



# Corporate Social Responsibility

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Report 2017



# Corporate Social Responsibility Report 2017



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# TEYS AUSTRALIA AT A GLANCE

Teys Australia Pty Ltd is the second largest meat processor and exporter in Australia. Teys Australia is a 50/50 partnership between Teys family and the Cargill Company. (GRI 102-1) The Teys family has been involved in the Australian beef industry since 1946, when four Teys brothers formed a partnership in wholesaling and retailing meat in South East Queensland. From these humble beginnings, the family has grown its business to what is it today. The company now employs 4,287 full-time employees across 13 modern, sustainable, well-maintained and strategically located facilities and exports beef to over 40 different countries while maintaining a strong domestic focus. Teys family members remain closely involved with the day to day operations of the company and strong family values underpin a reputation that is second to none. (102-3; 102-4; 102-7)

Our business is focused on providing quality protein products to customers worldwide as we have done so for the past 75 years. (GRI 102-2) In early 2017, we rolled out the Teys Australia Legacy Program, an updated version of the organisation's core values and behaviours. The Program, which was developed in consultation with the CEO, Senior Leadership Team, was presented to all staff in a series of roadshow events (GRI 102-16).



## LOCATIONS

Teys Australia Asset Footprint



# MESSAGE FROM THE CEO



**Brad Teys**

Chief Executive Officer

I am pleased to present Teys Australia's 2017 Corporate Social Responsibility and Sustainability Report. Through this report we publish the material economic, social and environmental performance of our operations against the Global Reporting Initiative (GRI) G4 reporting criteria.

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

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

As in 2016, a number of factors have contributed to the ongoing difficult trading environment in the first half of 2017. Tight supply continues to dominate the supply-demand complex. The rebuilding phase of the Australian cattle herd following the rapid liquidation of cattle in 2014/15 continues as drought conditions wreak havoc across rural Australia. This has resulted in a shortage of supply which coincided with rising beef production in competing markets. Having anticipated these challenges, our business proactively reconfigured production shifts to ensure alignment with supply constraints. This, combined with our focus on long term strategic partnerships has us well positioned despite the strong trading headwinds.

We continue to aggressively manage operating expenses through utility efficiency, investing in innovative automation technology and creating more productive and flexible

employee relations arrangements. In addition, our asset footprint along the eastern coast of Australia will be important in providing a strong foundation for future growth.

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

Safety remains the highest priority in our business and we continue to work towards zero workplace related injuries. This can only be achieved by remaining committed to and focused on the safety of our people.

Regardless of where our people work or what they do, we strive to create an environment where our employees and families should feel confident that they will return home the way they arrive – SAFELY – because nothing we do is worth getting hurt for.

We continue to put focus into our employee engagement programs this year rolling out our Legacy program company wide. We have received positive feedback in the rollout of this program which focuses on improving the alignment between values, behaviour and culture.

We continue to invest and make progress in CSR and sustainability, not only because it is the right thing to do, but because we believe it is the responsibility of all businesses to sustain and enable thriving communities.

Finally I would like to acknowledge our dedicated people, who have remained resilient in the face of a complex and rapidly changing business and environmental landscape. I thank them for their support and passion during this period of renewal.



Safety remains our highest priority.

Corporate Social  
Responsibility Report 2017

# ABOUT THE REPORT

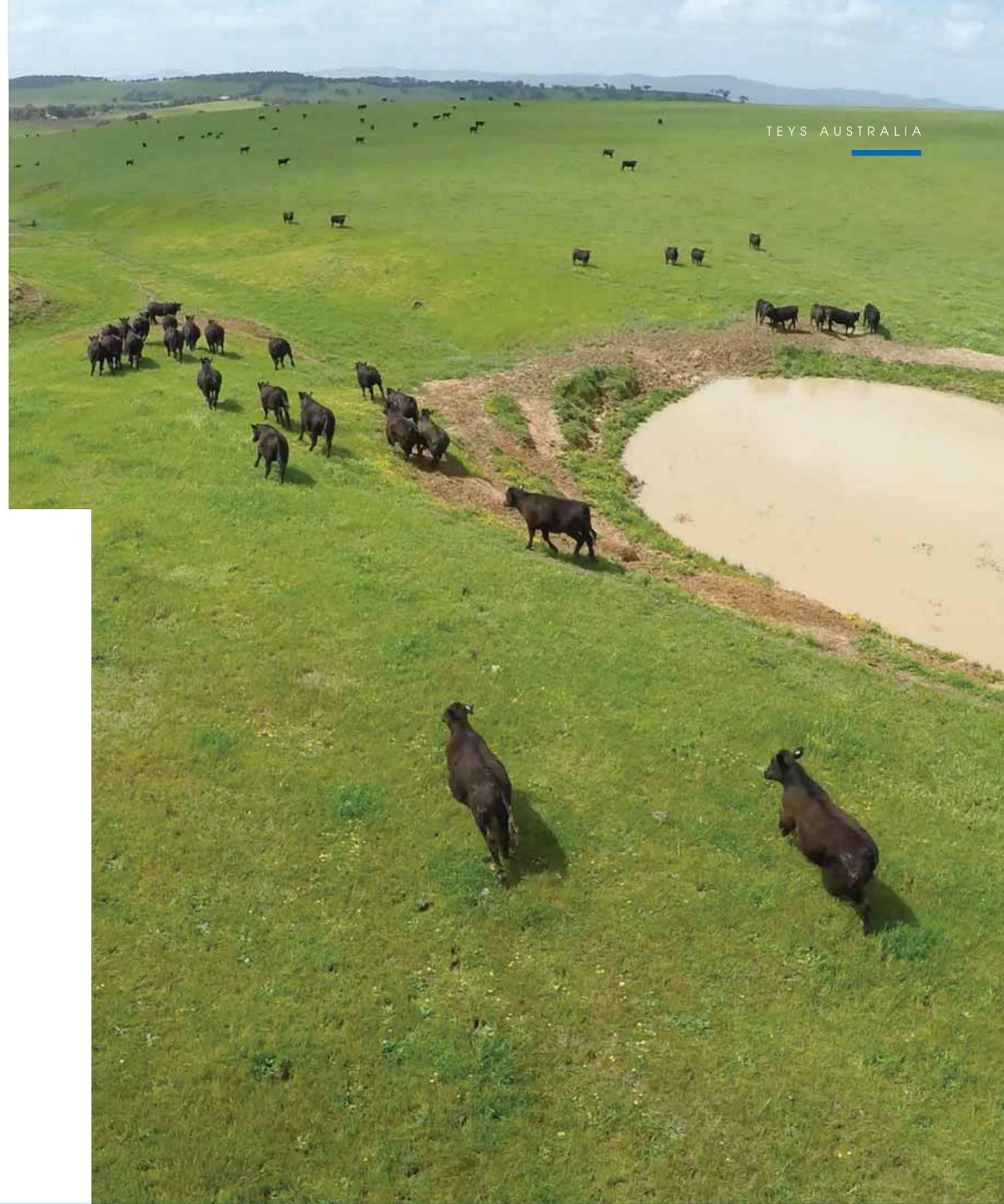
The Corporate Social Responsibility Report 2017 brings together the outstanding initiatives, challenges, and performance of Teys Australia Pty Ltd in the period. The report was prepared according to the methodology of the Global Reporting Initiatives (GRI) – Core Level, benchmark in global and multisector practices for reporting economic, social and environmental information. (102-5; 102-45; 102-54) Locations of GRI disclosures are included throughout the report using the notation (GRI XXX-XX).

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

Except where noted, the information covered in this report highlights our corporate responsibility initiatives in financial year 2017 (July 1st 2016, through to June 30th 2017). (GRI 102-50) Since publishing our 2016 report, there have not been any restatements of information given in previous reports. (GRI 102-48) This report has not been externally assured. (GRI 102-56)

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

If there are any questions regarding the report, please send through to Renee Teys on [renee@teysaust.com.au](mailto:renee@teysaust.com.au) (GRI-102-53)



# SUSTAINABILITY GOVERNANCE

Governance of sustainability across all business segments starts at the most senior level of the organisation, with the Board of Directors. As previously reported, the Chief Executive Officer (CEO) manages the day to day administration of the group's operations while the Board Audit Committee (BAC) remains focused on management of the risk framework, internal auditing, financial risk management and internal controls. (GRI 102-31; 102-32)

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

As a member of the SLT, and working closely alongside the CEO, the General Manager Corporate Services is responsible for the annual review of progress against the organisation's sustainability goals, the overall efforts in citizenship and sustainability, and the production and review of this report. (GRI 102-19; 102-18; 102-20)

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



## Senior Leadership Team

<b>Brad Teys</b> CEO	<b>Geoff Teys</b> Livestock	<b>Charles Hollingworth</b> Asset Management
<b>Andrew MacPherson</b> Commercial	<b>Kirsty Jackson</b> Legal and Risk	<b>Tom Maguire</b> Corporate Services
<b>Shaun Crapp</b> Human Resources	<b>Michael Brown</b> Finance	
<b>Steve Gant</b> Operations		

