plan to build a sustainable food system, protect the land we rely on and connect our communities.



#### MAKE

Produce our food in a way that is ultimately climate neutral and promotes a circular economy.



#### SOURCE

Ensure our ingredients are sourced in a way that protects the earth and strengthens regional communities.



#### CONNECT

Engage with consumers, retailers, employees, and the broader community to promote a more sustainable way of life.

#### CIRCULAR PACKAGING

Reduce, reuse or repurpose ANZ plastic packaging by 10% by 2025 and meet Australia's 2025 National Packaging targets.

#### NET-ZERO EMISSIONS

Achieve net-zero emissions in our operations by 2040 and across the value chain by 2050.

#### SUSTAINABLE INGREDIENTS

Sustainably grow and source 100% of our key ingredients, namely flour, sugar, oils, dairy and cocoa products by 2035.

#### THRIVING COMMUNITIES

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



# 3. Sustainability in action

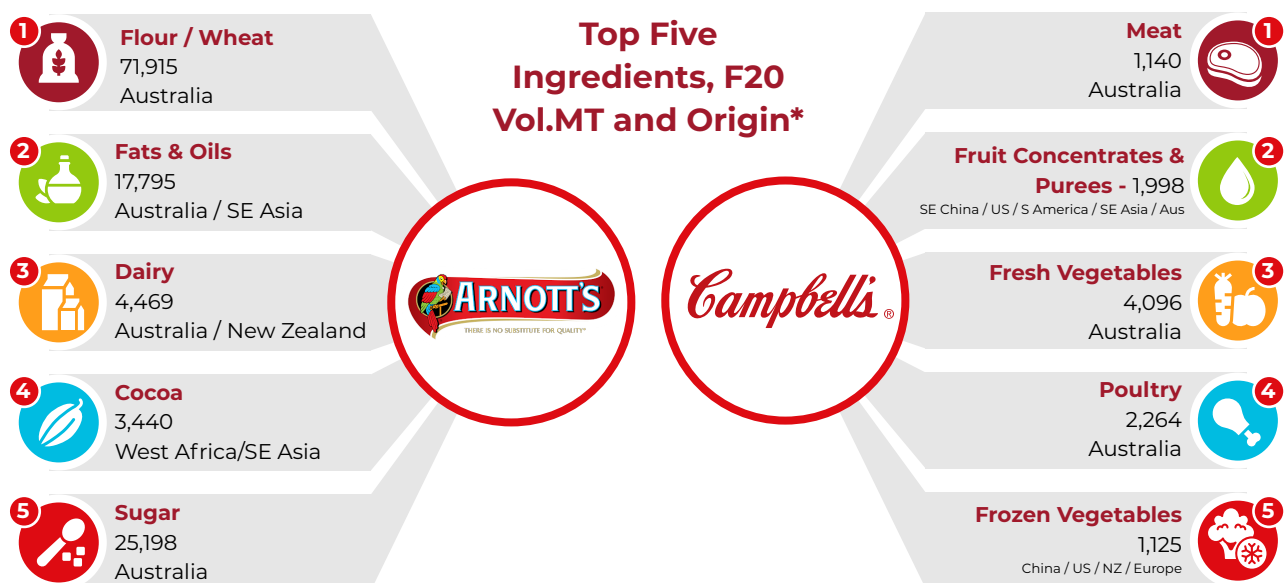
## 3.1 SOURCE INGREDIENTS SUSTAINABLY



The Arnott's Group sources ingredients and materials for its Australian manufacturing sites from about 140 suppliers directly. These include ingredients such as flour, dairy, cocoa, oils, eggs, flavours, juice concentrates, vegetables, spices, fruits, yeast, diced tomato and tomato paste, sugar and other sweeteners, cereals, malt and nuts, as well as packaging, such as paper, plastic and adhesives.

### Local sourcing

Today, The Arnott's Group is committed to local manufacturing, with more than 99% of the products we sell in Australia made in Australia, using local and imported ingredients. Locally sourced key ingredients include flour and grains from the Darling Downs, Northern NSW, Riverina and South Australia, dairy products from Victoria, Tasmania and NZ, sugar from North Queensland, and eggs from NSW. The table below shows the profile of our main ingredients for ANZ.



\* Packaging components are covered separately under "Section 2.2: Making Products Sustainably".



## SPOTLIGHT ADVANCING AUSTRALIA'S SOFT WHEAT INDUSTRY

Soft wheat, traditionally grown in the U.S. and Europe, is a vital ingredient in the making of delicious biscuits, cakes and pastries. It has also become a thriving niche crop in Australia's agriculture sector.

At The Arnott's Group, we recognise the key role we can play in sustainable sourcing and in supporting Australia's local growers and industry. We work directly with local soft wheat farmers in regions such as the Riverina and Liverpool Plains in New South Wales, Kangaroo Island in South Australia, and the Darling Downs in Southern Queensland in sourcing their grain, which is then milled and baked into our biscuits. This includes gathering insights on the impact of the climate on the annual harvest, and purchasing the soft wheat they produce. Today, The Arnott's Group is the largest buyer of soft wheat in Australia.

In addition to purchase and consumption, The Arnott's Group is committed to supporting our local growers through research and development. Since the late 1990's, The Arnott's Group has invested significantly in soft wheat research. The variety breeding program aims to increase yields, improve water efficiency and

drought resistance, and maintain and improve disease resistance. This helps to ensure quality and viability for growers and improve the diversity of Australia's soft wheat varieties.

For example, The Arnott's Group works closely in partnership with Allied Mills and LongReach Plant Breeders in our soft wheat breeding program to ensure we can continue to grow and advance soft wheat varieties. The Arnott's Group test kitchen is used to bake with flour grown from different soft wheat varieties. The varieties are developed by LongReach Plant Breeders and milled by Allied Mills. The test-baking results are then sent back to LongReach Plant Breeders, where the new varieties are classified and made available to purchase by local growers.

It's important that we continue to invest in soft wheat research to ensure quality and viability of crops for growers, improve diversity of varieties and leverage opportunities to adapt to the environment, ensuring soft wheat can be farmed effectively on irrigated and non-irrigated land.

