

# SUSTAINABILITY REPORT 2021



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# CEO MESSAGE

It was the foresight of Flavorite's founders Warren and Mark that saw us lead the produce industry in Australia into a new and more sustainable method of growing produce. Glasshouse and protected cropping are the benchmark of sustainable growing systems and yet, at Flavorite we recognise that there is even more we can do to improve our sustainability footprint and drive further essential change in our industry.

Our teams have been working hard on our new Sustainability Plan, which will signpost new and challenging goals for how our business will continue improving in the coming years. The pillars of our plan include People, Environment and Community.

Our focus on employees and their well-being has stepped up a notch as the way we work and the way we interact with each other has necessitated change due to the COVID-19 pandemic. Working from home for some people, new social distancing requirements with our work colleagues, and sanitising our hands and workplace, has become the new normal. Despite these ongoing challenges, the true measure of the strength in our business is how our

people were able to respond unified and magnificently to these difficult circumstances.

Sustainability and the part Flavorite plays is important to our customers and ultimately the end consumers of our fresh products. The work we do inside our own business will reflect and have impacts outside our business and has the potential to create positive outcomes across the broader community. At the very least Flavorite will provide clean, healthy, flavourful, and sustainably grown fruits and vegetables for consumers to enjoy.

We intend to further develop and lead in the area of sustainable practices across our group. Our actions will mark us as leaders of environmental and social governance. It will be the efforts and commitment of our people and their passion for our group to lead on the environment and sustainability which will see us meet our targets and strive for more progress into the future. We have the team to do it, so let's continue to work hard to make it happen.

Mike Nichol  
CEO

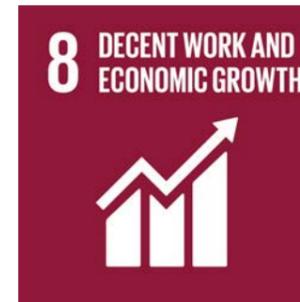
# OUR TARGETS

The targets and goals that Flavorite have set are underpinned by the United Nations Sustainable Development Goals.

The United Nations Sustainable Development Goals aim to end poverty, protect the planet and ensure prosperity for all, offering an all-encompassing strategy to help to create a more sustainable world we live in.

The eight goals that we have aligned our targets to all relate to different aspects of our business and coincide with our sustainability pillars; People, Environment and Community.

Over the coming years we aim to meet our targets and continuously strive towards becoming a more sustainable business.



# FLAVORITE TREE OF LIFE

## GREEN WASTE

100% of plant matter & growing mediums such as rockwool & perlite will be composted or reused during 2021.

## INTEGRATED PEST MANAGEMENT

Minimise chemical usage across the group with the use of beneficial insects and strategic Integrated Pest Management.

## WATER

95%+ of the water we use to irrigate our crops in 2021 will be taken up by the plant or recycled.

## ELECTRICITY

10% of our total energy usage in 2021 was generated by solar power.

## PACKAGING

75% of the total weight of pre-pack materials purchased by Flavorite must:

- consist of cardboard
- have plastic containing 50% recycled content or higher
- 50% of all prepack content must be manufactured in Australia.

## PEOPLE

Achieve a lost time injury frequency rate below our business sector average of 10.2.

The Strzelecki Eucalyptus tree stands tall in the centre of our Warragul site. The tree is home to many animals and is a symbol of positive energy, strength, sustainability and growth of our Flavorite family.

# PEOPLE

## OVERVIEW

Our people are the driving force behind our business. We have a strong culture that is underpinned by our family values and a thirst for continuous improvement. Our workforce is diverse and our technical capabilities are best in class within the agricultural industry.

As we head into the peak summer season, we are faced with major seasonal labour shortages as COVID-19 has stemmed the flow of backpackers our industry so heavily relies upon to plant, pick, and pack fresh produce. This coupled with our business expansion plans at our Warragul and Tatura sites means we will need to think differently about how we attract great talent to our business and the industry. Responding to consumer demand for healthy lunchbox foods and a snacking range, Flavorite has also expanded its product lines to include FlavourBites - bite size cucumbers, tomatoes and capsicums. All of these initiatives create a greater demand on labour - more plants means more crop work and smaller fruit means more picking and packing.

