

# CORPORATE SOCIAL RESPONSIBILITY

2018 Report



## Table of Contents

Teys Australia at a Glance	4-5
Message from the CEO	6-7
About the Report	8-9
Sustainability Governance	10-11
Materiality	12-13
Stakeholder Engagement	14-15
Stakeholders	16-19
Producers	20-21
Teys' Loyal Customers	22-23
Innovation	24-25
Governance & Leadership	26-27
Transparency & Accountability	28-29
Our People	30-39
Environment & Sustainability	40-47
Responsible Business Practices	48-49
Ethics & Compliance	50-51
Community	52-53
Appendix	54-58

# CORPORATE SOCIAL RESPONSIBILITY REPORT 2018



# TEYS AUSTRALIA AT A GLANCE



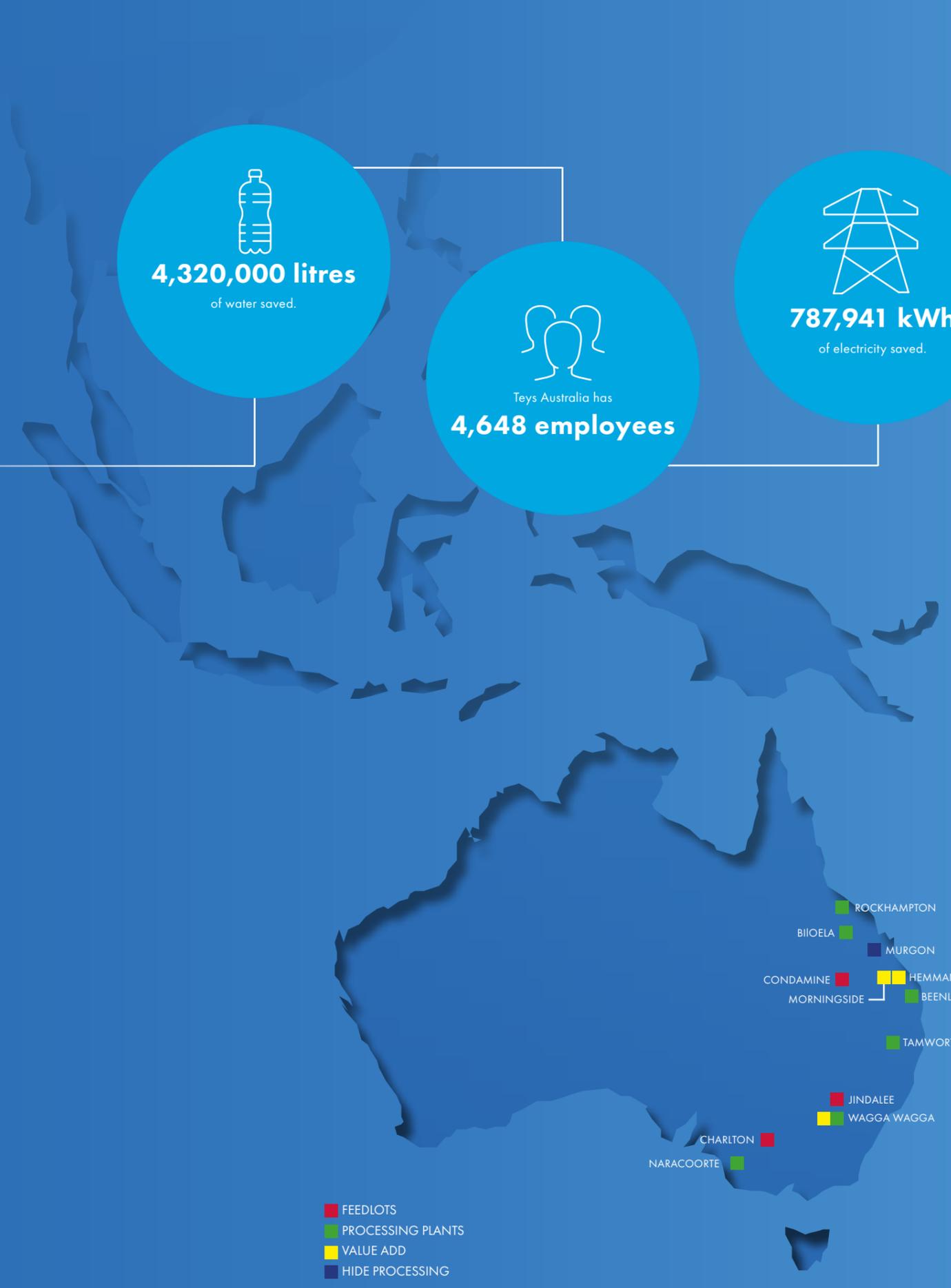
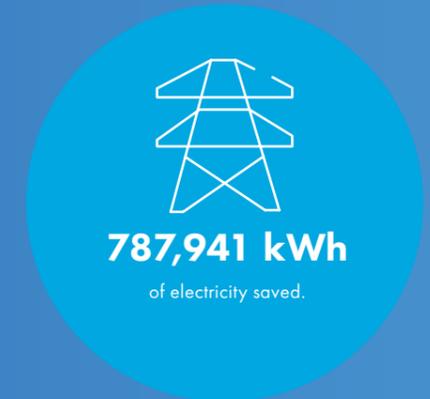
*Teys have a genuine commitment to building trust not just through words, but rather through our actions. This report presents some of our achievements from FY2018."*

Teys Australia Pty Ltd is the second largest meat processor and exporter in Australia. Teys Australia is a 50/50 partnership between Teys family and Cargill Inc. (GRI 102-1) The Teys family has been involved in the Australian beef industry since 1946, when four Teys brothers formed a partnership in wholesaling and retailing meat in South East Queensland. From these humble beginnings, the family has grown the business to what it is today. The Company now employs 4,648 people across 13 modern, sustainable, well-maintained and strategically located facilities, and exports beef to over 40 different countries while maintaining a strong domestic focus. Teys family members remain closely involved with the day to day operations of the Company, and strong family values underpin a reputation that is second to none. (102-3; 102-4; 102-7)

Our business is focused on providing quality protein products to customers worldwide, as we have for the past 75 years (GRI 102-2). We put our customers and suppliers at the heart of everything we do and we are continually searching for new ideas to enable us to be more agile, adaptive and responsive to the evolving needs of our stakeholders. This culture is underpinned by a set of Core Values that define who we are, what we stand for and how we work together. Teys' Company Strategy has been carefully designed to ensure that we are building the right culture and conditions for all of our business ventures to succeed in a sustainable way. (GRI 102-16).

Because **we care** about our suppliers, we are implementing multiple projects to ensure Australian cattle producers continue to be sustainable into the future; Because **we listen and learn**, we have implemented a long-term strategy that is aligned to customer needs; Because **we aim to do the right thing**, we have set firm commitments to reduce resource intensity and carbon emissions intensity.

Teys have a genuine commitment to building trust not just through words, but rather through our actions. This report presents some of our achievements from FY2018. These achievements have been streamlined into four distinct pillars – this framework ensures we manage stakeholder engagements and maintain our sustainability program to minimise environmental impacts.



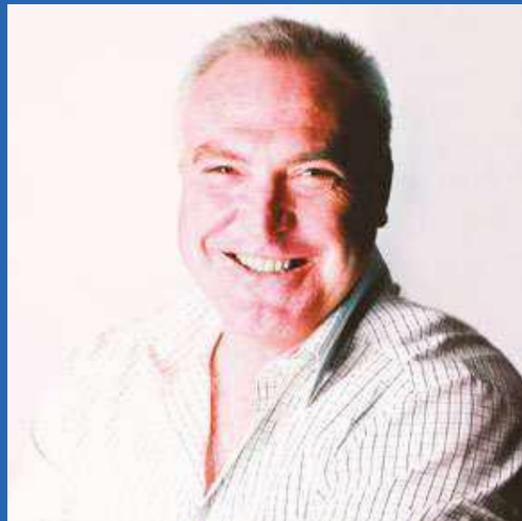
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## THE CEO'S MESSAGE



***Our approach to safety remains unchanged – it is the highest priority in our business. “***



**Brad Teys**  
Chief Executive Officer, Teys Australia

I am pleased to present Teys Australia's 2018 Corporate Social Responsibility Report. This report contains a summary of the material economic, social and environmental performance of our operations against the Global Reporting Initiative (GRI) G4 reporting criteria.

Teys Australia continues to invest heavily in sustainable business practices. As a result, we are making continual progress in our four major sustainability focus areas:

- Reducing our environmental impact as measured by water and energy use, and greenhouse gas emissions.
- The health, safety and wellbeing of our workforce, measured by a number of global standard safety metrics and company specific engagement surveys.
- Best practice animal welfare processes as measured by results from internal and external audits against recognised global best practice standards.
- Leveraging corporate social responsibility as a key driver of employee engagement and performance.

The difficult trading environment has continued this year for the business, driven by dry conditions which has subsequently diminished the female herd. Having anticipated these challenges, and shifted supply constraints, we are now focused on the long term strategic partnerships and our vertically integrated business model. This will help our positioning against strong headwinds.



We have announced an upgrade to our Naracoorte facility that enables us to increase processing by between 100-150 head of cattle per day, and add 100 new people to the already 500-strong workforce. This change increases meat output by up to 20%, and we anticipate that this makes Naracoorte more attractive for producers to supply.

We are committed to our environmental obligations, including those that are required for compliance with local, state and federal regulations. Given Teys' widespread presence in Australian agricultural communities we know that we have a fundamental responsibility to manage our impacts and do this sustainably through best practice environmental stewardship. We employ ethical planning and management practices for the responsible use and protection of natural resources, whilst maintaining compliance with the legislative framework.

Our approach to safety remains unchanged – it is the highest priority in our business. We continue to work towards zero workplace related injuries and can only achieve this by remaining dedicated to the safety of our people. Regardless of where our people work or what they do, we strive to create an environment where our employees, and their families, should feel confident that they will return home the way they arrive – SAFELY, because nothing we do is worth getting hurt for.

We continue to put focus into our employee engagement programs, with the completion of our Legacy program rollout company wide. The program, which focuses on a realignment

of culture, has received positive feedback. We have also continued our investment in new technologies, including trialing the first commercial prototype of the beef Dual Energy X-ray Absorptiometry (DEXA) machine.

Finally I would like to acknowledge our dedicated people, who have continued to focus on improvement in all aspects of our business.

