



Costa Group Holdings Limited

Sustainability  
Report  
2021



# Contents

CEO Report	2
Sustainable Commercial Farming	4
Sustainable Commercial Farming Principles	5
TCFD	8
TCFD roadmap	9
Governance	10
Environment	14
Economic	20
People	24
Health and Safety	32
Community	38





**Our Costa Care culture initiative is at the heart of everything we do at Costa. It is built on our existing Costa culture of passion and care for our outstanding people, our safe and nutritious food production and thriving partnerships within our local communities and environments.**





**Sean Hallahan**  
Managing Director  
and CEO

## As Australia's leading horticultural company with a growing international presence, Costa's vision is to also be the leader in the Sustainable Commercial Farming (SCF) of premium quality fresh produce and establish sustainability benchmarks for the global horticultural industry.

SCF is integral to our business model and our ability to deliver on our growth strategy and produce superior returns for shareholders. Our approach targets the four key areas of Environment, Economic, People and Community. These recognise their importance to not only our commercial performance through addressing climate risk by utilising protected cropping and reducing emissions, improving yield and production efficiency, reducing supply chain waste and being an industry employer of choice, but also the contribution we make to providing millions of people with healthy and nutritious fresh produce in the most sustainable way possible.

When Costa launched SCF in November 2018 and established the key objectives and principles to guide our progress and reporting, we recognised that over time we would further review, develop and refine what SCF means. This included identifying and committing to qualitative and quantitative metrics and targets that would improve our company's transparency in the way we report and measure our actions.

Over the past 12 months the Costa Board and Executive has carefully considered and identified the establishment of a quantitative target which the Company believes will create long term commercial resilience and ensures Costa makes a meaningful contribution to addressing the environmental and financial risks of climate change.

The key emissions target Costa is committed to achieving is net-zero carbon emissions by 2050. To assist in progressing towards this commitment, Costa plans to pledge to the Science Based Target Initiative (SBTi) and subsequently work with SBTi to have our emission reduction targets validated and meet the goals of the Paris Agreement.

Costa has a vision that its leaders reflect, embrace and champion the diversity of the workforce they lead. We are pleased to have achieved our goal of 30% of Australian based women in critical and key roles a year earlier than planned. Expanding on the success of achieving previously set diversity goals, and with this vision in mind, Costa aims to continue on this path, and reset an ambitious long term target in 2023.

Work will be undertaken to quantify our major waste streams by the end of 2022 as a prelude to setting waste reduction targets commencing from 2023. Costa is targeting all forms of waste in our efforts to achieve meaningful and lasting reductions in the level of waste we generate. The reduction of waste through our supply chain is an ongoing priority in recognition of not only the environmental and economic benefits that can be derived from such action, but also the policy settings of governments (targeted reductions in the use of plastic, non-recyclable packaging, increasing landfill disposal fees) and the expectations of our customers and consumers, who increasingly factor sustainability into their purchasing decisions.

We also continue to report on key environmental related metrics, including Greenhouse Gas Emissions, energy consumption, water use by category, total water use and water use efficiency.

Despite the ongoing challenges presented by COVID-19, 2021 has been a year in which Costa continued to build on our SCF Objectives. We have further developed our Taskforce on Climate Related Financial Disclosures (TCFD), detailing progress on how we address and manage climate change in the key areas of governance, strategy, risk management and metrics and targets. We have also refined our identification of short, medium and long term climate related risks and opportunities, their impact and Costa's response.

In 2021, Costa published its first Modern Slavery Statement and is committed to a process of continuous improvement in this important area. Throughout the year activities were focused on developing our systems to measure the effectiveness of our actions; formalising a stakeholder working group; expanding our modern slavery training and further establishing remediation activities in the supply chain.



Costa has a vision that its leaders reflect, embrace and champion the diversity of the workforce they lead.

Our Ethical Sourcing Program includes the use of Sedex as a management tool to help the company understand the level and scope of social sustainability practices within our partner grower base. Progress on this saw 98% of our domestic partner grower base registered on Sedex, with shared visibility of their site information during their supply season. This information has been used to risk assess employment management practices and identify the salient human rights issues in our produce supply chain.

Over 2021 progress was also made in the development and implementation of our Costa Care culture initiative, which sits at the heart of everything we do at Costa. It is built on our existing Costa culture of passion and care for our outstanding people, our safe and nutritious food production and thriving partnerships within our local communities and environments. Champions and volunteers were appointed across all our locations to help ensure this initiative is embedded into our operations helping to define our employee experience and our external engagement with our communities.

As always, we have sought to be a productive member of the communities we operate in, striving to have both a beneficial economic and social impact. Encouraging and enabling our workforce to undertake more volunteering activity in their local communities was identified as an important means by which to do this, with the result being the introduction of paid volunteer leave for full and part time staff from the start of 2022.

As we continue to build on our SCF Objectives and to embed them into every part of our business, the Company does so with confidence that our workforce is not only committed to our objectives and successfully meeting the targets we have set, but are also willing to meet any challenges and maximise the opportunities that lay ahead in making Costa a leader in sustainability.

**Sean Hallahan**  
Managing Director and CEO

# Sustainable Commercial Farming

**Finding more sustainable ways to make fresh, healthy food available for everyone is one of the most critical issues of our times and we believe that Costa has a vital role to play.**

Our challenge is balancing commercial fresh produce production with environmental responsibility and affordability with quality, so that healthy and nutritious food is available to everyone for generations to come.

At Costa, we call this Sustainable Commercial Farming and we are proud to lead the way.

- **Sustainable Commercial Farming Overarching Objective**

Costa has developed a Sustainable Commercial Farming 'Overarching Objective' which broadly defines not only what we are seeking to achieve but also acknowledges the environmental and social responsibilities that go hand-in-hand with integrating Sustainable Commercial Farming into everything we do at Costa.

Our Sustainable Commercial Farming Overarching Objective is stated as follows:

*Costa has adopted a systematic and tailored Sustainable Commercial Farming strategy to ensure that we work for the long term to progressively improve the yield and quality of our healthy and nutritious products whilst achieving a per unit reduction in crop production inputs.*

*We accept our responsibility for the environment and communities within which we farm and grow our crops. We recognise that innovation is required to enhance productivity, reduce waste and adapt to challenges presented by such issues as water security and climate change, while continuing to supply product that is fundamental to the maintenance of a healthy and balanced lifestyle.*

*Furthermore, we will regularly undertake reviews beyond our own farm footprint with our partner growers and encourage them to be transparent about the challenges they face so that we can work with them to meet our standards.*

- **Sustainable Commercial Farming Pillars and Principles**

In order to realise our Overarching Objective, we have established three Sustainable Commercial Farming Pillars of Environment, Economic and People which are underpinned by 10 Sustainable Commercial Farming Principles.

The Pillars are interconnected reflecting their equal importance to successfully realising our strategy. The Principles which underpin the Pillars serve as a clear statement and commitment to what we consider to be the fundamentals of Sustainable Commercial Farming and what we commit to do in these areas.

## Corporate Governance/ Board oversight

Costa Group's Board of Directors oversees our sustainability performance and those policies relating to sustainability and progress toward achieving our Sustainable Commercial Farming goals.

The Board also works with our CEO and Executive Leadership Team to review and evaluate key performance indicators and initiatives and to identify, assess and manage climate related risks.

The strategic management of sustainability is led by our CEO and Executive Leadership Team, who develop and monitor sustainability initiatives and projects, policies and standards. The daily management of our Sustainable Commercial Farming commitments and implementation of objectives is guided by all Costa business unit leaders and their teams.



# Costa's Sustainable Commercial Farming Principles



## 1. Water use and security

We will maintain a focus on reducing water inputs per unit of crop output through efficiency of water use and ensuring water security with a particular focus on water capture and recycling.



## 2. Climate Change

We will continue to meet the challenges presented by climate change, using skills and technology to adapt to changing circumstances. This includes advancing the adoption and continued enhancement of protected cropping across our portfolio, developing new and more climate resilient crop varieties, finding new technological solutions and adopting the use of renewable energy sources where practical to do so.



## 3. Waste

We recognise that waste in all forms presents challenges with respect to its reduction. This requires a multi-faceted approach that includes adopting practices to reduce the impact on crop yield and quality loss, stringent post-harvest time-temperature management to extend product life cycles, active management of production waste, seeking ways to reduce packaging waste and removing or eliminating non and low value labour intensive activities.



## 4. Nutritional Inputs

We will carefully select and apply crop nutritional elements and where practical endeavour to use organic and biological crop nutritional inputs. Care will also be taken to eliminate or reduce any migration of applied nutrients beyond our farm boundaries.



## 5. Biodiversity

We will prioritise the application of organic and biological pest and disease control methods on our crops where practical and cost efficient. Where chemical applications are used, these will be closely monitored to measure ongoing efficacy of use and to ensure compliance with maximum residue limits.



## 6. Production Yield

We will continue to develop and embrace agronomic technology and practices to increase crop yields for each hectare farmed, including production which occurs out of the soil. We will also seek to better understand the variables in crop production via the use of advanced measurements and analytical tools to obtain improvements in agronomic practices.



## 7. Productivity and Efficiency

We will actively pursue investment that improves our productivity with a focus on the development of harvest and post-harvest automation initiatives to ensure long-term cost efficiency and pricing competitiveness.



## 8. Workforce

The knowledge and application of our sustainable farming practices is central to the development and training of our workforce. We also recognise they deserve a workplace that respects and recognises their basic human rights, is both safe and healthy, promotes diversity and provides opportunity for career advancement and training, while ensuring they are appropriately rewarded for their efforts.



## 9. Community

We will build and maintain an active involvement in supporting the social fabric of the many regional and rural communities in which we operate. Our footprint requires us to not only act and behave as a responsible corporate citizen, but also work closely with communities so they can benefit both economically and socially from our ongoing presence.



## 10. Health and Well Being

We only grow healthy and nutritious fresh food that is acknowledged as being essential to maintaining a healthy body and mind. We take great pride in the fact nothing artificial is added to our products after harvest and sold fresh just as they are.

# Sustainable Commercial Farming

## United Nations Sustainable Development Goals

Costa Group supports the United Nations Sustainable Development Goals. These goals are the blueprint to achieve a better and more sustainable future for all. They address global challenges including poverty, inequality, climate, environmental degradation, prosperity, and peace and justice.

We have further analysed Costa's focus within each of our 10 Sustainable Commercial Farming principles and believe there is a strong connection to the following UNSD Goals and also targets contained within these goals.

## Commitment to customers and consumers

Costa is the biggest fresh produce supplier to the Australian retailers and with this comes a responsibility to share in their goals and aspirations.

In particular we share their commitment to sustainability, whether it be achieving a target of net zero emissions, reducing the incidence of food waste, developing closed loop packaging solutions or ensuring the ethical sourcing and supply of products throughout the entire supply chain.

Costa is committed to playing our part in making Australia's food and grocery supply chain and sector as sustainable as it possibly can be.



## Environment



## Economic



## People



## Setting of Emissions Target

*Achieving net-zero carbon emissions by 2050.*

Costa is committed to achieving net-zero carbon emissions by 2050.

To assist in progressing towards this commitment, Costa plans to pledge to the Science Based Target Initiative (SBTi) and subsequently work with SBTi to have our emission reduction targets validated.

Having our targets validated by SBTi provides that our emissions reduction progress is in-line with what is deemed necessary to meet the goals of the Paris Agreement.



Costa has formally declared its support for the Task Force on Climate-related Financial Disclosures (TCFD), joining more than 1500 organisations in demonstrating a commitment to building a more resilient financial system and safeguarding against climate risk through better disclosures.

The TCFD provides a framework and recommendations to address the financial impact of climate change on a business. By increasing transparency on financially material climate-related risks and opportunities the recommendations promote more informed financial decision-making by investors, lenders, and other stakeholders. <https://www.fsb-tcfcd.org/become-a-supporter/>

### CY21 Reported Metrics

- Greenhouse Gas Emissions
- Energy Consumption
- Water use by category
- Total water use
- Water use efficiency - kilograms of produce grown per megalitre of water used

After commencing adoption of the TCFD framework in 2019, we have continued to increase activities in assessing climate related risks and opportunities and disclosures on our progress.



