

2022 REPORT



Sustainability



Creating delicious moments with a plan to protect
the land we rely on and the communities we serve.

Farmer Dave Brownhill from Merrilong Pastoral Company



The Arnott's Group acknowledges the Wangal people of the Dharug Nation as the Traditional Owners and ongoing custodians of the land on which our organisation's national office is located.

Acknowledgement of Country

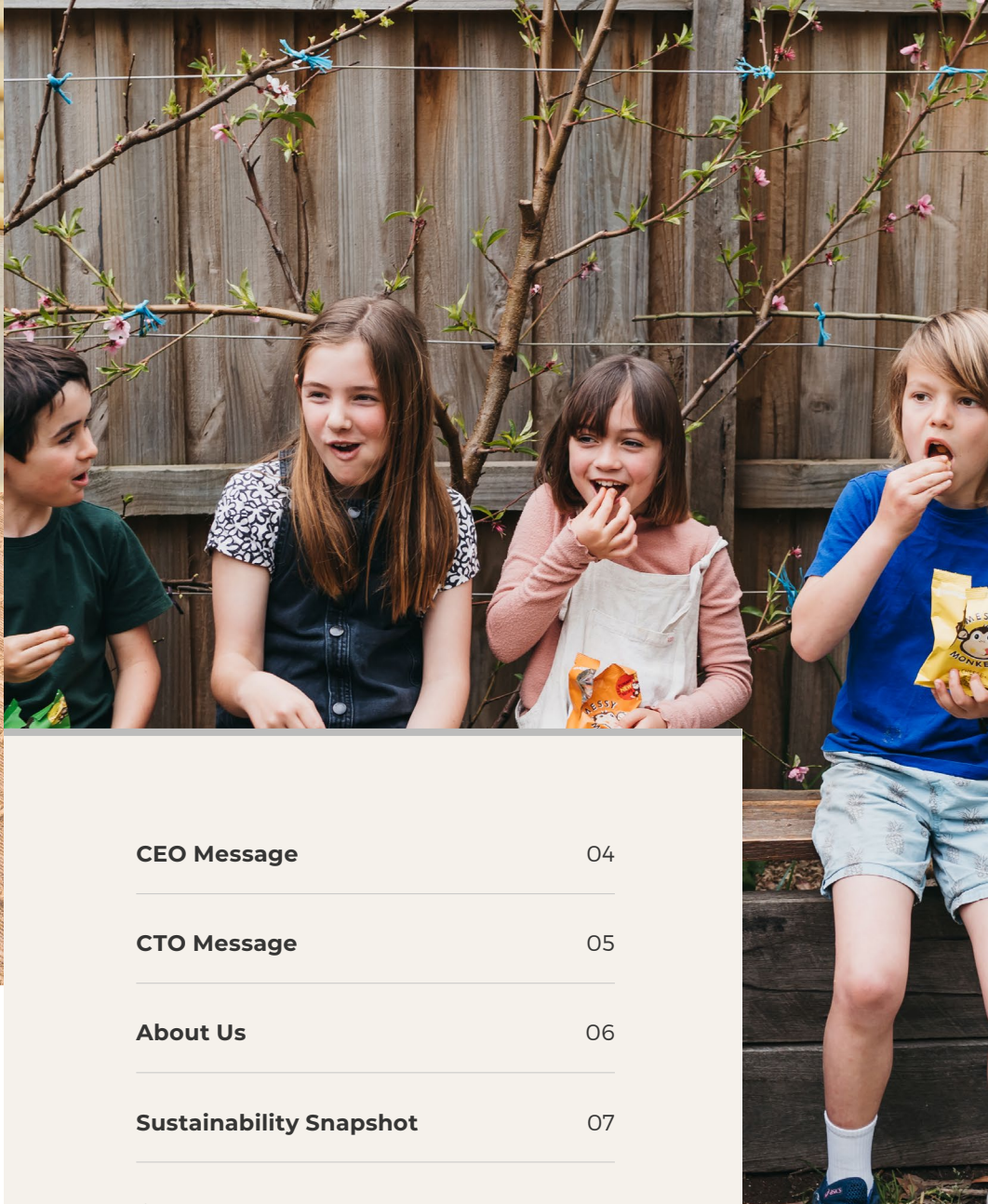
We respectfully recognise Elders past, present and emerging.

We acknowledge the Traditional Custodians of lands across Australia where our offices and factories are located and their Elders both past and present – the Yorta Yorta people in Shepparton, Victoria; the Kaurna people in Marleston, South Australia; the Turrbal and Jagera peoples in Virginia, Queensland; and the Bunurong, Wurundjeri and Boonwurrung peoples in Dandenong, Victoria.

Our organisation's journey began in Newcastle on the Traditional Country of the Awabakal and Worimi peoples. We deeply respect all Awabakal and Worimi Elders and ancestors and recognise their connection to the land on which our organisation has its roots.

We pay our respects to the Traditional Custodians of Country throughout Australia where our ingredients and materials are sourced and our products are sold, and we acknowledge the role food plays in their connection to country and culture.

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Message from our CEO

It is never lost on me the responsibility that comes with being the custodian of brands like ours, with products that have, for 157 years, held a special place in the hearts and pantries of Australians nationwide.

Many of these products have existed through some of Australia's most triumphant times and darkest days, and represent for many, a reminder of their childhoods, or a rite of passage in their immigration.

It is this responsibility that has us consciously re-committing to the future that we want to create. A future that sees us manufacture our quality products in a way that better reflects the natural boundaries of the planet and results in the regeneration of the land.

We have made it a priority to live and breathe our values, and in turn to ensure that sustainability is a central part of who we are and how we operate. I am proud of the strides that we have made toward our sustainability goals this past year and remain steadfast in our commitment to continued progress in the years to come.

I would like to recognise those within The Arnott's Group who have taken it upon themselves to drive change.

I often make the point that a historic business like ours can't afford to become a relic in a museum devoted to the ways of the past. Instead, we must continue to evolve, both when it comes to driving an innovative agenda, but also as a custodian of the land that will support future generations of Arnott's Group consumers.

There is a long way to go, but we are well and truly invested in the journey even though the past year presented several challenges for food manufacturers worldwide. The impacts of COVID continued to loom, compounded by global supply constraints, international conflicts and closer to home, extreme weather incidents. Australia's worst flooding event on record was punctuated by the release of an Intergovernmental Panel on Climate Change report with a dire warning about climate inaction and predictions of increased extreme weather over the next two decades.

In this context, it is imperative that progress toward a more sustainable future remains a priority for business. Encouragingly, global dialogue around the need to shift to cleaner energy, more transparent supply chains and more ethical practices is louder than ever.

George

George Zoghbi
Chief Executive Officer



WE
STAND
FOR

**1.
Fostering
equality,
diversity &
sustainability**

**2.
High
performance,
with integrity.**

**3.
Balancing
decisions from
our head
& heart.**

**4.
Delighting
our customers
everytime.**

Message from our CTO

In 2021 we set ourselves an ambitious, but an achievable set of goals to progress the sustainability agenda within The Arnott's Group. This sustainability report gives us the opportunity to look back on the past twelve months and acknowledge the many lessons learned and celebrate the progress made.

It has been, in the truest sense of the word, a transformational year. A year where our business wholeheartedly undertook to do better and do more. We have made significant gains and readied ourselves for what we consider to be a marathon and not a sprint.

