

SELECT HARVESTS

**SUSTAINABILITY
REPORT 2017
INTERACTIVE PDF**

Paddock...



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Welcome to Select Harvests' first sustainability report. Select Harvests aims to be an employer of choice and be recognised as one of Australia's most respected agri-food businesses. We believe that safe and sustainable business practices are critical to gaining this recognition and for the long-term viability of the business.

...to plate

Managing Director Foreword



We recognise Select Harvests operates in a fragile, finite and important part of the environment. There is an increasing demand for the plant based products we grow, process and market in both the domestic and export markets. The consumption of these products delivers significant health benefits to the global community.

Our goals include: minimising environmental impacts, improving our diversity by growing our business through sustainable farming, production and processing facilities. Select Harvests achieves this by consuming both water and energy more efficiently, recycling/reducing waste and by investing in systems to eradicate inefficient processes.

Our number one objective is to safely grow, market and distribute our food with the most sustainable farming, processing, production, and marketing/distribution practices possible.

We implemented our first off-grid solar powered farm hub

HIGHLIGHTS FOR THIS YEAR

Safety – Targets were exceeded

- Total Recordable Injury Frequency Rate (TRIFR) and Medically Treated Injury Frequency Rate (MTIFR) were down year on year
- Lost Time Injury Frequency Rate (LTIFR) decreased by 18%

Diversity – Improved result

- Increased female representation at both the Board and Senior Executive levels
- 42% of our workforce identify as having ethnic diversity

Capital Projects – Investing in increased efficiency

- Commissioning of the Project Parboil almond value added processing and packaging facility at Carina West
- Construction of the Hull to Energy (H₂E) Project, a biomass electricity co-generation plant which once operational will consume almond hull and shell to generate 3 Megawatts of electricity and reduce our carbon footprint by abating 23,645 tonnes of greenhouse gas emissions
- The installation of a 50,000 litre worm farm which converts our almond waste into liquid fertiliser

Acquisitions – Mature orchard and high security water

- Jubilee Orchard at 465 hectares
- 1,335ML high security water

Water Efficiency – Significant on farm investment

- Existing assets replaced with low friction dripper tape
- Energy efficient pumps
- On farm irrigation skills training

Solar Power – Business First

- Off-grid solar powered farm hub

Environmental – Zero breaches

Our inaugural report outlines where we are on our sustainability journey. In the coming year, we will continue to engage with our stakeholders to learn more about their expectations, aspirations and our impact. We are confident that we are well placed to continue to operate and improve our business in a sustainable manner, benefiting all stakeholders.

Paul Thompson

Paul Thompson
 Managing Director



Welcome to Select Harvests

Select Harvests (SHV) is Australia's largest vertically integrated nut and health food company. Our capabilities span the value chain from "paddock to plate" and include horticulture, orchard development and management, processing, sales and marketing. We process approximately 15 – 20% of Australia's almonds as well as processing and marketing of a range of plant based products for the Australian and rapidly growing export markets in Asia, Europe and the Middle East.

OUR VISION AND VALUES

VISION

Select Harvests are to be recognised as Australia's most respected leading agri-business

MISSION

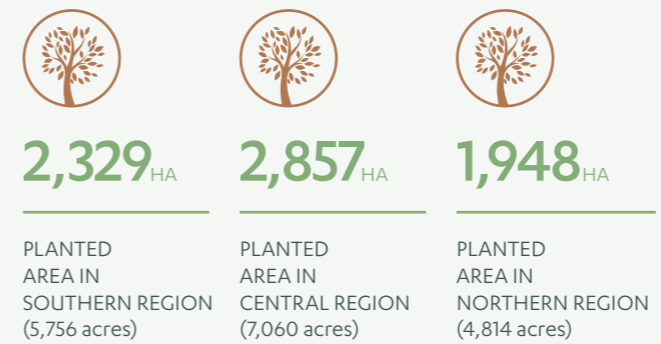
To deliver sustainable stakeholder value by being a leader in the supply of better for you plant based foods

VALUES

Supporting the vision to be respected as a leading agribusiness:

| Values | Behaviours |
|-------------------------|---|
| Trust and Respect | Treat all stakeholders with trust and respect |
| Integrity and diversity | All decisions and transactions will not compromise the integrity or diversity of the organisation or individual |
| Sustainability | Our focus is on the long-term sustainability of our environment, business and community |
| Performance | Exceed expectations on a daily basis |
| Innovation | Constantly challenge ourselves to improve everything |

SELECT HARVESTS GROWING REGIONS AND PROCESSING FACILITIES



LOCATIONS

Select Harvests operates in Australia and provides geographically diverse almond production with orchards located across three regions – Northern Region (New South Wales), Central Region (Victoria) and Southern Region (South Australia). A state of the art processing facility was built in 2008 in Robinvale Victoria at a cost of \$32 million. This large-scale facility incorporates the latest processing and packaging technologies and delivers significant economies and efficiencies. This facility has the capacity to process 25,000 tonnes of almonds per year. In FY 2017 a further \$34 million has been invested in a Cogen plant and value added almond processing facility.



We processed 20,000 metric tonnes of almonds through the Carina West facility in 2017

Over 10,000 metric tonnes of value added processing is completed at Thomastown

* Excludes Carina JV to 99 Hectares.

Export and Major Brands

Select Harvests is one of Australia's largest almond exporters with our exports accounting for 80% of our almond production. We continue to build strong relationships in the fast-growing markets of India and China, whilst continuing to grow established routes to other key markets in Asia, Europe and the Middle East.

In addition to almonds, we market a broad range of nuts, seeds and pulses as snacks, health mixes and muesli. The Select Harvests Food Division supplies both branded and private label products to key retailers, distributors and industrial users.

In retail, our market leading brands are: Lucky, NuVitality, Sunsol, Allinga Farms and Soland. Our wholesale/industrial brands are Renshaw and Allinga Farms.



Our Supply Chain

In FY 2017, we spent more than \$131 million on sourcing of raw materials, packaging and logistics. Our almond farming acreage consists of 46% of orchards owned by Select Harvests and 54% which are leased/rented.



Our Baseline Sustainability Scorecard

| Metrics | FY 2017 |
|--|---------|
| Total reportable injury frequency | 70 |
| Customer complaint/1,000,000 units sold | 23 |
| Energy Intensity GJ/tonne finished product | 22.6* |
| Water Use (ML) | 77,840 |
| Productive Area (Ha) | 7,234** |

* Finished Product – Total Production in metric tonnes of packaged product of all types shipped to the market.
 ** Includes Carina JV 99 Ha under SHV management.

Achievements

Employee Safety, Inclusion and Diversity

| | | | |
|---|---|--------------------------------------|------------------------------------|
| 6% increase in female representation at Board and Senior Executive levels* ↑ | 42% overall ethnic diversity** ↑ | TRIFR and MTIFR target exceeded ↑ | LTIFR reduction by 18% ↓ |
|---|---|--------------------------------------|------------------------------------|

Intensity Measurements

| | | | |
|--|---|---|---|
| Irrigation water 77,840 megalitres (ML) | ZERO Environmental Breaches | Almond Production 14,100 Metric tonnes (MT)*** | Energy Intensity 22.6 GJ/Tonne |
|--|---|---|---|

Project Highlights

| | | | |
|--|--|--|--|
| Project Parboil on track for completion in FY 2018 | Worm Farm constructed at Carina West for processing wastewater | H₂E project construction on track | Pump and Irrigation system upgrade in progress |
|--|--|--|--|

* Female representation is 2.8% better than industry average (Source: WGEA Agriculture Comparison Group).

** Based on employee feedback about ethnicity.
 *** Excludes Carina JV 99Ha.



Our Sustainability Priorities

Approach to Sustainability

Select Harvests aims to operate a sustainable business based on 3 platforms: environmental, social/wellbeing and financial benefits. These will generate value for our shareholders, customers, consumers and the communities in which we operate.

We recognise that many of our natural resources are finite and that we have a role to play in ensuring such resources are managed and used in a considered and sustainable manner. Therefore, as a business we need to reduce non-renewable energy consumption and natural resource usage to enable continuity of supply for future generations.

The health and wellbeing of those who supply our raw materials, those who consume our products and the social and economic value delivered to the communities within which we operate are also significant in our sustainability journey.

Our approach to sustainability is focused on three key strategic priority areas:

1. Developing beneficial relationships with employees, customers, suppliers and the community.
2. Reducing the impact of resource usage, hazardous substances, waste and emissions on the physical environment.
3. Increasing business efficiency, productivity and profit.

