

ASX ANNOUNCEMENT

13 March 2023

COSTA GROUP 2022 SUSTAINABILITY REPORT

Costa Group Holdings Limited (Costa; ASX: CGC), Australia's leading grower, packer and marketer of fresh fruit and vegetables today released its 2022 Sustainability Report.

The release of this document to the market is authorised by the Board.

END.

About Costa (ASX:CGC) - Costa is Australia's leading grower, packer and marketer of fresh fruit & vegetables and operates principally in five core categories: berries, mushrooms, glasshouse tomatoes, citrus and avocados. Operations include approximately +7,200 planted hectares of farmland, 40 hectares of glasshouse facilities and three mushroom growing facilities across Australia. Costa also has strategic foreign interests, with majority owned joint ventures covering six blueberry farms in Morocco and four berry farms in China, covering approximately 740 planted hectares.

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Costa Group Holdings Limited

Sustainability Report

2022



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Setting of Emissions Target

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

Where We Operate

Western Australia

Berry Farms
Gingin, Neergabby

Compost Facility
Mandurah

Distribution Centre
Jandakot

Mushroom Farm
Casuarina

South Australia

Adelaide Wholesale Market
Pooraka

Citrus Farms
Amaroo - Murtho, Pike Creek - Lyrup,
Solara - Loxton, Bookpurnong

Kangara Citrus Farm and Packhouse
Murtho

Mushroom Farm
Monarto

Yandilla Citrus Farm and Packhouse
Renmark

Queensland

Avocado Farms
Atherton, Paddys Green, Dimbulah, Childers

Banana Farms
Tully, Walkamin

Berry Farms
Atherton, Tolga, Walkamin

Brisbane Wholesale Market
Rocklea

Citrus Farms
Emerald, Dimbulah

Table Grape Farm
Mundubbera

New South Wales

Avocado Farms
Comboyne, Fishermans Reach

Berry Farms
Corindi, Rosewood, Tumbarumba

Citrus Farm
Trentham Cliffs

Distribution Centre
Eastern Creek

Table Grape Distribution Centre
Euston

Tomato Glasshouses
Guyra

Victoria

Business Support Centre
Ravenhall

Citrus and Table Grape Farm
Colignan

Citrus Farm
Lindsay Point

Compost Facility
Nagambie

Distribution Centre
Derrimut

Melbourne Wholesale Market
Melbourne

Mushroom Farms
Mernda, Yarrambat

Tasmania

Berry Farms
Dunorlan, East Devonport, Lebrina,
Nine Mile, Wesley Vale

Berry Distribution Centre and Packhouse
East Devonport

Devonport Distribution Centre
Quoiba

China



Bailang – Yunnan Province
Manlai – Yunnan Province
Guangmen – Yunnan Province
Manhong – Yunnan Province
Baoshan – Yunnan Province

Morocco



Bousselham/Laaouamra
Kenitra, Larache region Massa
Agadir (southern) region



CEO Report



Harry Debney
Interim Chief Executive Officer,
Director

I am pleased to present our 2022 Sustainability Report, a year in which we continued to make positive progress on our vision to be a leader in Sustainable Commercial Farming (SCF) of premium quality fresh produce. This vision was established in 2018 and is now embedded in the way we do business. Our commitments are integral to our ability to operate as a sustainable business, but also as an industry leader in the way we establish and set our goals while successfully executing them.

The health and safety of our workforce is a top priority for Costa, and we have sought to continuously improve the working environment, both in Australia and in our international operations, and to consistently report our key metrics and progress. In 2022, we tragically lost one of our team members when they died as a result of a traffic accident at one of our China farms. We have been deeply saddened by this event and our sincere condolences go to the family, community and our people who were impacted.

Our focus continues to be on ensuring the highest of standards and safety measures are in place and followed at all times which includes the implementation across the entire business of a High-Potential Incident program, details of which are provided in this report. We are also continuing to ensure regular health and safety training of all employees, that we are building an open culture for reporting issues, and are regularly monitoring and assessing compliance and ensuring strong accountability of all team members.

As we continue our SCF journey, we recognise the imperative of monitoring the external environment and playing our part in what is increasingly becoming a global approach and response. There is now widespread recognition and support for action on climate change as evidenced by the setting of emission reduction targets by governments in Australia and internationally. Costa supports this action and has committed in 2021 to achieving net-zero carbon emissions by 2050. We have also outlined our plans to move to Science Based Target initiatives (SBTi).

In September new global Forest, Land and Agriculture Science Based Target-Setting Guidance (FLAG) targets were launched and we are presently working through this framework to understand its particular application to our operations. As a result of this, in 2023 we will outline targets to ensure our emissions reduction progress is in-line with what is deemed necessary to meet the goals of the Paris Agreement.



In 2022, we conducted our first detailed Materiality Assessment to identify the sustainability/ESG items which are of greatest importance and priority for our stakeholders. This work will inform and guide an update to our Sustainable Commercial Farming Strategy in 2023, including the setting of nearer term targets with a clear plan to achieve them over the next five plus years.

This report includes those key environmental related metrics which we have identified as being not only relevant to the sustainable operation of our business and the industry in which we operate, but also broader community standards and expectations. These include greenhouse gas emissions, energy consumption, water use by category, total water use, waste and water use efficiency.

We continue to make significant progress on water management, leveraging new and existing technology to optimise our water use and reduce our inputs while increasing crop yields. At Guyra, for example, our new 2.5-hectare glasshouse tomato nursery, which began full production in 2022, recycles 100% of its drain water.

We also continue our focus on practical, effective ways in which we can adopt renewable energy sources, and in 2022 the highlight of this was our commissioning of a floating array of 160 solar panels on our largest dam at our Corindi Berry farm.

In addition, for the first time we have quantified our waste streams across our geographically diverse farming operations. This is a significant step towards our goal of minimising waste to landfill and creating a circular, closed loop waste management system, and will help to inform the development of waste reduction targets from 2023 onwards.

Our Board continues to oversee climate related risks and opportunities. In adapting to the challenges presented by climate change the company continues to invest in increased protected cropping including the recent expanded tomato glasshouse and mushroom footprints. Our domestic berry operations are now home to 727 hectares with 67% under protected cropping. Our 400-hectare China berry farms and our 349-hectare Morocco berry farms are 100% under protected cropping. The Board continues to use the Task Force on Climate-related Financial Disclosures as the framework by which Costa addresses climate change risk and opportunities, specifically in the key areas of governance, strategy, risk management and the measurement of key metrics and targets. We are closely monitoring the development of the Task Force on Nature-related Financial Disclosures in order to determine its potential benefit with respect to establishing a risk framework for such issues as biodiversity.

As we continue to develop our SCF strategy, our people remain at the heart of our operations. We are committed to providing a workplace that protects human rights, supports diversity and promotes development and opportunity. This includes having developed in 2022 a remuneration framework to help ensure consistency, fairness and transparency of pay across the business.

We published our second Modern Slavery Statement in 2022 and throughout the year have focused our efforts on raising awareness and improving our processes and actions to ensure human rights are protected. In support of our Ethical Sourcing Program, we implemented new Labour Standards in 2022 as an additional step to safeguard employment conditions and wellbeing.

We also launched a Costa Care Engagement Hub, which provides a platform for employee wellbeing and support, employee surveys, recognition, and benefits.

While the challenges of COVID began to ease, many of our communities both in Australia and abroad faced new weather-related events. I am extremely proud of the response from across our business to provide relief, through donations, goods and on-the-ground assistance. This ranged from supporting a shipment of goods to Tonga in the wake of a Tsunami, to mopping up flood ravaged towns in northern New South Wales and building levee banks to protect towns in the Riverland in South Australia. These efforts, and more, are evidence of our culture, where our workforce is encouraged and supported to have a positive social connection with the communities in which they work and live.

In 2023, we look forward to further building and refining our SCF objectives and targets, which should be seen as evolving rather than something that is static. We must always be dynamic, including continuing the process of embedding our approach into all aspects of our operations. In our ongoing journey, I acknowledge the efforts of our workforce who demonstrate genuine passion for sustainability, are in many instances leaders in their industry, and are focused on their commitment to the responsible use of our natural resources in the production of healthy, nutritious food.

Harry Debney
Interim Chief Executive Officer,
Director



Our Strategy: Sustainable Commercial Farming

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

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

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

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

Our Sustainable Commercial Farming Overarching Objective:

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

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

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

In order to realise our Overarching Objective, we have established 10 Sustainable Commercial Farming Principles. The principles serve as a clear statement and commitment to what we consider to be the fundamentals of Sustainable Commercial Farming and what we commit to do in these areas.

Gourav Beniwal

Gourav graduated from the University of Adelaide and was employed as a Technical Agronomist in the Riverland after completing an internship with Costa in 2020. In his role, he looks after one of Costa's first commercial plots of avocado trees grown in substrate (in pots rather than soil).



Sustainable Commercial Farming Principles



1. Water use and security

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



2. Climate Change

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



3. Waste

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



4. Nutritional Inputs

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



5. Biodiversity

Retaining a rich variety of plant life, native insects and soil microorganisms will enable us to continue our growing operations successfully and effectively for many years to come. We will prioritise the application of organic and biological pest and disease control methods on our crops where practical and cost efficient. Where chemical applications are required, these will be closely monitored to measure ongoing efficacy of use and to ensure compliance.



6. Production Yield

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



7. Productivity and Efficiency

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



8. Workforce

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



9. Community

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



10. Health and Wellbeing

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

UN Sustainable Development Goals

Costa Group supports the United National Sustainable Development Goals.

We have identified a strong connection between the following UNSD Goals, and the targets contained within those goals, and our Sustainable Commercial Farming Principles.



We have listened to our team, customers, investors, the community, and other stakeholders to understand what is most important to them.

Our commitment to our stakeholders

The appetite for greater sustainability is accelerating every year. We have listened to our team, customers, investors, the community, and other stakeholders to understand what is most important to them. We have also identified expected future regulation, emerging trends, and the progress of our peers. We have recently assessed the material environmental, social and governance issues impacting our business which will inform the refinement of our Sustainable Commercial Farming strategy and actions, which will take place in 2023. As part of this work, we will outline clear goals and action plans for the future.

Costa is the biggest fresh produce supplier to the Australian retailers and with this comes a responsibility to work together with retailers to support their goals and aspirations and provide sustainable, fresh quality produce to consumers at affordable prices.

In particular we share their commitment to sustainability including achieving a target of net zero emissions, reducing the incidence of food waste, developing closed loop packaging solutions, and ensuring the ethical sourcing and supply of products throughout the entire supply chain.

We also share a focus on issues which are important to all our stakeholders in respect to climate resilience and adaptation, water stewardship, protecting and enhancing biodiversity, reducing the nutritional inputs that are used in growing, and improving the communities in which we work.

Costa is committed to playing our part in making Australia's food and grocery supply chain and sector as sustainable as it possibly can be, while also contributing to our nation's food security and helping consumers to eat healthy nutritious food, affordably.



Task Force on Climate-related Financial Disclosures

Costa supports the Task Force on Climate-related Financial Disclosures (TCFD), which provides a framework and recommendations to address the financial impact of climate change on a business. Our TCFD Roadmap is included in Appendix 1.

Our Strategy: Sustainable Commercial Farming Cont.

Governance

The Costa Board has oversight of Costa's sustainability strategy and performance including overseeing progress toward achieving our Sustainable Commercial Farming goals.

This includes oversight of climate related risks and opportunities, which is principally achieved through the work of two board subcommittees - the Horticultural Innovation and Technology Committee (HIT) and the Audit and Risk Committee (ARC).

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

The HIT Committee meets quarterly with one of its areas of focus being adapting to the impacts of climate change. The Committee provides a forum for management and technical personnel to challenge the traditional horticultural model and to present innovative concepts and programs which aim to significantly advance Costa's performance and management of climate related risk.

