

GrainCorp Limited

Sustainability Report 2019



GrainCorp

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About this report

GrainCorp publishes an annual Sustainability Report to provide an account of our performance in the areas of safety and health, environment, people, community and governance.

This 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 diversified food ingredients and agribusiness company with an integrated business model across three main grain activities: supply chain, origination and processing.



GrainCorp provides 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 per cent of the international export trade in wheat, barley and canola.

In FY19, GrainCorp operated under three reporting segments:

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

Our Purpose

Enriching lives worldwide with essential ingredients from the land.

Our Integrated Supply Chain

-  **Accumulation**
Largest regional accumulation network in Australia.
-  **Storage**
Over 20 million metric tonnes (mmt) of country storage and handling capacity.
-  **Marketing**
Marketing to local and global markets.
-  **Road & Rail**
Full freight connectivity for rapid turnaround.
-  **Ports**
Seven 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

CEO's Statement



Mark Palmquist
CEO

I am pleased to present GrainCorp's Sustainability Report for 2019.

It was a disappointing year financially for GrainCorp and our shareholders, with the Company reporting an underlying net loss after tax of \$82 million. This was largely due to the impact of the drought on grain volumes in eastern Australia and international trade disruptions affecting domestic and international grain markets. Our international malt business, however, continued to perform well with strong customer demand.

The drought in eastern Australia is one of the worst on record and at the date of this report shows no sign of abating. As an agribusiness, we are experienced in dealing with climate variability and we navigate this in numerous ways, including by operating a flexible network, diversifying our origination sources and reducing our fixed costs. During the year we also entered a 10-year crop production contract with White Rock Insurance (SAC) Ltd, linked to eastern Australian winter crop production, which will provide GrainCorp with important cash flow support in future drought years. The contract is explained in more detail on page 16.

The health and safety of our people is paramount and supported by *GrainCorp's Group Safety, Health and Environment (SHE) Strategy Towards 2020*, which was launched in 2017. Our FY19 safety performance improved markedly on last year, a result of the intense focus our people place on critical risk management, injury reduction and process safety management.

The importance placed on having a whole-of-business, strategic approach to health and safety management is evidenced by a 37 per cent reduction in our Recordable Injury Frequency Rate in FY19.

As a Company with processing operations and a large asset footprint, it is vital that we effectively manage our energy use and seek ways to reduce our carbon emissions. During the year, we made progress in each of these areas, including in our Australian Grains business with further solar panel installation at selected sites. Our Malt business in Vancouver, Washington effectively reduced its carbon emissions by switching part of its malt transportation process from road to rail.

A first-generation, environmentally friendly vessel at Port Kembla



Water management will always be a priority for the Group due to its variability and scarcity. During the year, our New Zealand Foods business commissioned an independent review of its East Tamaki site and identified several engineering improvements that will save a combined 60,000KL p.a. in water and wastewater use once implemented.

We continued to develop programs during the year to support our people and help foster a diverse and inclusive workplace. Greater connectivity is integral to this, particularly for an organisation like GrainCorp which has a broad network spread across rural and regional areas. To enhance workforce connectivity, we launched an online platform called *Workplace* as a universal hub for our people, connecting sites, driving greater collaboration and strengthening our employee communities.

In May 2019, we introduced a new Human Capital Management System *PeopleHub* to aggregate employee information and drive greater efficiency across our people processes. It will give our employees greater control over, and input into, their career development.

At a local level, our communities are facing difficulties as the drought continues in eastern Australia. We support our communities in numerous ways, including through corporate donations, sponsorships, fundraising and volunteering activities. During the year, we introduced paid volunteer leave as an option for our employees to support local initiatives of personal interest.

I am proud of the way our people have maintained their focus and commitment during this difficult period and would like to thank all our stakeholders for their continued support.

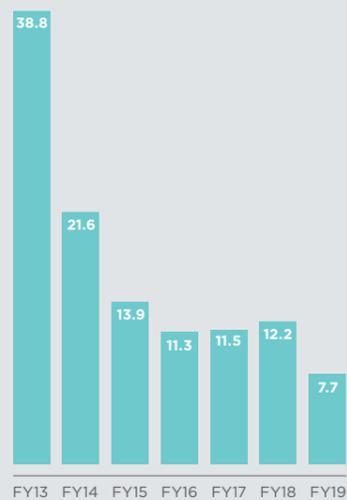
Safety and Health



GrainCorp's *Group Safety, Health and Environment (SHE) Strategy Towards 2020*, launched in 2017, guides our priorities based on the pillars of Safety, Environment & Sustainability, Leadership & Culture, Health & Wellbeing and Risk Management.



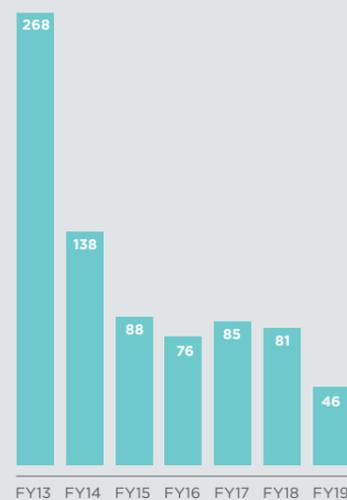
Recordable Injury Frequency Rate (RIFR)¹



Lost Time Injury Frequency Rate (LTIFR)²



Workforce Injuries³



¹Recordable 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.

²Lost 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.

³Absolute number of lost time injuries, injuries requiring medical treatment and restricted work injuries sustained by permanent and casual employees and GrainCorp controlled contractors.

In FY19, we recorded improvements to our key safety metrics with a Recordable Injury Frequency Rate (RIFR) of 7.7, down 37 per cent from last year (FY18: 12.2) and a Lost Time Injury Frequency Rate (LTIFR) of 2.2, down 46 per cent from last year (FY18: 4.1). This is a pleasing outcome after a deterioration in these measures in FY18.