## WORKPLACE HEALTH & SAFETY

The health, safety and wellbeing of team members, customers and contractors is fundamental to the way we work. We are committed to providing a safe working environment, and are focused on creating a culture with health, safety and wellbeing embedded in our DNA.

In August this year the team welcomed Paula Pereira our new Group OH&S Specialist who will be managing all OH&S matters across the

business. This change reflects our focus on addressing critical risks and driving an improved safety culture and plan. One of the major focuses for Paula since starting has been the Flavorite COVID-19 safety plan to ensure we minimise exposure to our people, their families and local communities. Our COVID-19 response team has been able to identify and manage potential outbreaks quickly and effectively with minimal disruption to the wider business. The team also drove an initiative to survey the workforce to understand how many employees would like to get vaccinated. The survey showed an overwhelming response of employees wanting to get vaccinated although for many of them, getting time off work or trying to get a booking had been a major obstacle. As a result, Flavorite partnered with a Warragul vaccination clinic to enable over 200+ Flavorite employees to be vaccinated during work hours.

## EMPLOYEE ENGAGEMENT

In early 2022 we will launch our first company-wide Employee Engagement Survey. This is an exciting initiative for our business as we have gone through so much change over the last 18 months and we are on a rapid growth journey. We need to take stock and check in with our teams which now span over several different sites across Victoria. The survey will result in specific action based outcomes that will be worked on by agreed teams to drive positive change across our business. The same survey will then be run in 12 months time to see if we have been able to move the dial and improve employee engagement across our business.



## LOST TIME INJURY FREQUENCY RATE

Achieve a lost time injury frequency rate below our business sector average of 10.2.

Lost time injury frequency rate (LTIFR) refers to the amount or number of lost time injuries, that is, injuries that occurred in the workplace that resulted in an employee's inability to work the next full work day, which occurred in each period relative to the total number of hours worked in the accounting period.

Our current LTIFR is 7.44 which is well below the industry norms of 10.2. This is a testament to all the on the job training that is provided to employees the moment they join our business and our safety culture.

This doesn't mean we stop there, we are committed to keeping our teams safe and targeting ZERO injuries by:

- Eliminating serious incidents.
- Eliminating the possibility of someone being injured, or suffering an illness, whilst working with us; and
- Continuing to provide the best care and response support.

## WORKPLACE GENDER EQUALITY

Deliver annual WGEA reporting and meet gender diversity split of 50%.

Flavorite is committed to maintaining an inclusive and supportive culture and workplace. We constantly strive to give all our team members equal access to the benefits, resources and opportunities to build their skills that working with us can provide. Our people are our strength – from our teams on the farm to those working in the wholesale market and head office.

47% of our workforce already identifies as female and there is no doubt our business has benefited from this diversity of thought. As a business we want to drive this to a 50/50 split between both genders and soon we will take a closer look at the different levels within our business ie: management, senior management and executive leadership positions to get a better understanding of our diversity footprint.

We are committed to creating an environment that recognises and values all team members equally. We value and support flexibility across the wider business and have further embraced this way of working as we have adapted to the COVID-19 pandemic.



## MODERN SLAVERY POLICIES

Our commitment for people extends beyond our own teams to include every worker throughout our supply chain, particularly in respect of their human rights.

Our supply chain is diverse and ranges from suppliers of raw material for our horticulture facilities and packaged goods through to services provided by contractors for cleaning, transportation, maintenance and the like. Where possible we obtain raw materials locally, however, we have suppliers from European and Chinese sources. Our raw materials and packaging supplies are obtained from suppliers with whom we have long-term and trusted relationships.

Whilst Flavorite operate within a high-risk sector for modern slavery, our company policies, procedures, practices and values define us as a company with high ethical standards in the treatment of our employees. During 2020, Flavorite undertook a review of the potential risk of modern slavery practices across our operations and supply chain taking into consideration factors such as sector, industry, product, service type and geographic location.

As a result of the review, it revealed that we capture limited data on some of our suppliers. We will use these results to prioritise supplier engagement and source the required information to satisfy our modern slavery requirements.

