



Costa Group Holdings Limited



Sustainability Report 2020



Contents

CEO Report	2
Sustainable Commercial Farming Principles	7
Task Force on Climate-related Financial Disclosure (TCFD)	8
Environment	14
Economic	21
People	24
Health and Safety	32
Community	38

Corporate Governance Statement
Costa's Corporate Governance Statement
for the financial year is located at
<http://investors.costagroup.com.au/investor-centre/?page=corporate-governance>



**Costa is Australia's leading grower, packer
and marketer of premium quality fresh
fruit and vegetables.**



CEO Report



Harry Debney
Managing Director and CEO

Water efficiency is always at the forefront of our sustainability thinking and action. Our growing techniques which utilise substrate (out of the soil), lend themselves to the capture of water for recycling and reuse.

I am pleased to present the Costa Group 2020 Sustainability Report. The company has established our Sustainable Commercial Farming objectives and continues the work of incorporating them into our strategic planning, project execution and day to day operations. When establishing the core Sustainable Commercial Farming principles, we made a conscious decision to focus on environment, economic, people and community. These principles are reflective of the priorities we must target to be a sustainable business over the medium to long term.

This year we have added to our quantitative reporting by providing data on kilograms of produce grown per megalitre of water used. This has been reported on an individual category basis, including for our international segment. We believe this metric is the clearest way to report on the efficiency of our water use in terms of actual crop produced. For the first time we also produced renewable energy through the 5,096-panel solar farm we have at the Monarto mushroom production site. The site generated 2,122,146 kWh of electricity over the year which is the equivalent of avoiding approximately 900 tonnes (CO₂-e) of scope 2 greenhouse gas emissions. The adoption of renewable energy sources and in particular solar energy at our other sites to improve energy security and reduce emissions is a priority for the company.

We have also provided quantitative data on avoided waste to landfill, including product and packaging waste and production materials such as plastic and growing media. I am very pleased that we continue our long and mutually beneficial relationship with Foodbank, who during the course of the year collected 294 tonnes of produce from our farms. This all contributes to not only providing healthy and nutritious food for those most in need, but also avoiding waste to landfill and reducing carbon emissions. Subscribing to the maxim that every bit helps, there was an initiative on our berry farms to reduce the use of plastic cups by promoting the use of reusable water bottles.

Water efficiency is always at the forefront of our sustainability thinking and action. Our growing techniques which utilise substrate (out of the soil), lend themselves to the capture of water for recycling and reuse. This has been common in our tomato category where water is collected in drains for reuse. We are now taking our first steps in establishing a recycling system for drainage water in our berry category. Our Tasmanian substrate strawberry crop has begun utilising a recycling system, with up to 30 per cent savings in water use. We will work to further build on this capacity over time with the obvious aim of increasing our water recycling.

Work also continues on improving the yield of our crops which is fundamental to the efficient use of resources in our business and its continued sustainability. Small trials of protected, trellised high density, substrate avocado cropping commenced in late 2017 and has delivered exciting results. This has included faster tree maturity and yield, better fruit quality and greater efficiency of water use versus conventional plantings. The Costa Board has subsequently approved the commercialisation of this trial, commencing with 40 hectares across a number of different regions aligned to our existing avocado plantings. The initial commercialisation will include high density plantings in substrate at a minimum of 1,000 trees per hectare (more than 4x that of conventional plantings), under protective netting cover and trellised.

“The adoption of renewable energy sources and in particular solar energy to improve energy security and reduce emissions is a priority for the company.”



CEO Report continued

Our previous Sustainability Report flagged that Costa had identified the Task Force on Climate-related Financial Disclosures (TCFD) as an appropriate framework to address climate change risks. Extreme weather as a result of climate will always be a risk and will likely become even more severe over time. Our continued investment in protected cropping is aimed at mitigating the impact of weather events which have the potential to damage and destroy crops, affecting our commercial viability and returns to shareholders. As a company our protected cropping footprint now accounts for 65 per cent of group earnings. In our berry category, more than 65 per cent of our current plantings are protected by poly tunnels, while the majority of all new plantings and re-plantings are also protected. Incremental investment also continues on increasing the number of hectares of our citrus crops which is protected.

Our Board has also taken a significant governance step in establishing a Horticultural Innovation and Technology Committee. The Committee's operation recognises the importance of innovation and technology to Costa's long-term growth and sustainability. It also recognises the company's commitment to the TCFD framework and the Board's involvement in overseeing climate related risks and opportunities. The Committee will assist and provide the Board with oversight on strategy, policies and procedures that relate to Costa's assessment and adoption of technology and its approach to horticultural innovation. It will have a specific focus on areas including adaptation to the impacts of climate change; identification/development of superior varietal genetics; and further development and adoption of data science to drive a major increase in crop yield, quality and forecasting accuracy.

The past year has of course been dominated by COVID-19. Our strong health and safety ethos meant we were able to respond to the challenges and make it a priority to protect the health and safety of our workers. This included all sites having in place a temperature testing regime, observance of strict social distancing measures, enhanced emphasis on hygiene, and contingency plans in the event of a case impacting a site. I cannot speak highly enough of how every Costa team member has played their part in not only ensuring their own health and safety, but also that of their work mates and the broader community.

Our Ethical Sourcing Program, launched in 2019, continues to build on our aim that all workers employed within our own business and that of our partner grower supply chain are employed fairly, treated with dignity and have their human rights respected. In 2020, our inhouse Ethical Sourcing Awareness training was extended to include Costa farm managers, with a total of 93 employees having received this training. In 2021 the company will also lodge its first Modern Slavery Statement as required by the Australian Government's Modern Slavery Act. As part of this, a specific three-year action plan has been developed which is designed to improve our response to modern slavery risks and include measurable outcomes and deadlines.

It has also been a challenging year for many of the local communities in which we operate, coupled with the health uncertainties of COVID-19 and the impact on employment and the economy. These circumstances meant it was more important than ever for Costa to maintain its support, both financial and non-financial, for local community organisations and events. It is also pleasing that our scholarship program, which spans a number of different states and includes partnerships with some of Australia's best universities, has also provided an opportunity for a number of young women to pursue study in horticulture and thereby contribute to greater diversity in our company and the broader agricultural industry.

We will continue to develop our sustainability reporting over coming years and I look forward to the company making progress on this and being a leader in establishing benchmarks for the global agricultural industry. In conclusion I want to acknowledge the efforts and commitment of our workforce, who are passionate about sustainability and genuine in their efforts to ensure our natural resources are utilised responsibly and sustainably. They do not take lightly, or for granted, our environment and their responsibility to future generations who will also seek to grow healthy and nutritious food in an environmentally sustainable way.



Harry Debney
Managing Director and CEO





costa
well grown

MADE IN 1999

STRAIL

Sustainable Commercial Farming

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

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

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

• Sustainable Commercial Farming Overarching Objective

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

Our Sustainable Commercial Farming Overarching Objective is stated as follows:

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

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

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

• Sustainable Commercial Farming Pillars and Principles

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

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

Corporate Governance/Board oversight

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

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

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

United Nations Sustainable Development Goals

Costa Group supports the United Nations Sustainable Development Goals. These goals are the blueprint to achieve a better and more sustainable future for all. They address global challenges including poverty, inequality, climate, environmental degradation, prosperity, and peace and justice. Costa believes our Sustainable Commercial Farming principles (currently 10 in total) are reflective of, and complement these goals, in particular the following:



Costa's Sustainable Commercial Farming Principles

Environment



1. Water use and security

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



2. Climate Change

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



3. Waste

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



4. Nutritional Inputs

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



5. Biodiversity

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

Economic



6. Production Yield

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



7. Productivity and Efficiency

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

People



8. Workforce

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



9. Community

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



10. Health and Well Being

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

Task Force on Climate-related Financial Disclosure (TCFD)

In our 2019 Sustainability Report Costa flagged that it had identified the Taskforce on Climate Related Financial Disclosure (TCFD) as an appropriate framework to address climate related risks. The company committed to implementing the four key TCFD recommendations and supporting recommended disclosures, namely those relating to Governance, Strategy, Risk Management and Metrics and Targets. These disclosures are being addressed and progress continues to be made on their implementation with further activity planned over the coming period.

The TCFD distinguishes between two main categories of climate related financial risks – transition risks and physical risks. Transition risks are those which relate to the various types of risks in transitioning to a low carbon economy, including policy and legal risks such as mandatory emissions reduction targets; technology risk which relates to technological improvements or innovations that support improved energy efficiency; market risk where supply and demand of a product can be affected by climate change; and reputational risk, tied to changing customer or community perception of a company's contribution or lack thereof, to the transition to a lower carbon economy.

The physical risks include direct damage to assets and indirect impacts from supply chain disruptions. This risk includes extreme weather events, and changes in water availability/security which are considered to be acute, and longer-term risk that comes from shifts in climate patterns, such as sustained higher temperatures, which are more chronic in their level of risk.

The Costa Board and management acknowledge these climate related financial risks and that they can and do expose the company and investors to material risk. The Board and management actively seek to manage these risks, which can incur financial costs, but also offers opportunities with respect to investment in, and development of,

innovation and technology to mitigate financial risk while also opening up growth opportunities for the company. The Board also reviews and guides strategy, oversees and approves major capital expenditures and works with management to develop and implement actions that address climate related risks. Prominent examples of this which have occurred over several years and continue to be a priority, have been Costa's strategy to invest in renewable energy, protected cropping and the geographical spread of our production footprint.

Costa's most modern mushroom production facility at Monarto, South Australia, operates a 5,096 panel solar farm which for the first time in 2020 generated electricity (7,604 GJ). This investment seeks to deal with a number of important aims, including the need to develop our use of renewable energy and increase our energy efficiency as part of our drive to reduce our net emissions. It also serves to improve our energy security and reduce our financial exposure to blackouts and mains power grid shut downs during extreme weather events. Further development of our renewable energy capacity across more of our farms is a priority for the company and where financially practical, the use of battery storage technology will also be adopted.

The use of protected cropping in the production of berries and grapes has prevented our crops from being damaged and/or lost due to extreme weather events, including hailstorms and frost. If such crops had been unprotected and lost, the financial impact to the company's performance would have been not only short term with respect to loss of immediate earnings, but also longer term with the requirement to re-establish such crops through increased capital expenditure. Costa's commitment to further investing in protected cropping and expanding its use across more of our crops is reflected in the Board's recent approval of the commercialisation of protected, substrate avocado crops and further capital expenditure on the use of protected netting for parts of our citrus crop.



The geographical spread of our production footprint enables us to achieve 52-week production in a number of our crops, thereby mitigating and spreading the risk of having a crop fail or being damaged at a particular time of the year. In the longer term it also seeks to spread the risk from predicted increases in temperature and resulting rises in sea levels. It also has established a competitive advantage for the company, where we have been able to utilise our own blueberry genetics bred to be grown in a specific climate (ie. tropical, sub-tropical) at a time of the year when there is limited market competition, thereby delivering a financial benefit through increased earnings.

Governance

Costa continues to adopt the TCFD framework and prioritise the management of climate related risk and the need for innovation and use of new and emerging technology in the way we grow our crops. This requires a strong and focused governance response from the Costa Board and in recognition of this, in late 2020 the Board established a Horticultural Innovation and Technology Committee.

Horticultural Innovation and Technology Committee

The Costa Board's Horticultural Innovation and Technology Committee recognises the importance of innovation and technology to the company's long-term growth and sustainability, and from a specific TCFD perspective the company's continued focus on adapting to the impacts of climate related risks that arise from climate change.

The Committee comprises three independent directors, including the company Chairman and the CEO/Managing Director. It will assist and provide the Board with oversight on strategy, policies and procedures that relate to Costa's assessment and adoption of technology and that could otherwise affect its approach to horticultural innovation. The Committee provides a forum and review group for management and technical personnel to challenge the traditional horticultural model and to present innovative concepts and programs which aim to significantly advance Costa's performance and management of climate related risk.