**Brad Teys**  
Chief Executive Officer

# 3

## ABOUT THE REPORT

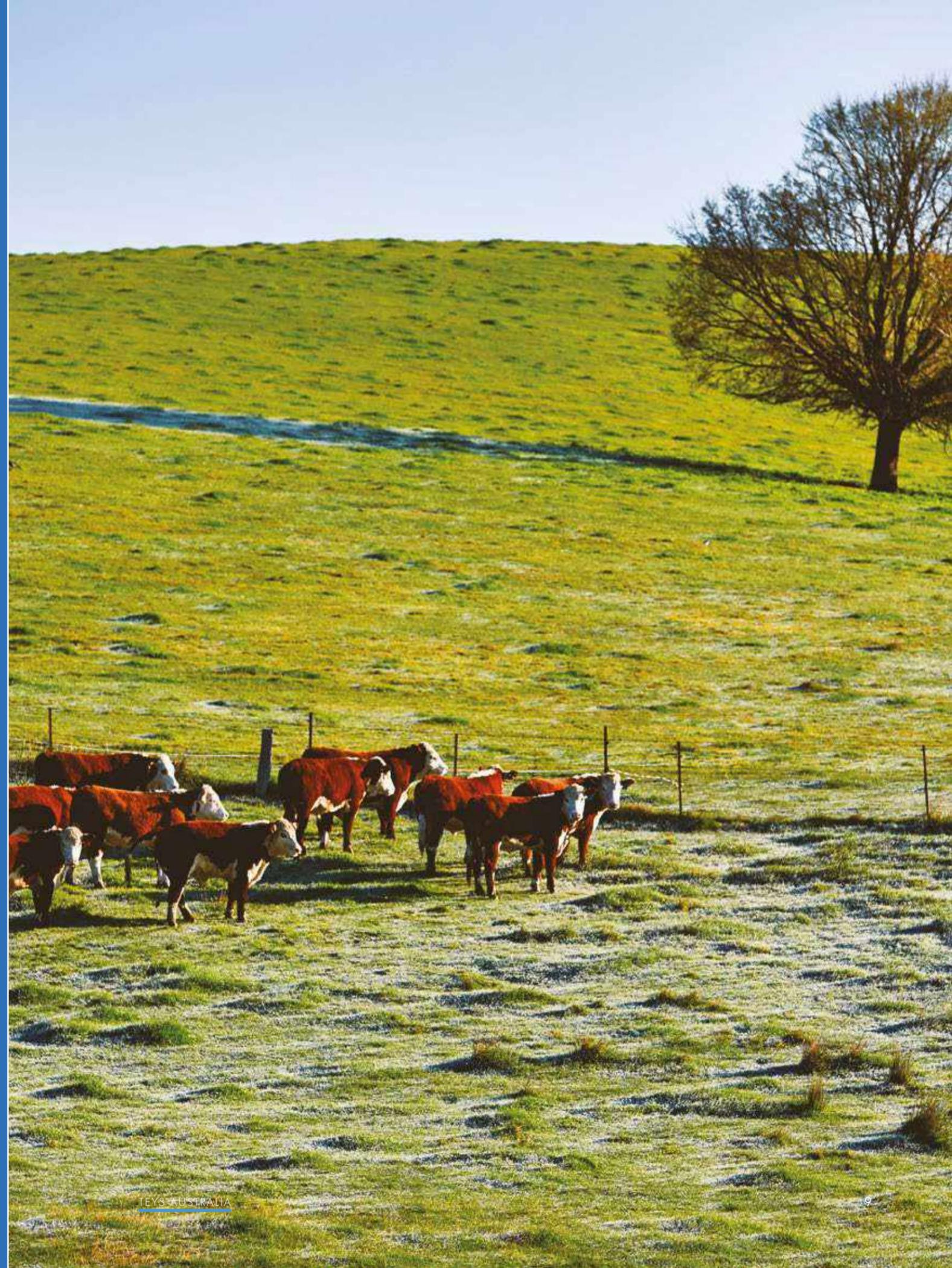
The Teys Australia 2018 Corporate Social Responsibility Report brings together the outstanding initiatives, challenges, and performance of Teys Australia Pty Ltd in this period. This report has been prepared in accordance with the GRI Standards: Core option; benchmarking global and multisector practices for reporting economic, social and environmental information. (102-5; 102-45; 102-54) Locations of GRI disclosures are included throughout the report using the notation (GRI XXX-XX).

This document, published annually in print, PDF for download, and on [www.teysaust.com.au](http://www.teysaust.com.au), seeks to reflect the transformation process that Teys Australia is currently experiencing. In addition to reporting concisely and objectively, we seek to balance the positive aspects and the points for improvement of the economic, social, and environmental aspects addressed. (102-51; 102-52)

Except where noted, the information covered in this report highlights our corporate responsibility initiatives in financial year 2018 (July 1st 2017, through to June 30th 2018). (GRI 102-50) Since publishing our 2017 report, there have not been any restatements of information given in previous reports. (GRI 102-48) This report has not been externally assured. (GRI 102-56)

When developing this document, we welcomed the opinion of our Leadership Team and department leads. These stakeholders were selected according to three criteria: extensive knowledge of Teys' business, extensive industry knowledge, and relationship with the organisation. In a consultation process, we discussed the aspects that they consider most important for the Company's sustainability. This gave rise to a materiality matrix, which consolidated the different points of view, and from which the material aspects for our business were extracted. (GRI 102-46; 102-47; 103-1; 102-40; 102-42; 102-43)

If there are any questions regarding the report, please contact Samantha Read on [sread@teysaust.com.au](mailto:sread@teysaust.com.au). (GRI-102-53)



# 4 SUSTAINABILITY GOVERNANCE

Governance of sustainability at Teys Australia encompasses all of our business segments. The Chief Executive Officer (CEO) manages the day to day administration of the group's operations while the Board Audit Committee (BAC) is focused on management of the risk framework, the sub-committee of the Board of Directors, internal auditing, financial risk management and internal controls. (GRI 102-31; 102-32)

The CEO is supported by the Leadership Team in managing the performance of the organisation and to be at the forefront of matters that are strategic and long term in nature, or have the potential to significantly affect the group's performance.

As a member of the Leadership Team, and working closely alongside the CEO, the Chief Value Chain Officer is responsible for the annual review of progress against the organisation's sustainability goals, overall efforts in corporate citizenship and sustainability, and the production and review of this report. (GRI 102-19; 102-18; 102-20)

Every Teys employee, from the production floor through to those with measured performance and leadership responsibilities related to sustainability initiatives, supports the implementation of the Sustainability Strategy. Each of their contributions enables us to make steady progress towards our bold vision of changing the trajectory of Teys, sustainability. (GRI-102-22)



**BRAD TEYS**  
Chief Executive Officer



**ANDREW MACPHERSON**  
General Manager Commercial



**GEOFF TEYS**  
Executive Director Livestock



**STEVE GANT**  
Group General Manager Operations



**SHAUN CRAPP**  
General Manager Human Resources



**SCOTT PREBBLE**  
Chief Financial Officer



**TOM MAGUIRE**  
Chief Value Chain Officer



**CHARLIE HOLLINGWORTH**  
General Manager Domestic Sales



**KIRSTY JACKSON**  
Company Secretary



**KATE MORRISON**  
General Manager Strategy and New Business Ventures



**PHIL HUTCHINSON**  
General Manager Asset Management

# 5



## MATERIALITY

**“ We believe that it is critical to understand the issues that matter most to our stakeholders, in order to focus our efforts and maximise our impact. ”**

This is done through an annual Materiality Assessment Survey which is distributed across each business unit and a broad range of stakeholders.

The approach taken to analyse Teys Australia’s material issues aligns to the Global Reporting Initiative Standards requirements and includes the following steps:

- Review of a range of information sources
- Engaging with Senior Leaders and Managers within Teys Australia
- Prioritising what the most material issues are, including analysis of whether these present risks/opportunities over the short or longer term horizons
- Internal validation by Senior Leaders

This chart maps all material issues identified in our recent Materiality Assessment Survey.





# STAKEHOLDER ENGAGEMENT

With a strong domestic and international footprint, our business interacts with numerous stakeholder groups at a local, national and international level. This includes cattle producers, suppliers, customers, consumers and our own employees and shareholders. Additionally, we routinely engage with the Federal, State and Local government and community organisations to advance our vision. Such engagement is essential to building successful business strategies and to delivering the best products and services. (GRI 102-43)

The long term relationships we cultivate with our stakeholders are a vital part of our business and our sustainability approach. Each engagement presents an opportunity for us to learn about the issues of top concern and priority for the many individuals, communities and organisations we serve, and those with which we interact in the course of conducting our business.

Stakeholder engagement occurs at all levels of the organisation, from employees and producers to the Leadership Team and Board of Directors. Information gained through these interactions is communicated through line management and as appropriate, to senior management. For stakeholder engagements related to key business segments and functions, we leverage a customer relationship management system to ensure follow-up as appropriate. (GRI 102-21)

In determining with whom to engage, we take into consideration a variety of factors including (GRI 102-42):

- The possible alignment of our goals and values with those of the stakeholder group
- Our ability to improve because of this engagement
- The opportunity for mutual learning

Our engagement with stakeholders takes various forms, including webinars, group discussion, and collaboration.





# STAKEHOLDERS

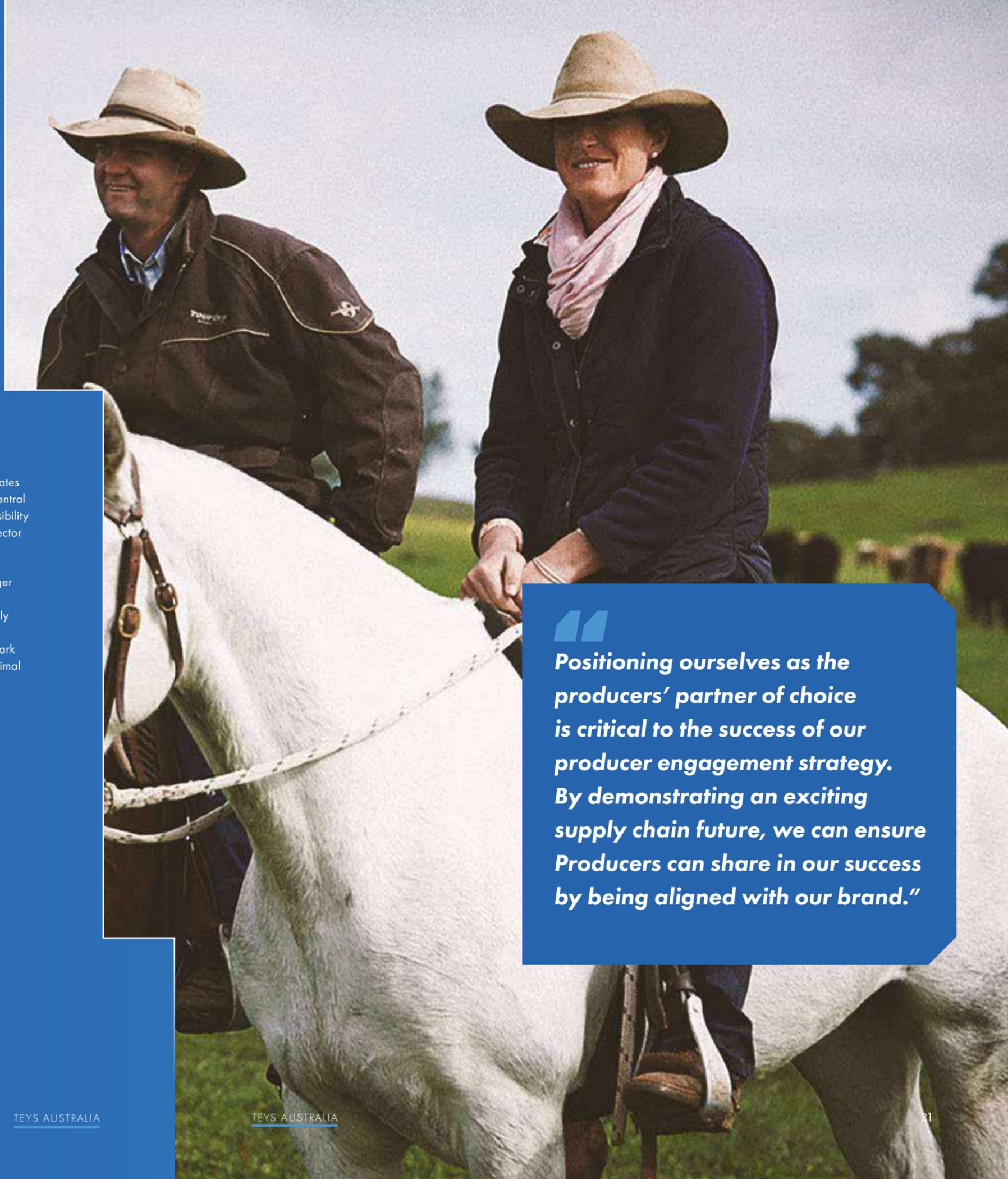
We identify our stakeholders as those individuals or groups which have an interest; financially or otherwise, in the activities of Teys Australia. An extensive summary of our stakeholders is provided below.