We have spent the past year taking stock of our processes, measuring our outputs, and working closely with the industry, our customers and our partners on emerging technologies, new materials and collective challenges. We have listened to the repeated calls from consumers worldwide, demanding greater accountability of companies, and we have taken action.

This year I am exceptionally proud of the progress that we have made in creating a more accountable and transparent supply chain, in committing to renewable energy solutions, driving the adoption of the Australasian Recycling Label and in increasing transparency and choice in the nutrition of our greater portfolio of products.

We continue to focus on sourcing ingredients and making our products sustainably, and connecting with consumers and stakeholders to promote a more sustainable way of life.

The efforts this past year have been driven by a strong and passionate group of our employees who have demonstrated that the shift toward a more sustainable operation is, above all, the right thing to do. I wish to thank them, together with our executive leadership team, suppliers, customers, and partners – all of whom have embraced our sustainability agenda with enthusiasm.

Sustainability presents the opportunity to undertake meaningful and lasting change that will ultimately re-shape the footprint of our business for generations to come. We will continue to strive for improvements, challenging ourselves, our partners, the industry and the government, because collectively our impact is that much greater.



Simon Lowden

Chief Transformation Officer



WE ARE
COMMITTED
TO

SOURCE

MAKE

CONNECT

create *delicious* moments



The Arnott's Group portfolio of brands continues the 157-year legacy of the Arnott family, providing quality, great tasting food to create delicious moments for consumers around the world.

The Arnott's Group is headquartered in Sydney with a presence across the Asia Pacific. Our portfolio includes the iconic Arnott's biscuit brand along with Campbell's products in Australia, Malaysia, Hong Kong and Japan, gourmet crackers from 180degrees in NZ and a new cereal and snacks division called Good Food Partners.

We have manufacturing operations at Huntingwood (NSW), Marlestone (South Australia), Virginia (Queensland), Shepparton (Victoria), Leeton (NSW), Scoresby (Victoria), Auckland (New Zealand), Bekasi (Indonesia) and Kuala Lumpur (Malaysia).

We make

1,045+
products

across Australia, New Zealand and Asia ranging from soups to stocks, meal bases, beverages, biscuits, crackers, pasta sauces, cereals, and snacks.



We have

4,074
employees

across

16
sites



We source raw material from

190+
suppliers

with over

75%
locally sourced

in Australia & New Zealand





Sustainability

SNAPSHOT

Our sustainability strategy continues to target the three key focus areas across our supply chain, they 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%.

 **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

Progress Made Against our Sustainability Targets

In the 12 months since the launch of our first Arnott's Group Sustainability Statement, we're proud to share the key highlights of progress.



OUR AMBITION		2021/2022 PROGRESS
SOURCE	Sustainable Ingredients Grow and source 100% of our key ingredients (wheat flour, sugar, oils, dairy and cocoa products) sustainably by 2035.	<ul style="list-style-type: none"> • 90% of direct suppliers have signed up to The Arnott's Group Responsible Sourcing Supplier Code which is a commitment to responsible supply chain management and sourcing. • Implemented an ethical standards framework including the use of the SEDEX Members Ethical Trade Audit (SMETA) as a form of ethical and sustainability self-assessment requirement for all our suppliers. We're ahead of target for our ethical sourcing compliance model with 96.3% (+4.2%) of our suppliers of ingredients and packaging and 31.7% (+1.8%) of our remaining suppliers signing up to SEDEX. • Our soft wheat breeding program, in partnership with flour supplier Allied Pinnacle and researchers at LongReach Plant Breeders, has successfully developed a new wheat variety, SW0046, classified for distribution in late 2022 and named 'Scotch' as a nod to the partnership. This breakthrough new variety, has a better overall yield, greater drought tolerance and resilience against pests.
	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.	<ul style="list-style-type: none"> • Developed plans to install renewable solar power systems across our three biggest sites in Australia, Huntingwood, Marlestone and Virginia, and our head office in North Strathfield. These projects are due for completion by the end of 2022 and will reduce The Arnott's Group's total scope 2 emissions by about 13%. • Developed plans for an energy monitoring trial later this year at our Huntingwood site to better understand our energy consumption which will continue to inform energy efficiencies to meet and exceed our emissions targets. • Refined our waste management practices across our sites including reducing landfill waste, diversifying our recycling options and implementing better waste infrastructure by switching waste contractors to Wasteflex.
	Circular Packaging By 2025, we will reduce, reuse or repurpose (upcycle) ANZ plastic packaging by 10%.	<ul style="list-style-type: none"> • Increased Australasian Recycling Label (ARL) adoption by 16% across our portfolio of products in Australia. We expect to achieve 80% ARL adoption by the end of 2022 and 100% by 2024, which would be one year ahead of the national target. • Transitioned all our point-of-sale displays in Australia to 100% recyclable alternatives. • Improved our annual Australian Packaging Covenant Organisation (APCO) performance in 2021 from 71 to 81%, and from 'leading' to 'beyond best practice'. • Begun transitioning our entire Arnott's soft plastic portfolio from multi to mono-material film wrappers to increase recyclability and generate better value for the circular economy.
	Thriving Communities Increase choice, opportunity and wellbeing by promoting inclusion and belonging, supporting communities and providing more diverse food options and guidance on nutrition.	<ul style="list-style-type: none"> • Provided Australians with more than 216 million serves of whole grains with Vita Weat crispbreads, Messy Monkeys snacks and Freedom Foods, and more than 139 million serves of vegetables through V8 juice and Campbell's Soups' and 41 million service of fruit through V8 juice. • Donated 794,600 products via Foodbank and partnered with Eat Up to donate over 100,000 Messy Monkey snacks to help combat food insecurity. • Donated \$250,000 to Camp Quality and \$100,000 to Fairy Sparkle through the Arnott's Foundation, supporting children and their families facing cancer. • Launched our FY22-FY24 Inclusion & Belonging Strategy which provides a shared direction and commitment to unite and leverage a diverse workforce by shaping inclusive moments for all.



Value Chain Considerations & Governance

VALUE CHAIN CONSIDERATIONS

The Arnott's Group recognises that to build a more sustainable food system, we must make change ourselves, and also look beyond our direct operations to the full value chain partnering with industry, government and suppliers in ways we haven't before. We must work with farmers to use the land more sustainably, with our packaging and logistics partners to reduce waste, and take on the responsibility of educating and inspiring our people and the communities in which we operate, to make more sustainable choices.

We are proud to have Arnott's Group 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 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.

OUR SUSTAINABILITY STEWARDSHIP

The Arnott's Group's Sustainability Driver Group has continued to lead our sustainability efforts. Having representatives from all parts of our business in the working group has ensured that we have a comprehensive view of the sustainability considerations group-wide. Our Sustainability Driver Group defined an action plan against our sustainability commitments aimed at addressing sustainability risks and opportunities in our operations and supply chains and has progressed this agenda. The working group meets regularly to ensure we have a consistent approach to our sustainability efforts and are taking necessary steps to achieve each of these goals.

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We're excited about our ongoing partnership with the Arnott's Group which is creating positive changes today, for a better tomorrow. Our successes are shared with our partners and made possible by their support. Through Arnott's own work and contribution to the Woolworths Group Supplier Council, we are working collaboratively to drive progress by increasing healthier choices, contributing to a circular economy and decarbonising our supply chain.”