The ARC, which also meets quarterly, has responsibility for oversight of the company's Enterprise Risk Management program, including climate-related risks that are analysed and reported on by management. An Executive Risk Subcommittee also meets quarterly and focuses on key enterprise risks including a number that are either directly climate related (e.g. change and weather volatility) or risks that will be significantly impacted by the impacts of climate change.

Management also provides the Board with an annual Water Risk Management paper, which covers in detail short- and long-range climate outlook and category and site specific risk assessments covering water usage, security, pricing, competing use and climate trends. This informs the Board on actions required to improve water security.

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

Risk Management

Climate change is a key challenge for Costa as it relates both to the physical risks and transitional risks, and as such is a feature of strategic planning, capital investment and allocation decisions and integrated into the Company's Enterprise Risk Management (ERM) program.

Costa's formalised ERM program is overseen by the Board, Audit & Risk Committee, and the Executive, and is aligned to the principles outlined in AS/NZ ISO31000. In addition to a standalone enterprise risk of 'Climate and Environment', there are a number of key strategic and operational risks analysed as part of the ERM program that are climate-change related in nature.

In the near-term, the physical risks associated with climate change are the most acute to Costa's operations and strategy, in the form of:

- a) Weather volatility – impacts our crops and our assets, along with the assets and distribution channels available to key input suppliers and customers. This risk also has the potential to harm our employees and our communities.



Costa Well Grown Seed Fund

The Costa Well Grown Seed Fund was established in 2022 and is designed to encourage ideas/projects related to any of Costa's 10 Sustainable Commercial Farming principles. A total of \$50,000 was available for projects in 2022.

Six projects received funding covering areas including improved safety, reducing plastic waste, utilising organic waste for compost, process improvements in fruit handling, biodiversity, and efficiency.

Among the projects which received funding was a tree planting program, initiated in the Sunraysia region. Through the project, trees have been planted to increase, protect, and enhance biodiversity on the farms. The tree plantings have been accompanied with a plaque to commemorate Frank Costa AO, who passed away on 2 May, 2021.

Frank is fondly remembered as someone who was passionate about sustainability and a people champion, living by the mantra of 'hire' for character, train for skill'.

- b) Water security – increasing temperatures and changing climates may impact our ability to source sufficient good quality water.
- c) Plant and crop quality – as climate changes our plant and crop health and pest and disease pressures will also evolve and may challenge our ability to deliver high-quality fresh produce.

These risks however also present opportunities where Costa is able to implement strategies to minimise and mitigate these impacts. These strategies include protected cropping and the development and selection of more resilient genetics (internally and with our partners), resulting in growing a larger proportion of more resilient crop varieties. Other strategies include the exit of sites which are under intense climate pressure. In addition, as our customers (major retailers) focus in this area they will increasingly value companies such as Costa that can manage these risks to ensure consistency of supply.

As the world accelerates in its response to climate change through action and policy measures, Costa recognises that its ongoing success will not be immune to transition risks and opportunities relating to climate change – whether that be in the form of changes such as carbon pricing mechanisms or changes to policy makers' focus on food security.

As such we are continuing to monitor the landscape in order to proactively adapt to changes when practical, advantageous to do so or necessary. The process of adopting the TCFD framework and recommendations is an ongoing useful tool in this endeavour.

Additionally, Costa recognises our reliance on, and potential impact on natural assets and ecosystems. We are monitoring the development of the Taskforce on Nature-related Financial Disclosures (TNFD) framework, and similar to how we have leveraged the TCFD framework to assist in elevating our maturity in assessing and monitoring our climate-related risks, we will leverage the TNFD framework.

Material opportunities and risks

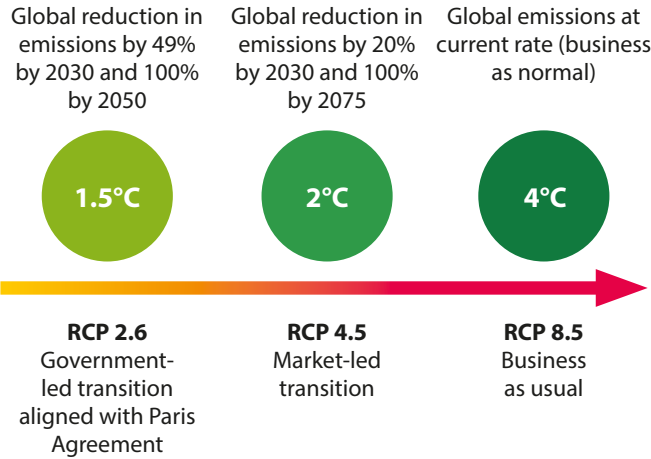
As outlined, the ERM program discusses and analyses a number of key risks whose likelihood and impact have the potential to change materially under different climate scenarios.

When further analysing existing enterprise risks under the lens of TCFD recommendations, Costa utilises the UN's Intergovernmental Panel on Climate Change RCPs (Representative Concentration Pathways), which model how concentrations of greenhouse gases in the atmosphere will change in the future as a result of human activities. (see diagram right)

Outlining these distinct scenarios allows for each risk to be further interrogated and additional consideration given to the possible impacts and the sufficiency of our existing responses and mitigation activities. Climate change risks, as well as opportunities, are described in more detail on the following page.

The time horizons disclosed in the table have been formulated based on Costa's strategic planning horizons, considering a blended "useful life" of our crop footprint and other strategic imperatives.

Time horizon	Costa definition
Short	Current, next 18-24 months
Medium	~2 years to 5 years
Long	> 5 years



Our Strategy: Sustainable Commercial Farming Cont.

Time horizon	TCFD Risk/ Opp type	Opportunity/risk description	Impact	Costa's response
Opportunities				
Short term	Markets	Market dynamics are impacted by an increased frequency and severity of extreme weather events such as hailstorms, cyclones, floods, bushfires causing damage to assets and infrastructure.	<ul style="list-style-type: none"> Material price increases when supply is reduced/constrained Investment moves away from the sector and capital availability is constrained, thus reducing price pressure from any oversupply Heightened regulatory focus on food security 	<ul style="list-style-type: none"> Geographic diversification of crop-types, both within Australia and Internationally Continuing to invest in protected cropping to make the Costa portfolio more resilient to extreme weather
Short to medium term	Resource efficiency	Proactively work to reduce scope 1 and 2 greenhouse gas emissions towards carbon neutrality and increase energy efficiency.	<ul style="list-style-type: none"> Costa becomes a more attractive supply partner Early adoption of certain technologies unlocks competitive advantage 	<ul style="list-style-type: none"> Identify key areas of the business to transition to renewable energy sources, including the electrification of mobile fleet assets and greater use of solar energy Continue to identify land management practices that allow for carbon sequestration opportunities Have emissions reduction targets validated by SBTi
Short to medium term	Markets; Products/ Services	Understand the changing opportunities to derive additional value from natural assets and proactively work with public and private institutions to fully leverage Costa's existing natural asset portfolio.	<ul style="list-style-type: none"> Potential alternative revenue streams Improve returns through the adoption of new techniques to capitalise on or utilise natural assets 	<ul style="list-style-type: none"> Continue to monitor the landscape and partner with subject matter experts on emerging opportunities and technologies Continue to look for opportunities to circularise organic waste (either internally or with strategic partners) Start to utilise the concepts outlined in TNFD to identify dependency on natural assets
Medium term	Resource efficiency	A shift towards reuse and recycling reduces our operating costs and enables better access to goods/ materials.	<ul style="list-style-type: none"> Reduced operating costs Increase brand value proposition and consumer attractiveness 	<ul style="list-style-type: none"> Member of APCO Sustainable Packaging from 2022 Measure our major waste and packaging streams and establish a waste reduction target and continue to find ways to reduce our footprint Continue to explore reuses for organic waste within Costa's categories or with third parties Continue to explore reuses for other farm wastes
Medium to long term	Resilience; Products/ Services	Development of more resilient crop varieties through varietal improvement and selection programs.	<ul style="list-style-type: none"> Maintain and/or improve the taste profile and aesthetic of our products relative to competitors to generate increased sales revenue Increase market opportunities for licensing revenue Improved ability to adapt to climate change and provide consistent supply to customers 	<ul style="list-style-type: none"> Continue to invest in our world-leading blueberry varietal improvement program Continue to explore proprietary breeding programs and gain rights to commercialise leading varieties Continue to explore and invest in varietal development and selection programs across other Costa produce categories
Medium to long term	Markets; Products/ Services	Consumer preferences for low environmental impact food increases the consumption of fresh produce and meat-alternative products.	<ul style="list-style-type: none"> Increased share-of-plate towards fresh food increasing market demand for fresh produce Increased demand for meat-alternative ingredients sourced from fresh produce (e.g. mushrooms) 	<ul style="list-style-type: none"> Continue to actively explore alternative sales channels and activate via marketing, both within Australia and internationally Continue to explore and invest in varietal development and selection programs

Time horizon	TCFD Risk/ Opp type	Opportunity/risk description	Impact	Costa's response
Risks				
Short to medium term	Physical	Increased frequency and severity of extreme weather events such as hailstorms, cyclones, floods, bushfires.	<ul style="list-style-type: none"> Increased safety risk to personnel at our sites Reduced site capacity and decreased revenue Pollination availability decreases Pest and disease pressures change/ increase Damage to third-party grower or supplier assets, or port infrastructure would limit our ability to source key inputs Major site capacity reductions could result in job losses, impacting community sentiment 	<ul style="list-style-type: none"> Geographic diversification of crop-types Continuing to invest in protected cropping Continue to strengthen workplace health and safety programs, incorporating disaster response strategies Ongoing reassessment of Integrated Pest Management strategies Utilising our Costa Care program to continue working proactively with local communities on a broad range of issues including climate change adaptation and resilience
Short to medium term	Physical	Increased water stress impacts Costa's ability to source sufficient good quality water to produce the same quality outputs.	<ul style="list-style-type: none"> Poor crop yields and reduced financial returns Changes to existing water licensing structures either increase water prices or reduce water supply Significant changes in the price of available, quality water 	<ul style="list-style-type: none"> Strong oversight and governance of water security - continue to monitor the Group's position on water security and water use efficiency and invest as needed Continuous review of irrigation management to improve water use efficiency through the implementation of new practices and techniques Continue to explore and invest in water efficiency technology, such as precision monitoring Geographic diversification of crop-types
Short to medium term	Transition	Changing regulatory landscape and the implementation of climate-impact mandates or regulations on existing products, introduction of climate-related trade barriers, carbon pricing mechanisms, or soil management and/or biodiversity regulations.	<ul style="list-style-type: none"> Increased cost of access, reduced access to or loss of access to key export markets Increased cost of electricity, water and other inputs, such as transportation and fertilisers Major changes to overall competitive landscape depending on the maturity of competitors 	<ul style="list-style-type: none"> Continue to work towards fully aligning our disclosures with the TCFD recommendations Proactively work to reduce carbon emissions Proactively work to reduce non-recyclable and organic waste generated by our operations Explore and invest in low environmental impact supply inputs (e.g. green fertilisers)
Medium to long term	Physical	Increase in average temperature and the frequency of extreme heat days.	<ul style="list-style-type: none"> Reduced yields and returns Reduced attractiveness to key export markets due to changing profile of our product Reduced worker productivity Increase in harvest peaks and troughs and possible flow-on impacts to market supply dynamics and pricing Increased and/or changing pest pressure Increase in heat-related workforce illness and injuries Disruption to operations Increased operating costs Collapses of natural ecosystems on which we rely Potential site abandonment 	<ul style="list-style-type: none"> Maintenance of a portfolio of geographically diverse farming locations Continuing to invest in protected cropping and protection structures (ventilation, climate control, etc.) Proactively assess land-use practices, such as the use of cover crops to reduce heat effect, to reduce impacts to soil and crop health Continue to adapt harvest and postharvest practices and technologies to nurture product quality Proactively reduce carbon emissions and increase energy efficiency Continue to invest in varietal selection and improvement programs to improve resilience and explore proprietary breeding programs Continue to build Integrated Pest Management strategies Adapt workplace health and safety programs to emerging risks Continue to invest in mechanised production systems and harvest assist technology New site assessment process including long-range climate hazards assessment under various climate scenarios



Setting of Emissions Target

Costa is committed to achieving net zero carbon emissions by 2050.