STAKEHOLDER GROUP	INTERESTS	FREQ. OF ENGAGEMENT	ENGAGEMENT METHODS	CONCERNS RAISED	TEYS ACTIONS
<b>Customers</b>					
Small and large, domestic and international businesses.	Typically focused on product quality and supply reliability. Long term relationships are important to our collaborative customers.	High	<ul style="list-style-type: none"> <li>- Satisfaction surveys</li> <li>- Study tours</li> <li>- Market visits</li> <li>- Educational workshops</li> <li>- Product development</li> <li>- Periodic communication (collaborative customers)</li> </ul>	<ul style="list-style-type: none"> <li>- Quality consistency</li> <li>- Price</li> <li>- DIFOT</li> <li>- Relationship building</li> <li>- Supply security</li> <li>- Community/public perception of Teys</li> </ul>	<ul style="list-style-type: none"> <li>- Collaborative projects</li> <li>- Customer auditing</li> <li>- Internal auditing</li> <li>- Sharing updates</li> <li>- Sharing information for common understanding</li> </ul>
<b>Employees</b>					
Our diverse workforce comprises of 4,648 employees and contractors located in four states of Australia.	Matters concerning workplace health and safety, career development and culture.	High	<ul style="list-style-type: none"> <li>- Teys Australia Intranet</li> <li>- Teys Australia social media pages</li> <li>- Meetings</li> <li>- Satisfaction surveys</li> <li>- Workplace Improvement and Innovation Committee</li> </ul>	<ul style="list-style-type: none"> <li>- Career development</li> <li>- Safe working conditions</li> <li>- Equal opportunity</li> <li>- Pay, conditions and/or profit share</li> <li>- Business sustainability</li> </ul>	<ul style="list-style-type: none"> <li>- Joint consultative committee meetings</li> <li>- Noticeboards</li> <li>- Email</li> <li>- Direct engagement</li> <li>- Committees</li> </ul>
<b>Shareholders</b>					
A diverse group with significant representation in Australia and America.	The creation of long term shareholder value through a combination of consistent financial return and high quality governance.	High	<ul style="list-style-type: none"> <li>- Board meetings</li> <li>- Board reporting</li> <li>- Site visits</li> <li>- Communication via the CEO</li> </ul>	<ul style="list-style-type: none"> <li>- Legal compliance</li> <li>- Ethical business performance</li> <li>- Strategic governance and long term issues</li> </ul>	<ul style="list-style-type: none"> <li>- Board Audit Committee</li> <li>- Risk management</li> <li>- Internal audit</li> <li>- Corporate governance</li> <li>- Compliance</li> </ul>
<b>Industry Association</b>					
Includes political/lobbying associations as well as levy associations at the state and national level.	Look at services that improve the sustainability and efficiency of the sector. Representing the sector to government.	High	We engage with this group through ongoing representation with specific employees and engagement during specific projects with industry associations such as the Australian Food and Grocery Council and Australian Meat Processors Corporation.	<ul style="list-style-type: none"> <li>- Manufacturing operating conditions in Australia</li> <li>- Regulatory framework</li> <li>- Level playing field against other industry sectors</li> </ul>	<ul style="list-style-type: none"> <li>- Input into submissions</li> <li>- Attendance of events</li> <li>- Provision of industry and company information</li> <li>- Collaborative working arrangement</li> </ul>
<b>Professional Memberships</b>					
Working within multi stakeholder and multi industry groups to share best practice on sustainability topics.	Key issues that impact food and beverage production in Australia.	Medium	<ul style="list-style-type: none"> <li>- Participation in working groups</li> <li>- General meetings</li> <li>- Input to joint working streams</li> <li>- Participate in subject matter work streams</li> </ul>	<ul style="list-style-type: none"> <li>- Relevance to stakeholder changing interests</li> </ul>	<ul style="list-style-type: none"> <li>- Attend events</li> <li>- Support with membership dues</li> <li>- Provide information/input</li> </ul>

STAKEHOLDER GROUP	INTERESTS	FREQ. OF ENGAGEMENT	ENGAGEMENT METHODS	CONCERNS RAISED	TEYS ACTIONS
<b>Cattle Producers</b>					
A diverse group spread across QLD, NSW, SA, NT and VIC.	Cattle genetics, Animal Welfare, feedback on livestock performance, equitable returns for livestock, industry sustainability.	High	<ul style="list-style-type: none"> <li>- Teys MLA field days</li> <li>- Sale yards</li> <li>- Direct engagement via Teys cattle Buyers</li> <li>- Supply chain capability workshops</li> <li>- Producer portal</li> </ul>	<ul style="list-style-type: none"> <li>- Grading system meat colour</li> <li>- Price</li> <li>- Bruising and issues associated with livestock transport</li> <li>- Transparency of pricing</li> </ul>	Concerns are raised through livestock managers and then Geoff Teys (as required) if there is any doubt that it could be our fault we amend contracts to their favor in addition to implementing an independent complaints panel.
<b>Suppliers</b>					
Includes businesses local to our operations and large multinational and international suppliers.	Provision of goods and services and engagement through commercial contracting arrangements.	High	<ul style="list-style-type: none"> <li>- Local business support and consultation</li> <li>- Competitive procurement</li> <li>- Tendering for individual work items</li> <li>- Contracting</li> <li>- As a partner in charitable exercises/fundraising</li> </ul>	<ul style="list-style-type: none"> <li>- Long term partnerships</li> <li>- Securing business</li> <li>- Understanding Teys' business needs</li> </ul>	<ul style="list-style-type: none"> <li>- Develop and implementation of equitable and transparent procurement procedures</li> <li>- Contract management</li> <li>- Continuous improvement through supplier feedback and internal audit</li> </ul>
<b>Government and Regulators</b>					
Includes governments and regulators at a local, state, national and international levels.	<ul style="list-style-type: none"> <li>- Teys operating in compliance with the law</li> <li>- Teys contributing to various government jurisdictions (taxation, industrial relations, environmental performance etc)</li> </ul>	Medium	<ul style="list-style-type: none"> <li>- Direct meetings</li> <li>- Through department contact</li> <li>- Via state and federal MP's</li> <li>- Routine and ongoing communication for technical and day to day issues</li> </ul>	<ul style="list-style-type: none"> <li>- Regulatory compliance</li> <li>- Economic growth and operating conditions</li> </ul>	<ul style="list-style-type: none"> <li>- On an as required basis</li> <li>- Through periodic mandatory reporting</li> <li>- Via voluntary updates, meetings and information events</li> </ul>
<b>Local Communities</b>					
A diverse group whom are identified as those surrounding our locations of operation.	<ul style="list-style-type: none"> <li>- Living free from impacts associated with Teys' operations</li> <li>- Community support by the business</li> </ul>	Medium	<ul style="list-style-type: none"> <li>- Letterbox drops</li> <li>- Community engagement evening and events</li> <li>- Community support initiatives</li> </ul>	Impacts to the local environment and the economic impact of our presence in the community	<ul style="list-style-type: none"> <li>- Direct engagement</li> <li>- Via mail outs</li> <li>- During site visits as/when held</li> </ul>
<b>Non-Government Organisations (NGOs)</b>					
Includes environmental, animal welfare and social organisations at a local, state and national level.	Specific to their interest area.	Medium	<ul style="list-style-type: none"> <li>- Via industry bodies or government</li> <li>- Respond to issues as they arise in the media</li> <li>- Supporting/recognising the industry's contribution to society</li> </ul>	<ul style="list-style-type: none"> <li>- Industry performance against NGO views</li> <li>- Issues with food production systems as they relate to various subject matters</li> </ul>	<ul style="list-style-type: none"> <li>- Via industry bodies or government</li> <li>- Respond to issues as they arise in the media</li> <li>- Supporting/recognising the industry's contribution to society</li> </ul>
<b>Unions</b>					
Labour unions are represented at many of our operations and represent a significant portion of our workforce. While all employees have the right to membership, it is unknown to Teys who participates in such memberships and it is irrelevant. We estimate, that while unions have members at each of our sites, membership remains low.	Employment related matters concerning their members at Teys Australia sites.	Low	<ul style="list-style-type: none"> <li>- We engage in direct communication with unions as required. Prospective employees are made aware of employment arrangements prior to joining Teys Australia.</li> <li>- Teys chooses to focus its attention on engaging directly with our employees through open dialogue and two way communication, building strong relationships and trust.</li> <li>- Teys takes a respectful and lawful approach when it communicates with all third parties.</li> </ul>	<ul style="list-style-type: none"> <li>- Enterprise Bargaining Agreement disputes</li> <li>- Employment related concerns</li> </ul>	Formally when required by law and/or via a third party representative. Our goal is to always resolve the issues or concerns of our workforce at the lowest possible level. To do this we support numerous committees: Safety, Workplace Improvement and Innovation, Cultural Committees (WIIC) and Annual Engagement surveys. These practices allow us to understand the pulse of the business, respond quickly to concerns and reduce conflict.
<b>Media</b>					
Includes representatives from print, online and broadcast media.	<ul style="list-style-type: none"> <li>- Newsworthy stories</li> <li>- Publicising local stories and events</li> </ul>	Medium	<ul style="list-style-type: none"> <li>- Media releases</li> <li>- Media conferences</li> <li>- Briefings</li> </ul>	<ul style="list-style-type: none"> <li>- NGO stories</li> <li>- Controversial or topical issues</li> </ul>	<ul style="list-style-type: none"> <li>- On a case by case basis</li> <li>- Via direct media engagement/media releases</li> </ul>
<b>Registered Training Organisations (RTO)</b>					
An RTO is an organisation accredited by the Australia Skills Quality Authority (ASQA) which is the national regulator for Australia's vocational education and training sector.	The RTO in each state assists with delivering and assessing the Certificate II and III of Meat Processing.	Medium	<ul style="list-style-type: none"> <li>- Employee training</li> </ul>	<ul style="list-style-type: none"> <li>- Ability to access people during on the job reviews</li> <li>- Government legislation</li> </ul>	<ul style="list-style-type: none"> <li>- Frequent meetings</li> </ul>
<b>Employment Agencies (JSA's)</b>					
We regularly seek assistance from employment agencies to employ people in our business.	Indigenous Groups, local recruitment.	Low (as required)	Direct engagement, email or telephone.	Sourcing and selection of new recruits.	Partnering with JSA's to improve their understanding and Labour needs of our business.

# 8

## PRODUCERS



### PROMOTING SUSTAINABILITY

Teys is committed to providing producers with support, including data-driven evidence to improve on-farm practice management, to ensure they are profitable and successful for many years to come. The commitments in our Producer pillar are powerful examples of how we are living our values, and are underpinned by the vision for our teams to mirror the communities they serve.

### JOIN US ON THE JOURNEY

Positioning ourselves as the producers' partner of choice is critical to the success of our producer engagement strategy. By demonstrating an exciting supply chain future, we can ensure Producers can share in our success by being aligned with our brand.

This year, Teys launched the 'Join Us on the Journey' campaign, designed to acknowledge the significant transformations currently taking place in the Australian beef industry and to highlight the importance of navigating these changes through genuine partnerships built on transparency and trust, resulting in shared responsibility. It is important for our producers to understand where they fit in the supply chain and why they matter.

### BEEF AUSTRALIA

Beef Australia, held every 3 years in Rockhampton, is a major event on our producer engagement calendar. This year it ran from 6-12 May and was attended by producers, industry bodies, existing and potential supply chain partners from Australia and across the globe. In total, the event attracted over 100,000 visitors over the course

of the week, including 1200 international delegates from 43 countries. As the largest processor in Central Queensland we strongly believe it is our responsibility to support Beef Australia, and its role as a connector between the industry and community.

In 2018 our presence at Beef Australia was bigger and better than ever. Our Livestock Operations team delivered a number of events including daily information sessions on a broad range of topics, including Value Based Marketing, combatting dark cutting, the Grasslands Pasturefed Standard, Animal Health and how to increase their MSA index.



**Positioning ourselves as the producers' partner of choice is critical to the success of our producer engagement strategy. By demonstrating an exciting supply chain future, we can ensure Producers can share in our success by being aligned with our brand."**



# TEYS' LOYAL CUSTOMERS

## DEVELOPING CLOSE CUSTOMER RELATIONSHIPS

Teys is committed to finding ways to work better together with our partners – including suppliers, customers and communities. The power of these strong relationships builds trust and enables us to maximise our positive impact.

- New brand projects
- Total community investments of approx. \$123k
- Cash donations
- 1,681 hours volunteering in local communities.

## OUR VALUE CHAIN

We recognise that our impact and the value we create as a company extends well beyond our own operations. We utilise the results from customer surveys to understand the priority topics in the context of our value chain. The resulting value chain map frames the boundaries of our impacts, and helps us better identify and leverage opportunities together with our stakeholders. (GRI 102-46)

## MARKETS SERVED

The Teys Australia sales and marketing team are committed to innovation and excellence in beef marketing. With a strong customer focus, and drawing on the deep supply chain expertise across the business, Teys Australia is uniquely placed to develop highly innovative and customised solutions for our customers. In Australia, our wholesale operations supply a wide product range to both the retail and food service sectors, and our network of global sales offices offer unparalleled in-market support to our international customers.

These resources allow Teys Australia access to a number of different global markets.