## Responsible sourcing

The Arnott's Group makes a wide range of products that offer consumers choice in line with their wellbeing needs and sustainability preferences. Our aim is to source ingredients that are as clean as possible while also maintaining transparent labelling on all new products to enhance consumer choices.

Ingredient and product information is sourced centrally and analysed through a structured program to ensure compliance with local and regional regulations.

All our Australian sites are SQF certified. Certification against the code showcases a site's commitment to food safety and operational excellence in food safety management.

Our sourcing process is guided by The Arnott's Group Responsible Sourcing Supplier Code, which sets out the standards and ethical principles applicable to suppliers. As an outline of our responsible commitments in areas such as labour and fair treatment, the Code ensures The Arnott's Group is committed to responsible supply chain management and responsible sourcing.

The Arnott's Group is also a part of SEDEX, Ethical Trading Initiative (ETI) and the ETI Base Code. These support us in sourcing responsibly, and ensuring our local workers are free from exploitation.

In addition to our own responsible procurement framework, The Arnott's Group is aligned to several ethical and sustainable certification schemes for our Australian sites:

- Some products require the use of palm oil and we recognise the sustainability challenges relating to this product. We only purchase palm oil that is certified sustainable by the Roundtable on Sustainable Palm Oil (**RSPO**), with the aim to ensure no deforestation, no peat destruction and no exploitation of local communities and workers. The RSPO has the support of leading conservation organisation World Wildlife Fund (WWF), which advocates for sustainable sourcing of palm oil and argues boycotting or replacing palm oil will potentially harm local communities.

### The Roundtable on Sustainable Palm Oil

WWF strongly believes that the palm oil industry can grow and prosper without destroying tropical rainforests by adhering to the principles and criteria of the Roundtable on Sustainable Palm Oil. We actively promote this standard to producers of palm oil, and encourage buyers and users to only purchase products containing certified sustainable palm oil.


- All of the cocoa liquor we source from the high risk area of West Africa is certified through **UTZ-Rainforest Alliance** to ensure that our purchases can be used to make positive changes for cocoa-growing communities and families. We also source cocoa products from less risk areas such as Indonesia; although these are not currently certified. The Arnott's Group already works closely with Asian suppliers and is committed to certifying this supply line in coming years to the same standards with Rainforest Alliance.<sup>1</sup>
- We only purchase **cage-free eggs** to encourage more businesses and farmers to put hen welfare first. We source the equivalent of 10 million cage free eggs annually from a supplier in Australia who complies with the standards set out in the Model Code of Practice for the Welfare of Animals and all State and Territory laws and regulations in Australia; or when required, the equivalent standards for any egg products sourced from European suppliers.

Unfortunately, there is no one-size-fits-all definition of sustainable agriculture, however we believe that sustainable production must strive to conserve natural resources and maintain the natural ecosystem.

Our future approach will be informed by the [Food and Agriculture Organization of the United Nations \(UN FAO\)](#), who's frameworks and approaches The Arnott's Group will look to draw on as we develop our approach.


<sup>1</sup> <https://www.wwf.org.au/>

### 3.2 MAKE PRODUCTS SUSTAINABLY




PRODUCTS IN A WAY THAT IS CLIMATE NEUTRAL AND PROMOTES A CIRCULAR ECONOMY


7 AFFORDABLE AND CLEAN ENERGY




9 INDUSTRY, INNOVATION AND INFRASTRUCTURE




12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



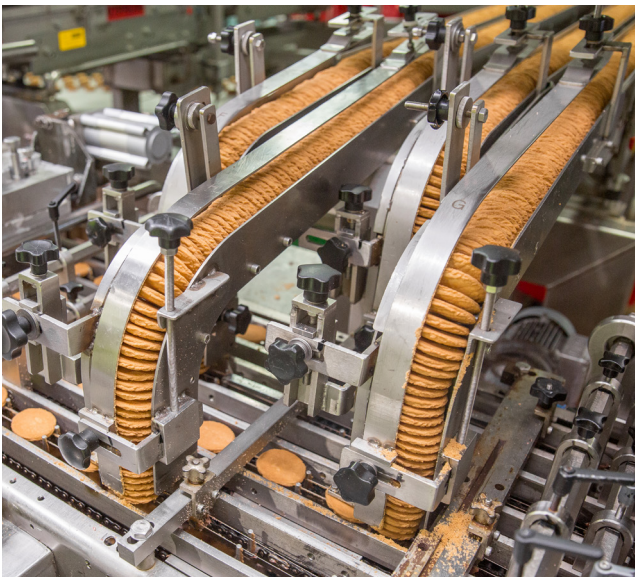
17 PARTNERSHIPS FOR THE GOALS



The industrial food manufacturing process requires significant natural resources. Our focus to date has been on making our processes more efficient and less resource-intensive, and to find practical, sustainable alternatives where possible, while maintaining the high quality of The Arnott's Group products that our consumers expect.

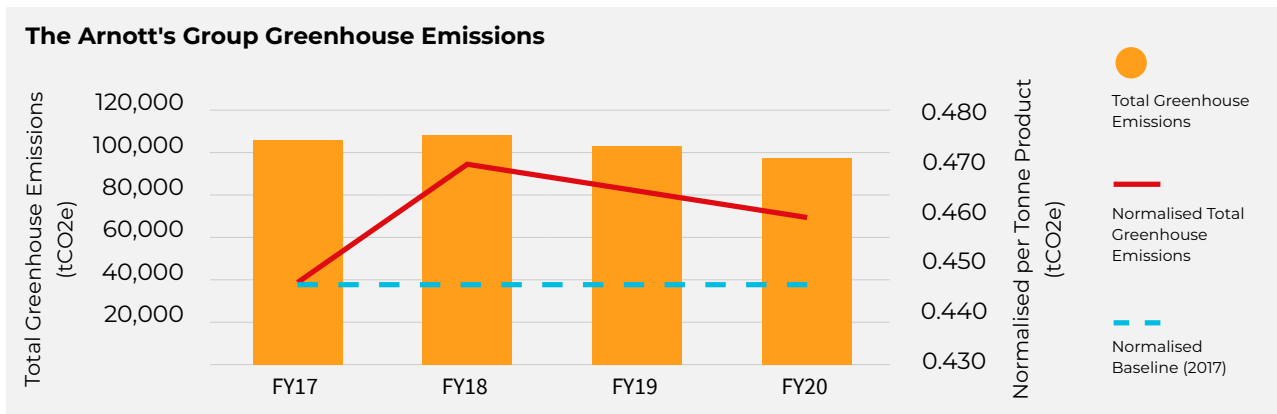
Achieving net-zero emissions across our operations presents a significant challenge, however we are

committed to establishing a roadmap to net-zero through efficiency, innovation and partnerships. We are similarly committed to contributing to Australia's national plastic packaging targets and reducing our overall use of plastic packaging through design and collaboration.