To assist in progressing towards this commitment, Costa has plans to pledge to the Science Based Target Initiatives (SBTi) and work with SBTi to have our emission reduction targets validated.

Costa has been closely monitoring the development of the new SBTi Forest, Land and Agriculture Science Based Target-Setting Guidance (FLAG) targets which were launched in September 2022. FLAG defines standardised methodologies with respect to land use change emissions, land management emissions and carbon removals and storage. Costa is classified as a Food Production - Agricultural Production company and under SBTi will be required to create FLAG targets.

Costa is currently working through the relevant FLAG framework and will outline targets in 2023 which will endeavour to ensure that our emissions reduction progress is in line with what is deemed necessary to meet the goals of the Paris Agreement.

Reported Metrics

For CY2022, our Reported Metrics are:



- Greenhouse Gas Emissions



- Energy Consumption



- Water use by category
- Total water use
- Water use efficiency – kilograms of produce grown per megalitre of water used.



- Waste

These metrics are included in the following section, which also includes highlights of our activities relevant to our Sustainable Commercial Farming Principles.

For the first time an initial high-level assessment has also been undertaken to identify and measure (or estimate where limited information is available) Costa's waste streams.

In continuing to enhance Costa's progress towards establishing more near-term targets, in 2022 Costa quantified electricity consumption at its international sites and worked to better understand the levers that could be accessed to reduce its domestic scope 1 and 2 emissions profile.

Sustainable Commercial Farming Principles



Water Use and Security

Tomato glasshouse and nursery use 100% recycled water

Costa's expanded tomato glasshouse facility, on the New England Highway at Guyra (NSW), with an additional 10 hectares and a 2.5-hectare nursery, commenced production from January 2022.

The entire site, which now totals 20 hectares of glasshouse and the nursery, uses a closed water capture system. This means that during years of average rainfall the site does not require any externally sourced water, with the exception of potable water for staff amenities.

The nursery, as well as the glasshouses, has the ability to recycle 100% of its drain water. The irrigation system can achieve this through a series of sieve drains followed by sterilisation through ultraviolet filtration and finally automatically adjusting the fertiliser within the water, ready for reuse.

The system has the flexibility to operate in off peak periods to allow for maximum energy efficiency also. The fertiliser and water are measured on a regular basis and adjusted to give seedlings optimal growing conditions.

In the nursery, the growing team is also utilising state of the art remote moisture sensing technology to monitor the seedlings and adjust climate and irrigation strategies to gain maximum efficiency.

A new state-of-the-art 2.5 hectare glasshouse tomato nursery commenced full production in 2022. The nursery has the ability to recycle 100% of its drain water.



To provide additional water security across the whole site, two new onsite dams are in operation increasing the total water storage from 100 ML to 190 ML. This includes a 40 ML bore water dam which is fully lined and covered to reduce evaporation and a 50 ML surface water dam.

China water recapture

A trial irrigation system enabling the reuse of drain water has been installed on a 1-hectare blueberry block at the Xishuangbanna (Banna) Berry farm in Guangmen China.

The system collects the drain water which is then filtered and stored. The water is then put through a disinfection system to remove any mould, bacteria, and nematodes. After testing, the water is sent to a second tank for further cleaning, before being transferred back for recirculation.

The recycled drain water is mixed with fresh water before being pumped back into the crop.

Early indications are showing that up to 22% of the daily irrigation volume is being provided by recycled drain water, reducing overall water usage and cost.

The system is also showing a 22% reduction in the use of fertiliser, and a reduction in discharge of wastewater.

22.5ha

Closed water capture glasshouse and nursery







Water Use and Security

Water consumption by category (ML)

Category	CY21	CY22	Overall Notes
Avocados	4,694	3,686	Water consumption data includes avocados grown on southern Citrus farms, increasing reported water consumption for avocados. 2021 has been restated to reflect this change. Overall water consumption has decreased slightly due to higher rainfall in 2022. Note bananas are split out separately below.
Bananas	1,428	1,450	Reduction in kilograms of produce per ML of water used due to harvest timing (Dec/Jan), weather and operational headwinds.
Berries (Aust)	2,661	2,657	Increase in strawberry kilograms per ML reflects timing of crop which can fall either side of the calendar year (Dec/Jan), with larger part of crop harvested in 2022. Improving yields in Blackberries has increased the kg/ML. Improving yields in Raspberries and increased substrate footprint (converted from soil) has increased the kg/ML.
Citrus	24,515	33,007	2PH farm purchased during mid 2021 which resulted in increased water consumption and kilograms produced per ML of water for 2022. Avocados grown on southern Citrus farms, previously reported within Citrus, have been moved into Avocados and accordingly 2021 numbers have been restated.
Mushrooms	464	412	Improvement in water use efficiency was driven by improved production in Monarto, and notable improvement in WA which suffered water leakage in prior year.
Tomatoes	580	702	Yield increased due to the addition of the new glasshouse coming online. Kilograms of produce per ML has improved slightly due to water recycling.
International - Morocco	2,386	2,361	Increased kilogram per ML due to slight increase in tonnes sold and improved irrigation management.
International - China	1,555	2,204	New berry farm (110ha) planted in March 2022 but production not beginning until November 2022 hence lower kilograms of produce per ML.
Total	38,283	46,479	

Water use and water use efficiency are dependent on a number of factors, including seasonal conditions (ie. drought, low, average, high rainfall), management practices, and any increase in planted areas.

Kilograms of produce per ML of water used

Category	CY21	CY22
Avocados	1,508kgs	1,980kgs
Bananas	4,894kgs	3,994kgs
Berries (Aust)		
Blueberries	3,300kgs	3,240kgs
Blackberries	5,800kgs	6,200kgs
Raspberries	3,500kgs	3,930kgs
Strawberries	15,605kgs	15,861kgs
Citrus	3,263kgs	3,426kgs
Mushrooms	53,927kgs	62,720kgs
Tomatoes	34,656kgs	36,867kgs
International - Morocco	2,925kgs	3,070kgs
International - China	3,035kgs	2,910kgs

Note: immature crops required more water which impacts amount of water used per kilogram of produce.

Morocco algae control

The installation of ultrasonic units to reduce algae growth in the raw water storage basin at the Baytar Berry farm in Morocco has proven successful, resulting in reduced chemical use and reduced water loss.

Raw water resources for the Baytar farm include surface water supplied via a canal, which can have high algae loads leading to issues in the irrigation system and higher water usage for cleaning and flushing the pipe network.

The units work via a transmitter device which emits sound waves of various frequencies that rupture the cell membranes of algae cells. Dead algae then sinks to the bottom of the water body before settling out and removing the algae from the water supply.

The trials have shown that while additional treatment of the water is required at peak algae periods, there has been an overall reduction in chemical use and less water required for cleaning and flushing.

The ultrasonic units provide a constant, everyday method of suppressing algae growth that will be supplemented with other treatment techniques when required.

Technology helps to optimise water use

New irrigation sensing technology has been rolled out across 200 hectares of table grapes, 200 hectares of avocado and 200 hectares of citrus as part of a trial project to optimise water use.

The SupPlant irrigation sensing hardware and software analyses live data from plants, soil, and meteorology sensors, providing real time information on plant stress and growth rates. This enables irrigation recommendations to be generated based on factors including plant stress, plant, and fruit growth patterns, real-time and forecasted weather conditions, and soil water content.

It differs from other technology, which generally assumes soil moisture status to be the best proxy for likely plant stress and irrigation needs. Using this technology, soil moisture measurements are taken from the actual plant to determine plant stress.

Early indications from the 12-month trial have shown where considerable water savings can be made in particular phases, and where plants are under watered in other key periods.



Climate change

Greenhouse Gas (GHG) Emissions (tonnes CO₂-e)

Australia

	2019-20	2020-21	2021-22
Total Scope 1** & 2^	121,398	121,270	133,601
Scope 1	60,522	63,967	73,365
Scope 2	60,876	57,303	60,236

Most recent reporting period for Australian operations only - National Greenhouse & Energy Reportings. 19 Energy and Emissions Report.

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

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

International (tonnes CO₂-e)

	2021-22
Total Scope 1" & 2^	8,596
Scope 1	1,465
Scope 2	7,131

Energy Consumption (GJ)

Australia

	2019-20	2020-21	2021-22
Total Energy Consumption	1,043,680	1,090,286	1,161,453
Total Energy Produced	7,604	8,478	7,645
Energy Consumed Net	1,036,076	1,081,808	1,153,808

There was one site generating solar power (Monarto) in 2020-21, this increased to 4 sites in 2021-22. However due to an inverter issue affecting the entire production batch that was supplied to the Costa Monarto site, warranty replacements were required throughout 2021-22 which resulted in a lower solar output for the period.

Due to measurement timing, the energy produced by the Corindi solar dam and Tumarumba is not included.

International (GJ)

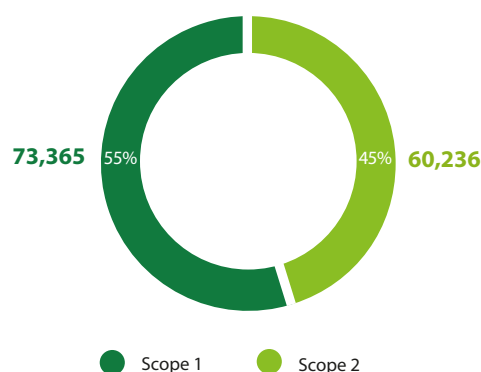
	2021-22
Total Energy Consumption	51,325
Total Energy Produced	-
Energy Consumed Net	51,325

Note: Costa has compiled the international energy usage for the first time based on the best available information from metering and other sources for Costa's China and Morocco farms.

Calculation of energy to CO₂ equivalent is conservatively based on the state of Victoria's emissions factor.

GHG Emissions

Scope 1 and 2 Emissions



Protected cropping

Costa continues to invest in protected cropping which helps to mitigate risk from climate change and in particular extreme weather events.

In 2022, we continued a program to provide netting cover for our Colignan (Sunraysia, Victoria) citrus and table grape farm, with a total of 18.8 hectares (Afourer mandarins and table grapes) covered. The Mundubbera (Queensland) table grape farm is 92.4 hectares and is covered by permanent netting.

Our commercial avocado substrate plantings in Central Queensland, Far North Queensland, and South Australia, totaling 41.5 hectares, are protected (excluding an additional 1.4ha of trial substrate plots which are also protected).

In our domestic berry crops, 100 per cent of our blackberry, raspberry and strawberry crops are protected by poly tunnels, and 50 per cent of our blueberry crop is protected. This brings the total cover for the berry crop to 67 per cent.

In our international operations, protected cropping is used in existing and new developments, with 100 per cent of the China and Morocco berry farms protected.

Floating solar array powers irrigation pumps

A floating solar array consisting of 160 solar panels has been installed on a 900 ML dam at the Corindi Berry farm to power an irrigation transfer pump.

The 72kW solar array, which will also be used as a proof of concept for future projects across the business, can generate 107,000 KWh per year. The system is grid connected so that power is returned to the grid whenever the pumps are not in operation.

The floating solar system will remove the power costs for the operation of this pump and is expected to save up to the equivalent of 87 tonnes of CO₂ emissions per year.

