

# Ethics; The Environment; CSR and Culture

## 6.1 **ETHICAL STANDARDS**

The group sources food products from around the world, both under its OWN brands as well as from proprietary brand suppliers. It also owns a number of food manufacturing and food packaging facilities Australia.

The group has set supplier guiding principles that reinforce requirements for good workplace policies and compliance with local labour laws as well as relevant environmental laws. The group is committed to sourcing product and dealing with suppliers in an ethically responsible manner. We are determined that products are procured, processed, packaged and supplied to local markets without any form of exploitation. Further, we are committed to the personal health and safety of workers, consumers, the wider community and the environment.

The group has an employee code of conduct and stringent human resource policies and procedures that are strictly followed and understood by all concerned. These form an important part of induction.

### **Corporate Social Responsibility: (CSR):**

The group is responsible for more benefits than just providing for shareholders. It has a role to play in treating its employees well, preserving the environment, developing sound corporate governance, supporting philanthropy, fostering human rights, respecting cultural differences and helping to promote fair trade, among other roles. All are meant to have a positive impact on the communities, cultures, societies, and environments in which the group companies operate.

These efforts should also benefit the group's various stakeholders who comprise all or some of the following: customers, employees, executives, non-executive board members, investors, lenders, vendors, suppliers, governments, NGOs, local communities, environmentalists, charities, indigenous people, foundations, religious groups and cultural organisations.

#### Areas of CSR

Given the broad definition of CSR, there are many areas of business operations that are affected by it. The most often mentioned elements of CSR are:

- Governance: sound governance, ethical conduct of staff, transparency of operations, no conflict of interest, compliance with listing rules, compliance with corporate law
- Risk management: organisational health and safety, product safety, regulatory compliance, reputation management, responsible business practices and stakeholder engagement
- Value Chain: responsible procurement, supplier management, externalisation of costs, supplier screening, supplier feedback and fair trade
- Social: human rights, community engagement, philanthropic activities, charitable donations, staff volunteering, social benefits, local capacity building and social investment
- Employees: turnover, morale, satisfaction, work-life balance, internal culture (transparency), labour practices, job security, remuneration, diversity, equal opportunity, and training
- Environment: environment footprint, waste and pollution avoidance, product recycling, sustainability,

greenhouse gas emissions, resource reduction and precautionary principles

- Measurement: Global Reporting Initiative (GRI), internal and external audits, verification statements and management targets
- It is imperative that all records are truthful and accurate

## 6.2 **THE ENVIRONMENT**

### 6.2.1 **Environmental practices:**

All group businesses and our suppliers are expected to meet applicable environmental laws and regulations in their operations and to develop and implement plans and programs to correct any non-compliant practices. Additionally, where local regulations impose requirements for product and packaging conformity with emerging environmental legislation, suppliers are expected to work with the group and its companies to help achieve this.

### 6.2.2 **Commitment to monitoring and compliance:**

As part of the implementation of these initiatives, our businesses and suppliers will be expected to certify their compliance with our supplier guiding principles, and to authorise the group and its designated agents (including any third parties) to engage in monitoring activities, including unannounced on-site inspections.

### 6.2.3 **Environmental responsibility:**

Group and approved supplier commitments to the environment include the following considerations:

- Compliance with all local and regional government environmental controls
- Production waste to be disposed of within such laws
- Have an environment management policy that is familiar to all
- Hazardous chemicals are stored as required
- Material safety data sheets (MSDS) are available for all chemicals and cleaning materials used
- Waste destined for landfill to be duly considered
- Water and air emissions to be considered
- Whether a carbon footprint exists and if yes, is it monitored
- Whether recycled materials are used for production of finished goods (e.g. outer packaging)
- Whether all the components used to package an item are really necessary

### 6.2.4 **Australian Packaging Covenant (APC):**

This is an Australian government initiative to reduce waste to landfill. All group companies must advise their supplier base of this requirement, and efficiently manage it in its own operations (refer F9 and F22 equivalents for how this is used at product level).

MFA, SFG and CCC are signatories to the APC and must adhere to a set of guiding principles, to exercise key performance indicators, and report annually on outcomes and achievements. The APC is intended to minimise the environmental impacts arising from the thoughtless disposal of used packaging, to conserve resources through better design and production processes, and to facilitate the re-use of product containers.

### 6.2.5 **Environmental Policy:**

An environmental policy is any course of action taken to manage human activity with a view to prevent, reduce or mitigate harmful effects on natural resources, so as to not have a harmful effect on humans and animals. This has an impact on the ecosystem and hence on the overall quality of life.

Environmental issues impact on air and water pollution and are managed by responsible waste management, and disposal of effluent and waste. Carbon emissions contribute to greenhouse gases resulting in global warming. The group has a number of different operations that manage the processing, consumption, and disposal of resources:

- Direct manufacture (MRDC/ MUND/ SF/ B+P/ MFC and MFJA)
- Conversion of work in progress to finished goods (AVTF/GP)
- Purchase of finished goods, storage and distribution/sales (MFA/HNZ and GP)

#### 6.2.5.1 **Our commitment**

We have committed to:

- Continuously improve our environmental performance and to integrate recognised environmental management best practice into our business operations (manufacturing, purchasing and distribution)
- Reduce our consumption of resources and improve the efficient use of resources
- Measure the carbon footprint of our business and to take action to reduce it
- Reduce the amount of solid waste sent to landfill by managing waste generated from the business units according to the principles of reduce, re-use and recycle
- Manage operations to prevent pollution
- Comply with the relevant environmental legislation
- Minimise risk and potential legal liability.