# TCFD roadmap

TCFD	Summary of recommendations	Actions to address recommendations	Status
Governance	Disclose the organisation's governance around climate-related risks and opportunities.	<ul style="list-style-type: none"> <li>• Create a mechanism to increase Board oversight of climate-related risks and opportunities</li> <li>• Enhance disclosure of Costa's approach to governance around climate-related risks and opportunities</li> <li>• Update existing organisational frameworks to incorporate TCFD recommendations</li> </ul>	<ul style="list-style-type: none"> <li>● <b>Complete and ongoing</b> In addition to Board oversight of risk, the Board Horticultural Innovation and Technology Committee was established (2020).</li> <li>● <b>Complete and ongoing</b> Reporting through Sustainability Report, half and full year results reporting.</li> <li>◐ <b>In Progress</b> Identify relevant frameworks and processes to adapt in light of key risks and opportunities.</li> </ul>
Strategy	Disclose the actual and potential impacts of climate-related risks on the organisation's businesses, strategy, and financial planning where such information is material.	<ul style="list-style-type: none"> <li>• Enhance disclosures on material climate-related risks</li> <li>• Complete scenario analysis to further understand the potential impacts of climate change</li> <li>• Use scenario analysis to interrogate existing control infrastructure and identify actions needed to address residual risks</li> <li>• Quantify, where possible, the material climate related risks and consider these variables in financial planning processes</li> </ul>	<ul style="list-style-type: none"> <li>● <b>Complete and ongoing</b> Refer to 'Material risks and opportunities' section of this report.</li> <li>◐ <b>In Progress</b> Produce-specific analysis has been undertaken to identify material crop risks. To be completed in CY23, after the finalisation of the company-wide scenario analysis.</li> <li>◐ <b>In Progress</b> To be completed in CY22.</li> <li>◐ <b>In Progress</b> To be completed in CY23.</li> </ul>
Risk Management	Disclose how the organisation identifies, assesses, and manages climate-related risks.	<ul style="list-style-type: none"> <li>• Enhance disclosure on risk management process and how climate related risks are identified and analysed across the organisation</li> <li>• Complete scenario analysis to further understand the potential impacts of climate change</li> </ul>	<ul style="list-style-type: none"> <li>● <b>Complete and ongoing</b> Refer to 'Material business risks' section of the Annual report and 'Governance' section of this report.</li> <li>◐ <b>In Progress</b> Produce-specific analysis has been undertaken to identify material crop risks. Company-wide analysis to be completed in CY22.</li> </ul>
Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate related risks where such information is material.	<ul style="list-style-type: none"> <li>• Disclose additional metrics utilised across the business to manage climate change related risks</li> <li>• Align carbon emissions reduction aspirations with the goals of the Paris Agreement</li> <li>• Continue to disclose metrics on carbon emissions (scope 1 &amp; 2) and water usage and efficiency</li> </ul>	<ul style="list-style-type: none"> <li>◐ <b>In progress</b> Any additional metrics identified will be disclosed for CY22.</li> <li>◐ <b>In progress</b> Commitment to net-zero by 2050 and pledging to the Science Based Target initiative (SBTi).</li> <li>● <b>Complete and ongoing</b> Refer to 'Metrics and Targets' section of this report.</li> </ul>

# Governance

**The Costa Board has overall oversight of climate related risks and opportunities. This is principally achieved through the work of two board subcommittees, namely the Horticultural Innovation and Technology Committee (HIT) and the Audit and Risk Committee (ARC).**

The HIT Committee meets at least four times per year with one of its focus areas being adapting to the impacts of horticultural risks, including those relating to climate change. The Committee provides a forum and review group for management and technical personnel to challenge the traditional horticultural model and to present innovative concepts and programs which aim to significantly advance Costa's performance and management of climate related risk.

The ARC which also meets at least four times per year has responsibility for oversight of the company's Enterprise Risk Management program, which contains climate-related risks that are analysed and reported on by management.

Management also provides the Board with an annual Water Risk Management paper, which covers in detail short and long range climate outlook and category and site specific risk assessments covering water usage, security, pricing, competing use and climate trends.

Management also convenes an Executive Risk Subcommittee consisting of the CEO, CFO, GM HR, Chief Procurement Officer, Company Secretary and Group Manager Risk and Internal Assurance. This Subcommittee meets at least quarterly and focuses on key enterprise risks including a number that are either directly climate related (e.g. change and weather volatility) or risks that will be significantly impacted by the impacts of climate change. Risks are assessed periodically by the Subcommittee with input from category General Managers and processes and practices are adjusted in light of changing environments.

Costa's formalised ERM program is overseen by the Board, Audit & Risk Committee and the Executive, and is aligned to the principles outlined in AS/NZ ISO31000. There are a number of key strategic and operational risks analysed as part of the ERM program that are climate-change related in nature.

In the near-term, the physical risks associated with climate change are the most acute to Costa's operations and strategy, in the form of:

- Weather volatility – impacts our crops and our assets, along with the assets and distribution channels available to key input suppliers. This risk also has the potential to harm our employees and our communities.
- Water security – increasing temperatures and changing climates may impact our ability to source sufficient good quality water.
- Plant and crop quality – as climate changes our plant and crop health and pest and disease pressures will also evolve and may challenge our ability to deliver high-quality fresh produce and/or the attendant cost.

These risks however also present opportunities where Costa is able to implement strategies to minimise and mitigate these impacts. In addition, as our customers (major retailers) focus in this area they will increasingly value companies such as Costa that can manage these risks to ensure consistency of supply.

Costa also recognises that its ongoing success will not be immune to transition risks relating to climate change and as such

we are continuing to monitor the landscape in order to proactively adapt to changes when practical, advantageous to do so or necessary. Adopting the TCFD framework and recommendations is an ongoing useful tool in this endeavour.

## Material opportunities and risks

As discussed above, the ERM program discusses and analyses a number of key risks whose likelihood and impact have the potential to change materially under different climate scenarios.

When further analysing existing enterprise risks under the lens of TCFD recommendations, Costa utilises the UN's Intergovernmental Panel on Climate Change RCPs (Representative Concentration Pathways), which model how concentrations of greenhouse gases in the atmosphere will change in the future as a result of human activities. (see diagram below)

Outlining these distinct scenarios allows for each risk to be further interrogated and additional consideration given to the possible impacts and the sufficiency of our existing responses and mitigation activities.

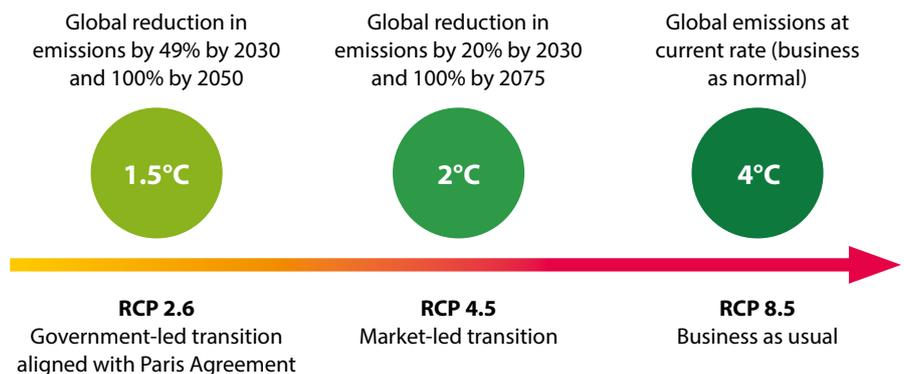
Climate change risks, as well as opportunities, are described in more detail on the following page.

Time horizon	Costa definition
Short	Current, next 18-24 months
Medium	~2 years to 5 years
Long	> 5 years

The time horizons disclosed in the table have been formulated based on Costa's strategic planning horizons, considering a blended "useful life" of our crop footprint and other strategic imperatives.

## Strategy and Risk Management

Climate change is a key challenge for Costa as it relates both to the physical risks and transitional risks, and as such is a feature of strategic planning, capital investment and allocation decisions and integrated into the Company's Enterprise Risk Management (ERM) program.



Time horizon	TCFD Risk/ Opp type	Opportunity/risk description	Impact	Costa's response
<b>Opportunities</b>				
Short term	Markets	Market dynamics are impacted by an increased frequency and severity of extreme weather events such as hailstorms, cyclones, floods, bushfires.	<ul style="list-style-type: none"> <li>Material price increases when supply is reduced/constrained</li> <li>Investment moves away from the sector, thus reducing price pressure from any oversupply</li> </ul>	<ul style="list-style-type: none"> <li>Geographic diversification of crop-types, both within Australia and Internationally</li> <li>Continuing to invest in protected cropping to make the Costa portfolio more resilient to extreme weather</li> </ul>
Short to medium term	Resource efficiency	Proactively work to reduce scope 1 and 2 greenhouse gas emissions towards carbon neutrality and increase energy efficiency.	<ul style="list-style-type: none"> <li>Costa becomes a more attractive supply partner</li> <li>Early adoption of certain technologies unlocks competitive advantage</li> </ul>	<ul style="list-style-type: none"> <li>Further understand the extent of carbon emissions from our international operations</li> <li>Identify key areas of the business to transition to renewable energy sources</li> <li>Continue to identify land management practices that allow for carbon sequestration opportunities</li> <li>Have emissions reduction targets validated by SBTi</li> </ul>
Short to medium term	Markets; Products/ Services	Understand the changing opportunities to derive additional value from natural assets and proactively work with public and private institutions to fully leverage Costa's existing natural asset portfolio.	<ul style="list-style-type: none"> <li>Potential alternative revenue streams</li> <li>Create outsized returns through the adoption of new techniques to capitalise on or utilise natural assets</li> </ul>	<ul style="list-style-type: none"> <li>Continue to monitor the landscape and partner with subject matter experts on emerging opportunities and technologies</li> </ul>
Medium term	Resource efficiency	A shift towards reuse and recycling reduces our operating costs and enables better access to goods/materials.	<ul style="list-style-type: none"> <li>Reduced operating costs</li> <li>Increase brand value proposition and consumer attractiveness</li> </ul>	<ul style="list-style-type: none"> <li>Member of APCO Sustainable Packaging as from 2022</li> <li>Continue to explore reuses for organic waste within Costa's categories or with third parties</li> <li>Continue to explore reuses for other farm wastes</li> <li>Measure major waste streams and establish a waste reduction target</li> </ul>
Medium to long term	Resilience; Products/ Services	Development of resilient crop varieties through varietal improvement and selection programs.	<ul style="list-style-type: none"> <li>Maintain and/or improve the taste profile and aesthetic of our products relative to competitors to generate increased sales revenue</li> <li>Increase market opportunities for licensing revenue</li> </ul>	<ul style="list-style-type: none"> <li>Continue to invest in our world-leading blueberry varietal improvement program</li> <li>Continue to explore proprietary breeding programs and gain rights to commercialise leading varieties</li> <li>Continue to explore and invest in varietal development and selection programs across other produce categories</li> </ul>
Medium to long term	Markets; Products/ Services	Consumer preferences for low environmental impact food increases the consumption of fresh produce and meat-alternative products.	<ul style="list-style-type: none"> <li>Increased share-of-plate towards non-processed food types increasing market demand for fresh produce</li> <li>Increased demand for meat-alternative ingredients sourced from fresh produce (e.g. mushrooms)</li> </ul>	<ul style="list-style-type: none"> <li>Continue to actively explore alternative sales channels, both within Australia and internationally</li> <li>Continue to explore and invest in varietal development and selection programs</li> </ul>

# Governance

## Continued

Time horizon	TCFD Risk/ Opp type	Opportunity/risk description	Impact	Costa's response
<b>Risks</b>				
Short to medium term	Physical	Increased frequency and severity of extreme weather events such as hailstorms, cyclones, floods, bushfires.	<ul style="list-style-type: none"> <li>• Reduced site capacity and decreased revenue</li> <li>• Increased safety risk to personnel at our sites</li> <li>• Pollination availability decreases</li> <li>• Pest and disease pressures change</li> <li>• Damage to third-party grower or supplier assets, or port infrastructure would limit our ability to source key inputs</li> <li>• Major site capacity reductions could result in job losses, impacting community sentiment</li> </ul>	<ul style="list-style-type: none"> <li>• Geographic diversification of crop-types</li> <li>• Continuing to invest in protected cropping</li> <li>• Continue to strengthen workplace health and safety programs, incorporating disaster response strategies</li> <li>• Ongoing reassessment of Integrated Pest Management strategies</li> <li>• Utilising our Costa Care program to continue working proactively with local communities on a broad range of issues including climate change adaptation and resilience</li> </ul>
Short to medium term	Physical	Increased water stress impacts Costa's ability to source sufficient good quality water to produce the same quality outputs.	<ul style="list-style-type: none"> <li>• Poor crop yields and reduced financial returns</li> <li>• Changes to existing water licensing structures either increases water prices or reduces water supply</li> <li>• Significant changes in the price of available, good quality water</li> </ul>	<ul style="list-style-type: none"> <li>• Strong oversight and governance of water security - continue to monitor the Group's position on water security and water use efficiency</li> <li>• Continue to explore and invest in water efficiency technology, such as precision monitoring</li> <li>• Geographic diversification of crop-types</li> </ul>
Short to medium term	Transition	Changing regulatory landscape and the implementation of climate-impact mandates or regulations on existing products, introduction of climate-related trade barriers or carbon pricing mechanisms.	<ul style="list-style-type: none"> <li>• Increased cost of access, reduced access to or loss of access to key export markets</li> <li>• Increased cost of electricity and other inputs</li> <li>• Major changes to overall competitive landscape depending on the maturity of competitors</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to work towards fully aligning our disclosures with the TCFD recommendations</li> <li>• Proactively work to reduce carbon emissions</li> <li>• Proactively work to reduce plastic and organic waste landfill generated by our operations</li> <li>• Explore and invest in low environmental impact supply inputs (e.g. green fertilisers)</li> </ul>
Medium to long term	Physical	Increase in average temperature and the frequency of extreme heat days.	<ul style="list-style-type: none"> <li>• Reduced yields and returns</li> <li>• Reduced attractiveness to key export markets due to changing profile of our product</li> <li>• Reduced worker productivity</li> <li>• Increase in harvest peaks and troughs and possible flow-on impacts to market supply dynamics and pricing</li> <li>• Increased pest pressure</li> <li>• Increase in heat-related workforce illness and injuries</li> <li>• Disruption to operations</li> <li>• Increased operating costs</li> </ul>	<ul style="list-style-type: none"> <li>• Maintenance of a portfolio of geographically diverse farming locations</li> <li>• Continuing to invest in protected cropping and protection structures (ventilation, climate control, etc.)</li> <li>• Proactively assess land-use practices, such as the use of cover crops to reduce heat effect, to reduce impacts to soil and crop health</li> <li>• Continue to adapt harvest and post-harvest practices and technologies to nurture product quality</li> <li>• Proactively reduce carbon emissions and increase energy efficiency</li> <li>• Continue to invest in varietal selection and improvement programs, and explore proprietary breeding programs</li> <li>• Continue to build Integrated Pest Management strategies</li> <li>• Adapt workplace health and safety programs to emerging risks</li> </ul>

## Key management and mitigation activities

The key actions Costa undertakes to address climate risk cover the use of protected cropping in the growing of crops, water use efficiency and security, energy efficiency and security and waste reduction.