The solar panels are attached to an array of over 500 floats which are anchored in place by submerged concrete blocks and bank anchors. Over 1,700 metres of electrical cable and 900 metres of mooring rope was used in the installation. The array has the added environmental benefit of saving water of up to 1ML a year based on the reduced evaporation under the panels.

Costa is also exploring the use of electric vehicles across a number of sites. For example, all-terrain vehicles have been replaced with electric models at the Gingin Berry farm. The two vehicles are being used across all areas of the farm operations including irrigation, harvest and operations.

In addition to reducing the reliance on fuel, the vehicles require less ongoing maintenance and have resulted in a reduction in noise pollution.

The use of electric vehicles is being considered in other sites. A trial of electric trucks commenced in January 2023 in the Tasmanian berry operations.





Corindi solar array



Waste

We are committed to reducing waste to landfill to create a more circular, closed loop system. As outlined in this section, Costa sites have already taken significant steps to reduce and manage waste through innovation and collaboration. Our focus now as a Group is to put action plans in place to scale up our impact and continue to improve. Our actions will aim to improve waste management along a waste hierarchy, from the most preferred option of prevention to the least preferred option of disposal:

- Prevention
- Re-Use
- Recycling
- Recovery
- Disposal

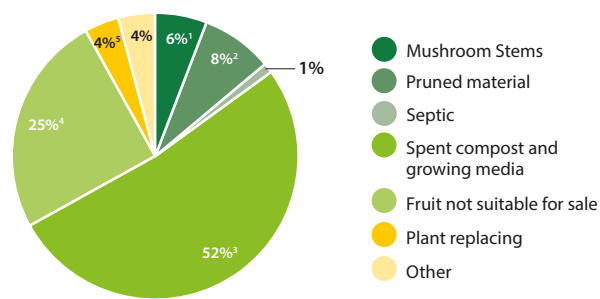
(see diagram right)

Costa is committed to minimising the amount of waste generated in our operations. We are focused on maximising recycling, increasing our focus on resource efficiency to stop waste at its source, reusing materials within our operations where possible and ultimately to minimise the total amount of waste which goes to landfill. In 2021, Costa committed to quantify our major waste streams by the end of 2022 to inform the development of waste reduction targets from 2023.

We conducted an initial assessment in 2022 to identify and measure our waste streams across our geographically diverse farming operations. A summary of the assessment is outlined in the charts below, but noting that in this first year of reporting this includes estimates in cases where waste data was incomplete. This work highlighted the need to improve our processes, systems, and methodologies to capture and report on this data more effectively and reliably in the future. It also highlighted the variability of our waste across the business which are dependent on many factors including: packaging practices of our suppliers, varieties grown, growing strategies, impact of weather on the degradation of materials, as well as pest and disease pressures.

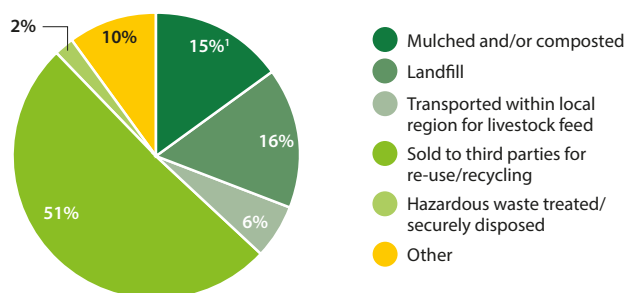
Costa Australian Farm Waste

2022 Waste by Type (% of total tonnes)



1. Mushrooms are cut to customer specifications, the stems are provided to external parties as livestock feed.
2. Each region completes strategic pruning to improve the following season's yield, this material is mulched back onto the soil.
3. Majority of spent compost is from mushrooms and berries.
4. Major streams of fruit not suitable for sale are citrus and bananas, this is due to weather, pests, natural fruit drop, discarded during picking or grading as not of edible quality.
5. Plants replaced end of life particularly berry and tomato plants.

2022 Waste by End of Life (% of total tonnes)



1. Organic 'waste' re-used as mulch for plants is not measured in all cases.

Both charts include all material waste streams generated on Costa's Australian farming operations in 2022; however, this excludes end of life of packaging sent to consumers and customers, waste related to marketing and logistics, Costa Farms & Logistics and waste generated by international operations. Waste data was partially incomplete in some categories, further work is required to develop a true picture of all waste streams across the Group. Instances where waste has been recycled or waste life has been extended through reuse or recycling are not currently fully recorded ie. extended life of substrate pots through reuse. Waste will vary substantially by year, particularly if there are major works or changes in varieties grown.

Reducing the use of non-recyclable packaging

Reducing the use of non-recyclable packaging to meet the expectations of our customers and consumers, who increasingly factor sustainability into their purchasing decisions, forms part of our objectives. A key consideration in moving to more sustainable packaging is to ensure maintenance of post-harvest quality and minimisation of food waste throughout the supply chain and for consumers.

Costa is a member of the Australian Packaging Covenant Organisation, a not-for-profit organisation leading the development of a circular economy for packaging in Australia and is committed to the 2025 National Packaging Targets.

The 2025 Targets are:

- 100% reusable, recyclable or compostable packaging.
- 70% of plastic packaging being recycled or composted.
- 50% of average recycled content included in packaging (revised from 30% in 2020).
- The phase out of problematic and unnecessary single-use plastics packaging.

Costa is on track to meet the targets and commitments it has signed up to, as part of its commitment to the National Packaging Targets. All punnets used by Costa are recyclable. Of these punnets, 82% are made from 80% recycled PET (rPET) and 20% PET material, with the remaining 18% made from 100% PET.



As a founding member of the Australian Fresh Produce Alliance, Costa also supports the Position statement on Fresh Produce Packaging. (<http://www.freshproduce.org.au/resources/>)

Environmentally friendly packaging is part of our new product development process, where we actively explore opportunities to promote the use of more sustainable materials (100% recyclable, reusable or compostable) that are aligned with the 2025 National Packaging Targets.

In 2022 the Costa Vitor grape team launched the first sustainable packaging alternative for grapes with the Vitor Premium grapes line packed in a FSC cardboard base with a plastic lid made of 100 per cent rPET and is 100 per cent recyclable. The new format has 80 per cent less plastic than the previous pack.

Waste Hierarchy

Preventing waste is the preferred option, and sending waste to landfill should be the last resort.

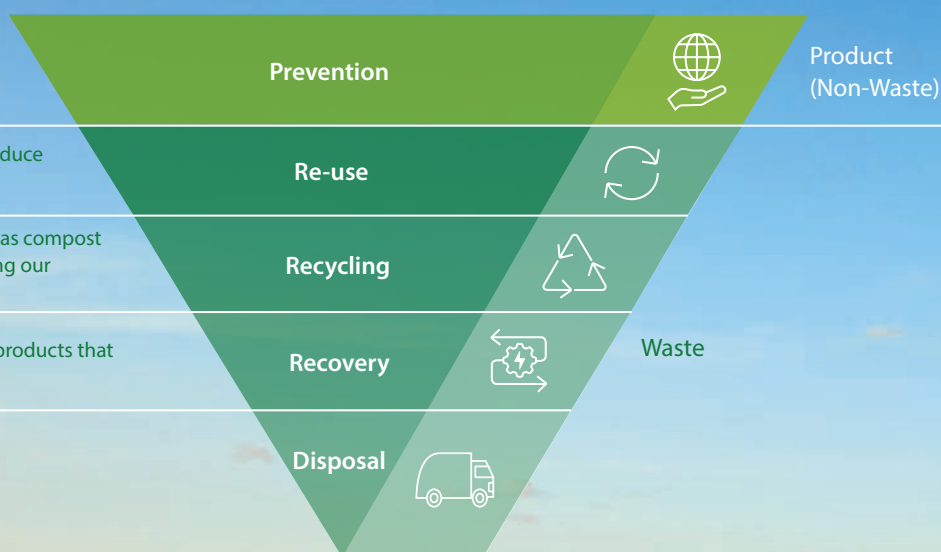
Reduce waste generation within the growing and packing processes and extending the life of products and materials

Re-use or repurpose end-of-life products or produce for alternative or future inputs

Turning organic waste into new products such as compost or animal feed to recycle nutrients, and recycling our cardboard and plastic

Recovering energy from incineration of waste products that can't be recycled or composted, (eg. biomass)

Waste sent to landfill; incineration without energy recovery.





Reducing our waste streams – re-use, recycle, extend the life of products

A small trial project conducted in 2021 (reported on in our 2021 Sustainability Report) to replace plastic strawberry grow bags with refillable plastic troughs was expanded to a commercial scale (2ha) trial in 2022.

The Tasmania strawberry farm produces circa 2,000 tonnes of strawberries over spring and summer. These have traditionally been grown in plastic grow bags filled with coir as the growing medium, with limited options for recycling. The alternative plastic troughs are fully recyclable and have a six to 10-year life span, rather than a one-year use for the grow bags.

Changing to a trough production system will also unlock the potential to reuse coir material on the farm. Currently the coir is used for only one year and then separated from the plastic bags and recycled into compost by a third party.

The team is now investigating a steam sterilisation system to enable the coir to be treated and then reused on the farm, with significant potential savings each year.





20m kgs

of tomatoes per annum produced
by Costa's Tomato glasshouse operation
in Guyra New South Wales

2,000t

of organic waste being taken out
of landfill

2023

rockwool will be included in
the composting program

Enhancing soil from spent mushroom compost

Mushroom compost is a major component of our organic waste. It is replaced after two to three flushes of mushrooms as it begins to lose nutritional value and the risk of pest and disease increases. While spent compost is currently being recycled through a garden supplier, solutions are being investigated for a closed cycle system to reuse the compost within the mushroom operations.

In collaboration with VRM Biologik, a trial is under way using a bacteria product (Groundswell® Multi-feed Accelerator A & B) which is added to the compost to convert organic material at scale to HumiSoil®, without the wholesale loss of nutrient or production of negative gases as by-products.

The process, which takes around six months, is being assessed on 100 tonnes of spent mushroom compost.

Creating fertiliser from organics through local collaboration

A project involving Costa's Citrus farms in the Riverland, South Australia, is combining waste material from two Costa business units to create compost to improve soil health across the farms.

Spent mushroom compost from Costa's Monarto facility, grape marc (waste) from local wineries, mulched citrus waste from the Renmark packing shed and gypsum, is being combined to create the compost in a pilot project, funded through the Well Grown Seed Fund.

If this test batch is successful, we plan to expand the project to the Murtho packing shed and Kangara Farms.

The compost will be used as an organic fertiliser to restore organic matter to soil with a range of benefits including increasing soil biodiversity and providing humus for gluing soil particles together, and enhancing water and nutrient retention in the root zone.

Creating compost from organic waste

Finding new solutions for organic waste streams continues to be a focus at Costa's Tomato glasshouse operation in Guyra New South Wales.

Covering 40 hectares, plus a 2.5-hectare nursery, the glasshouses produce circa 20 million kgs of tomatoes per annum. After each season, spent plants are removed resulting in around 2,000 tonnes of organic vine material.

In 2022, a new contractor was engaged to take the organic waste for use in compost, resulting in approximately 2,000 tonnes (4,800 cubic metres) of organic waste being taken out of landfill, which would otherwise have created 3,200 tonnes of CO₂ emissions (figure is based on the National Greenhouse Accounts Factors 2022).

This program will be further enhanced in 2023, when an additional 10,000 cubic metres or 1,200 tonnes of leaf and plant matter removed throughout the growing process, will also be collected as part of the organic waste stream.

Another major waste stream is rockwool, which is the growing media for the tomato plants. Over a period of time, Costa has been working closely with the New South Wales EPA to gain an exemption for rockwool, so it can too be used in composting.

Following an exemption granted in late 2022, rockwool will be included in the composting program from 2023.



Waste Cont.