Our sustainability objectives are:

- Improving public health and wellbeing through the reduction or replacement of additives and other materials which are known to have adverse health effects or increasing the usage of ingredients with positive health contribution credentials
- Reducing and recycling (where possible) of natural resource usage
- Sourcing sustainable or renewable materials whenever possible
- Reducing the use of non-renewable materials or replacing such materials with renewable substitutes
- Maintaining a clean and healthy environment for future generations
- Promoting employee safety and wellbeing
- Operating the company in a financially sustainable and stable manner

Governance Structure

The Board of Directors is responsible for guiding and monitoring the company on behalf of the shareholders and for identifying areas of significant business risk and ensuring plans are in place to adequately manage those risks.

The responsibility for the operation and administration of the company is delegated, by the Board, to the Managing Director and the Executive Team. The Board has an established Remuneration and Nomination Committee and an Audit and Risk Committee. Our Constitution, Board Charter and Corporate Governance Statement are available from our website at: <http://selectharvests.com.au/governance/>

The General Manager, Human Resources, reports on sustainability progress to the Board monthly.

Approach to Risk Management

Select Harvests ensures that a formal risk management process (aligned with Risk Management Standard AS/NZ ISO 31000:2009) is in place to identify, analyse, assess, manage and monitor risks throughout all parts of the business. We maintain and refresh our risk register annually. This provides a framework and benchmark against which risks are reported across the business, with regular Board reporting. For further information on our risk management approach refer to our Annual Report.

Approach to Reporting

Select Harvests Pty Ltd (ABN 87 000 721 380) is listed on the ASX and is incorporated and domiciled in Australia.

Our first report covers activities across the business for the 12-month period to the end of FY 2017. It outlines our performance against the sustainability impacts which are most material to our business and of interest to our stakeholders. It also identifies opportunities to continuously improve both our performance and reporting in subsequent years to better align with reporting standards and stakeholder expectations.

Unless otherwise stated, references to Select Harvests refers to all our subsidiaries and the information in this report covers all sites wholly owned and operated by Select Harvests as well as leased and Joint Venture (JV) farms. The report does not cover investment entities where we do not have operational control. All dollar figures are expressed in Australian currency.

The development of this report has been informed by the Global Reporting Initiative (GRI) Standards. While the GRI Standards 2016 have been applied where possible, it is our intention to develop our capacity towards best-practice in future reports.

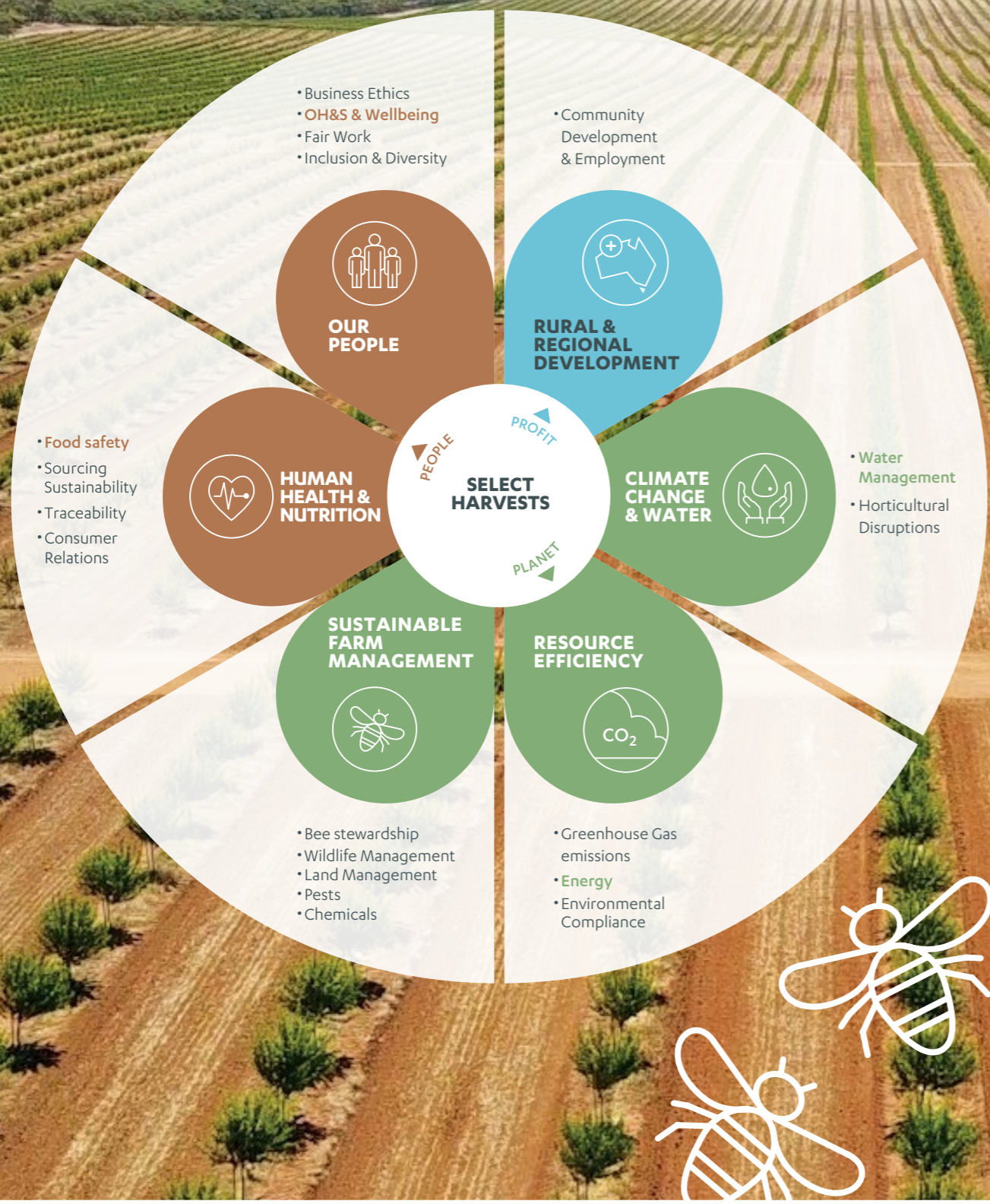
This material references:

- GRI 101: Foundation,
- GRI 102: General Disclosures,
- GRI 103: Management Approach and Disclosures,
- GRI 416-2: Customer Health & Safety 2016,
- GRI 302-1 and 302-3: Energy 2016,
- GRI 403-2: Occupational Health & Safety 2016,
- GRI 303-1: Water 2016.

As a business we need to reduce non-renewable energy consumption and natural resource usage to enable continuity of supply for future generations.



Our Sustainability Impacts



Materiality Approach

In developing the content of our report, we have been guided by the GRI's principles for defining report content, specifically: stakeholder inclusiveness, sustainability context, materiality and completeness.

Our process for determining content this year consisted of the steps outlined in the table below.

In this first report, we have not undertaken any specific external stakeholder engagement to determine content, but intend to use this report to seek feedback from our stakeholders to review priority impacts and our responses for future reporting cycles and progress this process.

| Step | Description | Inputs |
|------------|--|--|
| Identify | A desktop review to develop a longer list of sustainability impacts | <ul style="list-style-type: none"> • Review of company risk register • Known global impacts and risks¹ • Sector-specific lists of material impacts² |
| Prioritise | Ranking of impacts | <ul style="list-style-type: none"> • Company policies • Peer & industry review • Major customers & supplier codes |
| Validate | Presentation of prioritised impacts during a meeting with the Executive Team and confirmation of results | <ul style="list-style-type: none"> • Executive Workshop |

In progressing our strategic approach to sustainability, we group our impacts into six themes:

- Rural and Regional Development
- Climate Change and Water
- Our People
- Sustainable Farm Management
- Resource Efficiency
- Human Health and Nutrition

¹ UN Sustainable Development Goals and the World Economic Forum Global Risks Report 2017 12th Edition.
² GRI's Sustainability Topics for Sectors and SASB's Sustainability Accounting Standard for Agricultural Products.