### Protected cropping

Where practical and economically viable, Costa has continued to invest in protected cropping. In China and Morocco protected cropping for the growing of berries is utilised in both existing and new developments, including replantings. The establishment of protected avocado substrate cropping is also progressing, with an initial 40 hectares being planted across a number of geographical regions in Australia.

An extreme weather event at our Colignan (Sunraysia, Vic) citrus and table grape farm in early CY21 highlighted the risk to unprotected crops and subsequent financial impact on the company's earnings. Action is being taken to mitigate this risk in the future through an investment in netting to cover the crop, which is commencing with the installation of netting over the Afourer mandarin crop at that farm.

### Water use efficiency and security

The completion of the construction of our new 10 hectare nursery tomato glasshouse and 2.5 hectare nursery at the New England Highway site (Guyra, NSW) in late CY21 further highlights Costa's commitment to improving our water use efficiency and security, by reducing our reliance on potable water through self-sufficiency. The entire New England Highway site, which now totals 20 hectares (plus the 2.5 hectare nursery) is water self-sufficient. Utilising a closed water capture system, water used to irrigate the tomato plants is collected once it drains through the growing medium. It is then treated and reused for further irrigation of the plants. Rainfall is also captured from the glasshouse roofs, buildings, hard stands and land within a defined site perimeter. This is stored in large holding dams.

Work has also been undertaken to reduce our potable water use across our mushroom farms. This has included the installation of a regulated spray nozzle for use in the washing of growing rooms saving up to 90,000 litres of potable water per week or 4.68ML per year. Recycled water is also being used instead of potable water to wash



mushroom growing trays saving up to 700KL of potable water per week.

Our Avocado farms are trialling new technology which utilises precision monitoring to calculate and recommend the minimum amount of water required to grow and maintain the health of the crop, without compromising quality and yield.

Our citrus farms utilise cutting edge drip fertigation technology. This involves using probes to monitor moisture and determine application requirements. This technology is used to determine if there is under irrigating (causing stress) or over irrigating (wasting water). It enables informed decisions in the application of precise water and nutrient amounts and leads to more efficient water use.

### Energy efficiency and security

Costa has previously flagged as a priority the adoption of renewable energy sources and in particular solar energy to improve energy security and reduce emissions. The Monarto (SA) mushroom farm continues to generate energy and reduce greenhouse emissions, avoiding the production of circa 1,010 tonnes<sup>1</sup> (CO<sub>2</sub>-e) of scope 2 greenhouse gas emissions over a 12-month period.

Further opportunities to utilise solar are being undertaken, with the commencement of installation of floating solar panels on the largest dam at our main berry farm in Corindi (NSW). The panels will generate energy to run irrigation pumps and is capable of saving save an estimated 91,000 kWh of electricity annually.

The Tomato Category has also installed a quadgeneration microturbine at the New England Highway (Guyra, NSW) glasshouse site. The quadgeneration system is one of the first of its kind in the world to be used in a glasshouse environment and uses LNG to run turbines that produce heat, power, dry cooling and CO<sub>2</sub> (for the growing of

plants) from a gas boiler. As a result of the quadgeneration system, circa 60 per cent of the annual power requirements for the glasshouses should now be generated on site and not taken from the electricity grid.

### Waste reduction

The reduction of waste through our supply chain is an ongoing priority in recognition of not only the environmental and economic benefits that can be derived from such action, but also the policy settings of governments (targeted reductions in the use of plastic, non-recyclable packaging, increasing landfill disposal fees) and the expectations of our customers and consumers, who increasingly factor sustainability into their purchasing decisions.

Costa is targeting all forms of waste in our efforts to achieve meaningful and lasting reductions in the level of waste we generate. Avoiding waste to landfill continues to be a feature, with our Tomato category commencing end of crop composting of tomato plant vines and leaves. Previously this material was being sent to landfill at considerable cost but is now being collected and recycled into compost for use in a number of different applications.

The recycling of other production inputs now also includes recycling steel waste from old mushroom growing trays which is then either being used in the making of new growing trays or as a component in other products made from recycled steel, and irrigation drip line from our Tasmanian strawberry farm and protective tunnel plastic at our Corindi (NSW) berry farm.

Reducing our packaging footprint continues to be a focus, including substituting the use of a plastic base with a cardboard base in the packaging of our 500gm and 480gm truss tomato products. This has resulted in a 29 tonne reduction in plastic use over a 12 month period.

<sup>1</sup> Figure is based on the National Greenhouse Accounts (NGA) Factors (2020), developed by the Australian Government as a standard reference point of consolidated methods for estimating greenhouse gas (GHG) emissions from sources such as electricity and energy consumption and generation of waste



## Water

### Ensuring water self sufficiency

In the second half of 2021, Costa completed the expansion of our New England Highway, Guyra (NSW) tomato glasshouse site, commissioning a new 10 hectares of glasshouse and 2.5 hectare nursery.

The entire New England Highway site, which now totals 20 hectares (plus the 2.5 hectare nursery) is water self-sufficient. Rainfall is captured from the glasshouse roofs, buildings, hard stands and land within a defined site perimeter. This is stored in large holding dams.

Utilising a closed water capture system, water used to irrigate the tomato plants is collected once it drains through the growing medium. It is then treated and reused for further irrigation of the plants. 10mm of rainfall on a 10-hectare glasshouse roof is equal to 1 megalitre of water captured.

The result is that the site does not require any water sourced externally to the site, with potable water only used for staff amenities.

**10mm of rainfall on a 10-hectare glasshouse roof is equal to 1 megalitre of water captured.**

### Reducing the use of potable water

A range of water saving initiatives across our key mushroom growing farms at Monarto (SA) and Mernda (VIC) has resulted in significant reductions in the amount of potable water used at these locations.

The installation of a regulated spray nozzle instead of an open-ended pipe in the washing of growing rooms at the Monarto farm has saved up to 90,000 litres of potable water per week or 4.68ML per year. This is equivalent to saving more than one and a half<sup>2</sup> Olympic size swimming pools of water.

Using recycled water instead of potable water to wash mushroom growing trays at the Mernda site has saved up to 700KL of potable water per week, while using recycled water for toilets is expected to reduce potable water use by 1.4ML per annum.

### Drought tolerant farms

An innovative trial using three-dimensional irrigation management system technology commenced in 2021 at our Avocado farms in Childers, Central Queensland.

Current irrigation practices used in avocado growing rely heavily on soil moisture probes, which provide only limited information as to how avocado trees are responding to water supply/demand. The new technology uses precision monitoring to calculate and recommend the minimum amount of water required to grow and maintain the health of the avocado crop, without compromising quality and yield. This contributes to more consistent growing conditions and dealing with the impacts of harder to control variables, such as climate change.

The technology has been successfully implemented in other parts of the world, but to date has not been used in Australia. Where it has been used in apple growing, for example, it resulted in a 37% reduction in water usage and an increase in crop yields by optimising water application.

<sup>2</sup> Standard Olympic size swimming pool holds 2.5ML of water

## Water consumption by category

Category	CY19	CY20	CY21	Unit of measure
Avocados	6,322	6,269	5,174	ML
Berries (Aust)	2,725	2,478	2,661	ML
Citrus	29,487	23,200	25,463	ML
Mushrooms	417	443	464	ML
Tomatoes	590	522	580	ML
International – Morocco	1,938	2,246	2,386	ML
International – China	689	1,008	1,555	ML
<b>Total</b>	<b>42,168</b>	<b>36,166</b>	<b>38,283</b>	

Water use and water use efficiency are dependent on a number of factors, including seasonal conditions (ie. drought, low, average, high rainfall) and management practices.

## Kilograms of produce per ML of water used

Category	CY20	CY21
Avocados	1,293kgs	1,640kgs
Berries (Aust)		
Blueberries	3,320kgs	3,300kgs
Blackberries	2,500kgs	5,800kgs
Raspberries	4,065kgs	3,500kgs
Strawberries	16,910kgs*	15,605kgs
Citrus	3,559kg*	3,025kgs
Mushrooms	53,562kgs*	53,927kgs
Tomatoes	36,472kgs*	34,656kgs
International – Morocco	2,804kgs*	2,925kgs
International – China	2,898kgs*	3,035kgs

\* CY20 was the first reporting period for this metric and these figures have subsequently been adjusted to reflect the availability of more accurate and verifiable data and more consistent measurement of data over the entire reporting period.

## Notes

**Avocados:** Includes usage for banana production of 1,428ML. Reduction in usage versus prior year mainly due to increased rainfall over the year requiring less direct watering of crops. Increased kilograms produced per ML attributable to increased tree maturity. Data excludes bananas.

**Berries:** Increased usage versus prior year attributable mainly to increased Corindi (NSW) farm use reflecting both replacement of raspberry and blackberry plantings previously removed due to drought. Increase in blackberry kilograms per ML due to crops hitting yield peaks and improvements in Tasmanian irrigation scheduling resulting in reduced water use. Decrease in raspberry kilograms per ML a result of more water used post drought at Corindi with new plantings to replace those removed during drought. Decrease in strawberry kilograms per ML reflects timing of crop which occurs over change in calendar year (Dec/Jan), with larger part of crop harvest occurring in CY20 versus CY21.

**Citrus:** Increased usage versus prior year mainly attributable to 2PH farms and acquisition.

**Mushrooms:** Increased usage versus prior year due to changes in peat type and ratio, and increase in production volume. Kilograms produced per ML were higher due to improved hygiene, compost management and growing techniques.

**Tomato:** Increased usage versus prior year reflects higher rainfall over the period which was captured on site and enabled greater use of this water. Water consumption figure includes recycled water usage of 187ML. Kilograms produced per ML excludes recycled water and are lower due primarily to less than optimal growing conditions over first half of the period which affected yield efficiency per m2.

**Morocco:** Increased kilograms per ML attributable to maturing of previous planting and improved irrigation management.

**China:** Increased water usage attributable to the expansion of the farming footprint in two regions (Baoshan and Guangmen). Increased kilograms produced per ML attributable to maturing of previous years plantings.



# Environment

Continued



## Climate Change

### Overview:

#### Greenhouse Gas (GHG) Emissions

	Unit	2018-19	2019-20	2020-21
Total Scope 1** & 2^	tonnes CO <sub>2</sub> -e	142,375	121,999	121,270
Scope 1	tonnes CO <sub>2</sub> -e	55,102	60,522	63,967
Scope 2	tonnes CO <sub>2</sub> -e	87,273	61,477	57,303

Most recent reporting period for Australian operations only – National Greenhouse & Energy Reporting – s.19 Energy and Emissions Report.

\*\* Scope 1 emissions include combustion of fossil fuels (e.g. natural gas, fuel oil, propane, etc.), combustion of fossil fuels (e.g. gasoline, diesel) used in the operation of vehicles or other forms of mobile transportation and unintentional release of GHG from sources including refrigerant systems and natural gas distribution

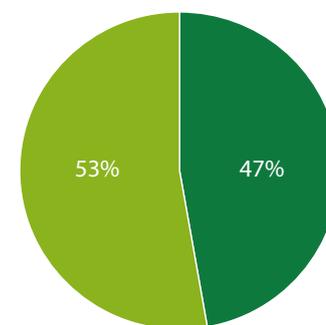
^ Scope 2 emissions include Indirect GHG emissions from consumption of purchased electricity, heat or steam.