Recycling and reusing plastic to avoid disposal to landfill

The Tasmanian operations include strawberry, blueberry, blackberry and raspberry farms, with the majority grown under plastic tunnels. This results in 25 to 30 hectares of plastic waste a year. With limited recycling solutions for tunnel plastic in Tasmania, Costa has teamed up with major waste and recycling company Veolia, to find a successful recycling option on the mainland.

Despite efforts to find a local recycling solution, plastic generated over a number of years has been baled on site and stored. In 2022, we were able to send 135 tonnes to Melbourne to be recycled.

We continued our recycling program for irrigation drip line tape, following a successful partnership with Netafim. This resulted in 90,000m of material (2866.5 tonnes) being retrieved and sent to South Australia for recycling.

At the Gingin Berry farm in Western Australia, approximately 19 tonnes of plastic growing pots, and six tonnes of nursery pots have been recycled through local Perth-based recycling firm, CLAW Environmental. In addition, 44 rolls of irrigation dripline (3.4 tonnes) have been recycled.

At the Corindi Berry farm in New South Wales, recycling programs are in place for cardboard, tunnel plastic, pots and oil, through Coffs Harbour Paper and Oil. Scrap metal is recycled through Sell Parker, and coir and timber are recycled through MI Organics.

A review of operations has also reduced the amount of plastic going to landfill from our Tomato operations. Ground plastic, which is usually replaced after each crop, is now being replaced only every second year resulting in a reduction of 20 tonnes of plastic going into landfill per annum.

Irrigation dripper stakes, which had previously been replaced each year, are also now being washed and sterilised and then reused. With close to 1 million dripper stakes used in a year, this will result in an estimated saving of 30 tonnes of plastic from landfill.

Reducing food waste

We apply an end-to-end approach to how we manage our food waste. We carefully consider packaging to manage associated trade-offs of packaging vs. cardboard to ensure we have a chilled end to end supply chain to deliver the best quality products, minimising spoilage and therefore food waste.

The pandemic created increased challenges in the transition process with longer shipping times and sometimes unplanned delays. In response the Citrus team has trialled an innovative new technology to help prevent food loss during transit.

ChillSafe is a hand-sized sachet that releases a low dose hydrogen peroxide vapour into shipping containers, reducing bacteria and extending the shelf-life of produce.

The sachet is used in cool rooms during storage and in shipping containers of citrus, to prevent food from spoiling during export. This provides additional protection in the event shipping times are delayed, therefore minimising food waste.

At the Gingin Berry farm in Western Australia, approximately 19 tonnes of plastic growing pots, and six tonnes of nursery pots have been recycled through local Perth-based recycling firm, CLAW Environmental.

Plastic recycling Tasmania

135t

sent to Melbourne where it was recycled, resulting in the equivalent of

Recycling program for irrigation drip line tape

90,000m

of material (2,866.5 tonnes) being retrieved and sent to South Australia for recycling, the equivalent of



Nutritional Inputs

Test plot in Corindi

A 1.5-hectare Test Plot has been developed at the Corindi Berry farm to monitor and enhance production practices for new berry varieties, which are being developed through Costa's Variety Improvement Program.

The Test Plot will also be used for new Driscoll's raspberry and blackberry varieties.

Using sections of 50 plants, a range of production practices including fertilisation and irrigation will be adjusted and tested for each new variety to determine the optimum growing process and yield. Once this evaluation is complete, the plants will roll into the next stage of the test plot where pruning regimes will be evaluated before the plants are ready to move to commercial scale growing.

The Test Plot will also enable the identification and selection of specific genetic traits within plant varieties, such as increased water efficiency and improved resilience for temperature and climatic variation.

A bioreactor system is also being used within the Test Plot to manage drainage water in a bid to understand how similar systems could be used in other areas of the farm, and more broadly in the Berry Category.

The Plot has been graded to capture drainage water across the whole site, which is then funnelled through the bioreactor – a trench filled with woodchip material to enable filtration. The woodchip works to remove any excess nitrate before the water enters a nearby dam. The woodchip has an expected lifespan of 10 years and is then able to be added back to the soil as organic matter.





Biodiversity

Chemical free pest control

An innovative trial using a chemical free method to control California red scale on citrus plantings, which was reported in our 2021 Sustainability Report, has been expanded to 250 hectares of citrus crop in the Riverland region.

California red scale is a citrus pest which can result in blemishes on the fruit, leading to downgraded and rejected fruit as well as defoliation and yield loss in the field. It is also a quarantine pest for some premium export markets.

In collaboration with US based company Suterra, Costa conducted a trial of a synthetic pheromone (Checkmate CRS) to interrupt mating activity. A dispenser is placed in each tree creating a plume of pheromone which confuses the males so they cannot find females to mate with, leading to reduced reproduction rates. Following the success of this trial, approval was granted by the Australian Pesticides and Veterinary Medicines Authority in June 2022 for the use of the Checkmate CRS, and the project has been expanded in spring 2022.

The pheromone has no toxicity to farm operators or to other insect species and is approved for use by organic growers in the US. Indicative results from trap counts of red scale males in treated and control blocks will be available in March 2023, with the final assessment of red scale infestation on fruit to be completed for early varieties by June 2023, and on late varieties by November 2023.

Guyra IPM program

The Tomato glasshouse operations have an Integrated Pest Management system, which has enabled a reduction in the amount of chemical usage in the crop. One part of the IPM program is using natural predators to help manage pests.



IPM program

Scan the QR code to watch our video.



Creating biodiversity on farm

A sustainability plot, supported through the Well Grown Seed Fund, has been developed at the Tolga Berry farm in Far North Queensland.

Forming part of the Integrated Pest Management program, the 0.25-hectare site is an area to promote biodiversity of pollinator insects and insects considered to be beneficial to the crop, such as assassin bugs, lacewings and lady beetles.

Of the 0.25 hectares, 400 m² of the area is dedicated to flowering trees, 1600 m² for flowering ground cover crops and 400 m² to mixed flowers. The tree section includes trees with multiple flowering windows such as Mock Orange and Golden Penda. In the flowering ground cover area numerous species have been trialled, with white and crimson clover providing the best habitat. In the mixed flower section, Borage and Alyssum are proving highly attractive to bees foraging for nectar and pollen.

The plants were selected as their flowering period overlaps with the blueberries. The site has assisted with providing alternative pollen sources for contracted beehives, attracting native bee populations and alternative pollinators (flies and wasps), and as a home for beneficial bugs that are released into the blocks to assist with pest management.





Production Yield

Tree crop mapping yields results

New technology for tree crop mapping and yield forecasting adopted in Costa's avocado and citrus categories is helping to optimise harvest scheduling and reduce waste.

UNE's Applied Agricultural Remote Sensing Centre (AARSC) was chosen by Costa after a three-year evaluation of varied technologies and approaches to yield forecasting.

The Centre uses calibrated satellite imagery and historical data to provide yield forecasting with minimum manual input.

The system uses historic yield information and historic satellite imagery from each growing season, collected over at least three years, to develop the models for yield prediction for each individual block.

In 2022, predictions were made for avocado blocks in Central and Far North Queensland, northern New South Wales and South Australia's Riverland region, as well as citrus crops in the Riverland.

The forecasting accuracy achieved through the system has resulted in a step-change from existing methods. Until now, Costa has had to produce citrus and avocado yield forecasts by measuring portions of each crop, and then scaling up the results to reflect an estimate of overall yield.

When dealing with thousands of hectares of tree crop, this manual process is resource-intensive and lacks the spatial resolution required for the desired accuracy.

New technology for tree crop mapping and yield forecasting adopted in Costa's avocado and citrus categories is helping to optimise harvest scheduling and reduce waste.

AARSC's approach, using calibrated satellite imagery and historical data, all piped through algorithms, requires few people and minimal time enabling stakeholders to make more informed decisions. This will enable greater alignment between crop peaks and market opportunities, with the flow-on benefit of reduced fruit waste.



Productivity and Efficiency

Shining a light on the weather

A new partnership with the Australian Bureau of Meteorology is providing live Australia-wide forecasts, with hourly, daily, weekly and monthly data.

A total of 107 locations have been mapped giving broad coverage of Costa farms, as well as those of other growers in our regions. There is also the ability to combine this information with other data sources and to review historical data to analyse forecast accuracy.

For the team at the Guyra Tomato glasshouses, the new partnership provides updates on forecast light levels. This collaboration is a significant improvement providing forecasted light levels at 42-day intervals that are updated on a daily basis, resulting in new insights for more accurate crop forecasts and more targeted use of resources.

Photosynthetically Active Radiation light sensors

Photosynthetic Active Radiation (PAR) sensors have been installed across the entire 40 hectares of tomato glasshouses in Guyra, to assist with optimising plant growing strategies.

The installation provides the ability to read the light both outside and within the glasshouses. This will lead to better agronomic decision making and ultimately help to influence the accuracy of yield predictions.

The sensors will assist in quantifying the usable light available for photosynthesis by crops, using a model developed by the Costa team. They will also assist to ensure there is a timely cleaning regime for optimised light penetration and yield.



Workforce

Costa Values

The Costa business is founded on the principles of People First, a character and values based program that is driven by passion and performance.

We know that a company like Costa is only as successful as its people. We strive for integrity and honesty in ourselves and seek out these qualities in our partners and employees. By valuing and rewarding character, we're ensuring the sustainability, development and profitable growth of our business.

Passion

We have the energy and enthusiasm to challenge the status quo.

Determination

We act decisively and urgently.

Accountability

We focus on outcomes and deliver on commitments.

Sincerity

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

Respect

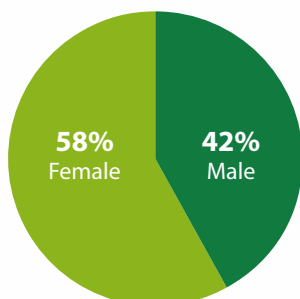
We treat others as we expect to be treated in attitude, communication and personal safety.

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



Key People Data 2022

**Costa Group workforce
gender composition**



43%
of all non-manager
promotions were
awarded to female employees.

27%
of all manager promotions
were awarded to female
employees.

35%
of all appointments
made were female
employees.

37%
of our agronomists
are female.

102
number of different
nationalities.

22%
of employees in Senior
Management and above
are female.

95%
of all employees
who utilised parental leave
returned to work.

Locations	Hours	FTE
Costa Group	20,507,997	9,655
Australia	10,245,308	5185
Morocco	5,780,839	2,316
China	4,481,850	2,154

Note 1: All data is for Costa Australia only unless otherwise stated.

Note 2: Workforce gender composition data includes Costa Group workforce. In previous years only Australian domestic operations were reported. Costa records all gender compositions, including individuals who identify as neither a man or a woman, or who do not wish to disclose. This cohort is small and when rounded to whole numbers does not appear in the charts.

Note 3: China hours and FTEs have increased due to additional hectares planted.



Cathy Chambers

Cathy Chambers' love of learning and willingness to take on new opportunities have helped drive her career success.

Cathy is the first female general manager to be appointed to lead a Costa business unit. The Costa China farms grow blueberries, raspberries and blackberries in the Yunnan Province in southern China, and employ more than 200 local staff, five expatriates, and more than 3600 casual and seasonal workers.

For Cathy, who took on the role in June 2022, her focus is to continue to drive the success and growth of the China business, which in seven years has grown from one farm of 25Ha to seven farms spread across three different regions with around 400 planted Ha.

Cathy brings to the role a wealth of experience in a range of fields. She started her career as an electronics technician, for the Department of Defence and has worked in various roles across project management, training and development, operations, marketing and technology.

Cathy started at the Costa Berry farm in Corindi working in recruitment before moving into the Variety Improvement Program (VIP) which develops Costa's new blueberry varieties and licenses them around the globe.

In 2016, Cathy took on the role of IP, Licensing and Administration Manager for Berries International, which includes the berry farms in China and Morocco. Again, demonstrating the breadth of her ability, Cathy's role was expanded to incorporate international human resources and safety in 2019. In June of 2022, Cathy was appointed General Manager of the Costa China operations.