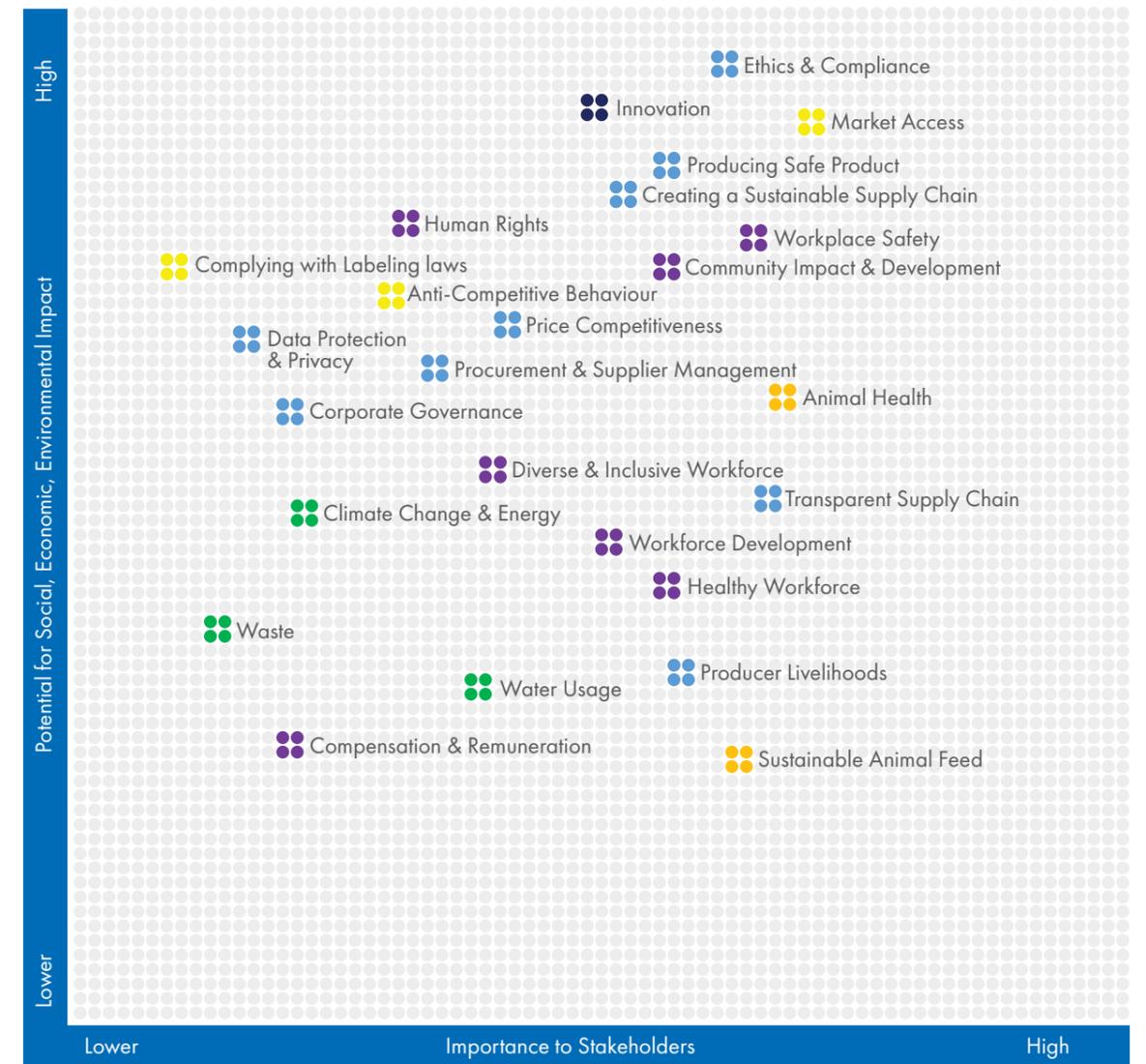
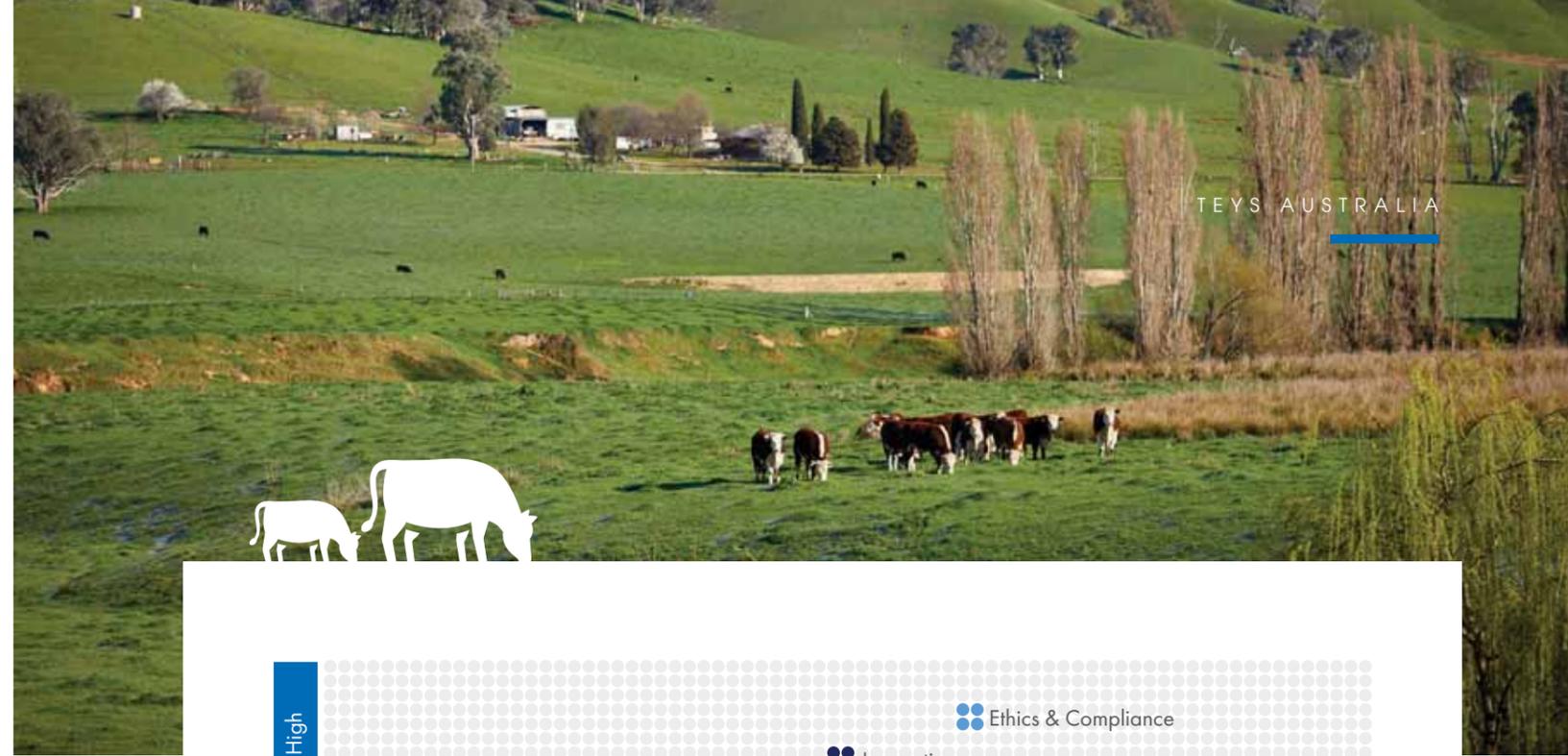
# SETTING PRIORITIES

The business environment in which we operate, and the expectation of our stakeholders are constantly evolving. Our Priority Topics Assessment (PTA) helps us identify and prioritise the environmental, social and governance issues that matter most to our stakeholders and our company. We use the results of the PTA to ensure that our sustainability activities and reporting are aligned with the needs of various stakeholder groups and our own business interests. This year Teys have, for the first time, conducted PTAs to facilitate the development of our organisational goals and strategy. The process will be better defined in the coming years to yield more stakeholder engagement. (GRI 102-44; 102-46; 102-47; 103-1)

While the priority topics that we focus on remain somewhat the same, we have re-organised the structure of our GRI Report by grouping our reporting on various topics into six main sections:

- Innovation
- Environmental Health
- Animal Welfare
- Industry
- Responsible Business Practices
- Employees

We believe this structure demonstrates a more holistic picture of our Company's performance on environmental, social and governance issues, and reflects the core focus areas of our sustainability approach. In many cases, priority topics are reflected in multiple sections because of their cross-cutting nature. Teys strives to lead sustainability through innovation which is evident in the introduction of new products, solutions and activities.