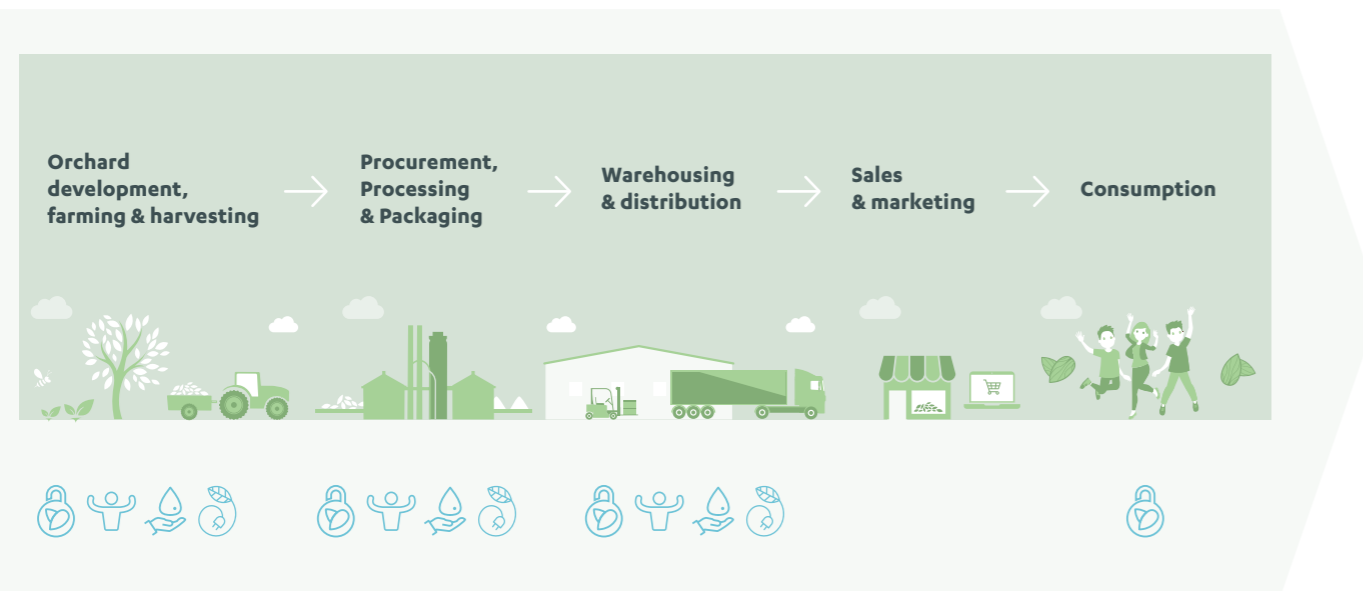
OUR SUSTAINABILITY IMPACTS CONTINUED



Top 4 Most Material Impacts FY 2017

| | | |
|--|---------------------------------|---|
| | Food Safety | All aspects of food safety including policy, product recalls, compliance with regulated and voluntary standards in food safety. |
| | Water Management | Approach to water consumption, water intensity and water security in orchards and in processing. |
| | Energy | Energy security and costs, energy consumption and intensity, use of renewables and relationship to greenhouse gas emissions and offsets. |
| | OH&S & Wellbeing | All aspects of safety and wellbeing for our people where our Zero Harm and Wellbeing strategy aims to prevent incidents before they occur and improve individual wellbeing. |

Reporting Boundary

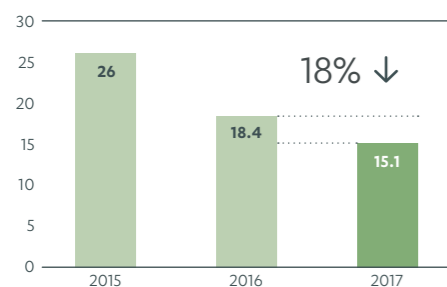


Key sustainability impacts are not just on our orchards. Our more material impacts such as water management and energy are critical to growing our trees and producing nuts. Bee stewardship and horticultural disruptions are also important. OHS & Wellbeing and food safety are material across our entire supply chain. The diagram illustrates our value chain and where our material impacts are most significant.

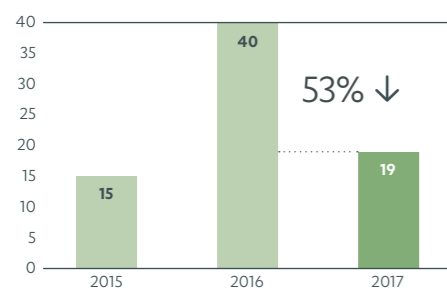


Our People

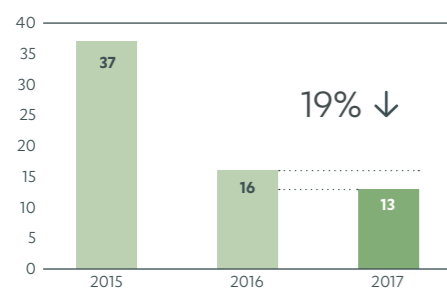
LOST TIME INJURY FREQUENCY RATE (LTIFR)



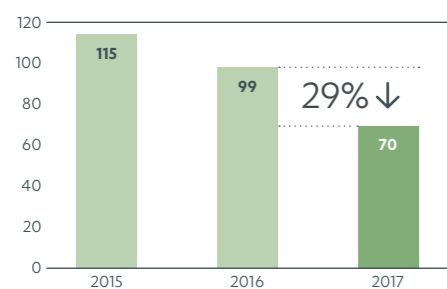
MEDICALLY TREATED INJURY FREQUENCY RATE (MTIFR)



LOST TIME INJURY SEVERITY RATE (LTISR)



TOTAL INJURY FREQUENCY RATE (TIFR)



The success of our business is underpinned by the knowledge, experience and talent of our people. They help drive and grow our business and contribute to a high-performance culture that values excellence and an ongoing commitment to safety and wellbeing.

Occupational Health & Safety

OCCUPATIONAL HEALTH AND SAFETY (OH&S) AND WELL BEING

Our industry is high risk given our agricultural, manufacturing and key business activities focused on manual handling and use of tools, equipment and heavy machinery. Our Zero Harm OH&S & Wellbeing strategy aims to prevent incidents before they occur and to improve individual wellbeing. It includes four key strategic priority areas:

1. Safety Leadership: Culture and Education
2. Performance management
3. Process improvement
4. Wellbeing and education

While zero harm is our goal, we have made progress against our targets which include a 25% year on year reduction in both LTIFR (Lost Time Injury Frequency Rate) and MTIFR (Medically Treated Injury Frequency Rate).

These results are inclusive of our permanent and casual employees, seasonal workers and contractors at all our sites.

LTIFR (LOST TIME INJURY FREQUENCY RATE)

LTIFR measures the number of lost time injuries per million hours worked. We have achieved a 42% reduction over the past 3 years. We have also seen a reduction in both the severity and lost time by 51% compared to FY2016. This can be attributed to our process improvements in:

- Leadership safety education
- Health and wellbeing
- Acceleration of return to work and proactive injury management approaches and
- Hazard and near miss reporting campaign

MTIFR (MEDICALLY TREATED INJURY FREQUENCY RATE)

MTIFR measures the number of medically treated injuries per million hours worked. We have exceeded our target with a 53% reduction this year. In addition, the severity of injuries is lessening which can be attributed to more accurate diagnosis of injury classifications, identifying root cause and corrective actions taken to prevent reoccurrence.

LTISR (LOST TIME INJURY SEVERITY RATE)

We are pleased to report that the severity of injuries is decreasing with a 19% reduction in LTISR. This is a result of our hazard reporting campaign and injury management culture in supporting employees to return to work through ongoing communication, offering modified work duties and partnerships with insurers and rehabilitation providers.

TRIFR (TOTAL RECORDABLE INJURY FREQUENCY RATE)

Our Total Recordable Injury Frequency Rate measures the number of LTI, MTI and First Aid injuries per million hours worked. We have exceeded our target with a 39% reduction over the past 3 years. Whilst the on-going reduction is positive, we will continue to improve on our safety strategy activities in pursuit of achieving a zero-harm working environment.

Overall, we are performing well against our targets and our strategy. This progress has been achieved through several programs, including:

- Independent safety audits completed across our business
- A company-wide safety survey completed, with action items identified to address key priority areas
- Addressing high priority safety audit recommendations
- Reviewing and updating of our Equal Employment Opportunity, Anti-Discrimination, Harassment and Bullying Policy and training
- Conducting individual health assessments
- Installing ergonomic equipment to increase productivity and minimise manual handling
- Quarterly injury management reviews to develop training and plans in conjunction with our health and wellbeing partnerships

Inclusion and Diversity

The importance of inclusion and diversity at Select Harvests is reinforced in our values which support our vision to be respected as a leading agribusiness. We recognise and reinforce the advantages of a diverse workforce including age, ethnicity, religious beliefs, sexual orientation, gender and cultural diversity.

Our WGEA report and more information on our inclusion and diversity practices are available on our website (<http://www.selectharvests.com.au/careers/>).

The company remains committed to its target of 30% female representation on the Board and Senior Executive team. We are pleased to report two females were appointed to the Senior Executive and Board.