#### Energy Consumption

	Unit	2018-19	2019-20	2020-21
Total Energy Consumption	GJ	1,048,843	1,043,699	1,064,060
Total Energy Produced	GJ	-	7,604	8,478
Energy Consumed Net	GJ	1,048,843	1,036,095	1,055,582

## GHG Emissions

### Scope 1 and 2 Emissions



■ Scope 1 ■ Scope 2

#### Notes

Refrigerant types were incorrectly entered into the NGER reporting system in the 2020/21 reporting year, which resulted in an under reporting of total Scope 1 emissions by 752 tonnes. As a result, the figure has been revised resulting in an increase to the original amount reported in the NGER reporting system.

A significant over reporting occurred of Scope 2 total emissions (11,559 tonnes) in the 2019/20 reporting year. This was primarily due to a figure being misplaced in the data set. This figure has now been corrected and subsequently resulted in lower Scope 2 emissions than originally reported.

## Installation of solar panels at new berry packing facility

As part of the construction of our new berry packing facility at Tumbarumba in southern New South Wales to replace the previous facility, which was burnt down in the January 2020 bushfires, a 30kW solar energy system has been installed, capable of generating circa 42,042 kWh of energy annually, the equivalent of avoiding 34 tonnes<sup>3</sup> (Co<sub>2</sub>e) of scope 2 emissions.



<sup>3</sup> Figure is based on the National Greenhouse Accounts (NGA) Factors (2020), developed by the Australian Government as a standard reference point of consolidated methods for estimating greenhouse gas (GHG) emissions from sources such as electricity and energy consumption and generation of waste

## Support for Reef Recovery Foundation

As part of Costa's efforts to support the protection of the Great Barrier Reef, we were pleased to provide financial support through ANL and CMA CGM Group to the Reef Recovery Foundation.

The Foundation is a not-for-profit social enterprise that is establishing a series of ocean-based coral nurseries to promote coral restoration and ensure a healthy Great Barrier Reef. It is supported by scientists from James Cook University's TropWATER and Reef Ecologic, and a number of community volunteers. Coral nurseries are seen as a practical way in which to address the impacts of climate change, water quality and other pressures on the Reef, while also building its resilience and protecting it from damage and destruction. Coral nurseries and reef restoration have been assisting to regenerate damaged reefs overseas for over 30 years.

Costa has agreed to support the Foundation through paying USD \$1 per container charge on all Costa produce containers shipped with ANL or CMA CGM Group affiliates.

## Renewable Energy

### Reducing greenhouse gas emissions

Over a period of 12 months, the Monarto (SA) mushroom site solar farm generated 2,355,000 kWh (8,478 GJ) of electricity which is the equivalent of avoiding the production of circa 1,010 tonnes<sup>4</sup> (CO<sub>2</sub>-e) of scope 2 greenhouse gas emissions.

### Update on floating solar panels project

In our 2020 Sustainability Report we highlighted a project to be undertaken involving the installation of floating solar panels to power irrigation pumps at our Corindi (NSW) berry farm. We can now report that installation began in late 2021 with commissioning expected in the first quarter of 2022.

The solar panels are being installed on the farm's largest dam (900 ML) which supplies water to a large proportion of the Corindi farming footprint.

The 58kW solar array system capable of saving an estimated 91,000 kWh annually (the equivalent of avoiding 74 tonnes<sup>5</sup> CO<sub>2</sub>e of scope 2 emissions) and is expected to

reduce power costs by several thousand dollars a year. There is also an added benefit of reduced water evaporation from the dam.

Electric transfer pumps are used across many Costa farms to meet irrigation needs, with significant energy use. The Corindi installation will provide key data to test the benefits of floating solar arrays for broader use across the business. While not presently feeding back to the energy grid, the system has also been designed so it can be connected to the grid in the future.

### Improving sustainability through quadgeneration power

An innovative quadgeneration microturbine power system installed as part of the expansion of the Guyra (NSW) New England Highway tomato glasshouse site is expected to result in significant environmental benefits including reduced CO<sub>2</sub> emission to the environment and energy savings from both Liquid Natural Gas (LNG) usage and grid power consumption.

The quadgeneration system is one of the first of its kind in the world to be used in a glasshouse environment. It generates power and CO<sub>2</sub> to be used in the glasshouse for the growing of the tomato plants, from LNG to run turbines that produce heat, power, dry cooling and CO<sub>2</sub> (the components of the 'quadgeneration') from a gas boiler.

Unlike traditional co-generation systems used in glasshouse applications, which produce power and directly inject CO<sub>2</sub> from the turbine exhaust gases into transport pipelines, the quadgeneration system uses the exhaust gases from the turbines as combustion gases for specially designed gas burners.

Called TEG (Turbine Exhaust Gas) burners, the burners require less direct gas (LNG)

consumption for combustion than previous gas burners, while also producing a higher concentration of CO<sub>2</sub> derived from the burning of the exhaust gases from the turbine.

While the system purposely produces CO<sub>2</sub> for introduction to the glasshouses to aid in photosynthesis and the growing of the plants, it also means the site will capture and consume approximately 10,400 tonnes of CO<sub>2</sub> annually from the gas boiler and turbine combustion processes that would otherwise be released into the atmosphere.

The quadgeneration system supplied by the Optimal Group uses four 200kW microturbines to deliver or support these four outputs:

- Up to 730kW nominal site power (800kW less operating and efficiency losses)
- CO<sub>2</sub> enrichment from the exhaust gases produced by combusting LNG in power generation
- Hot water for site heating, by passing the exhaust gases through a shell-and-tube heat recovery module (HRM) to augment the heating produced by the site's two gas boilers and single coal boiler, and
- Heat destroying capability by powering a 7-bay radiator. This allows for extended CO<sub>2</sub> generation time, particularly in summer operations to maximise the longer light days.

As a result of the quadgeneration system, circa 60 per cent of the annual power requirements for the glasshouses should now be generated on site and not taken from the electricity grid. In addition to this reduction of grid power usage, should there be any interruption to energy security for the site, it can operate entirely off-grid by using a pre-purpose diesel generator in concert with the quadgeneration.



4 Ibid

5 Ibid

# Environment

Continued

## Energy efficiency

### Installation of LED lighting in tomato glasshouses

Prior to 2021 Costa's Elm Street, Guyra (NSW) tomato glasshouses used a significant number of high-powered mercury high-bay lamps rated at 450 watts per lamp. These lamps had the added disadvantage of requiring around 20 minutes to recover after power was switched off which was a significant problem during any unscheduled power outages.

Lighting systems utilising greater energy efficiency were investigated leading to the lighting system at Elm Street being overhauled in 2021. This resulted in 116 x 450 watt high-bay lights (totalling 52.2 KW) being replaced with far more energy efficient 116 x 120 watt LED lights totalling only 13.92 KW.



## Waste

### End of crop composting

In 2021, our Tomato category commenced end of crop composting of tomato plant vines and leaves. Previously this material was being sent to landfill but is now being collected and recycled into compost for use in a number of different applications. This has resulted in a reduction of between 2,200 – 2,500 tonnes of waste being disposed of to landfill.

### Recycling and reusing steel waste

The Mernda (Vic) mushroom farm has begun recycling steel waste that is generated on the site. This includes stainless steel corner angle brackets from old mushroom growing trays which are either being used in the making of new growing trays or as a component in other products made from recycled steel.

Steel waste from the site's maintenance area and activities is also being recycled, with a focus on collecting and separating three separate types of waste for recycling – old and used motor engines, electrical cables and stainless steel sheeting.

### Banana farm recycling

A range of recycling projects were started at our banana farms in Tully and on the Atherton Tablelands in 2021, including the recycling of fertiliser bags, clear plastic, string and plastic tube from the Tully farm.

The team raised \$2700 through on farm aluminum can recycling, with funds going to the Feluga State School, Mission Beach Cricket Club, Walkamin State School and for a community fundraiser.

The Banana team also implemented a new live tracking system to collect data related to temperature, time and location as the bananas make their way through the supply chain from farm to retail shelf.

The Escavox system tracks live data showing where the consignment has travelled and how well it travelled, and provides live alerts to real time temperature failures. The system has helped to identify and rectify problems which could lead to product waste.

### Irrigation drip line recycled

During 2021, a total of 180,000 metres of irrigation drip line was recycled from our Tasmanian raspberry farms for the first time. Dripper lines contain a small silicon membrane which has previously prevented the tube from being recycled. Working with Netafim, our berry team successfully removed 24 hectares of irrigation drip line, using a recoil retrieval machine which was then sent for recycling.

### Plastic packaging reduced

We have replaced the plastic tray on our 500gm and 480gm pre pack tomato packaging with a fully recyclable and compostable cardboard alternative. This resulted in a 29 tonne reduction in our use of plastics packaging over 2021.



## Support for food relief

Costa is a long-term partner of Foodbank Australia, the country's largest food and grocery relief organisation.

Foodbank provides food relief to more than a million people each month and Costa is proud to contribute our healthy produce to help ensure food gets to those who need it most.

In 2021, Foodbank released its latest Hunger Report which found one in six Australian adults hadn't had enough to eat in the last year and 1.2 million children had gone hungry.

Costa donated a total of 345 tonnes of produce to Foodbank in 2021, the equivalent of 689,400 meals. This included donations of citrus, tomatoes, avocados, mushrooms, and bananas. The Social Return on Investment (SROI) for the donations was \$7.9m.

The SROI figure is calculated based on an independent study which found that Foodbank's food assistance not only addresses people's immediate nutrition needs but also contributes to improvements in their health, emotional wellbeing, sense of self-worth, social relationships and ultimately overall standard of living.

Combined with the environmental savings of food not going to waste and landfill, the benefit to the individual and the broader community that flows from every kilogram of food distributed by Foodbank is valued at \$23. For children receiving food via school breakfast programs, that figure rises to \$110.

By avoiding disposal to landfill and applying a single factor of 2.1 tonnes of CO<sub>2</sub>-e per tonnes of food waste, the estimated avoided lifetime carbon emissions in 2021 were equivalent to 724.5 tonnes of CO<sub>2</sub>.

## Closing the loop on production waste

The majority of the plastics used at our Corindi (NSW) Berry farm including tunnel plastic, is being recycled through local firm Coffs Harbour Paper and Oil. These plastics are repurposed into different products including park seats, building films and bollards.

Plant pots are washed and reused to extend their life – rather than being replaced with new pots. All scrap metal is collected and recycled through local businesses. More than 90% of the cardboard and paper waste from packaging is recycled. All batteries and printer cartridges are recycled. Single use drinking cups, once commonly used on the farm, have been eliminated via a 'Bring your own water bottle' campaign.

Plastic clips which were used to support the stems of plants have been replaced with biodegradable jute twine.

At the end of a planting cycle, the substrate material in which plants are grown is mulched and then re-used to make a soil conditioner. This is used on the farm and by local landscape suppliers (MI Organics).

# Economic



## Biodiversity

### Reducing pest pressure

An innovative chemical free method of controlling California red scale on citrus has been implemented by Costa as a pilot project with promising results.

California red scale is a citrus pest which can infest leaves, fruits and twigs and result in blemishes on the fruit. It can lead to downgraded and rejected fruit in addition to defoliation and yield loss in the field.

In collaboration with Suterra, a US based company, trials have been conducted by Costa using a pheromone to interrupt mating activity. One dispenser containing the solution is placed in each tree, creating a plume of pheromone which confuses the males leading to reduced reproduction rates.

The technology has also been trialed in other states and is now being assessed by the Australian Pesticides and Veterinary Medicines Authority (APVMA).

The solution is compatible with all integrated pest management (IPM) tools and does not harm beneficial insects.

## Economic

### World-first DNA study

A world-first study using DNA samples from hydroponics is being undertaken through a collaboration between the University of New England (UNE) and Costa, as part of the Future Food Systems Co-operative Research Centre (CRC).

The CRC's Tomato rhizobiome project is designed to further the understanding of microbial colonies in the root zones of hydroponically grown greenhouse tomato crops.

A stronger rhizobiome helps plants grow better, produce more fruit and show greater resilience to pathogens. Once the project team has a better understanding about the rhizobiome of tomatoes grown in hydroponic media, they will use that knowledge to find ways to foster robust rhizobiomes in these plants.

This will be of value to Costa's growing of hydroponic crops, given the key role such crops play in sustainable food production, as they require less space and fewer resources than traditional agriculture. As part of the project, UNE researchers have set up trial plots of hydroponic tomatoes at the Guyra glasshouses.

### Tree planting program

At the Corindi Berry (NSW) farm, employees from all areas of the farm had the opportunity to take part in a tree planting program on the northern banks of the farm's main dam. Around 100 employees, including members of the human resources, recruitment, irrigation, harvest and post-harvest and maintenance teams, participated planting a total of 1,000 trees.

The trees are increasing biodiversity on the farm, as well as creating protection for the adjacent blueberry plants, food for pollinators and help to minimise any run-off. The tree planting coincided with World Environment Day on June 5.