Key safety priorities we have identified for the Group are critical risk management, injury reduction and process safety management. During the year, we made good progress toward our goals in these areas, with some of the associated initiatives outlined below.

Critical Risk Management

A key part of our risk management process involves the identification of critical risks. We have identified 12 critical risks of relevance to GrainCorp, including operation around grain bunkers, working in confined spaces, electrical safety, fire and explosion, and rail safety, amongst others.

Risk reviews have been conducted across these categories at our Grains and Oils sites and have been instrumental in the strong improvements we've seen to our safety metrics this year.

Critical risk reviews at Grains sites



"GO/NO GO cards", critical risk checklists and critical risk signage are key elements of the critical risk reviews undertaken at our Grains sites. The "GO/NO GO" cards simplify decision-making for employees when they are assessing the safety of working on or around a bunker. Additionally, checklists are required to be completed to ensure critical controls are in place prior to work on bunkers. Completing these steps is an important component of each pre-shift meeting and helps to promote a unified approach to safety.

Safety and Health

Injury Reduction

In FY19, GrainCorp introduced a programme to encourage SHE conversations and engagements across the Group. The aim is to support and recognise safe acts, maintain a dialogue around how SHE systems are performing, demonstrate commitment from GrainCorp's leadership team and acknowledge the recognition and positive management of hazards and risks.

During the year, approximately 17,000 SHE engagements were undertaken, with each of GrainCorp's businesses strongly embracing the concept.

SHE Engagements



A SHE Engagement is a conversation with a worker about safety. These conversations help improve future performance, identify weaknesses or deficiencies in our SHE systems and processes and

allow those involved to take necessary action to prevent unsafe events from occurring. SHE Engagements can be conducted at any time, with GrainCorp employees, contractors or visitors. The programme has been pivotal for Malt in achieving one of its safest years on record.

How a SHE Engagement Works

- 1 Approach someone at work
- 2 Introduce yourself (if you don't know the person).

- 3 Ask if you could chat about the task they are undertaking
- 4 Observe the task and enquire about the steps by asking:
 - a. what hazards exist and how are they controlled?
 - b. is there anything about the job that could cause injury, property damage or harm to the environment?
 - c. are there any improvements that could be made to make the job safer or reduce risk of environmental harm?
- 5 Seek the worker's agreement to progress any agreed actions.
- 6 Thank the worker for his or her time and acknowledge observed safe behaviours and/or conditions.
- 7 Record details of the engagement in the system.

In addition to SHE Engagements, GrainCorp Directors make site-visits that are focussed on safety. These visits emphasise the value our leaders place on safe practices. Over the last two years, GrainCorp has been implementing 5S, a LEAN methodology for organising the workplace for efficiency, effectiveness and safety. 5S, which stands for Sort, Set in order, Shine, Standardise and Sustain, has proved to be highly effective in embedding a safety mindset in our people and is now a key

component of the Company's LEAN programme. The application of LEAN methods such as 5S and visual task boards help to reduce the likelihood of injury occurring due to poorly organised workplaces. These boards prompt conversations in pre-start meetings on risks associated with critical site tasks. They have been readily adopted across the organisation and are driving increased employee engagement toward safety issues and operational improvement.



Process Safety Management (PSM)

PSM procedures are embedded in GrainCorp's project management framework and are guided by four pillars: Commit to Process Safety, Understand Hazard and Risk, Manage Risk and; Learn from Experience. These pillars help to isolate specific actions that need to be incorporated into GrainCorp's processes to ensure best practice safety standards.



Safety and Health Key Achievements 2019



Group RIFR
7.7
(down 37%)



Group LTIFR
2.2
(down 46%)



PSM procedures embedded in GrainCorp's project management framework

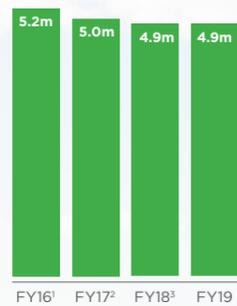


SHE engagements launched

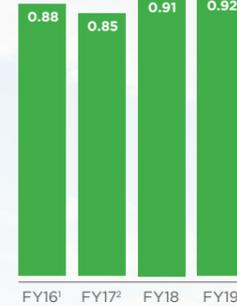
Environment

We recognise our operations have the potential to adversely impact the environment and we are committed to preventing or minimising this wherever possible. We continue to strengthen GrainCorp's culture to ensure environmental sustainability is a key consideration in our day-to-day operations.

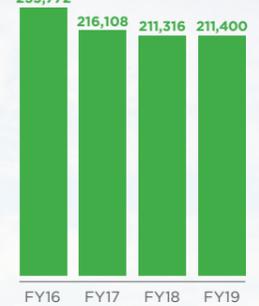
Total Energy Use (GJ)



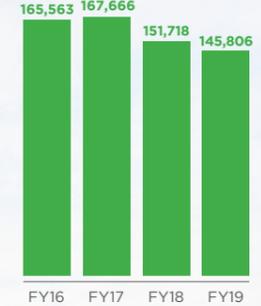
Energy Use per Tonne (GJ)⁴



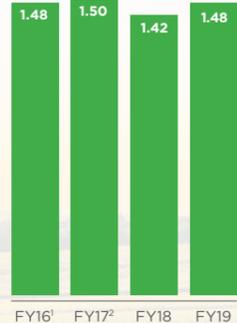
Scope 1 GHG Emissions (tCO₂-e)⁵



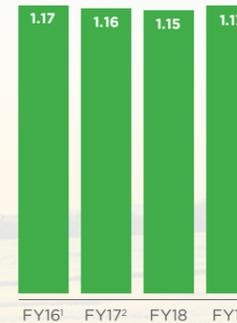
Scope 2 GHG Emissions (tCO₂-e)⁶



Water Use per Tonne (KL)⁷



Tradewaste Discharge per Tonne (KL)⁷



Loss of containment events



The above data set including historical data has been recalculated using the most recent international emission factors. As such all data points are different to those reported in prior sustainability reports. All data excludes divested businesses.

