



Sustainability Report 2017



GrainCorp
100 YEARS OF GROWTH



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About this report

This report covers the sustainability performance of GrainCorp Limited and the entities it controls. GrainCorp's first Sustainability Report was published in 2014. This report includes activities and facilities across those international locations for which we had operational control for all or part of the financial year 1 October 2016 to 30 September 2017.

The report has been prepared with reference to the guidelines of the internationally recognised Global Reporting Initiative G4 framework for sustainability reporting.



› GrainCorp Overview

Our International Operations



GrainCorp is a leading international food ingredients and agribusiness company with an integrated business model across three main grain activities: supply chain, origination and processing.



In 2016, GrainCorp celebrated 100 years of growth. Today, we provide a diverse range of products and services across the food and beverage supply chain to our valued customers in over 30 countries.

GrainCorp has operations in Australia, New Zealand, Asia, North America, Europe and the United Kingdom. These markets collectively represent over 50 percent of the international export trade in wheat, barley and canola.

GrainCorp has three reporting segments:

- › GrainCorp Grains
- › GrainCorp Malt
- › GrainCorp Oils

Our Vision

To be a leading international agribusiness as our customers' preferred partner.

Our Integrated Supply Chain

Accumulation – Largest regional accumulation network in Australia.

Storage – Over 20mmt of country storage and handling capacity.

Marketing – Marketing to local and global markets.

Road & Rail – Full freight connectivity for rapid turnaround.

Ports – 7 bulk grain ports with 15mmt elevation capacity and 14 bulk liquid terminals.

Processing – A key end producer of malt and oils.

Our Values

Our values help define our organisational culture by providing a common understanding of how we do things at GrainCorp and how we should behave towards each other, our customers and other stakeholders.

- › Commit to **SAFETY**
- › Deliver for our **CUSTOMERS**
- › **LEAD** the way
- › **OWN** the result

➤ Managing Director and CEO's Statement



I am pleased to present GrainCorp's 2017 Sustainability Report.

We continue to focus on four aspects that underpin the sustainability of our business: a commitment to maintaining a strong **safety and health** culture, ensuring our **people** are engaged and empowered, minimising the impact of our operations on the **environment** and optimising our contribution to the **communities** in which we have a presence. Being successful across these aspects is also fundamental to our ability to **deliver for our customers**. This report describes the measurable improvements we have made in these areas over the year as we continue on our sustainability journey.

Strong Safety, Health and Environment (SHE) culture

During the year, we launched a programme called **Group Safety, Health and Environment Strategy Towards 2020**. It ensures we take a whole-of-business approach to continued improvement, via a uniform process across Safety, Environment & Sustainability, Leadership & Culture, Health & Wellbeing and Risk Management. Importantly, the executive leadership team is sponsoring these programmes and I am confident our key priorities will be achieved.

We are proud of our strong safety culture and during the year we continued to improve our safety processes and controls, striving towards our vision of **Zero Harm, Safe for Life**. Since FY12, we have reduced our RIFR by 68% and LTIFR by 75%, reflecting the intense focus the organisation has placed on safety in that period. However, our RIFR did increase marginally in FY17, which is a reminder that we must continually work hard to drive sustained performance improvements.

We again conducted our annual **SHE Awards**, which identify and acknowledge hundreds of innovative safety initiatives that have been implemented during the year. The awards play an important role in fostering collaboration across our business units and the sharing of best practice SHE ideas.

Last year we highlighted Diversity & Inclusion (D&I) as an area in which we could improve and I am proud of our progress. We recognise work- force D&I is crucial for diversity of thought and for generating positive business outcomes. As the Chair of our newly formed D&I Committee, I can attest to the passion and commitment demonstrated in developing our 2020 D&I strategy.



“We are proud of our strong safety culture and during the year we continued to improve our safety processes and controls.”

A handwritten signature in black ink, appearing to read 'Mark Palmquist'.

Mark Palmquist
Managing Director & CEO

Delivering for our customers

We remain focused on providing the best possible solutions for our customers. In August 2017, we announced the formation of a single Grains business unit from our existing Storage & Logistics and Marketing businesses, primarily to improve our customer offering and to enhance our global competitiveness.

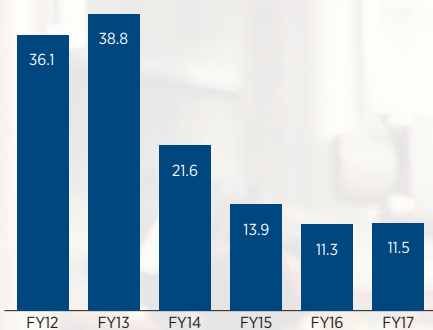
During the 2016/17 harvest, the benefits of **Project Regeneration**, our \$200 million project to improve our Grains supply chain, were evident. Hundreds of thousands of tonnes of grain moved back to rail generating a significant reduction in carbon emissions from fewer truck journeys. We expect this improvement to continue as the construction programme progresses in the coming year.

Our work on managing the impact of our operations on the environment continues and I direct your attention to page 15 which describes the energy taskforce that was formed this year. The taskforce will consider ways by which we can increase our use of renewable energy and therefore reduce both our impact on the environment and our exposure to energy price volatility.

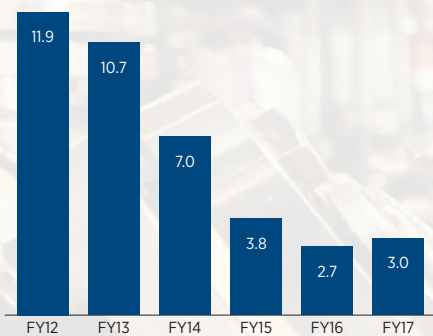
I would like to thank GrainCorp's employees for their passion and commitment over the past year and the good progress we continue to make on our sustainability journey.