## Productivity and Efficiency

### Robotic pollination

An Australian-first trial of robotic pollination for truss tomato plants has been implemented at the Guyra (NSW) glasshouses. Costa has an exclusive commercial agreement with Israeli-based company Arugga AI Farming, to utilise the robotic pollination technology for glasshouse tomatoes in Australia.

Around the world, pollination in glasshouses is generally done using bumblebees, however their use is not permitted in Australia under federal law, even though they are endemic to Tasmania. That means the pollination process is done by hand, which is time consuming and uses a vibrating wand to shake the pollen onto the stigma of the flower.

Equipped with cameras and AI-based computer vision, the robots recognise flowers ready for pollination, with an air-pressure mechanism then applying calibrated air pulses to the selected flower.

The robots are equipped with a series of cameras and air nozzles which cover all the tomato trusses. It moves automatically along the rows, resulting in 97 per cent of the flowers identified and pollinated.

The technology can also be adapted for pest and disease detection, yield forecasting and plant monitoring.

## Finding more sustainable ways to grow strawberries

Reducing plastic use and finding more economical ways to grow strawberries has been an ongoing focus for the Costa berry team in Tasmania.

Costa's strawberry farm in Tasmania produces circa 2,000,000 kgs of strawberries through the spring and summer months. One of the largest waste streams which has traditionally been difficult to recycle are the plastic grow bags which we also highlighted in our previous Sustainability Report.

A trial was established in 2021 to test a series of one-metre long refillable plastic tubs as an alternative to plastic grow bags. The plastic tubs have an expected life span of 6-10 years, as opposed to a one-season use for the plastic grow bags, providing both an environmental and economic benefit.

It is expected that following the trial, the plastic tubs will gradually replace the grow bags across the strawberry farm, which totals 25 hectares. With 240,000 grow bags used each year, this will result in an expected reduction of plastic waste going to landfill of 13 tonnes a year.



# Economic

Continued



## World Food Safety Day at Costa

A key focus for our Food Safety and Quality team is promoting a strong culture and awareness, to ensure our produce is of the highest quality.

World Food Safety Day 2021 was celebrated across a number of Costa sites to draw attention to help prevent, detect and manage foodborne risks. The theme was 'Safe food now for a healthy tomorrow' to highlight that production and consumption of safe food has immediate and long-term benefits for people, the planet and the economy.

Activities to share the food safety message included toolbox talks, morning teas, and a colouring in competition with food safety messaging (clean, separate, cook and chill) for children of Costa employees as well as children at local primary schools in Far North Queensland.

There were around 200 entries in the competition with prizes awarded to the winners at each site. A range of other initiatives were held throughout the year, including Australian Food Safety Week, with the theme 'Be prepared'.

## Food quality and safety

### Costa Aware

In March 2021, an enterprise-wide incident management solution, Costa Aware, was launched to report and manage food safety and quality hazards, near misses and incidents.

**Costa Aware provides all employees with an easy to access system to log and manage food safety and quality hazards (non-conformances), near misses and incidents.**

It is also designed to encourage greater awareness of food safety and quality hazards, near misses and incidents, and promote a positive culture of reporting them and improving how we manage them.

All employees are encouraged to report via the electronic incident management report, triggering e-mail notifications and management plans. A collaborative approach to management plans (including investigation, root cause analysis and corrective actions) ensures all relevant departments are represented in the resolution of any food safety and quality related issues.

Costa Aware also enables greater oversight of food safety and quality related issues and improved trend analysis to drive continuous improvement.



The technology enables the business to better understand the farm to plate journey and increase engagement with consumers.

### Track your Lovacado journey

In collaboration with trace technology leaders iTrazo TraceTech, a new digital traceability platform has been developed for the Costa Lovacado avocados.

Launched across major and independent retailers in March, the Costa Lovacado Shepard avocados, grown in Central Queensland, had a QR code integrated into the fruit stickers to enhance business supply chain traceability and increase consumer engagement.

The technology enables the business to better understand the farm to plate journey and increase engagement with consumers. Once the QR code is scanned by consumers the platform provides real-time geolocation data showing where the avocado has been purchased or consumed, and how far it has travelled from the farm.

In addition to its traceability capabilities, the iTrazo technology provides a platform for Lovacado consumers to rate their avocado, providing Costa with instant feedback on quality, ripeness, appearance and brand awareness. The platform also provides consumers with information on the avocado's provenance, as well as recipe inspiration, avocado health benefits and all-important selecting and storage tips.

### Improving post-harvest storage conditions

An electronic tongue is one of the tools being used as part of an Honours research project looking at the impact of storage conditions on the quality of Costa blueberries.



Sarah McKay, the 2021 recipient of the Costa/University of Tasmania Honours Scholarship in Agricultural Science worth \$10,000, investigated post-harvest storage conditions and the influence this has on key quality characteristics of blueberries.

The project had a particular focus on temperature, and its influence on key quality characteristics of blueberries over time. The characteristics include colour, aroma and texture, with emphasis on the influence the post-harvest conditions have on taste profiles.

The characteristics were tested using an electronic tongue (e-tongue) as well as a number of other instrumental methods and a human taste panel for comparison. The e-tongue is a piece of technology that has not been used extensively on fresh fruit produce and is a first for Costa blueberries.

The results are helping to map consumer purchasing habits based on quality characteristics.



# People

## Costa Core Values

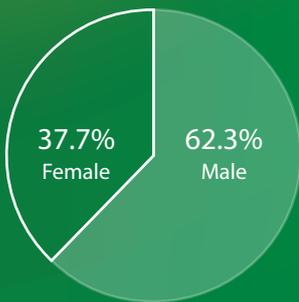
- ✓ **Determination**  
 We act decisively with a sense of urgency.
- ✓ **Passion**  
 We challenge the status quo with energy and enthusiasm.
- ✓ **Accountability**  
 We focus on outcomes and deliver on commitments.

- ✓ **Sincerity**  
 We act boldly in an open, honest, and responsible manner.
- ✓ **Respect**  
 We treat others as we expect to be treated in attitude, communication, and personal safety.

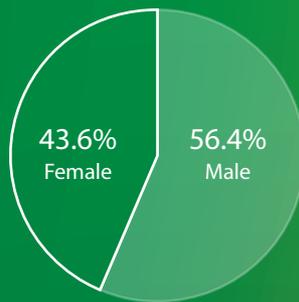
*The seasonal nature of the Costa business necessitates that our direct and indirect employee numbers will vary during the course of the year and in CY2021 our workforce comprised 8,747 full time equivalent workers. This number includes our Morocco and China employees.*

## CY21 Key Data\*

**Workforce gender composition**



**Employees who resigned**



**37.5%**

of all appointments made were female employees.

**31%**

of all manager promotions were awarded to female employees.

**90%**

of all women and all men who utilised parental leave returned to work.

**28.6%**

of the Costa Group Board members are female.

**27.8%**

of all non-manager promotions were awarded to women.

**41%**

of our agronomists are female.

**84**

number of different nationalities.

**33%**

of employees who did not return to work after utilising parental leave were female.

Locations	Hours	FTE
Costa Group	18,530,481	8,747
Australia	10,115,737	5,119
Morocco*	5,200,122	2,083
China	3,214,622	1,545

\* The prior year reported figure for Morocco incorrectly included theoretical working hours based on total number of workers working total possible working hours per day / month. The CY21 figure only reports actual hours worked.

*People are at the heart of the Costa business, demonstrated through our values of passion, respect, sincerity, determination and accountability. We recognise our people deserve a workplace that is safe and healthy, provides them with every opportunity to succeed and reward effort for their contribution to our success.*



## Costa People Pillars



### Source

Costa values underpin the selection and engagement of the right person for the right role.

Costa brand attracts the best workforce, industry leaders, thought leaders and emerging leaders.

Our domestic and international network introduces a pipeline of high calibre and diverse people.

### Grow

We cultivate a holistic learning approach encompassing personal, technical and experiential development.

Performance feedback drives continuous improvement.

We leverage our talent and capability to benefit the business and our people.

We nurture and inspire excellence in people, passion and performance.

### Prosper

We recognise, reward and celebrate success.

We foster a culture of mutual commitment to the success of Costa and its communities.

Our People demonstrate agility and innovation to deliver in challenging and new environments.

# People

## Continued

### Gender pay discrepancy gap

The business units review gender salary equity annually and where identified gaps exist immediate action is taken to close the gap. An overall business review takes place annually between the CEO, and GM HR to further consider potential gaps and action plans.

A new role, Group Manager Remuneration, Benefits and People Assurance, was established in 2021. Part of a key focus of this role is to provide greater oversight and understanding of pay equity across all business units.

### Paid Parental Leave

The company pays employer funded paid parental leave to primary carers (available for women and men), in addition to any government funded parental leave scheme. This includes paying the employee's full salary (in addition to the government's paid scheme), for up to 12 weeks or half pay for 24 weeks. The eligibility period to qualify for this payment is 12 months continuous service.

### Workforce covered by an enterprise (certified) agreement in 2021

Approximately 87% of Costa's direct hire operational staff\* in Australia are covered by enterprise (certified) agreements and the remainder are covered by employment contracts. There are presently no enterprise agreements covering workers in Morocco and China.

### Costa Awards

Costa recognises and celebrates excellence across the business through the Costa Well Grown Awards. While the awards event was unable to be held in person due to COVID-19 restrictions, 2021 awards were announced via an online presentation from CEO Sean Hallahan.

The awards include:

- Adrian Costa Scholarships recognise individuals who demonstrate determination and passion in the performance of their respective duties and responsibilities.
- Chairman's Awards recognise outstanding achievements in the categories of community, workplace health and safety and food safety and quality.
- CEO Awards recognise outstanding achievements in innovation R &D, people first, productivity and customer.
- Corporate Awards recognise the efforts of the support staff at the Ravenhall office.
- Frank Costa Award for Management Excellence.



costa  
care

the heart of well grown

### Costa Care

In our 2020 Sustainability Report we noted planning had begun to rollout Costa Care, a major culture initiative that sits at the heart of everything we do at Costa. It is built on our existing Costa culture — passion and care for our outstanding people, our safe and nutritious food production and thriving partnerships with our local communities and environments.

Costa Care is about ensuring we are doing the very best we can for our people, our produce, and our environment. It has been developed with input from across the business and encompasses key aspects of our business including human resources, food safety and quality, safety and agronomy.

In 2021, Costa Care Champions and Volunteers were appointed across all our locations to help ensure that Costa Care is embedded into our day-to-day operations and help to define our employee experience and our external engagement with our communities.

At our Avocado farm in Fishermans Reach (NSW), the team has been working with three local groups to distribute avocados to organisations and charities for people in need, including one which has more than 5,500 people on their books. Each week up to a pallet of avocados are distributed in an area from Port Macquarie north to Coffs Harbour.

\* This figure excludes monthly paid, salaried employees.



## 2021 Frank Costa Award winner – Cormac te Kloot

Starting out on the avocado packing floor, Cormac te Kloot knows pretty much all there is to know about avocados.

Cormac, who is now the Divisional Manager in Sales and Supply for Avocados and Bananas, was the recipient of the 2021 Frank Costa Award, which recognises the Costa manager deemed to most consistently demonstrate the character values, quality of leadership and business acumen for which Costa aspires to be known.

Growing up on a 95,000 acre sheep and cattle property 100km west of Longreach (QLD), Cormac was interested in agriculture from a young age.

After finishing school and a year spent travelling overseas, he completed an Agribusiness degree at the University of Queensland before once again heading overseas. On his return a university contact put him in touch with some avocado growers on the Sunshine Coast (QLD). After a period of packing and putting the stickers on avocados, Cormac began to develop an understanding of the avocado market and took over the Natures Fruit Company Woolworths account, and from there began to travel more, focusing on avocados and other tropical fruits.

In 2011, Cormac joined Costa group originally looking after sales and then moving into a Business Management role. Cormac considers avocados to be an industry success story, and he has played a central role in establishing Costa as a major player in the industry, having worked closely with both Costa and third-party growers to build a reliable and high-quality supply chain.



## Gao Xiao Mei (May) – Harvest Manager – Costa China

Gao Xiao Mei (May), harvest manager for Costa's China operations, is one of the seven recipients of the Adrian Costa Scholarships, presented in 2021.

The Adrian Costa Scholarships recognise individuals who demonstrate determination and passion in the performance of their respective duties and responsibilities. The scholarship provides recipients with a valuable opportunity to pursue a wide range of personal or professional development activities that not only benefit the individual but also contributes to the growth of Costa.

May, who grew up in the small town of Yaoan, in south-west Yunnan, where the main crops were lotus, rice, tobacco, mulberry and beans, joined Costa's China operations in 2016. She has a Bachelor's degree in Biological Science from Dali University and a Master's degree in Plant Phytopathology.

She studied at Yunnan Agricultural University (Yunnan Province) for half a year to study professional curriculum, and then moved to the China Academy of Agricultural Sciences in Beijing to complete the experimental curriculum for her Master's degree.