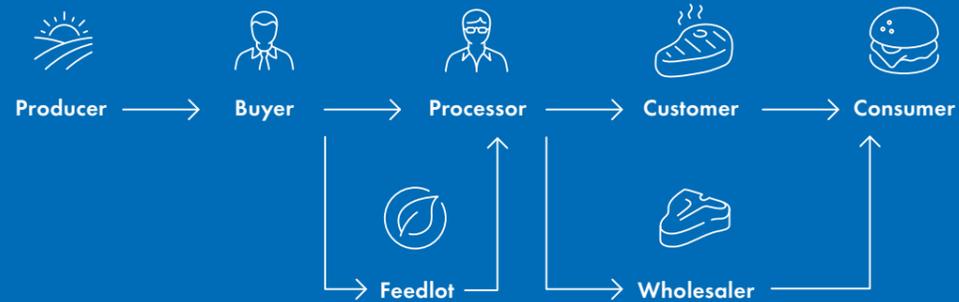
# OUR VALUE CHAIN



## Our Value Chain

We recognise that our impact and the value we create as a company extend well beyond our own operations. There are many opportunities to maximise the positive impacts and minimise the risks along each stage of Teys Australia's value chain. We utilised the results from our Priority Topics Assessment to analyse our priority topics in the context of our value chain. The resulting value chain map frames the boundaries of our impacts, and helps us better understand and leverage opportunities together with our stakeholders. (GRI 102-46)

### Value Chain Map



## Markets Served

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

These resources allows Teys Australia access to a number of different global markets. (GRI 102-6)



# STAKEHOLDER ENGAGEMENT

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

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

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

When identifying our stakeholders, we consider a variety of factors including (GRI 102-42):

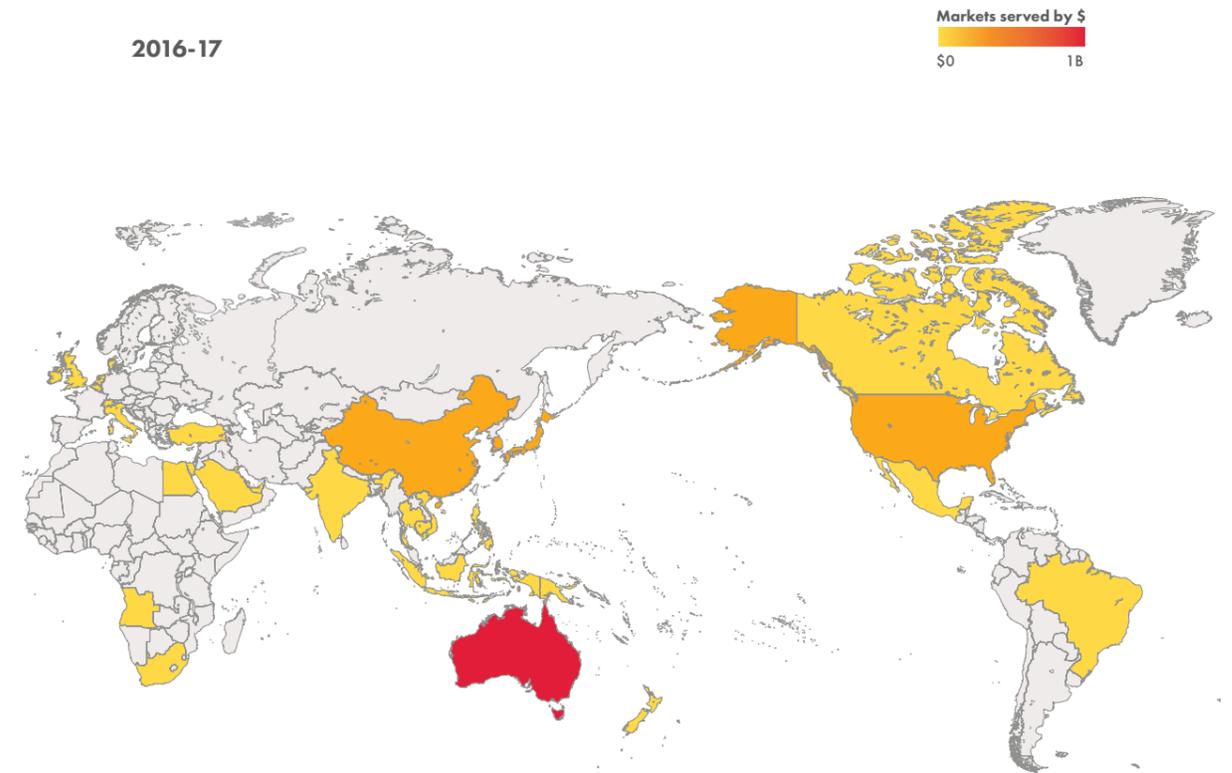
- The possible alignment of our goals and values with those of the stakeholder group;
- Our ability to improve because of this engagement;
- The opportunity for mutual learning

Our engagement with stakeholders takes various forms, including emails, group discussion, and collaboration amongst others. We facilitate several producer engagement events annually both internally and through industry forums.

Stakeholder Engagement in this report came from various stakeholders identified by Tey's Australia's department leads. The final content has been reviewed by the members of the Senior Leadership Team. Additionally we engaged with a third party organisations to solicit independent feedback on the draft report.



Markets Served Map (GRI 102-2)



Market	2016-17	Market	2016-17
Australia	\$992,441,945	ME-NA-Saf-Indo	\$73,192,785
China	\$156,275,729	North-South America	\$382,296,728
EU	\$80,019,124	Twn-SEA-HK	\$122,731,279
Japan	\$379,642,562	Null	\$5,593
Korea	\$361,289,162	Grand Total	\$2,547,894,908

# STAKEHOLDERS

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

Stakeholder Group	Interests	Frequency of Engagement	Engagement Methods	Areas of Interest	Teys Actions
<b>Customers</b>					
Small and large, domestic and international businesses	Typically focused on product quality, supply reliability. Long term relationships are important to our collaborative customers	High	<ul style="list-style-type: none"> <li>- Satisfaction Surveys</li> <li>- Study Tours</li> <li>- Market Visits</li> <li>- Educational Workshops</li> <li>- Product Development</li> <li>- Periodic communication (collaborative customers)</li> </ul>	<ul style="list-style-type: none"> <li>- Quality Consistency</li> <li>- Price</li> <li>- DIFOT</li> <li>- Relationship Building</li> <li>- Supply security</li> <li>- Community/public perception of Teys</li> </ul>	<ul style="list-style-type: none"> <li>- Collaborative Projects</li> <li>- Customer Auditing</li> <li>- Internal Auditing</li> <li>- Sharing updates</li> <li>- Sharing information for shared aspects</li> </ul>
<b>Employees</b>					
Our diverse workforce comprises 4,287 employees and contractors located in four states of Australia	Matters concerning workplace health and safety, career development and culture	High	<ul style="list-style-type: none"> <li>- Teys Australia Intranet</li> <li>- Teys Australia Social Media pages</li> <li>- Meetings</li> <li>- Satisfaction Surveys</li> <li>- Workplace Improvement and Innovation Committee</li> </ul>	<ul style="list-style-type: none"> <li>- Career development</li> <li>- Safe working conditions</li> <li>- Equal Opportunity</li> <li>- Pay, conditions and/or profit share</li> <li>- Business sustainability</li> </ul>	<ul style="list-style-type: none"> <li>- Joint Consultative Committee meetings</li> <li>- Noticeboards</li> <li>- Email</li> <li>- Direct Engagement</li> <li>- Committees</li> </ul>
<b>Shareholders</b>					
A diverse group with significant representation in Australia and America	The creation of long term shareholder value through a combination of consistent financial return and high quality governance	High	<ul style="list-style-type: none"> <li>- Board meetings</li> <li>- Board reporting</li> <li>- Site Visits</li> <li>- Communication via the Chairman and CEO</li> </ul>	<ul style="list-style-type: none"> <li>- Legal compliance</li> <li>- Ethical business performance</li> <li>- Strategic governance and long term issues</li> </ul>	<ul style="list-style-type: none"> <li>- Board audit committee</li> <li>- Risk Management</li> <li>- Internal Audit</li> <li>- Corporate Governance</li> <li>- Compliance</li> </ul>
<b>Industry Association</b>					
Includes political/lobbying associations as well as levy associations at the state and national level	Look at services that improve the sustainability and efficiency of the sector. Representing the sector to government	High	We engage with this group through ongoing representation with specific employees and engagement during specific projects with industry associations such as the Australian Food and Grocery Council and Australian Meat Processors Corporation.	<ul style="list-style-type: none"> <li>- Manufacturing operating conditions in Australia</li> <li>- Regulatory framework</li> <li>- Level playing field against other industry sectors</li> </ul>	<ul style="list-style-type: none"> <li>- Input into submissions</li> <li>- Attendance of events</li> <li>- Provision of industry and company information</li> <li>- Collaborative working arrangement</li> </ul>
<b>Professional Memberships</b>					
Working within multi stakeholder and multi industry groups to share best practice on sustainability topics	Key issues that impact food and beverage production in Australia	Medium	<ul style="list-style-type: none"> <li>- Participation in working groups</li> <li>- General Meetings</li> <li>- Input to joint working streams</li> <li>- Participate in subject matter work streams</li> </ul>	<ul style="list-style-type: none"> <li>- Relevance to stakeholder changing interests</li> </ul>	<ul style="list-style-type: none"> <li>- Attend events</li> <li>- Support with membership dues</li> <li>- Provide information/input</li> </ul>
<b>Cattle Producers</b>					
A diverse group spread across QLD, NSW, SA, NT and VIC.	Cattle genetics, Animal Welfare, feedback on livestock performance, equitable returns for livestock, industry sustainability, animal health	High	<ul style="list-style-type: none"> <li>- Teys MLA Field days</li> <li>- Sale yards</li> <li>- Direct Engagement via Teys cattle Buyers</li> <li>- Supply chain capability workshops</li> </ul>	<ul style="list-style-type: none"> <li>- Grading system meat colour</li> <li>- Price</li> <li>- Bruising and issues associated with livestock transport</li> <li>- Transparency of Pricing</li> </ul>	Concerns are raised through livestock managers and then Executive Director Livestock (As required) if there is any doubt that it could be our fault we amend contracts to their favor.
<b>Suppliers</b>					
Includes businesses local to our operations and large multinational and international suppliers	Provision of goods and services and engagement through commercial contracting arrangements	High	<ul style="list-style-type: none"> <li>- Local business support and consultation</li> <li>- Competitive procurement</li> <li>- Tendering for individual work items</li> <li>- Contracting</li> <li>- As a partner in charitable exercises/fund raising</li> </ul>	<ul style="list-style-type: none"> <li>- Long term partnerships</li> <li>- Securing business</li> <li>- Understanding Teys' business needs</li> </ul>	<ul style="list-style-type: none"> <li>- Development and implementation of equitable and transparent procurement procedures</li> <li>- Contract management</li> <li>- Continuous improvement through supplier feedback and internal audit</li> </ul>