Whilst the Committee will have oversight of all of the company's horticultural innovation and technology, it will also have a specific focus on the following areas:

- adaptation to the impacts of climate change;
- continued refinement of protected cropping techniques and technologies;
- sustainability measures, including methods to minimise or utilise operational by products;
- identification/development of superior varietal genetics;
- further development and adoption of data science to drive a major increase in crop yield, quality and forecasting accuracy;
- innovation in growing techniques;
- automation of crop harvest and other appropriate activities and
- differentiation, premiumisation and innovation in packaging and marketing.

Table 1 – TCFD Recommendations and Supporting Recommended Disclosures

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organisation's governance around climate related risks and opportunities.	Disclose the actual and potential impacts of climate related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	Disclose how the organisation identifies, assesses, and manages climate related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
Recommended Disclosures	Recommended Disclosures	Recommended Disclosures	Recommended Disclosures
(a) Describe the board's oversight of climate related risks and opportunities.	(a) Describe the climate related risks and opportunities the organisation has identified over the short, medium and long term.	(a) Describe the organisation's processes for identifying and assessing climate related risks.	(a) Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process.
(b) Describe management's role in assessing and managing climate related risks and opportunities.	(b) Describe the impact of climate related risks and opportunities on the organisation's businesses, strategy, and financial planning.	(b) Describe the organisation's processes for managing climate related risks.	(b) Disclose Scope 1, Scope 2, and, if appropriate Scope 3 GHG emissions, and the related risks.
	(c) Describe the resilience of the organisation's strategy, taking into consideration different climate related scenarios, including a 2 degree or lower scenario.	(c) Describe how processes for identifying, assessing, and managing climate related risks are integrated into the organisation's overall risk management.	(c) Describe the targets used by the organisation to manage climate related risks and opportunities and performance against targets.

Task Force on Climate-related Financial Disclosure (TCFD)

continued

Strategy and Risk Management

Costa's Risk Management Framework defines risk as "the effect of uncertainty on Costa's objectives". Given Costa's Sustainable Commercial Farming overarching objective, the identification, analysis, evaluation and management of risks relating to climate change is fundamental to our enterprise risk program as it broadly defines what the organisation is seeking to achieve.

Our approach to risk management is to identify areas of uncertainty and minimise the potential for loss, whilst also maximising strategic opportunities for growth. By understanding key risks, we can:

- Increase the likelihood of achieving our strategic goals and objectives;
- Improve our decision making and capital allocation;
- Provide greater certainty and security to our employees, shareholders, strategic partners and the community; and
- Enhance corporate governance and regulatory compliance.

Costa's annual report describes material risks to the business including those related to climate, environment and social risks. These are identified through Costa's proactive and formalised enterprise risk program. Through this program all key risks identified are periodically and systematically assessed by the organisation.

Costa's risk program, which is aligned to the principles of managing risk outlined in the AS/NZ ISO31000 Risk Management Guidelines, is overseen by the Board, the Audit & Risk Committee and the Executive.

Protected cropping

One of the major ongoing climate related risks faced by Costa is extreme weather events. Investment in protected cropping is a key way in which Costa actively seeks to address and mitigate this risk. In our berry category, over 65 per cent of our current plantings are protected by poly tunnels, while the majority of all new plantings and re-plantings are also protected.

Our mushroom and tomato crops are fully protected, with our mushroom production being undertaken in an advanced industrial environment and our tomatoes grown in commercial glasshouses.

Currently, a section of our citrus crop is covered by protective netting, with plans to further expand the use of this netting over time.

Our Queensland table grape crop is now 100 per cent covered by permanent netting and as previously reported, this greatly reduces the risk of damage from extreme weather events and mitigates financial loss from damaged and/or destroyed crops.

A successful three-year trial of growing high-density avocados under protected netting in substrate has resulted in the Costa Board approving the commercialisation of this growing method, with initial plantings of 40 hectares across a number of different regions. Further details are included within this report.



Water use efficiency and security

Water is a significant climate related risk to any agriculture company, and Costa has a key focus on improving our efficiency of use and water security to not only reduce our financial risk in times of severe drought, but also improve our crop yield, lower production costs and minimise our use of finite resources. This focus includes both capital and operating expenditure, where investment has occurred in technology which applies precise amounts of water to plant root systems.

The Board is also provided with a comprehensive annual update from management on the company's present and ongoing water status and risk. This includes a risk rating by category and site, a description of the key water sources (ie. dams, irrigations schemes, mains water etc) by category and site, capacity status of dams by category and site, water market activity, including the operation of licences and spot purchases of water and updates on capital and operating expenditure projects aimed at improving water use efficiency and security.

Over the last two years we have publicly reported our total water usage by category and for the first time this year we are reporting a more targeted yield related metric, kilograms of produce grown per megalitre (ML) of water used.



Energy efficiency and security

Costa has begun the process of adopting the use of renewable energy across our farms with the installation of a 5,096-panel solar farm at our mushroom production site at Monarto in South Australia. For the first time in 2020, the Monarto site generated 2,122,146 kWh (7,604 GJ) of electricity which is the equivalent of avoiding the production of circa 900 tonnes (CO₂-e) of scope 2 greenhouse gas emissions.

The ability to utilise solar energy is also a key tool in the company's management of the risk posed by uncertainty relating to energy security. This includes having the capacity to draw on our own energy source in times of blackout or power shedding across main electricity grids during extreme hot weather.

In our efforts to address climate related risks, the Costa Board's Horticultural Innovation and Technology Committee has identified as a priority the continued investment in developing our renewable energy capacity, with a particular focus on generating energy through the use of solar power.

Where it has not been possible to date to establish renewable energy capacity, investment has been targeted toward energy security through investment in diesel generators. The generators are quick starting and are an important way to mitigate the financial risk from lost crop due to blackouts and power shedding during extreme weather. For example, if the power were to be lost to our mushroom production facility in Victoria, it could result in the loss of up to three weeks of crop and have a negative earnings impact totalling several million dollars. This is why the company invested in five diesel generators for this site to improve our energy security.



Waste reduction

Costa recognises there is a broad expectation among consumers that where the use of packaging is necessary, for example to maintain the freshness and integrity of fresh produce and reduce the incidence of organic waste disposed of to landfill, it must be sustainable. This means that there is a preference for packaging that is not only made from recycled product, but is also recyclable, and where possible compostable or reusable.

This preference is reflective of growing public awareness of the impact on the climate of packaging waste and the carbon emissions that come from excessive packaging waste disposed of to landfill. Governments across all jurisdictions are taking steps to address this problem and it is important for Costa to ensure it can continue to use sustainable packaging which protects the shelf life of our produce and ensures we maximise the quality of our products for the benefit of our customers.

Not only is PET recyclable, but 80 per cent of the material used in our punnets is recycled PET (r-PET)). Costa has also moved to ensure that all labels and adhesives used on PET punnets and packs are 100 per cent recyclable.

As a founding member of the Australian Fresh Produce Alliance (AFPA), Costa fully supports the Position Statement on Fresh Produce Packaging which was released publicly by AFPA in September 2019. This includes committing to implementing the agreement by Australian state and federal Environment Ministers in April 2018 that 100 per cent of Australian packaging be recyclable, compostable or reusable by 2025 or earlier to cut down on the amount of waste produced.

Costa is also committed to ensuring sustainable packaging plays a crucial part in enabling the Australian states and territories to reach their agreed goal of halving the amount of organic waste disposed of to landfill by 2030 under the National Waste Action plan.



Taskforce on Climate-related Financial Disclosure (TCFD) continued

Metrics and Targets

Costa publishes key data metrics for greenhouse gas emissions (Scope 1 & 2), energy consumption, water use by category, and for the first time in our 2020 Sustainability Report, kilograms of produce grown per megalitre (ML) of water used.

The kilograms of produce grown per ML is used by Costa rather than measuring ML of water used per hectare of crop as it recognises actual output, being kilograms of produce, and hence is regarded as a more meaningful measure of water use efficiency.

Metrics relating to climatic data including long range temperature forecasts are also utilised to manage climate related risk.

Costa is committed to establishing detailed and transparent qualitative and quantitative targets against which we measure our performance and set our objectives in managing climate change related risks. Current qualitative targets include our focus on further increasing our protective cropping coverage, expanding our use of renewable energy and improving our water use efficiency and security.

The company continues to work on disclosure of detailed quantitative metrics recognising that this is necessary to not only meeting our own goals in developing a pathway to net zero emissions, but also to address public policy goals including the setting of government emissions targets.

CY20 Key Reported Metrics

Greenhouse Gas Emissions

Energy Consumption

Water use by category

Total water use

Kilograms of produce grown per megalitre of water used



Photo by Creature, Courtesy of Royal Queensland Show (Ekka).



**WE'RE PICKING
ADVENTURE**

costagroup.com.au/pick-adventure



Water

Increasing recycled water capacity

Costa would never seek to place in jeopardy the water supply of the Guyra community nor put at risk the local environment. With this firmly in mind, the drought conditions over 2019 and early 2020 in the Guyra (NSW) region have reinforced the importance for our Tomato category to become even more efficient in its water use.

Our New England Highway Guyra glasshouse is water self-sufficient meaning we do not use any town water on our crops. The new 10 hectare glasshouse we are constructing at that site will build on this self-sufficiency. This includes increased water capture capacity on the site in order to decrease any reliance on bores and reduce the risk of not having adequate water supply in any future drought conditions.

Costa will also continue to increase our recycling and reuse of water. Over the last 12 months we have doubled our recycled drain water storage capacity at our Elm Street site. This is expected to save up to 140 megalitres of drain water per annum (166ML in CY20) and increase Tomato category drain water recycling rate from 70 per cent to 100 per cent.

Ultrafiltration to improve water use efficiency

Reverse osmosis (RO) is not only a key means by which our Elm Street, Guyra glasshouse can utilise multiple water sources, it also enables 100 per cent reuse of this water on our tomato crop.

Due to the high sodium content of the local water supply, any water applied to the tomato crop must be desalinated using RO. The removal of the sodium from the original water application is also important for making it possible to recycle and reuse this water on the crop.

The Tomato team faced a problem where the RO membranes, which have tiny pores that only allow pure water to pass through by capturing suspended solids and particles such as clay and organic matter, were getting blocked on a regular basis because the water was not adequately pre-filtered. The removal of the particles deposited on the surface of the RO membrane requires specialised and time-consuming cleaning, and while this cleaning occurs the desalination plant cannot treat water. This meant the plant was not operating at full capacity, having to be closed down for up to 24 hours at a time in order to clean the membranes, and as a consequence this reduced the efficiency of using recycled drainage water.

The solution to this problem was the introduction of an ultrafiltration unit, which removes any minuscule undissolved particles from the water, thereby reducing blockages of the pores on the RO membranes and enabling months of continuous RO operation at full capacity. This has resulted in a significant increase in the glasshouse's desalination capacity, which enables a high level of water use efficiency and most importantly the ability for our Tomato category to continue to reuse 100 per cent of any town and bore water that is originally applied to the crop.

Recycling drainage water from strawberry crops

A trial project to recycle irrigation drainage water at one of our Tasmanian strawberry farms has proven successful, achieving up to a 30 per cent saving in water use.

Waste water from the irrigation system on the seven-hectare farm is collected and put through an ultra violet disinfection system. The UV light kills any bacteria and the recycled water is then mixed with fresh water and reused in the irrigation of the plants.

In addition to the reduction in water use, the system has also led to a reduction in fertiliser use of around 10 per cent.

The successful trial has implications for other crops, including blueberries, raspberries and blackberries.