May said she enjoyed the challenge of harvest and working closely in a team environment. She said receiving the Adrian Costa Scholarship was a big surprise and demonstrated the trust Costa had placed in her. She plans to use the scholarship to develop her management, communication and professional skills, particularly travelling to gain more knowledge of the berry industry.

## Diversity and Inclusion Committee

In 2021 a new Diversity and Inclusion Leadership Equality Action Plan was developed, and a new Diversity and Inclusion Committee established. Chaired by the CEO, committee members include Costa Board members Dr Jane Wilson AO and Janette Kendall, as well as a number of other executive and staff representatives.

The key areas of focus identified for action:

- Generating awareness of barriers and biases, through visibility of data on existing gender and diversity gaps, and employee engagement and consultation.
- Coaching and mentoring to build confidence/capability in identified talent to achieve leadership roles.
- Agreeing goals and discussing the merits of quotas to achieve desired goals.
- Recruiting for a new position, Group Management Development, Engagement and Inclusion, to help drive meaningful engagement and action.

# People

Continued

## Key people profiles



**Andrew Scheuer**  
Horticultural Manager,  
Berry Category

As part of the Costa Berries sustainability team, developing efficient production methods is a key driver for Horticultural Manager Andrew Scheuer.

Andrew and his team of eight horticulturists provide direction on how to grow the best crops at the Corindi berry farm (NSW), which is one of the oldest blueberry farms in Australia. It covers 360 planted hectares and grows blueberries, raspberries, and blackberries, supplying high quality fresh fruit to the domestic and export markets.

Andrew studied horticulture at Missouri State University, then grew fruit in Oregon for five years. He moved to Corindi Beach on the Coffs Coast seven years ago to work with Costa. With his wife and three young children, they have made the region their home.

Continually striving to develop and use sustainable production methods to minimise Costa's impact on the environment, and reduce the resources required to produce berries is a priority for Andrew. This also includes being proud of the way Costa grows its fruit and being confident that it is being done in a way to reduce its footprint.

Andrew has also been involved in the change of varietal mix to one which produces a larger proportion of premium berry fruit. This has involved being early adopters of new varieties that offer the consumer a better eating experience, and the grower improved efficiencies in production.

Sustainable Commercial Farming forms a key part of Andrew's role, especially the use of irrigation systems with sensors which help optimise the delivery of water to the berry plant, improving the condition of the root system and reducing the amount of water required to produce a kilogram of fruit.

Andrew is also committed to the maintenance of bush vegetation throughout the farms, which serves as a host to large numbers of native pollinators, as well as natural buffers around waterways to reduce runoff and improve water quality, while also providing biodiversity and habitat for riparian species including black swans.



**Kerrie Galley**  
Grower Manager,  
Tomato Category

Kerrie Galley, Grower Manager at the Costa Tomato glasshouses in Guyra (NSW) has a passion for plants, people and the environment.

Growing up in country Victoria, Kerrie began working in produce as a 14-year-old – thinning carrots and picking potatoes at a neighbour's farm in West Gippsland.

After finishing school Kerrie spent two years working in Canada and the United States, as a green grocer in Vancouver, Canada, and then as an intern on an organic farm in the US. On her return to Australia, she started working with a tomato grower in regional Victoria.

Kerrie also completed an MBA, helping her become more focused on training and development of teams. Looking for her next challenge, Kerrie moved to South Australia, where she grew tomatoes, mini cucumbers, and capsicums.

Kerrie then took a year off to write a book, which is still in progress, before moving to Guyra to take up a position as Grower Manager in the Costa Tomato Category.

Feeding the population is something Kerrie is proud to be part of, and also Costa's efforts to do it in a more sustainable way.

Kerrie sees her role as being dynamic and rewarding, having responsibility for not only the care of around 350,000 plants but also her team. She feels very fortunate to be in a job that combines not only the intellectual and physical (walking up to 10 kilometres a day) but also the benefits of social interaction and being close to nature.

## Costa Graduate Program update

Costa's first cohort of graduates in the Costa Graduate Program successfully completed their 18-month program in 2021. All four graduates were subsequently offered on-going positions with the business.

Following the successful completion of the first program, applications were opened for the next intake with six graduates selected for the 2022 program, out of a total of 159 applicants.

The 18-month program includes three, six-month rotations and exposure to key areas of the Costa Group business including agronomy, logistics and sales and marketing.

Liam Maiden joined the first intake of the Costa Graduate Program after completing an Agriculture/Economics degree at the University of Melbourne.

Liam's first rotation in the business was with the mushroom category in Mernda. This included shadowing different management styles and contributing to site projects. Liam relocated to New South Wales at the end of October 2020 to start his second rotation with the berry team, and then completed his final rotation on the Atherton Tablelands in Far North Queensland with the Avocado and Banana teams.

His rotations included all areas of the operations, from harvest and packing to horticulture, as well as access to leadership, development opportunities and networking. He has now taken on a permanent role as a business analyst working out of Costa's head office in Melbourne.

***“The opportunity to take my knowledge of on-site operations and agronomic expertise along with my economic background to a new role in Melbourne is something that I'm extremely excited about. I am very fortunate to have been a part of Costa's Graduate Program and am excited to continue to see how Costa's growth will shape Australia's agriculture in the future.”***

Liam Maiden

## Modern Slavery

At Costa we are committed to respecting human rights across our domestic and global operations. In 2021, Costa published its first Modern Slavery Statement and is committed to a process of continuous improvement. Throughout the year activities were focused on: developing our systems to measure the effectiveness of our actions; formalising a stakeholder working group; expanding our modern slavery training; working with partners to identify opportunities for sector collaboration and further establishing remediation activities in the supply chain.

An updated Human Rights Policy was also released during 2021, which applies to all companies within the Costa group and all of our employees regardless of their location. In addition, all of our suppliers of goods and services, including our third-party labour hire providers, growers, packers and marketers are equally expected to understand and comply with the policy.

Our approach to human rights is primarily focused on the protection of fundamental rights of workers in our own business and throughout our supply chain. These rights encompass the breadth of international labour rights, including fair reward, safe and decent working conditions, gender equality, non-discrimination and protection from forced labour, modern slavery and harsh or inhumane treatment. It includes respecting the rights of indigenous populations and communities near our operations.

We strive to act in a manner that is consistent with the Universal Declaration of Human Rights and the International Labour

Organisation's Declaration on Fundamental Principles and Rights at Work. Our approach is aligned to the UN Guiding Principles on Business and Human Rights in the way we address our responsibilities as an employer to protect and respect human rights of workers within our operations and supply chains.

## Ethical sourcing

The Ethical Sourcing Program, launched in 2019, includes the use of Sedex as a management tool to help the company understand the level and scope of social sustainability practices within our partner grower base.

Through the Sedex data platform, we can assess management practices employed by our partner growers and work together with them to identify opportunities for improvement, provide support to mitigate risks and to take action where necessary.

In 2021, our progress saw 98% of our domestic partner grower base registered on Sedex and shared visibility of their site information with Costa during their supply season. During the year we have used this information to risk assess employment management practices and identify the salient human rights issues in our produce supply chain.

We have also increased the use of third-party verification within our partner grower base using the Sedex Members Ethical Trade Audits (SMETA). Where compliance issues have been identified remediation activities have been implemented then verified as closed.

## Citrus team wins State award

Our Citrus team in South Australia received the Education and Training Award at the 2021 South Australian Premier's Food and Beverage Industry Awards gala dinner.

The awards program showcases innovation and excellence within the food and beverage industry, recognising South Australia's inspirational individuals and businesses who stand out for their efforts and vision.

The Education and Training Award recognises an individual or business that has demonstrated commitment to education and training in order to develop its people and improve overall performance.

# People

## Continued

**Costa is one of the largest employers in the New England Region and has a growing migrant and refugee workforce.**

### On site English classes

In 2021, English classes commenced at the Casuarina (WA) mushroom farm, with a total of 15 employees participating in the introductory course. The classes were run each week on site, over a 20-week period. Employees from the harvesting, prepack and warehouse departments completed the course, which enables them to improve both their spoken and written English and gives them the confidence to put it into practice whilst on site.

Costa also teamed up with the University of New England English Language Centre (ELC) to provide English classes for employees at our tomato glasshouses in Guyra (NSW).

Costa is one of the largest employers in the New England Region and has a growing migrant and refugee workforce. Many have come from the Indian Subcontinent, Middle East, East Africa, and South-East Asian regions and have now settled in the Armidale-Guyra region.

As part of the pilot program, 32 employees undertook a Communication Futures Pathways Program, taught in two distinct on-campus classes. One class was designed to provide basic English skills, while the second was for more advanced communication skills. The participants studied part-time, with class times coordinated to fit in with their full-time work commitments.



### Celebrating our diversity

With a workforce spanning 83 nationalities, a range of cultural festivals and special days were marked across Costa sites throughout 2021.

Harmony Week, held in March, celebrates Australia's cultural diversity and is about inclusiveness, respect and a sense of belonging for everyone. During March, activities were held across our mushroom sites, with staff encouraged to dress in traditional clothing and share traditional food.

Other Cultural Days celebrated across our farms included:

- Songkran Festival, which marks the beginning of the traditional Thai New Year on the Buddhist calendar.
- Eid al-Fitr, a religious holiday celebrated worldwide that marks the end of the month-long dawn-to-sunset fasting of Ramadan. Eid is traditionally celebrated with Eid prayers, charity, social gatherings, festive meals and gift-giving.
- Lunar new year which is the most important holiday on the calendar for many of our employees. On Friday 12th February, the Mernda team stopped to watch a traditional Lion dance. The drums could literally be heard from a mile away and it was a spectacular performance.



## Building on our Sustainable Commercial Farming culture

### Berry Category champions sustainability

The Costa Berry Category has identified Sustainability Champions across each of its farms, who help identify and lead projects which support the Costa Sustainable Commercial Farming principles. The champions across the Category are Joao Branco, Joshua Jerome, Stephen Lee and Anurdha Karavita Arachchi.

In Corindi (NSW), a Sustainability Group led by Joao meets monthly to review projects and discuss new initiatives. In 2019 the main focus was water use efficiency and security due to the drought, in 2020 the focus was waste, and in 2021 it was on waste and energy efficiency and security.

Among the key achievements of the group so far have been the implementation of bring-your-own water bottles to remove plastic cups, replacing plastic clips with biodegradable jute twine for supporting the stems of plants, and using Priva Gro Scales to improve water use efficiency.

Recent projects completed or underway include adding recycling bins to all harvest chariots, farmscaping (cover crop and companion planting), and as highlighted the installation of a solar array on the farm's largest dam to provide power for the water pump.

By closely monitoring waste, new ways are being found to recycle and reuse material resulting in less waste going to landfill.

***“Sustainability is all about ensuring the perpetual continuity of the business and leaving it in a better condition for the future generations. We want to keep improving and building upon a strong foundation that supports growth in a way that is economically viable, is respectful of the environment and has a positive impact on the communities where we operate.”***

Joao Branco, Horticulturalist, Costa Berry Category.

## Well Grown Seed Fund encourages action

A Costa Well Grown Seed Fund, which was sparked by the strong interest from employees in the environment and sustainability action, was launched in 2021.

In June, a sustainability competition to mark World Environment Day, was held encouraging all staff to submit ideas on how Costa could improve its sustainability performance. This resulted in a strong response, with entries covering topics ranging from tackling pest and disease to energy use, and how we best look after our people.

A cash prize was offered to the top three ideas that could be implemented in the business, addressing existing issues or identifying new initiatives to help drive Costa's sustainability mission. In addition, a fund was established to ensure all of the entries could be assessed and where possible implemented.

Given the strong passion shown by our employees, the Executive supported the extension of the fund and, under the title Costa Well Grown Seed Fund, it will be offered on an ongoing basis to encourage and promote sustainability action across the Company.

## Sustainable Commercial Farming Workshop

In May Costa held its first group wide Sustainable Commercial Farming (SCF) workshop with participants coming together from across our business and our berry JV partners Driscoll's.

The aim was to start a business wide discussion about what the farm of the future might look like and what we can do in a practical way to implement our SCF principles and objectives across the key areas of Environment, Economic, People and Community.

There were many topics discussed, including how Costa can reduce product waste, improve productivity and yield, reduce our plastics use, refine our approach to biodiversity, further develop career pathways and training, and enhance our involvement in the local communities in which we operate.

Participants were also encouraged to go back to their business units and conduct their own SCF workshops and training to not only spread the word about the importance of SCF to our business, but to also promote ideas and initiatives at the site level.

## Excellence in Sustainability Award

Costa's Berry farm in Corindi (NSW) was the recipient of the Coffs Coast 2021 Excellence in Sustainability Award and also the 2021 Excellence in Sustainability Award in the Mid North Coast NSW Business Awards.

The Excellence in Sustainability Award recognises a business that has demonstrated its commitment to sustainable business practices and is working to reduce the impact of its operations on the environment.