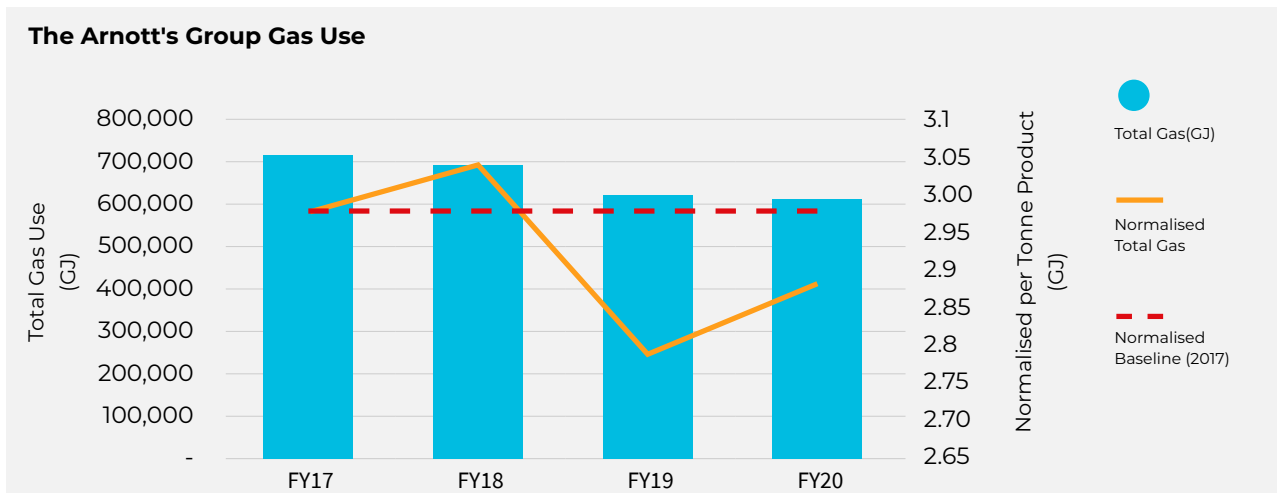
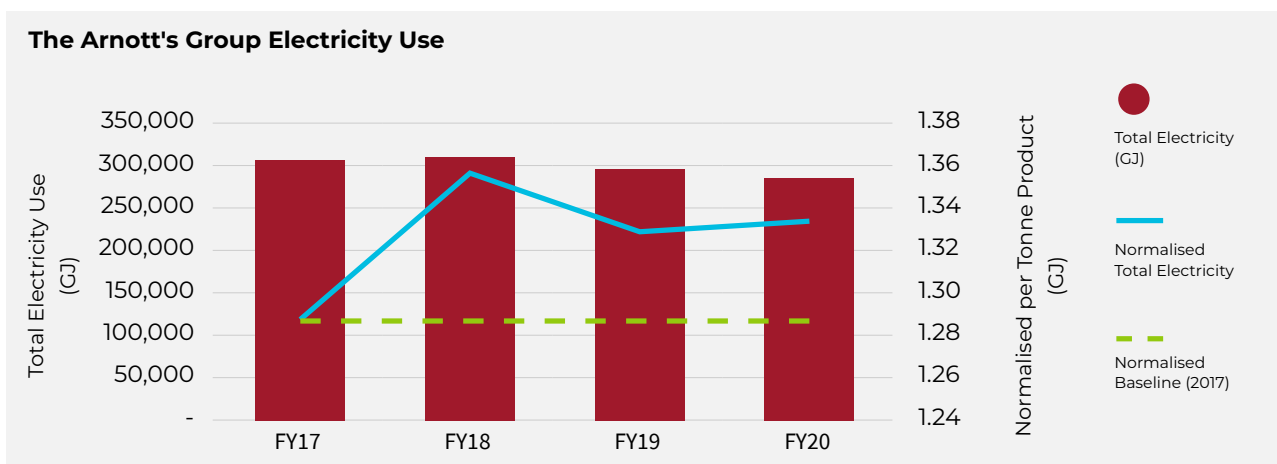
## Energy use

Over the last four years, The Arnott's Group has reduced the absolute volume of total greenhouse gas emissions from energy sources across our operational and corporate offices across the Group. The normalised figures (where total emissions are divided by production volumes) also reflect a downward trend.



A significant proportion of the greenhouse emissions arise from the gas used for baking, an energy source to which there are few viable alternatives. The Arnott's Group is currently looking into potential solutions to address this challenging issue, as part of the roadmap forward.

The below graphs outline our electricity and natural gas use across sites:



It can be seen from the charts above that both electricity and natural gas use have decreased in total terms. However, normalised electricity use has increased since FY17, whereas natural gas, while initially increasing in FY18 is generally below the levels four years ago.

The following table shows the reduction as a percentage based on data from FY20 compared with FY17 year in total (absolute) energy use (electricity and natural gas combined) and normalised energy consumption as well as production tonnes.

Site	Percentage difference (%) FY20 vs FY17	
	Total (absolute) energy use	Normalised energy use
Huntingwood	-6.4%	-1.3%
Indonesia	-46.7%	-13.5%
Malaysia	8.8%	11.5%
Marleston	-5.2%	16.0%
Shepparton	-10.8%	6.5%
Virginia	-5.9%	-2.5%
The Arnott's Group	-12.1%	-2.2%

Our four production sites across Australia, in Huntingwood NSW, Virginia QLD, Shepparton VIC and Marleston SA, have been exploring ways to introduce energy-efficient technology and reduce waste.