Stakeholder Group	Interests	Frequency of Engagement	Engagement Methods	Areas of Interest	Teys Actions
<p><b>Government and Regulators</b></p> <p>Includes governments and regulators at a local, state, national and international levels</p>	<ul style="list-style-type: none"> <li>- Teys operating in compliance with the law</li> <li>- Teys contribution to various government jurisdictions (taxation, industrial relations, environmental performance etc)</li> </ul>	Medium	<ul style="list-style-type: none"> <li>- Direct meetings</li> <li>- Through department contact</li> <li>- Via state and federal MP's</li> <li>- Routine and ongoing communication for technical and day to day issues</li> </ul>	<ul style="list-style-type: none"> <li>- Regulatory compliance</li> <li>- Economic growth and operating conditions</li> </ul>	<ul style="list-style-type: none"> <li>- On an as required basis</li> <li>- Through periodic mandatory reporting</li> <li>- Via voluntary updates, meetings and information events</li> </ul>
<p><b>Local Communities</b></p> <p>A diverse group whom are identified as those surrounding our locations of operation</p>	<ul style="list-style-type: none"> <li>- Living free from impacts associated with Teys' operations</li> <li>- Community support by the business</li> <li>- Economic benefit generated by Teys</li> </ul>	Medium	<ul style="list-style-type: none"> <li>- Letterbox drops</li> <li>- Community engagement evening and events</li> <li>- Community support initiatives</li> <li>- Family fun days</li> </ul>	<p>Impacts to the local environment and the economic impact of our presence in the community</p>	<ul style="list-style-type: none"> <li>- Direct engagement</li> <li>- Via mail outs</li> <li>- During site visits (as/when held)</li> </ul>
<p><b>Non-Government Organisations (NGOs)</b></p> <p>Includes environmental, animal welfare and social organisations at a local, state and national level</p>	<p>Specific to their interest area</p>	Medium	<ul style="list-style-type: none"> <li>- Via industry bodies or government</li> <li>- Respond to issues as they arise in the media</li> <li>- Supporting/recognising the industry's contribution to society</li> <li>- Direct Communication</li> </ul>	<ul style="list-style-type: none"> <li>- Industry performance against NGO views</li> <li>- Issues with food production systems as they relate to various subject matters</li> </ul>	<ul style="list-style-type: none"> <li>- Via industry bodies or government</li> <li>- Respond to queries/issues as they arise in the media</li> <li>- Supporting/recognising the industry's contribution to society</li> </ul>
<p><b>Unions</b></p> <p>Labour unions are represented at many of our operations and represent a significant portion of our workforce. While all employees have the right to membership, it is unknown to Teys, who participates in such memberships. We estimate that while unions have members at each of our sites, membership remains low</p>	<p>Employment related matters concerning their members at Teys Australia Sites</p>	Low	<p>Teys chooses to focus its attention on engaging directly with our employees through open dialogue and 2 way communication, building strong relationships and trust. Teys takes a respectful and lawful approach where it must communicate with all third parties</p>	<ul style="list-style-type: none"> <li>- Enterprise Bargaining Agreement Disputes</li> <li>- Employment related concerns</li> </ul>	<p>Formally when required by law and/or via a third party representative.</p> <p>"Our goal is to always resolve the issues or concerns of our workforce at the lowest possible level. To do this we support numerous committees: Safety, Workplace Improvement and Innovation (WIIC) Cultural Committees; and Annual Engagement surveys. These practices allow us to understand the pulse of the business, respond quickly to concerns and reduce conflict."</p>
<p><b>Media</b></p> <p>Includes representatives from print, online and broadcast media</p>	<ul style="list-style-type: none"> <li>- Newsworthy stories</li> <li>- Publicising local stories and events</li> </ul>	Medium	<ul style="list-style-type: none"> <li>- Media Releases</li> <li>- Media Conferences</li> <li>- Briefings</li> </ul>	<ul style="list-style-type: none"> <li>- NGO stories</li> <li>- Controversial or topical issues</li> </ul>	<ul style="list-style-type: none"> <li>- On a case by case basis</li> <li>- Sometime via direct media engagement/media releases</li> </ul>
<p><b>Registered Training Organisations (RTO)</b></p> <p>An RTO is an organisation accredited by the Australia Skills Quality Authority (ASQA) which is the national regulator for Australia's vocational education and training sector</p>	<p>The RTO in each state assists with delivering and assessing the Certificate 2 and 3 of Meat Processing</p>	Medium	<ul style="list-style-type: none"> <li>- Employee training</li> </ul>	<ul style="list-style-type: none"> <li>- Ability to access people during on the job reviews</li> <li>- Government legislation</li> </ul>	<ul style="list-style-type: none"> <li>- Frequent meetings</li> </ul>
<p><b>Employment Agencies (JSA's)</b></p> <p>We regularly seek assistance from employment agencies to employ people in our business</p>	<p>Indigenous Groups, local recruitment agencies</p>	Low (as required)	<p>Direct engagement, email or telephone</p>	<p>Sourcing and selection of new recruits</p>	<p>Partnering with JSA's to improve their understanding and Labour needs of our business</p>

# INNOVATION



In recent years, we have invested heavily in building our innovation capabilities. A key example of this is our participation in the Collaborative Innovation Strategy Partnership (CISP) with Meat & Livestock Australia (MLA). Established in 2007, the CISP has been hugely successful for both Tey's and MLA and has resulted in an operational and effective innovation strategy within Tey's. Tey's was one of the first companies to partner with MLA on the CISP, which has delivered a number of successful outcomes for both organisations. Since its commencement, the Tey's/MLA CISP partnership has seen approximately \$11.7million invested across 67 co-funded projects.

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

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

In the product space, 2017 has seen the successful launch of a number of new products across our domestic and international markets. Amongst these are innovative products that anticipate and answer increased demand for more personalised, easy and sustainable products. Some examples include:

### Oregano Beef in Japan

Developed in conjunction with our Japanese import partner, Prima Ham, the Oregano Beef program sees cattle grain-fed for 120-days, with oregano herb added to the ration. This product was designed to pique the Japanese consumer's interest in a new and unique beef concept.

### Cedric Walter Hot Roast Pork and Hot Meatballs

After the success of the 2016 national launch of the Cedric Walter Hot Roast Beef and Hot Corned Beef in Woolworths supermarkets, the Tey's Australia Food Solutions team extended the range to include the Cedric Walter Hot Roast Lamb, and Cedric Walter Hot Meatballs with gourmet dipping sauce.

### Woolworths Simply Heat Winter Range

With the continued success of the Woolworths Simply Heat range, Woolworths have launched the winter range nationally, with a focus on winter-warmer favorites such as Beef Cheeks in a Red Wine Sauce and Beef Brisket with a Smokey BBQ Sauce. These ranges are produced exclusively by TAFS Hemmant.

### Smart Technology Solutions

Technology plays a crucial role in improving our business outcomes. As one of Australia's largest beef producers, we are well-positioned to leverage our operational knowledge, deep consumer and population market insights, and our consumer-marketing expertise to create technology tools that help us reach our strategic goals. With more than \$450million annual investment in innovation and technology, we are applying it across the supply chain to reshape the way food is delivered, managed and experienced.