African Blue targets water efficiency enhancement measures

During 2020 a number of important water efficiency enhancement measures designed to not only improve water efficiency but improve plant health and yield were completed or commenced at our African Blue operations in Morocco. These included:

- Shade covering over dams to reduce evaporation.
- Algae management at our northern farms, including Chouafaa, Larache and Baytar farms.
- Trial of white substrate pot skirts which are used to reflect heat, keep roots cooler and reduce water use. Initial results, which will be reviewed once the trial is completed, indicated a 25 per cent reduction in daily water use compared to black plastic pots.
- Dynamic shade applied at certain times of the day over the crop with the intended aim to reduce excess radiation/heat, excess transpiration, plant stress and evaporation losses.
- More uniform distribution of irrigation water through a targeted number of emitters designed to provide more even root growth through the growing medium and potentially resulting in better root health and in turn increasing fruit yield and quality.

China water projects

Water recapture

Our international segment has worked closely with the domestic berry team to design a fit for purpose irrigation drain recapture system that can be specifically utilised in protected blueberry production.

A commercial trial of the recapture system has been installed at our Guangmen, China farm. Our premium Arana blueberry variety has been planted in the area where the system is operating, and it has already been utilised during the dry season with further trialling to occur over the southern China wet season.

Over time it is anticipated the system will reduce nutrient runoff, increase water use efficiency and reduce the consumption and purchase of fertiliser by increasing fertiliser use efficiency.



Ultrasonic pulses to control algae

Ultrasonic emitters are being trialled to control algae in the raw water supplies for the Manle, Manhong and Guangmen farms in China. A high frequency ultrasonic pulse is emitted through the water column to rupture floating algae cells, while not harming other aquatic life.

The emitters were installed in nine storage dams in November 2020 and are being monitored over several months for their effectiveness. Initial results suggest that the ultrasonic emitters are helping to control surface algae in the dams, thereby improving the quality of water supplied through the irrigation system and maintaining irrigation equipment integrity. It also enables the achievement of high uniformity in irrigation application, which is key to ensuring consistent growth, fruit quality and high yields.

Environment continued

Water consumption by produce category

Category	CY19	CY20	Unit of measure
Avocados	6,322	6,269 ¹	ML
Berries (Aust)	2,725	2,478 ²	ML
Citrus	29,487	23,200 ³	ML
Mushrooms	417	443 ⁴	ML
Tomatoes	590	522 ⁵	ML
International – Morocco	1,938	2,246 ⁶	ML
International – China	689	1,008 ⁷	ML
Total	42,268	35,986	

1. Avocado – Includes usage for banana production.
2. Berries – Decrease largely reflects CY19 having been a drought year and also removal of raspberry crop at Corindi over summer 2019/20.
3. Citrus – Decrease mainly attributable to rainfall (237mm in 2020 vs 104mm in 2019). Higher rainfall required less irrigation.
4. Mushrooms – Although three sites were closed at the end of CY19, the Monarto site expansion works, including operation of a concrete batching plant on site, contributed to higher water use during the period.
5. Tomatoes – Decrease attributable to easing of drought. Of the total usage, 166ML was recycled drain water.
6. Morocco – Higher use attributable to increased plantings of blueberries at Agadir and maturing of older substrate plantings.
7. China – Higher use attributable to new farm at Guangmen, larger crop load (causing higher water demand) and a drier year.

Kilograms of produce grown per ML of water consumption by produce category*

Category	CY20
Avocados	1,293kgs
Berries (Aust)	
Blueberries	3,320kgs
Blackberries	2,500kgs
Raspberries	4,065kgs
Strawberries	18,653kgs
Citrus	4,507kgs
Mushrooms	56,756kgs
Tomatoes	36,683kgs
International – Morocco	3,334kgs
International – China	4,666kgs

* Includes recycled water.

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



Climate Change

Greenhouse Gas (GHG) Emissions

	UNIT	2017–18	2018–19	2019–20*
Total Scope 1** & 2^	tonnes CO ₂ -e	123,607	142,375	133,558
Scope 1	tonnes CO ₂ -e	55,568	55,102	60,522
Scope 2 ¹	tonnes CO ₂ -e	68,039	87,273	73,036

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

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

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

1. This reduction reflects the closure of multiple mushroom production facilities at the end of 2019 and the generation of electricity from solar panels at the Monarto mushroom site.

Energy Consumption

	UNIT	2017–18	2018–19	2019–20
Total Energy Consumption	GJ	984,124	1,048,843	1,076,070
Total Energy Produced	GJ	-	-	7,064
Energy Consumed Net	GJ	984,124	1,048,843	1,068,466

Renewable energy

Reducing greenhouse gas emissions

Over a period of 12 months, the Monarto mushroom site solar farm generated 2,122,146 kWh (7,604 GJ) of electricity which is the equivalent of avoiding the production of circa 900 tonnes² (CO₂-e) of scope 2 greenhouse gas emissions.

Floating solar panels to power irrigation transfer pumps

A project involving floating solar panels to power irrigation pumps will be undertaken at our Corindi (NSW) berry farm. The solar panels will be floated on the farm's largest dam and are specifically designed to reduce the carbon emissions of the irrigation pump station by enabling augmentation of power with a renewable source.

The placing of the solar panels on the dam will also deliver an associated benefit with reduced evaporation of dam water, estimated to be in the order of 0.5ML per year.



Waste

Targeting Waste

A simple but significant change at the Costa berry farm in Corindi (NSW) is saving 300,000 plastic cups a year, most of which ended up as waste to landfill. To ensure all teams have adequate access to drinking water while working in the field, plastic cups which could be refilled with cooled water from supplied containers were previously provided on all harvest chariots.

In a bid to provide a more sustainable solution, all employees are now bringing their own water bottles and all plastic cups have been replaced with a biodegradable option. The team is also now working on implementing waste separation and recycling bins on all chariots.

Another simple change at the farm has resulted in both environmental and financial benefits. Plastic clips have traditionally been used as trellising for raspberry long cane plants. In one year, the farm uses around 6,155,000 plastic clips. These have now been fully replaced with biodegradable jute twine, resulting in a reduction in plastic waste of 6.15 tonnes. The jute, which has also resulted in a significant cost saving, can be left to biodegrade in the field when it needs to be replaced. As previously reported, our tomato category also uses biodegradable twine to train the vertical tomato plants.

At the Gingin (WA) berry farm, 20 litre plastic drums containing phosphoric acid have been replaced with 1,000 litre tanks, which are collected by the supplier and refilled. This has resulted in a reduction in waste of around 100 plastic drums a year, as they were not eligible for the Drum Muster recycling program.

The Berry team in Western Australia has also implemented a range of recycling measures to reduce waste going to landfill. When blueberry plants were removed to make way for new plantings, a reuse option

was found for around 250m³ of used substrate material. The disused pot and canopy material was mulched on site and collected by Grass Growers, a Western Australian business specialising in green waste recycling.

In addition, around 10,500 plastic eight litre pots were collected by Garden City Plastics for recycling.

Avoiding food waste to landfill

In 2020 Costa donated 294 tonnes of produce to Foodbank, Australia's largest food relief organisation, which distributes food to those who have difficulty purchasing enough to avoid hunger.

In the absence of Foodbank performing such a vital role, this produce would have otherwise likely ended up as organic waste to landfill, also depriving people in need of fresh, healthy nutritious produce. By avoiding disposal to landfill and applying a single factor of 2.1 tonnes of CO₂-e per tonnes of food waste, the estimated avoided lifetime carbon emissions in 2020 were equivalent to 617.4 tonnes³ of CO₂-e.

Full crop utilisation avoids waste

Over a given year there will be produce which does not meet the quality specifications of our retail and wholesale customers or is simply not profitable to sell as a freshly picked product, but is perfectly fine to eat. Avocados are no exception, and our avocado team has found a way to fully utilise its crop and ensure product does not end up as waste to landfill by supplying product to Austchilli, which processes the avocados for use in easy to use tubes through their popular AvoFresh range.

In 2020, 110 tonnes of Costa and partner grown avocados were supplied to Austchilli. By avoiding disposal to landfill and applying a single factor of 2.1 tonnes of CO₂-e per tonnes of food waste, the estimated avoided lifetime carbon emissions in 2020 were equivalent to 231 tonnes⁴ of CO₂-e.

3. Figure is based on the NGA Factors (2020), developed by the Australian Government as a standard reference point of consolidated methods for estimating GHG from sources such as electricity and energy consumption and generation of waste disposal activities.

4. Ibid.

Environment continued



Compostable packaging promotes diversion of organic waste from landfill

In 2020 our Tomato category launched a sweet berry truss tomato pack made from sugarcane pulp.

Sugar cane pulp packaging is made from the pulp of the sugarcane plant, and is extremely durable, lightweight and biodegrades in 30-90 days once exposed to composting conditions.

The Biopak product is certified home compostable to Australian AS5810 standards allowing the user to divert organic waste from landfill. It is also industrially compostable to Australian AS4376 standards.

The packaging is carbon neutral and contains 90 per cent less plastic than a traditional APET clamshell punnet.

Recycling packaging waste

572 tonnes of cardboard waste was collected for recycling from our tomato glasshouses in 2020.

By applying a single factor of 3.3 tonnes of CO₂-e per tonnes of packaging waste, this avoided packaging waste to landfill equates to an estimated avoided lifetime carbon emissions in 2020 equivalent to 1,887 tonnes⁵ of CO₂-e.

Fully recyclable and compostable banana packaging

Our Banana team has been researching more sustainable packaging options to replace the previous format of a plastic bag for retail kids' packs. The team has developed a completely new style of packaging that is fully recyclable and compostable.

The cardboard collar is applied on farm where previously the plastic kids' pack was packed by a third-party packer. Producing this pack on farm enables greater control of quality and also creates supply chain efficiencies along the way. An estimated 800,000 plastic bags per year will no longer be used by switching to this new product.

Closing the loop on timber mushroom growing trays

The Mernda (Vic) Mushroom team has discovered a way to recycle expired timber mushroom growing trays, by sending them to a timber waste receiving station to be turned into bark and quality garden mulch. At any given time, there are between 40,000 to 50,000 timber trays onsite, vertically stacked and filled with compost.

Prior to disposal, the team is now stripping the trays of all stainless-steel bolts and angle plates and reusing these where possible on building new trays. Up to 6,000 trays are replaced every year, resulting in circa 450 tonnes of timber now being turned into bark and garden mulch annually rather than disposed of to landfill.



Nutritional inputs

Reusing mushroom compost to grow citrus trees

Compost is a key production component in the growing of mushrooms. The challenge is what to do with the compost once it can no longer be used as growing media. Our Mushroom and Citrus categories are working together on a possible solution, which has the potential to provide benefits for both.

The Monarto (SA) mushroom facility which has a production capacity of 240 tonnes per week, is supplying its used compost (otherwise known as spent compost) to their colleagues in our Citrus category. The spent compost is being applied to the soil in the citrus orchards, prior to new citrus trees being planted, with the aim of increasing the levels of organic matter. There are many benefits to having organic matter in the soil, including as an important source of nitrogen, phosphorus and sulphur. These nutrients become available as the organic matter is decomposed by microorganisms. The organic matter improves water and nutrient retention in the root zone.

A trial will be conducted at our Impi (Victoria) citrus farm, with compost to be applied to circa 27 hectares of new citrus crop to be planted in 2021.

5. Figure is based on the NGA Factors (2020), developed by the Australian Government as a standard reference point of consolidated methods for estimating GHG emissions from sources such as electricity and energy consumption and generation of waste disposal activities.



Using root microbes to fight plant pathogens

Our Tomato category is a member of the Future Food Systems Cooperative Research Centre (CRC) which is a national initiative funded as part of the Australian Government's CRC Program and commenced in late 2019.

The Future Food Systems CRC was created to drive innovation and growth in the agrifood sector by accelerating the adoption of STEM technologies and cluster approaches to industry development, resilience and sustainability.