These sites have begun the process of collating a range of information to track improvements including data on energy consumption (electricity and natural gas where relevant), total energy use, greenhouse gas emissions, water consumption, waste to landfill and production tonnes on a regular quarterly basis for all of our operating sites.

## Waste footprint

Waste generation and recycling activities data at the four Australian production sites is also collated by our waste management service provider based on collection volumes for waste and recycling streams.

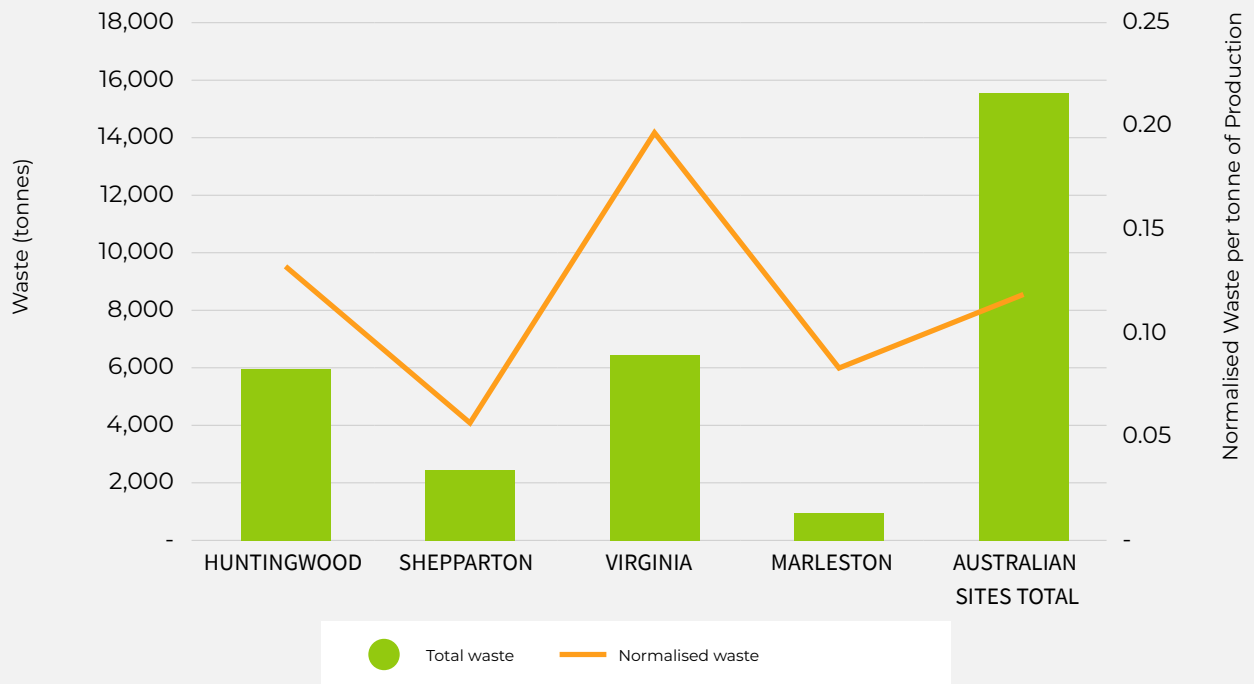
During FY20 total waste generation from our sites was 15,623 tonnes but the total waste we sent to landfill was only a fraction of this at 430.8 tonnes or 2.76% of all total waste.

Some key observations include:

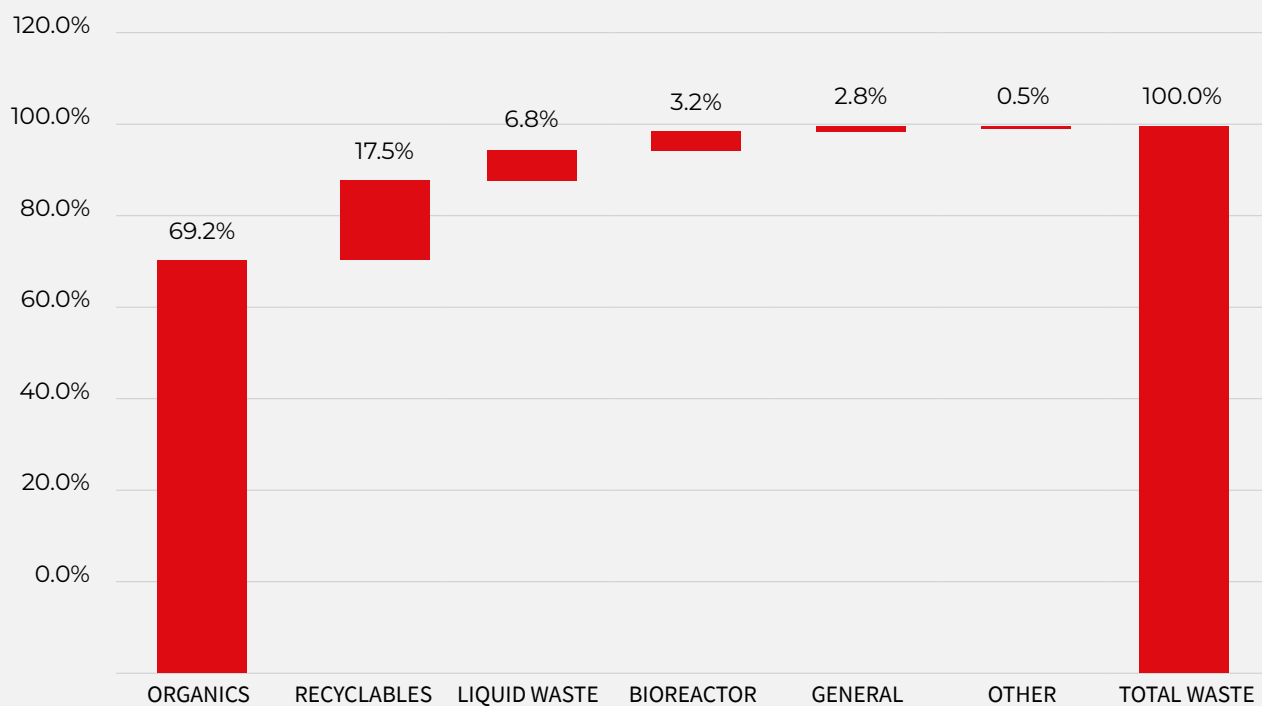
- 10,800 tonnes of organic waste converted to stockfeed, representing 69% of the waste stream, with the residual being captured in various recyclable, bioreactor and liquid streams.
- Huntingwood and Virginia are the largest generators of waste. Combined these sites generate close to 80% of waste.