"Diversity isn't only about objective, measurable things like gender, ethnicity, age etc. It's also about backgrounds, experiences, communication styles, intellectual diversity and so on. People are the most important part of our business and wide diversity brings real riches to any organisation."

Making the move in the middle of the COVID pandemic posed additional challenges, with a total of six weeks full and partial quarantine. Cathy is extremely positive about both her role and the China business.

As Costa's first female general manager, Cathy is hoping her career path will provide inspiration, not just for women in agriculture but for people from all backgrounds.

Diversity and Inclusion

Costa has a diverse workforce made up of 102 nationalities and we are committed to creating and ensuring a diverse and inclusive work environment, in which everyone is treated fairly, with respect and dignity. The Costa Diversity and Inclusion Sub-Committee reviewed quantitative data relating to gender, culture and linguistic diversity. This review informed the development of a five-year action plan, which has an initial focus on awareness and learning. Deployment of unconscious bias training is an example of developing knowledge and learning across key leadership roles.

Among the key actions identified are in the areas of remuneration gap analysis, to understand in more detail gender pay equity gaps; capability; employee engagement; talent practices and reporting.

A new remuneration framework was designed and implemented across the Australian operations, with the objective of ensuring consistency, fairness and transparency of pay across the business. The Costa Group Reward framework will progressively be rolled out to the China and Morocco operations.

The framework, developed following an external review by Korn Ferry, includes job grades which are compared to the market and provide the basis for pay equity across the business. In addition to yearly reviews, an out of cycle pay equity process was introduced to help bridge the pay equity gap.

As part of Costa's commitment to providing an inclusive and supportive environment, parental leave for secondary carers was extended from two to four weeks.

A range of training programs were introduced in 2022, including Unconscious Bias Training for leaders and mandatory EEO and Diversity in the Workplace via the Costa online learning platform. In addition, EEO toolbox talks were provided across 15 sites.

A review of all Costa workplace policies, guidelines and supporting documents is being undertaken to align with our diversity ambitions. Costa Group's Corporate Governance Statement which will outline Diversity targets will be published in the first half of 2023.

Costa Care

A network of over 60 champions across Costa sites from all parts of the business continue to celebrate and support activities that build inclusiveness and diversity. A range of key events were celebrated including International Women's Day, Harmony Day, RUOK?Day and PRIDE month. These events help to engage and bring our people together to recognise and celebrate diversity.

In our China operation a great amount of focus has been given to the integration of seasonal workers who are not local to these farming regions. This includes not only sourcing appropriate accommodation, but also working with local restaurants, service providers and official town representatives to provide community inductions, making them feel more at home and helping them to better understand local practices, customs and expectations.

A Costa Care Engagement Hub was established in the second half of 2022, providing a platform for employee surveys, recognition and benefits.

The Engagement Hub was rolled out to a pilot group before being expanded to all salaried employees in November. In 2023, the Hub will be made available more widely across the business.

Through the platform regular surveys are distributed to gain feedback and input, to help guide future decisions. The platform provides a central location to promote employee benefits and enables people to acknowledge and recognise their colleagues who go above and beyond to bring the Costa values and Costa Care to life.



Pride Network

In 2022, the Costa PRIDE Network was launched, a community of LGBTQIA+ people and allies to create a safe space, increase visibility and enhance inclusiveness at Costa. A dedicated intranet site was developed providing a centralised location for resources, services and support contacts, and events. It includes a PRIDE wall, for people to show their support and diversity.

An option to include pronouns in email signatures (she, her, hers/he, him, his/they, them theirs) was implemented and a number of events were celebrated including Wear it Purple Day and Pride Month.



Costa Graduate Program

Costa welcomed six new graduates into the business in the second intake for the Costa Graduate Program. The 18-month program provides an intensive hands-on and educational experience, working across categories and providing exposure to a range of business areas. The six graduates were selected from a pool of 159 talented applicants.

Kimberley Tong, one of the successful graduates, grew up in Sydney and completed a Bachelor of Food and Agribusiness, with majors in Food Science and International Business at the University of Sydney.

"The foundation of any modern society depends on the availability and accessibility of safe, high quality and diverse food products which in turn necessitates a well-developed and sophisticated agricultural and/or horticultural food supply chain.

I want to be able to contribute to maintaining and improving this farm to fork process.

Costa is a great opportunity because of the variety of categories. I am getting an appreciation of the foundation of food production and understanding how things are grown. There's a big jump between university and professional life and the Graduate Program is a nice blend of learning and experience."

– Kimberley Tong.





Workforce Cont.

Project Sunrise

The workforce sourced through the Australian Government's Pacific Australia Labour Mobility scheme (incorporating the Seasonal Worker Program and the Pacific Labour Scheme) makes up a critical component of Costa's workforce, particularly for harvest activities across the business.

In 2022, Costa continued the implementation of Project Sunrise, a strategy to transition to a centralised, direct employment labour model for the majority of the Pacific Island harvest workforce.

This long-term strategy aims to reduce the risk of unethical sourcing and modern slavery issues, as well as providing a reliable source of quality labour and will help to ensure the implementation of consistent Costa Care, welfare and wellbeing standards across the workforce.

More than 1000 direct placements were made during the year, from four source countries – Fiji, Tonga, Samoa and Timor-Leste – and a further five Costa sites were incorporated into the program.

Cyber security

Costa experienced a malicious cyber attack on 21st August 2022 and an intensive recovery and detailed review in conjunction with external IT security consultants of the incident commenced from this date.

Costa communicated with employees and former employees who may have been impacted by this attack and notified the relevant authorities, including the Australian Cyber Security Centre and the Office of the Australian Information Commissioner.

To minimise impact to individuals from the attack, we have been and continue to conduct continuous monitoring of the dark web to detect if any exfiltrated information has been posted. We can confirm to date of printing, that we have not identified the publication of any such information.

Costa has taken steps to further protect against any future malicious attack, including limiting traffic to servers, increasing the level of end point protection, and scheduling additional employee training relating to phishing and social engineering practices.

In addition, we are reviewing our practices relating to data retention, storage, identification, access, and availability to strengthen Costa's security of personal information.



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

Modern Slavery and Ethical Sourcing

Costa is committed to respecting human rights across our domestic and global operations. We published our second Modern Slavery Statement in 2022, and are continuing to develop and enhance the processes, policies and actions that we have in place to protect human rights. Our third Modern Slavery Statement will be published in the first quarter of 2023.

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

Through the Sedex data platform, we can identify risk and assess management practices employed by our partner growers. This enables us to work together to identify opportunities for improvement, provide support to mitigate risks and to take action where necessary. We ask all our domestic partner grower base to be registered on Sedex and share visibility of their site information including answers on working conditions with Costa during their supply season. During the year we have used this information to risk assess employment management practices and identify the salient human rights issues in our produce supply chain and put in place remediation actions.

We have also continued to increase the use of third-party verification within our partner grower base using the Sedex Members Ethical Trade Audits (SMETA). Where compliance issues have been identified remediation activities have been implemented then verified as closed.

Costa's Labour Standards were published in 2022. They set out the commitment to ensure Costa actively manages the engagement and oversight of all labour, whether sourced directly by Costa or through third parties, to safeguard employment conditions and wellbeing.

As a supplement to the labour standards, the Labour Hire Provider Audit Framework and Schedule were developed, and there have been 14 audits undertaken on labour hire providers to monitor compliance with the above standard.

To ensure compliance with Costa's Accommodation and Services Policy, Costa introduced a regular requirement for all accommodation to be inspected and reported on each week.

Capability and Development

Costa continued its focus on capability and development and in 2022 a Supervisor Development program was launched. The program focuses on self-management, communication and leadership of others to achieve safety, quality and productivity results. It will continue to be rolled out to all supervisors in 2023.

Costa's mandatory training framework and calendar was developed and rolled out through the online learning system.

A key priority in 2022 was the development of a performance and development program, including the Costa Group Reward Framework. All senior leaders set performance goals and development plans in 2022, and the performance and development program will be expanded to all salaried staff in 2023.

Capability reviews were held throughout the year to assess talent, development and succession opportunities. As a result, a number of promotions, transfers and secondments were initiated.

A Vertical Farming Training Academy was introduced to provide a training platform for the growers, agronomists and operations staff working across tomatoes. Training sessions are offered fortnightly on a range of topics including water use, energy savings, chemical applications and irrigation strategies.

The Academy also provides a platform to engage other internal and external stakeholders to provide additional training opportunities. It has encouraged and facilitated sharing of knowledge and experience across produce categories.



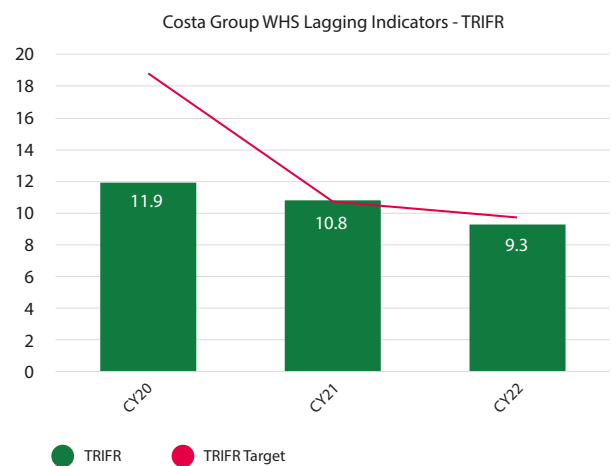
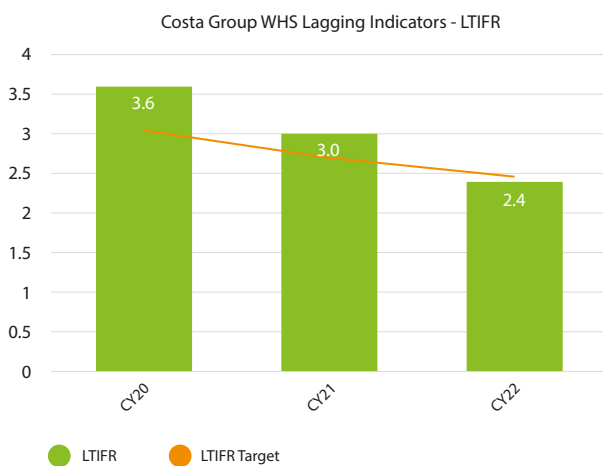
Health and Safety

In November, a Costa worker in China died as a result of a traffic accident on one of our farms. We are deeply saddened by this event and offer our deepest condolences to the family, our team and the local community. Our team in China fully cooperated with the government's external investigation and supported the family, the government, our people, and the community in a respectful way, and in accordance with local practices and culture.

We have sought to ensure we have gained all possible learnings from this incident, as the safety of our workers is of the highest priority. In addition to the government's external investigation, which determined that it was a traffic accident, we conducted a thorough internal investigation into the accident and immediately implemented a review and risk assessment of all heavy vehicle operations across all sites in China, Australia and Morocco. This involved a stop work at all sites.

Following the investigation, we have identified a number of preventative and corrective actions and implemented these across our Group.