› Safety and Health

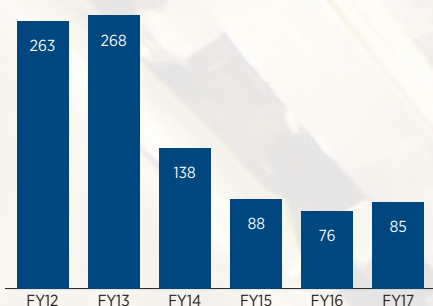
Recordable Injury Frequency Rate (RIFR)¹



Lost Time Injury Frequency Rate (LTIFR)²



Workforce Injuries³



1. Recordable Injury Frequency Rate ("RIFR") is calculated as the number of injuries per million hours worked. Includes lost time injuries, medical injuries and restricted work injuries. Includes permanent and casual employees and GrainCorp controlled contractors.
2. Lost Time Injury Frequency Rate ("LTIFR") is calculated as the number of lost time injuries per million hours worked. Includes permanent and casual employees and GrainCorp controlled contractors.
3. Absolute number of lost time injuries, injuries requiring medical treatment and restricted work injuries sustained by permanent and casual employees and GrainCorp controlled contractors.



Our **Group Safety, Health and Environment Strategy Towards 2020** was launched in March 2017. The strategy was developed around five pillars; Safety, Environment & Sustainability, Leadership & Culture, Health & Wellbeing and Risk Management.

Importantly, the strategy provides a framework based on designated key goals and key priorities which are then broken into initiatives which will be implemented by various employee working groups. In time, those initiatives will help us to meet our internal goals and targets.

At GrainCorp we are proud of our strong safety culture and the focus that all of our businesses place on workplace health and safety. We recognise there is always more we can do and the new strategy will provide our workforce with a renewed focus in the year ahead.

Our Sentsis safety training programme is in its fifth year, supporting our culture of empowered safety via the use of tools such as the **Personal Big 5**, whereby each employee recognises the five personal reasons they have to work safely each and every day. We continue to see the success of these tools in shifting the mindsets of employees from viewing safety as a compliance exercise to viewing safety as an important part of their lives. This is demonstrated by our recent employee engagement survey which shows GrainCorp employees have an 85% positive perception score for safety within our business.

In addition to the launch of the new strategy, various group-wide initiatives were expanded upon during the year.

An **Employee Assistance Programme**, designed to enhance the emotional, mental and general psychological wellbeing of all employees, was reviewed. The programme gives employees funded access to an independent, confidential, counselling service offering professional support to help cope with life's difficult issues.

This year is the third year of our **Fit4Life** programme. **Fit4Life** enables employees to improve their health through an end-to-end support programme which involves a series of educational workshops focused on body and mind, and periodic health-checks to track progress.



Tim Smith enjoys a weekend mountain bike ride as part of his healthy lifestyle.

Tim Smith, a Maintenance Manager at our Grains site in Wagga Wagga, NSW took full advantage of the **Fit4Life** programme and has lost 30kg as a result! "There were many red flags for me the first time I stood on the bio-impedance machine," Tim said. After making healthier food choices, taking up mountain biking and cutting out alcohol, Tim not only lost 30kg but decreased his body fat by 14% to a very healthy 19% and decreased his biological age by five years.

"GrainCorp & the Fit4Life programme really provided the catalyst for me to make a much-needed change to my lifestyle. The support that I have received from the team has been mind-blowing and the changes that have occurred in me have been potentially lifesaving. Importantly, I feel better within myself, I feel more positive in general and it feels like I can get things done far quicker and easier than I used to. With this in mind, I feel it will be easy to sustain the changes that I have made as it has brought so many positive impacts into my life and relationships," says Tim.



During the year, employees had the opportunity to take part in a Mental Health Awareness workshop. Participants learned how they might recognise when someone is struggling and how to start a conversation about mental health. It also covered the benefits of mindfulness practice in managing stress and building resilience.

Laura Kovats, Group Finance Manager in our Sydney office said, *"This training was very valuable, being geared towards supporting colleagues and friends who may be suffering and how to assist them in their recovery process. As one in five Australians will experience a mental health issue at some point in their lives, it is important to train people to identify the warning signs in themselves and others. GrainCorp's facilitation and support of the Mental Health Awareness workshop demonstrates that my workplace wants to improve awareness around mental health issues and give its employees the tools to handle any incidents that may arise."*

68%

Reduction in RIFR since 2012

Fit4Life

Third consecutive year held

➤ Safety and Health

The cancer-screening man van visits the GrainCorp Malt team in Calgary.



Our employees feel empowered to take care of their own health, knowing that GrainCorp will support them as much as is practical. Examples of employee-led initiatives undertaken at individual sites and aimed at improving general health and wellbeing include the implementation of over 100 standing desks in GrainCorp Malt, a visit by the 'cancer-screening man van' to Canada Malting Company's Calgary site and the annual health and wellbeing calendar set up by the GrainCorp Oils team in East Tamaki, New Zealand.

GrainCorp Malt's upgraded Pocatello plant incorporates state-of-the-art safety features.



Pocatello leads way in safety innovation

During the year, the major expansion of our Malt plant in Pocatello, Idaho was completed. Expansions such as this provide the opportunity to ensure the highest quality and most innovative safety infrastructure is adopted. Prior to the expansion of the plant, 3D CAD models allowed the production and maintenance teams to conduct a simulated 'walk-through' and identify safety issues which could then be remedied in the design. One example of this was the implementation of the Clean In Place (CIP) system which automates the cleaning of germination compartments and germination sub-compartments. This removed the need for over 1,300 hours of manual overhead cleaning in a wet and humid environment.

SHE Awards

Many of GrainCorp's operations involve manual tasks, heavy equipment and busy sites. For this reason, injury prevention focuses on a reduction in manual handling injuries and a reduction in slips, trips and falls. To assist in finding innovative solutions to reduce injuries, **SHE Awards** are held each year. These awards motivate employees to take a fresh look at the way they do things. To further enhance the level of engagement in these awards and to encourage communication and idea-sharing across the entire business, an online tool called **Germinator** was launched. **Germinator** allows all GrainCorp employees to review the ideas that are posted and ultimately results in the very best ideas being promoted. There have been a variety of initiatives implemented across the business over the year.



GrainCorp's SHE Awards motivate employees to take a fresh look at the way they approach safety.



The new automatic palletising machine at GrainCorp Malt in Grantham, UK.



5S roll-out

A larger scale example of an initiative is the implementation of **5S**, a methodology for organising the workplace for efficiency, effectiveness and safety. GrainCorp's Barrett Burston Malting plant in Perth introduced the methodology last year and since then has worked to extend the process across all Australian sites. Cross-business unit collaboration has now resulted in the process being rolled out across the Grains sites in Southern NSW and Liquid Terminals sites in New Zealand.