#### 6.2.5.2 **Responsibilities**

Environmental protection and sustainability is a responsibility of management, as well as every employee of the organisation. The group has undertaken to do the following:

- Conduct operations in compliance with the applicable laws, regulations and standards concerning environmental protection
- Provide a mechanism for self-monitoring to ensure compliance is achieved and to gain continual improvement
- Establish environmental objectives and targets for each business sector and measure results against such targets
- Continually improve environmental management policies, technological advancements and community expectations
- Minimise environmental risks to employees and to communities in which it operates
- Promote employee awareness of environmental concerns, actions and responsibilities
- Reduce waste through recycling and good stewardship using industry best practice
- Minimise disposal to landfill in a safe and responsible manner.

#### 6.2.5.3 **Environmental complaints procedure**

Any complaint related to an environmental matter or breach of any social responsibility directed at a group company by any employee or other entity, will be taken seriously. Such matters will be noted, investigated and if found to be in conflict with the policy, corrective action will be taken. Where such a matter is considered to be a breach, a CAR will be raised in the VQM system and addressed and closed out as per VQM policy.

#### 6.2.5.4 **Carbon emissions**

The scope of greenhouse gas (GHG) emissions is in the following three categories:

Scope 1: Direct emissions are produced from sources within the boundary of an organisation and

as a result of the organisation's activities (for example, a company car' consumption of fuel)

Scope 2: Indirect emissions are those generated as a consequence of the organisation's activities, but which are produced by the activities of another organisation (such as an electricity provider)

Scope 3: Other indirect emissions account for all other indirect GHG emissions. (employee air travel, use of taxis, use of hire cars etc.).

#### Using a carbon calculator

Use a recognised carbon calculator, such as

[www.orginenergy.com.au/carbon](http://www.orginenergy.com.au/carbon)

Enter on CALCULATE

Select state and capture the usage for the period

Summarise the results on a national basis by month and year-to-date (YTD).

All results must be converted to tonnes of carbon dioxide emitted into the atmosphere.

#### Sectors to be recorded:

- Electricity
- Motor vehicles (company owned) petrol and diesel and LPG (kilometres travelled)
- Trucks (diesel and LPG)
- Forklifts (LPG)
- Boiler fuel (diesel)
- Air travel
- Hire vehicles used (kilometres travelled).

#### A carbon footprint

- Set up a carbon footprint (which is based on a prior year average, or a current year being the benchmark year)
- Record results and represent monthly
- Compare YTD figures to prior YTD figures Take action as required
- Note any major issues that can contribute to an increase or decrease in footprint.

A simple carbon conversion based on UK data and international agencies is:

Petrol 1 litre	converts to 2.32kg of carbon dioxide
Diesel 1 litre	converts to 2.63kg
LPG 1 litre	converts to 1.5kg
4km in a petrol car	converts to 0.16kg
5km in an aeroplane	converts to 0.13kg
6Kw of electricity	converts to 0.43kg
7 litres of boiler fuel	converts to 3.22kg

#### Tips for reduction of carbon emissions

- Introduce a SOS (switch off something) program where employees are encouraged to actually switch off any electrically-driven equipment when not in use (after hours)

- Do not run air-conditioning equipment after hours - but set it to come on an hour before daily work starts
- Unplug telephone chargers and switch off remote control devices at the power source
- Use 'standby' on copiers and computers

#### **6.2.6 Reduction to landfill and other related resource management**

##### Recycled materials

Each distribution centre (MFA/HNZ/GP) will separate recyclable material from non-recyclable material and transfer all recyclable material to a designated recycle waste container. This material will be collected by an approved recycling contractor who will remove the material for further rework and conversion.

In each manufacturing facility operators will separate all incoming raw material packaging and identify recyclable material, transferring it to recognised recycle bins for collection by approved recycling contractors. The volume (cubic metres) collected will be recorded. This material is then sent to a formal recycling agency depot for rework purposes.

#### **6.2.7 Food products (imported or locally supplied)**

Food products must be processed and packaged to ensure the safety of the product and to exclude any contamination; "virgin" material is mostly used where the packaging is in direct contact with the actual food product.

Management involved with procurement and product development will encourage food suppliers and manufacturers to use recyclable or recycled materials wherever possible. The success of this will depend largely on the nature of the food product, the storage regime and the travel such product is required to undertake.

#### **6.2.8 Other action to take**

- Report any leaking taps - especially in urinals - for urgent repair attention
- Switch off lights (where possible) when they are not required (such as in empty offices)
- Add only as much water as is needed when boiling the kettle
- Set air-conditioners and heaters to operate automatically during working hours and provide manual settings if required outside of normal hours.

### **Culture**

The group culture strongly endorses each of the following characteristics. Detail related hereto, is also available on the group intranet:

- Integrity
- Diversity
- Resilience
- Loyalty
- Excellence
- Creativity