### Manufacturing for the Future

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

At Tey's Australia, we are continuously re-evaluating and refining our global supply chain strategy to keep pace with the evolution of the global marketplace. Our goal is to remain a leader, and trusted partner of our customers and consumers by evolving to address their changing needs - whoever they are, and where they may be.

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

Through our supply chain we are working to identify and rapidly deploy innovative

operational technologies that allow for making our plants and facilities smarter and the supply chain faster and more agile. To digitalise the manufacturing process, we are exploring – and employing – disruptive technologies, such as automated storage and retrieval systems, Marel, smart sensing, robotics, augmented reality, and various big data and analytics tools. Digitalisation will not only allow for enhanced process controls, improved line and yield efficiencies and flexibility, but will also expand the skills and capabilities of our people. This in turn will improve our overall operational efficiency, as well as create added environmental sustainability benefits, such as water and energy-use efficiency, operational waste and emissions reductions.

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

# GOVERNANCE AND LEADERSHIP

It is our belief that good corporate governance underpins strong organisational performance. Through our commitment to ethical business practices in all of our dealings, we believe we can maintain our position as an industry leader.

## Governance Structure

Our governance structure remains as previously reported. The Teys Australia board approves Teys Australia's business strategy. The Chief Executive Officer (CEO), manages the day to day administration of the group's operations while the Board Audit Committee (BAC) remains focused on management of the risk framework, internal auditing, financial risk management and internal controls.

The CEO continues to be supported by the Senior Leadership Team (SLT) in managing the performance of the organisation and to be at the forefront of matters that are strategic and long term in nature, or have the potential to significantly affect the group's performance. A membership of the SLT is available at: [www.teysaust.com.au/about/slt-chart/](http://www.teysaust.com.au/about/slt-chart/)

The General Manager Corporate Services is responsible for reviewing annual progress against our Sustainability Goals and our overall citizenship and sustainability efforts and also reviews this Sustainability report.

## Corporate Policies and Business Principles

Since the implementation of our whistle blower policy in FY2015, the business has recorded ZERO reports of unacceptable and/or illegal behaviour. We engage an independent service provider which provides an open and confidential process whereby any alleged illegal or unethical behaviour or activity can be reported without the fear of reprisal or intimidation. (GRI 102-17)

## Teys Risk Management Cycle

The Teys Risk Management Cycle is managed over an 18 month period and we reviewed our last cycle (2016 cycle) in July 2017. This review was conducted with our Senior Leadership Team and General Managers and included consideration of our risk profile as well as our strategic and operational risk registers. As a result the Teys Australia Risk Profile together with the Teys Australia

Strategic Risk Register and the Teys Australia Operational Risk Register have been updated to reflect the current strategic and operational risks facing our business in 2017. These registers also include the treatments and/or opportunities to be developed and implemented to mitigate the identified risks. Senior management report progress on the development and implementation of these treatments quarterly to the BAC and annually to the Board.

## Risk Training

We are in the process of updating our risk management e-learning module to incorporate the changes to our risk profile approved by the BAC in December 2017. All salaried staff will then undergo risk training annually to ensure risk management is an integral process in our governance framework.

## Transparency and Accountability

### External Independent Internal Audit

In 2015, we engaged an independent internal auditor to conduct a three year independent internal audit across identified high-risk areas of our operations. During the 2016/2017 financial year four internal audits were conducted by our independent internal auditor across all levels of the business, from the board of directors to our external auditors, customers and supplier relationships. The recommendations and subsequent management actions from these audits ensure our processes are monitored and continually improved.

Recommendations included the implementation of a better Corporate Governance Policy framework. Completed actions from these recommendations have improved Teys corporate governance controls and ensure staff are informed and kept up to date on the development and implementation of corporate policies and procedures

## Corporate Governance

### Policy Framework

We have improved our Corporate Governance Policy Framework with the introduction of new policies, for example, we have developed policies and procedures for:

- Procurement;
- Capital expenditure;
- Contract management;
- Tendering;
- Risk management;
- Privacy and Data Breach Response Plan Procedure;
- Fraud;
- Financial Controls;
- IT and Cyber Security;
- Foreign Exchange;
- Asset Management; and
- Logistics

The internal audit process ensures that we continually update our policies and procedures to accommodate the needs of our business and provide transparency and accountability.



# GOVERNANCE AND LEADERSHIP



### Legal

We continually update our standard business terms and conditions to ensure equitable business transactions are supported. Our contract templates are continually reviewed to ensure our contractual relationships as well as the management of our contracts remain consistent and current.

### Anti-Competitive Behaviour

Competition and Consumer Law training is conducted with our Livestock and Marketing and Sales staff twice per year. This ensures that our staff have an excellent understanding of their, and the company's obligations in relation to Competition and Consumer Law; comply with the legislation; and know where to seek information should they require it.

### Partnerships, Alliances and Platforms

Teys Australia contributes to policy development in the red meat industry through direct submissions and dialogue with government departments and industry groups. Our ability to inform and influence policy and decision-makers is facilitated by our membership of diverse group of peak industry bodies, including:

- Australian Food and Grocery Council (AFGC)
- Australian Meat Processors Corporation (AMPC)
- Meat and Livestock Australia (MLA)
- National Meat Industry Training Advisory Council (MINTRAC)

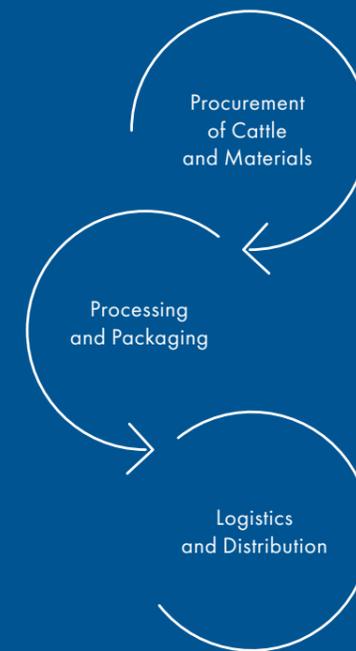
During FY2017 Teys Australia participated in a number of economic, environmental and social charters, principles and initiatives, including:

- CCIQ Ecobiz Program (Queensland)
- Corporate Social Responsibility (CSR) Reporting through SEDEX (not for profit membership organisation dedicated to driving improvements in ethical and responsible business practices in global supply chains)

- Global Reporting Initiatives (GRI) G4 guidelines
- National Greenhouse Energy Reporting Scheme (NGERS)
- National Pollutant Inventory (NPI)
- Sustainability Advantage Program (New South Wales)
- We maintain a Workplace Health and Safety Management System (WHSMS) in accordance with the performance standards for self-insurers in SA and QLD and AS/NZL4801
- Agrifood Skills Australia

### Our Supply Chain

(GRI 102-9)



#### **Procurement of Cattle and Materials**

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

#### **Processing and Packaging**

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

#### **Logistics and Distribution**

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

There were no significant changes to the organisation's size, structure, ownership or supply chain throughout 2017. (GRI 102-10)

# OUR PEOPLE



Feeding People, Enriching Lives

  
Tey's Australia has  
**4,287 employees**

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

  
**51**  
different nationalities

  
Employed over  
**13 different sites**

  
**22.64%**  
Female employees

  
Tey's have remained compliant with the  
**Workplace Gender  
Equality Agency**  
for the third year.

## Commitment to Employees

As the beef industry continues to transform, we must evolve our global talent management practices to keep pace with the capabilities and competencies required for the future; this will help ensure we continue to meet, if not exceed, the expectations of our customers, consumers, suppliers and communities we serve.

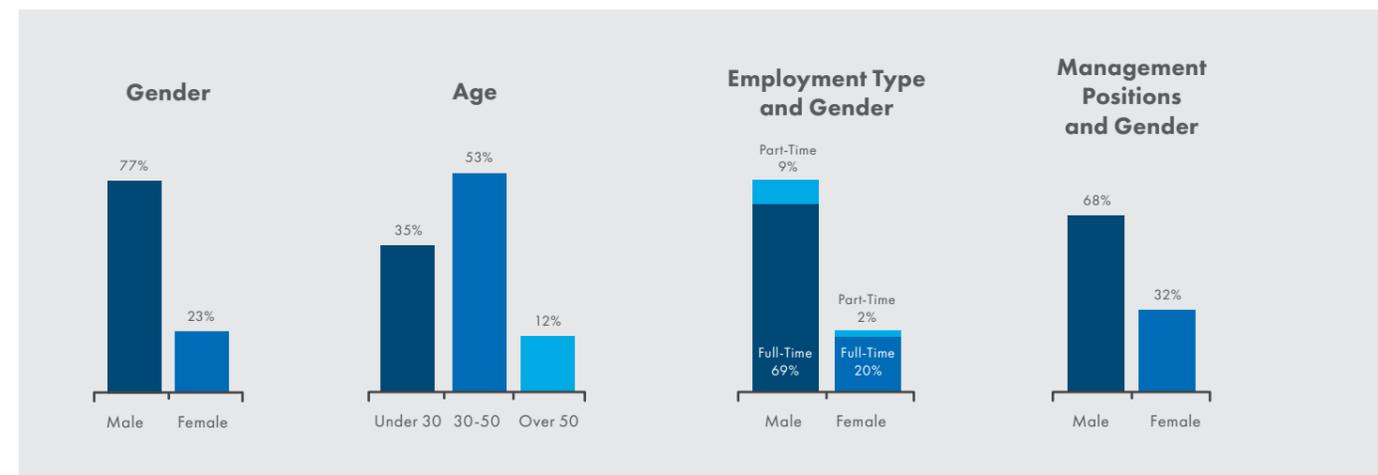
We know our employees share our values, and feel a strong sense of purpose and meaning in their work; but we also recognise that they seek opportunities for professional growth and development, while enjoying work-life balance. Through a multitude of strategic programs and initiatives, we are working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

Our enterprise talent management is overseen by human resources leaders as well as by our functional and business leaders. Together, these leaders across the company are accountable for all aspects

of talent management: attracting and recruiting talent, managing performance and development, building a pipeline of future leaders, and creating an environment that embraces diversity, inclusion and equality. Human resources, whose department lead is a member of the Tey's Australia Senior Leadership Team, oversees Talent Management, Benefits and Remuneration, and Attraction and Retention. (GRI 103-2; 103-3).