Safety is also addressed at a site-specific level with some sites implementing monthly team safety walks as a way to maximise effectiveness and further enhance the SHE engagement culture of the team. As a result, many small-scale improvements are being made; for example, the Bairds Malt team in Grantham, UK recently installed an automatic palletising machine which eliminates the need for manually loading up to 1,200 25kg bags each day.

90%

completion rate across all sites for positive assurance of significant control measures

Key Achievements 2017

The **Group Safety, Health and Environment Strategy Towards 2020** was launched, workstreams established and key priorities set.

The **Employee Assistance Programme** was reviewed.

The **Fit4Life** and Sentis safety training programmes continued.

Group RIFR 11.5%

Group LTIFR 3.0%

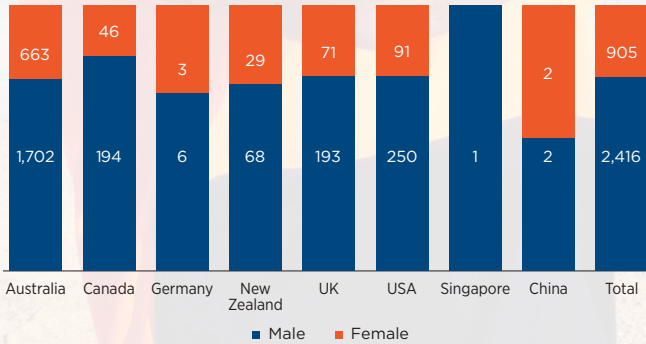
Each site achieved the targeted 90% completion rate for positive assurance of significant risk control measures.



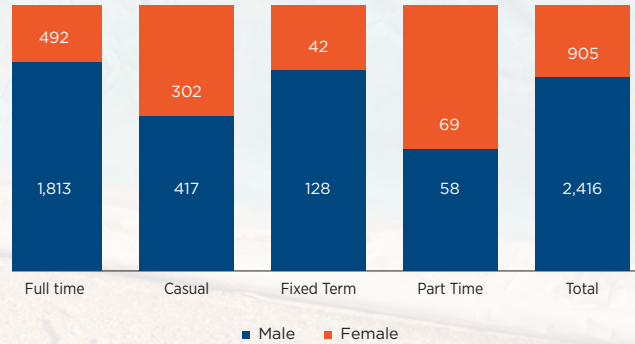
People



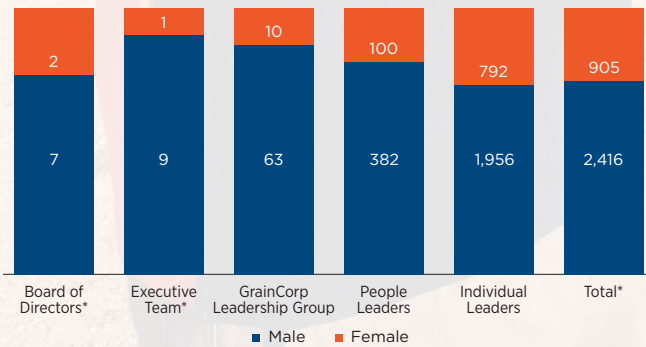
Employees by Country



Employment Type



Composition of Leadership Groups



* The Board of Directors number has been adjusted to include the CEO, in addition to the CEO being counted in the Executive Team.

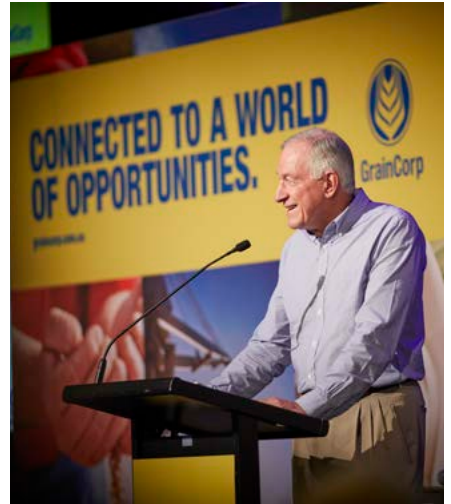
Leadership

GrainCorp believes that providing leaders with the right tools is fundamental to creating a successful and engaged workforce. Last year, we introduced the **LEAD** leadership programme, a customised programme aligned to the four levels of leadership within GrainCorp (Launch, Elevate, Accelerate, Discover). This programme is a fundamental and evolving element of our organisational change programme.

During the year, the rollout of **Launch** was completed and now over 350 front-line leaders have received customised training in personal, business and customer leadership. The next programme in the series, **Elevate**, is currently underway and is designed to enhance the capability of our people leaders to drive personal and peer accountability.

The coming year will focus on the final modules for **Elevate** and the rollout of **Accelerate**, our programme for senior leaders which aims to challenge these leaders to expand on their leadership capability via a process of reflection on their leadership style. Our executive leadership programme **Discover** was developed together with leading Australian companies Westpac and Coca Cola Amatil and utilises the expertise of the Stanford Graduate School of Business. Its rollout will continue over the coming year.

Our ninth annual GrainCorp Leadership Group conference was held during the year, bringing together around 90 leaders from across our business to share experiences and ideas. This year, the Group learned about “The New World Order and its implications for GrainCorp”. Guest speakers presented on preparing for the future whilst highlighting topics like disruption, transformation, courageous leadership, change and delivering for our customers.



Chairman Graham Bradley AM addresses the GrainCorp Leadership Group at its annual conference.

Leadership – Key Achievements 2017

- The first stage of **Elevate** programme was completed.
- The **Accelerate** programme pilot was developed.
- The **Discover** programme rollout commenced.

Talent, Capability & Engagement

We value the opinions of our staff and believe open and honest communication allows for a productive workplace. Our annual employee engagement survey provides the opportunity for our employees to tell us what GrainCorp does well and where we can improve. Our employee engagement score remains stable at 62% (down from 63% in 2016) and importantly we continue to see a significant reduction in voluntary employee turnover (now 8.6%, down from 10.8% in 2016). This year, the Pulse survey provided a number of useful insights, one being that we can improve in the area of change management. As a business that has grown significantly over the last decade, change has been inevitable and we continue to work at strengthening change processes. Change management has been included as an important element of our leadership programme.