Work has commenced with University of New England scientists on our first CRC project. The project is aimed at better measuring and understanding the population and benefits of root microbes, and the effect they may have on our tomato crop. As one alternative to chemicals and fungicides, we currently use various plant probiotic root microbe applications to help promote plant health and prevent plant pathogens, such as pest and disease. The project is attempting to measure how effective these treatments are and when is the best time to apply them.

The efficacy of probiotic supplements varies widely, depending especially on the crop variety and growing medium. The outcome of treatment in a given situation is difficult to determine with conventional methods. Assessing the effect of bio inoculation on plants will enable Costa to make better-informed decisions about the future use of probiotic supplements. Greater understanding of the role of the plant microbiome in soilless horticulture could reveal new methods to improve yield and mitigate the risk of heat and water stress. This could also lead to potentially improved general crop health and further reducing the use of chemicals and fungicides. The project is expected to be completed by mid-2023.

Berry waste potting material helps to fight avocado tree disease

An innovative trial is under way in Far North Queensland utilising waste potting material from the berry farms to remediate soil impacted by the fungal disease *Phellinus* in the neighbouring Costa avocado farms.

Phellinus noxius is a common fungus that causes the disease brown root rot in trees. It attacks tree roots causing decay, which cuts off water and nutrient supply to the crown resulting in tree death. The disease can remain viable in the soil for many years after a tree has died and there are currently no known ways to successfully remediate the soil for replanting.

At the Costa Homestead Avocado farm, the agronomy team is trialling a number of methods to both reduce the spread of the fungal disease and to remediate the soil.

Preliminary research has shown that *Phellinus noxius* is not found in extreme pH conditions (Chang & Yang, 1998), so the team hypothesised that the application of acidic mulch on soils where trees have previously died from *Phellinus*, will have the effect of acidifying the soil and hence eliminating the disease.

The disused substrate material from blueberries, which would normally go to waste, has been identified as an ideal acidic mulch and trials are being conducted to assess the impact of applying this to the soils. In the initial trial 128.5m³ of waste substrate material is being used, with larger amounts anticipated in future.



Biodiversity

Broadening our crop pollination sources

Last year we reported that our China operations had commenced using bumblebees to help in the pollination of our berry plants. The bumblebees have been used at our Manhong farm which covers circa 58 hectares.

The bumblebee activity was noticeably and consistently productive in the field and although not a substitute for honey bees in the pollination of berry plants, they do have positive attributes that are lacking in honey bees. For example, the bumblebees were found to be more active in variable weather conditions compared to honey bees, including during the early morning cold and cloudy weather.

The bumblebees also foraged for nectar and pollen earlier in the spring than honey bees. Based on this positive experience, our China operation intends to broaden its use of bumblebees over 2021.

Environment continued

Tumbarumba berry farm organic conversion

Our 45 hectare Tumbarumba (NSW) blueberry farms are moving all production to an organic system. The farm, which is currently classified as 'Organic – in conversion', is the first organic blueberry venture for Costa.

To achieve full certification from a conventional growing system to organic, is a circa three-year conversion process from the day of use of the last disallowed input (November 2019). All going to plan, the farm will be fully certified by the end of 2022/early 2023. From this point forward all blueberries grown at Tumbarumba will be certified fully organic.

All growing inputs have been changed from conventional to certified organic, including fertiliser. One of the positives of the Tumbarumba farm location is that it does not have the pest pressures of other regions. Its high elevation and cooler winter months also reduce the incidence of pests, thereby removing the need for the use of pesticides.

The blueberries from the 20/21 harvest are being sold as organic-in-conversion through Driscoll's and are free from pesticides, disallowed inputs (eg. fertiliser) and are additive free and non-GMO.



Economic



Production Yield

Research targets waste

Finding options for the reuse of coir and reducing plastic waste has been the aim of a research project, undertaken by Gaby Wen, a participant in the Costa Graduate Development Program.

With around 240,000 growbags replaced each year at the East Devonport Strawberry farm, Gaby's research looked at ways to reduce on-farm waste from the coir growbags and associated costs, to find potential options for reusing the coir and reducing plastic waste.

The project identified an option to mix the coir growth material with a coarser material and reuse it as a new planting media, and also sterilisation techniques to reduce the risk of pest and disease issues.

The project has the potential to reduce the costs associated with coir growbags by up to 50 per cent.

Commercialisation of protected, high density substrate avocado trees

In late 2017, Costa commenced a trial of protected, trellised high density substrate avocado growing. Over three years the trial delivered global leading results, demonstrating faster tree maturity, higher yield, better fruit quality and greater efficiency of water use over conventional plantings.

As a result, the Costa Board has approved a commercialisation program consisting of 40 hectares of protected, trellised high density substrate avocado trees, across a number of regions aligned to existing avocado plantings.

The high-density commercial plantings will encompass a minimum 1,000 trees per hectare which is more than 4x greater than conventional avocado tree plantings.

This commercialisation will represent a springboard to further expansion in 2023/24.

Expansion of micro climate sensing project

Costa is always looking for ways to improve our understanding of the local micro climate, both inside and outside the protective tunnels in which we grow our crops. This information is key to better understanding and improving the accuracy of yield predictions. In our 2019 Sustainability Report we highlighted our engagement of a leading Australian agtech company to provide microclimate weather predictions and yield predictions to Costa berry farms through use of a sensing data solution. In 2021 this will be rolled out across our avocado farms in Central Queensland, Far North Queensland, and Northern New South Wales. The objective is to develop a greater understanding of local weather climates and canopy light penetration. It will also enable the collecting and storing of weather data which can be used together with other corporate IT systems for benchmarking and analytics.



Productivity and Efficiency

Upgrading citrus irrigation pump infrastructure to improve energy and water use efficiency

Our Impi Citrus farm in Victoria was operating aged belt driven fixed speed irrigation pumps and motors which were not only energy inefficient, but also did not allow for the more precise application of irrigation to our trees.

The solution was to replace this infrastructure with more efficient close coupled pumps and motors with variable speed control. The use of multiple pressure set points also means the irrigation infrastructure can be automatically operated to allow off peak power to be captured, whilst the automation will also enable pumps to be started and monitored remotely to enable night time irrigation, thereby maximising off peak power usage and reduced evaporative losses.

The automated system also provides an alarm system in response to any loss of power or pressure as a result of a pipe break or rupture. This further protects against unnecessary water loss and over watering of trees.

As a result of this new irrigation infrastructure, our on-farm energy efficiency is expected to improve by up to 20 per cent, with the greater flexibility in the automated operation of the pumps also improving water use efficiency, enhancing orchard productivity, reducing labour inputs, minimising potential drainage impacts and lowering the risk of crop loss and reduced fruit size.



Virtual Reality harvesting project update

In our 2019 Sustainability Report we highlighted our Mushroom category had begun collaborating with Melbourne Polytechnic on a Victorian Government funded project to develop a virtual reality (VR) harvest training tool for mushroom harvesters. The project, now completed, has proven to be a success by not only ensuring the best candidates were retained, but also increasing the number of trainees who ended up in longer-term employment.

An initial project evaluation of the Virtual Picker project saw 75 per cent of participants end up in mushroom harvesting roles, in contrast to the numbers who did not undertake the training, where only 40-45 per cent of the intake moved into harvesting positions. Use of the VR training tool also resulted in an improvement in productivity. The harvest productivity rate amongst the VR training cohort was 11 per cent higher than the harvesters trained via the business-as-usual route.

Mushroom harvesting is a skilled job that requires speed, agility, manual dexterity, and the ability to quickly identify when the produce is ready to be harvested and when it is not. VR offered a training solution which could be adapted to the particular requirements of mushroom harvesting before a trainee was required to pick a live mushroom. From this basic concept came the Virtual Picker training tool.

Starting with a 'virtual' bed of mushrooms, designer Liminal VR set about working with Costa and Melbourne Polytechnic on developing a training experience that would enable trainees to build their knowledge on the correct size of mushroom to harvest, the best cutting

technique, the sorting of different types and sizes of mushrooms into packing boxes, disease identification and hygiene control.

The VR tool evolved over the course of the project to better reflect the linguistic needs of the target audience. Early versions of the VR involved a large amount of written text and instructions in English. As the project matured, the delivery moved more to intuitive and gamified teaching, to support understanding among as wide a group of languages as possible.

The VR headsets utilise several visuals and video demonstrations so as to minimise where possible the need for verbal instruction, otherwise known as 'learning without language' or 'multi-lingual delivery'.

Participants in the training complete the Institute Accredited Skill Set – Course in Harvesting Mushrooms and Cultivate Mushroom Bed Development. A Train the Trainer Program has also been delivered.

As a training tool, the Virtual Picker received overwhelmingly positive feedback from trainees and trainers alike. It has proven to be a highly effective training and onboarding tool for introducing new employees to the fundamentals of mushroom harvesting.

The VR training tool has significant scope to be applied to other Costa crops, especially those that require precise harvesting techniques and emphasise dexterity and speed.



New Harvest Management System module helps keep track of pests and disease

Identifying pests and disease has been made a lot easier for the Berries team with the launch of a new module in our Harvest Management System (HMS).

The new functionality enables horticulture teams across our berry farms to respond more effectively with real-time reporting on pest and disease issues in our farms.

Prior to the module's introduction, scouting teams would have to manually capture and enter the data into excel spreadsheets. Capturing pest and disease data in real-time through the HMS helps to draw improved correlations between pest and disease pressures and yield outcomes.

Part of the new module also includes the visualisation of GPS pins on the geospatial maps in the home screen of the HMS. This enables our horticulture teams to identify and respond to issues in a timely manner and stop in their tracks pest and disease which could adversely impact the crop.

African Blue Morocco farms integrated into Harvest Management System

The Berry international team has integrated their African Blue farms in Morocco into our Harvest Management System (HMS).

The HMS will now support more effective data management and analytics, including forecasting yield by variety and block across the Moroccan farms.

The upload functionality of the HMS enables the ability to collect and analyse data, allowing the African Blue team to upload large volumes of yield information obtained in the field and historical data from over 10 years of production.

The HMS geospatial maps enable the team to view African Blue data from anywhere in the world on any device and it is also intended that third party farms in Zimbabwe and South Africa will also utilise the HMS.

Our China operations will be implementing the HMS in 2021.

Farm moves to electric vehicles

With a move away from quad bikes due to safety concerns, the Gingin (WA) Berry team has completed a successful trial of electric golf carts as an alternative vehicle for moving around the farm and in between the plant rows.

The trial has shown the carts can provide all the functionality required, with significant cost savings. Based on \$0.25 per kWh, the weekly power cost has been reduced from circa \$36 a week for the petrol vehicles to \$5 a week for the Lithium powered golf cart. The total savings are circa \$1,600 per year per vehicle.

It is planned to roll-out electric vehicles as a replacement for both the quad bikes and all-terrain vehicles.

Improving the avocado export supply chain

As we seek to open up new export markets for our avocados and those grown by our partner growers, the challenge we need to meet and solve is to ensure the product which arrives in the destination country is of a high quality, and is not damaged or ripening too quickly as it travels through the supply chain.

Working with researchers from Queensland University of Technology and the Queensland Department of Agriculture, a data model is being developed that identifies the lead indicators of avocado robustness, such as storage temperature, and determines if and when an avocado is suitable for export.

The research team is also creating a digital model to predict the quality of avocados on arrival at their destination, suggest how consignments should be treated, and confirm where improvements can be made along our avocado supply chain. These predictions will be fed into a user-friendly decision-aid tool, such as a digital dashboard, for farm and packhouse staff to trial.





People

Costa Core Values

Determination

We act decisively with a sense of urgency.

Passion

We challenge the status quo with energy and enthusiasm.

Accountability

We focus on outcomes and deliver on commitments.

Sincerity

We act boldly in an open, honest, and responsible manner.

Respect

We treat others as we expect to be treated in attitude, communication, and personal safety.