10

# INNOVATION

In recent years we have invested heavily in building our innovation capabilities. A key example of this is our participation in the Collaborative Innovation Strategy Partnership (CISP) with Meat & Livestock Australia (MLA). Established in 2007, CISP is designed to help broaden capabilities across the supply chain and implementing innovation metrics and improvements. Teys was one of the first companies to partner with MLA on the CISP, which has delivered a number of successful outcomes for both organisations. Since its commencement, the Teys/MLA CISP partnership has seen 67 co-funded projects.

In collaboration with MLA, Teys has narrowed down the scope of CISP to three priority areas:

- Reducing cost of non-compliance
- Reducing cost to operate
- Creating and capturing unrealised value

In the product space, 2018 has seen the successful launch of a number of new products across our domestic and international markets. Amongst these are innovative products that anticipate and answer increased demand for more personalised, easy and sustainable products. Examples include:

## 36° SOUTH BRAND LAUNCH

Earlier this year the business identified an opportunity to develop a provenance brand for Naracoorte, celebrating its proximity to the Coonawarra and surrounding wine districts of South Australia. As a result we developed the 36° South brand to tell a story of the region's pristine environment and its ability to grow quality produce, particularly beef and wine, and the natural pairing relationship they share.

With several of our Naracoorte cattle producers also having vineyards, they are the heroes of the brand. By having a dedicated producer group for the brand we are able to tell engaging and legitimate stories about the origins of the beef to consumers.



## BRAND LAUNCHES IN CHINA

Teys successfully launched two product brands in China - 'Teys Certified Angus' and 'Four Brothers'. Both brands began with a small scale launch plan, as well as expansion scenarios extending throughout FY2018-19. While it remains too early to determine the total potential and impact of these launches, initial sales figures have been encouraging.

## SIMPLY HEAT WOOD SMOKED BEEF RIBS

The Simply Heat Wood Smoked Range is built around the current trend of low and slow barbecue smoked meats. The range is a convenient product that is reheated at home and paired with the consumer's favourite sides.

## MANUFACTURING FOR THE FUTURE

Driven by demographic and economic forces, the global beef industry is changing rapidly and dramatically. The middle class in key emerging markets is expanding, while populations in developed markets are growing older, and consumers are increasingly demanding faster, more personalised services and solutions.

At Teys Australia, we continuously re-evaluate and refine our global supply chain strategy to keep pace with the evolution of the global marketplace. Our goal is to remain a leader and trusted partner by addressing the changing needs of our consumers and customers – whoever they are and wherever they may be.

Our Value Chain strategy has been developed to transform our manufacturing processes into a connected, self-learning and efficient production system aiming to move us closer to the future state of manufacturing.

We are working to identify and rapidly deploy innovative operational technologies throughout our supply chain that enables our plants and facilities to be smarter, and the supply chain more agile and responsive. To digitalise the manufacturing process, we are exploring and employing disruptive technologies, such as automated storage and retrieval systems (ASRS), Marel streamline, smart sensing, robotics, augmented reality, and various big data and analytics tools. Digitisation will not only allow for enhanced process controls, improved line and yield efficiencies and flexibility, but will also expand the skills and capabilities of our people. This in turn will improve our overall operational efficiency, as well as create added environmental sustainability benefits such as water and energy-use efficiency, operational waste and emissions reductions.

Our approach to implementation of new technologies is based on screening, trialing and deployment of promising technologies. This is with the help of our advanced engineering teams within Teys Australia who identify and explore new technologies. These technologies are tested in a detailed trial by operational teams and if successful, are scaled and deployed across our supply chain where needed.

# 11

## GOVERNANCE & LEADERSHIP



### CORE BUSINESS PRACTICES

Teys is committed to producing quality products while maintaining best in class in operations, people practices and culture, and attracting and retaining talent in the red meat industry.

### OUR APPROACH

Our concepts of governance and leadership encompass strategic direction, plans and policies, effective oversight, regulation, motivation, and partnerships that integrate all functional areas across Teys to achieve results.

### LEADERSHIP

Teys values and supports strong leadership. The Leadership Team, directed by the Chief Executive Officer, ensures that the business is led with determined purpose and transparency enabling clear communication and effective management across the group. This is accomplished as the Leadership Team sets strategic approaches and achieves challenging goals, takes fast and decisive action when necessary, ensures Teys' performance surpasses that of industry competitors, and inspires others to perform at their highest optimal level.

### CORPORATE GOVERNANCE STRUCTURE

The Teys Australia board of directors oversee the Teys sustainability approach whilst driving growth and supporting business strategy. The Chief Executive Officer

implements the Board's direction and manages the day-to-day administration of the Teys' group operations whilst supported by the Leadership Team in managing the performance of the organisation. The Leadership Team pay particular attention to matters that are strategic and long term in nature, or have the potential to significantly affect the group's performance. The Leadership Team also oversee health, safety, environment, community (HSEC) and other human rights matters. This includes the adequacy of the systems in place to identify and manage related risks, legal and regulatory compliance and overall HSEC and other human rights performance. The membership of the Teys Leadership Team is available at: <http://www.teysaust.com.au/about/slt-chart>

To oversee finance and risk, the Board Audit Committee, comprised of nominated Directors of the Board, focuses on the management of the Teys Australia risk framework, internal auditing strategy, financial risk management and internal controls.

### CORPORATE GOVERNANCE FRAMEWORK

The Teys Australia Corporate Governance Framework is a set of business principles and procedures by which the decisions at Teys are made. The Teys Corporate Governance Framework is therefore a broad umbrella of policies and principles, extending to all relationships between Teys, its stakeholders, customers, suppliers and employees.

### CORPORATE GOVERNANCE POLICY FRAMEWORK

We continue to improve our Corporate Governance Policy Framework with the ongoing review of policies and procedures, as well as introducing new policy controls when identified. As an example, our policies and procedures include the following;

- Procurement
- Capital expenditure
- Human Resources
- Financial management
- Business continuity planning
- Contract management
- Tendering
- Risk management
- Whistle-blower
- Privacy and data breach response plan procedure
- Fraud
- Financial controls
- IT and cyber security
- Foreign exchange
- Asset management
- Logistics
- Livestock
- Safety

In addition to these policies and procedures, Teys has developed and implemented equitable customer and supplier terms and conditions to ensure Teys meets all of its regulatory requirements, as well as supporting the integrity and effectiveness of its supply chain. Teys has adopted the Modern Slavery Act 2018 (Cth) and supporting UN Guiding Principles on Business and Human Rights, and posted its Modern Slavery Statement on its website. This statement is updated annually and reference to the statement is included in Teys Australia's business terms and conditions.

### MONITORING AND CONTINUOUS IMPROVEMENT

The Teys external and independent internal audit process ensures that we have a strategy to continually update our policies and procedures to accommodate the needs of our business and provide transparency and accountability.

### RISK TRAINING

We have updated our risk management e-learning module and will roll-out training sessions across the Teys group in the latter half of 2019. The training will incorporate the changes to our risk profile approved by the Board Audit Committee in December 2018. All salaried staff will then undergo risk training annually to ensure risk management is an integral process included in our strategic and operational strategies and projects.

# 12

## TRANSPARENCY & ACCOUNTABILITY



### INDEPENDENT INTERNAL AUDIT

In 2018, we appointed an independent internal auditor to conduct a three year independent internal audit strategy across identified high-risk areas of our business. During the 2017/2018 financial year five internal audits were conducted by our independent internal auditor across all levels of the business, from our Board of Directors to our external auditors, customers, and supplier relationships. The recommendations and subsequent management actions from these audits ensure our processes are monitored and continually improved. Recommendations provided continuous improvement opportunities to strengthen the corporate governance policy framework, including the Teys asset maintenance framework, safety management system, logistics management framework as well as updates to the IT policy framework, cyber security and penetration testing. Completed actions from these recommendations have improved Teys' corporate governance controls and ensure staff are informed and kept up to date on the development and implementation of corporate policies and procedures.

### LEGAL

We continually update our business standard terms and conditions to ensure equitable business transactions are supported. Our contract templates are continually reviewed.

Tey's prioritises food safety and workplace safety legislation and regulation, as well as, adhering to industry and customer quality standards.

### COMPETITION & CONSUMER LAW

Tey's undertakes Competition and Consumer Law training on a six-monthly basis with its Commercial and Livestock teams.

### OUR SUPPLY CHAIN (GRI 102-10)

#### PROCUREMENT OF CATTLE AND MATERIALS

Tey's Australia sources more than 90% of cattle for beef processing and lot feeding directly from cattle producers, with the remainder being purchased through the sale yard system. This ensures cattle are eligible for our premium brands and markets.

#### PROCESSING AND PACKAGING

This involves the receipt of cattle; to produce and package beef, and associated products at six of our beef processing facilities. Teys Australia Food Solutions produces cooked deli meats and centre of plate protein meal solutions for the retail sector. Further processing of hides takes place at Murgon (QLD).

#### LOGISTICS AND DISTRIBUTION

Our products are shipped nationally and internationally to over 40 countries.

There were not any significant changes to the organisation size, structure, ownership or supply chain throughout 2018. (GRI 102-10)



# 13

## OUR PEOPLE

### COMMITMENT TO EMPLOYEES

As the beef industry transforms, we are evolving our global talent management practices to keep pace with the capabilities and competencies required for the future.

We know our employees share our values and feel a strong sense of purpose and meaning in their work, but we also recognise that they seek opportunities for professional growth and development while enjoying work-life balance. We are working to deliver learning at all levels through a series of strategic programs and initiatives including increased opportunities for diverse learning experiences. We are generating more choices for leaders of the future, with a strong talent pipeline to help us deliver on our strategic goals.

Our enterprise talent management is overseen by human resources leaders as well as by our functional and business leaders. Together, these leaders across the company are accountable for all aspects of talent management: attracting and recruiting talent, managing performance and development, building a pipeline of future leaders, and creating an environment and culture that embraces diversity, inclusion and equality. The human resources department lead is a member of the Teys Leadership Team, and oversees talent management, benefits and remuneration, and attraction and retention. (GRI 103-2; 103-3)

  
Teys Australia has  
**4,648 employees**

  
Employed over  
**13 different sites**

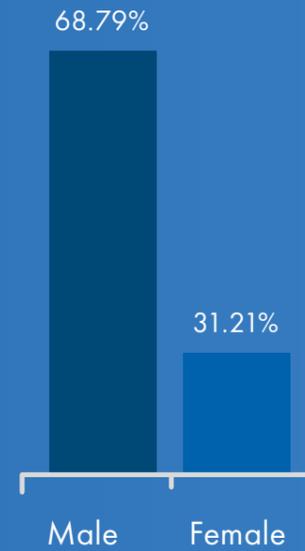
  
**58**  
different nationalities

  
Teys have remained compliant  
with the  
**Workplace Gender  
Equality Agency**  
for the fourth year.

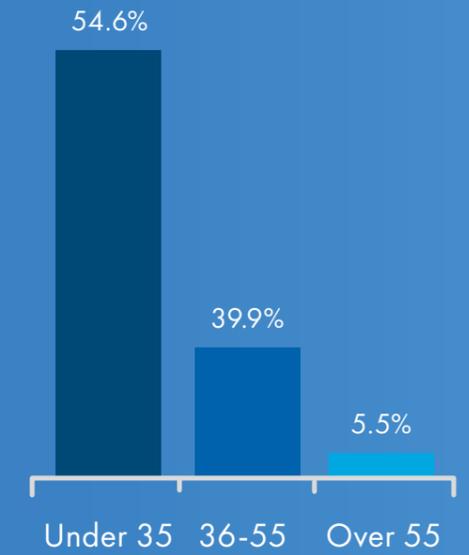
### WORKFORCE

In 2018, our workforce grew to 4,648 employees nationwide. The following provides a demographic profile of Teys' national workforce. (GRI 102-8, 405-1).