Alex Holt
Chief Sustainability Officer,
Woolworths Group



AN ASSESSMENT OF OUR MATERIAL ISSUES

Simply stated, the key concept of sustainability is to meet our own needs without compromising the ability of future generations to meet theirs. In addition to the use of natural resources, sustainability also refers to accountability regarding social, ethical and economic outcomes both internally and externally. The Arnott's Group is currently undertaking a sustainability materiality assessment which will be informed by the Global Reporting Initiative (GRI) whose framework and approaches The Arnott's Group will look to draw on as we continue to develop our own approach. Building upon the baseline from our 2021 Sustainability Statement, we value the environmental social governance frameworks that bring higher standards of transparency and accountability for reporting on our impacts.

Our assessment in rating the significance of our impacts, stands as a benchmarking process for the entire business 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 Goals in capturing our materiality impacts and focusing positive change within key sustainability spheres. The Arnott's Group also recognizes the work of the United Nations Food and Agriculture organization (FAO UN) in reversing world hunger through a targeted food security strategy that indirectly influences our materiality impacts regarding ingredient sourcing and agricultural environments.



SUSTAINABLE DEVELOPMENT GOALS



UN Sustainable Development Goals

SOURCE

Sustainable Ingredients

COMMITMENT

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

Sourcing and combining good ingredients is at the heart of every product The Arnott's Group makes. We pride ourselves on procuring ingredients, packaging and services that are not only high quality but also sourced sustainably and responsibly. We are continuing our sustainability focus on transparency of supply, accountability of the supplier and reducing the environmental impact of operations. Our ability to sustainably source the goods and services needed for our operations is built upon strong relationships with our supply stakeholders and the continued focus we have on sustainability matters has been positively received across our supply chain.

With greater understanding of our sustainable sourcing baseline, our procurement team has implemented an ethical standards framework including the use of SEDEX Members Ethical Trade Audit (SMETA) as a form of ethical and sustainability assessment for all our suppliers. We are conducting a survey that captures the sustainability portfolio, including tracking emissions, of our top 150 suppliers by annual spend. These information sharing platforms provide transparency and accountability as part of our sustainable supply chain ambition and are part of the investment of The Arnott's Group to reduce the impact of our supply chain on people and the environment.

We're ahead of target for our ethical sourcing compliance model with 96.3% compliance (+4.2%) for Direct Suppliers and 31.7% (+1.8%) for our Indirect Suppliers.

Within the organisation, we are in the process of consolidating our supplier platforms into one easily accessible online supplier portal where we are able to track and improve sustainability initiatives across our supplier base. This portal focuses our time and interactions with all suppliers to learn more about their sustainability commitments and potential improvements and to continue gathering baseline emissions data as we map our scope 3 carbon emissions profile. The Arnott's Group has built strong relationships with our suppliers over many years and we are excited to work closely with all suppliers in creating positive change.

For example, the relationship between Allied Pinnacle and The Arnott's Group extends back over 100 years and today we are collectively committed to strengthening the soft wheat industry, a critical industry that ensures we continue to create delicious moments for all our consumers.



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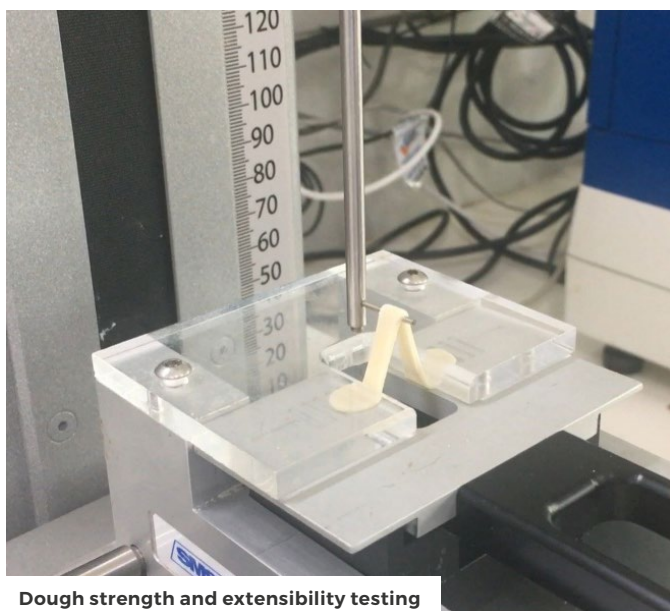
Partnerships for the Goals

The renewed partnership with Allied Pinnacle includes agricultural programs for the continued breeding of soft wheat varieties, strengthened supply chains and agricultural communities for soft wheat farmers and sustainability innovations for regional environments where soft wheat is grown. The supplier contracts that Allied Pinnacle signs with growers now include commercial provisions that tie sustainability achievements to financial outcomes. This is a commercial model we will look to continue rolling out across our broader supply chain, as we help to build a more robust and sustainable food system.



SUSTAINABLE AGRICULTURE

The Arnott's Group is proud of its history supporting and advancing the soft wheat industry in Australia in partnership with flour supplier Allied Pinnacle and researchers at LongReach Plant Breeders. The soft wheat breeding program in Australia has successfully created a new wheat variety, SW0046, classified for distribution in late 2022. This breakthrough new variety, with better overall yield, greater drought tolerance and resilience against pests, is the result of a long-term innovation through the LongReach program and has been well received by soft wheat growers who are eager to adopt it as the main soft wheat variety planted over the next few seasons. This SW0046 variety provides the superior biscuit flour we need to create our delicious product range while also delivering increased resource efficiencies that accompany improved wheat breed performance, such as lower fertilizer and water use during the growing cycle.



Dough strength and extensibility testing

Being an active contributor to the soft wheat breeding program is part of our commitment to make a positive impact towards Goal 2 of the 17 UN Sustainable Goals – Zero Hunger. Goal 2 targets ending all forms of hunger and malnutrition, which involves sustainable, resilient, productive agricultural practices.

Another key metric of our commitment to fostering sustainable agriculture in Australia is our growing involvement with the Cool Soils Initiative with our soft wheat farmers. As a founding member of the Cool Soils Initiative run across the Riverina Plains in NSW, Allied Pinnacle has partnered with The Arnott's Group and soft wheat farmers to find innovative agronomy options to achieve greater sustainability within farming. The focus of the program is to partner with farmers who grow wheat for our biscuits via Allied Pinnacle, to support these farmers to understand their carbon emissions, map their carbon reduction opportunities and find innovative strategies to increase soil health. There are around 10 growers participating in this program and we hope to expand this to 30 in coming seasons.



ETHICAL & RESPONSIBLE SOURCING

We are continuing to enforce higher standards of supplier accountability and transparency to ensure our full supply chain is free of all forms of child labour, unethical dealings, or environmental degradation. By evaluating our procurement risks and providing transparency across our supply chain management we continue to work towards implementing the UN Sustainable Goals, specifically Goals 8 and 12, by reducing societal inequalities through the provision of equitable work and also operating under the principles of responsible consumption and production of our goods.

We recently published our second [Modern Slavery Statement](#) which reports on The Arnott's Group's ongoing commitment to the creation of ethical and sustainable supply chains, in which the highest standards are upheld for all people.

Over the past year we have taken steps to strengthen our stance against modern slavery, including running employee education on modern slavery through our online training platform, implementing our Modern Slavery Guidelines to help mitigate the risks of modern slavery when we engage new suppliers and working with our suppliers on their commitment to responsible sourcing.