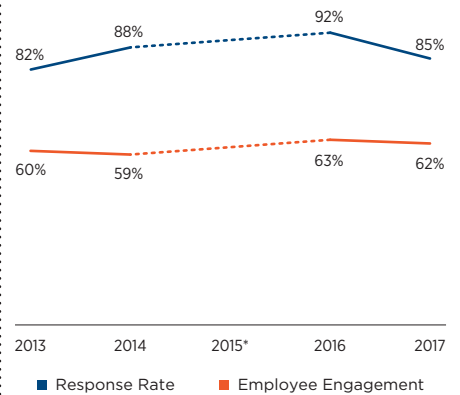
During the year, we transitioned to an internal resourcing model to both improve GrainCorp’s brand in the employment market and to better align the capabilities GrainCorp is seeking with potential employees.

A successful business requires a strong pipeline of talent and through our Graduate Recruitment Programme, we hired seven new graduates. These graduates are introduced to all areas of GrainCorp’s business via a structured two-year training plan that spans all business units.

Talent, Capability & Engagement – Key Achievements 2017

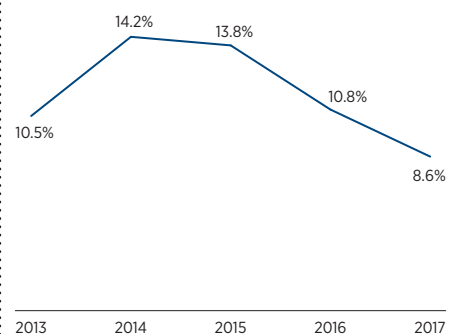
- The transition to an internal resourcing model was completed.
- Seven graduates commenced GrainCorp’s two-year graduate programme.

Employee Engagement Score



* there was no employee engagement survey undertaken in 2015

Employee Turnover – Voluntary



The sun shone brightly as the local Thunder Bay community celebrated National Aboriginal Day. The event was sponsored by GrainCorp.



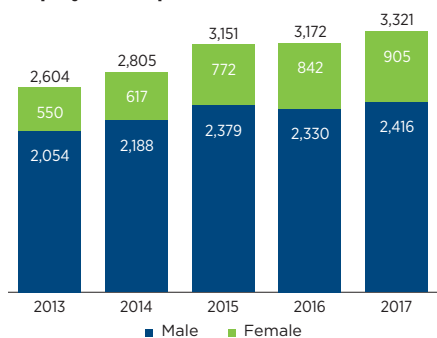
Indspire programme

The Canada Malting Company (CMC) team was delighted to announce, as part of the National Aboriginal Day celebrations, a \$25,000CAD **Indspire Scholarship** which was matched by the Canadian Government. “We’re proud to offer two scholarships per year, over five years, for indigenous post-secondary students with demonstrated financial need and looking to study engineering, science or business,” said Director of Human Resources for North America, Dale Paul. “Recipients of the scholarship are eligible for summer work placements between semesters at our facilities. We’d love to see these recipients later become part of our Maltster Training Programme.”

Chrystal McKay, Administration Assistant at CMC’s Thunder Bay plant, is a member of GrainCorp’s **iCARE** committee (described below) and is particularly proud of the scholarship announcement.

“Both **iCARE** and the **Indspire Scholarship** help to develop capacity within the Indigenous workforce and support wellness activities. On June 21, we were proud to be a sponsor at the Thunder Bay Community’s National Aboriginal Day Celebrations. It was a special day to celebrate the unique heritage, diverse cultures and outstanding achievements of First Nations, Inuit and Metis peoples,” Chrystal says.

Employee Composition



Diversity & Inclusion

At GrainCorp we want to increase the diversity of our workforce because we know that this will give us the range of different thinking, perspectives and ideas we need to drive better business results.

We have already progressed in this area with our female gender workforce participation rate having increased from 21% in 2013 to 27% in 2017.

This year, a Diversity & Inclusion Committee, chaired by our MD & CEO Mark Palmquist and comprising 13 employees who represent a broad range of professional and personal characteristics was established. The Committee is responsible for driving the execution of our 2020 Diversity & Inclusion strategy which is focused on inclusive leadership and flexible work practices and is supported by our executive leadership team and various employee network groups.

Furthermore, our executive leadership team completed an inclusive leadership programme and also had a stretch KPI target implemented which aims to improve the gender balance of our GrainCorp Leadership Group.

Employees across our business continue to embrace Diversity & Inclusion initiatives with enthusiasm, participating in employee network groups such as:

iCARE, which stands for I, Connect, Acknowledge, Respect & Empower is GrainCorp’s indigenous inclusion working group which acts as both an advisory group on Indigenous inclusion to the Diversity & Inclusion Committee, and as a working group responsible for executing plans such as the GrainCorp Reconciliation Action Plan (RAP). The group aims to increase engagement with Aboriginal and Torres Strait Islander, First Nations, Inuit, Metis, Maori and Pacific Islander communities and employees and to create real and practical initiatives which will make a difference.