The seasonal nature of the Costa business necessitates that our direct and indirect employee numbers will vary during the course of the year and in CY20 our workforce comprised 11,168 full time equivalent workers. This number includes our Morocco and China employees.

CY20 Key Data



CY20 people stats



Total Hours and FTE's

Locations	Hours	FTE
Costa Group	23,400,432	11,168
Australia	9,426,826	4,770
Morocco	11,360,465	5,202
China	2,613,141	1,196

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



Costa People Pillars



Source

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

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

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

Grow

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

Performance feedback drives continuous improvement.

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

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

Prosper

We recognise, reward and celebrate success.

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

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



People continued

Gender salary equity

A review of salaries is conducted as part of the normal salary review process, with gender pay gaps being a key element of this review. The company's annual salary review process, recruitment and promotion processes continue the drive for pay equity across the business.

Paid parental leave

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

Workforce covered by an enterprise (certified) agreement in 2020

Locations	No. Workers	% of workforce covered by certified agreements	Employment contracts
Costa Group	11,168	36%	64%
Australia	4,770	84%	16%
African Blue	5,202	0	100%
China	1,196	0	100%

Costa Awards

Due to COVID-19 it was not possible to hold the Costa Awards in 2020. While it was disappointing not to be able to hold the event, the Costa Awards is an important way for our company to not only recognise the achievements and excellence of our employees, but to also come together and celebrate what is great about our company. Given this we are committed to holding the Awards in 2021 and will work towards organising a successful event ensuring we comply with whatever restrictions may be in place at the time.

In 2020, the resilience and dedication of our people was particularly evident as we met the challenges of drought, fire and the COVID-19 pandemic.

Fighting fire

The devastating bushfires over the summer of 2019-2020 impacted communities across New South Wales and Victoria. In the Tumbarumba region in New South Wales, our berry farms were impacted, with the Taradale pack shed and offices burnt down, and access cut to the Rosewood farm. The priority was ensuring the safety and wellbeing of all our employees and thankfully all Costa employees were evacuated from the site and remained safe in Wagga Wagga throughout the emergency.

Led by Nico Mulder, Regional Manager, the team did an outstanding job throughout the emergency and in the following months to ensure a return to a successful harvest in 2020-21.

In response to the Tumbarumba fires and fires which impacted other communities in which Costa operates, the business made donations totalling \$35,000 to various rural fire brigades and services.

Volunteers help out in fire emergency

Volunteers from within the Costa Berry Category were part of the emergency response throughout the bushfire crisis.

Jerimie Anderson, from Corindi, Brendon McGuiggan, from Tumbarumba, and Paul Agar, from Tasmania are among those who volunteered with the rural fire services.

Paul, who spent three weeks in New South Wales, including time in Kempsey and on the South Coast, has been a volunteer with the Chudleigh Fire Brigade for 16 years. His daughter, Shannon, is also a member of the Brigade and volunteered alongside her dad.

Paul, who also volunteered during the Black Saturday bushfires in Victoria in 2009, said the response from the community was humbling.

"I live out in the country at Caveside near Dunorlan (Tas). If we didn't have volunteers, there would be no-one to attend house fires or anything."

"This was a national crisis so I put my hand up to go. I did a stint in Nowra and in the Kangaroo Valley, where for every two houses saved, there was one destroyed. We were doing 12-14 hour days."

"Every time we went through a town people were giving us things and hugging us and crying. That was overwhelming." – Paul Agar



Ethical Sourcing Program update

Costa's Ethical Sourcing Program is designed to ensure all workers employed within our farming and packing operations, whether through our own business or through partner growers, are employed fairly, treated with dignity and their human rights are respected.

In addition to ensuring our direct employees are treated fairly and in accordance with all relevant laws, our challenge has been to better understand the social sustainability practices of our partner growers.

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

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

In 2020, 97 per cent of our domestic partner grower base was registered on Sedex and shared visibility of their site information with Costa. During the year we have used this information to risk assess employment management practices and identify areas of potential risk.

This work, and the steps taken to mitigate the risk for workers, will be outlined in our Modern Slavery Statement.

Among the key steps we have taken is the development and extension of inhouse training for people within our business who have direct dealings with our partner growers. In 2020, this training was extended to include farm managers in key categories. A total of 93 people received in-house training on Ethical Sourcing Awareness, covering topics including modern slavery, salient human rights issues and an overview of our ethical sourcing program.

In 2020, we also commenced Sedex Members Ethical Trade Audits (SMETA) on our own sites. These audits are undertaken by the Association of Professional Social Compliance Auditors (APSCA), an approved independent third-party certification body.

To increase awareness of how to deter, detect and deal with hidden labour exploitation, Human Resources and Compliance managers completed specialised external training on Tackling Forced Labour in Businesses.

While COVID-19 reduced our ability to provide training for our partner growers, we provided updated guidance on the Ethical Sourcing Program and continued to distribute an Ethical Sourcing Bulletin to provide information and guidance on topical issues as and when required.

Diversity and Inclusion

Costa's Diversity and Inclusion Strategy 2019-21 sets out our commitment to a workplace culture that builds respect, fosters inclusiveness, promotes diversity and embraces the unique skills and qualities of all our employees.

Countering Modern Slavery

Costa has developed a specific three-year Action Plan, starting in CY2020, detailing Costa's continuous improvement approach to modern slavery risks, including measurable outcomes and deadlines.

Costa is also working to understand the effectiveness of anti-modern slavery initiatives and broader activities across the business which impact human rights, and to further develop a framework for the ongoing assessment of our performance.

Currently, we track our performance through the following mechanisms:

Governance	Modern Slavery Working Group Policy reviews
Risk Management	Audit and Risk Committee Assesses the effectiveness of the Company's system of risk management and internal controls including modern slavery and labour risks.
Monitoring	Internal audits Supplier self-assessment questionnaire Supplier audits Site visits Accommodation audits Training participation
Grievance mechanisms	Whistleblower hotline



People continued

Fair Work Ombudsman's Horticulture Reference Group

Costa is a member of the Fair Work Ombudsman's (FWO) Horticulture Reference Group. The membership of this Group consists of industry associations, unions, retailers and employers. The Group worked with the FWO to establish the Horticulture Showcase, which was launched in September 2019.

The Showcase provides horticulture-specific guidance on managing and achieving compliance in labour supply chains, focusing on key issues including sourcing labour and how to use labour hire lawfully, and deductions for accommodation, transport and job finding.

Costa Care

In 2020 planning began for the rollout of Costa Care – an initiative aimed at developing a culture of care across the business.

The Costa Care culture is built on our passions for outstanding people, safe and nutritious food production and thriving partnerships, local communities and environments.

To be implemented in 2021 the goal is to build a genuine sense of commitment to Costa Care by all stakeholders and to encourage and enable leaders to bring it to life.

Celebrating international women's day

Costa celebrated International Women's Day with events across various sites. With the theme #Each for Equal, a key event was a Q and A session with Costa Board Member Janette Kendall.

Morning teas, lunches and other get-togethers were organised across the business to recognise the achievement of women and stories featuring a range of women and their experiences were highlighted on the Costa intranet for employees to read.



Key people profiles

Sarah Williams

Glasshouse Grower Manager

After a 10-year career in viticulture Sarah Williams made the move 'by accident' into glasshouse growing and has not looked back. Sarah is the Grower Manager for the Tomato Category's Glasshouse 3 in Guyra (NSW).

She grew up in the Guyra region but left to travel and work, completing a degree in viticulture and working for 10 years in the wine industry. After finishing a Masters of Environmental Management, she became a glasshouse grower in northern Victoria, before returning to her home town to take up a position in the tomato glasshouses at Guyra.

"Agriculture is still a fairly male dominated industry but people in our management team don't see women any differently. There are always opportunities out there and sometimes you do have to take a leap of faith. Willingness to learn and having confidence in your own abilities can be your greatest friend." – **Sarah Williams**



Samantha Moody

Maintenance Coordinator

Samantha Moody is the Maintenance Coordinator at Costa Mushrooms in Casuarina. Sam is a qualified electrician and has been working with Costa for the past five years. Prior to joining Costa, Sam worked for Argyle Diamonds for eight years on a fly-in fly out basis. Sam has a great understanding of the overall site operation and a desire to provide excellent service for all internal customers. She is excited to return to her passion and is currently the only female running a maintenance department across the Costa business.

Accommodation and Services Policy

With extensive labour requirements across our farming operations, Costa uses a mix of recruitment practices including direct employees, third-party labour hire providers and the Federal Government's Seasonal Worker Program (SWP).

Where employees are provided accommodation as part of working at Costa sites, whether employed directly or through a third-party, Costa is committed to ensuring the facilities are fit for purpose and in good condition.

A Costa Accommodation and Services Policy was developed and implemented in 2020. This Policy outlines the minimum requirements for the provision of accommodation and related services.

The policy includes requirements relating to: building condition, safety, amenities, provision of services (such as cleaning and maintenance) and approvals. It also outlines requirements relating to the provision of transport.

As part of the implementation of the policy, regular audits and inspections are undertaken to ensure standards are met and maintained.

School shift helps parents

Our Mushroom farm at Casuarina in Western Australia has been operating a school-friendly shift, to provide opportunities for staff who have previously not been able to work due to child-caring responsibilities.

The Casuarina workforce varies from 270 to 290 people, with the majority of employees employed on a full-time or part-time basis. Up to 76 per cent of employees are female and the vast majority of harvesters are women from Chinese backgrounds, who have English as a second language.

After a successful trial, the 9am to 2pm shift is now offered on an ongoing basis to around 20 people, providing greater flexibility for the workforce and ensuring a pool of people to work in the busy period of the day. For many of the people who have taken up the shift, it also provides a social outlet and increased independence and financial security.

Another successful initiative at the Casuarina Mushroom farm has been the introduction of English classes. During 2020 a total of 15 staff were offered free classes once a week for 20 weeks. Provided on site by an external facilitator, the program has resulted in increased confidence and skills. The classes will be offered again in 2021.

Harmony Day Celebrations

On Monday 16th March 2020, the Northern NSW Avocado teams from Fisherman's Reach and Comboyne held a small lunch to celebrate Harmony Day. They put up posters on the tearoom wall with facts about Harmony Day and this opened up conversations between staff members about their family heritage and culture.

Activities were also held across various sites to celebrate the rich cultural diversity of our employees. Across the Costa business, our employees represent 94 different nationalities.

Training support to develop new skills

Across the Costa Group, a range of assistance is being offered to support employees to learn new skills and gain qualifications in their fields of interest.

Connor Humphreys, who has been working in the Avocado Category for close to two years, was offered the opportunity to undertake a Certificate III in Horticulture.

Connor, a farm hand at the Gunalda avocado farm in Central Queensland, was keen to get a qualification and welcomed the support from Costa to complete his studies.



The Costa Citrus category has been providing on-farm training to Paige Lawrence, based at Renmark on the Kangara Farm. Paige is studying for her Horticulture Certificate III via an apprenticeship with SMGT and is on track to complete her on-farm training in April.



"There has been so much to learn, and everyone has been very helpful in answering my many questions and teaching me new skills. I've really enjoyed the challenges thus far." – Paige Lawrence

People continued

Emely Goncalves, who started a traineeship with the Technology team in mid-March, spent only four days in the office before the COVID-19 shutdown forced her to work remotely.

With the tools available for remote work, Emely was paired with a mentor and remote learning sessions were set up using Microsoft Teams for video chat.

After only three months into her traineeship, Emely was working on her own, calling customers, talking them through problems and is 'very well-advanced' with this process-driven work.

Travis Watts moved into the role of Prepack Manager at the Mushroom farm at Casuarina, having previously coordinated the Maintenance department. Travis started his career as a tray repairs assistant, worked persistently, and with support from Costa completed his adult apprenticeship as a Mechanical Fitter. Travis moved into the Maintenance department working his way into a leadership role of Prepack Manager.