# Health and Safety



## TO PROTECT

- To look out for your work colleagues
- To point out any work practice you think is unsafe
- To treat company plant & equipment as if it were your own
- To prevent damage being done to our sites/properties

## TO IMPROVE CULTURE

- To create and maintain a workplace where people feel safe at all times
- To create and maintain a working environment where people feel comfortable to raise safety concerns

## TO BE THE BEST

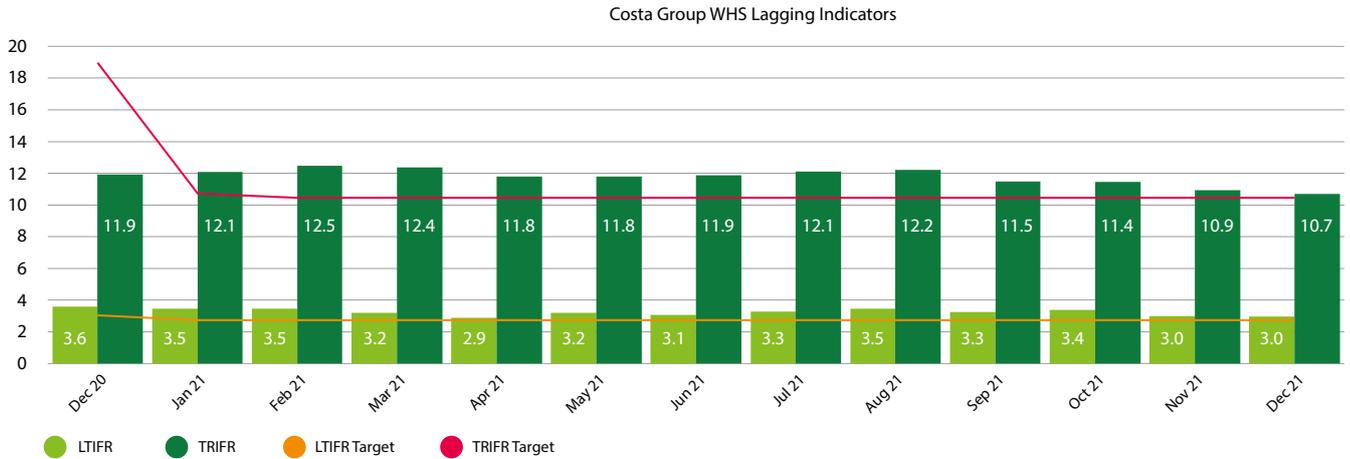
- To continually strive to improve our people behaviours, knowledge and systems
- To achieve safety outcomes that set high standards and benchmark among the best in our industry



## COSTA WHS STRATEGY



## WHS Lagging Indicators

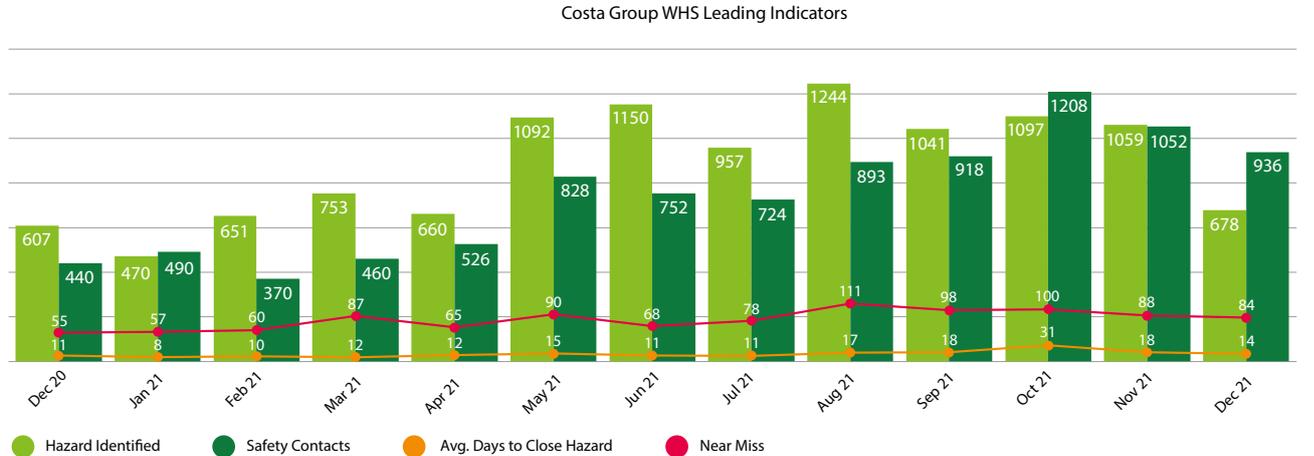


LTIFR – Lost Time Injury Frequency Rate, the number of lost time injuries occurring in a workplace per 1 million hours worked.

TRIFR – Total Recordable Injury Frequency Rate, the number of injuries (excluding fatalities) requiring medical treatment per million hours worked within an organisation.

In early 2022 a routine audit discovered that our African Blue (Morocco) business was using a different methodology to the rest of the group to calculate working hours. This has been rectified and hours and impacted frequency rates have since been recalculated, resulting in a significant difference to the rates previously reported. In particular this accounts for the difference between the adjusted Dec-20 figures in this report compared to the Dec-20 figures in the Sustainability Report 2020.

## WHS Leading Indicators



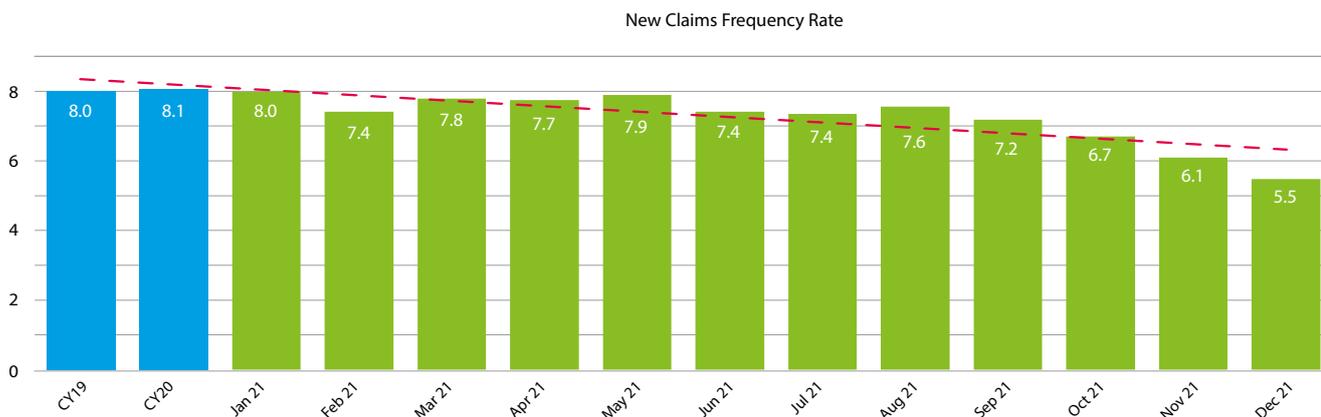
Our commitment to the identification of hazards continued strongly throughout CY21. Similarly, with the leadership team across the business beginning to see the positive impact of their safety contacts this key leading indicator continued to increase throughout CY21, with our China team beginning to fully embrace this practice.

The Avg. Days to Close Hazards figure of 31 for Oct-21 reflects a concerted effort across the business to close older hazards that were already rectified but had not been closed administratively in the system. This meant there were 2,190 hazards closed in October compared with the monthly average of 710 during 2021.

# Health and Safety

Continued

## New Claims Frequency Rate



The total number of workers compensation claims through CY21 continues to trend down significantly, facilitated by improved injury management practices and a focus on risk reduction. Targeted campaigns will continue through CY22 in an effort to avoid similar injuries and further reduce these claims.

## Severity Rate



The severity rate, reflecting the number of lost days per injury, decreased significantly again throughout CY21. Targeted injury management practices affect this metric, as does risk awareness fostered by increased safety contacts, and greater employee engagement across the board.

## Managing COVID-19

Throughout 2021, we continued to adapt and respond to the COVID-19 pandemic. Our actions have been guided by a group-wide COVID-19 Action Plan, which includes specific Action Plans for each Costa category, farms and locations.

Our focus has remained on ensuring the safety of our employees and their families, and the ability of our business to continue to operate effectively in providing fresh produce to our customers and consumers.

At a number of sites, on-site vaccination clinics were established in partnership with local health providers. At Guyra (NSW), two vaccination clinics were offered resulting in 95% full vaccination coverage. In Victoria, Costa partnered with Sunraysia Community Health Services to assist and encourage people in the region, including our employees, to access COVID-19 vaccinations. An outreach 'pop up' clinic was established on a local sports field, adjacent to Colignan and Nangiloc (VIC) farms, to provide an opportunity for people outside the main town areas to receive their vaccination.

With extended lockdowns in Victoria and New South Wales, a priority has also been on ensuring mental health wellbeing amongst our teams.



## Safety Rewards and Recognition Programs

Safety rewards and recognition programs are being progressively rolled out across the business to encourage and reward ongoing safe behaviours and our employees' commitment to keep each other safe.

In 2021, we rolled out the LOOK AT YOU GO! program at the Corindi Berry farm, a structured safety rewards program designed to encourage and reward safe behaviours and attitudes. The program aims to improve our culture by not only rewarding those who lead by example but also calling out the benefits of this through team recognition.

The Corindi Berry farm's safety efforts were recognised, with the team receiving the Outstanding Practice in Work Health and Safety at the Coffs Coast Business Awards.

# Health and Safety

Continued

## Safety Management System

The implementation of a group wide Safety Management System was initiated in 2021. This will align the Costa Safety Management System with the international standard ISO 45001, which is being transitioned in place of the Australian Standard 4801 by 2023. The first stage of the implementation is a gap analysis, reviewing all relevant safety processes and documentation.

The Safety Management System aims to improve employee safety, boost stakeholder confidence, increase productivity and demonstrate our commitment to safety across all our sites. The implementation of the new system will ensure a consistent approach to induction, training and feedback in all Costa locations.

## Health and Wellbeing Policy and Framework

Costa has introduced a Health and Wellbeing Policy and Framework to communicate our commitment to support health and wellbeing in the workplace, aligning with our Costa Care principles. The purpose is to:

- Support physical, mental and social health and wellbeing
- Reduce stigma around mental health
- Provide a safe workplace for all employees, visitors and contractors
- Support continuous improvement in health and wellbeing
- Build knowledge and awareness of health and wellbeing issues and healthy lifestyle behaviours

A two-part program designed by health and wellbeing experts is helping individuals build positive mental health and self-care strategies using practical tools and techniques.

A key focus during 2021 was also to share information and build awareness on a broad range of health and wellbeing topics across the group as well as share information on the support and wellbeing options provided by our Employee Assistance Program.



## Morocco safety initiatives

Building on and continually improving the safety culture of our Morocco berry growing operations is a priority for Costa. Over 2021 a number of safety initiatives were undertaken involving our Moroccan workforce, including:

Establishment of a mobile machinery safety checklist: the safety checklist covers pre-start and starting checks, and inspection of the surrounding work area in order to promote the safe maintenance and operation of mobile machinery, including tractors.

The introduction of the checklist was accompanied by an awareness campaign targeted at farm managers, team leaders

and mobile machinery (tractor) operators. The checklist has been translated into Arabic to ensure workers have a full understanding of what is required of mobile machinery safety inspections.

Firefighting Training: training covering firefighting and evacuation was provided to 52 participants by Nord Incendie, covering Team Leaders, Equipment operators, Fertigation Managers and Security personnel.

Working at Height: training was provided to farm managers, administrative staff, tunnel assembly workers and team leaders.

## Training session targets mental health

The Costa Berry team in Tasmania organised a mental health training session for staff, conducted by Rural Alive & Well Inc. (RAW) a not-for-profit organisation committed to building healthy and resilient rural communities.

A total of 30 participants from across Costa's Tasmanian berry sites attended the four-hour Rural Minds session. It was aimed at raising awareness of mental health, building resilience within our work force, identifying signs of mental health issues and how to support those suffering with mental health issues and stressors.



## National Safe Work Month

National Safe Work Month was recognised across all Costa sites, with various activities to promote the theme – 'think safe, work safe, be safe.'

All sites were reminded to make health and safety part of their workplace culture to promote:

- Being healthy and safe means being free from physical and psychological harm.
- No job should be unsafe and no death or injury is acceptable.
- A safe and healthy workplace benefits everyone.

The Tomato and Mushroom teams recognised National Safe Work Month by getting children involved a drawing competition.

Employees were asked to take the health and safety message home to their children and the task was simple, children were asked to draw pictures of family members or carers being safe at work.