\$25,000_{CAD}

Indspire Indigenous Scholarship matched by the Canadian Government

\$30,000_{AUD}

Funding per year for three years to support Clontarf Foundation

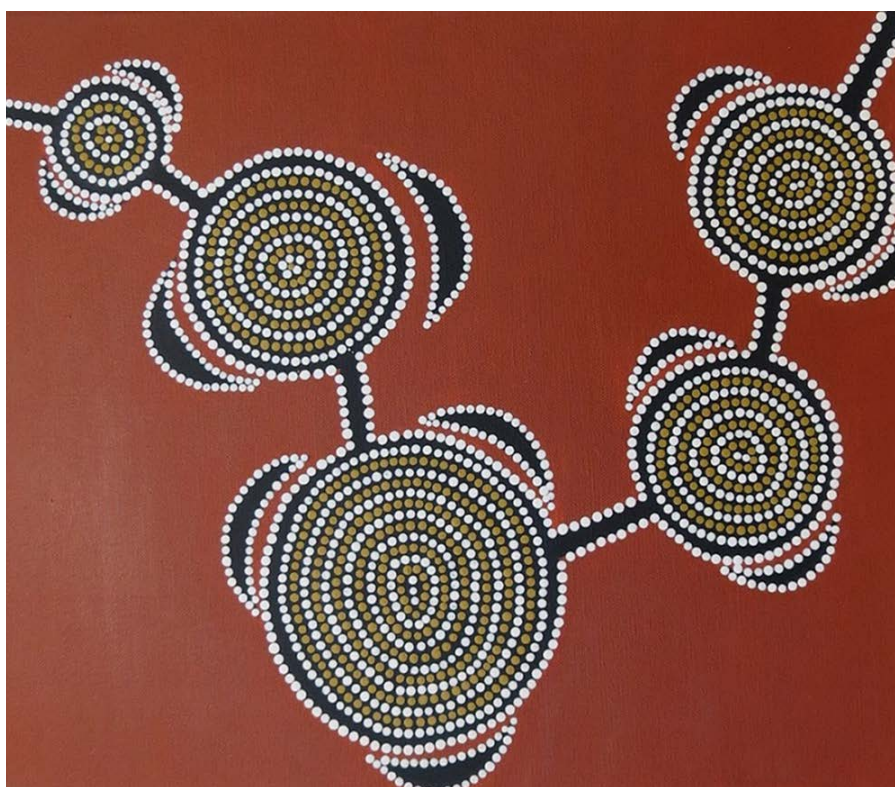
Bring your daughter to work day was an initiative designed to highlight to young women that females are very capable of having careers in traditionally male dominated fields. More than 33 daughters and 14 sons of GrainCorp employees spent the day enjoying lively presentations and hearing from guest speakers about the many fantastic opportunities available to women in GrainCorp.



GrainCorp has a long and strong association with the **Clontarf Foundation**, which assists young Aboriginal and Torres Strait Islander men in gaining entry to the workforce. This year, GrainCorp was proud to commit \$30,000AUD in funding per year for three years to support Clontarf's work. We also continued with in-kind support such as employment forums, school-based traineeships and pre-employment workshops, that support employment opportunities for the boys.

The Chickpeas, a new employee resource group sponsored by Phil Caris, Group General Manager of HR and SHE, which comprises women and men from across GrainCorp who are focused on identifying and delivering activities and events to support women in agribusiness. As a group, **The Chickpeas'** aim is to support women to thrive and develop their careers both within GrainCorp as well as in the communities in which we operate.

Unity comprises a network of employees from across GrainCorp who are working to help make GrainCorp a more inclusive place to work. **Unity** delivers a range of initiatives to better support our LGBTI+ employees, especially people who may be in isolated areas.



GrainCorp also held its fourth annual **Indigenous Art Auction** whereby employees bid for artwork created by students. For the third year running we raised over \$9,000AUD for the Indigenous programmes at several schools in inner Sydney.

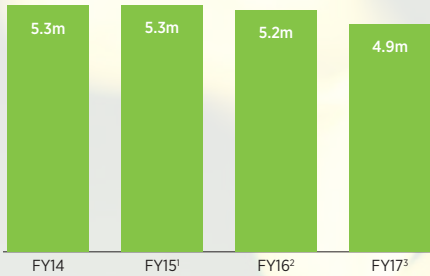
The winning artwork from GrainCorp's 2017 Indigenous Art Auction was created by Matraville Sports High School student Kayla Bennet.

Diversity & Inclusion - Key Achievements 2017

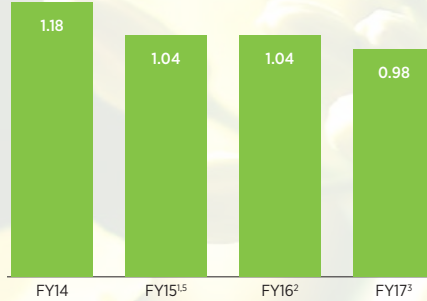
- › The diversity & inclusion committee was established.
- › The executive leadership team completed an inclusive leadership programme.
- › The executive leadership team and human resources senior leadership team had a KPI for gender diversity implemented.
- › Support of indigenous inclusion initiatives continued.
- › GrainCorp's **iCARE** group was established and an updated RAP is to be launched in 2018.

Environment

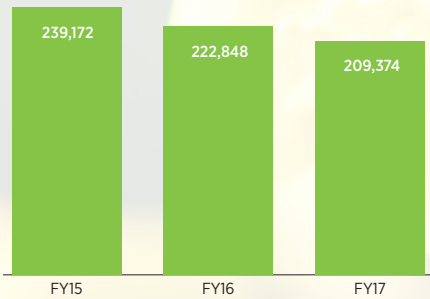
Total Energy Use (GJ)



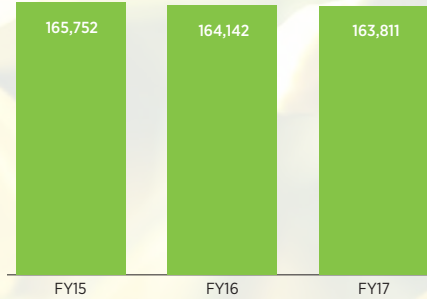
Energy Use per Tonne (GJ)⁴



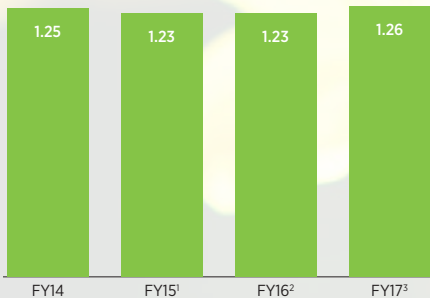
Scope 1 GHG emissions (tCO₂-e)⁶



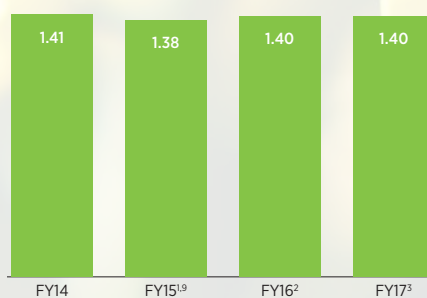
Scope 2 GHG emissions (tCO₂-e)⁷



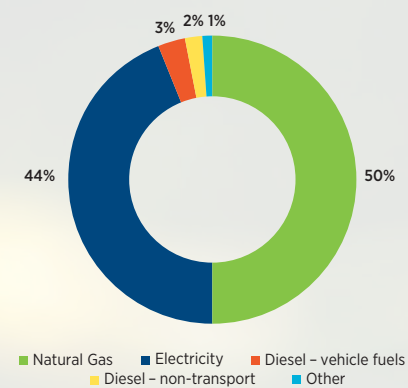
Water Usage per Tonne (KL)⁸



Tradewaste Discharge per Tonne (KL)⁸



Greenhouse Gas Emissions by Source



Notes:

1. Excludes Malt sites in Fletcher, South Holland and Champlain.
2. Excludes Malt site in Fletcher.
3. Excludes Malt sites in Fletcher, Lyalta, Brewers Select, Scotgrain, Turiff, Blackfoot, Ashville, Chicago, Dallas, Oakland, San Diego, Toronto, Vancouver BC, Vancouver WA BRC, Vancouver WA Distribution, Vancouver WA Prod.
4. Calculated as the average energy (GJ) per production/throughput tonne.
5. FY15 number has been restated to reflect better data capture processes.
6. Scope 1 emissions are those produced directly by GrainCorp's activities.
7. Scope 2 emissions are indirect emissions, such as electricity consumption.
8. Calculated as the average water use/trade waste (KL) per production/throughput tonne. Water sourced from municipal water supplies or other activities. Includes discharges after treatment into municipal sewers.
9. FY15 data has been restated to reflect improved data accuracy.

Environment & Sustainability forms a key pillar of the **Group Safety, Health & Environment Strategy Towards 2020**. Our overarching goal is to reduce GrainCorp’s environmental impact. To achieve this, a number of key priorities have been established with a focus on improvement in the areas of energy and emissions, water and waste. Additionally, GrainCorp is undertaking a climate change risk assessment, and an action plan will be formulated to address priority risks.

Energy and emissions

A large part of our business involves production and therefore we are very focused on energy optimisation and on reducing the carbon intensity of our operations for key business sites in each business unit. This year, GrainCorp Malt in Vancouver, USA has continued to implement changes that improve energy efficiencies through the kilning phase. ANOX burners have been installed and other kiln enhancements made which reduce the amount of natural gas used during the kilning process. These changes, combined with last year’s installation of pusher fans and the elimination of afterburners in the roasting house have resulted in a decrease of a further 2,900 (tCO₂-e) of GHG emissions.

Energy Taskforce

Exploration of renewable energy alternatives is a priority, driven in part by the rising cost of utilities, and this year we established a cross-business unit **Energy Taskforce**. This group is charged with investigating opportunities for GrainCorp to reduce the impact of energy price volatility on its operations. The **Energy Taskforce** is currently conducting a detailed audit of energy use profiles at our largest energy consuming sites in Australia and is developing an action plan to manage peak demand and drive energy efficiency improvements. It is also conducting a feasibility study of alternative generation and supply options at key sites, including biomass and the use of renewable energy sources.



GrainCorp already has some experience in the use of renewable energy. The GrainCorp Malt plant in Thunder Bay, Canada had cogeneration equipment installed last year and as a result now supplies 90% of its own electricity needs and 35% of its own thermal needs. We have also installed solar panels on generators at our Grains sites in Southern NSW.

Our Grains business in Australia requires significant use of transport and one of our major strategic projects – **Project Regeneration** – is aiming to move 1 million tonnes of grain from road back to rail.

We launched **Project Regeneration** to create a more efficient network of our storage sites across Australia’s eastern grain belt which effectively allows for quicker train cycle times and therefore less road freight. So far, nine sites have been successfully built or upgraded, delivering efficiencies worth at least \$5 per tonne to growers and so far moving hundreds of thousands of tonnes of grain back to rail.

12%

reduction in Scope 1 GHG emissions since FY15



Walgett Grains site during harvest. Tarpaulins are necessary to protect grain from damage.

Tarpaulin recycling

The use of tarpaulins is necessary in the Grains business as they effectively protect bunkers of grain from damage. There are approximately 5,000 tarpaulins in operation at any point in time and at the end of their lifetime they are generally sent to landfill. In line with our 2020 target to achieve zero waste to landfill, two streams of work have been undertaken to improve the situation. The first, which commenced last year, involves the recycling of used tarpaulins and was designed in collaboration with a tarpaulin recycling provider and a raw material tarpaulin supplier. It has resulted in all Grains sites in Australia now having a process and the resources in place to enable full recycling of their tarpaulins. The second stream of work involved developing a mobile application and management reporting system, which allows sites to manage and track the status of their tarpaulins. This ensures the optimal utilisation of our tarpaulins by extending their life.

Smaller scale and site specific initiatives are continually considered and implemented where feasible across the Group. These ideas are supported by a strong culture of environmental awareness and collaboration. For example, at GrainCorp Oils' processing facility in West Footscray, a focus on improving efficiency has enabled the boiler to be periodically turned off, reducing natural gas usage by an estimated 10,000 GJ per year.

10,000 GJ

annual reduction in natural gas usage at GrainCorp Oils West Footscray

220,000 kg

of non-recyclable bags were diverted from landfill

Waste

Developing a centralised system for reporting waste data is a priority for GrainCorp. We have grown significantly over the last eight years and our sites employ a variety of methods and systems for the measurement and management of waste but first require a clear and accurate picture of the current situation. **No Waste at Work** is a waste management protocol being implemented at all GrainCorp sites. This protocol describes a uniform method by which each site can firstly track their waste output, after which a waste minimisation plan can be designed and improvements tracked.

A number of waste reduction initiatives were implemented or progressed over the year including:

Our technical services laboratories in Marong and Temora were previously discarding around 2,100kgs of plastic sample bags per year into landfill. Recycling of these used sample bags by a local disability employment provider has reduced both waste disposal costs and the environmental impact of sending plastic bags to landfill. Furthermore, the proceeds of grain emptied from these bags is donated to local charities.

Country Malt in Vancouver has installed a new malt bagging line which fills over 1,000,000 25kg bags per year. The bags used on this line are high quality and 100% recyclable and replace non-recyclable bags that were used on the previous line. The switch will divert 218,000kg of non-recyclable bags from landfill.

Water

We recognise that the sustainable use and protection of our water resources today is critical to the availability of clean water into the future. As our Oils and Malt processing businesses are highly water-intensive operations, we are especially focused on reducing our water consumption in these businesses.