Online learning

Costa's Learning Management System provides a suite of online courses covering topics in the key areas of Business Management, Communication and Personal Development, Diversity and Inclusion, Food Safety and Quality, Health Safety and Wellbeing, Information Technology and Systems Management, Leadership and Development and Microsoft tools.

New courses are also being added in categories such as Harvest and Ethics and Conduct.

There are currently close to 600 registered users, with plans to extend the program across the entire workforce as additional courses are added. The online Learning Management System features tailor-made courses, designed to cover specific Costa business requirements, as well as more general courses aimed at educating and empowering our workforce.

Courses can generally be completed within 30 minutes and are available for people to self-enrol.

Some courses, including Discrimination and Equal Employment Opportunity, are mandatory for all registered users.

Costa Graduate Development Program

The Costa Graduate Development Program had its first intake in 2020, with four graduates participating in the 18-month program.

The tailored program has been developed for high performing graduates, who have completed or are in their final year of a Bachelor level qualification in a relevant discipline. The first intake in 2020 focused on graduates of horticulture and agricultural degrees.

The Program provides three rotations across several farms and regions which enables exposure to multiple categories of the business. Rotations may include spending time at a high-tech nursery, tomato glasshouse, packing sheds, state-of-the-art growing facilities, sorting lines, farm management and agronomy teams. Graduates also gain insight into what happens after our produce leaves the farm through exposure to the Sales and Marketing functions based in the Melbourne head office.

Costa intends to offer the Graduate Program each year, with the next intake in June 2021.

Despite the challenges of Victoria's lockdown, Liam Maiden has made the most of his time in the Costa Graduate Program.



Liam was accepted into the program with three other graduates, after completing an agriculture/economics degree at the University of Melbourne. His first placement, which was originally set for six months, was with the Mushroom Category at Mernda and his second placement was with Berries in Corindi.

"Costa's Graduate Development Program has given me the opportunity to gain on-site experience at multiple Costa farms and understand many facets of the company's operations. Since starting the program at Costa's Mushroom Farm in Mernda, Victoria I have always felt welcomed and a valued member of the Costa team. I was not only able to learn in-depth their operations from start to finish, but also how the category runs as a business." – **Liam Maiden, Graduate Agronomist**

Elisa Lim completed her Bachelor of Food Science and Agribusiness with Honours at the University of Sydney and found out about the Costa Graduate Program in her final year of study. Her first rotation was at the Avocado Category at Fisherman's Reach, in northern New South Wales, where she undertook agronomy research. She also learned to pick, pack and size avocados and was trained to operate cherry pickers to reach the fruit high up in the trees. Her second rotation was with Tomatoes category in Guyra.

Lauren Innes completed her agriculture degree in 2019. She completed her first rotation with the citrus team before moving to the Mushroom team at Mernda.

"It's been great to follow the development of the fruit through the season and into the harvest. I have been given a wide variety of activities and have appreciated the technical and mentoring support from everyone." – **Lauren Innes, Graduate Agronomist**

Gaby Wen completed her Master of Applied Science (Agriculture) at the University of Tasmania. She has completed rotations with the Costa Berries team in Tasmania and in Corindi in New South Wales, as well as undertaking internal and external training.

"The program has been really good with opportunities to learn new skills in a very supportive and professional environment." – **Gaby Wen, Graduate Agronomist**

Tomato Category Graduate Development Program

The Tomato category Graduate Development Program kicked off in February 2020 at our glasshouse tomato operations in Guyra, NSW.

The role of a Glasshouse Grower is highly scientific, and it is difficult to recruit people who possess the relevant qualifications or have technical experience in tomato operations. The Tomato Graduate Program was developed to attract tertiary qualified young people within the local Guyra region who are interested in working in the Horticultural industry.

The Program proved to be successful with two graduates from the intake being offered permanent roles of Agronomy Coordinator and Assistant Grower. We look forward to continuing to nurture their development and growth for a long and rewarding career.

"The Graduate Development Program within Costa's Tomato category was a phenomenal opportunity to gain meaningful experience across a diverse range of roles and segments of business, and an opportunity that I am very appreciative of. To then be offered a permanent position in a role and a department that has such a wide scope of responsibility and a team of brilliant professionals with a mindset of continual development, means so much for me and where I see my career heading. So, thank you to everyone at the Tomato category, Guyra!"

– Brad Jenkins, Agronomy Coordinator.



Health and Safety

3 PILLARS OF SAFETY



TO PROTECT

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

TO IMPROVE CULTURE

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

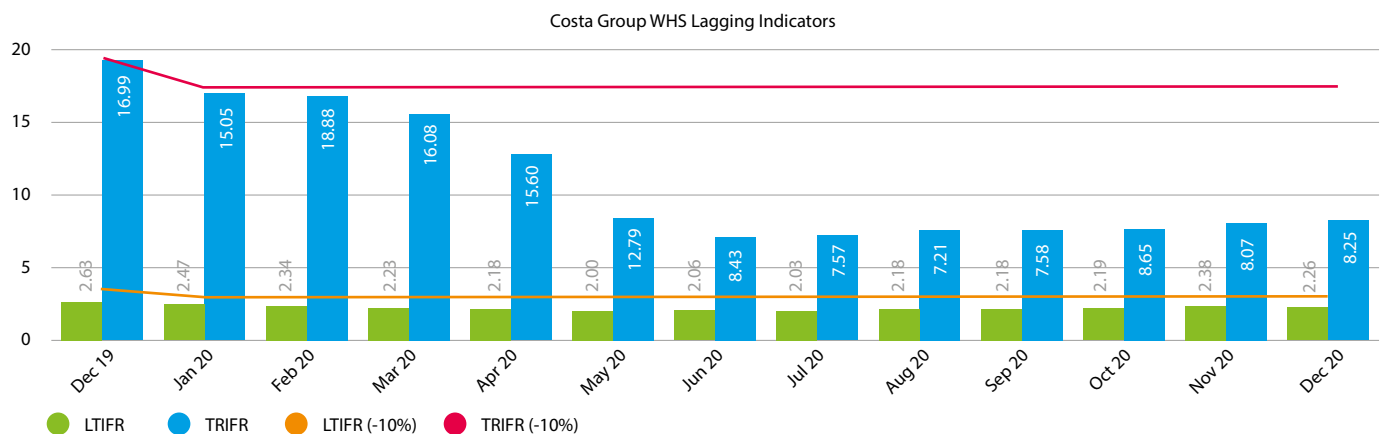
TO BE THE BEST

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



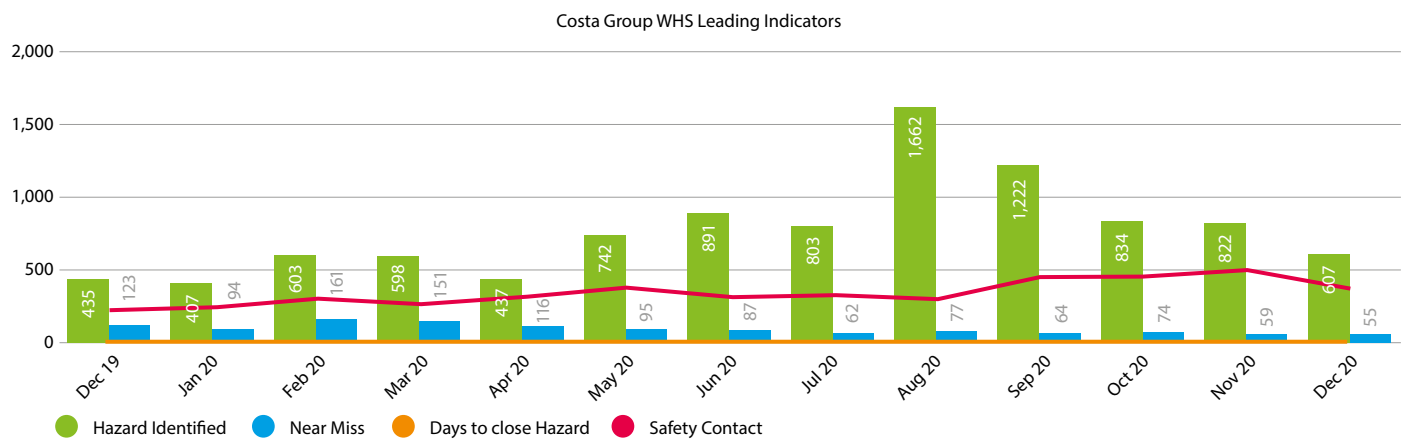
COSTA WHS STRATEGY



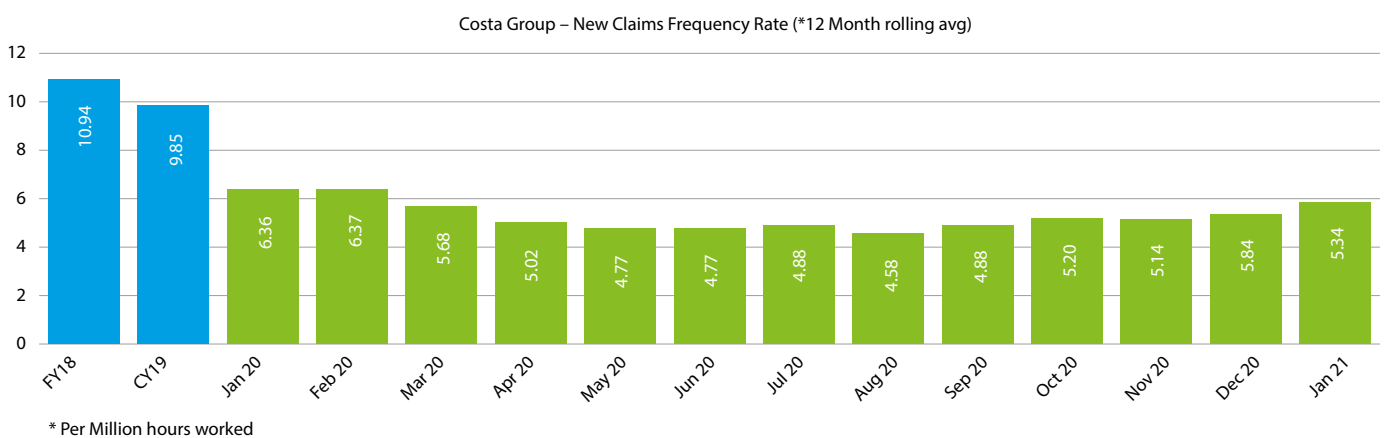


LTIFR – Lost Time Injury Frequency Rate, the number of lost time injuries occurring in a workplace per 1 million hours worked.

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

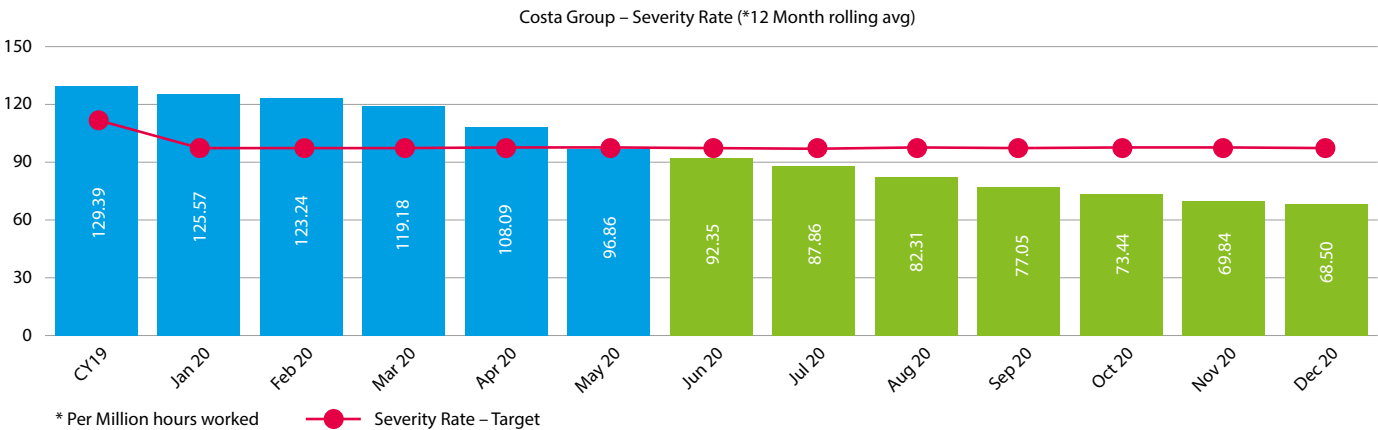


The key leading indicators of hazards identified, and safety contacts increased significantly through CY20. This is due to the increased support provided to workers during COVID-19 and also greater commitment from management and employees to focus on reducing risk across our sites.