Future Direction

Focus Groups have identified that the technical nature of our roles, locations, lack of childcare, housing and infrastructure support are the main contributors to the shortage of regional talent available. These challenges have also been recognised by a number of our peer organisations as critical strategic barriers to attracting and retaining talent. We have since partnered with key local community stakeholders to begin to identify opportunities to address these barriers. In addition to our participation in these forums, we are pleased to share our Inclusion and Diversity achievements for FY 2017:

Our Progress

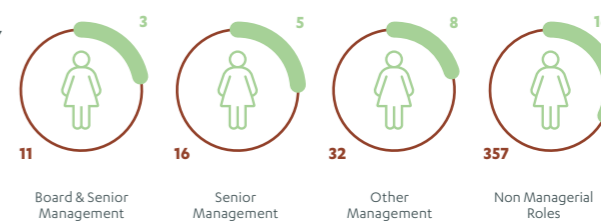
- Design and development of Select Harvests' new careers website page and advertising practices to attract diverse talent
- Partnerships with multi-cultural organisations and National Association of Women in Operations to diversify our approaches in sourcing talent
- Participation in Mallee Regional events with key local community stakeholders to explore opportunities for improving skills development and diversity in regional recruitment
- Successful Multi-Cultural Day supplemented with annual calendar of Cultural and Religious dates circulated to all employees to raise awareness and encourage celebrating ethnic inclusion and diversity.
- Focus groups conducted at Carina West Processing Facility, Victorian and South Australian farms to capture opportunities and recommendations for improving regional talent attraction.



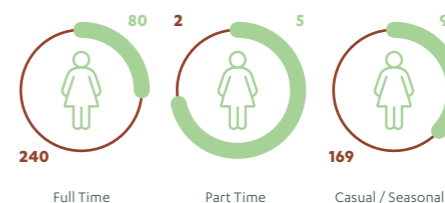
BAOANH VU SPEZZA
Technical Manager
Thomastown Operations

Our Workforce

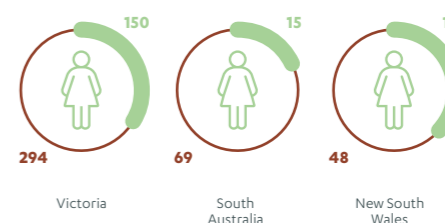
WGEA CATEGORY (INCL. BOARD)



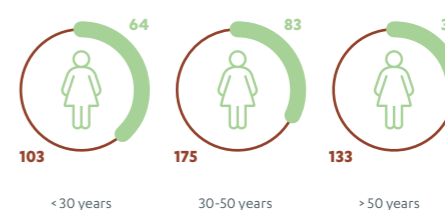
EMPLOYMENT STATUS



REGION



AGE



31%
Female
Employees

69%
Male
Employees

Plans for FY 2018

- Conduct a company-wide review of the safety manual
- Provide annual refresher training focused on manual handling and wellbeing
- Continue our focus groups and partnerships to identify and address barriers to talent



Rural & Regional Development

Community Development & Employment

Our orchards and major processing capacity are in regional Victoria, South Australia and New South Wales. We contribute to these communities in ways additional to direct employment. The Robinvale region, for example, is one of the five major almond growing areas in Australia, and on a percentage basis, has the fastest growing almond industry in the world. The Robinvale region has a population of 3,411 and the agriculture and manufacturing sectors also contribute \$203 million per annum in exports from the region³.

The construction of our 2 key projects, Parboil and H₂E resulted in the creation of 20 new positions across engineering and maintenance, operations, food quality assurance and processing operations skillsets.

In addition to our direct employment opportunities, we continue to play an important role in our ongoing efforts to improve our rural and regional communities through Select Harvests' annual community grants donation program. Our partnerships with community organisations support the engagement and creation of a sustainable future workforce.

This year we have donated more than \$40,000 to over 40 organisations including schools, clubs, sports teams and local community groups to improve and upgrade their infrastructure and facilities and to promote various activities and events.

Some examples of the support we have provided include:

- Our ongoing strategic partnership with Robinvale College through the provision of an annual breakfast sponsorship program
- Our annual Mallee Almond Festival sponsorship
- Foodbank Victoria
- Partnership with the Clontarf Foundation (a charitable, not-for-profit organisation which exists to improve the education, disciplines, life skills, self-esteem and employment prospects of young Aboriginal men)

Fair Employment Practices

We are committed to ensuring that all workers who work directly or indirectly for Select Harvests are treated in a fair and reasonable manner. We are an Equal Employment Opportunity employer as demonstrated through our Inclusion and Diversity policy and workplace practices.

All third-party labour providers engaged are subject to meeting our Contractor Engagement and Recruitment Policies that warrant compliance with Australian labour laws and legislative obligations. To ensure fair labour operations, regular audits on payment of wages and eligibility to work in Australia compliance checks are conducted on a regular basis. We have had nil breaches during the reporting period.

We confirm that 70% of our employees are covered by an Enterprise Bargaining Agreement (EBA).

Plans for FY 2018

- Continue to work with local school and community groups providing educational and life skill opportunities for our future community leaders
- Progress Horticultural development program
- Retention of critical project skillsets
- Secure regional development funding for further training opportunities for our people



³ <https://www.swanhill.vic.gov.au/wp-content/uploads/2013/09/Robinvale-Economic-Development-Strategy-2012-2017.pdf>



Human Health & Nutrition

The benefits of a plant-based diet to human health are now well known. Obesity, diabetes and heart disease are problems in many wealthy countries while ending hunger and feeding a growing global population remains an ongoing challenge, reflected in the UN Sustainable Development Goals. As Australia's largest vertically integrated nut and health food company, we can play a role in providing affordable sources of plant based protein.

The Australian Dietary Guidelines 2013 recommends that Australians consume more nuts – a serving of 30 grams a day. Nut consumption has been associated with a reduced risk of heart disease and are also of benefit to people with type 2 diabetes. Almonds are known to be a good source of protein, vitamin E, calcium and fibre. Consumers are responding and we will continue to supply the demand for non-animal sources of protein and other healthy food products through our brands.

Food Safety

Food Safety refers to the standards and processes used to prevent and remove risks of food borne illness in the products we supply to our customers. Our Good Manufacturing Practices (GMP) are the rules and conditions used to ensure the safety of the products across the supply chain from farm to consumers.

We are committed to supplying products that consistently meet our customers' expectations for product, meet all legal requirements and are of the highest possible safety and quality, whilst providing exceptional customer service.

To achieve this aim, our Food Safety Plan has been developed using Hazard Analysis Critical Control Point (HACCP) principles to manage and control food safety, regulatory and quality risks through all stages of our operation.

Commitment to our system and customers is achieved through:

- Maintaining food safety certifications and complying with legislation
- Regular management reviews of the food safety and quality system and objectives
- Effective food safety and quality systems to control product safety, quality and service
- Reporting and close out of Corrective Action Requests (CAR)/Non-Conformance Requests (NCR)
- Continuous monitoring, updating and implementing of systems to ensure all regulatory and customer requirements are achieved by reviewing internal audits and systems annually
- Proactive communication with our customers
- Embracing a continuous improvement culture to systems, processes and practices

Our Progress

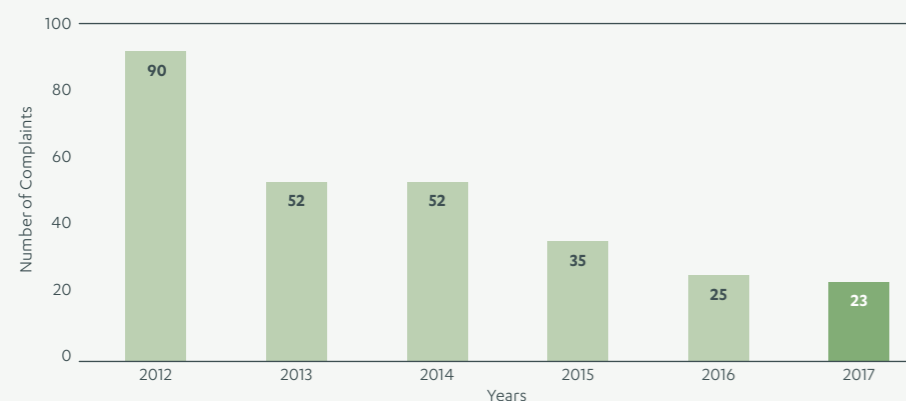
During FY 2017, we had no non-compliance with Food Safety Regulations and no Food Safety Recalls or Withdrawals from the market. Audits of our food safety system by two major customers and our external food safety certifying body identified no regulatory compliance impacts. All minor non-conformances identified have been rectified and closed out within the audit timelines.

Our quality team monitors our performance through internal screening and customer feedback from our complaints management system. The chart below shows the downward trend of our complaint rate to 23 per million units sold. These complaints were mainly related to non-food safety impacts (e.g. foreign matter and quality specifications).