## Workforce

In 2017, our workforce grew to 4,287 employees nationwide. The following provides a demographic profile of Tey's' national workforce. (GRI 102-8, 405-1)



# OUR PEOPLE



## Attract and Recruit

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

Our workforce in FY2017 was made up of 4,287 employees across 13 locations in Australia. In comparison to FY16 our workforce has remained consistent. We attribute this plateau to the cyclical downturn being experienced in the processing sector across Australia.

During this time particularly and throughout the last five years, Teys has placed a high value on strategies and programs to drive attraction and retention. We remain committed to reducing the high turnover generally associated with the red meat

processing sector. An unfortunate byproduct of the existing external markets stressors resulted in us missing our turnover target of 28%. Our turnover result was 44%. We attribute this high turnover with tough business decisions Teys has had to make including shutdowns, and reducing operating shifts in order to remain in business during the cattle downturn as mentioned above.

We also continued to focus on reducing absenteeism, implementing numerous incentives to bring our employees to work. In FY17 Teys is sitting at 4% absenteeism.

## Recruiting Talent

The Teys Australia Graduate Trainee program has been developed to enhance the company's future and provide opportunities for advancement for existing and new employees of the company. In total 12 Graduates have been offered positions for 2016 at both the feedlots and in operations across the group.

The program includes but is not limited to;

- Personal development
- Real work employment
- 'On the job' training
- Network building, Coaching and mentoring
- External Courses – Animal Welfare, HACCP and Internal Auditing
- Ausmeat and Meat Standards Australia
- Strategic Projects
- Work Assignments.

As Teys looks forward we continue to invest in the future leaders of our business. From FY2016, Teys have increased the proportion of Under 29 year olds by 5%.

The recruitment practices of candidates for Teys remained the same in FY2017 with recruitment being managed locally as required by each location; and the recruitment at our processing plants being undertaken by Regional Workforce Management (RWM). In FY2017, we had 895 employees employed through the RWM program up from 654 in FY2016 making up 21% of our workforce. Through career development discussions and regular performance reviews, RWM employees have the opportunity to transition to the Teys business.

## Employee Compensation and Benefits (GRI 401-2)

At Teys Australia, we know that people join our company to build a purpose-driven career that makes a difference. We understand compensation is a way to recognise the important work our employees do, and also serves as a critical tool in the successful execution of our corporate goals. We are committed to providing fair and adequate compensation. Teys Australia has a Remuneration Policy which is updated annually (GRI-102-35) to ensure our commitment to pay equality across all genders, nationalities and capabilities. During our annual review we conduct pay

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

Teys Australia currently has 18 Enterprise Bargaining Agreements (EBA). These are for our Production Maintenance, TAFS, Distribution, Feedlot and Murgon Teams. Each Bargaining agreement is annually tested against the 'Better Off Overall Test' to comply with the Fair Work Commission. In total approximately 85% of our workforce are covered by an Enterprise Bargaining Agreement. (GRI 102-41)

# OUR PEOPLE



## Diversity and Inclusion

Teys is committed to encouraging diversity in our business. We pride ourselves on having numerous active cultural groups at most sites and encourage both work and community engagement. It is important for us to be able to provide a safe, inclusive and accessible environment where everyone can realise their full potential throughout the various stages of their careers. This is achieved by recognising diversity of thought and valuing differences among our people.

To support this, we hold regular meetings with all of our employee groups, organise consultation for change and our communications plans always ensure translation strategies to accommodate various literacy needs.

We are pleased and proud to report that during FY2017 our workforce was made up of 51 different nationalities.

### Employee Breakdown by Ethnicity

Australia	45%
Philippines	9%
China	7%
Vietnam	6%
Brazil	4%

New Zealand	4%
Sri Lanka	3%
Other (made up of 44)	22%

Of the 51 nationalities representing Teys Australia, 45% of the workforce is made up of Australian employees, with primary and secondary visa holders making up approximately 14.95% of our workforce. The balance of employees hold work rights with permanent residency or other means.

Our sites continue to promote and support cross cultural events in local communities to assist our diverse workforce in fitting into the communities in which we operate.

## Workplace Gender Equality

During the last few years, Teys Australia has focused on promoting gender equality processes throughout the business. In FY2017, Teys made a significant contribution by undertaking the Women in Leadership Development Program, reviewing recruitment and career programming to engage more women in food processing.

Teys also complies with the Workplace Gender Equality Agency to keep accountable and report against minimum standards in our industry. The gender pay gap measures the

total difference between men and women's average annualised pay (including bonus and reward contributions) across the organisation. Through this reporting we found against the food manufacturing industry Teys employed 20% more women into management positions and gave promotions to 11% more women than the industry average in FY2017.

## Employee Transitions

Treating our people with dignity and respect is a priority. When practical we provide impacted employees advanced notice of staff reductions and significant operational changes in excess of regulatory requirements. We comply with the notice requirements of relevant labour and employment laws and collective bargaining agreements, as applicable. In instances where we cannot provide any advanced notice, employees receive pay in lieu of notice, consistent with our termination policies.

Teys provides outplacement assistance to any employee affected by a reduction in workforce. Our termination plans offers benefits to qualified full and part time

employees. Total employee turnover for the past three years is as follows. (GRI 401-1)

2015	2016	2017
32.4%	42.4%	44%

The increase in terminations can be attributed to a considerable downturn in cattle herd numbers which meant reduced operations across every Teys site.

## Human Rights

Consistent with our values and ethics, Teys is dedicated to complying with the United Nations Universal Declaration of Human Rights.

Teys recognises we have a responsibility to always respect human rights in our operations, to promote a prejudice and discrimination free workplace, provide fair work hours and wages, and respect the rights of employees to associate freely. We continue to include human rights in our annual risk assessment that is conducted nationwide. (GRI 412-1) We are committed to embedding human rights practice into our culture as an ongoing commitment to our values and to being a responsible business.

## Workplace Health and Safety

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

## Safety Performance

After a successful four year alignment of lost time hours achieving a 61% reduction last financial year, this year we set a goal of achieving a 51% reduction based on our FY2012 target. We achieved a 41% reduction in LTH's from the FY2012 baseline.

Our performance continues to be positive, however we are always investigating opportunities to improve and ensure we don't become complacent. A future strategy for the WHS team is to identify and measure positive WHS performance indicators to give an accurate understanding of how WHS risks are being managed across the Group.

# OUR PEOPLE



## Injury Rates

(GRI 403-2; 103-2; 103-3)

Our 2017 Reportable Injury Frequency Rate was 18.3 injuries, compared to 19.05 and 22.56 in 2016 and 2015 respectively. This marked the third year in a row that our performance improved.

The 2017 Lost Time per Million Hours Worked was 2778, compared to 2170 and 1518 in 2016 and 2015 respectively. Unfortunately this marked the third year in a row of decreased performance for this metric. Tey's is currently looking into why this is occurring.

Work related fatalities have remained at zero throughout the reporting period.

## Standardised Tey's Australia Safety Management System

In 2017, a project was developed to consolidate the Safety Management Systems used across the Group into a single system. This will ensure that each site across the Group is managing similar risks consistently and allows for the system to be monitored and reviewed for continuous improvement. The monitor and review process commenced through the development of an internal

audit program which focuses on level of implementation and compliance with elements of the system.

The system has consolidated the following elements:

- WHS Commitment
- WHS Management, Leadership, Responsibility, Accountability and Planning
- Risk Management
- Injury/Illness Prevention, Management and Rehabilitation
- Consultation, Cooperation and Coordination
- Contractor and Visitor Management
- Emergency Preparedness and Control of Hazardous Substances and Dangerous Goods
- Technical Standards
- Permit to Work Systems
- Electrical, Mechanical and Isolation
- Workplace Environment
- Miscellaneous

To accompany this, the WHS team implemented a software system to ensure all internal WHS processes are transparent, and enable accurate measure of data, in particular, the leading indicators. This will

provide an accurate understanding of WHS performance across the group, and inform the development of future WHS strategies.