# Community

**Costa operates in rural and regional areas across Australia and is actively involved in supporting the social fabric of these communities. Our commitment is to act and behave as a responsible corporate citizen, and to work closely with communities so they can benefit both economically and socially from our ongoing presence.**

**With our range of fresh produce, we also have a unique opportunity to engage with our communities to promote healthy eating and living.**

## Community values create platform for growth

Costa's continued focus on developing strong community relationships and working closely with all levels of government has created a strong platform for continued growth in China.

Through the establishment and operation of berry farms in Yunnan Province in southern China, Costa's priority has been developing specific community support programs, staff engagement in local festivals and events, and educational support for young people.

In Manle, Costa has provided funding for equipment and furniture for a centre built to support young people.

The Manle Village Committee built the centre to provide support for young people, impacted by their parents' drug abuse. It provides a place for them to go to after school and during weekends to undertake a range of activities including exposure to and development of local cultural initiatives, added learning opportunities, sporting activities and wider community links. To date Costa has provided computers, desks, chairs, a sofa, sports equipment and smaller miscellaneous equipment in support of the centre.

Costa also organised an activity to raise money for the Liming School and the Baoshan No.3 School.

A total of 16 Costa volunteers completed a 130km walk around Erhai Lake, raising a total of 16,000¥. This money has been put toward creating Costa Scholarships in cooperation with the Liming School, to encourage local school pupils to achieve academic excellence, and also support those who may be experiencing financial difficulties which prevents them from attending school. In total, 90 students have been awarded a scholarship, which accounts for 15% of the total number of students at the Liming School.



## Paid volunteer leave

To support our commitment to the regional communities in which we operate, Costa developed a Workplace Volunteering Program to be offered from the start of 2022. Open to permanent full-time and part-time and fixed-term employees, the Workplace Volunteering Program provides an opportunity for Costa staff to contribute their time to assist a range of organisations including registered charities and not-for-profit organisations and schools.

During 2021, a number of staff participated in volunteering activities with Foodbank, providing assistance in warehouses in both Melbourne and Adelaide.

In Melbourne, a group of Costa volunteers assisted in packing 39 orders totalling 15,794 kilos and the equivalent of 28,429 meals, for Foodbank's charity partners.

## Connecting with and supporting local communities

Damian Taranto, who works in sales with Costa Farms and Logistics, is a great example of how Costa employees connect with and support their communities.

Damian is a proud supporter of Table Tennis Geelong and has been the club president for the past four years. Originally from Geelong, Damian travels back to support the team he played for in his junior years.

He could see the club suffering and decided to put his hand up and give back to the community. He plays two to three times a week and said it provided a great outlet after a day's work and played an important role in maintaining mental wellbeing.



## Pick Adventure

With COVID-19 affecting the availability of labour across the country, the Costa Berries team in Tasmania implemented a successful campaign over the 2020-21 season and again over the 2021-2022 harvest to encourage local residents into employment.

With the theme of Pick Adventure, the campaign involved a mix of advertising and on-the-ground activities and support, ranging from in-person information sessions to bus services to help people get to the farms. The Tasmania team also continues to work closely with the State Government, local councils and other stakeholders, to increase opportunities for locals.

During the 2020-21 harvest, a total of 500 local people were employed in a variety of roles from picking, crop maintenance, pack shed work to truck driving.

As a result of their efforts in successfully engaging with a local workforce, the Tasmania Berry Recruitment Team received the Costa People First Award for 2021.



## Supporting educational opportunities

Costa supports scholarships at six universities across Australia, providing financial assistance to students in regional and rural areas to gain a university qualification, particularly in agriculture and horticulture.

## Scholarship provides hands on agronomy experience

Adam Daniels, the 2021 recipient of the Costa Avocado Scholarship in the Bachelor of Agriculture at Central Queensland University, has been learning about the overall operations of Costa's avocado farms at Childers (QLD), as well as getting hands-on agronomy experience.

During his time with the Costa Avocado Category agronomist Brigette Ryan, Adam has learnt how to identify different insects in the field and the workings of integrated pest management (IPM) through the use of beneficial insects to deal with plant pests.

Adam has also gained an understanding of the important activities that occur at plant flowering time, including the use of bees for pollination as well as plant growth regulator applications.

## Promoting community cooperation

A Costa Tomatoes Community Reference Group was established in 2021, to promote open and active communication between the community in Guyra (NSW), the surrounding areas and Costa.

The group is independently chaired and includes community members Dot Vickery, the Reverend Andrew Campbell and David Bearup, and two Costa representatives. The group meets quarterly, providing an opportunity for community members to actively engage with Costa on any issues of interest and concern.

Through the group, initiatives to connect diverse members of our workforce with community activities are also being actively explored.

# Community

Continued

## Scholarships provided by Costa

Central Queensland University	CQUnicares Costa Avocado Scholarship	\$15,000 over three years
Charles Sturt University	Costa Avocado Scholarship	\$15,000 over three years
University of Queensland	Costa Berries Scholarship in Horticultural Science	\$15,000 over three years
	Costa Avocado Horticulture Scholarship	\$10,000 over two years
University of Tasmania	Costa-North West Scholarship in Agricultural Science	\$40,000 over four years
University of New England	Costa Berry Category Scholarship in Horticulture	\$10,000 over two years
	Costa Exchange Pty Ltd (Tomato Category) Scholarship	\$5,000 per annum (max two years)
Approved Australian University	Costa Tomatoes Tertiary Scholarship - Yr. 12 Students commencing a relevant Agriculture/Horticultural degree at an approved Australian University. Residing in the Guyra, Armidale, Glen Innes or Inverell area	\$10,000 annual scholarship
Western Sydney University	10 scholarships for students of the Graduate Diploma of Protected Cropping or Graduate Certificate of Protected Cropping	\$5,000 per scholarship

### Sustainability a key focus for scholarship recipient

Sustainability is a key focus for Leo Boden, who was the recipient of the 2021 Costa Berries Scholarship in Horticultural Science at the University of Queensland (UQ).

Leo is in his third year of a dual degree in Agribusiness and Sustainable Agriculture, with a Horticulture major.

The broad scope of the agricultural industry appealed to Leo who was eager to explore the role sustainability, science and technology plays in the industry. As part of his study, Leo analysed Costa's operations from the perspective of sustainable commercial and workplace culture.

The support provided by the scholarship has given Leo the confidence to undertake further work experience and also give up one of his part-time jobs to enable a greater focus on his studies.



***“Science and sustainability are significant factors in horticulture moving forward and my studies at UQ are addressing these issues. I’m thrilled and thankful for the opportunity to learn from Costa Berries.”***

Leo Boden, scholarship recipient.



## Spreading Christmas cheer

The team at the Monarto (SA) mushroom farm generously donated more than 80 toys collected through the site Christmas toy drive. Organised by Harvest Manager Carmen White who is always busy driving Costa's support for various local community initiatives, the toys were donated to the Salvation Army at Murray Bridge (SA) and the Centacare local support service. Team leader Rose Ling also baked biscuits which raised \$150 for the purchase of toys.

## Supporting the promotion of language and literacy in regional communities

Costa's Avocado team in Childers Central Queensland was proud to support the annual 'Read to Me' Day 2021.

Started in 2016, this important community day was developed to help foster language and communication skills in children, through promoting reading.

As a sponsor of the event, Costa Avocados Regional Operations Manager Chris Wilcox was asked to open the event, with children coming from far and wide. Local businesses, high school students and community groups joined forces to inspire the reading of books to young ones.



## Supporting community organisations

Providing support for community organisations, through sponsorship and support for local events and clubs, and the donation of our healthy produce continued through 2021.

The Costa Berry Category is a major supporter of Surf Life Saving Clubs, including the Woolgoolga and Red Rock Corindi Surf Life Saving clubs in New South Wales, and the Port Sorrell Surf Life Saving Club in Tasmania.

In the Riverland region, the Costa Citrus farms supported the Nangiloc/Colignan & District Primary School to build a BMX track for the students, and in Far North Queensland, Costa's Avocado/Banana teams have been providing ongoing assistance in the development of a school garden at the Walkamin State School, as well as supporting the Tolga State School.

# Community

Continued



Our Tomato operations in Guyra donated the equivalent of 28,000 punnets of tomatoes to 17 primary schools in Guyra and Armidale throughout the first school term as part of the Costa Tomatoes community program.

Each week throughout the term staff from the Costa glasshouses delivered the Red and Gold Perino snacking tomatoes to schools across the region. It is the second year the program has been offered to local schools.

In Melbourne, a donation of fruit was made to the emergency staff at the Royal Children's Hospital via charity organisation Koala Kids, to recognise the work being done by health care workers during the COVID-19 pandemic. The donation included five cartons of Cavendish bananas; 10 trays of blueberries; 20 trays of Perino tomatoes; six boxes of grapes and six cartons of mandarins.

Other fruit donations have been made to schools and community groups including a weekly supply of bananas for school breakfast programs for the Tully State Primary and Feluga schools; and avocados for University of Newcastle student emergency supplies, the South Burnett Pantry and Gympie Homeless organisations and the Macksville Men's Shed, as well as various charities in the Nambucca Heads, Kempsey and Coffs Harbour regions.

## Costa continues to provide sponsorship for a wide range of sporting organisations

Atherton BMX Club	Nagambie Bowls Club Inc
Atherton Turf Club	Nagambie Football Netball Club
Childers High School Special Needs Fishing	Nagambie Golf Club
Devonport Touch Football Club	Pemberton Golf Club
Duval Dam Buster Trail Run	Port Sorrell Surf Life Saving Club
Fremantle Hockey Club	Riverland Football Club
Fruit Loops Touch Football Team Woolgoolga	Red Rock Corindi Surf Life Saving Club
Guyra Bowling and Recreation Club	Renmark Amateur Swimming Club
Hattah Desert Race Youth Division	Riverland Junior Interleague
Lower Plenty Football and Sporting Club	Riverland Pasifika Sports Carnival
Mernda Football/Netball Club	Shire of Gingin
Mt Plenty Bowling Club	Woolgoolga Surf Life Saving Club
Murray Bridge A&H Society	Woolgoolga United Football Club

Costa Farms and Logistics facilitated a donation of apples and oranges to residents in Dubbo impacted by the New South Wales' COVID-19 lockdown. Not-for-profit organisation LeaderLife operates Apollo House, helping Aboriginal children and families. The group has been delivering food packages to vulnerable families since the lockdown started. According to Allied Health Community Worker Judy Armstrong the focus was on getting healthy food out to families.

## Stakeholder Group Engagement

Costa has a comprehensive approach to stakeholder engagement. There is ongoing, two-way stakeholder dialogue across a variety of channels. These interactions provide valuable opportunities for Costa to explain the company's strategy and performance and to listen and better understand our stakeholders' priorities and what they want to know about Costa.

Stakeholder group	Engagement approach	Frequency
Investors	Financial reporting, 1:1 meetings and post results roadshows	Twice a year and at investors request
	Investor conferences	Up to six per year
	ASX announcements	As required
	AGM	Annual
	Site/investor tours	Twice a year (average)
	ESG/Sustainability reporting	Annual
Financiers	1:1 meetings	Ongoing
	Financial Reporting	Annual and half year
Employees	Costa Care	Ongoing
	Capability Reviews	Three times per year
	Performance Reviews	Bi annual
	People First	Bi monthly
	Costa Awards	Biennial
Customers	Customer surveys	Ongoing
	Customer relationship management	Regularly
	Site tours	On request
Suppliers	Contract audits	Initial and ongoing
	Supplier relationship management	Ongoing
	Contract reviews	Ongoing
Local Communities	Sponsorships/donations	Ongoing
	Reference Groups, including with respect to major capital developments	As required
Regulators	Site visits and inspections	Several times per year
	Licence requirements reporting	Annual
	Meetings	Regularly



# Community

## Continued

### Data Assurance

The accuracy of this report is important to our stakeholders and to Costa. Our Board Audit and Risk Committee, senior management and relevant functional specialists have reviewed all information in this report and believe it to be an accurate representation of our sustainability performance over the past year. The water usage data is derived from water meters and the greenhouse gas emissions and energy consumption data was compiled by an independent third party.

Corporate Governance policies, charters and statements – visit <http://investors.costagroup.com.au/Investor-Centre/?page=corporate-governance>

- Anti-Bribery and Anti-Corruption Policy
- Charter
- Board Charter
- Code of Conduct
- Disclosure & Communication Policy
- Diversity policy
- Environmental Policy
- Horticultural Innovation and Technology Committee Charter
- Human Rights Policy
- Modern Slavery Statement
- Nomination Committee Charter
- Privacy Policy
- Remuneration Committee Charter
- Risk Management Policy
- Securities Trading Policy
- Supplier Code of Conduct
- Whistleblower Policy
- Workplace Gender Equality Report

### Useful Links

**Company website**  
[costagroup.com.au](http://costagroup.com.au)

**Investor website**  
[investors.costagroup.com.au](http://investors.costagroup.com.au)

**Linked in key word**  
<https://www.linkedin.com/company/costa/?originalSubdomain=au>

**Facebook key word**  
<https://www.facebook.com/Costa-Group-223068677852676/>