The following chart provides a summary of FY20 waste generation by site and by stream.

**Total Waste - Australian Sites (July 2019 to April 2020)**



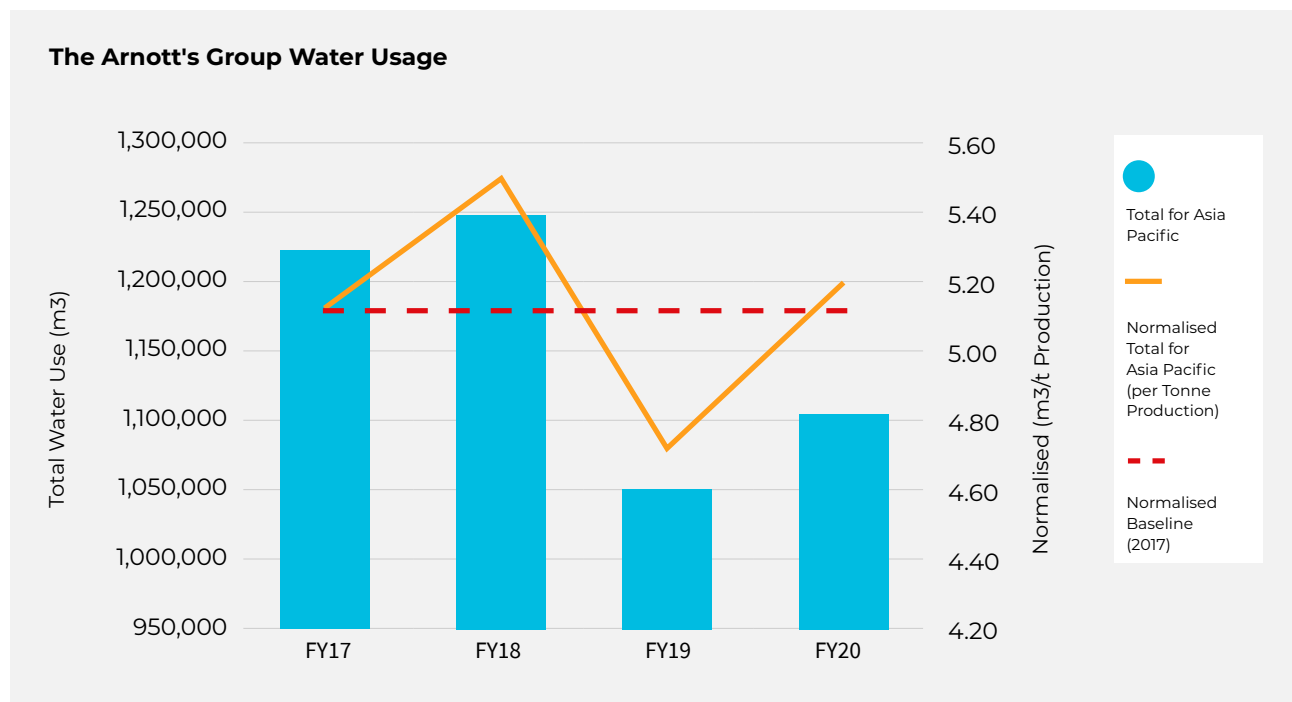
**Waste Data Streams - Australian Sites (July 2019 to April 2020)**



## Water usage

According to Water Account Australia, food processing consumes over 241,000 ML of water per year which is equal to approximately 28% of the total water used in the manufacturing sector nationwide, making it the largest water using sector.

Given Australia's challenging climate and geography, The Arnott's Group is committed to investing in water saving initiatives across sites. The following chart presents the results of water consumption as a total across all our operational sites in Asia Pacific (noting that volumes do not include the two corporate offices located in North Strathfield NSW and Glen Iris VIC).













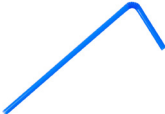

The following table shows a deep dive into specific sites showing the reduction as a percentage based on data from FY20 compared with FY17. Again, some sites are performing better than others but we are pleased with the overall significant reduction in water use. We will continue to strive to do better.

Site	Percentage difference (%) FY20 vs FY17	
	Total (absolute) water use	Normalised water use
Huntingwood	-8.7%	-3.7%
Indonesia	-40.8%	-3.9%
Malaysia	10.2%	12.9%
Marleston	-31.1%	-15.7%
Shepparton	-15.9%	0.5%
Virginia	31.2%	36.0%
The Arnott's Group	-9.6%	1.6%

## Packaging footprint

The global consumer food and packaging industries face an enormous challenge in securing sustainable alternatives to plastic packaging and design while also protecting the provenance of food products.

The Arnott's Group in ANZ purchased over 20,000 tonnes of packaging in FY20 alone, in packing our food and products for customers.

Volume in tonnes					
2174	867	463	8160	28	113
					
Cans & Ends	Aseptic Cartons	PET Bottle	Cases	Shrink Sleeves	Paper Labels
1170	7807	1347	67	7	46
					
Plastic Trays	Cartons	Film	Shrink Wrap	Plastic Straw	Closures

The Arnott's Group in Asia purchased circa 20,000 tonnes of packaging in FY20, including:

- 3069 tonnes of cartons;
- 1325 tonnes of cases;
- 4380 tonnes of cans, ends and aseptic cartons;
- 7400 tonnes of glass; and
- Multiple other additional miscellaneous materials

Approximately 80% of the Arnott's Group in Asia's packaging is technically recyclable, but markets lack the infrastructure at the present time. The Arnott's Group will continue to collaborate with the key partners within the markets across Asia to move towards packaging singularity.