## Musculoskeletal Strategy

In 2015, we launched a scholarship program in partnership with The University of Queensland (UQ) School of Health and Rehabilitation, and CIM Health. Three university students from UQ were selected to participate in five week placements at our Beenleigh processing facility. The program was designed to help put these student's knowledge into practice in a workplace environment while continuing to learn skills on the job. This provides us with a new perspective on how we undertake job tasks. Each student completed a project of a different nature as part of their placement.

At the end of the placement each student presented their feedback, findings and recommendations to the Senior Leadership Team at the Beenleigh site, key staff from Corporate and CIM Health. The success of the program from all parties' perspectives means it will be offered again in FY2018.

## WHS Leadership

The WHS team in conjunction with Workplace Health and Safety Queensland and the University of Western Australia, commenced the roll out of an evidence based WHS Leadership Program aimed at managers and supervisors at the Beenleigh facility.

The program is based on four key competencies of behaviours (LEAD) that effective leaders demonstrate in the workplace:

- Leverage (providing clarity and fairness)
- Energise (giving workers meaning and purpose around safety)
- Adapt (encouraging continuous improvement)
- Defend (maintaining vigilance and managing hazards)

The LEAD model integrates traditional and contemporary thinking around safety management and leadership, with recognition that safety is managed most effectively by balancing the different goals of flexibility (focussing on change and innovation), stability (focussing on

predictability and reliability), prospering (focussing on accomplishment and efficiency), and protecting (focussing on avoiding risk and harm). The program will be streamlined and embedded within the business for supervisors and managers.

## WHS Risk Management

Effective risk management is essential in managing potential hazards within our facilities and throughout the business. A focus throughout FY17 has been on the effectiveness of how these potential hazards are identified, assessed (likelihood vs consequence), and how we effectively apply the hierarchy of control when making a decision on how to control these risks. This year we continued our focus of rolling out the titanium tunics across identified at risk tasks, across our business to minimise the risk of cuts and lacerations.

To further manage risks within our operations we have continued to implement the blade stop band saw technology, a system uniquely designed to reduce risk severity of a serious injury by automatically stopping the band saw blade.

# OUR PEOPLE

## Community Enrichment and Economic Development

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

## Community Enrichment

Community and employee outcomes are primarily delivered through our financial contributions. However, we recognise that through direct engagement with, and contributions to, the community and our employees, this can be enhanced. In FY2017, Tey Australia voluntarily contributed \$139,163 in community and employee based initiatives. Similar to last year's donations, a significant portion of our donations were in the form of meat cuts.

As part of our community investment, we have developed a monitoring plan to focus on capturing the time our people spend in the local community. In FY2017, our employees volunteered 2,576 hours in the community through local events and forums.

Tey Australia continually supports sporting teams and sports events in the local communities in which we operate. In FY2017, we donated \$35,505 through the provision of beef, uniforms, and prizes.



## Supporting Not for Profits

Tey Australia Wagga Wagga held its fifth annual charity golf day on 22nd October 2017. The Tey Australia Wagga team, with other major sponsors raised \$52,000 for the Touched by Olivia Foundation with the Tey Australia Wagga team committing close to 430 hours in volunteering throughout the event. The aim of the charity day is to support not for profit organisations who support the local community in health and wellbeing.

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

Other activities worth noting have been the cyclone recovery efforts in Rockhampton from TC Debbie in April 2017. To show our thanks to the Cyclone Disaster Response Agencies, Tey Australia put on a local community BBQ event worth close to \$2500, with staff members volunteering time to cook and serve sausages and burgers to the devoted emergency response staff.

In February 2017 the Beenleigh site in conjunction with the Rotary Club of Beenleigh held a Rum, Rump and Rhythm Festival which Tey Australia matched donations dollar for dollar of \$4,095 for the local Rotary Club. The matching dollar for dollar was also on top of provision of meat and goods to host the day which came to \$3,800.

# ENVIRONMENT AND SUSTAINABILITY



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

## Managing Environmental Sustainability

In collaboration with our sites we set energy and water targets to reduce our reliance on natural resources. To support this process we invest in utility reduction projects to improve our overall business sustainability. By incorporating environmental considerations into decision making through capital projects, risk management, industry collaboration we are able to better manage our consumption of water and energy.

In FY2017 we delivered savings of:



**139,663,130 litres**  
of water saved, equivalent to 186 million bottles of water



**1,245,156 kWh**  
of electricity saved, equivalent to power 190 homes



**1,777 GJ**  
of natural gas saved, equivalent to 56,410 Aussie BBQs

To remain compliant with our license obligations we employ dedicated environmental officers at all of our processing facilities with a focus on managing environmental risks. By prioritising and evaluating our risks, we can plan and allocate capital funds to improve our facilities. Using this approach we have been able to deliver a variety of environmental improvement projects in FY2017. We continue to implement a strong set of processes to optimise environmental management at each of our locations.

It is our policy to implement environmentally sustainable best practices and to meet both the letter and the spirit of all environmental laws and regulations where we do business. In 2017 we were not issued any fines in violation of environmental regulations or laws, nor have we been responsible for or part to any significant pollution incidents. (GRI 307-1)

## Climate Change

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

- Risk from physical change associated with climate change such as extreme seasonal variations in Australian weather conditions

- Risk from Business uncertainty associated with allocating future capital for projects

- Regulatory risks and Policy Direction, for example costs associated with complying with tighter performance standards and reporting costs.

- Risk to animal welfare associated with climate change (e.g. seasonal variations in Australian weather conditions).

- Risk to water sources and availability of feed associated with climate change
- Risk of scrutiny associated with the integrity of our production practices, and impact on the environment

- Innovation opportunities (e.g. development and provision of new technology and products to address challenges related to climate change).

- Competitive Advantage Opportunities (e.g. by meeting consumer appetite for green accredited beef and beef by-products and ensuring our portfolio exceeds customer and consumer expectations for sustainable beef). (GRI 201-2)

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

- Holds membership with various industry associations in Australia which actively

participate in climate change discussion such as MLA and AMPC. Being involved in industry decisions help us to better understand and take action to help reduce climate change impacts.

- Investment in projects that directly relate to reducing GHG emissions and reducing reliance on GHG intensive resources. For example the multimillion dollar investment Teys Australia has made in waste water treat biogas plants. This initiative reduced our emissions intensity by 26% (in the period from FY2013 to FY2107) through capture and combustion of methane gases.

# ENVIRONMENT AND SUSTAINABILITY



**Fact:**  
In FY17 we invested over \$700,000 in energy and water efficiency projects and plan to do more in following years.

## Energy Productivity and Plant Efficiency

Now, more than ever, we are committed to improving the management of energy, water and GHG emissions in our business. In FY2017, the groups' total GHG emissions were 233,996 tonnes of carbon dioxide equivalent (CO<sub>2</sub>-e) and represents a 9% increase on FY2016 emissions. This has been driven in part by the decline in throughput of our processing operations and short term challenges associated with biogas utilisation. (GRI 305-1; 305-2; 305-5)

While we continue to work hard on improving utilisation of our renewable energy assets, our reported energy intensity fell from 4.20 to 3.76 GJ/tHSCW, an 11% improvement. (GRI 302-1; 302-3; 302-4; 305-4)

A critical challenge for Tey's Australia to manage has been the ability to consume utilities efficiently while our processing facilities experience a downturn in production throughput. This is because the majority of energy use is mandated by outcomes required by the Australian Governments Department of Agriculture and Water Resources.

Our major energy demands remain the same; that being natural gas, electricity, coal and liquid petroleum gas (LPG). Noting that our natural gas usage has seen significant

reduction at our primary processing plants through a combination of energy efficiency and investment in biogas plants.

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

- Strategy procurement
  - Thermal efficiency
  - Leadership and capacity building
  - Project execution
  - Data collection and analytics
- We have delivered energy reductions through a broad range of activities including:
- Traditional energy efficiency projects such as compressed air management, lighting upgrades and control boiler optimisation and thermal insulation.
  - Power quality improvements
  - Enhanced metering and data management
  - Capability building and culture change

Water efficiency through low flow high pressure applications. Projects and initiatives such as these keep us on track to reducing

our utilities consumption and highlights our commitments to invest capital in yearly inefficiency improvements.

As part of our approach to remain compliant with our license obligations we employ dedicated environmental officers at all of our processing facilities with a focus on managing environmental risks. By prioritising and evaluating our risks, we can plan and allocate capital funds to improve our facilities. Using this approach we have been able to deliver a variety of environmental improvement projects in FY2017. We continue to implement a strong set of processes to optimise environmental management at each of our locations.

It is our policy to implement environmentally sustainable best practices and to meet both the letter and the spirit of all environmental laws and regulations where we do business.