The total number of Workers compensation claims through CY20 reduced by 59 per cent versus CY19 claims. This improvement was assisted by a continued focus on leading indicators, and intensive support for our employees through the company's workers compensation and return to work processes.

Health and Safety continued



The severity rate is the number of lost days divided by hours worked and multiplied by a million. Over CY20 the rate shows a steady decrease reflecting a reduction in the number of workers compensation claims, and also a positive change in the severity and nature of any workplace injuries.

There were zero fatalities in 2020.

Focus on COVID-19

COVID-19 dominated much of the Health and Safety focus during 2020 and remains a key focus into 2021. In response to the Coronavirus pandemic Costa implemented a COVID-19 Action Plan in March 2020 which included the development of specific Action Plans for each Costa category and specific farms and locations.

The priority throughout the pandemic was ensuring the safety of our employees and their families and, as an essential service providing fresh produce, the ability of our business to continue to operate effectively.

The COVID-19 Action Plan covers the three key areas of prevention and education; facilities and cleaning; and worker management.

Throughout the pandemic, Costa staff have gone above and beyond to deal with the ever-changing circumstances and to maintain morale through lock-downs.

Keeping harvest crews motivated and making sure they have a bit of fun is all part of a day's work for blueberry harvest supervisor Shane McDonald.

Throughout the Corindi berry harvest, Shane and his assistant Nine Jarrett hosted activities including a Halloween party, Melbourne Cup sweep and Christmas celebrations.

Shane's crew has been a group of Seasonal Workers, from Tonga and Vanuatu, who have been unable to return home due to COVID-19.

"We have been doing what we can to keep their spirits up and they are doing a great job. There is always music playing and singing and dancing in the rows."

"Through all of this they have maintained good picking rates and quality and they always come with a positive attitude." – **Shane McDonald**



Harvest Jobs for Atherton Locals

A job with Costa Berries provided welcome relief for Atherton Tableland locals Ashleigh Lindsay and Jarod Bouchard, who were among the many people to lose work in the hospitality industry as a result of COVID-19.

Ashleigh, 23, had been working at a local hotel for about 10 months when the COVID-19 restrictions led to her losing her job. Struggling to pay the bills, Ashleigh applied for work with Costa where she was accepted into a harvest position.

Jarod Bouchard found himself unemployed as the local business he was working for did not meet the requirements for JobKeeper, as a result he was left without any income. With his partner Sandra Alfonso a senior horticulturist with Costa Berries, he looked to the farm for work, where he ended up working in harvest support.

Despite the change to a completely new industry, Jarod welcomed the opportunity and found there were some similarities with hospitality, particularly around hygiene and quality practices.



Managing COVID-19

From the very beginning of the COVID-19 pandemic, the management team at our Mernda (Vic) Mushroom farm took a proactive approach to managing the risk on site. This included the immediate establishment of a Steering Committee and the appointment of site COVID Marshals dedicated to ensuring the health and safety of our staff.

Direct and concise communication was recognised as the key to ensuring the strong support and willing cooperation of all employees, including weekly COVID related toolbox talks at the commencement of each shift and translated for team members with English as a second language.

Mandatory temperature testing was also implemented, with the testing of our workers, visitors and contractors before entry to site. Thermal imaging cameras were installed at the entry to the farm. The thermal cameras have long range detection capability that reads a person's temperature from their car. This eliminated the need for people to manually take the temperature of others and thus further reduced the incidence of close contact.

Strict social distancing and maximum room capacity restrictions were put in place, along with the installation of professional signage, CCTV and decals across the site. Specific work groups were ring fenced to further minimise contact and dedicated staff lunchrooms and amenities were set up to aid in the physical separation of employees.

The Mernda site was also split into 'colour coded zones' to maintain the segregation of work groups. This was supported by staggered start times to reduce congestion, with workers being grouped to start 15 minutes apart.

The site Steering Committee follows a structured contact tracing process in order to quickly identify close contacts in the event of any confirmed COVID-19 cases. In addition, the Steering Committee actively manages an Absentee Register as well as following a Return to Work Process.

An emphasis on strong communication and a culture of safety first has ensured our risk mitigation strategies have been implemented with a high degree of efficiency, support, and acceptance from the workforce.



Health and Safety continued



Promoting driver safety through education

Teaching local employees safe driving skills is now a key health and safety initiative in our China operations. The need for this was identified after a near miss vehicle incident on one of our farms which was caused by the driver not properly observing the driving conditions.

Training was initially provided by IVV (International Association for Driver Education) trainers, however in order to cover all farms and new employees, two Costa employees were subsequently trained so they could conduct the training and undertake ongoing assessments of employees on a regular basis.

A driver classification management system was also established, including limiting drivers with insufficient driving experience and poor performance in the assessment, to certain farm areas. All drivers are now required to pass a test before they can drive company vehicles. Planning is also under way to install devices in company vehicles to record unsafe driving behaviours in order to continuously improve and promote a culture of safe driving.

China safety coordinators

Our China farms now have a total of 10 workplace safety coordinators, who are not only responsible for reporting hazards and accidents, but also for overseeing the proper use of personal protective equipment (PPE), safety training within their department, and the follow-up of safety actions. As a result, risk reports have increased by 30 per cent highlighting an improved awareness of safety.

The safety coordinators are also responsible for the compilation of standard operating procedures (SOPs) for all work activities, promoting a standardised and consistent approach to the compilation of SOPs across the operations.



Mobile Equipment Safety Blitz

Across our business mobile equipment poses a health and safety risk to our people and is recognised as a known cause of safety incidents and injuries. Mobile equipment is also the main cause of fatalities and injuries within the Agriculture sector.

In a bid to combat these risks, a Mobile Equipment Safety Blitz was held across all sites during August. The Safety Blitz included a range of tasks and checks, including a focus on completing pre-start checks for every vehicle and mobile plant, supervisors ensuring equipment is used in line with any safe work practices, the importance of pedestrian safety and corrective actions identified and implemented for mobile equipment that may not be operating safely.

Morocco safety plan continues to take shape

The implementation of the African Blue, Morocco safety plan continued over 2020 with the following key initiatives:

- Increasing the number of proactive safety contacts across all operations and new sites.
- Continuing to deploy safety training methodically throughout the business to build workforce safety knowledge and culture. Focus activity on training in higher risk areas such as electrical and mobile equipment.
- Reporting of safety metrics continues to broaden with increased leading metrics, including hazard/near miss reporting.
- Seeking to eliminate slip, trip and fall hazards in the farms (there was a decrease in the number of accidents linked to the risk of slip, trip and fall compared to last season).
- Regular safety contacts during the harvest season, highlighting the improvement of the health and safety culture within African Blue.
- The implementation of a COVID-19 management system.

Zero Harm

In early 2020 the Costa Farms and Logistics Distribution Centre located at Derrimut (Vic) celebrated four years (1,461 days) of being LTI (Lost Time Injury) free. DC Manager Mike Farrugia congratulated the team on such a significant achievement, noting it was made possible by the team maintaining a strong focus on safety, everyone being accountable and responsible for their safety behaviours, and management leading the way by continually promoting a safety culture.



Community

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

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



Health and Well Being

Fresh fruit donations

The Costa Tomato team kicked off a Community Project in February, providing weekly deliveries of Red and Gold Perino tomatoes to the local Guyra and Armidale primary schools, for their 'sip and crunch' morning teas during Term 1. Tomatoes were delivered to 17 local schools, covering almost 2,900 students in K-6.

As well as providing a delicious and healthy snack to local students, the initiative helped provide a local connection between Costa and the community, with many teachers not realising the Perino tomatoes they were buying were coming from just up the road.

The Tomato team also provided a fortnightly supply of Perino tomatoes for the Armidale Montessori Preschool, in support of the preschool's focus on promoting healthy eating and healthy habits, as well as local sporting and community groups including: Guyra Pony Camp; Glen Innes Pony Camp; Glen Innes Show; Guyra Top of The Range Golf Tournament; aged care facilities; Armidale and Guyra Hospitals; Meals on Wheels; Duval Dam Buster and the Guyra Bowls Club tournament.

The Costa Berries team in Gingin has donated frozen raspberries to the local schools. The Gingin team delivered berries to Atlantis Beach Baptist, Two Rocks Primary School, Yanchep Beach, Gingin District High School and Bindoon Primary School. The berries were used by the schools in their home economic classes and canteens with Two Rocks Primary School looking to turn the donated berries into jam for fundraising. Strawberries have also been delivered to schools in Tasmania.



Costa partners with Foodbank Australia

Costa is proud to partner with Foodbank Australia, the country's leading food and grocery relief organisation. During COVID-19, demand for food relief increased by 47 per cent on average and Foodbank is helping to address the crisis by supplying more food and groceries than ever before to charities for distribution to vulnerable people.

In 2020, Foodbank provided 87.9 million meals for people in need, through donations from the food and grocery sector and the purchase of key staple items, with funding from the Federal Government, corporate Australia and individuals. This record volume of food and groceries was an increase of close to 15 per cent on 2019, enabling Foodbank to generate a social return on its activities worth more than \$1 billion.

During this period, Costa donated just over 294 tonnes of produce, providing the equivalent of 529,900 meals. This included donations of bananas, citrus, grapes, mushrooms and tomatoes. Costa also provided emergency and disaster relief support.

Foodbank also plays a vital role in tackling Australia's \$20 billion food waste problem and in 2020, Foodbank saved 92.7 million kilograms of CO₂-e emissions.



Supporting sustainability at Andrews Creek School

The Costa Berries team in Tasmania has donated and helped install a water tank for the Andrews Creek Primary School, which is close to the Wesley Vale berry farms.

The school has a creek area, which is a fantastic resource for the school enabling outdoor nature study of the flora and fauna. The school has undertaken a lot of work to improve student access and study areas, providing a feature that sets learning apart from other primary schools in the area.

The donation and installation of the water tank has provided water access at the creek for watering plants, studying aquatic animals and washing hands and feet. The School is most grateful for the donation and support that Costa has provided.

Helping students to grow fresh food

Costa Tomatoes has linked up with the Guyra Central School on the Northern Tablelands of New South Wales, to support their students to learn how to grow, harvest, prepare and share fresh food.

The School has a current enrolment of 315 students, including 32 per cent identified Indigenous students, from kindergarten to Year 12. Over 2019 and 2020, the School has been implementing the Stephanie Alexander Kitchen Garden Program, which is designed to positively influence children's food choices.

As part of Costa's strong commitment to the local community, it contributed more than \$8000 for the purchase of a polyhouse and establishment of raised garden beds and soil to implement the infrastructure for the Kitchen Garden Program.

The polyhouse, erected at the school farm, will be used as a whole-of-school resource. It will be run by senior students, to establish and grow seedlings for the junior school students to grow.

Students throughout all stages of Guyra Central School were actively involved in the assembly of the polyhouse, which will play a crucial role in the plant growing program in winter. It has also provided a valuable opportunity for the students to learn more about the role of polyhouses in plant propagation, including the operations of the Costa Tomato glasshouses.