We continue to investigate options to achieve greater sustainability within our ingredients supply chain for the benefit of both our operations and the agricultural regions our ingredients are grown. As part of this process to strengthening our supply chain, The Arnott's Group will begin migrating our cocoa blends away from African regions to Asia as this provides our operations with robustness in supply. We continue working towards our commitment to be 100% Rainforest Alliance certified for the sourcing of cocoa.



Dave Brownhill and his brother Gordon run Merrilong Pastoral Company, a 10,000-ha grain farm on the Liverpool Plains, south of Spring Ridge, NSW.

The wheat harvested from Merrilong is sold to Allied Pinnacle, who provide The Arnott's Group with the flour used in our biscuits. The brothers also share a personal connection with the Arnott's family as their mother is an Arnott by birth, and is the great niece of founder, William Arnott.

The Merrilong Pastoral company grow Oryx wheat, a variety specifically designed for use in biscuits.

They've been growing the low protein variety for the past 6 years and farm it on rotation with sorghum and cotton.

We had the opportunity to visit Dave on his farm ahead of last year's soft wheat harvest, where we spoke to him about his passion for farming and some of the sustainability practices that they've long adopted.

Q. What are some of the challenges facing farmers around the country?

Weather is number one. We had a couple of years of drought, a mouse plague and now a flood. These complications, albeit tricky, are not new. Some of the other challenges we face include staff. Having to compete with other sectors like mining for employees, and of course the shortages off the back of COVID. We also have other external influences – the challenge of communicating good news stories on the farm for example, everyone wants to hear about the bad story but not everyone wants to hear about how regional communities are a great place to live. There's no commute, there's no traffic. Yes, it's a smaller community but it's a fantastic lifestyle.

Q. How has the farming community been impacted by the shift toward more sustainable practices?

Every day of the week we're thinking about sustainability in this business. If we look after the land, the land looks after us. The agricultural industry is being forced to carry a lot of the weight of the emissions targets being set by governments and the like. That's a responsibility that the industry will do its best to take on. On our farm we swapped to no-till in the late 80s. We've been storing carbon in our stubbles since then. We won't receive any benefit for that. We are also trying to figure out the carbon footprint of our harvesting machinery. Between diesel usage, equipment usage and fertiliser usage we're going to have to figure out what our emissions are and how we can offset that.

We are most likely going to need to plant more trees to help with that. We are running after sustainability at 100 miles per hour and I guess we will see what the results are in 5-10 years' time.

Q. What role will technology play in a more sustainable agriculture sector?

Well, I think technology will have a big part to play, particularly in better measuring what we do. If you can't measure it, you can't manage it. Technology is already playing a role, but it hasn't been front of mind for the sector. There are so many great ideas in the ag-tech space but we've got to make them practical. We've got to make them work in the field. Some work really well and some are dry gullies (and you'd prefer not to go up a dry gully). At the end of the day, technology could present a way for the whole supply chain to work together.

Q. How important is it to put a face to the farming communities?

It's great that you're telling our story. Back in the day, everyone had an uncle or a cousin with some connection to agriculture. That's changed now. We don't really have the full connection to our city folk. 90% of Australia's population live on the coast and don't visit the farming regions, but they have an opinion when something goes wrong. It's important not only to tell our family story, but realistically it's about making sure that The Arnott's Group is able to better get its story across too.



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Every day of the week we're thinking about sustainability in this business. If we look after the land, the land looks after us.

MAKE

Net Zero Emissions

COMMITMENT

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

INVESTING IN RENEWABLES

In an ever-changing energy market and with a new opportunity for renewable energy integration into our manufacturing space, we have made significant progress towards our net zero emissions commitment over the past year. We have finalised plans for solar power systems for our three biggest manufacturing sites at Huntingwood, Marlestone and Virginia, with each of these systems scheduled to be operational by the end of 2022. We are also installing solar power on the roof of our North Strathfield head office to utilise the sun's energy within our corporate workspace. Once installed these renewable energy systems will deliver around a 13% reduction in The Arnott's Group's total scope 2 emissions.

These solar power systems show how The Arnott's Group is looking to utilise a broad spectrum of renewable opportunities in innovative ways. The solar power systems at Huntingwood will be the largest rooftop system within our Australian manufacturing network and, along with the Marlestone system, will incorporate battery storage units to be able to use solar power after dark.

	Huntingwood	Marlestone	North Strath	Virginia	Total (tCO ₂ -e)	% of TAG Scope 2 emissions
Forecast emissions abated per annum (tCO ₂ -e) after site based solar is energised	4,891	534	232	2,893	8,550	13.9%

Working with our landlords, Charter Hall (Huntingwood) and Centuria (Virginia and Marlestone), we are looking to further explore electrification of our sites to run site vehicles and processes using solar power. These partnerships between The Arnott's Group and our external stakeholders form an important part of our contribution to the UN Sustainable Goals, specifically Goal 13, for strong climate action and meaningful pathways to move away from fossil fuel derived energy sources.



Affordable & Clean Energy



Industry, Innovation & Infrastructure



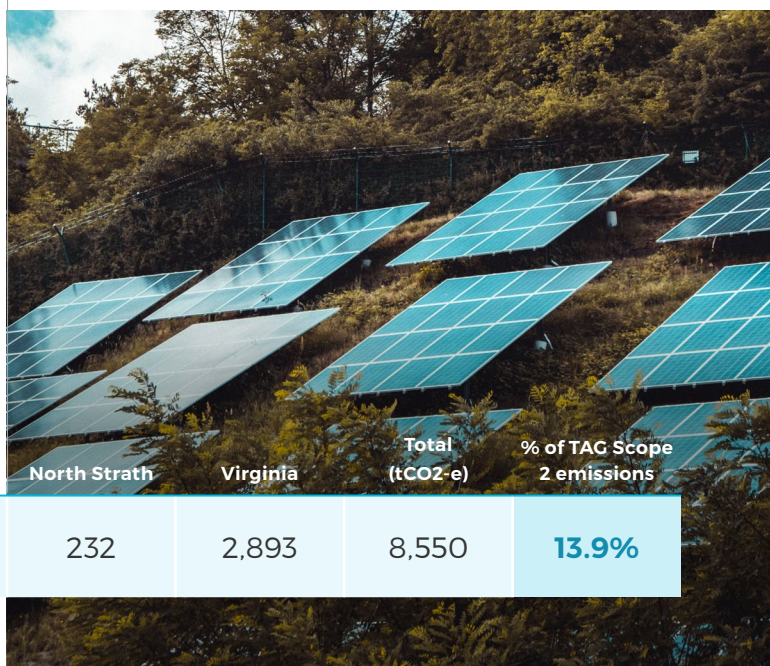
Responsible Consumption & Production



Climate Action



Partnerships for the Goals



SCIENCE BASED TARGETS INITIATIVE

As one of Australia's most renowned food manufacturers, the sustainability commitments we make have a significant impact on our supply chain. Understanding and evaluating the emissions profile associated with our supply chain allows us to see the larger picture of fossil fuel-based energy consumption and work collectively with our suppliers to discover opportunity for change.

Science Based Targets initiative (SBTi) is a global target and reporting framework to assist businesses to develop science-based greenhouse gas emission reduction targets to minimise the impacts of climate change. Using SBTi we are in the process of mapping our scope 3 carbon emissions to understand the breadth of our supply chain emissions profile to create ongoing engagement with our suppliers to reduce their carbon emissions. The combination of our commitment to setting a target under SBTi and our ongoing integration of the UN Sustainable Goals in our sustainability pathway provides even greater purpose to increasing the share of renewables into our energy profile. The utilisation of large off-site renewable projects will be a key climate action initiative for fulfilling our net zero emissions commitment and SBTi commitments.