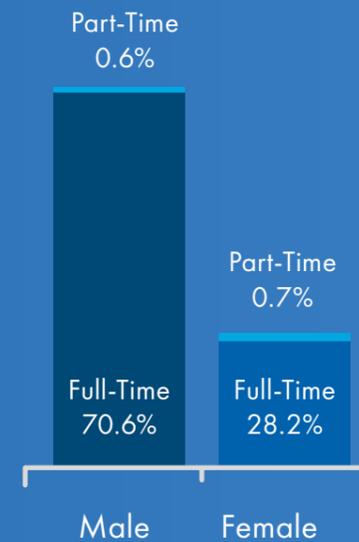
#### Gender



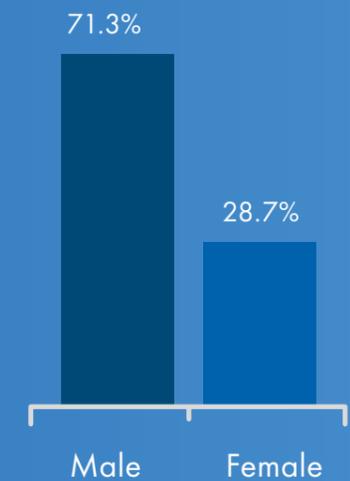
#### Age



#### Employment Type & Gender



#### Management Positions & Gender



# OUR PEOPLE



## ATTRACT AND RECRUIT

We view talent management as the foundation for keeping our organisation healthy and innovative. Each employee contributes a unique set of experiences, skills and cultural backgrounds that enables us to better serve our diverse customers around the globe. In today's interconnected world, we must attract and recruit employees who are globally-minded, agile and adaptable. We recognise that this task is becoming increasingly challenging, with growing integration of labour markets and fierce competition for top-notch talent.

Our workforce in FY2018 was made up of 4,648 employees across 13 locations in Australia. In comparison to FY17 our workforce has increased by approximately 400 employees. We attribute this increase to the dry conditions seen throughout Australia which has allowed the processing sector to ramp up. During this time, and particularly throughout the last five years, Teys has placed a high value on strategies and programs to drive attraction and retention. We remain committed to reducing the high turnover generally associated with the red meat processing sector. An unfortunate by product of the existing external markets stressors resulted in us missing our turnover target of 28%. Our turnover result was 35.33%. We attribute this high turnover with tough business decisions Teys has had to make including shutdowns, and reducing operating shifts in order to remain in business during the cattle downturn as mentioned above. We also continued to focus on reducing absenteeism, implementing numerous incentives to bring our employees to work. Teys' FY18 absentee rate was 3.66%.

## RECRUITING TALENT

The Teys Australia graduate program has been developed to enhance the company's future and provide opportunities for advancement with existing and new employees. In total seventeen participants have completed this program – twelve from FY16 and a further five in FY17 – representing a range of areas within the business including Value Add, QA/QC, Feedlot and Special Projects. The annual Intercollegiate Meat Judging event held in Wagga Wagga has proven to generate the most interest from graduates for employment post studies. The program includes but is not limited to;

- Personal development
- Real work employment
- On the job training
- Network building, coaching and mentoring
- External Courses – Animal Welfare, HACCP and Internal Auditing
- AUS-MEAT and Meat Standards Australia
- Strategic projects
- Work assignments.

The recruitment practices for candidates remained the same in FY2018 with recruitment being managed locally as required by each location. The recruitment at our processing plants being undertaken by Regional Workforce Management (RWM). In FY2018, we had 928 employees employed through the RWM program up from 654 in FY2016 making up 20% of our workforce.

Through career development discussions and regular performance reviews, RWM employees have the opportunity to transition to the Teys business.

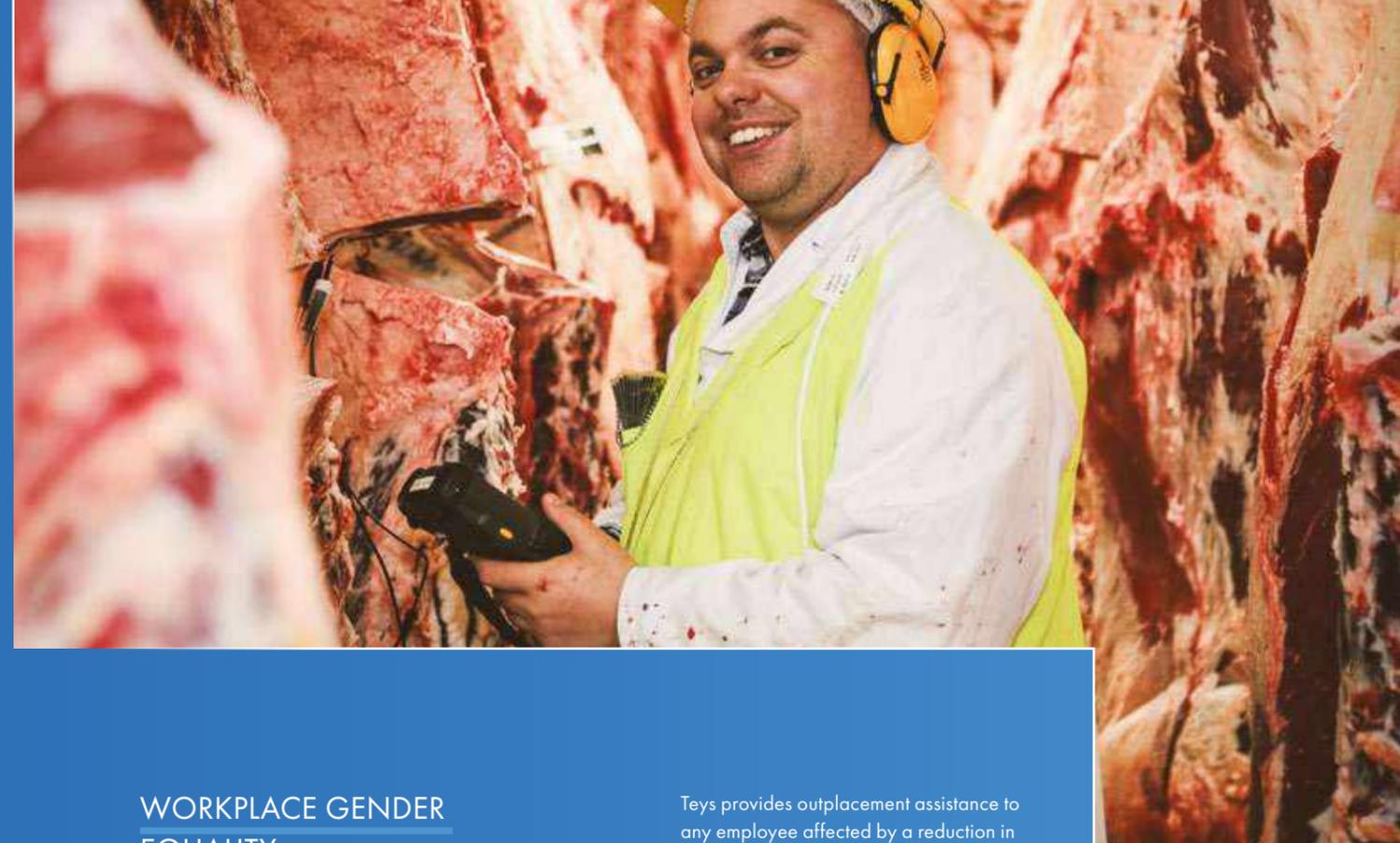
## EMPLOYEE COMPENSATION & BENEFITS (GRI 401-2)

At Teys Australia, we know that people join our company to build a purpose-driven career that makes a difference. We understand compensation is a way to recognise the important work of our employees, and that they serve as a critical tool in the successful execution of our corporate goals.

We are committed to providing fair and adequate compensation. Teys Australia has a Remuneration Policy which is updated annually (GRI-102-35) to ensure our commitment to pay equality across all genders, nationalities and capabilities.

During our annual review we conduct pay equality analyses across all functions and levels, ensure compliance with the Workplace Gender Equality Agency, review hiring and promotion processes and procedures to reduce any potential unconscious bias or structural barriers and embed equal pay efforts into broader enterprise-wide equality initiatives. The process of reviewing our Remuneration Policy involves benchmarking remuneration for individual roles against external roles and market data of like for like positions and in similar industries. (GRI 102-36)

Teys Australia currently has eighteen Enterprise Bargaining Agreements (EBA). These are for our Production Maintenance, Teys Australia Food Solutions, Distribution, Feedlot and Murgon Teams. Each bargaining agreement is annually tested against the 'Better Off Overall Test' to comply with the Fair Work Commission. In total approximately 68% of our workforce are covered by an Enterprise Bargaining Agreement. (GRI 102-41)



# OUR PEOPLE

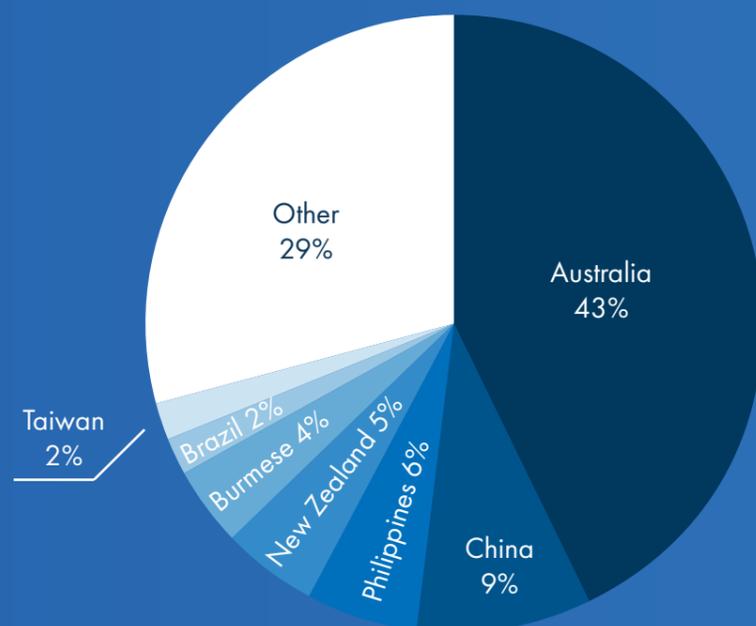
## DIVERSITY & INCLUSION

Teys is committed to encouraging diversity in our business. We pride ourselves on having numerous active cultural groups at most sites and encourage both work and community engagement. It is important for us to be able to provide a safe, inclusive and accessible environment where everyone can realise their full potential throughout the various stages of their careers. This is achieved by recognising diversity and valuing differences among our people. To support this, we hold regular meetings with all of our employee groups, organise consultation for change, and ensure communications plans always have translation strategies to accommodate various literacy needs.

We are pleased and proud to report that during FY2018 our workforce was made up of fifty eight different nationalities.

Of the fifty eight nationalities (up from fifty one in FY17) 43% of the workforce is made up of Australian employees. The balance of employees hold work rights with permanent residency or other means. Our sites continue to promote and support cross cultural events in local communities to assist our diverse workforce in fitting into the communities in which we operate.

## EMPLOYEE BREAKDOWN BY ETHNICITY



## WORKPLACE GENDER EQUALITY

During the last few years, Teys Australia has focused on promoting gender equality processes throughout the business. In FY2018, Teys made a significant contribution by undertaking the Women in Leadership Development Program, reviewing recruitment and career programming to engage more women in food processing.

Teys also complies with the Workplace Gender Equality Agency to keep accountable and report against minimum standards in our industry. The gender pay gap measures the total difference between men and women's average annualised pay (including bonus and reward contributions) across the organisation.

## EMPLOYEE TRANSITIONS

Treating our people with dignity and respect is a priority. When practical, we provide impacted employees advanced notice of staff reductions and significant operational changes in excess of regulatory requirements.

We comply with the notice requirements of relevant labour and employment laws and collective bargaining agreements, as applicable. In instances where we cannot provide any advanced notice, employees receive pay in lieu of notice, consistent with our termination policies.

Teys provides outplacement assistance to any employee affected by a reduction in workforce. Our termination plans offer benefits to qualified full and part time employees. Total employee turnover for the past four years is as follows. (GRI 401-1)

2015	2016	2017	2018
32.4%	42.4%	44%	35.33%

## WORKPLACE HEALTH & SAFETY

Keeping our employees and contractors safe is and always has been our most important commitment. We have developed metrics that allow us to look more deeply into complex safety risks and find ways to proactively guard against them. Regardless of where our people work or what they do, we strive to create an environment where our employees and families should feel confident that they will return home the way they arrived – SAFELY, because 'Nothing We Do Is Worth Getting Hurt For'.