Costa Group WHS Lagging Indicators

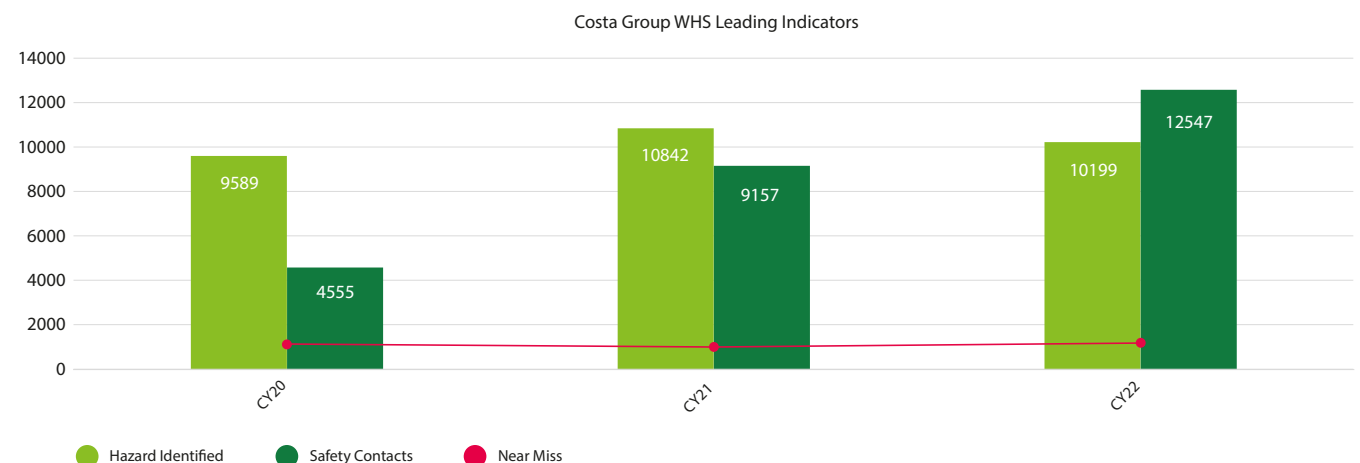


LTIFR – Lost Time Injury Frequency Rate, the number of lost time injuries occurring in a workplace per million hours worked.

TRIFR – Total Recordable Injury Frequency Rate, the number of injuries requiring medical treatment per million hours worked.

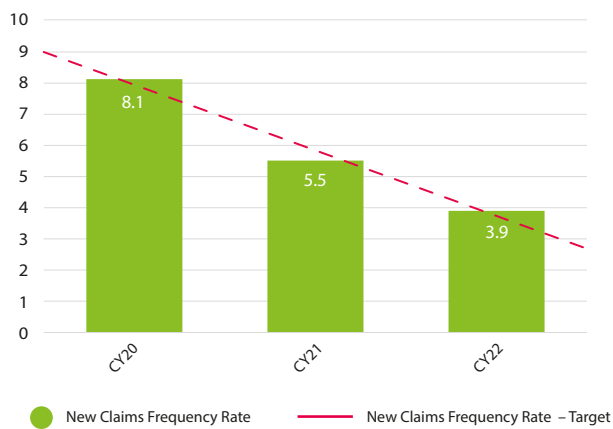
LTIFR continues to improve with a 20% reduction from prior year to 2.4. Risk training and hazard identification continue to form part of our proactive engagement to address key areas of serious potential injury. Costa will continue to increase engagement and hazard identification and mitigation creating downward pressure on lagging results.

Costa Group WHS Leading Indicators



Costa's reporting culture continues to see improvement in our leading indicators. The proactive reporting of Near Misses continues to improve, with an increase of 185 from 2021 to 2022. Similarly, our continued management commitment to safety has seen an additional 3,390 safety contacts raised during 2022 compared with the number of safety contacts raised across the business in 2021. Safety contacts for the year are the sum of monthly contacts reported.

New Claims Frequency Rate



New Claims Frequency Rate shows the number of workers' compensation claims raised per million hours worked. The total number of workers compensation claims in 2022 continued to trend down on previous years, facilitated by improved injury management practices and a focus on risk reduction. 2023 will use injury data to identify improvements and further reduce these claims. The frequency rate is a rolling 12 month calculation, calculated at December 2022 representing that year's performance.

Severity Rate



The severity rate is the sum of each month's figures for the year and reflects the number of lost days per million hours worked. It has decreased again throughout 2022 from 2021. Tight injury management practices affect this metric, as does risk awareness fostered by increased safety contacts (discussions around safety) and greater employee engagement. 2022 was impacted by days lost relating to a number of injuries that occurred during the 2018-19 injury period. More strategic, group-led workers compensation management has reduced these longer-term workers compensation claims which is expected to further reduce the severity rate in coming years.





Communication and collaboration

In 2022, a Group WHS support function was introduced to help strengthen safety practices across the business. This has assisted with the development and delivery of regular safety communications and a focus on proactive management of safety hazards. This drove the recording of 13,000 safety contacts (an improvement of 35% on 2021) and the identification and removal of 7,000 hazards.

Improved communication and greater collaboration across the different Costa produce categories have contributed to a 14% improvement in the Total Recordable Injury Frequency rate during 2022.

Particular focus was placed on reducing risk in the areas of mobile equipment and working at heights, the critical importance of which has been brought home following the fatality in China.

Costa has implemented a High-Potential Incident (HPI) program, targeting incidents or near misses that have potential to cause a fatality or catastrophic injury. HPIs can be identified from incidents, asset failures and hazards raised.

The focus on hazard management, rather than on hazard identification, means we prioritise high or significant rated hazards or incidents for rectification, ensuring investigations and safety management system changes are proportionate to the risk potential. The HPI Process is considered the most effective method for ensuring that both human and physical resources are proportionately applied across the safety risk management portfolio.

The HPI process involves General Managers, Site Managers and Operational Leaders to guarantee that those controlling the resources are available to agree on rectification outcomes. Supported by the WHS Connect group, this process ensures that any similar gaps are identified and controlled right across the business. A summary of issues and outcomes from these incident reviews are shared with the Executive and the Board.

Focusing on high-risk, high-consequence areas such as mobile equipment and working at heights, whilst continuing proactive issue identification, will ensure attention is being given to the areas that will add the most safety value.

During the year, a WHS intranet portal was also developed to provide a gateway to all essential safety documentation, as well as educational resources and training videos.

The team has also begun trials of mobile applications which can be used by workers in the field, using smart phones. The first trial is looking at an application which would enable workers to self-assess fatigue. If the assessment shows signs of fatigue, warning alerts are displayed followed by further instructions.

In Morocco, our farms have significantly improved their injury reporting during 2022 and in 2023 will be installing fire-fighting equipment coupled with specialised fire response training. Other activities include an on-site licensing/competency program for mobile plant operators (external licensing is not a requirement in this jurisdiction) and the retrofitting of seatbelts and warning beacons for all tractors.

Over the next 12 months the focus is on aligning safety processes across all categories within the Group in Australia, China and Morocco. This will enable field-based WHS team members to have more time to coach teams and support strategic safety initiatives on the ground.

Responding to COVID

Costa has continued to adapt and respond to the COVID pandemic. Our focus remains on ensuring the health and safety of our employees and their families, and the ability of the business to continue to operate effectively and supply our fresh produce to customers and consumers. With government restrictions easing in the majority of our operations through 2022, our focus was on continuing to maintain the high standards implemented through our group-wide COVID Action Plan. Site-specific controls continue to be implemented as appropriate.

World Food Safety Day

As part of Costa's commitment to food quality and safety, World Food Safety Day was celebrated across a range of sites. In Tasmania, the berry team kick-started the celebrations with a presentation that was developed by Costa Care champions and was followed by a food safe, interactive tutorial which was presented by in-house chef, Francis Churchill.

Improved communication and greater collaboration across the different Costa produce categories have contributed to a 14% improvement in the Total Recordable Injury Frequency rate during 2022.



Community

Costa operates in rural and regional areas across Australia and in China and Morocco. We are actively involved in supporting the social fabric of these communities. We work closely with communities so they can benefit economically and socially from our ongoing presence.

Across our sites, we seek out opportunities to support local sporting and community organisations through sponsorship and in-kind activities.

Getting back on track in Armidale

Costa's Tomato team is getting behind an Armidale based social enterprise which provides support for vulnerable young people.

BackTrack offers wellbeing and youth support, hands-on skills training, education and activities that build self-confidence, responsibility, leadership and belonging support.

Each week Costa donated up to 20 kilos of tomatoes to support their cooking classes and development of independent living skills, which form part of the hands-on training.

Another of the programs offered is BackTrack Works, which provides vocational, on the job training that is deliberately aligned with the regional job market. In this way, not only are these young people able to gain relevant life skills, but they're using their skills in local, authentic settings.

Costa engaged a team from BackTrack Works for ongoing grounds maintenance, with a team of five people looking after the weeding and lawn mowing at both glasshouse sites.

Supporting community employment

Costa's Berry farms in Tasmania teamed up with Possability, a community based employment program which provides support for people with disability. Through the partnership two members of the Possability community were employed during the berry season.

They gained valuable on-the-job training and mentoring while building their confidence and learning new skills.

The team at Costa were impressed by the employees' work ethic and dedication to the role, and positive about the contribution people with disability make to the workplace.

Promoting Careers

Promoting careers in agriculture is a key focus across our farms. Throughout 2022, teams from all categories participated in activities and events, school and university career expos and hosted farm tours to promote the industry.

Our Mernda Mushroom team received an Industry Partner Award in recognition of their partnership with Hume Schools in 2022. The award was presented by the Hume Whittlesea Local Learning and Employment Network (HWLLEN).

The team in Mernda hosted five school based educational and community tours and worked with local schools to bring on two work experience students who will consider proceeding to school-based apprenticeships next year. HWLLEN has guided and promoted Mernda to the schools and community.





Support for Tonga

Costa rallied to provide goods and funds to support the relief effort in the wake of the devastating earthquake and tsunami which hit the island nation in January 2022.

The Costa business committed \$25,000 to the relief effort and, in collaboration with Coles, coordinated a shipping container filled with food, water, household and personal care supplies. As part of the Costa Care activities, two of our Tongan employees, Albert Chan and Tamefuna Vi, provided a first-hand account of the impact of the natural disaster on the Tongan workforce and their families and the type of assistance most needed in their home country. This inspired many of our team to act, resulting in the shipment.

In addition to the \$25,000, Costa's workforce raised \$4,270 to go towards the relief effort. The majority of this funding went to the Red Cross Tonga Earthquake Eruption and Tsunami Response.

Ashlea Watkins, Community Fundraising Manager, Australian Red Cross thanked Costa for its support and noted that with this support, Red Cross raised the funds needed to support Tonga Red Cross to continue meeting the immediate needs of communities affected by the disaster.



The Casuarina Mushroom farm in Western Australia joined a careers program to help young people learn about careers and the skills they will need in the world of work. The Year 9 Career Taster Program (CTP) enables Western Australian students to explore the stages of early career discovery and study pathways, helping them to make informed decisions about their subject selections in Years 10, 11 and 12.

Casuarina joined the Career Taster Portal offering two experiences – a tour of the mushroom farm and a tour of the compost yard. At the Corindi Berry farm, the team hosted a visit from a group of Year 11 agricultural students from Woolgoolga High School. Utilising Corindi as a case study for their assessment, the students covered all aspects of the farm from irrigation, technology and labour resourcing to inputs and outputs of the local business.

Among other career events attended by Costa staff were the Growing the Future event at Adelaide Oval hosted by the Adelaide University Agriculture Students Association; the Murdoch Agricultural Science Student Association Agricultural Careers Expo in Western Australia; Coffs Coast Career Connections; and Tamworth Agricultural Careers Day.

Profile Blaine Astell

Always looking for a new challenge and opportunities to develop his skills in leadership, Blaine Astell took on the role of Regional Manager for the berry farms in Far North Queensland during 2022.

Blaine started with Costa in 2012 in general farm work and maintenance in the berry operations in Tasmania and worked his way up through a variety of roles. He started with Costa when he was half-way through Year 12 and not really sure what he wanted to do.

He worked in a range of roles including pruning, tunnel work and other maintenance jobs, before moving into irrigation and then into supervisor and managerial roles.

Blaine credits his success to the role models within Costa. He's also completed further education through TAFE, an Associate Degree at the University of Tasmania, and internal development programs through the business.