Plans for FY 2018

- Complete annual quality review
- Continuous improvement and review of HACCP plans across all sections of the Almond Division
- Upskilling through structured training of staff and management
- Conduct vertical audit for selected products to assess QA system performance across the whole supply chain
- Company-wide health and wellbeing event

COMPLAINTS PER MILLION UNITS SOLD



OUR PROGRESS

CUSTOMER COMPLAINTS DOWN 4-FOLD OVER 5-YEAR PERIOD

NuVitality®

REVITALISE WITH PROTEIN AND FRUIT & NUT BARS

NEW

Product bars shown include: Coconut Chocolate Triple Layer, Peppermint Chocolate Triple Layer, Raspberry Chocolate Triple Layer, Apricot Almond Chia Cinnamon, Apricot Almond Coconut, and Cranberry Pistachio.



Climate Change & Water

Horticultural Disruptions

Weather events have always represented a source of risk and potential disruption to any horticultural-based business and a changing climate even more so. We are committed to understanding and actively managing the long-term risks and opportunities associated with a changing climate. We accept the science of climate change and the Paris Agreement (<http://unfccc.int/2860.php>) which commits to hold the increase in the global average temperature to well below 2°C, relative to the pre-industrial period.

Our business relies on efficient orchard production, which is the main source of revenue. Our growing regions in South-Eastern Australia expect to experience increasing average temperatures, more hot days, decreased frost, decreased rainfall in winter and spring and increased intensity of extreme rainfall events. These changes may also be masked or enhanced by natural variability over the next 20 years⁴. Specifically, events such as increasing drought and intense rain events during harvest time will impact almond yield and quality. This was evident in the FY 2017 season when crop forecasts were adjusted down by 5 – 10% due to milder growing conditions in spring and early summer. Climate change may also impact on food safety, the life cycle of known pests and the management of bees which are critical to pollination.

Our Progress

Our approach to mitigate these risks is guided by our risk management strategy. We are cognisant of the potential impact of climate change on the suite of risks being managed in relation to our farming activities and these help shape our diversification strategy and water management policy. We have put in place projects to address these risks including:

- The diversification of almond farms across multiple growing regions
- A specific water management strategy to increase water security by managing access to irrigation water
- Investigation of on-farm almond drying technology
- Expansion of orchards under a range of different ownership models.

Water Management

Water management is critical to our agriculture based operation. Water will always be a high priority so we dedicate significant efforts to manage this scarce and finite resource. Our team closely monitors water budgets and the water trading market. Additional water is acquired during the season based on changes in weather and market movements.

To secure water supply our team uses a diverse water strategy that analyses risks and manages the water portfolio to mitigate unacceptable exposure during drought periods or high market prices. Our assessment of water constraints in the future takes into consideration the potential impact of climate change.

Our Progress

We have installed best practice irrigation systems to deliver water efficiently with reduced system drainage and impact to water tables. Our orchard management team reviews the irrigation and fertigation application on a weekly basis to validate efficient fertiliser and water use.

We have reviewed water risk assessment using the standard Aqueduct⁵ water risk atlas which indicates that our northern region has a high baseline water stress. However, our irrigation water in the northern region is mainly (90%) sourced from ground water which historically has a high recharge rate. Our team continues to monitor ground water availability and recharge in these areas.

We have developed and will continue to implement our regional diversification strategy. The chart below shows 37% of our nut production in FY 2017 was from the northern region however this represented only 27% of our total productive acres.

Our diversification strategy will add circa 5% (338) productive hectares in lower water stress regions in FY 2018. Of the 73% of our total productive acres in lower water stressed regions, 39% of these trees are not mature. This means that they are not yet at peak nut production. As these trees grow into full maturity our production will increase from regions of lower water stress.

Plans for FY 2018

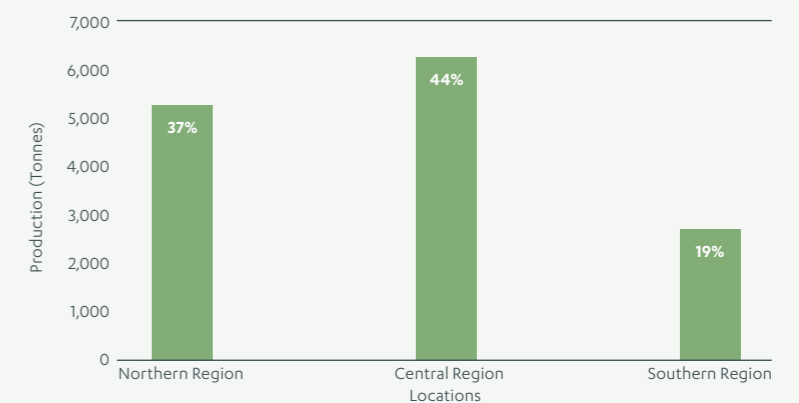
- Prioritise water efficiency improvements in the northern region
- Continue to support growth plans with investment in efficient water infrastructure and management systems
- Increase productive acres by 5% in lower water stressed regions



Carina West, SHV Dam pumps

Risk mitigation strategies implemented to reduce climate change impact

ALMOND ORCHARDS REGIONAL DIVERSITY TOTAL NUT PRODUCTION (T)



4 <https://www.climatechangeinaustralia.gov.au/en/climate-projections/future-climate/regional-climate-change-explorer/super-clusters/>

5 <http://www.wri.org/our-work/project/aqueduct>



Resource Efficiency

Our largest energy saving initiative remains Project H₂E. This is a biomass electricity co-generation plant which consumes almond by-products including hulls, shells and orchard waste.

Once operational in FY 2018, the Project will generate enough electricity to power the Carina West Processing Facility as well as nearby pumps for the Carina farm orchard.

Based on scope 1,2 & 3 emission in calendar year 2015, SHV's carbon emissions was 76,664⁶ tonnes of CO₂ equivalent. The H₂E Project will offset our energy consumption at our Carina West Processing plant, and Carina Orchard. Once the project is implemented, the expected impact is a carbon footprint reduction of 27%. We look forward to reporting the results in our next sustainability report.

We are a signatory of the Australian Packaging Covenant 2017⁷, which aims to deliver more sustainable packaging, increased recycling rates and reduced packaging litter. Our office and farm waste recycling efforts continue where appropriate.

Energy

Energy is critical to the operation of our business, being used to pump water on our farms as well as processing materials in our plants. The operation teams closely monitor energy consumption and collaborate on projects that reduce usage and our overall business footprint.

We have embarked on major projects to improve our resource use efficiency and these are described further in this report.

Our total energy use includes all electricity, gas and transport fuel for our orchards and processing sites. Transport fuel use is mainly for vehicles on our orchards. Our 15 orchards use 72% of our electricity consumption, mainly for irrigation pumps and 34% of our total energy.

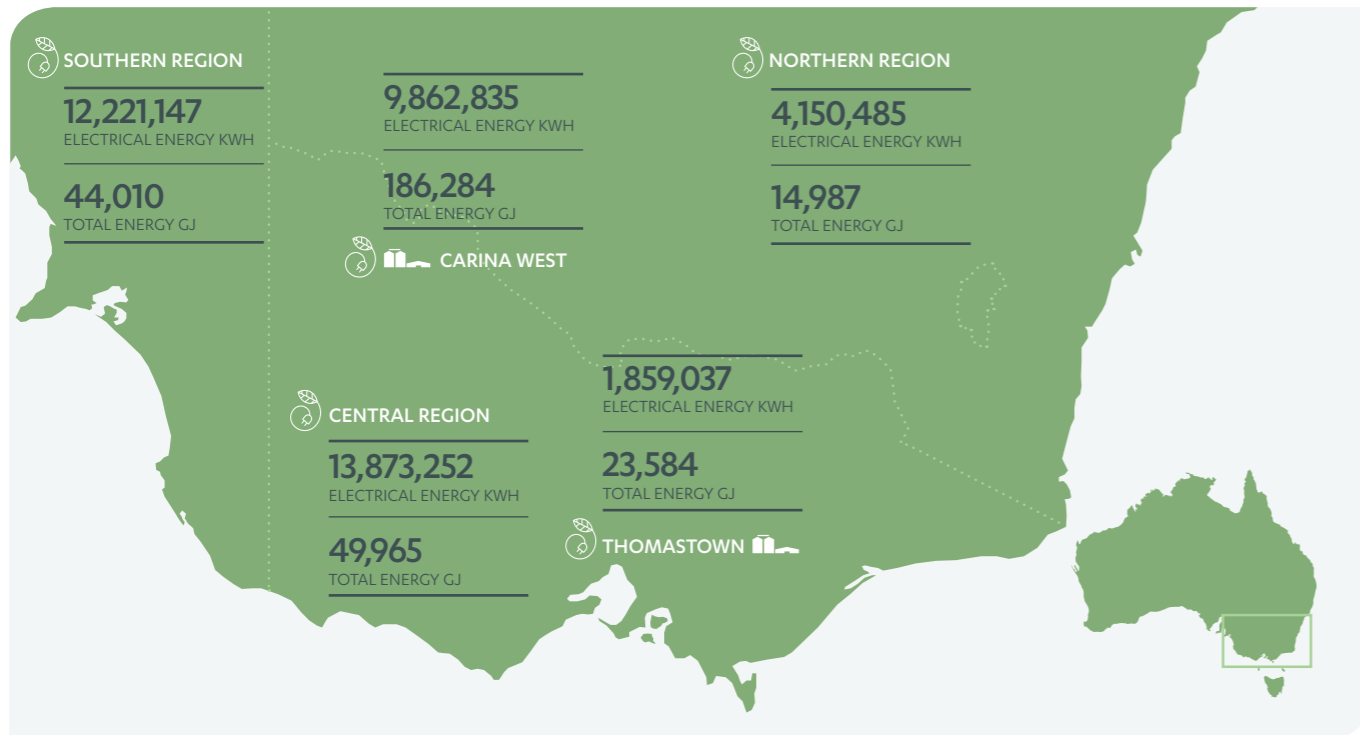
Our progress

In FY 2017, we used 41,966 MWh of electricity across the business. The chart below shows the distribution of use across all regions.