INCREASING ENERGY EFFICIENCY

As part of our commitment to reduce our carbon emissions, The Arnott's Group is also embarking on a plan to lower our emissions intensity output through large-scale energy monitoring. As an initial step, we are focusing on an energy monitoring trial, which will begin later this year at our Huntingwood site. This will allow us to collect energy use data for specific machines at the Huntingwood site. By better understanding energy consumption we will have the opportunity to operate our plants in a more energy efficient manner. These energy monitoring and efficiency programs are complementary to our renewable energy installations allowing us to create momentum behind both energy production and energy saving opportunities.

IMPROVING VISIBILITY OF SUPPLY CHAIN IMPACT

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. The Code helps ensure we only deal with suppliers who are committed to meeting our standards in areas such as labour and fair treatment.

This year we implemented The Arnott's Group's first annual supplier survey. As part of the survey, we asked our suppliers to confirm their commitment to comply with our Responsible Sourcing Supplier Code. At the time of this report, 127 of our 141 suppliers of packaging and ingredients have done so.

The supplier survey also included several questions for our suppliers of ingredients and packaging designed to help us understand their carbon emission profiles and commitments.

We are partnering with our key suppliers to agree joint sustainability targets. We recently signed a new agreement with Linfox, our logistics provider in Australia. Linfox is committed to ensuring its business and operations are carbon neutral by 2050. As part of our new long term agreement Linfox has also committed to transitioning the Queensland warehouse where Arnott's goods are stored to renewable energy sources by 2025. Our planned new solar power system at Huntingwood will extend to the warehouse, and we are actively investigating electric charging options for our fork-trucks and lifters, and house charging infrastructure to support electrified logistic transportation in conjunction with the solar output. With a strong logistics partnership now locked in, we feel confident that we can continue seeking out new sustainability initiatives and pathways that continue to propel our logistics forward in the right way.



Does your organisation source any renewable energy for current use?

(54 of 127 suppliers)



Has your organisation made any public commitments on carbon emissions?

(38 of 127 Suppliers)



Is your organisation currently using carbon offset for any amount?

(15 of 127 suppliers)

REDUCING WASTE

Impacts from our carbon emissions extend beyond just the source of our electricity consumption. Another focus area for us over the past year has been refining our waste management practices including reducing landfill waste, diversifying our recycling options, and implementing better waste infrastructure at our sites. During the past 12 months, as we continue to form the foundations for change and transition, we have taken a major step by switching waste contractors across our manufacturing sites. The move to Wasteflex for our four main sites in Australia has created an opportunity to diversify the waste streams we have onsite to increase our diversion from landfill volumes. The first target area has been segregation of different plastics. This process has already led to an increase in the volume of soft plastics reaching recycling options from our sites. Our Virginia plant alone has increased soft plastics to recycling options by 5%. With significant work from our site teams and engagement with Wasteflex, we have been able to find solutions to recycle hard plastic items like strapping tape and excess plastic biscuit trays that would have previously gone into landfill.

We have also worked closely with Wasteflex to install improved waste infrastructure which allows site teams to access more efficient disposal arrangements and has the added safety and environmental benefits of fewer truck movements onsite. Viewing our waste management operations for new opportunities and innovations has reaffirmed our end goals to divert our total waste from landfill, reduce our overall waste volumes, and provide education for all employees to help them better understand waste and how they can make a difference.

The past year has seen the formation of employee Green Teams across our site to encourage greater engagement in the environmental and social aspects of our workspaces. The contribution of these employee-led teams has been felt across the business, but most deeply in improving our waste management. The focal point has been simplifying and diversifying waste streams in each workplace and working closely with Wasteflex.

Each team has continued site engagement for new opportunities in recycling, including erecting clearer signage around bins. The addition of waste education for staff through this signage has also increased the potential for our sites to reduce landfill waste, decrease carbon emissions associated with waste management and reduce waste truck movements onsite.

The North Strathfield Green Team has implemented waste hubs across our head office to encourage less waste generation and promote segregation for the items that are left. At our Arnott's Virginia site, the Green Team has been responsible for fabric recycling in our laundry, implementing drink container recycling, separating more plastic waste from our manufacturing processes and streamlining water processes across the site. As we nurture and grow the Green Team program, we will see further development across many other environmental and social metrics that promote involvement and responsibility for positive change in these areas.



MAKE

Circular Packaging

COMMITMENT

By 2025, we will reduce, reuse or repurpose (upcycle) ANZ plastic packaging by 10%.

The Arnott's Group acknowledges that while packaging is important to ensure the safety and freshness of our products, it also has a significant impact on the planet. That's why in line with Australia's 2025 National Packaging Targets we have committed to:

1. 100% of packaging for our ANZ portfolio will be reusable, recyclable or compostable,
2. 50% of the average recycled content will be included in packaging for our ANZ portfolio (20% for plastics), and
3. 100% of packaging for our ANZ portfolio will include the Australasian Recycling Label (ARL).

Packaging innovation presents an exciting frontier, but it also creates some challenges, both in terms of the need to enhance the recyclability of existing materials whilst also retaining the properties that protect and preserve the quality of our products. Other challenges include material availability and industry readiness for change. At The Arnott's Group, we remain committed to meeting and exceeding Australia's National Packaging Targets and advancing the circular economy, educating our consumers around how to recycle and working together with our suppliers and partners to advance research and development that changes the future of packaging for the better.

The Arnott's Group is continuing to work with the Australian Packaging Covenant Organisation (APCO) to deliver Australia's 2025 National Packaging targets. These targets entail fundamental changes to the way packaging is manufactured, used, collected and reprocessed into new packaging or products. This extends to our ongoing partnerships with:

- The ANZPAC Plastics Pact, an initiative led by APCO and the Ellen MacArthur Foundation
- The REDcycle Program which is a true product stewardship model where manufacturers, retailers and consumers are sharing responsibility in creating a sustainable future.

As an APCO member we are required to annually report our progress against a set of sustainability criteria. In our 2021 Annual Report and Action Plan from APCO, we rose from 71% to 81% and against the seven criteria, we rated as leading or best practice. This is a significant accomplishment and one we are tremendously proud of.



Affordable & Clean Energy



Industry, Innovation & Infrastructure

12



Responsible Consumption & Production

13



Climate Action

17



Partnerships for the Goals

PACKAGING PROGRESS

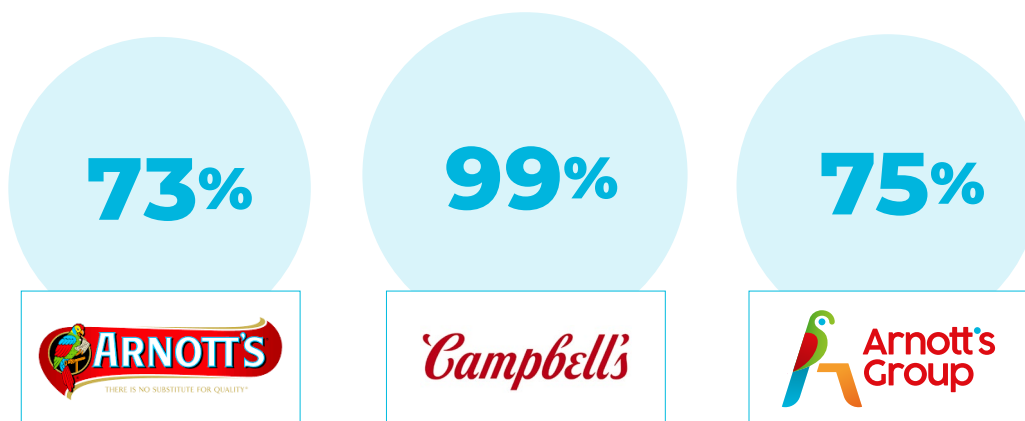
This past year, our team has undertaken extensive work to review our portfolio of packaging formats, with a view to identify and investigate opportunities to reduce, re-use and repurpose as much as possible.