"I have always wanted to have a good job for myself and make a career. If you don't mind getting your hands dirty and a bit of hard work, it is definitely a place you can make a career."

Walk for Schools program

Costa China has established an annual Walk for Schools program to provide financial support for local outstanding students to complete their studies.

The first 'Walk for Schools' was held in 2021 and in 2022 a team of 35 people, including Costa staff and business partners, completed a three-day walk around the spectacular Lugu Lake in Lijiang. The walk route started from Nyshen Mountain, passed through Yuhu Village, Lashihai Lake, Shuhe Ancient Town.

Led by Nick Liu, the team completed 33.9 km, ascending 198m on the first day, 782m on the second day, and 548m on the third day. The Walk raised 50,000RMB with money donated to support schools in Banna and Baoshan, the communities where the farms operate.



Costa China Walk for
Schools 2022

Watch our video

Costa China offers scholarships

Costa China has developed a sponsorship program to support school graduates from the region in which the farms operate to attend university.

In September, Costa signed an agreement with the government of Longyang, a district of the city of Baoshan, Yunnan province, formalising the program.

Four local students were selected from a short list of candidates provided by the government, considering factors including academic record, enrolment in a relevant degree, character/personal attributes, and financial need.

The calibre of the students was very high, with one student accepted into a Tier 1 university, and the other three to a Tier 2 university. The sponsorship covers their university fees for four years and provides an opportunity for the students to undertake an internship with Costa during vacation periods, and priority for employment on successful graduation.

New intakes into the program will be offered in future years.





Community Cont.

Costa Scholarships

Costa continues to provide funding for a range of university scholarships to assist people in regional locations who want to pursue a university qualification, particularly in agriculture and horticulture. The following scholarships were offered in 2022.

Central Queensland University	CQUnicares Costa Avocado Scholarship	\$15,000 over three years
Charles Sturt University	Costa Avocado Scholarship	\$15,000 over three years
University of Queensland	Costa Berries Scholarship in Horticultural Science	\$15,000 over three years
University of Tasmania	Costa Scholarship in Agricultural Science	\$40,000 over four years
University of New England	Costa Berry Category Scholarship in Horticulture	\$10,000 over two years
University of New England	Costa Exchange Pty Ltd (Tomato Category) Scholarship	\$5,000 over two years

Flood support

With floods hitting many regions across eastern Australia during 2022, teams across the business pitched in to assist their local communities.

As flood waters rose along the Murray River in December, Costa teams in the Riverland rallied to help the community prepare. A team of Costa workers helped to install a 'DefenCell' wall to protect the Renmark Riverfront. The Mayor Peter Hunter thanked the team for their efforts, which was also reflected in a media release from the Council.

"The installation of DefenCell is being undertaken by Renmark Paringa Council staff and workers from Costa Group. Costa group have seconded over thirty members of its Pacific Islander workforce for this project.

"Renmark Paringa Council would like to extend its sincerest thanks to Costa Group and in particular to the thirty individuals who are compacting material into DefenCell to enable it to work effectively. This task is extremely labour intensive and Council resources alone would not have been able to complete the project in time for the peak which is due to arrive in Renmark next week (14 December)."



Other teams of Costa workers from the Murtho Packhouse and Nangiloc farms also rallied to help out the community to fill sandbags.

Donations were made by Costa Group, staff and suppliers of Costa for the victims of the Northern NSW flood crisis earlier in the year.

A team of 60 people from the Corindi site including senior management also travelled to the Woodburn and Coraki regions to help with clearing and cleaning. Many people in the region were in evacuation centres and unable to return to their homes for many weeks as the flood levels remained high and houses were uninhabitable.

Supporting food relief

Costa is a long-term partner of Foodbank Australia, the country's largest food and grocery relief organisation. From the start of the partnership, Costa has donated a total of 4.8 million kilograms of produce, the equivalent of more than 8.7 million meals.

In 2022, the Foodbank Hunger report found that 1.3 million children in Australia were living in severely food insecure households in the past year.

This year, Costa has donated produce across categories including mandarins, bananas, mushrooms, avocados, oranges and tomatoes.

This included 253,000 kgs of mandarins and oranges; 101,000 kgs of bananas, 45,000 kgs of mushrooms and 38,000 kgs of tomatoes.

As well as supporting Foodbank through donations, staff from the mushroom, berries and logistics operations in Western Australia volunteered at the Foodbank facility in Perth.

The volunteers spent the day putting together deli packs for people in need, packing a total of 1061 deli packs, more than 300 above the previous record of 700 in one day.

Since September 2018, Costa has donated irregular or any oversupply of mushrooms fit for consumption to FareShare, a not-for-profit organisation that partners with local producers, Oz-Harvest and Second Bite rescuing food from waste to make nutritious meals that feed those in need.

In 2022 Costa also provided a \$5,000 donation to support the development of a third kitchen at their Melbourne facility, to further increase capacity to prepare more meals within the community and consider other self-generating revenue streams.

Throughout our regions, donations of produce are made to support local community organisations, charities and schools.





Health and wellbeing



Focus on wellbeing

An eight-week online leadership program commenced in 2022 and has been successfully rolled out across Vertical Farming, the Costa Business Support Centre, Costa Berries and Costa Farms and Logistics. Facilitated by Sally Cummings, Engage Health, the neuroscience based WISE Mental Wellbeing Program is designed to provide an understanding of how the brain works when dealing with stresses/challenges of everyday life, self-regulation tools and how to support others effectively.

Throughout the year, a key focus continued to be on sharing information and building awareness of a broad range of health and wellbeing topics and the support and wellbeing options provided by Costa's Employee Assistance Provider.

A range of activities have also been supported including RUOK? Day, which was celebrated across the business.

Supporting healthy eating

At the beginning of February 2022, the Berry team in Tasmania began donating punnets of strawberries, raspberries, blueberries and blackberries each week for use in the Loaves and Fishes school food program, either as fresh produce or in healthy fruit muffins made in the charity's Devonport kitchen. Loaves and Fishes provides free emergency food relief to all Tasmanians needing help. Food is supplied to more than 300 community partners as ready-to-eat meals, school breakfast supplies, made-to-order hampers and fresh fruit and vegetables.

These meals largely support children who may not otherwise be able to access a healthy start to the day and Costa's donation helped to supply half the fruit needed to serve around 60 schools state-wide.

The team at the Derrimut Distribution Centre also supported health workers in the Melbourne area, providing weekly deliveries of 24 boxes of bananas to the Sunshine Hospital Emergency Department, Epworth Hospital Intensive Care Unit and Werribee Hospital.



Checking in on your colleagues

Gregor McKenzie is a keen supporter of checking in on your colleagues and sharing the message that it's not weak to ask for help.

Gregor has been working at the Corindi Berry farm for around eight years, but in 2021 found himself unable to continue his normal duties while waiting for hip surgery.

Skye Howell, who was at the time the National Safety Manager for Berries, suggested that rather than staying at home, Gregor could undertake a temporary role and do a check in with supervisors and their crews across the farm over the summer harvest season.

"It took a few weeks, but people really loosened up. My advice overall was there is always somebody who will listen. It's not weak to have depression or anxiety. I know from my own experience there is always light at the end of the tunnel."

– Gregor McKenzie.

Gregor had previously taken part in a mental health workshop called Tomorrow Man and was keen to take on the role.



Stephanie Alexander Kitchen Garden Foundation

To help encourage positive food habits, Costa sponsored the Stephanie Alexander Kitchen Garden Foundation (SAKGF) again in 2022, partnering with Coles & Old El Paso.

Through sponsorship support from companies including Costa, the Foundation has been able to expand its reach beyond primary school age children and is now able to target a broader audience of pre-school, primary and high school students. The primary objective is to help children form positive food habits for life, shifting their attitude and behaviour towards food from cautious eating to curious eating.

In Australia, one in four children aged 5-17 years are overweight or obese and one in two young people, aged 18-24 years.

Children are able to learn about how produce grows, where their food comes from, how to prepare and how to enjoy cooking nutritious meals from scratch. This approach empowers children to make conscious choices about their food and learn to become confident in their own ability to create their own meals as well.

Together with Coles & Old El Paso, Costa donated \$100,000 to the foundation in 2022. Costa has also committed to supporting the Foundation again in 2023.





Stakeholder Group Engagement

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

In 2022, we conducted our first Materiality Assessment to identify the items which are of greatest importance and priority for our stakeholders. This included conducting in-depth desk research and surveying and interviewing a range of internal and external stakeholders. This work will inform an update to our Sustainable Commercial Farming Strategy in 2023. This will include setting nearer term targets and the development of a clear plan to achieve them over the next 5+ years.

Data Assurance

The accuracy of this report is important to our stakeholders and to Costa. Our Board Audit and Risk Committee, senior management and relevant functional specialists have reviewed all information in this report and believe it to be an accurate representation of our sustainability performance over the past year. We will continue to improve our processes and systems to enhance the precision of our sustainability data.

The water usage data is derived from water meters and the Australian greenhouse gas emissions and energy consumption data was compiled by an independent third party.

Corporate Governance policies, charters and statements – visit <http://investors.costagroup.com.au/Investor-Centre>

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

Useful Links

Company website

costagroup.com.au

Investor website

investors.costagroup.com.au













LinkedIn

<https://au.linkedin.com/company/costa>

Facebook

<https://www.facebook.com/CostaGroupHoldings/>

Appendix 1 - TCFD Roadmap

TCFD	Summary of recommendations	Actions to address recommendations	Status
Governance	Disclose the organisation's governance around climate-related risks and opportunities.	• Create a mechanism to increase Board oversight of climate-related risks and opportunities	 Complete and ongoing In addition to Board oversight of risk, the Board Horticultural Innovation and Technology Committee was established (2020).
		• Enhance disclosure on Costa's approach to governance around climate-related risks and opportunities	 Complete and ongoing Reporting through Sustainability Report, half and full year results reporting.
		• Update existing organisational frameworks to incorporate TCFD recommendations	 In Progress Recent work on our materiality assessment will inform the key frameworks and processes to be put in place, further work will be required in future.
Strategy	Disclose the actual and potential impacts of climate-related risks on the organisation's businesses, strategy, and financial planning where such information is material.	• Enhance disclosures on material climate-related risks	 Complete and ongoing Refer to 'Material opportunities and risks' section of this report.
		• Complete scenario analysis to further understand the potential impacts of climate change	 In Progress Produce-specific analysis has been undertaken to identify material crop risks and an initial company-wide scenario analysis has been performed. More detailed analysis, with quantification where possible, to be completed in CY23.
		• Use scenario analysis to interrogate existing control infrastructure and identify actions needed to address residual risks	 In Progress Some actions identified, but further actions will be identified utilising recent work on our materiality assessment.
		• Quantify, where possible, the material climate related risks and consider these variables in financial planning processes	 In Progress To be completed in CY23.
Risk Management	Disclose how the organisation identifies, assesses, and manages climate-related risks.	• Enhance disclosure on risk management process and how climate related risks are identified and analysed across the organisation	 Complete and ongoing Refer to 'Risk Management' and 'Governance' section of this report.
		• Complete scenario analysis to further understand the potential impacts of climate change	 In Progress Produce-specific analysis has been undertaken to identify material crop risks and an initial company-wide analysis has been performed.
Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate related risks where such information is material.	• Disclose additional metrics utilised across the business to manage climate change related risks	 In progress Additional metrics are included in the report ie. waste quantification, international emissions. As materiality assessment prioritisations are addressed additional metrics will be made available.
		• Align carbon emissions reduction aspirations with the goals of the Paris Agreement	 In progress Commitment to net-zero by 2050 and pledging to the Science Based Target initiative (SBTi).
		• Continue to disclose metrics on carbon emissions (scope 1 & 2) and water usage and efficiency	 Complete and ongoing Refer to 'Reported Metrics' section of this report.