# OUR PEOPLE

## SAFETY PERFORMANCE & REPORTING

In previous years the business has utilised labour intensive processes to manage workplace health and safety (WHS) specific data. The WHS data was entered on a weekly basis presenting an overall display of annual statistics by the end of the financial year. This end of financial year, WHS data provided percentages which could be measured against previous historical data to see improvements, recognise positive growth, and to show the differences both at a site level and across the Teys group.

However, it was identified that this form of management of WHS statistics is not the most practical or accurate, due to the data entry and reporting process.

The overall results were 100% reliant on the data information accuracy, formulations and calculations within excel. This process left the data input at risk of manipulation and potential false results.

An electronic cloud based WHS software system 'Myosh' was implemented in April 2018. Myosh is a highly configurable system that provides the user with easy to use modules, an interactive dashboard and real time reporting. Now, WHS statistics and data is automatically captured and stored on the Myosh dashboard, where

statistics and figures are electronically calculated. All relevant information for WHS is entered into Myosh and the system restricts user ability to manipulate data.

The benefits of Myosh will see a consistency of how we report incidents and injuries allowing for improved WHS strategies. Specific information from these reports can be extracted, to show where trends are forming and what action have taken place at a site level and any intervention implemented from a corporate level. This will achieve continuous improvement and support further embedding of a strong safety culture across the business.

## WORK RELATED INJURIES

A 31% reduction in Lost Time Hours (LTH) was achieved from the FY2012 baseline. 2018 saw a 45% reduction in LTH's against FY2017.

The 2018 Reportable Injury Frequency Rate was 17.19 compared to 18.3 in 2017, 19.05 in 2016 and 22.56 in 2015. A continual decrease has been maintained.

The biggest challenge is the management of sprains and strains of the joint and adjacent muscles, a result of the labour intensive tasks that often require both fine and gross motor skills along with repetition. Implementation and review of semi or fully automatic technology/plant & machinery



is currently being investigated with the opportunity for this to be introduced in the near future. Early intervention strategies have been implemented across all plants to ensure that musculoskeletal type injuries are managed by onsite physiotherapists. Manual hazardous risk assessment of tasks is helping to identify how these tasks can be done ergonomically different, review of resources currently used and implementation of resources required to assist.

Work related fatalities have continued to remain at zero.

## STANDARDISED TEYS AUSTRALIA SAFETY MANAGEMENT SYSTEM

The newly revised safety management system has undergone auditing from both internal and external parties to ensure that the implementation of the Safety Management System policies and procedures has transpired across the Group. The first round of internal WHS auditing commenced in October 2017 through to May 2018, with all sites participating. We also engaged with external independent and internal auditors Deloitte, to review the Teys safety management system.

Corrective actions (where required), status reporting and calculation of performance, generate graphical reports and verify the business' level of compliance. There is an expectation at each of the sites, including corporate, to utilise the Myosh audit report process to self-audit. The continual auditing at both the corporate and site level will help to identify gaps,

areas of improvement and non-conformances, which will assist with the overall management of the WHS policies, procedures and other identified risks.



# OUR PEOPLE



## THE UNIVERSITY OF QUEENSLAND - PHYSIOTHERAPY STUDENTS

2018 marks the fourth consecutive year of the scholarship program between Teys Australia and The University of Queensland (UQ). Teys and UQ selected three participants for a number of applications to partake in the scholarship.

The focus for the 2018 program was:

- Industrial Athlete Program
- Physical Task Analysis
- Review of the Pre-employment Medical (specifically for the feedlots).

Students spent a four week interval at a designated site.

- Teys Australia Food Solutions site - Hemmant & Morningside
- The Distribution Centre - Hemmant
- Condamine Feedlot - Condamine

The students conducted a full review of the Industrial Athlete program (original program was specific for processing plant tasks) and developed a new program for the feedlots. The students spent time reviewing each of the labour intensive processes at the sites, gathering information relevant to complete and revamp the Industrial Athlete program.

Once finalised, the students presented to Corporate Safety Team and each site's Leadership Team. The students revealed a new and improved Industrial Athlete program that was site specific and contained a short video of tasks performed.

This program will be used at time of induction for new Teys workers to the business and current workers whom will benefit from the manual handling techniques and stretching detail in the program.

It is expected that this scholarship will continue into FY 2020.

## WHS LEADERSHIP

The WHS Leadership pilot program was rolled out at the Beenleigh Plant in late February 2018 with a selected group of Supervisors and Managers. Participants represented a variety of departments, shifts, varying levels of management and supervisory skills.

The program consisted of five modules with participants completing a two hour module each week for five weeks. Completing the modules weekly gave each of the participants the time to absorb the information and implement learnings in their day-to-day roles.

Feedback received from the participants included positive findings and opportunities for improvement. Overall feedback was positive and a decision was made to continue to roll out the program by utilising a 'Train the Trainer' approach. Trainers will then be expected to conduct the WHS Leadership program at their site. A corporate review of the value of this program will be conducted in late FY2019.

## WHS FOR WORKERS

Teys continues to invest into workplace health and safety training and programs to develop all workers, knowledge and understanding of WHS, training that is specific to their job task, as well as WHS requirements both externally and across the site. Teys is committed to ensuring that the business stays up to date with WHS Regulations & WHS Legislation, communicating any changes to the workforce and also providing any refresher training where required. E-Learning WHS modules are being investigated through the use of Myosh system.

## WAGGA FITNESS & CONDITIONING CENTRE

Following the success of our Tamworth Fitness and Conditioning Centre, Teys with the help of Allianz has reaffirmed its commitment to the health and wellbeing of our workforce by donating \$39,000 to establish a similar Fitness and Conditioning Centre at our Wagga plant. The centre is designed to help injured workers back to health while at work and provide onsite medical staff, physiotherapists and exercise physiologists.

The centre will be equipped with treadmills, cross trainers, weights and resistance training equipment that will be made available to all employees to use and improve their general strength and fitness. Tamworth pioneered this initiative with great success, it is expected the Wagga program will have similar outcomes.

From these beginnings, Teys has started implementing programs such as our Work Ready Strengthening Programs for new employees or employees who are stepping into a higher graded more physical duties.

## PROMOTION OF WORKER HEALTH

Teys has developed strong relationships with local health providers that are able to assist with workers over a range of issues including general practitioners, counselling for workers and their families for both work and non-work related matters. We facilitate access to these services at a local site level on an as needs basis.

Teys Australia also provides onsite physiotherapy twice weekly (GRI 403-6a).

As well as these initiatives, Teys holds 'Be Healthy, Get Wealthy' Days at various sites and locations with a free health assessment offered to those workers who wish to participate (includes blood pressure, blood sugar, pulse, oxygen saturation, cholesterol, grip strength and eye assessments) with our nurses around the sites. On these days, we also arrange for various other organisations to attend and promote a full review of our workers overall health and financial situations. We see companies such as AMIST Superannuation, NAB@Work, Bupa and Medibank Private Health Insurers, Custom Fleet, local Physiotherapists and Fruit and Vegetable shops attending all promoting a healthier and happier lifestyle (GRI 403-6b).

14

# ENVIRONMENT & SUSTAINABILITY



**Fact:**

In FY18 Teys Australia became the first large red meat organisation to make public commitments to reduce energy, water and greenhouse gas emissions intensity.

## OUR APPROACH

While Teys Australia is committed to its environmental obligations, including those that are required for compliance with local, state and federal regulations, we also look to provide leadership by going above and beyond industry expectations.

Tey's took this to a new level in FY18 by making public commitments to reduce energy, water and greenhouse gas emissions by 2023. This approach is arguably more aggressive than an absolute target, ensuring we reduce the resources associated with every box of Australian Beef we produce.

Doing more with less, is the Teys way.

Given Teys' widespread presence in Australian agricultural communities we know we have a fundamental responsibility to manage our impacts and do this sustainably through best practice environmental stewardship. This means, employing ethical planning and management practices for the responsible use, and protection of natural resources whilst maintaining compliance with the legislative framework.

## MANAGING ENVIRONMENTAL SUSTAINABILITY

In collaboration with our sites we set energy and water targets to reduce our reliance on natural resources and to reduce greenhouse gas emissions. To support this process we operate an internal program, The Utility Reduction Program (URP) which focuses on four key areas of:

- Strategic energy procurement
- Capacity building
- Data analytics
- Asset performance

This program underpins investment in utility reduction projects to improve our overall business sustainability. By incorporating environmental considerations into decision making through capital projects, risk management, industry collaboration we are able to better manage energy, water and emissions.

As part of our approach to remain compliant with our licence obligations we employ dedicated Environmental Officers at all of our processing facilities with a focus on managing environmental risks. By prioritising and evaluating our risks, we can plan and allocate capital funds to improve our facilities. Using this approach we have been able to deliver a variety of environmental improvement projects in FY2019. We continue to implement a strong set of processes to optimise environmental management at each of our locations.

### In FY2018 we delivered savings of:



4,320,000 litres of water saved.



787,941 kWh of electricity saved.



147,334 GJ of renewable energy generated.

**Our Commitment:**

“Tey's Australia are committed to reducing carbon intensity by 20% and water intensity by 10% by 2023. Teys also supports the red meat industry in achieving carbon neutrality by 2030”.

**Brad Teys, CEO**



# ENVIRONMENT & SUSTAINABILITY

## CLIMATE CHANGE

We recognise a variety of physical and financial impacts associated with climate change. These include:

- Risk from physical change associated with climate change such as extreme seasonal variations in Australian weather conditions
- Risk from business uncertainty associated with allocating future capital for projects
- Regulatory risks and policy direction, for example costs associated with complying with tighter performance standards and reporting costs
- Risk to animal welfare associated with climate change (e.g. seasonal variations in Australian weather conditions)
- Risk to water sources and availability of feed associated with climate change
- Risk of scrutiny associated with the integrity of our production practices, and impact on the environment
- Innovation opportunities (e.g. development and provision of new technology and products to address challenges related to climate change)

To mitigate the physical and financial pressures of climate change, Teys Australia has:

- Committed to reduce carbon intensity by 20% and water intensity by 10% by 2023. Teys also supports the red meat industry in becoming carbon neutral by 2030
- Membership with various industry associations in Australia which actively participate in climate change discussions, such as MLA and AMPC. Being involved in industry decisions helps us to better understand and take action to reduce climate change impacts
- Representation in the Australian Beef Sustainability Steering Committee which is responsible for progressing the industry framework
- Investment in projects that directly relate to reducing greenhouse gas (GHG) emissions and reducing reliance on GHG intensive resources. For example, Teys has a multi-million dollar investment in waste water treatment biogas plants. This initiative reduced our emissions intensity by 26% (in the period from FY2013 to FY2107) through capture and combustion of methane gases

## INDUSTRY TRANSFORMATION

Sustainability is an integral part of the red meat industry and Teys are proud to be affiliated with the Red Meat Advisory Councils initiative, The Australian Beef Sustainability Framework (ABSF). Teys dedicate focus to key areas of the ABSF including: animal welfare, economic reliance, environmental stewardship, people and community.

Teys are proud to be affiliated with the ABSF and actively provide representation through our Group Manager Resource Efficiency.

# ENVIRONMENT & SUSTAINABILITY



## ENERGY PRODUCTIVITY AND PLANT EFFICIENCY

Now, more than ever, we are committed to improving the management of energy, water and GHG emissions in our business. In FY2018, the groups' total GHG emissions were 209,263 tonnes of carbon dioxide equivalent (CO<sub>2</sub>-e) and represents a 10% reduction in absolute emissions compared to FY17. We continue to work hard on improving energy productivity, plant reliability and utilisation of our renewable energy assets. Our reported energy intensity fell from 3.76 to 3.46 GJ/tHSCW. This reduction of 7.9% in energy intensity is a viewed as a great success.

However, a critical challenge for Teys Australia remains to accurately manage the use of utilities efficiently while our processing facilities experience changes in both throughput and carcass weights. This fluctuation can significantly affect measured energy intensity. Despite this challenge, Teys continues to invest in activity management of utilities in pursuit of emissions reduction.

In FY18 Teys increased investments in energy and water productivity, and renewable energy from \$700,000 to \$3,870,000. This investment solidifies Teys commitment to improve sustainability and respond strategically to climate change.

Our major energy demands remain the same – those being natural gas, electricity, coal and liquid petroleum gas (LPG). However, our natural gas usage has seen significant reduction at our primary processing plants through a combination of energy efficiency and investment in biogas plants.