We have commenced transitioning our entire Arnott's soft plastic portfolio in Australia from multi to mono-material film wrappers to increase its recyclability and generate better value for the circular economy. This initiative is essential to create flexibility and simplification for soft plastic recycling and allow our film wrappers to be recycled in mechanical and advanced (chemical) recycling facilities. Two of our products (Arnott's Holbran and Farmbake) have already transitioned to a new material structure, while others are currently being explored, affecting a total of 82 different products.

The reduction of the use of virgin plastic is one of our critical areas of focus. Virgin plastic is plastic that is not made from recycled materials. We are in the final stages of the technical validation of a significant overhaul of our plastic bottles to replace virgin plastic with recycled plastic across our Campbell's soup and V8 juice portfolios. This change would remove 150 tonnes of virgin plastic from our operations. We are also running feasibility trials to remove virgin plastic from our biscuit trays.

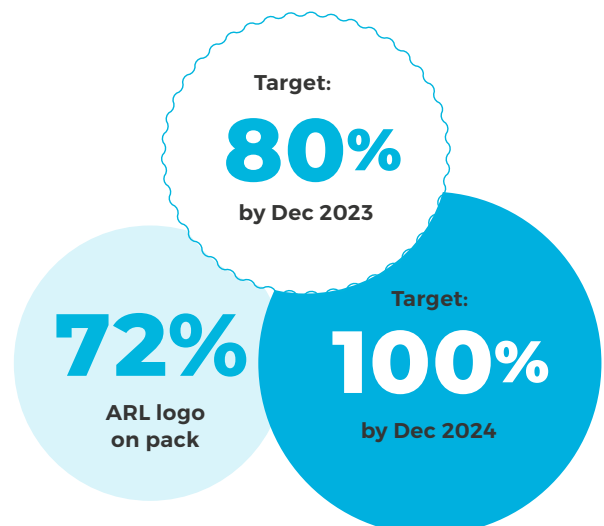
We are also working to identify opportunities to upcycle our industrial plastic waste, including all of the offcuts and plastic materials, and to replace virgin plastic in our shrink wrap.

% of consumer units that all the packaging components are recyclable



AUSTRALASIAN RECYCLING LABEL (ARL)

The Australasian Recycling Label is an on-pack label that provides consumers with clear instructions on how to dispose each component of a product's packaging. In the 12 months since our first Sustainability Statement, The Arnott's Group has moved from 56% ARL adoption to 72% adoption across our portfolio of products. By the end of 2022, we expect to achieve 80%, with a goal to reach 100% by 2024, one year ahead of the national target.



ENGAGING WITH OUR RETAILERS

The Arnott's Group is excited to partner with Woolworths' Sustainability Councils which includes other food manufacturers, to focus on improving circular packaging and consumer nutrition options. These two separate sustainability councils are utilising industry relationships and expertise to make progress in two key areas. Our seat at the Woolworths Sustainable Packaging Council underpins our commitment to progress alternatives to virgin plastic packaging and increase consumer education around recyclability of plastic packaging, ways to access recycling and ways of encouraging consumers to utilise recycling options for their soft plastic waste.

In partnership with retailers, we are working together, to continue consumer education about recyclability. In 2022 we worked with Coles to communicate the recyclability of our soup cans by leveraging our packaging and point of sale materials.



CONSUMER EDUCATION

A large part of driving an increase in recycling comes from better education and awareness to aid consumers in making the right decision when considering what to do with their finished products. We have recently launched several product recyclability video clips via social media that explain, in a concise and clear way, how to recycle each component of our packaging. For example, the video for Tim Tam explains how the inner plastic tray can be recycled as part of the curbside recycling scheme, and the outer soft plastic wrapper can be recycled through Red Cycle collection bins at major supermarkets.



We also recently produced a sustainability module for primary-aged students, which is available on request. The module covers some of the main packaging considerations that our team works through when designing new packaging formats and explores the available materials and their recyclability. The module aims to educate students and get them thinking about what sustainable packaging can look like. It includes a challenge for the students to design a package that is both sustainable and fit for purpose.

CASE STUDY: RECYCLABLE POINT OF SALE DISPLAYS

In 2021, The Arnott's Group transitioned all its point-of-sale displays across grocery and convenience channels, in Australia, to 100% recyclable alternatives. The new displays were developed in partnership with manufacturer Lithocraft and use 100% recyclable paper clips made from a durable compressed paper instead of the regular plastic clips. The displays will also use soluble varnish, instead of laminates, to ensure greater recyclability of the cardboard itself.

CONNECT

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.

Nutrition

OFFERING A BROADER RANGE OF HEALTHIER CHOICES

There's no doubt that nutrition is prioritised in the minds of consumers, and we value our consumers' needs and interests. We appreciate that nutrition and health mean different things to different people. For some, nutrition and health is about the removal of certain ingredients. For others, it is about the presence of certain ingredients and the nutrients, protein and fibre they bring. And for others, some who may have special diets, it is about portion control and managing energy intake.

We strive to have a portfolio that offers choice to our diverse consumers. Our Good Food Partners division has significantly increased our offering of better for you products. We are committed to developing a variety of new products that adhere to nutritional standards in line with Australian Dietary requirements.

Through transparent labelling, we enable consumers to identify healthier choices that fit their lifestyle needs at just a glance. Currently nearly half (45%) of our total Arnott's Group products have positive nutrition attributes through the presence of whole grains, fibre, protein, and/or a reduction in sodium, saturated fat or added sugar.

Looking ahead, we are committed to further increasing the range of healthier choices on offer. By 2025, one-third of Arnott's Group products in ANZ will have a Health Star Rating (HSR) of 3.5 stars or more, and 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. Improving access to health options is a critical responsibility, as a food manufacturer, to implement progress toward the UN Sustainable Goals, specifically Goal 2, in providing access to safe and nutritious food for all people. We also continue to contribute to the conversation on nutrition within the Woolworths Sustainability Council. Our work in improving our healthy snacks and increasing whole grains are creating positive outcomes for our customers and consumers alike.



No Poverty



Zero Hunger



Good health & well-being



Gender Equality



Reduced inequalities



Responsible Consumption & Production

CASE STUDY: ARNOTT'S GLUTEN-FREE

With much excitement, Arnott's Gluten Free Tiny Teddy, Scotch Finger, and Choc Ripple were launched in mid-2021. The new range is made with a gluten-free flour blend of corn, tapioca, rice, sorghum, and soy and was developed to the specifications of the Arnott's culinary team to ensure the snacks offer the same flavour, texture, and quality as their classic versions. We worked with Coeliac Australia to ensure the snacks meet the strict requirements of the organisation's endorsement program and feature Coeliac Australia's logo on the packaging. A recent report from Medical Journal of Australia¹ shows that almost 25% of Australians are avoiding gluten. The new range for Arnott's treats taps into consumers changing dietary needs without compromising on taste.