In Australia the Arnott's Group is working with APCO to deliver the 2025 national targets to address the challenge domestically. These targets entail fundamental changes to the way packaging is manufactured, used, collected and reprocessed into new packaging or products.

The four APCO targets, established in 2018, to be achieved by 2025 are;

- 100% reusable, recyclable or compostable packaging,
- 70% of plastic packaging being recycled or composted,
- 50% of average recycled content included in packaging, and
- The phase-out of problematic and unnecessary single-use plastics packaging.

In response, The Arnott's Group recently undertook an assessment of its ANZ packaging formats to establish a baseline to measure improvements. The good news is that over 98% of The Arnott's Group ANZ packaging is recyclable. This includes all plastics, cardboard and can formats. Within our soft plastics portfolio, on a weight basis, about 73% of the packaging is recyclable.

As cardboard and metal packaging disproportionately contribute to this score, we also reviewed our packaging on a consumer unit basis, where all the packaging types used for a product type are taken to be one consumer unit. This assessment showed that overall, 75% of the consumer units made by The Arnott's Group are recyclable [see Figure below].

The packaging in the ANZ portfolio that is currently not recyclable is mostly multi-material films (wrappers). These materials total about 2% of the total ANZ packaging.

The Arnott's Group has established a new sustainable packaging strategy containing initiatives and targets across the entire packaging value chain, from design, production and use of packaging, through disposal and recovery, to promote the use of recycled material and the circular economy.

We have embedded the APCO targets in our internal stage gate process for product development through a new assessment tool to drive decision making on packaging formats.

Suppliers are made aware of The Arnott's Group's APCO commitments during regular business reviews and major events such as the annual supplier day, a day in which The Arnott's Group's visions and strategies are shared with key suppliers. Suppliers are then encouraged to share and collaborate on sustainable packaging initiatives.

Australia also has constraints on recycling infrastructure, so we know that just because packaging is recyclable, it doesn't automatically mean it is recycled. So our approach needs to be broader than increasing the recyclability of our packaging.

#### % of consumer units where all packaging components are Recyclable



73%

97%

75%

That's why partnerships will be key to achieving real change. Our existing partnerships include:

- The ANZPAC Plastics Pact initiative led by APCO and the Ellen MacArthur Foundation. The initiative will work with businesses, governments, and NGOs from across the plastics value chain towards a circular economy for plastic, in which it never becomes waste or pollution.
- The REDcycle Program is a true product stewardship model where manufacturers, retailers and consumers are sharing responsibility in creating a sustainable future.
- Product Stewardship - The Arnott's Group supports of the Federal Government's recent reform of product stewardship legislation and the launch of a new Product Stewardship Investment Fund. We are working closely with the government and industry to enable more recycling of soft plastics, build more standardised systems and processes for recycling and ensure consumers are receiving clear and effective communication.



## SPOTLIGHT PACKAGING IMPACT AT THE ARNOTT'S GROUP

The Arnott's Group encourages a circular economy approach to decouple economic activity from consumption of finite resources and using good design to remove waste from the system.

A 2018 company-wide packaging review led to a number of changes to the packaging for the iconic Tim Tam biscuit:

- Cutting the number of inks used in package printing by more than half;
- Switching internal trays to include 10-15% regrind from the production process
- Joining the REDcycle soft plastics recycling program, to provide consumers with a collection option for recycling the films used

to wrap our biscuits and working to develop the circular economy

- Implementing the Australian Recycling Label, to provide consumers with clear and consistent information on the correct disposal of all packaging components

These changes reduced the resources used to make our packaging (including a 20% reduction in water and energy consumption) and contributed to a 54% increase in the recovery of Arnott's branded soft packaging.

And there is much more we can do. As part of our 2025 goal, we will explore options to reduce, reuse or repurpose the amount of plastic packaging in our portfolio by a further 10%.

### 3.3 CONNECT PEOPLE AND COMMUNITY



### SUPPORTING INCLUSION AND BELONGING

The Arnott's Group is committed to fostering inclusion and belonging through our work. Only by bringing a diversity of culture, gender, geography and thought into the workplace, can we innovate and respond to our rapidly evolving consumer, customer and stakeholder needs.

The Arnott's Group is proud of its progress on workplace gender equality. For Australia this is reflected in our annual reporting to the Australian Government Workplace Gender Equality Agency. The Arnott's Group Australian workforce representation is reflected by:

- Gender composition of the workforce, at 49% women and 51% men - at our extended Leadership Team level 45% women and 55% men.
- 58% of promotions in the last 12 months were female.
- Flexible working arrangements and working arrangements supporting carers.
- Policies, strategies and processes to help reduce bullying, harassment and discrimination.

At the same time, we recognise that there is always room to step up our efforts. In committing to gender equality at The Arnott's Group, we will be focusing on areas for improvement including:

- Continuing to close the gender pay gap across our workforce,
- Engagement on gender equality, by introducing a wider variety of consultation avenues.

The Arnott's Group is working to establish a formal strategy to ensure that we are an inclusive place to work for all peoples, regardless of race, religion, gender, sexual orientation or ability. We welcome difference, and are continually looking for ways to foster an environment where our people feel comfortable to bring their whole selves to work, every day. As we build and implement our human resource systems, we will measure, track and report our commitments to diversity, inclusion and belonging in our workforce.



## SPOTLIGHT TOWARDS AN ALL-INCLUSIVE PARENTAL LEAVE POLICY

We know that providing for our families is one of the biggest reasons our people come to work every day.

As we strive to build a high-performance culture, it was important to us that our people can continue to win, both at work and at home. This means providing the parents amongst us with the support and flexibility to take care of their families, while experiencing the joys of nurturing their children.

In August 2020, The Arnott's Group amended our parental leave policy to expand our voluntary paid parental leave to both primary and secondary carers. This was aimed at ensuring gender neutrality, and to effectively provide the

primary carer's leave benefit of 12 weeks' paid leave to our employees in Australia and New Zealand.