## REGIONAL JOBS

Flavorite employ approximately 900 employees during our peak season which runs from November through to March each year. Leading into the 2022 summer period we were set with the task of finding 300+ new employees mainly across our four production sites in Victoria. Whilst this poses a challenge to our business it does provide great opportunities for those people in regional communities to find full time, part time or casual employment.

These jobs are ideal for school leavers as a gap year, summer school holiday work, or parents who would like flexible hours to work between school drop off and pick up. We operate 7 days a week so there is always a shift suitable for different circumstances.

Our business plays an important role in these local economies and communities by providing real job and career opportunities which provide training, up-skilling and a connection to other locals from the area. Our sponsorship strategy is also focused on giving back to organisations and charities within that local area which our employees have chosen and this gives them a great sense of pride.

Our goal is to find people with the right attitude and motivation as a lot of what we do can be taught on the job. We are always looking to the future and developing the next round of talent to be the leaders of the business.



# ENVIRONMENT

## OVERVIEW

We have a responsibility, and an opportunity, to do our part to ensure we have a positive impact on the planet for future generations.

Helping to protect the planet isn't just important to us. Our customers and communities are demanding change and looking to us to lead the way.

The choice to take a protected cropping approach to farming and build plastic igloos to grow our produce back in the 80's didn't happen by chance. Our founders led the charge in Australia as they quickly recognised the benefits to the plants and resulting yields.

Glasshouse production of tomatoes yields 1,156%+ (11 times) more than field production of tomatoes per m2. (Field tomato production yields 6.9kg /m2 vs glasshouse tomato production which yields 80kg/m2) (Smith 2021).

The ability to control so much of the glasshouse environment and the evolution of technology over the last 30 years provides us with a platform to feed consumers now and well into the future. As a business we are excited to keep pushing the boundaries and seek new ways to reduce our footprint on the environment and educate others on the benefits of our approach.

## GREEN WASTE

100% of plant matter & growing mediums such as rockwool and perlite will be composted or reused during 2021.

In the past, once plants had been removed from

glasshouses, the plants (including the string & plastic clips) would be rolled up into a bail and left in a paddock to dry. Once the bails had dried out, they would then be burnt. This was an easy way to dispose of all the plants but was not the most environmentally friendly way.

Instead of burning the plants, we now use a machine that chops the plant up into small pieces with the string and plastic clips still attached. The plants are then put in a pile on the property to compost. We have been doing this for several years now and have learnt that the string is a major issue as it does not compost well like the plants, leaving us with a pile of composted plants with pieces of string and plastic through it.

The rockwool we use as a growing medium goes through a similar process, it is removed from the glasshouses and put through an auger machine to help compress and smash the rockwool, it is then scattered in paddocks to break down over time.

We are currently looking into biodegradable and compostable string and clips to use in replacement of the current materials used. Trials of a metal clips are underway and biodegradable/compostable string trials will commence shortly. These trials will help enable the process of pulling out plants to become more environmentally friendly in the future and help us work towards achieving our goal of recycling all end of crop waste by 2025.

## ELECTRICITY

10% of our total energy usage in 2021 was generated by solar power.

As Australia's largest producer of glasshouse fruits and vegetables, we understand our responsibility to minimise our environmental footprint as well as to mitigate the environmental, health and social impacts of climate change. We know that we cannot do this alone. We will seek out opportunities to work together with our team members, suppliers, customers and communities to create positive change.

During 2021 we conducted a review of our electricity usage across our entire business which totalled 9.3 million kWh. We also reviewed the impact our solar generated power had which offset 10% of our total energy usage during the 2021 financial year.

This is a great start although we recognise there is more we can do in this space and have commenced a significant project to upgrade our refrigeration/chiller system in the packhouse at our Warragul site. This project would see our current chiller decommissioned and replaced with 9 smaller and more efficient chillers. There are projected financial savings of \$80,000 to \$100,000 or energy savings of 640,000 kWh per year which is significant. This project can also attract government grant funding of up to \$200,000 from the Victorian Energy Upgrades Fund.

There is also further scope to increase our solar generated power through new solar panel installations on our packhouse roofs at Warragul (1.2ha) and Tatura (1.2ha) when this build is finished at the end of 2022.