PROVIDING WHOLE GRAINS & VEGETABLES

Providing a high level of whole grains and vegetables through our portfolio is a priority area for The Arnott's Group. Low intake of whole grains is a dietary risk factor. Research from the Australian Bureau of Statistics shows that 93% of Australian adults don't eat the recommended daily serves of vegetables, and 50% don't eat sufficient serves of fruit (ABS: 2015).

CASE STUDY: MESSY MONKEYS

New Messy Monkey Bites Gluten Free Wholegrain Bites were launched in October 2021 with delicious, new flavours and a softer texture. They contain 36%, or 7.2g, whole grains per serve, more than 10% of a child's daily fibre needs. These tasty snacks also have less than one gram of sugar per serve and have a Health Star Rating of 3.5 or more. The range includes Burger, Chicken and Sour Cream & Chives flavour and is gluten free and free from other allergens like nuts, soy and egg, making them ideal for school lunchboxes.

¹ Med J Aust 2020; 212 (3): 126-131. || doi:10.5694/mja2.50458

In the last 12 months,
The Arnott's Group
has provided
Australians with:



216m+

serves of whole grains
through Vita Weat
crispbreads, Messy Monkeys
snacks and Freedom Foods
breakfast foods



139m+

serves of vegetables
through both V8 juice
and Campbell's Soups



41m+

of fruit through
V8 juice



CASE STUDY: CAMPBELL'S REAL SOUP

In April 2022, Campbell's ANZ launched a range of new soups for wellness. Campbell's Real Soups are 100% natural and made with real ingredients that deliver natural wellness, with a Health Star Rating of 4. Sweet Potato & Carrot with Coconut provides a natural source of fibre for digestive wellbeing; Green Peas with Spinach provides 11 grams of protein per serve from peas and fava beans for strength maintenance; Tomato & Basil with Lentils provides good carbohydrates for energy; and Pumpkin with Turmeric provides vitamin A for strong immunity.

Available in a convenient, resealable and recyclable PET bottle, the soups can be poured into a mug and heated in the microwave for an easy meal or enjoyed straight out of the bottle cold or at room temperature.

REDUCING SODIUM & SUGARS

We are progressively reducing the levels of sodium and saturated fat across our core products. 80% of our savoury snacks and breakfast foods in Australia meet the federal government's Healthy Food Partnership voluntary targets for sodium and/or sugar. We are committed to developing all new products to the Healthy Food Partnership relevant targets, where technically feasible and in line with consumer expectations. Retaining taste and quality is a priority for continuing to produce the great tasting biscuits that our consumers love.



MAINTAINING TRANSPARENT LABELLING

We continue to maintain transparent labelling by providing detailed product nutrition information with daily value percentages, ingredients, plain English allergen labelling (PEAL) and add special diet information where relevant to better enable informed choices. We are committed to implementing Health Star Ratings (HSR) across our relevant ANZ product portfolio: currently 80% of Arnott's and Good Food Partners snacks display HSR on pack, increasing to 88 per cent by August 2022. 100% of Campbell's soups already display HSR.

OFFERING PORTION CONTROL CHOICES

We are committed to providing portion guidance, including portion control packs and on-pack recommended serve sizes for all products in line with the Australian Dietary Guideline recommendations. Nearly 14% of the Arnott's and Good Food Partners snacks are available in portion control packs including Tim Tam biscuits, up since 2021.



ASIA PORTFOLIO NUTRITION ASSESSMENT

A full nutrition assessment of the Asia portfolio has been completed against local dietary guidelines, and key competitors in the region. Notable nutrition achievements have been made across key brands, including Kimball, Prego Pasta and Swanson. This includes, in Malaysia, changing from sucralose to stevia in Chili Sauce, Ketchup and Black Pepper Sauce, resulting in a sugar reduction of between 15%-45% across the range, the Prego Quick Cook and Dry Pasta range providing a source of protein and, in line with Ministry of Health recommendations, the Healthier Choice Logo is displayed on pack on Prego Dry Pasta range.

Our Asia portfolio is well placed to provide consumers with a variety of products that fit with their lifestyle needs from wholesome soups, pasta and pasta sauces to indulgent treats like Tim Tam and Good Time biscuits. We are using this assessment data to assist with product innovation, to ensure we continue to provide more diverse food options and increase consumer wellbeing.



Supporting Communities

Supporting local communities is part of our Arnott's Group core values and a key pillar of our sustainability commitments. 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 – Foodbank, Driver Reviver, Camp Quality and Fairy Sparkle. These charities focus on a range of issues from feeding the hungry, reducing the road toll and children's cancer and healthcare.



SUPPORTING FAMILIES FACING CANCER

Through the fundraising initiatives of the Arnott's Foundation, working jointly with The Arnott's Group, we were able to donate \$250,000 to Camp Quality and \$100,000 to Fairy Sparkle in the 2021 financial year, supporting children and their families facing cancer. This donation meant that The Arnott's Foundation reached the milestone of \$5 million raised for Camp Quality over the past 16 years of partnership.

REACHING OUT IN TIMES OF CRISIS

In response to the ongoing challenges faced by frontline healthcare workers in response to COVID-19 on World Gratitude Day in 2021 The Arnott's Group donated over 60,000 individually wrapped biscuits to hospital workers, medical practices, ambulance stations and pharmacies across 150 units in Australia as a thank you after what has been a particularly tough year. Extreme weather events also left communities in southern Queensland and northern New South Wales recovering from widespread flooding leaving those impacted to pick up the pieces of their lives. The Arnott's Group partnered with the Red Cross Flood appeal and our generous employees raised a total of \$18,497 which was doubled by The Arnott's Group, taking the total donation to \$36,994.



794,600

**products donated
in 2021**

ADDRESSING FOOD INSECURITY

Foodbank Australia provides essential assistance to a million Australians every month who are experiencing food insecurity and in 2021 The Arnott's Group donated 794,600 products to their cause. This means we were able to help a significant number of people when they need it most and we know that this contributes to a wider commitment under Target 2.1 of the UN's Sustainable Goal 2 in support of the zero-hunger agenda for all populations. Foodbank's positive impact is both short and long term, addressing not only immediate hunger but also contributing to people's overall physical and mental wellbeing.

One in five Aussie kids experience hunger and to support the fight against this food insecurity, Good Food Partners have partnered with Eat Up to donate over 100,000 Messy Monkey snacks. Eat Up is an Australian not-for-profit that provides free, healthy lunches to schools. These donated snacks will help support primary school students all over Australia who go to school without any lunch or snacks.

In New Zealand, we entered the second year of support for the Royal New Zealand Plunket Trust which provides a range of free services aimed at improving the development, health and wellbeing of children under the age of five within New Zealand. 20 cents from every pack of Arnott's Farmbake sold in Countdown stores for a week was donated to Plunket which raised just over NZ\$9,000 dollars.

INCLUSION & BELONGING

The Arnott's Group is committed to fostering inclusion and belonging in support of the UN's Sustainable Goals to empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status. 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.

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. Our ambition is to provide a truly inclusive and safe working environment where our employees have equal opportunities to thrive.