"The Costa Group partnership and funding has contributed to the learning and wellbeing of the students of Guyra Central School community for generations to come, particularly during these uncertain times." – **Guyra Central School**

Funding has also been provided to support the annual St Mary's School Water Safety Program and end-of-year-awards.

Developing leaders of the future

Costa supports a range of university scholarships to help develop the leaders of the future and provide clear career pathways into the horticulture industry (see page 43).

A skilled workforce provides benefits to our business and the industry as a whole and also provides lasting employment opportunities for the people in our regions who wish to pursue a career in horticulture.

Scholarship provides financial boost

Moving more than 1,500 kilometres away from home to go to university, Hannah MacKay welcomed the financial support offered through the Costa Berries Scholarship in Horticultural Science at University of Queensland.

Hannah, the 2020 recipient of the Scholarship, is in her fourth year of a dual degree of Agribusiness and Sustainable Agriculture, majoring in horticulture.

She grew up in Tully, in Far North Queensland, where her family has a banana farm. The first person in her family to go to university, Hannah is keen to return to Far North Queensland to pursue a career in the horticulture industry.

Hannah has also gained hands-on-experience with the Costa Berries team in Far North Queensland over the summer break.

"The financial support I have received from this Scholarship is extremely valued and beneficial for all my university expenses and allows me to concentrate more on my studies as I am 1,500kms away from home." – **Hannah Mackay, scholarship recipient**

Providing work experience for local students

Working with the Costa Berries team in Corindi has been a great experience for Jacinta Sharp, who was the 2020 recipient of a Costa (Berry Category) Scholarship in Horticulture at University of New England.

Jacinta, from Port Macquarie in New South Wales, is in her second year of a Bachelor of Rural Science at UNE in Armidale.

She completed a work placement at the Corindi Berry farm in November and is keen to focus on agronomy and sustainability.

"I have worked at other berry farms in the past but I have found because this farm is so large there is a really good depth of knowledge. There are so many horticulturists with their own expertise. It's been a lot more beneficial than some other placements."

"Some of the sustainability work they are doing here I really like. That's an avenue I'm interested in."

"The scholarship has helped a lot. I've been studying online at home and with the scholarship I was able to buy a new laptop and also purchase some textbooks, as I haven't been able to get to the library." – **Jacinta Sharp, scholarship recipient**

Promoting agricultural honours research



Anna Mackintosh, from Hobart, was a recipient of the Costa Honours Scholarship in Agricultural Science at the University of Tasmania.

The \$10,000 Scholarship supported Anna's honours research into the impact of powdery mildew disease on strawberries, providing vital information to the industry by helping it to understand how the fungus spreads and how it can be mitigated.

"The scholarship, alongside support from the Costa strawberry farm in East Devonport, has allowed me to invest in a project that can directly benefit industry. I am extremely grateful to Costa for this opportunity." – **Anna Mackintosh**

Supporting New England region students

The Costa Tomatoes New England Tertiary Scholarship, valued at \$10,000, is offered each year to Year 12 students living in the Guyra, Armidale, Glen Innes or Inverell area who will be commencing full-time study at university in the following year.

The Scholarship is designed to encourage and support talented and passionate local students to pursue a university education and career in Horticulture and Agriculture.

To help put academic theory into practice, the Scholarship also includes the opportunity for paid employment at Costa during the year and/or academic holiday periods.

The recipient of the 2020 scholarship was Maxwell Semmens, who entered his second year of a Bachelor of Rural Science degree in 2020 with a GPA of 7 (HD). Maxwell is from Gormans Hill in NSW and is studying on campus.

Costa Tomatoes has also been a supporter of the University of New England's Growing Regional and Agricultural Students in Science (GRASS) program.

As part of the program, Samuel Graham, a student at O'Conner Catholic College Armidale, had a one-week placement at the Costa Tomato glasshouses, where he was hosted by Senior Grower Tal Kanety.

Samuel spent time in every part of the operations, doing various crop work jobs including picking, pollinating, twisting and leafing.

"Following my week at Costa I feel I am more open to a career in horticulture, especially in plant agronomy and nutrition or pest management. The amazing opportunity provided by the UNE GRASS program and Costa Tomato category has given me an understanding of an aspect of agriculture that is very different to what I am used to, however equally if not more intriguing." – **Samuel Graham**

Building community spirit

In 2020 Costa continued its sponsorship of the annual Tumbafest, a weekend of food and entertainment in the town of Tumburumba, in southern New South Wales where Costa grows blueberries.

The Tumburumba Vignerons Association partnered with Costa to present A Taste of Tumbafest – the premier food and wine pairing event in the region.

Costa Berries is also an ongoing supporter of the Courabyra Children's Christmas Party in Tumburumba, the annual Special Children's Christmas Party in Coffs Harbour, and a number of other community events many of which were postponed in 2020 due to COVID-19.

Nagambie on Water Festival

The Costa Mushroom Category has been a long-term Gold supporter of the annual Nagambie on Water Festival, celebrating the people, produce and culture of this region in North East Victoria.

The festival, held on the shores of Lake Nagambie, partners with community groups and organisations in order to return any profits into the community. Each year the festival runs a charity auction to support Nagambie Healthcare. Over the past four years the festival has donated just on \$5,000 to the Nagambie Healthcare new hospital ward fund.

The 2020 Festival, held in February, included well-stocked market stalls, amusements and rides, and plenty of local produce, food and wine and culture from the region. The Costa Community Canoe Challenge was one of the many water-based activities held in perfect weather conditions.

Mernda Community Festival

On Sunday, March 1 the team from our Mernda mushroom farm volunteered at the 8th Annual Community Fair in Mernda, Victoria.

The Mernda Community Fair is an annual event held to celebrate the spirit of the community and to provide a day of low-cost family entertainment.

The team cooked delicious mushroom burgers and handed them out for free to members of the community.

Helping to alleviate poverty in China

As part of its commitment to the communities in the Xishuangbanna Prefecture, Yunnan Province, in China, Costa has been a strong supporter of the Poverty Alleviation Program.

The Poverty Alleviation Program is a nationally driven program that targets regions that are classified as the poorest provinces in China. The aim is to improve the economic wellbeing of the poorest sections of the population.

Yunnan, where Costa has its berry operations, is classified as one of the five poorest provinces due to its largely agricultural economy, its resources, ethnic spread and geography.

The Poverty Alleviation Program has been in operation for a number of years and local, prefecture and provincial officials must deliver on targets, which are based on five main activities:

1. More productive economic activity.
2. Government enterprise support and subsidies.
3. Improved social security.
4. Movement of people into population centres.
5. Improved educational opportunities.

The Costa Joint Venture in China has been recognised formally in Menghai for its support of the program, largely through the creation of employment opportunities and the benefits this has brought to the local population.

In the area of our new farm development, Baoshan Prefecture, there are extensive poverty alleviation activities in place. One of these is a support program aimed at talented children from poor rural families to enable them to further their education. Costa was proud to participate in this program, which was in line with our philosophy of providing support at the local level in a very targeted way.

After consultation with the program officials, Costa agreed to support four children from the village closest to our development. This involved a payment which would cover their course fees, accommodation, living expenses and transport.

In addition, Costa has assisted with the transport of fruit, which was obtained by the Menghai government, by both purchase and via donations, and sent to Wuhan Xianning's medical workers.



Taking a stand against bullying

The Berries team in Far North Queensland (FNQ) supported the #DoltForDolly campaign, which is aimed at bringing the community together to celebrate kindness and unite in taking a stand against bullying.

Dolly's Dream was set up in memory of Amy 'Dolly' Everett, aged 14, who took her own life after an extended period of bullying and cyberbullying. Her parents Tick and Kate and her sister Meg, are now focused on using the money that has been donated by the community to help prevent other families from going through the same devastating experience.

With an increase in online activities, due to COVID-19, the FNQ team chose this cause to support with fundraising activities and Toolbox Talks.



The Costa Banana team in Tully, FNQ helped raise \$1300 for the Tully Hospital Foundation, with funds going towards a much-needed ultrasound machine. The team put on a car wash to assist the fundraising campaign.

Supporting Surf Life Savers

Costa Berries in Corindi is the major sponsor of the Woolgoolga Surf Lifesaving Club's Junior Nippers. The Club, which has a total of 288 members including 216 juniors, provides Surf Life Saving patrols during school holidays and weekends. The volunteers also provide a valuable service through their education programs and beach patrol.

In Tasmania, Costa Berries supports the Port Sorell Surf Life Saving Club, one of 15 clubs in Tasmania that provides volunteer educational and emergency rescue services to the community. The Club, which is located at Hawley Beach, has a strong focus on educating children about surf awareness, developing their fitness and water skills.



Costa gets into the Carnival spirit

Costa staff were proud participants in the annual festival for the Mengzhe (China) township.

Mengzhe is the closest town to the Costa farms in the south of Yunnan province in China and the annual festival is one of the most popular events in the area. This year it included mountain biking, grasping fish, a BBQ and food festival and evening performances.

It is the second year the Costa team has participated in the township's sports event. In the first year Costa fielded a soccer team and in 2020 they were represented in mountain biking. The course includes road and dirt racing, and attracts riders from inside and outside Yunnan province. The competition was divided into three groups: middle-aged, youth and female groups. Racers needed to finish 45km for male riders and 35km for female riders, both within three hours.

The Costa team included racers: Richard Zhang, Charlie Wang, Alex Wu, Anmin, Nick Liu, Jia Song. The event was a great team-building exercise and an opportunity to show Costa's support to the local community.





Community Support

Sporting clubs

Costa continues to provide support for a range of sporting organisations across the regions in which it operates. Among the clubs sponsored by Costa are:

+ Adelaide University Agriculture Students Association	+ Junior individuals (dance, cricket, soccer – Guyra and Armidale)
+ Armidale District Junior Cricket	+ Lower Plenty Fida Bears Football Club
+ Armidale Junior Touch football	+ Malanda Football Club
+ Atherton Junior Rugby League Club	+ Mernda Football and Netball Club
+ Atherton Turf Club	+ Nagambie Football Club
+ Caroline Springs Football Club	+ Nagambie Tennis Club
+ Childers Golf Course	+ Pemberton Golf Club
+ Devonport Touch Football Association	+ Port Sorell Surf Lifesaving Club
+ Duval Dam Buster (running event)	+ Riverland Football League
+ Guyra Ladies Golf	+ Vitor Renmark Amateur Swimming Club
+ Guyra Rugby League	+ Woolgoolga Boardriders Club
+ Guyra Top of The Range Golf Tournament	+ Woolgoolga Surf Lifesaving Club
+ Guyra Bowls Club tournament	+ Woolgoolga United Football Club
+ Irymple Knights Soccer Club	+ Zodiacs Basketball Club

Scholarships

Costa Group supports the following scholarships in partnership with a number of universities:

Central Queensland University	CQUnicares Costa Avocado Scholarship	\$15,000 over three years
Charles Sturt University (Queensland)	Costa Avocado Scholarship	\$15,000 over three years
University of Queensland	Costa Berries Scholarship in Horticultural Science	\$15,000 over three years
	Costa Avocado Horticulture Scholarship.	\$10,000 over two years
University of Tasmania	Costa North-West Scholarship in Agricultural Science	\$20,000 over four years
	Costa Honours Scholarship in Agricultural Science	\$10,000 for one year
University of New England	Costa Berry Category Scholarship in Horticulture	\$10,000 over two years
	Tomato Category Scholarship	\$10,000 over two years

Community continued

Stakeholder Group Engagement

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

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

Data Assurance

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

Corporate Governance policies, charters and statements

visit investors.costagroup.com.au/Investor-Centre/?page=corporate-governance

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

* To be lodged prior to end June'21.

Useful Links

Company website

costagroup.com.au

Investor website

investors.costagroup.com

Linked in key word

linkedin.com/company/costa

Facebook key word

facebook.com/CostaGroupHoldings