The foundation of our ongoing activity to reduce natural resource consumption continues through our Utilities Reduction Program (URP). This program looks to improve utility supply, end use and management systems and support our holistic long term view of energy, water and climate change. This year our URP had specific focus on the following areas:

- Strategic procurement, particularly regarding natural gas
- Refrigeration performance and end of life asset upgrades
- Leadership and capacity building
- Data analytics
- Renewable energy through cogeneration and solar PV

We have delivered energy reductions through a broad range of activities including:

- Traditional energy efficiency projects such as refrigeration upgrades and asset optimisation
- Enhanced metering and data management
- Capability building and culture change
- Water efficiency through low flow high pressure applications and better practices
- New biogas assets
- New solar PV assets

These projects and initiatives keep us on track to reducing our utilities consumption, and further highlights our commitment to invest annual capital to improve efficiency.

## WATER

Teys focuses on managing water resources efficiently by conserving water and improving water quality.

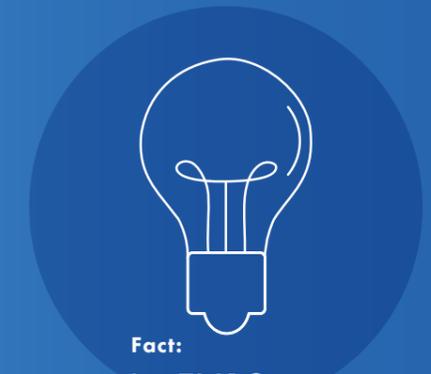
We work to minimise water use in agriculture, particularly in areas of stress and scarcity, and improve water quality in areas impacted by agriculture.

Teys partners with farmers in some regional areas to provide high quality, treated plant process water for row crop, paddock and turf farming, improving farmer's prosperity and reducing the burden on this natural resource.

## RENEWABLE ENERGY

Renewable energy remains one of our greatest opportunities to support the communities in which we operate by reducing emissions, responding strategically to climate change, boosting local employment and supporting the red meat industry to reach carbon neutrality by 2030.

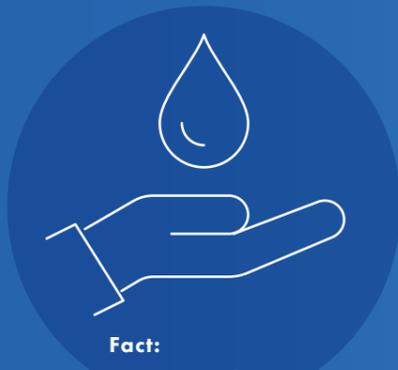
In FY18 we expanded our renewable energy portfolio by constructing a 300kW solar PV farm at Teys Condamine.



**Fact:**

In FY19 we invested over \$3.8M in projects that reduce energy and water intensity in pursuit of our 2023 targets.

# ENVIRONMENT & SUSTAINABILITY



**Fact:**

10% of our energy needs come from renewable energy through our biogas waste water treatment facilities used to offset natural gas and solar PV for electricity generation. Our target is to reach 30% by 2023.

## ENVIRONMENTAL PROTECTION

All of the Teys large meat processing facilities now operate state-of-the-art waste water treatment plants. These improve quality of water for the receiving environment and significantly reduce greenhouse gas emissions

Tey's Rockhampton is located alongside the Fitzroy River. As the largest river basin adjacent to the World Heritage Listed Great Barrier Reef, the water draining from the Fitzroy Basin has the potential to greatly affect reef water quality.

Tey's activated sludge, biological nutrient removal process at this site significantly reduces Ammonia (N) concentration to less than 1mg/l to help improve water quality.

These results are more effective than what is required for compliance alone. Tey's works closely with the State Government to monitor health of this water system.

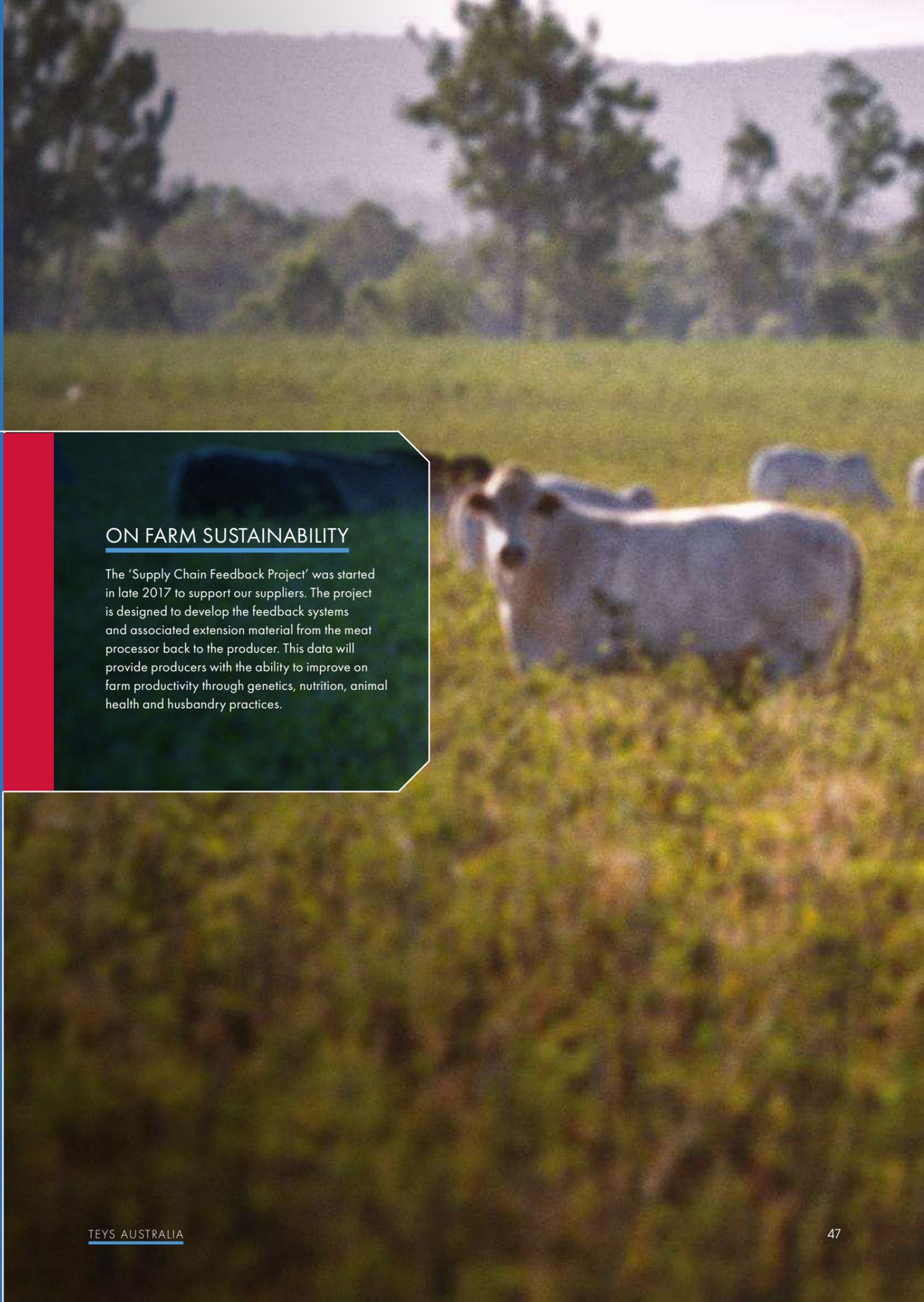
## CONTINUOUS IMPROVEMENT

Tey's has implemented an Environmental Management System based on the requirements of ISO14001.

A strong culture for a high standard of compliance and continuous improvement is supported by routine inspections, reporting and comprehensive annual internal environmental audits – the scope of which includes all of Tey's activities and operations.

## ON FARM SUSTAINABILITY

The 'Supply Chain Feedback Project' was started in late 2017 to support our suppliers. The project is designed to develop the feedback systems and associated extension material from the meat processor back to the producer. This data will provide producers with the ability to improve on farm productivity through genetics, nutrition, animal health and husbandry practices.



# 15

## RESPONSIBLE BUSINESS PRACTICES



### FOOD SAFETY & QUALITY PRACTICES

Producing safe food is a critical function, which we are not prepared to compromise. Our customers' health and their confidence in the brands we produce is of paramount importance and every effort is made to ensure that the food we produce is of the highest standard of food safety and quality.

### FOOD SAFETY AUDITS

To maintain and continually develop our Quality Management System, we conducted over 300 internal audits across our processing plants and value-add facilities in FY2018. A further seventy external audits were conducted by both domestic and international customers along with a variety of governing bodies. On all occasions, Teys Australia met requirements of these audits.

### PRODUCT SPECIFICATION & OPTIMISATION

As per last year's report, Teys Australia has implemented a fully integrated system allowing the business to optimise MSA product capture. The successful rollout was confirmed by external third part audits conducted in FY2018.

### RESPONSIBLE SOURCING & CONSUMPTION

Teys Australia is committed to delivering products that meet the needs of customers and consumers that prove claims relating to production methods and guaranteeing authenticity and transparency. Our commitments also extend to our responsibility in managing how we engage with suppliers and encourage best practice. Given our business model, Teys' supply chain is complex. The purchasing department is responsible for evaluation, selection and contracting of suppliers, their ongoing contracting of administration, and performance management in collaboration with Teys' business guidelines and corporate shared services functions.

### PRODUCT INTEGRITY

Our range of branded beef programs continues to grow and support global consumer trends. Our branded beef programs are underpinned by the Meat Standards Australia (MSA) beef grading program.

Our Grasslands brand continues to be a perfect example of an offering that aligns with the conscious consumer who wants natural, free range, antibiotic and artificial hormone free produce. It is critical that our labelling and messaging are substantiated through programs such as the Teys Australia Grasslands Pasturefed Standard, which is third party accredited and audited. The Grasslands Pasturefed Standards allows us to substantiate claims relating to grass-fed production methods of cattle, in particular guaranteeing that cattle eligible for this program have:

- Never been confined for the purpose of intensive feeding
- Never fed grain, or grain by-products
- A minimum eating quality standard
- A lifetime free from Hormonal Growth Promotants (HGP)
- A lifetime free from antibiotics

### SUPPLY CHAIN & SUPPLIER IMPACTS

We understand that being a responsible business means extending our commitments on sustainability, including environmental, social and economic practices to other organisations in our supply chain. On a daily basis, we procure products and services from a wide range of businesses both locally and nationally. We also source products and services internationally.

# 16

## ETHICS & COMPLIANCE

### STANDARDS OF BUSINESS CONDUCT

Teys is firmly committed to conducting business with the highest integrity and in compliance with the letter and spirit of the law. We are operating in a world where rules that govern business conduct are more complex and demanding than ever. Teys' Business Principles Compliance outlines expectations of employee conduct relating to each other; our business partners, clients and competitors; our corporate resources and our communities. It is the focal point of our culture of ethics and compliance. Approved by our Leadership Team, all employees are required to read, understand, certify annually and adhere to our Business Principles Compliance. Employees are encouraged to report any suspected material wrongdoing of which they might be aware. In 2017, 59% of employees completed the Standard Code of Business Conduct certification. (GRI 102-16)

### ANTI-CORRUPTION

Anti-Corruption is material to Teys because our business is built on trust and integrity with our suppliers and customers, and our reputation for fair and ethical business dealings. While this reputation has been built over seventy five years of business by thousands of employees, it can be harmed by just one unethical act.

Teys is committed to building proactive policies, controls, audit systems and training programs to prevent anti-corruption violations. We are improving our monitoring processes to better identify and review our transactions and behaviours to ensure the integrity of our business transactions. In 2018 Teys received no fines, penalties or settlements in relation to corruption in 2018. (GRI 205-3)

All parts of our business are assessed for all risk, including corruption risk on a yearly basis. The risk assessment reviews the relative risk of a violation against the mitigation of the anti-corruption program and what determine what could be done to further improve its effectiveness. (GRI 205-1)

### ANTI-COMPETITIVE BEHAVIOR

Similar to our stance on Anti-Corruption, our view on Anti-Competitive transactions is a priority. Our business ethics and compliance maintains and supports a consistent culture of values that acts as the cornerstone of our business philosophy and ensures that our success is achieved in the right way. In 2018, Teys was not subjected to fines or sanctions for non-compliance with the law or regulations in any country. No legal actions for anti-competitive or anti-trust behaviour were filed against the company in 2018. (GRI 206-1, 419-1)





# COMMUNITY

## COMMUNITY ENRICHMENT & ECONOMIC DEVELOPMENT

We provide benefits to the communities in which we operate through our people and business investments. We accept our responsibility to the communities in which we operate, and where possible source business inputs locally, employ people from our immediate communities and partner with people and organisations that share our values.