### **James Prescott:**

*"Upon making the huge decision to start a family, I was so thrilled to learn that we had a really generous parental leave policy and one that meant that I could spend time with my son over the early formative months of his life. Furthermore, it enabled me the time to provide support to ensure as a family we could navigate through this new experience, share it together and have some lasting memories."*

## **Supporting our community**

Back in 2004, we started The Arnott's Foundation as a means for us to contribute positively to the families and community in Australia. Working jointly, The Arnott's Group and The Arnott's Foundation aim to create positive environments that allow families to build, sustain and enjoy a better quality of life.

The Foundation works with four charities - Camp Quality, Foodbank, Fairy Sparkle and Driver Reviver. These charities focus on a range of issues from children's cancer and healthcare, feeding the hungry and reducing the road toll.



## SPOTLIGHT CHANGING THE STORY FOR CHILDREN FACING CANCER

In 2020, The Arnott's Foundation celebrated a rewarding milestone - 16 full years of delicious moments, partnering with Camp Quality. Since the beginning of our partnership in 2004, we have raised \$5 million to help change the story for children with cancer:

- Our renowned Arnott's Gala Ball, that raises between \$450-\$500,000 annually;
- The legendary Family Fun Day at Huntingwood that raises \$40-60,000

annually; and

- The S'more Camp In Campaign in 2020 that raised \$100,000.

To mark the occasion, The Arnott's Group's employees, suppliers and consumers came together as a community, to host our Bake & Create sessions, volunteer at Camp Quality, and to take our Arnott's Mobile Bakery to families.

# FOODBANK REACHED 3 MILLION PEOPLE WITH OUR SUPPORT



## SPOTLIGHT PARTNERING WITH FOODBANK TO TARGET HUNGER AND FOOD WASTE

The Arnott's Group has been a proud supporter of Foodbank Australia for more than 10 years, donating millions of kilograms of food to families in need.

In 2020, a year when the charitable sector struggled to keep up with a spike in demand for services and support amid COVID-19 and an economic recession, The Arnott's Group continued its support by donating more than half a million dollars' worth of food.

The Arnott's Group donated almost 200,000 kgs of food which equates to more than 100,000 meals for vulnerable Australians struggling to make ends meet. That's almost 60,000 kgs of biscuits and over 133,000 kgs of soups - the equivalent of 347,000 meals for Australians in need.

Foodbank helps vulnerable Australians access vital groceries each month, but more support is required to ensure their supply can keep up with demand from Australians doing it tough.

*"Our great relationship with The Arnott's Group means we've been able to provide easy, nutritious soups and yummy biscuits to people across Australia struggling in the face of the COVID-19 pandemic. At a time when people are seeking food relief more frequently, and everything is out of the ordinary, we're so grateful to be able to help alleviate some of the stress and restore some normalcy with their iconic products."* – Brianna Casey, CEO of Foodbank Australia

*"It's a whole other stress you don't need. At least you know if it's a variety box or whatever, you're going to get, you can make do with it for the week. The people, the non-judgement and just the range of food you can get. When you've got nothing, everything is great. It's the practical stuff you can use. I'm getting the things I need."*  
– Kym, NSW, a recipient of Foodbank support

## NUTRITION AND WELLBEING

The Arnott's Group has established the following guiding principles to help us make delicious products responsibly and offer consumers choices that best suit their lifestyle. Our principles are:

### Offer choice to consumers

- Make a broad range of food and beverages so that consumers can make informed decisions in line with their lifestyle needs.
- Provide appropriate serve sizes in line with applicable dietary guidelines and offer more portion control packs.

### Rely on the science of nutrition

- Use nutrition science during product innovation to improve the nutrition profile of our portfolio.
- Collaborate with respected health and nutrition stakeholders to support nutrition research and education.

### Communicate transparently

- Provide nutrition and ingredient information for all our products, to help consumers make informed choices.
- Market our products in a responsible manner
- Engage and educate stakeholders, consumers and employees on healthy balanced lifestyles and the role our products play in the overall diet.

In line with these principles, we have made significant nutrition improvements within our product portfolio. These include:

### Australia and New Zealand:

- A 19% reduction in the sodium content in the soups and 40% reduction in the sodium content of salty snacks since 2004.
- A 51% reduction in saturated fats in the Shapes range since 2010.

- In addition to reducing ingredients and nutrients of concern, The Arnott's Group has worked to improve the nutrition profile of new products through the addition of whole grains, legumes, vegetables and fruit.
- Removing artificial colours and flavours from more than 70% of the plain sweet biscuit and Tiny Teddy portfolios.

### Malaysia:

- Changed from sucralose to stevia in Chili Sauce, Ketchup and Black Pepper Sauce, resulting in a sugar reduction of between 15%-45% across the range
- Prego Sauce and dry pasta range provide a source of protein.
- In line with Ministry of Health recommendations, the Healthier Choice Logo is displayed on pack on Prego Dry Pasta range



# 4. The Path Forward

The Arnott's Group exists to create delicious moments; however, while our products are enjoyed in the moment, they can leave a lasting impact. We aim to build a more sustainable future for the community and the environment we live in.



## 2021 SUSTAINABILITY STATEMENT

Creating delicious moments with a plan to build a sustainable food system, protect the land we rely on and connect our communities.



### MAKE

Produce our food in a way that is ultimately climate neutral and promotes a circular economy.



### SOURCE

Ensure our ingredients are sourced in a way that protects the earth and strengthens regional communities.



### CONNECT

Engage with consumers, retailers, employees, and the broader community to promote a more sustainable way of life.

### CIRCULAR PACKAGING

Reduce, reuse or repurpose ANZ plastic packaging by 10% by 2025 and meet Australia's 2025 National Packaging targets.

### NET-ZERO EMISSIONS

Achieve net-zero emissions in our operations by 2040 and across the value chain by 2050.

### SUSTAINABLE INGREDIENTS

Sustainably grow and source 100% of our key ingredients, namely flour, sugar, oils, dairy and cocoa products by 2035.

### THRIVING COMMUNITIES

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



# CIRCULAR PACKAGING

## COMMITMENT

Reduce, reuse or repurpose ANZ plastic packaging by 10% by 2025 and meet Australia's 2025 National Packaging targets.

We believe that it is important for The Arnott's Group to play a major role in supporting the development of a more sustainable economy in packaging. Therefore, we will undertake a number of initiatives to play our part in driving and inspiring change in the industry.