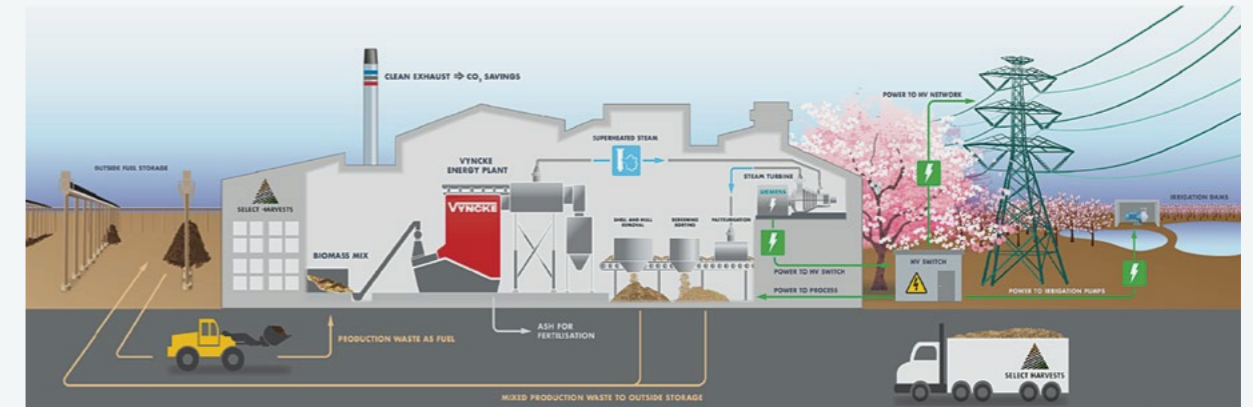
Total energy use across the business in FY 2017 was 318,829 GJ. Gas consumption was 52.6% of total energy use and electricity was 47%. The total energy use distribution is shown in the chart below. The Carina West site uses 58% of the business energy consumption and the projects in progress will make a significant impact to our energy profile. Our overall energy intensity is 22.6 GJ/tonne of product.

Plans for FY 2018

- Deliver H₂E and Project Parboil and expected efficiency gains
- Document energy management strategy
- Develop energy intensity monitoring program



Project H₂E – Hull to Energy



PROJECTIVE OBJECTIVE

Install a biomass boiler and steam turbine, fuelled by almond hull and shell and orchard waste and converting it to heat and power.

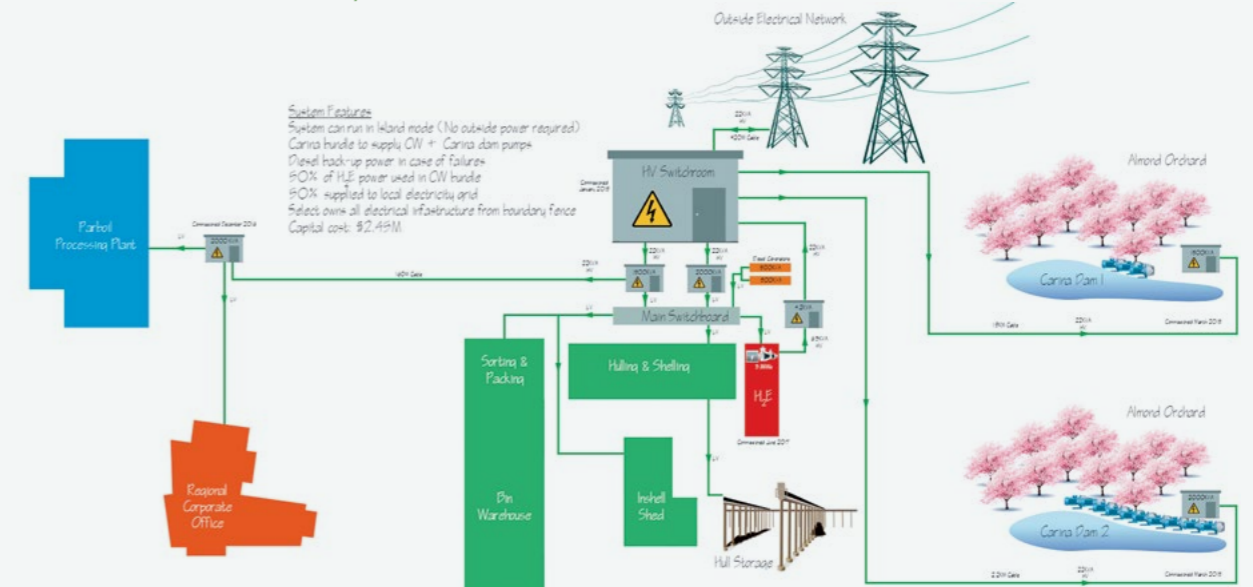
OPERATIONAL HIGHLIGHTS

- Fuel source: almond hull & shell and field prunings
- Fuel consumed: 3.66T/hr – 30,000T/yr
- Power delivered direct to CW Processing Plant & Carina Dams
- Excess power delivered into local grid
- Operational Hours: 24hr x 7 days x 48 weeks
- Operators Employed: 13

SPECIFICATIONS

- Vyncke 17MW thermal biomass boiler
- Siemens 3.1MWe SST-110 turbine
- Fuel feed system – moving floor type
- Emission control – multi cyclone
- Flue gas stack – 25m carbon steel

Carina West Electricity Hub



Featured Case Study (1/2): H₂E &/or Parboil

6 Source: Carbon Calculator

7 <http://www.environment.gov.au/protection/national-waste-policy/publications/australian-packaging-covenant-2017>



Sustainable Farm Management

Our team is committed to sustainable farm management practices and closely monitors all resources that deliver the best long-term outcome. Bee Stewardship, water and pest management are critical to our efforts. Our regional diversification, newly planted acres and high nutrition program to improve tree health and yield, help to ensure solid nutritional program and sustainable farm productivity.

Our Progress

During FY 2017 our orchards used 77.84 GL of water on 17,875 acres under management to produce 14,100 MT of finished almond packaged products. The production from the newly acquired Jubilee farm (1,148 acres) is not included in our production figures as the 2017 crop was not retained by SHV.

Our irrigation system is optimised to deliver the moisture and nutrient to the trees based on their requirements at different growth stages. Our water intensity and productivity measures will increase over future years as more than 30% of our productive acres are immature trees yet to reach peak production.

Our diversification strategy with acquisition of productive and new acreage is aimed at mitigating the known risks associated with our farming activity with due consideration for impact of climate change.

Bee Stewardship

Our almond orchards are 100% pollination dependent. Therefore, the key challenges and risks in bee stewardship centre on crop safety and optimum bee health. Other critical components to ensuring maximum yield include successful cross-pollination, avoiding bloom pathogens (disease causing fungi) and maintaining strong relationships with our apiarists and brokers to ensure quality pollination services.

We play an active role within the bee and pollination industries including the sponsorship and support for apiary associations, participation and presentation at conferences, industry R&D projects, committees and meetings.