¹Excludes Malt site in Fletcher. ²Excludes 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. ³Excludes Malt sites in Fletcher, South Holland, Brewers Select, Scotgrain, Turiff, Blackfoot, Ashville, Chicago, Dallas, Oakland, San Diego, Toronto, Vancouver BC, Vancouver WA BRC, Vancouver WA Distribution. ⁴Calculated as the average energy (GJ) per production/throughput tonne per business unit. ⁵Scope 1 emissions are those produced directly by GrainCorp's activities. ⁶Scope 2 emissions are indirect emissions, such as electricity consumption. ⁷Calculated as the average water use/tradewaste (KL) per production/throughput tonne per business unit. ⁸Level 4 environmental incidents are ones that threaten material or serious environmental harm. ⁹Level 3 environmental incidents are lesser incidents that are still notifiable to the authority/regulator.

GrainCorp has introduced compliance registers at key sites globally, to ensure environmental requirements are incorporated into existing processes. Importantly, these changes provide a platform for an auditable system that allows for easier identification of environmental risk areas. Our Malt business has made good progress in automating this process, with our Calgary, Canada site now using compliance software that provides valuable information for the future rollout across other sites.

During the year, we also reviewed our practices relating to the loading and unloading of various commodities at our eastern Australian port terminals. Phase one of the review included identifying key environmental issues and developing a project plan to address these issues. Phase two involves the design and installation of engineering controls, a compliance management system and improved environmental risk assessment process.



Environmental management improvements at Port Kembla, New South Wales



Due to the sensitive nature of the environment surrounding GrainCorp's port operations, we aim to minimise the emissions of pollutants and the impact on the ocean and the surrounding atmosphere.

Most of our ports have environmental licences or permits from state Environment Protection Authorities that set out the thresholds that we are required to operate within. At Port Kembla, for example, there are 200 different and often complex items for which compliance activities are required. Our environmental team has worked closely with site managers over the past year to create a more streamlined compliance process, and this has resulted in a higher level of oversight and efficiency. Improving our processes at Port Kembla was particularly important following an inadvertent breach of the licence in 2014-16. Details of this breach are outlined on page 17.

Energy Efficiency

As a Company with processing operations and a large asset footprint, managing energy use and reducing greenhouse gas emissions are key components of GrainCorp's energy strategy.

Renewable energy continues to play an important role in GrainCorp's energy mix and during the year we installed additional solar panels at selected Grains sites across Australia. Our Dubbo site, in regional NSW, was the latest to have panels installed, in October 2018, and is now saving around 37 tonnes of carbon emissions per annum.

GrainCorp has entered an agreement with ReNu, an independent power provider specialising in clean energy products and services, for the provision of solar power solutions at sites in Toowoomba, Dunolly and Moree. The solutions are based on an agreed electricity purchase price from ReNu for all solar power used, with excess power redistributed to the grid for spot pricing. Additional renewable energy solutions continue to be explored.

Ensuring energy efficiency is a priority when upgrading operating equipment. The GrainCorp Foods site at East Tamaki in New Zealand recently replaced an energy intensive cooling tower with one that includes variable speed drives that minimise energy usage. Together with an intended replacement of the site's air compressor, the improvements will eliminate the need for the cooling tower to run seven days a week, significantly reducing total energy usage.

Energy Efficiency

Country Malt Group's new railcar unloading facility reduces carbon emissions



Great Western Malting's (GWM) Vancouver, Washington plant is a leading supplier into the North American craft brewing and distilling markets. Bulk malt shipments, destined for larger breweries, originate directly from the plant. Smaller volumes, serving the emerging craft market, are bagged into 1-tonne totes and/or 25 kg bags and distributed by Country Malt Group, GWM's warehouse & distribution Company.

Craft beer has increased in popularity with North American consumers. As the demand for Great Western Malting's bagged malt has grown, there has been a sharp increase in trucks transferring malt from the GWM site to the Country Malt Group site. This increase not only outstripped the site's bagging capacity, but also led to an increase in truck traffic and local road congestion.

The GWM and Country Malt Group teams developed an innovative solution to reduce the number of trucks transferring malt between sites. Country Malt Group built a new automated bagging line, increasing bagging capacity by 50 per cent, while concurrently building a railcar unloading facility to allow railcars to move malt to the warehouse. A string of railcars holds 12 times the capacity of a single truck, thereby reducing the need for over 500 truck trips between the GWM plant and the Country Malt Group warehouse. This translates to a reduction of 6,800km in truck travel per year.



Upgrade of Auscol truck fleet

GrainCorp's Auscol business is a specialist in the environmentally responsible collection and recycling of used cooking oils and fats that would otherwise contribute to pollution of our waterways.

Auscol's operations service all the states of Australia and the network has coverage of 97 per cent of the Australian population.

Part of Auscol's service involves the collection of used cooking oil that is 'upcycled' into new products including biodiesel for automotive use. Providing this service requires the use of a specialised fleet of vacuum tankers.

During the year, Auscol commenced a fleet upgrade with the objective of doubling its truck collection capacity. This has enabled a larger volume of oil to be transported from significantly fewer truck trips, leading to a reduction in the level of carbon emissions.

The upgrade also maintains the innovative 'seeing eye' technology safety feature which detects driver fatigue and activates in-cabin audible alarms in conjunction with vibration technology in the vehicle operator's seat.

Waste

An important focus this year has been waste segregation for the purpose of recycling. Grains and Oils implemented a national waste management procurement strategy to improve the efficiencies and cost associated with the collection and disposal of waste. The businesses will also look to reduce the volume of waste sent to landfill through recycling and alternative waste treatment options.





Water

Water is critical to GrainCorp's processing operations and we have a responsibility to optimise the way it is managed.

Due to the unique nature of each of our sites, water efficiency is addressed at a local level to ensure management strategies are fit for purpose.