## WATER

95%+ of the water we use to irrigate our crops in 2021 will be taken up by the plant or recycled.

Water is the life blood of our business, and whilst it may be managed slightly different at each of our four production sites, it's measured with the same precision using state of the art technology. We use a combination of dam, bore and town water to irrigate our crops depending on the site and annual rainfall.

95%+ of the water we used to irrigate our crops in FY2021 was taken up by the plant or recycled. The 31% we captured from runoff was treated through reverse osmosis or UV light and we re-used the fertilisers that would have otherwise been lost which reduces our costs and our impact on the environment.

Field production uses 5.2 times more water to produce 1kg of tomatoes vs glasshouse. In other words, field production requires 116 litres to produce 1kg of tomatoes vs glasshouse production which requires 22 litres to produce 1 kg of tomatoes (Smith 2021).

All our crops are irrigated using automated software that looks at climate conditions and moisture balance in the plant's root zone to determine the correct amount of water it requires. Our preference is to use the water we capture in one of our five dams which hold 365ML in total. This dam capacity equates to approximately 44% of our total water usage for FY 2021.

## INTEGRATED PEST MANAGEMENT

Minimise chemical usage across the group with the use of beneficial insects and strategic Integrated Pest Management.

The purpose of using Integrated Pest Management is to integrate all three pillars of pest and disease control and take a holistic approach to preventing and eradicating pest and disease outbreaks.

Prevention of pest and disease outbreaks involves Cultural and Biological controls before opting for chemical control. At Flavorite we use Cultural control methods such as removing host plants for pest and disease, yellow sticky traps to physically catch flying pests, pheromones to attract certain male insects and, Biological control methods such as beneficial insects which hunt and feed on prey, parasitic wasps which lay their eggs inside the pests body as a food source for its offspring and micro-organisms that kill insects or fungal diseases.

Chemical control is considered the last option if Cultural and Biological controls are unsuccessful. However, it is important to understand that there are softer chemicals that can be used in conjunction with Beneficial insects before considering harder chemicals. Our main goal in the IPM approach is to use less chemicals that are harmful to the environment. Our crop protection department are amazing plant doctors that work hard to ensure the environment and our plants are happy and healthy all year round.

## PACKAGING

75% of the total weight of prepack materials purchased by Flavorite must consist of cardboard, have plastic containing 50% recycled content or higher and 50% of all prepack content must be manufactured in Australia.

At Flavorite, our team is always looking at new ways to improve the recyclability and sustainability of our packaging as we strive towards reducing the gaps in Australia's circular economy.

Approximately 15 years ago Flavorite commenced flow wrapping produce in Polyvinyl Chloride Plastic (PVC) punnets. Around 5 years later as the prepack market grew, we were one of the first in our industry to create a punnet that was 100% polyethylene terephthalate (PET) due to its higher recyclability credentials. Once we moved our punnets to 100% PET, we started working with suppliers and manufacturers to start increasing the percentage of recycled content in all punnets. Currently our PET punnets contain at least 50% recycled content, and we aim to continue to grow this percentage.

More recently, we have focused on diversifying our supply and manufacturing base and now

have a mixture of overseas and Australian manufacturers and suppliers. This has helped to expose our business to a more diverse range of options in regards to new and emerging packaging innovations.

We are currently working on reducing our film gage, which if successful, will reduce our overall plastic content in film by 33% and decrease our total plastic usage by 18 tonnes a year. In addition to this, we now have a range of cardboard punnets that we prepack into which have replaced several plastic punnets. We are also working with a number of Australian cardboard manufacturers and suppliers to create cardboard packaging that is fit for purpose while containing as little material as possible with a high percentage of recycled content. Currently we have a number of cardboard punnets in our range that contain more than 70% recycled content.

Our packaging footprint is far reaching and we know our actions can make a difference which is why our packaging strategy is a key focus now and into the future.





# COMMUNITY

## OVERVIEW

Whilst the focus of the business was clear when we started, to create great tasting tomatoes 12 months of the year, so was our impact on the local communities we operated in. As our footprint has grown over the last 30 years, we have engaged the local communities, government, businesses and charities for all types of initiatives to help create long lasting positive outcomes.