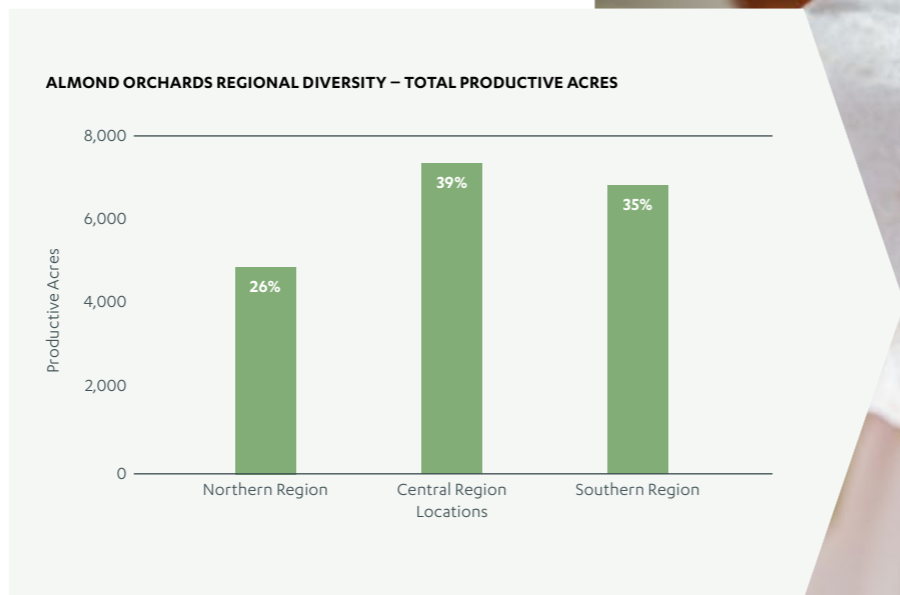
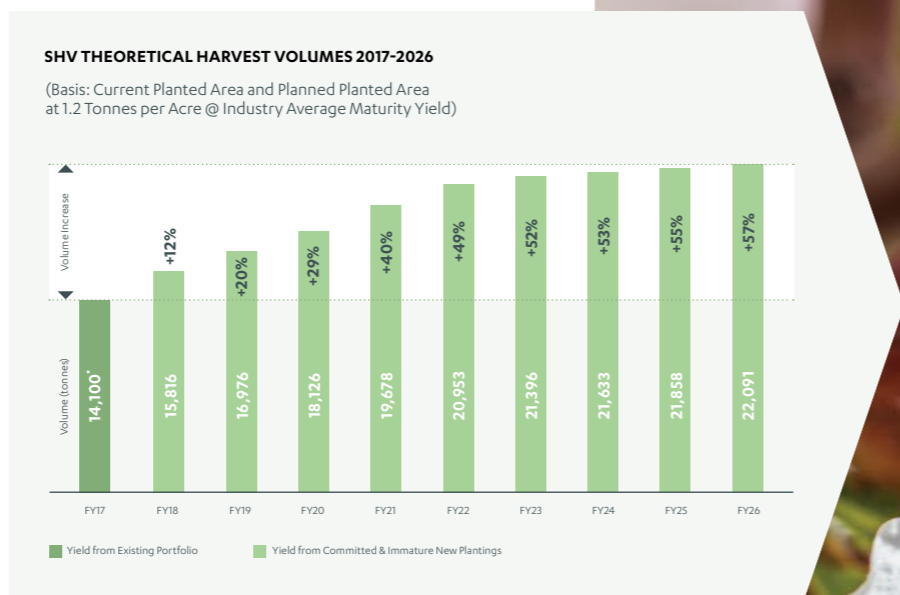
Farm waste management

As a result of the Project H₂E construction, all farm waste produced from our harvest operations will be recycled. Organic matter and wood waste will be burnt through the H₂E boiler to produce steam for power generation. Soil waste will be combined with the pot ash produced by the combustion process and will be used in the orchard as fertiliser.

Low energy lighting

We are progressing a program to install low energy LED lights across all of our almond processing facilities and to date have completed this for 70% of our farms.

We will share the results of the impact on reduced energy use for lighting in next year's report.



Plans for FY 2018

- Continue horticultural best practices to preserve bee health and longevity of orchard sustainability
- Implement on farm waste management program
- Continue low energy lighting review
- Evaluate increased usage of solar energy on farm

Glossary

- Acres to Hectares** / 1 hectare = 2.47105 acres
- CAR (Corrective Action Requests)** / An audit outcome requiring action to remedy a system or operating procedure non-compliance.
- Central Region Orchards** / Boundary Bend, Kyndalyn Park, Lake Powell, Carina, Wemen, Bunargool, Carina JV
- Complaints per million** / Customer complaint received per million units of packaged products sold
- Diesel conversion to MegaJoules** / 38.6 MJ per litre of diesel - <http://www.environment.gov.au/system/files/resources/b24f8db4-e55a-4deb-a0b3-32cf763a5dab/files/national-greenhouse-accounts-factors-2014.pdf>
- Electricity Units MWh** / Megawatt Hours
- Energy Intensity** / Energy use per ton of packaged product
- Fertigation** / irrigation of trees with water mixed with required nutrients to optimise growth and nut production.
- Foreign Matter** / generally plant material other than nuts in the product
- GL** / gigalitres = 1000 Mega litres = 1,000,000,000 litres
- GMP** / Good Manufacturing Practices
- GRI** / Global Reporting Initiative
- H₂E** / Hull to Energy
- HACCP** / Hazard Analysis and Critical Control Points
- LTIFR** / Lost time injury frequency rate = No of lost time injuries X 1,000,000 / Total man hours worked
- LTISR** / Lost Time Injury Severity Rate
- Mature Almond Tree** / 5 years old
- MTIFR** / Medically Treated Injury Frequency Rate = No of medical treated injuries X 1,000,000 / Total man hours worked
- MWh conversion to GJ** / 1 MWh = 3.6 GJ
- NCR (Non-conformance requests)** / Minor nonconforming audit outcome request for action to make the impact conform to requirements
- Northern Region Orchards** / Belvedere, Mount View, Yilgah, Moorah
- Pollination** / Transfer of pollen from one plant to another
- Pollination service** / The use of bees to facilitate pollination
- Petrol conversion to MegaJoules** / 34.2 MJ per litre of petrol - <http://www.environment.gov.au/system/files/resources/b24f8db4-e55a-4deb-a0b3-32cf763a5dab/files/national-greenhouse-accounts-factors-2014.pdf>
- Production** / Total production in metric tonnes of finished packaged products from the processing plants
- Productive acres** / Orchard acres planted in almond trees
- Quality Specifications** / Product parameters agreed for compliance with internal, customer or regulatory standards for acceptability
- Southern Region Orchards** / Amaroo, Mullroo, Allinga, Jubilee
- Total Energy Units GJ Giga Joules** / Electricity, Gas, Transport Diesel and Petrol used on farm and for product transfer
- TRIFR** / Total Reportable Injury Frequency Rate = Total number of reportable injuries (LTI+MTI+First Aid) X 1,000,000 / Total hours worked
- Water Stress region** / as define by the Aqueduct Water Risk Atlas- <http://www.wri.org/resources/maps/aqueduct-water-risk-atlas>
- Water Use efficiency** / water use per ton of nut production
- Water Use** / Ground or surface water used on Orchards

Appendix

Report Assurance

External assurance has not been sought over the content of this report. A position on external assurance will be developed and disclosed in the next reporting cycle.

Engaging our Stakeholders

We engage with multiple stakeholders on a regular basis using both formal mechanisms such as reports and structured meetings as well as informal mechanisms such as briefings and updates. When assessing which stakeholders to engage, we consider the following criteria:

- Proximity – people who live in or close to our growing and operating sites
- Dependency – people who depend on us and on whom we depend for our business success
- Responsibility – people and organisations we are linked to through laws or contracts

| Stakeholder | Stakeholder Groups | Areas Of Interest | Engagement Strategies |
|--|---|---|--|
| Shareholders | Institutional and Retail shareholders | <ul style="list-style-type: none"> • Return on investment • Strategy for long term growth • Supply chain management and security • Development of new products and new markets (e.g. China) | <ul style="list-style-type: none"> • ASX announcements • Annual General Meeting • Annual Report and interim and quarterly financial reports • Regular meeting and updates • Investor relations, roadshows and site visits • Shareholder written communications |
| Employees | All direct employees of Select Harvests and our contractors | <ul style="list-style-type: none"> • OHS and wellbeing • Employee benefits • Overall company performance • Training and career development (e.g. building horticulture capacity in irrigation, agronomy awareness, OH&S and management training). • Employee performance | <ul style="list-style-type: none"> • Executive Team presentations • Team briefing updates • 1:1 Managers & employee discussions • Safety committee meetings • Emails and written updates • Training programs |
| Suppliers and Business Partners | Consultants | <ul style="list-style-type: none"> • Orchard development and management • OHS & Wellbeing • Overall company performance • Training and career development | <ul style="list-style-type: none"> • Regular meetings and updates |
| Customers and consumers | All Select Harvests customers and consumers | <ul style="list-style-type: none"> • Compliance with requirements and specifications • Food safety and quality • Customer questionnaires and relationships | <ul style="list-style-type: none"> • Communication from Executive Team • Customer relations and business development • Brand communications |