GrainCorp Foods commissioned an independent review into water usage and wastewater treatment at its East Tamaki site in New Zealand. The project identified several engineering improvements with the potential to save approximately 30,000 KL in water, 2,300 GJ in energy and 30,000 KL in wastewater each year. Several projects are underway, including the installation of flow meters which are expected to save nearly 10,000KL in water per annum.

Managing climate variability

While it is important that GrainCorp actively manages its impact on the environment, it is also necessary for GrainCorp to understand and adapt to potential impacts that the environment has on its operations.

As a Company that stores, transports, processes and trades grain and oilseeds, GrainCorp is inherently affected by crop production variability.

Managing this variability on a seasonal basis is vitally important for the Company and key to remaining operationally and financially sustainable through the cycle. It is also important over the longer term, with expectations that climate variability in eastern Australia will increase over time.¹

In June 2019, GrainCorp established a 10-year crop production contract ("Contract") with White Rock Insurance (SAC) Ltd, to help manage the risk associated with eastern Australian winter crop production volatility.

We also continue to adapt our operations to help smooth earnings through the cycle, by streamlining our country receival and storage network, investing to improve efficiency at key sites, reducing fixed costs and negotiating more flexible rail transport costs.

GrainCorp Operations Ltd Convicted of Breaching its Environment Protection Licence and Ordered to Pay \$40,200

GrainCorp Operations Pty Limited ("GrainCorp"), a wholly owned subsidiary of GrainCorp Limited, has been convicted and been ordered to pay to the Environmental Trust the sum of \$40,200 by the Land and Environment Court of NSW for breaching a condition of its Environment Protection Licence ("Licence") issued by the Environment Protection Authority ("EPA") in respect of GrainCorp's activities at the Port Kembla Grain Terminal ("Terminal").

The Licence required GrainCorp to carry out its activities in a competent manner. However, in the period of 23 February 2016 to 23 January 2018, GrainCorp failed to carry out certain fumigant ventilation activities in a competent manner in that it incorrectly calculated and recorded the rate at which it emitted methyl bromide and phosphine, being fumigants used to fumigate grain at the Terminal, into the atmosphere ("the Calculation Error"). As a result of the Calculation Error, GrainCorp inadvertently exceeded the maximum emission rate of methyl bromide and phosphine imposed under the Licence on 145 occasions.

Upon becoming aware of the Calculation Error, GrainCorp reported the error to the EPA and all relevant authorities. There was no evidence of actual harm to human health or the environment arising from the Calculation Error. At all times, GrainCorp has cooperated with the EPA's investigation in relation to the Calculation Error including providing timely responses to all requests for information and undertaking an independent audit. It has put in place a number of measures to ensure that the Calculation Error is rectified and no similar exceedances occur again.

On 1 October 2019 the Land and Environment Court convicted GrainCorp of an offence against s 64(1) of the *Protection of the Environment Operations Act 1997* for contravening a condition of its Licence and ordered it to:

1. pay an amount of \$40,200 to the Environmental Trust in lieu of a fine;
2. pay the EPA's professional costs; and
3. publish this notice in the *Australian Financial Review*, *Sydney Morning Herald* and *Illawarra Mercury*, on GrainCorp Limited's website, in its next *Sustainability Report*, and on various social media websites.



¹ GrainCorp 2018 Sustainability Report, p. 13 (Climate change research on 23 wheat cropping districts in eastern Australia - conducted by Ndevr Environmental)

People

We continued to focus on talent capability, employee engagement and diversity and inclusion, each of which are key foundations of GrainCorp’s culture.

Talent Capability & Employee Engagement

As our organisation continues through a period of significant change, with an ongoing drought in parts of eastern Australia and proposed demerger of our Malt business, we believe it is the role of our leaders to motivate, support and engage our employees. Given the significant change the organisation is going through, we have decided not to conduct a formal employee engagement survey in FY19. However, several other initiatives to strengthen employee communications and establish both formal and informal feedback mechanisms were introduced, including:

- A Voice of the Employee survey was conducted by Australian market research Company Ipsos in early 2019. The survey interviewed approximately 70 employees across all geographies, businesses and levels.
- A Culture Survey was undertaken in partnership with Human Synergistics, an Australian Company specialising in the development of organisational cultures. Approximately 600 employees across GrainCorp’s operations were surveyed.
- Regular conversations are conducted between leaders and their teams regarding change initiatives.
- Conducting onboarding, stay and exit interviews in conjunction with The Interview Group.

Key feedback from these initiatives included a desire for more streamlined performance reviews and career development processes, as well as for a renewed vision that guides the purpose of our people.

In response, the business has developed a clear purpose statement and an aligned Employee Value Proposition (EVP) to “find your passion, grow your potential, be part of our worldwide team”.

Underpinning this, our new Human Capital Management System (HCMS), PeopleHub, was launched in May 2019 for our Australian and New Zealand Grains and Oils employees and will be rolled out to our international Grains operations in FY20. The HCMS provides a single resource for all employee data, allowing for greater efficiencies across our people processes. Through PeopleHub, we are introducing a new performance and development program called *Partnering for Success* which allows employees greater control over, and input into, their own career development. In FY19, approximately 20 per cent of vacancies were filled by internal candidates.

Developing leadership capability has remained a focus. In FY19, 200 employees completed the LEAD programme, a customised programme aligned to the four levels of leadership within GrainCorp.

A “Leaders as Coach” programme was developed in conjunction with the Positivity Institute, which provides our leaders with the skills and resources they need to nurture the development of their teams. The programme has been piloted in parts of the business and will be rolled out more broadly in FY20.

GrainCorp’s graduate recruitment programme, now in its third year of operation, is an important mechanism to ensure a strong talent pipeline. Graduates are introduced to all areas of GrainCorp’s business via a structured two-year training plan that spans all business units.

iCare



National Reconciliation Week – screening of ‘In My Own Words’

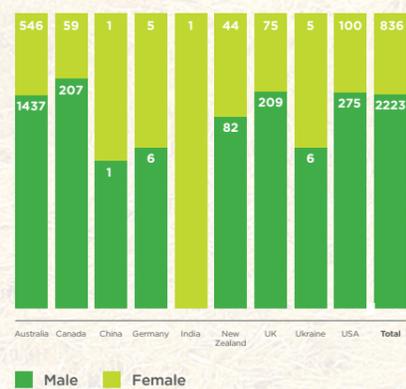
iCARE is GrainCorp’s indigenous inclusion working group – one of GrainCorp’s employee resource groups that acts to raise awareness of the importance of diversity & inclusion.