## SUPPORTING NOT FOR PROFITS

Teys Australia Wagga Wagga held its fifth annual Charity Golf Day. The Teys Wagga team, with other major sponsors raised \$52,000 for the Touched by Olivia Foundation with the Teys Wagga team committing close to 430 volunteer hours in volunteering throughout the event. The aim of the charity day is to support not for profit organisations who support the local community in health and wellbeing.

Prior recipients of the charity day have been Ronald McDonald House, Prostate Cancer, Breast Cancer Group and Wagga Wagga Pediatric and Adolescent Unit (PAU).

Following a devastating fire at the Thomas Foods Murray Bridge processing facility, Teys Australia offered jobs to workers who would like to relocate to Naracoorte so their livelihood would not be impacted.

One challenge facing the Naracoorte team was housing the new employees. To address this challenge the team partnered with the 'Joanna Life Skills Centre', which aims to provide rehabilitation in the local community. The centre is situated on 100 acres and includes five houses. The new employees pay a small fee for the first four weeks while they relocate and then pay a reduced weekly rent. Teys Australia committed to cover the balance for a twelve month period, supporting both our workers and the Joanna Life Skills Centre to build their business profile in the local community.

## COMMUNITY ENRICHMENT

Community and employee outcomes are primarily delivered through our financial contributions. However, we recognise that through direct engagement with, and contributions to, the community and our employees, this can be enhanced. In FY2018, Teys Australia voluntarily contributed \$123,445 in community and employee based initiatives. Similar to last year's donations, a significant portion of our donations were in the form of products.

As part of our community investment, we have developed a monitoring plan to focus on capturing the time our people spend in the local community. In FY2018, our employees volunteered 1,681 hours in the community through local events and forums.

Teys continually supports sporting teams and sports events in the local communities in which we operate. In FY2018, we donated \$28,695 through the provision of beef, uniforms, prizes and monetary values.

Some of our initiatives are described below:



Voluntarily contributed **\$139,163** in community and employee based initiatives



### AGRICULTURAL STUDY TOUR

Teys Australia is committed to teaching our future employees about the great career paths we have in the Red Meat Industry. The team at Rockhampton recently hosted a study tour for the Year 12 Agricultural Science students from Cathedral College. The study tour is now in its second year with students gaining a greater understanding about meat science, our global markets, and career opportunities in the red meat industry and making a connection between the classroom and practical knowledge.

Beenleigh and Condamine also hosted Agricultural Students from Beenleigh State High School for a tour of the plant, feedlot and Dalby Sale yards.

### TOUR DE CURE BLACK TIE GALA

The Tour de Cure organisation holds a number of cycling events across the country to raise funds for cancer research. A fundraising gala dinner was recently held in Biloela to raise money for the cause and support the cycling team from Biloela who cycled from Winton, in Western Queensland, to Darwin. The dinner featured only locally grown produce, with our Biloela plant supplying the beef for the dinner and a cash donation. To date the gala dinner has raised \$22,000, an amazing effort for a small community.

### PCYC CHARITY GOLF DAY

Partnering with other local businesses the Teys Australia Biloela team were major sponsors of the local Police Citizens Youth Club Charity Golf Day (PCYC) to raise funds to continue the great work they do in the local community. PCYC works to engage local youth, which is particularly important in rural Australia.

### RUM, RUMP AND RHYTHM FESTIVAL

For the third consecutive year the Beenleigh community has hosted the Rum, Rump and Rhythm festival. The Beenleigh team jumped on board as sponsors again this year, selling steak sandwiches to raise money for charity. The team raised a total of \$1000, which Corporate matched. As well as major sponsors, the Beenleigh team volunteered countless hours to help with this community event.



## APPENDIX

### IDENTIFYING OUR MATERIAL ISSUES

For this year's materiality process, we undertook a three step materiality process. Firstly, identifying sustainability issues relevant to our CSR focus areas and prioritising these issues with our stakeholders in mind. Secondly, we conducted a materiality review which included a desktop audit and search of relevant information in the public space which included a number of sustainability and meat industry standards. Finally, these material issues were prioritised according to their level of risk (from high to low).

Throughout the report, the high risk material issues that are common to a number of GRI aspects have been grouped into our seven CSR focus areas. A full list of performance data, disclosures, and indicators we report against is included as separate downloadable content at [www.teysaust.com.au](http://www.teysaust.com.au).

Issue	Definition/Rationale	Aspect Boundary	Report Section
Business Model Innovation	Incorporating environmental and social factors into decision making	Inside the organisation	Governance and Leadership
Anti-Competitive Behavior	Inquiry into the effect of market consolidation on the red meat processing Sector	Inside the organisation	Governance and Leadership
Transparency and Accountability	Business policy and risk management	Inside the organisation	Governance and Leadership
Labour Practices	Engaging a specialised outsourced recruitment service	Inside the organisation	People Practices and Wellbeing
Workplace Health and Safety	Reduction in workplace injuries	Inside the organisation	People Practices and Wellbeing
Training	Ensuring our people are appropriately trained to carry out their jobs effectively	Inside the organisation	People Practices and Wellbeing
Diversity	Employee engagement and retention	Inside the organisation	People Practices and Wellbeing
Shifting patterns in the red meat supply chain	The supply and demand in the red meat processing industry	Outside the organisation	Community Enrichment and Economic Development
Emissions and Climate Change	Greenhouse gas emissions and efforts to reduce	Inside and outside organisation	Environmental Protection and Sustainability
Energy	Energy efficiency and industry leading approach to investment in renewable energy	Inside and outside the organisation	Environmental Protection and Sustainability
Water	Water efficiency minimising spills and releases and onsite reuse and recycling	Inside and outside the organisation	Food Safety and Quality Practices
Customer Health and Safety	Producing a product our customers can trust	Inside and outside the organisation	Food Safety and Quality Practices
Animal Welfare	The humane processing of cattle in our processing facilities	Inside and outside the organisation	Animal Welfare
Transportation, Handling and Slaughter	The welfare of cattle throughout the supply chain farms through to processing facilities	Inside and outside the organisation	Animal Welfare
Changing societal and community values in purchasing decisions and consumption behavior	Creating a variety of brands and product lines that meet the expectations and trends of consumers.	Inside and outside the organisation	Responsible Sourcing and Consumption

## CONTENT INDEX - GRI 102-55

GRI Standard	Disclosure	Section	
<b>GRI 101: Foundation 2016</b>			
<b>GENERAL DISCLOSURES</b>			
GRI 102: General Disclosures 2016	102-1	Name of the organisation	Teys Australia at a Glance
	102-2	Activities, brands, products and services	Teys Australia at a Glance
	102-3	Location of headquarters	Teys Australia at a Glance
	102-4	Location of operations	Teys Australia at a Glance
	102-5	Ownership and legal form	About the Report
	102-6	Markets served	Tey's Loyal Customers
	102-7	Scale of the organisation	Teys Australia at a Glance
	102-8	Information on employees and other workers	Our People
	102-9	Supply chain	Governance and Leadership
	102-10	Significant changes to the organisation and its supply chain	Governance and Leadership
	102-11	Precautionary principle or approach	Environment and Sustainability
	102-12	External initiatives	Environment and Sustainability
	102-13	Membership of associations	Environment Sustainability
	102-14	Statement from the CEO	Message from the CEO
	102-16	Values, principles, standards, and norms of behaviour	Ethics & Compliance
	102-18	Governance structure	Sustainability Governance
	102-19	Delegating authority	Sustainability Governance
	102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholder Engagement
	102-22	Composition of the highest governance body and its committees	Sustainability Governance
	102-23	Chair of the highest governance board	Sustainability Governance
	102-31	Review of economic, environmental, and social topics	Sustainability Governance
	102-33	Highest governance body's role in sustainability reporting	Sustainability Governance
	102-35	Remuneration policy	Our People
	102-36	Process for determining remuneration	Our People
	102-40	List of stakeholder groups	About the Report
	102-41	Enterprise Bargaining Agreement	Employee Compensation and Benefits
102-42	Identifying and selecting stakeholders	About the Report/Stakeholder Engagement	
102-43	Approach to stakeholder engagement	About the Report/Stakeholder Engagement	
102-44	Key topics and concerns raised	Setting Priorities	
102-45	Entities included in the consolidated financial statements	About the Report	
102-46	Defining report content and topic boundaries	Multiple	

102-47	A list of the material topics identified in the process for defining report content	About the Report/Setting priorities
102-48	Restatements of information	About the report
102-49	Changes in reporting	About the report
102-50	Reporting period	About the Report
102-51	Date of most recent report	About the Report
102-52	Reporting cycle	About the Report
102-53	Contact point for questions regarding the report	About the Report
102-54	Claims of reporting in accordance with the GRI Standards	About the Report
102-55	GRI Content Index	Appendix
102-56	External Assurance	About the Report

### Material Topics

#### ANTI-CORRUPTION

GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	Ethics and Compliance
	205-3	Confirmed incidents of corruption and actions taken	Ethics and Compliance

#### OCCUPATIONAL HEALTH AND SAFETY

GRI 403: Occupational Health and Safety 2016	403-1	Workers representation in formal joint management-worker health and safety committees	Our People
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Our People

#### DIVERSITY AND INCLUSION

GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Our People
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### Additional Topics

#### MANAGEMENT APPROACH

GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundaries	About the Report/Setting Priorities
	103-2	The management approach and its components	Throughout Report
	103-3	Evaluation of the management approach	Throughout Report

#### ENERGY

GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Environment and Sustainability
	302-2	Energy intensity ratio	Environment and Sustainability
	302-3	Reduction of energy consumption	Environment and Sustainability

#### WATER AND EFFLUENTS

GRI 303: Water and Effluents 2016	303-1	Water withdrawal by source	Environment and Sustainability
	303-5	Water consumption	Environment and Sustainability

## CONTENT INDEX - GRI 102-55

EMISSIONS			
GRI 305: Emissions 2018	305-1	Direct (Scope 1) GHG emissions	Environment and Sustainability
	305-2	Energy indirect (Scope 2) GHG emissions	Environment and Sustainability
	302-4	GHG emissions intensity	Environment and Sustainability
	302-5	Reduction of GHG emissions	Environment and Sustainability
ENVIRONMENTAL COMPLIANCE			
GRI 307: Environmental Compliance 2018	307-1	Non-compliance with environment laws and regulations	Environment and Sustainability
OTHER			
GRI 401: Employment 2018	401-1	New employee hired and employee turnover	Our People
GRI 403: Occupational Health & Safety 2018	403-1	Workers representation in formal joint management-worker health and safety committees	Our People
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Our People
GRI 412: Human Rights Assessment 2018	412-1	Operations that have been subject to human rights reviews or impact assessments	Our People
GRI 419: Socioeconomic Compliance 2018	419-1	Non-compliance with laws and regulations in the social and economic area	Ethics & Compliance

## CASE STUDIES

### BLADESTOP

Teys has invested over \$2.5million into Bladestop Bandsaw technology, led by Steve Gant our General Manager Operations, and Julia Teys our Group Manager of WHS. Having identified the risks to employee safety, the new BladeStop Bandsaw is uniquely designed to reduce the risk of serious injury by mechanically stopping the blade when the unit senses that a person has come in contact with the blade. Upon sensing contact the blade stops operating within 0.009 seconds. This is the difference between having a small skin cut or an amputated finger. Tracey Hemsworth, our Project Innovation Specialist, has championed and overseen the installation of over 26 BladeStops into six Teys plants across the country.

### CONDAMINE SOLAR FARM

Teys saw an opportunity to participate in the Energy Savers Program funded by the Queensland Government to install 300kW of solar at our Condamine Feedlot in Queensland. Home to 1,034 solar Panels, Condamine is on track to reduce their scope 2 electricity emissions by 30%-50% this year while also providing up to 50% of Teys Condamine's electricity needs.