## Water

The beef processing industry is a major consumer of water. While water continues to be a critical input into our business, we prioritise water efficiencies. Our aggregate water consumption for FY2017 was 3,480,353 kiloliters which is 16% less than FY2016. This is a result of both water efficiency measures being implemented and a downturn in production (Note: this result does not include water usage at the

Charlton feedlot in VIC or head office in QLD). (GRI 303-5)

We are continually identifying, investigating and implementing opportunities to reduce our total water usage. Whether these be through reuse and recycling opportunities, engineered solutions, changes to procedures such as cleaning practices or behavioral changes by our employees.

All water continues to be sourced from municipal water suppliers and bores. Additionally formal arrangements outlining terms of supply, licenses and permits are in place for the withdrawal of water from ground sources. (GRI 303-1)

## Renewable Energy

Renewable energy remains one of our greatest opportunities to support the communities in which we operate by reducing emissions; responding strategically to climate change; boasting local employment and supporting the red meat industry to reduce emissions.

Tey's has planned to expand our renewable energy asset base over coming years through a combination of biogas, biomass and solar technologies.



**Fact:**  
10% our energy needs come from renewable energy through our biogas waste water treatment facilities.

# ANIMAL WELFARE



Tey's Australia has a strong commitment to animal welfare. As part of our commitment, all of our processing establishments are certified under the Australian Livestock Processing Industry Animal Welfare Certification System (AAWCS) – an independently certified animal welfare system that ensures livestock under our control, from receipt to humane processing are managed in accordance with best practice animal welfare standards.



### Ensuring Best Practice

We are happy to report that in FY2017, we had zero reportable animal welfare incidents and zero critical non-conformances. Across our operations we are continually working to better understand the stressors of cattle and to fine tune our animal handling processes.



### Producer Days

In FY2017 we successfully ran, with the support of MLA, farmer field days near each of our facilities, and have also attended producer field days to improve our communication with our suppliers. This program was so successful we have chosen to continue this program into FY2018. Part of the content being presented on those days covers Animal Welfare.



### Beyond Good Practice

We have engaged an animal handling expert to review our stock handling practices to ensure that we handle all stock in our care as per industries best practice so that the stress on all livestock is minimised. All recommendations are being progressively implemented.

**O**  
FY2017, we had zero reportable animal welfare incidents and zero critical non-conformances.

# RESPONSIBLE BUSINESS PRACTICE



## Food Safety and Quality Practices

Production of safe food and products is a high priority, and one area which Teys will not compromise. Our customers' health and their confidence in the brands we produce is of paramount importance and every effort is made to ensure that the food we produce is of the highest standard of food safety and quality.

## Producing a Safe Product

Teys Quality Management System is a live document, and is continuously reviewed and revised to reflect our Quality, Safety, Legal, Accreditation and Certification Requirements. These include: Australian Government Department of Agriculture and Water Resources, AUS-MEAT, BRC Global Food Safety Standards, Woolworths Supplier Excellence Program, FSANZ Food Standards code, Meat Standards Australia, the Australian Renderers Association and other customer specified programs.

We are also committed to meeting the requirements of the markets we serve both domestic and internationally. The development of individual product specifications to meet these requirements is done in partnership with our customers.

The Quality Management System which is based on Hazard Analysis Critical Control Point (HACCP), Vulnerability Analysis Critical Control point (VACCP), Threat Analysis Critical Control Point (TACCP) principles provides assurance that process controls are constantly and effectively applied and defines how these are established, monitored and verified through documented procedures.

As part of our management commitment Teys Australia staff are provided with resources, support and training to enable these objectives to be achieved. Staff are accountable for actions, products, decisions, and policies within the scope of their role with the obligation to report, explain and be answerable for resulting outcomes.

## Food Safety Audits

To maintain and continually develop our Quality Management System, we conducted over 300 internal audits across our processing plants and value add facilities in FY2017. A further 70 external audits were conducted by both domestic and international customers along with a variety of governing bodies. On all occasions, Teys Australia met requirements of these audits.

## Product Specification and Optimisation

As per last year's report, Teys Australia implemented a fully integrated system allowing the business to optimise MSA product capture. The successful rollout was confirmed by external third part audits conducted in FY2017.

## Responsible Sourcing and Consumption

Teys Australia is committed to delivering products that meet the needs of customers and consumers. Controlled production methods ensure products and claims are guaranteed to establish an authentic and transparent position in the market. Our commitments also extend to our responsibility in managing how we engage with suppliers and encourage the best practice. Given our business model, Teys' supply chain is extremely complex. The purchasing department is responsible for market evaluation, selection and contracting of suppliers and their ongoing contracting of administration and performance management in collaboration with Teys' business lines and corporate shared services functions.

## Product Integrity

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

Our Grasslands brand continues to be a perfect example of an offering that aligns with the conscious consumer who wants natural, free range, antibiotic and artificial

hormone free produce. It is critical that our labelling and messaging are substantiated through programs such as the Teys Australia Grasslands Standards, which is third party accredited and audited. The Teys Australia Grasslands Standards allows us to substantiate claims relating to grass-fed production methods of cattle, in particular guaranteeing;

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

## Supply Chain and Supplier Impacts

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

# ETHICS AND COMPLIANCE



## Standards of Business Conduct

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

## Anti-Corruption

Anti-Corruption is material to Teys because our business is built on trust and integrity with our suppliers and customers and our reputation for fair and ethical business dealings. While this reputation has been built over 75 years of business by thousands of employees, it can be harmed by just one employee offering a bribe or kickback in any form.

Teys is committed to building aggressive policies, controls, audit systems and training programs to prevent anti-corruption violations, and we are improving our monitoring processes to better identify and review potentially questionable transactions. In 2017 Teys received no fines, penalties or settlements in relation to corruption in 2017. (GRI 205-3)

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

## Anti-Competitive Behavior

Similarly to our stance on Anti-Corruption, our view on Anti-Competitive transactions is a priority. Our Business Ethics and Compliance maintains and supports a consistent culture of values that acts as the cornerstone of our business philosophy and ensures that our success is achieved in the right way. In 2017, Teys was not subjected to significant fines or sanctions for non-compliance with the law or regulations in any country. No legal actions for anti-competitive or anti-trust behavior were filed against the company in 2017. (GRI 206-1, 419-1)



# APPENDIX

## Identifying our Material Issues

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

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

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

# APPENDIX

## GRI Content Index GRI 102-55

GRI Standard	Disclosure	Section
<b>GRI 101: Foundation 2016</b>		
<b>General Disclosures</b>		
GRI 102: General Disclosures 2016	102-1	Name of the organisation Teys Australia at a Glance
	102-2	Activities, brands, products and services Teys Australia at a Glance
	102-3	Location of headquarters Teys Australia at a Glance
	102-4	Location of operations Teys Australia at a Glance
	102-5	Ownership and legal form About this Report
	102-6	Markets Served Markets Served
	102-7	Scale of the organisation Teys Australia at a Glance
	102-8	Information on employees and other workers Our People
	102-9	Supply Chain Governance and Leadership
	102-10	Significant changes to the organisation and its supply chain Governance and Leadership
	102-14	Statement from the CEO Message from the CEO
	102-16	Values, principles, standards, and norms of behaviour Responsible Business Practice
	102-17	Mechanisms for advice and concerns about ethics Governance and Leadership
	102-18	Governance Structure Sustainability Governance
	102-19	Delegating authority Sustainability Governance
	102-21	Consulting stakeholders on economic, environmental, and social topics Stakeholder Engagement
	102-22	Composition of the highest governance body and its committees Sustainability Governance
	102-23	Chair of the highest governance board Sustainability Governance
	102-31	Review of economic, environmental, and social topics Sustainability Governance
	102-33	Highest governance body's role in sustainability reporting Sustainability Governance
	102-35	Remuneration Policy Our People
	102-36	Process for determining remuneration Our People
	102-40	List of stakeholder groups About this Report
	102-41	Enterprise Bargaining Agreement Employee Compensation and Benefits
	102-42	Identifying and selecting stakeholders About this Report/Stakeholder Engagement
	102-43	Approach to stakeholder engagement About this Report/Stakeholder Engagement
	102-44	Key topics and concerns raised Setting Priorities
	102-45	Entities included in the consolidated financial statements About this Report
	102-46	Defining report content and topic Boundaries Multiple

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

### Material Topics

#### Anti- Corruption

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

#### Occupational Health and Safety

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

#### Diversity and Inclusion

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

#### Management Approach

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

#### Energy

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

#### Water and Effluents

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

# APPENDIX

## GRI Content Index GRI 102-55

### Emissions

GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Environment and Sustainability
	305-2	Energy indirect (Scope 2) GHG emissions	Environment and Sustainability
	302-4	GHG emissions intensity	Environment and Sustainability
	302-5	Reduction of GHG emissions	Environment and Sustainability

### Environmental Compliance

GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	Environment and Sustainability
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### Other

GRI 401: Employment 2016	401-1	New employee hired and employee turnover	Our People
GRI 403: Occupational Health and Safety 2016	403-1	Workers representation in formal joint management-worker health and safety committees	Our People
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Our People
GRI 412: Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	Our People
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	Ethics and Compliance