In My Own Words is a film that follows the journey of adult Aboriginal students and their teachers as they discover the transformative power of reading and writing for the first time in their lives.

The film raises awareness around indigenous education – an area that GrainCorp has previously supported through its Indigenous Art Auctions.

iCARE arranged a series of screenings of the film at various GrainCorp sites around Australia with all funds donated to the indigenous producers of the film.

Employees by Country



Employment Type



Composition and Leadership Groups¹



GrainCorp’s female gender workforce participation rate improved to 27 per cent, up from 24 per cent in 2018.

Note: Data includes employees under Enterprise Agreement and Individual Contracts, excludes External/Agency Contractors.

Strong talent pipeline supported through GrainCorp's Graduate Recruitment Programme – interview with Michelle Ky, Assistant Network Support, Marong, Regional Victoria

When did you start working at GrainCorp and what attracted you here?

I joined GrainCorp in January 2017 as an IT graduate in the Sydney office. The graduate programme was what attracted me to the Company – it was a diverse program, allowing me to explore different parts of the business.

Tell me a bit about why you decided to take the role in Marong and what it involves?

As part of the graduate programme, each person undertakes a two-month harvest rotation. Having been born and bred in the city, the rural life was completely unknown to me and it turned out to be really exciting! I was sent to Wagga Wagga, NSW to help the Network Support Officer there and that's when I realised I really enjoyed doing 'hands-on' work. I also enjoyed the travelling.

Not long after finishing that rotation, I saw the role for an Assistant Network Support Officer based in Marong, VIC on GrainCorp's internal careers page. Although I'd never been to Marong, I knew the role was something that I was willing to move for.

The role involves looking after the upcountry sites and ports all over Victoria. I get the pleasure of driving around the countryside resolving various IT issues, replacing and installing IT hardware, cabling buildings and getting to know the different people at each site.

What do you enjoy most about working at GrainCorp?

I love the mix between a desk job and being able to get out and go for a drive. I get to see so much of Victoria that I would never have before. I also love that my role is so varied and I have learnt so much, such as how to use power tools!!!!

The people at GrainCorp make it so enjoyable. Everyone is so supportive, cooperative and patient – it makes my job really easy.

I also like the opportunities that GrainCorp provides in terms of trying different roles. This can be seen through the many secondments that are listed on the careers page, and this was something that was encouraged throughout the graduate programme.

Can you see other opportunities here you would like to take advantage of?

While I may not see myself moving from this role anytime soon, I would love to hopefully one day, have an opportunity to work for GrainCorp at one of their offices overseas.



Diversity and Inclusion (D&I)

GrainCorp aims to foster a diverse and inclusive workplace that facilitates opportunity, respect and innovation, helping our people, customers and communities to prosper and grow.

During the year we conducted an assessment of GrainCorp's D&I practices against the Australian Human Resource Institute (AHRI) D&I maturity model, with the findings highlighting a need to embed D&I into all of our people's mindsets and behaviours.

Improved diversity starts at the top of an organisation and during the year GrainCorp's Diversity & Inclusion Committee's membership was strengthened to include more senior leaders. The governance structure was also adjusted to enable more efficient and effective decision making and resource allocation.

As part of GrainCorp's annual performance and reward processes, several checks are carried out to identify and minimise bias in decision making by managers. These include:

- An annual internal pay equity analysis to identify employees who are paid significantly less or more than others doing the same job at the same level. Should differences emerge that are deemed significant and unexplained, appropriate action is taken.
- An unconscious bias assessment is undertaken as part of the year-end performance and remuneration review. Outcomes are assessed against several criteria to identify any unconscious bias. To date, no unconscious bias has been identified on the basis of gender, age or tenure.

GrainCorp supports gender diversity in brewing

Teri Fahrendorf is head of GrainCorp's malt innovation centre in Vancouver, Washington, and her passion for brewing is incredible. Teri has over 20-years' experience in the brewing industry and founded the Pink Boots Society, a not-for-profit organisation that seeks to assist, inspire and encourage women beer industry professionals to advance their careers through education.

The Pink Boots Society holds an annual fundraiser on March 8 (International Women's Day) where teams from all over the world band together and brew a collaboration beer.

Great Western Malting gets involved by hosting a Pink Boots Brew Day, which includes employees as well as five local female professional brewers, supporting connections among the local brewing network. Both Great Western Malting and the Canada Malting Group make a large donation to the Pink Boots Society.

Bairds Malt in New Zealand also got on board and donated malt for the event held at Little Creatures Brewery in Hobsonville, Auckland. Several women from Bairds Malt in Auckland took part in the event, gaining valuable insights from other women in the industry about their journey and experiences.

Teri continues to represent women in brewing across the United States in various events including her role as a judge at the Great American Beer Festival. The largest ticketed

beer festival in the United States and one of the largest in the world.

All funds raised went towards the Pink Boots Society's scholarship programme that supports women in brewing.



Fostering an inclusive culture

At GrainCorp we believe connection is at the heart of an inclusive culture and to support this we introduced an online platform, Workplace, in the second half of FY19. Workplace is a hub that all employees have access to and serves to connect those in offices with those on sites who might otherwise never meet, effectively allowing for the creation of communities within GrainCorp. Additionally, it allows for a more informal flow of information across the business with members able to share information in real-time on matters of interest. It is also an excellent tool enabling leaders to connect with their teams more frequently and via a less formal medium. Importantly, Workplace gives our people the opportunity to join or create the special interest groups that represent them.