In August 2021, we launched our FY22-FY24 Inclusion & Belonging Strategy which provides a shared direction and commitment to bringing this ambition to life. Our goal is to unite and leverage a diverse workforce by shaping inclusive moments for all. This will be done by connecting people to tools, information, policies, and each other in a way that helps them contribute to and experience a culture of belonging.

Our Inclusion & Belonging Action Group was established in 2021 to help accelerate change throughout The Arnott's Group. Its role is to review our training, policies and practices to ensure they will systemically create a more inclusive and diverse workplace where everyone feels safe and included. The Arnott's Group has developed a flexible working policy for office based employees, created a gender affirmation policy and established a calendar of flagship events with supporting educational material.



GENDER DIVERSITY

The Arnott's Group is proud of its progress on workplace gender equality which starts at the top, with female representation on the Arnott's Leadership Team at close to half (43%).

Our achievements in the last 12 months are best exemplified by Arnott's Australia which reports annually to the Government Workplace Gender Equality Agency.

In the most recent submission Arnott's Australia reported:

- A gender composition of 45% women and 55% men.
- 59% of promotions were women.
- 51% of external appointments were women.
- Four times as many men have taken secondary carer parental leave versus the prior year.

Across the Arnott's Group we have flexible working arrangements, and arrangements that support carers. We also have policies, strategies, and processes to help reduce bullying, harassment, and discrimination.



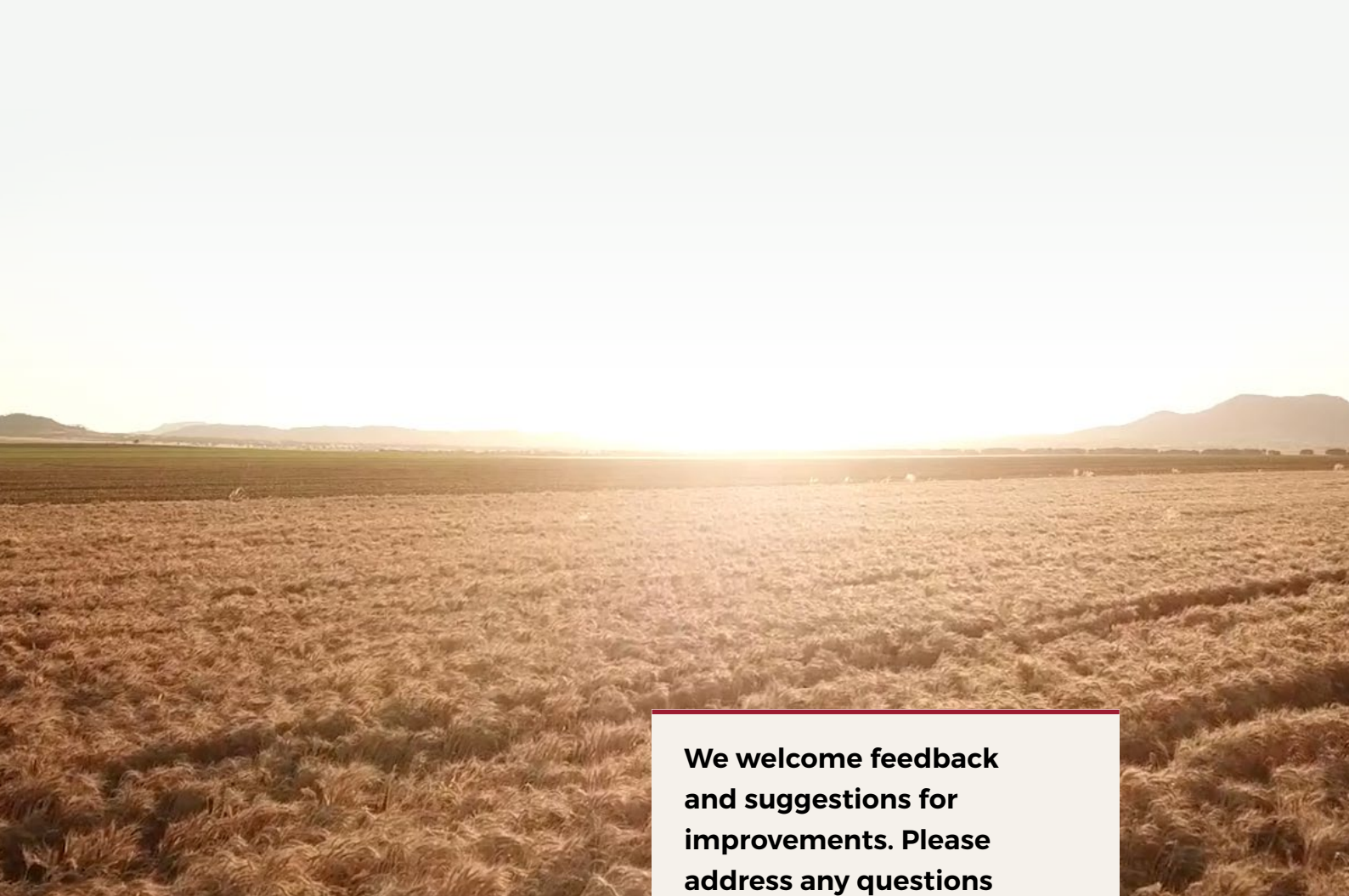
COMMITTING TO RECONCILIATION

We are deeply committed to making sustainable and meaningful action to advance reconciliation in Australia. In 2021, we formed a Reconciliation Action Plan Working Group – a group of employees from across our business to oversee the development and launch of our first Reconciliation Action Plan (RAP).

Developing a RAP is a journey and a collaborative partnership with Reconciliation Australia. Our RAP Working Group is liaising with Reconciliation Australia, while also engaging across the Group to outline actions and deliverables that will help us advance reconciliation.

As part of our reconciliation journey and the development of our Reflect Reconciliation Action Plan, we asked artist Saretta Fielding to work alongside us. Saretta is an award-winning Aboriginal artist of the Wonaruah Nation of the Hunter. Saretta's active role in the community of Newcastle and the Hunter, the birthplace of The Arnott's Group, is an important connection for us. We're excited for Saretta to create a special artwork that recognises the legacy and heritage of our business and symbolises our reconciliation journey. The first step to our engagement with Saretta was an employee Indigenous Art Cultural Workshop.

We intend to launch the first iteration of our Reconciliation Action Plan in August 2022, acknowledging that the launch is a first step and that all actions outlined are intended to grow and deepen.



We welcome feedback and suggestions for improvements. Please address any questions or comments to sustainability@arnotts.com.

Reporting Period & Scope

This Sustainability Report details the sustainability activities, initiatives and targets of The Arnott's Group.

In this report, "The Arnott's Group" refers to the key operating entities owned or controlled by Snacking Investments Holdco Pty Ltd (ACN 634 908 482), including:

- Arnott's Biscuits Limited (ABN 44 008 435 729), which operates the biscuits and snacks portfolio;
- Campbell Australasia Pty Ltd (ABN 28 004 456 937), which operates the juice, soup and stock portfolio; and
- Good Food Partners Pty Ltd (ABN 38 104 048 400), which operates the cereals and snacks portfolio.

Our sustainability strategy considers where we can make the greatest and most lasting impact. The Arnott's Group's sustainability actions to date have primarily been driven by and implemented in our Australian operations. As we progress on our sustainability journey, we anticipate expanding the scope of our strategy to include increased activity in our businesses outside of Australia, including in Hong Kong, Indonesia, Japan, Malaysia and New Zealand.

Published: June 2022.