| Stakeholder | Stakeholder Groups | Areas Of Interest | Engagement Strategies |
|--|--|---|---|
| Other financial stakeholders | <ul style="list-style-type: none"> • Banks • Analysts • Ratings agencies • Corporate governance groups • Auditors | <ul style="list-style-type: none"> • Select Harvests financial performance • Strategy to 2025 and our business model • Board membership and governance structure • Environmental sustainability (e.g. water security, energy security, bees & pollination) and impact on costs | <ul style="list-style-type: none"> • ASX announcements • Annual General Meeting • Annual Report and interim and quarterly financial reports • Regular meeting and updates • Investor roadshows and site visits • Select Harvests website |
| Communities and special interest groups | <ul style="list-style-type: none"> • Local towns and communities where Select Harvests operates | <ul style="list-style-type: none"> • Local environmental impacts (e.g. noise, dust) • Contribution to communities • Indigenous heritage and land management | <ul style="list-style-type: none"> • Local media • Community meetings and briefings • Partnerships and sponsorships • Dialogue with grant recipients |
| Government | <ul style="list-style-type: none"> • Local, state and federal government representatives • Regulators and other authorities | <ul style="list-style-type: none"> • Environmental compliance (e.g. EPA) • Safety management & performance • Food safety | <ul style="list-style-type: none"> • Written communication • Meetings and briefings • Statutory reporting |
| Industry | <ul style="list-style-type: none"> • Industry associations • Other food businesses | <ul style="list-style-type: none"> • Domestic and export market development • Economic outcomes for the overall industry • Regulation – existing and potential • Select Harvests performance compared to our peers • Market positioning of the industry relative to other food sources • Collaborate to address complex industry challenges | <ul style="list-style-type: none"> • Representation on executive and working group committees • Membership of international, national and regional industry groups; <ul style="list-style-type: none"> – Almond Board of Australia, California Almond Board, – Horticulture Innovation Australia |
| Media and employee associations | <ul style="list-style-type: none"> • Print, broadcast and online journalists and editors • Australian Workers Union (AWU) • National Union of Workers (NUW) | <ul style="list-style-type: none"> • Overall company performance – financial, forward strategy, governance & new market development • Local operational impacts • Industrial relations • Collective bargaining • Employee representation | <ul style="list-style-type: none"> • Media releases • Select Harvests website • Briefings and interviews • Face-to-face interactions |

GRI Content Index

| GRI Standard | Disclosure ¹ | Page number(s) and URL (s) | Omission |
|-----------------------------------|---|--|--|
| GRI 101: Foundation 2016 | | | |
| GRI 102: General Disclosures 2016 | | | |
| 102-1 | Name of the organisation. | Page 7 | |
| 102-2 | Primary brands, products, and services. | Page 4 | |
| 102-3 | Location of the organisation's headquarters. | Pages 2 and 29 | |
| 102-4 | Number of countries where the organisation operates. | Pages 2-4 | |
| 102-5 | Nature of ownership and legal form. | Page 7 | |
| 102-6 | Markets served: geographic locations, sectors served, types of customers and beneficiaries. | Pages 2-4 | |
| 102-7 | Scale of the organisation. | Pages 2-5 and 13 http://selectharvests.com.au/financial-history/ | |
| 102-8 | Total number of employees by employment contract (permanent and temporary), by gender. | Page 13 | |
| 102-9 | A description of the organisation's supply chain. | Page 4 | |
| 102-10 | Significant changes to the organisation's size, structure, ownership, or supply chain. | Page 1 | |
| 102-11 | Whether and how the organisation applies the Precautionary Principle or approach. | Page 7 | |
| 102-12 | A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes, or which it endorses. | | Select Harvests does not subscribe to any externally developed economic, environmental or social charters. |
| 102-13 | A list of the main memberships of industry or other associations, and national or international advocacy organisations. | Page 25 http://selectharvests.com.au/annual-reports/ | |
| 102-14 | A statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and its strategy for addressing sustainability. | Page 1 | |
| 102-15 | A description of key impacts, risks, and opportunities. | Pages 8-10 | |
| 102-16 | A description of the organisation's values, principles, standards, and norms of behaviour. | Pages 3 and 7 http://selectharvests.com.au/documents/SHV-Code-of-Conduct-14.pdf | |
| 102-18 | Governance structure of the organisation. | Pages 7 http://selectharvests.com.au/governance/ | |

¹ Disclosure descriptions have been summarised. For detailed descriptions refer to the GRI Standards <https://www.globalreporting.org/standards>

| GRI Standard | Disclosure ¹ | Page number(s) and URL (s) | Omission |
|---|--|---|----------------|
| GRI 102: General Disclosures 2016 (continued) | | | |
| 102-40 | A list of stakeholder groups engaged by the organisation. | Pages 24-25 | |
| 102-41 | Percentage of total employees covered by collective bargaining agreements. | Page 15 | |
| 102-42 | The basis for identifying and selecting stakeholders with whom to engage. | Page 24 | |
| 102-43 | The organisation's approach to stakeholder engagement. | Page 24 | |
| 102-44 | Key topics and concerns raised. | Pages 24-25 | |
| 102-45 | Entities included in the consolidated financial statements. | Page 7 http://selectharvests.com.au/annual-reports/ | |
| 102-46 | Defining report content and topic boundaries. | Pages 9-10 | |
| 102-47 | A list of material topics. | Page 10 | |
| 102-48 | Restatements of information. | | Not applicable |
| 102-49 | Changes in reporting. | | Not applicable |
| 102-50 | Reporting period. | Page 7 | |
| 102-51 | Date of most recent report. | | Not applicable |
| 102-52 | Reporting cycle. | Page 7 | |
| 102-53 | Contact point for questions regarding the report. | Page 29 | |
| 102-54 | Claims of reporting in accordance with the GRI Standards. | Page 7 | |
| 102-55 | GRI content index. | Pages 26-28 | |
| 102-56 | External assurance. | Page 24 | |
| Material Topic – Food Safety | | | |
| GRI 103: Management Approach 2016 | | | |
| 103-1 | Explanation of the material topic and its Boundaries. | Pages 10 and 16 | |
| 103-2 | The management approach and its components. | Page 16 | |
| 103-3 | Explanation of how the organisation evaluates the management approach. | Page 16 | |
| GRI 416-2 | Incidents of non-compliance concerning the health & safety impacts of products and services. | Page 16 | |

¹ Disclosure descriptions have been summarised. For detailed descriptions refer to the GRI Standards <https://www.globalreporting.org/standards>

GRI Content Index

| GRI Standard | Disclosure ¹ | Page number(s) and URL (s) | Omission |
|--|--|----------------------------|--|
| Material Topic – Water management | | | |
| GRI 103: Management Approach 2016 | | | |
| 103-1 | Explanation of the material topic and its Boundaries. | Pages 10 and 19 | |
| 103-2 | The management approach and its components. | Page 19 | |
| 103-3 | Explanation of how the organisation evaluates the management approach. | Page 19 | |
| GRI 303-1 | Water withdrawal by source. | Page 19 | More detailed information unavailable. More complete data is expected to be available in 2018. |
| CN0101-23 ² | Percentage of agricultural raw materials sourced from regions with High or Extremely High Baseline Water Stress. | Page 19 | |
| Material Topic – OH&S & Wellbeing | | | |
| GRI 103: Management Approach 2016 | | | |
| 103-1 | Explanation of the material topic and its Boundaries. | Pages 10 and 12 | |
| 103-2 | The management approach and its components. | Page 12 | |
| 103-3 | Explanation of how the organisation evaluates the management approach. | Page 12 | |
| GRI 403-2 | Types and rates of injury | Page 12 | More complete data is expected to be available in 2018 |
| Material Topic – Energy | | | |
| GRI 103: Management Approach 2016 | | | |
| 103-1 | Explanation of the material topic and its Boundaries. | Pages 10 and 20 | |
| 103-2 | The management approach and its components. | Pages 20 | |
| 103-3 | Explanation of how the organisation evaluates the management approach. | Pages 20 | |
| GRI 302-1 | Energy consumption within the organisation. | Page 20 | |
| GRI 302-3 | Energy intensity. | Page 20 | |

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 www.allingafarms.com.au

Company Instagram Sites

www.instagram.com/select_harvests/
 www.instagram.com/lucky.nuts/
 www.instagram.com/sunsol_muesli/
 www.instagram.com

Feedback

For questions and feedback regarding this report, please contact us at info@selectharvests.com.au

Find us on

www.facebook.com/SelectHarvests/



¹ Disclosure descriptions have been summarised. For detailed descriptions refer to the GRI Standards <https://www.globalreporting.org/standards>
² Sustainability Accounting Standard – Consumption I Sector Agricultural Products. Sustainability Accounting Standards Board Provisional Standard June 2015



SELECT HARVESTS

www.selectharvests.com.au