11 million litres
reduction in daily water consumption
at GrainCorp Malt, Vancouver, USA

The new spray-tree system at GrainCorp Malt in Vancouver.

At GrainCorp Malt in Vancouver, USA the installation of a highly efficient spray tree system, used to create humidity for germination, and the installation of a recirculation pump to recycle spray water, has resulted in a reduction of the plant's daily water consumption by over 11 million litres/day.

Key Achievements 2017

Internal targets related to the Environment & Sustainability component of the **Group Safety, Health and Environment Strategy Towards 2020** have been established.

A climate change risk assessment has commenced.

A variety of initiatives to reduce emissions, water consumption, energy use and waste have been implemented.

> Community



At GrainCorp we aim to build long-term positive relationships with all of the communities in which we are located. We believe community connectedness is of immense value to the wellbeing of both our employees and our communities.

Community Fund

The **GrainCorp Community Fund** provides financial support to organisations and projects that contribute to local community development in our operating regions around the world. Each year, the Fund donates up to \$400,000AUD to various initiatives. Applications are assessed for the extent to which they benefit the community. This year key donations included:

- › A \$26,450CAD donation to the **Innisfail Fire and Rescue Society** for the installation of Thermal Imaging Cameras (TIC) in the first responding units out of the Innisfail Fire Station in Alberta, Canada. In a smoke-filled environment, TICs give a clear picture of the area, as well as any victims that may require rescuing. Canada Malting Company, a GrainCorp business, operates a grain elevator near Innisfail.
- › A \$18,000AUD donation to the **Tarawera Recreation Club** to help upgrade club facilities. GrainCorp operates a number of grain receival sites in areas surrounding Tarawera in south-west Queensland, Australia.
- › A \$16,000AUD donation to the **North Star Parents & Carers Association** to help build a much-needed new sports shed at the North Star Public School. GrainCorp operates a grain receival site at North Star, in northern NSW, Australia.
- › A \$10,000AUD donation to the **Barellan & District War Memorial Tennis Club** for upgrading its tennis court surfaces. GrainCorp operates a grain receival site in Barellan, southern NSW.

Fundraising and Volunteering opportunities

We support and encourage our people to give what they can, of their time or other resources, to support the charities which have meaning to them. During the year, many worthwhile activities were undertaken by GrainCorp employees, including:

- › At the GrainCorp Leadership Group's annual conference on the NSW Central Coast, conference attendees donated \$3,425AUD to support **Coast Shelter**, a not-for-profit charity in the local area, which provides accommodation and support programmes for people who are homeless or at risk of homelessness.

\$400,000^{AUD}

available each year to various initiatives via the GrainCorp Community Fund



Blackmores fun run

On September 17 around 50 participants made up of **Clontarf Academy** students & staff and supported by a team of GrainCorp employees together with their families, completed a 3.5km fun run as part of the Blackmores Running Festival. GrainCorp covered the registration fees and everyone enjoyed an "after-party" breakfast following the event. Furthermore, the team wore a T-shirt that featured an artwork from GrainCorp's annual **Indigenous Art Auction!**

› Community

- › GrainCorp's Sydney office initiated a drive to encourage employee blood donations, following other employees setting up similar programmes across Australia. A total of 111 employees donated their blood, potentially saving over 300 lives.
- › 12 teams of four people from GrainCorp participated in the **September Challenge**, with teams from two countries committing to take 10,000 steps per day. A great sense of friendly competition resulted in a total of \$4,870AUD being raised for children with cerebral palsy.
- › A team of eight from head office in Sydney participated in **Dry July**, a month-long alcohol fast, raising nearly \$2,000AUD for cancer related charities.
- › The GrainCorp Grains office in Hamburg donated EUR1500 to the **German Maritime Search and Rescue Association (DGzRS)** which is responsible for search and rescue in German territorial waters.
- › GrainCorp Feeds in Auckland, NZ held morning tea events to raise money for breast cancer awareness. The funds raised were matched by GrainCorp.
- › GrainCorp Malt in the UK participated in the **"Mighty Hike" with Macmillan**, a support company that helps families of people with terminal cancer, by providing financial assistance and other support.
- › GrainCorp Oils employees from West Footscray joined the local community and council in planting trees to help green the local area.
- › GrainCorp Malt in Canada and the US teamed up to raise money for the **Bradley Fund**, a local organisation that provides shelter and support to families in crisis including those facing domestic violence situations.
- › 15 employees from GrainCorp Malt in the US visited **The Arc of Southwest Washington** to clean their play structure, remove yard debris and power wash their building. The Arc of Southwest Washington is a non-profit company that provides resources to families in need and is a support center for people with disabilities.
- › GrainCorp Malt in Pocatello participates in **Christmas for Kids**. Each year employees raise money for, and give donations to, two selected families with children that have experienced hardship. This year over \$2,000CAD was

raised and used to buy gifts and life essentials for the families.

- › Canada Malting Company and Bairds Malt have supported the Fort McMurray community after bushfires tore through the region in 2016. Bairds donated two pallets of malt to one of its customers - local distillery Wood Buffalo Brewing Co. They also lent their expertise when Wood Buffalo decided to distill a unique whisky to raise money for the fire victims.

Bairds Malt Commercial Director Eddie Douglas, right, travelled to Fort McMurray late last year to help oversee the distillation of 'The Beast' whisky, which will be auctioned off to raise money for Fort McMurray Fire Fighters Association.





Silo Art Trail

Since 2015, GrainCorp has supported silo art projects with the aim of reinvigorating some of Australia's smallest regional towns.

GrainCorp is proud to provide the silos as massive canvases to form the **GrainCorp Silo Art**. In addition, we have provided important safety and operational support and worked closely with the artists to ensure the artwork represents the character of the local community.

We have seen considerable benefits for the local communities as the artwork provides a focal point for the community and a fantastic reason for tourists to stop and visit the town.

GrainCorp sponsorship

GrainCorp business units support local communities through the sponsorship of a variety of activities and facilities such as swim clubs, racing events and community meetings. These sponsorships are an important way in which GrainCorp can make a positive contribution.



Key Achievements 2017

GrainCorp continued to support local communities through the Community Fund programme.