Engagement with Workplace has surpassed expectations with 58 per cent of employees having active accounts. More than 60 special interest

groups have been created, with the majority being open forums, welcoming contributions from any GrainCorp employee.

Another way in which GrainCorp fosters a more inclusive culture is by providing opportunities for employees to get involved in the various days of significance that occur throughout the year. Days of recognition that GrainCorp supports include:

- National reconciliation week (Australia)
- International day against homophobia, biphobia and transphobia
- National aboriginal day (Canada)
- NAIDOC week (Australia)
- Maori language week (NZ)
- International day of persons with disabilities
- National agriculture day (Australia)
- International Stop for Safety day
- R U OK? Day (Australia)
- Wear it purple day (Australia)
- International women's day

Community

We believe GrainCorp's strong ties to the communities in which we live and work help to create a strong organisational culture. To support community involvement, we recently introduced paid volunteer leave as an option for our people to contribute to their communities. We also support local communities through corporate donations, sponsorships and fundraising activities.



Corporate Donations

We believe it is important that GrainCorp plays an active role in the communities in which we live and work.

We support our local communities in different ways, including through volunteering and the provision of financial and other forms of support. During the year, donations were made to the Moorilim Fire Brigade in Central Victoria, the Thunder Bay Christmas Cheer Fund in Canada and the Port of Brisbane's Police Youth Citizen's Club, among others. GrainCorp also donated equipment and services to support community events including generators for use at show days in regional Australia and tarpaulins to local sporting clubs.

GrainCorp supports Camp Fire in Northern California

In November 2018, California experienced the deadliest and most destructive wildfire in its history.

With customers in the area, GrainCorp's businesses in North America rallied to support victims in three ways:

- GrainCorp partnered with breweries across



North America to donate pale and caramel malt for production of a one-time release beer called Resilience IPA. 100 per cent of the proceeds go directly to the Camp Fire relief fund to help rebuild communities and support victims.

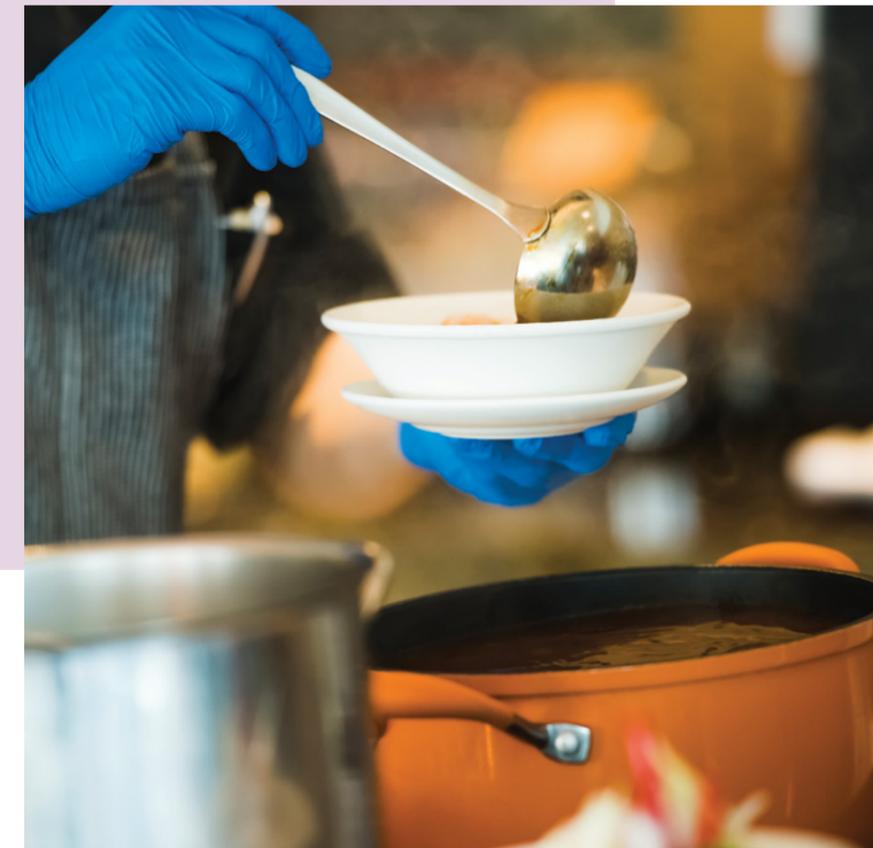
- GrainCorp donated USD25,000 on behalf of Great Western Malting, Canada Malting and Country Malt Group.
- GrainCorp also organised a fundraising campaign where our people could donate directly to the Sierra Nevada Brewery Camp Fire Relief Fund.

Fundraising and volunteering opportunities

We encourage and support our people to give what they can of their time and other resources, to support the charities that have meaning to them and their communities.

GrainCorp Malt in Calgary supports underprivileged locals

During the year, a team from GrainCorp Malt in Calgary, Canada spent time at the Calgary Drop-In Centre, a provider of health services and products, employment training and housing support to vulnerable people. GrainCorp employees who were unable to donate their time participated in a clothing drive, collecting items of clothing, toys and hygiene products for the Centre. The group continues to support the Centre, often visiting to make lunches for those in need.





Silo Art Trail

GrainCorp offices in Hamilton and Toowoomba, Queensland support world Epilepsy's Purple Day



GrainCorp's Hamilton, VIC and Toowoomba, QLD sites held morning teas in March to support Epilepsy Queensland, raising over \$1,000.

The morning teas were spearheaded by GrainCorp Sales

Manager Sam Bryce, who was diagnosed with epilepsy as a teenager, and whose son Stirling was also recently diagnosed before his first birthday. Sam recently joined the board of Epilepsy Queensland and he pledged that his family would match the money raised at the morning teas, dollar for dollar.

The morning teas were organised as part of a global 'Wear it Purple' initiative to raise awareness about the disorder.

"It's important for everyone to understand that people of all ages with epilepsy can lead very healthy and active lives," Sam said.