We have also taken this same attitude to our major customers and have been able to have an impact on a national scale with our Maddie's Month campaigns in partnership with Coles and Maddie Riewoldt's Vision.

We feel it's important to not only leave our business and environment in a better place than when we found it but the wider community both on a local and national scale where possible.

## MADDIE RIEWOLDT'S VISION

Raise \$100,000 for Maddie Riewoldt's Vision in 2021, with the aim of raising \$1 million by 2025. Maddie's Month is a partnership between Flavorite, Coles and Maddie Riewoldt's Vision that has already raised over \$600,000 dollars for vital research into bone marrow failure syndromes. Over the last 6 years, during the month of November, for every specially-marked pack of Flavorite tomatoes and capsicums sold at Coles, 10 cents has gone towards helping to find better treatments and cures for young Australians diagnosed with Bone Marrow Failure. The campaign honours two very special people (Mark Millis one of the founders of Flavorite & Maddie Riewoldt) who had a clear vision — brighter and happier futures for patients with bone marrow failure.

This year, MRV will use the \$100,000 we raised to fund the inaugural Fiona Riewoldt Nursing and Allied Health Fellowship. Named in honour of Maddie's mum Fiona, this research fellowship recognises the vital role nurses play in supporting and caring for patients during often prolonged hospital stays, including lonely peri-

ods in ICU and undergoing multiple treatments.

## CAMP QUALITY

Continue to support Camp Quality by donating 10 cents per pack sold during Aldi's truss tomato campaign.

In 2020, Flavorite proposed a charitable campaign to Aldi using our truss tomatoes and their partnership with Camp Quality. Camp Quality aims to help give kids facing cancer the chance to be kids again. The organisation has created services and programs specifically to support children aged up to 15 years who are dealing with their own cancer diagnosis, or the diagnosis of someone they love.

In 2020 Flavorite donated 5 cents from every prepack of 500g truss tomatoes sold, and Aldi matched this donation through the campaign period from December 2020 to February 2021. Due to the success of the campaign, Aldi are running the same campaign in February 2022 and have increased the total donation amount to 20 cents for each pack of truss tomatoes sold.

This is a great example of our retailer partnerships and the difference we can make to people's lives by sharing one vision and working together.

## FOOD DONATIONS

Send zero produce to landfill across the group by 2021.

Working in the fresh produce industry, we are always looking for ways to minimise the waste of our premium produce and find homes for our out of spec fruit and vegetables.

There are three key reasons why we will donate fresh produce:

- The produce at our farms is damaged or does not meet order specifications.
- The produce is at a retailers' interstate distribution center where it is rejected



for not meeting the specifications. When the freight cost of bringing the produce back to our warehouse cannot be justified and/or the life of the produce cannot be guaranteed

- The packaged produce is in our Victorian warehouse although its best before date (printed on pack) has passed or is too close to lapsing and the cost of labour to re-pack the produce is high.

In these three instances our first choice is to sell this produce through the wholesale market ie: to restaurants, pubs, cafes etc. If the product doesn't have the shelf life required, we may opt to sell it direct through our farm door sales to the local community. If neither of those options are viable, we will then look to donate the produce to a food relief organisation like SecondBite & Foodbank. To date, Flavorite have donated a total of 124,764kg of fresh produce to SecondBite and 135,019kg to Foodbank to help those in need and fight food insecurity.

Finally, if the produce is not suitable for sale or donation, the produce is used for animal feed which stops it from going to landfill.

## SPONSORSHIPS

### 'Flavorite Regional Matters'

Flavorite are currently in the process of implementing a new sponsorship strategy called 'Flavorite Regional Matters'. The strategy aims to engage our workforce and the local communities in which we work. Employees from each site have the opportunity to nominate a local charity, business or community group they would like to see Flavorite sponsor. The top three nominations at each site (Warragul, Mansfield/Tatura, Katunga) will be put to a vote and the group that receives the most votes will receive a \$5,000 donation for that year. It's important our sponsorship strategy is driven by our employee base and not management so our employees feel a personal connection to the positive impacts we are having in the community.