GrainCorp employees continued to provide skilled volunteering, donations and in-kind contributions.

› Governance



Sustainability Governance

The Board is responsible for the oversight of GrainCorp's Sustainability Performance.

GrainCorp's Executive Leadership Team is responsible for developing the sustainability framework and monitoring performance.

Sustainability is embedded within our business practices through Our Code of Conduct and Our Values.

Corporate Governance

GrainCorp's Board of Directors has overall responsibility for corporate governance and has a framework to manage corporate governance. GrainCorp's Corporate Governance Statement is available on its website www.graincorp.com.au.

The board is supported by board committees including:

- › Audit Committee
- › Business Risk Committee
- › Safety Health Environment and Governance (SHEG) Committee
- › People Remuneration and Nominations Committee

The SHEG Committee comprises a majority of Non-executive Directors and meetings are held at least four times per financial year. The Committee is governed by a Charter, which is reviewed annually and approved by the Board.

The SHEG Committee has specific oversight of the Group's safety, health, environment and corporate governance responsibilities, as delegated by the Board. The Committee's objectives are to review, monitor and report to the Board on the following matters:

- › Safety, health and environment risks, including systems of audit, policies, processes and controls; and
- › Compliance with all applicable laws and regulations, including continuous disclosure obligations, share trading and other corporate governance responsibilities.

Further information on the tasks the Committee conducted through the year can be found in GrainCorp's Corporate Governance Statement, available on its website.

Code of Conduct

GrainCorp's Code of Conduct (Code) is founded on our Values which define how we should behave toward each other, our customers, other relevant stakeholders, the community and our environment. The Code naturally requires compliance with all laws, but goes beyond that, requiring our employees to hold themselves to the highest personal and professional ethics.

The Code of Conduct (Code) is developed by GrainCorp's legal and HR departments in conjunction with the Executive Leadership Team. The Code is approved by the SHEG Committee and is reviewed periodically.

Every employee in GrainCorp is required to complete Code of Conduct training at the commencement of their employment, which is delivered via an online e-module, or in a face-to-face setting in some situations. The training programme is administered by the Learning & Development team and is part of a broader group of induction training modules. Re-fresher training is provided periodically. GrainCorp's Code is published on its website and is available to the public.

Charters and Policies

GrainCorp subscribes to a number of economic, environmental and social charters. We have indicated in brackets whether these apply to a specific geographical area or to a particular business unit:

- › ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Australia)
- › Corporate Social Responsibility reporting through SEDEX (not for profit membership organisation dedicated to driving improvements in ethical and responsible business practices in global supply chains)
- › National Pollutant Inventory (Australia)
- › Biomass and Biofuel Sustainability Voluntary Scheme (Grains)
- › ONSR accreditation for rail in QLD, NSW and VIC (Grains)
- › Certified Sustainable Palm Oil (Oils, Grains)
- › Hazard Analysis and Critical Control Points (Malt, Oils)

- › FSSC 20000, Food Safety System (Canada)
- › Halal and/or Kosher certification (at various sites globally)
- › International Sustainability and Carbon Certification for Sustainable Canola
- › National Code of Practice for the control of Workplace Hazardous Substances
- › National Greenhouse Energy Reporting (Australia)
- › TRACE International
- › ISO 9001 Quality Management Systems (Australia & New Zealand (Oils), UK (Malt))
- › ISO 14001 Environmental Management Systems (Australia, United Kingdom and New Zealand)
- › ISO 31000 Risk Management
- › AS/NZ 4801 Safety Management Systems (Australia and New Zealand)
- › OHSAS 18001 Occupational Health and Safety Standard (Australia, UK, Canada, USA and New Zealand)
- › ISO 22000 Food Safety Management System (Germany)
- › ISO26000 Social Responsibility (Malt)

Industry Associations

- › Grain Trade Australia - nominated GrainCorp employees are members of Committees established by the Grain Trade Australia Board of Directors. Currently GrainCorp is represented on the "Trade and Market Access Committee" and the "Standards Committee". GrainCorp Operations Limited is a general "Level A3" Member of Grain Trade Australia.
- › Grain and Feed Trade Association (GAFTA) - GrainCorp's Technical Services department is an accredited GAFTA "Analyst" in Australia, and GrainCorp Operations Limited is an approved GAFTA "Trader" in Australia and abroad.
- › Australian Food & Grocery Council - GrainCorp employees participate in the AFGC Agribusiness Forum, which provides a strong voice and leadership on critical issues affecting agribusiness processors operating between the farm and manufacturing gate.

» Governance

Stakeholders

We recognise that stakeholders are those who have a direct or indirect impact on our business, or who are directly or indirectly affected by our business. We understand that stakeholders have the ability to influence our business outcomes, both positively and negatively, and that we need to establish and build mutually beneficial relationships. We consider our key stakeholders to be:

Stakeholders

Community bodies
Customers
Debt capital providers
Employees
Equity Research Analysts
Government
Grower representative organisations
Industry bodies
Investors
Media - national and local
Proxy and governance advisors
Regulators

How we engage

GrainCorp complies with its disclosure obligations and frequently updates stakeholders with information relating to additional areas of interest.

We engage with stakeholders directly and indirectly through market updates and briefings, written updates, media statements, formal engagement processes, participating in committees and governance forums, formal submissions and community partnership activities.

Areas of interest

In the past year we have engaged with stakeholders on issues including financial and operational performance, regulation, corporate governance, community relations activities.

› Corporate Directory

Chairman

Graham J Bradley AM

Managing Director and Chief Executive Officer

Mark L Palmquist

Non-executive Director

Rebecca P Dee-Bradbury

Non-executive Director

Barbara J Gibson

Non-executive Director

Peter J Housden

Non-executive Director

Donald G McGauchie AO

Non-executive Director

Daniel J Mangelsdorf

Non-executive Director

Peter I Richards

Non-executive Director

Simon L Tregoning

Company Secretaries

Gregory Greer

Amanda Luhrmann

GrainCorp Limited

ABN 60 057 186 035

Registered Office

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Sydney NSW 2000

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Company Website

www.graincorp.com.au

ASX Company Code:

GNC

Share Registry

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Sydney NSW 2000

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Auditors

PricewaterhouseCoopers

Feedback and further information

For further information or to provide feedback on this report, please contact the following:

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