"Most forms of epilepsy are controllable and funds raised on Purple Day directly support individuals with epilepsy and educate the carers, families and broader community about epilepsy awareness."



In 2016, GrainCorp began allowing its silos to be used as the canvas for public artworks as well as providing financial support for associated legal fees and maintenance and publicity services. The artworks are not only stunning but have reinvigorated some of Australia's small regional towns, with communities reporting an increase in local business activity as well as nationwide media attention.

GrainCorp recently ran a competition on our social media pages for a silo art fan to win a framed photograph of their favourite artwork by telling us which site they like the most. We received almost 400 entries!

GrainCorp also provides light projectors at its silos in Parkes and Newcastle in NSW, where the silos are illuminated in different colours to celebrate days of significance like Breast Cancer Awareness (pink) and National Agriculture Day (green).



From paddock to port tour

In July 2019, the Central Highlands Development Corporation and the Queensland Department of Agriculture and Fisheries ran their second tour of the Port of Townsville, Port of Mackay and Gladstone Port Corporation facilities for a group of 20 exporters, aspiring exporters and value chain members. GrainCorp was proud to be a sponsor.

The tours allow participants to hear from key supply chain personnel and local producers who use the ports. They also provide an opportunity for people growing, processing, freighting and exporting products to connect. They are an important way for GrainCorp to help facilitate the flow of communication among industry participants.



Community

Key Achievements 2019



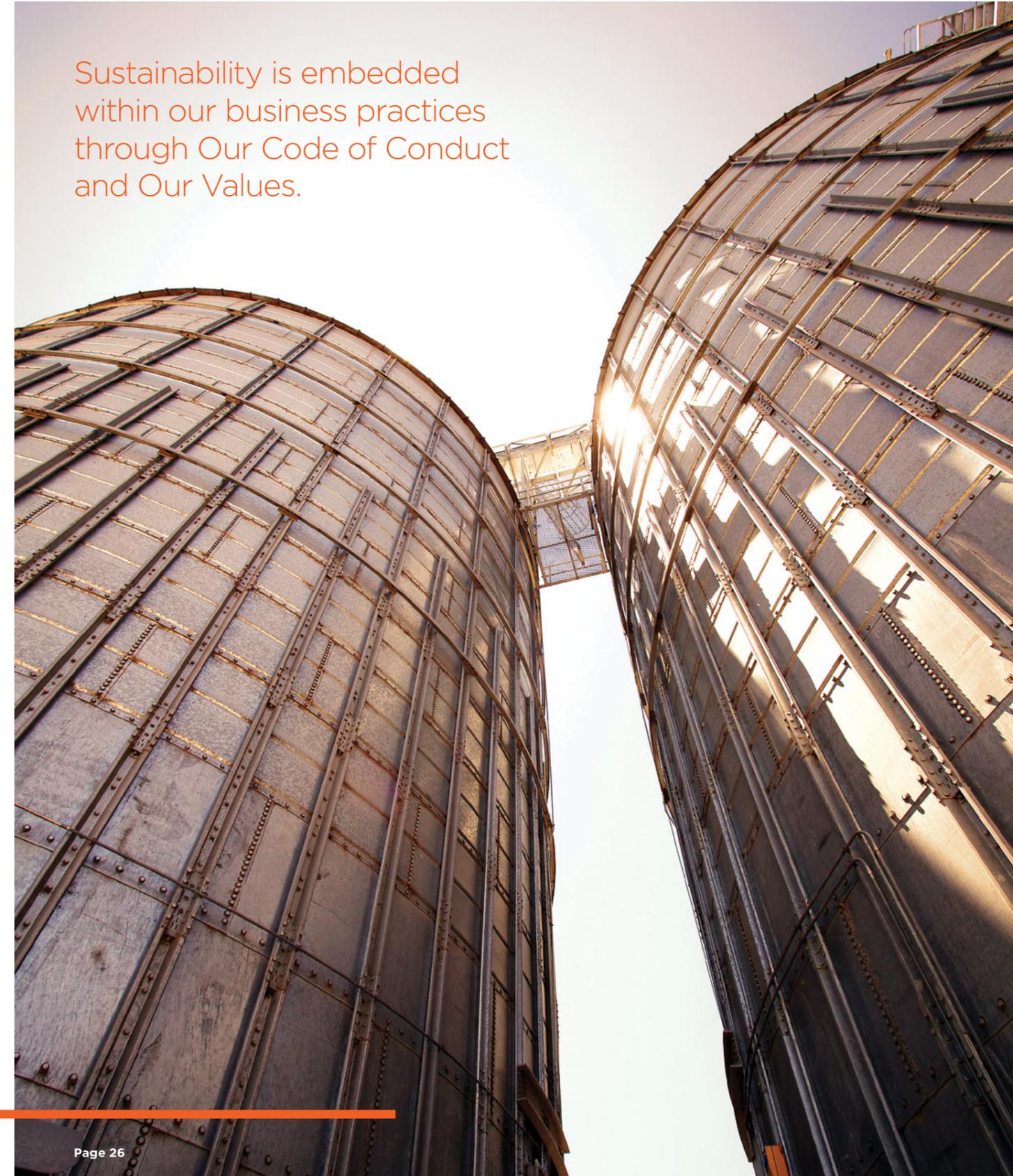
Continued to support local communities through donations and sponsorships



Introduced paid volunteer leave – employees continued to contribute to their communities via skilled volunteering and fundraising

Governance

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



Sustainability Governance

GrainCorp's Board of Directors (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

The Board has overall responsibility for corporate governance. GrainCorp's Corporate Governance Statement is available on its website www.graincorp.com.au

The Board is supported by Board committees including:

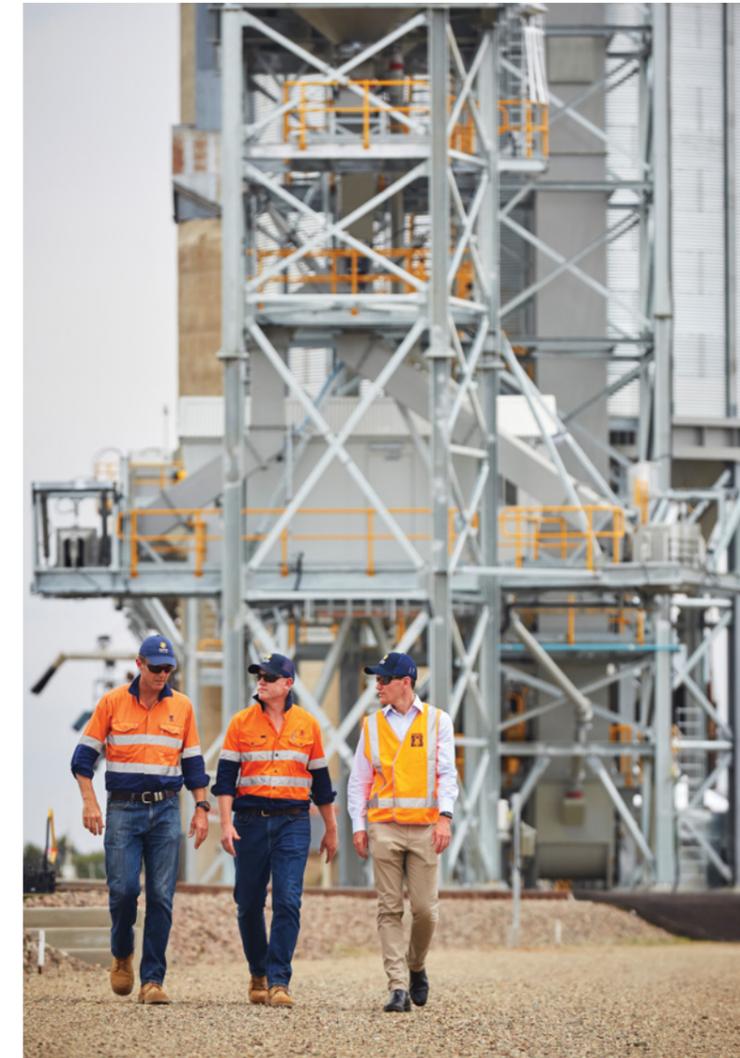
- Business Risk Committee (BRC)
- Audit Committee
- People Remuneration and Nominations Committee
- Safety Health Environment and Governance Committee (SHEGC)

The Committees are comprised of a majority of Non-executive Directors and meetings for each Committee are held at least four times per year. Each Committee is governed by a Charter, which is approved by the Board and reviewed periodically.

The BRC oversees all aspects of risk within GrainCorp except for financial risks, which remain the responsibility of the Audit Committee, and SHE risks, which are the responsibility of the SHEGC. The BRC supports and advises the Board in relation to material and emerging risks that may affect the achievement of the Group's corporate strategies and operations. The BRC also reviews the effectiveness of GrainCorp's risk management framework, processes and controls.

The purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities especially in respect of financial reporting and internal control. The Audit Committee reviews the financial reporting process, the system of internal control and management of financial risks, and the process, coverage, performance and independence of the internal and external audit.

The purpose of the PRNC is to assist the Board in the consideration of human resource and remuneration issues within the Company.



The SHEGC has specific oversight of the Group's safety, health, environment and corporate governance responsibilities, as delegated by the Board.

The SHEGC's objectives are to review, monitor and report to the Board on the following matters:

- Safety, health and environment risks and performance 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 SHEGC can be found in GrainCorp's Corporate Governance Statement, available on its website.

GrainCorp's Code of Conduct

GrainCorp's Code of Conduct 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 of Conduct naturally requires compliance with all laws, but goes beyond that, requiring our employees to hold themselves to the highest standard of personal and professional ethical behaviour. The Code of Conduct is approved by the Board.

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



Certifications and Charterships

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)
- 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)

GrainCorp's Policies

GrainCorp's Code of Conduct and other policies have been developed to align with our Values to ensure that we observe the highest standards of fair dealing, honesty and integrity in our business activities.

GrainCorp takes a zero-tolerance approach to bribery and corruption. We are committed to conducting our operations legitimately, ethically and in compliance with all applicable laws including the United Nations Convention against Corruption. GrainCorp has an Anti-Bribery and Corruption Policy that articulates our values and position on bribery and corruption and guides employees to identify, investigate and prevent all dealings under their effective control concerning acts of bribery and corruption.

Further, GrainCorp's Whistleblower Policy is in place to ensure employees and certain others can raise concerns regarding any misconduct, improper state of affairs or circumstances (including unethical, illegal, corrupt or other inappropriate conduct) without being subject to victimisation, harassment or discriminatory treatment. GrainCorp subscribes

to a confidential third-party whistleblower reporting service that provides a confidential and anonymous way to report concerns.

In preparation for reporting under the Commonwealth Modern Slavery Act 2018, GrainCorp has developed a Modern Slavery Policy Statement which builds on existing commitments in its Code of Conduct. This policy statement articulates GrainCorp's commitment to human rights and to minimising the risk of modern slavery in its business operations and supply chain. GrainCorp will be required to report under the Modern Slavery Act, with its first public report due by 31 March 2021.



Industry Associations

We proactively engage with relevant stakeholders across all levels of Government and various industry associations including:

- 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.





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.

Stakeholders

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

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, strategic matters, regulation, corporate governance and community relations activities.

Corporate Directory

Chairman

Graham J Bradley AM

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

Stephanie Belton

Annerley Squires

GrainCorp Limited

ABN 60 057 186 035

Registered Office

Level 28
175 Liverpool Street
Sydney NSW 2000
+61 2 9325 9100

Company Website

www.graincorp.com.au

ASX Company Code:

GNC

Share Registry

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000

1300 883 034 (within Australia)

+61 1300 883 034 (outside Australia)

Auditors

PricewaterhouseCoopers

Feedback and further information

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

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+61 2 9266 9217 or luke.thrum@graincorp.com.au

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GrainCorp