- 1 By 2025, we will reduce, reuse or repurpose ANZ plastic packaging by 10% and meet Australia's 2025 National Packaging targets. We will do this by:
  - Reducing the amount of packaging we use by eliminating unnecessary packaging
  - Optimising packaging formats and sizes.
- 2 By 2025, 100% of our packaging for our ANZ portfolio will be reusable, recyclable or compostable. We will do this by:
  - Transitioning from non-recyclable multilayer flexible film to an alternative structure (mono-plastic) which is 100% recyclable.
  - Replacing our current plastic structures with paper-based ones or recycled plastic wherever is possible and financially viable.
  - Implementing the Australasian Recycling Label (ARL) across 100% of our portfolio.
- 3 We already are a significant user of Circular Packaging. Against an APCO target of 50% average recycled content on a weight basis across all packaging, we already sit at 69%, as much of our cases and cartons are made from recycled fibreboard. Globally, manufacturers face technological challenges: there are no food-grade alternatives to virgin, flexible plastic film. So we will create strong industry

partnerships to develop technology solutions for soft plastic recycling via:

- Working as a member of the Ellen MacArthur Foundation's ANZPAC Plastics Pact to build a clearly defined roadmap towards national and regional Plastics Pact 2025 Targets.
- Partnering with the Australian Food and Grocery Council to explore a product stewardship model for soft plastics recycling.
- Partnering with APCO to understand and minimise the impact of small plastic packaging (problematic) and design a roadmap for further action.



## NET-ZERO IMPACT

### COMMITMENT

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

Initiatives:

- Install renewable energy infrastructure progressively and where practicable at our Australian manufacturing sites by 2030, commencing with one of our Australian sites by 2023.
- Head Office to purchase renewable energy by 2026
- Purchase Gas offsets or alternative oven technology to be at least 25% carbon neutral by 2030
- Either install locally viable renewable energy options in Asian operations or purchase offsets by 2035
- Develop further 'virtual' energy options or progressive purchase of offsets to be 100% carbon neutral for The Arnott's Group by 2040



# SUSTAINABLE INGREDIENTS

## COMMITMENT

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

Although The Arnott's Group has a complex supply chain with thousands of ingredients and inputs sourced across the world, five ingredients make up the vast bulk of our annual spend on ingredients: wheat flour, sugar, oils and fats, dairy products and cocoa products.

We acknowledge the need to ensure these key ingredients are procured sustainably. We know that there is a lack of global consensus on a definition of sustainable ingredients, but The Arnott's Group will work to develop a clear fit-for-purpose framework and consider global approaches and frameworks such as those used by the UN FAO, to guide our sustainable ingredients policies.

We also understand that our facilities in Malaysia and Indonesia face different supply chain challenges. However, overtime we will seek to align their policies with the rest of The Arnott's Group for all major raw materials.

For the ANZ business, we are able to commit to a continuation of a number of major initiatives that significantly strengthen the sustainability of our key ingredient supply chain.

- 1 Locally source (Australia or New Zealand) key ingredients, wherever possible and commercially feasible to do so.
  - 100% Australian-grown and processed wheat flour,
  - 100% Australian or New Zealand dairy products,
  - 100% Australian-grown sugar, and
  - 100% Australian-grown and made canola oil

Due to seasonal variations, supply constraints, demand shifts, food manufacturers need to maintain flexibility to procure ingredients to meet consumer demand. However, we will report our performance through annual reporting.

- 2 Procure key ingredients only through certified, audited or industry-led sustainable programmes.
  - 100% of West Africa-sourced cocoa liquor to remain independently certified.
  - 100% of all ANZ dairy sourced from certified Australian Dairy Industry Sustainability Framework suppliers or NZ equivalent by 2022.
  - 100% Segregated and/or Certified Sustainable Palm Oil (RSPO).
- 3 Develop strong collaborations and partnerships with suppliers to deliver lasting benefits to farming communities in our supply catchments.
  - Invest in Australian wheat crop research to enhance operational and environmental outcomes, including through our soft wheat development program.
  - Work with our flour suppliers to implement the Cool Soil initiative to work with grain growers through regional farming systems groups to reduce greenhouse gas emissions and increase soil health.
  - Work only with suppliers who commit to The Arnott's Group Responsible Sourcing Supplier Code and are members of and adhere to SEDEX certification requirements.
  - Ensure all major suppliers have signed up to these codes by 2025.

As part of annual reporting against these commitments, we will outline our progress transparently and highlight the challenges faced and advances made in delivering a truly sustainable supply chain.

# THRIVING COMMUNITIES

## COMMITMENT

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

Our heritage and iconic status brings with it responsibility to our communities. We believe that enduring success is only possible if our employees, partners, communities and consumers also benefit.

It is only by empowering individuals and communities that we can ensure our business is truly sustainable over the longer term. To that end, we will undertake a number of new initiatives and build on existing ones to empower our stakeholders. These include:

### 1 Inclusion and Belonging

- 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.
- Develop our inaugural Reconciliation Action Plan to continue the process of recognising the legacy and heritage of our business and bringing the perspectives and interests of First Nations people to the heart of our business
- Promote greater representation and diversity across marketing initiatives.
- Report openly on gender representation and pay gap.
- Leverage 'green teams' across the organisation to inspire our employees in creating sustainable innovations.

### 2 Supporting communities

- Evolve and amplify the Arnott's Foundation partnerships and investment in local communities, adjusting the focus as required.
- Seek to establish sustainable farming partnerships with key suppliers and not-for-profit organisations, particularly in south-east Asia.

### 3 Nutrition

- Continue to offer volunteering days and programs for employees
- Double the number of snacks in our ANZ portfolio with more positive nutrition attributes, through at least one or more of – the presence of whole grains, fibre, protein; or a reduction in sodium, saturated fat and added sugars by 2025.
- Increase our ANZ range of portion control snacks by 20% by 2025.
- Maintain transparent labelling.
- Conduct a full nutrition assessment our Asia portfolio against local dietary guidelines, and key competitors for each region, to establish a baseline. Align on a path forward to ensure we have a range of products that allow consumers to make informed choices in line with their lifestyle needs.

