

18 November 2014

Announcements Officer  
ASX Market Announcements  
ASX Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

Listed Company Relations  
NZX Limited  
Level 2, NZX Centre  
11 Cable Street  
WELLINGTON  
NEW ZEALAND

**Goodman Fielder Limited – Annual Review 2014**

I attach a copy of Goodman Fielder's online Annual Review 2014, which will be available on Goodman Fielder's website [www.goodmanfielder.com.au](http://www.goodmanfielder.com.au) once released to the market.

Yours sincerely,



**SARA GOLDSTEIN**  
Company Secretary

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ANNUAL REVIEW 2014

Work in progress

# 2014



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# Year in review



## CONTENTS

|    |                       |
|----|-----------------------|
| 1  | YEAR IN REVIEW        |
| 2  | HOW WE REPORT         |
| 4  | ABOUT GOODMAN FIELDER |
| 6  | CHAIRMAN'S REVIEW     |
| 8  | CEO'S REVIEW          |
| 10 | OUR STRATEGY          |
| 18 | OUR BOARD             |
| 20 | MANAGEMENT TEAM       |
| 21 | OPERATIONAL REVIEW    |
| 22 | BAKING                |
| 24 | GROCERY               |
| 25 | DAIRY                 |
| 26 | ASIA PACIFIC          |
| 27 | OUR PRODUCTS          |
| 32 | OUR PEOPLE            |
| 39 | OUR COMMUNITY         |
| 42 | OUR ENVIRONMENT       |
| 50 | FINANCIAL SUMMARY     |
| 53 | CONTACT US            |

**In a challenging year for the company, improvement in revenue across some areas of the business was more than offset by the significant increase in commodity costs and difficult trading conditions which impacted the financial result for the year ended 30 June 2014.**

### REVENUE GROWTH IN BAKING, DAIRY AND ASIA PACIFIC OFFSET BY SIGNIFICANT COMMODITY COST PRESSURE AND DIFFICULT TRADING ENVIRONMENT

- Improved pricing/mix and increased market share in power brands drives top line improvement in Baking offset by high A\$ wheat price and manufacturing reliability issues
- Significant turnaround in performance from Fiji Poultry business drives revenue and earnings increase in Asia Pacific business
- Despite volume uplift, increase in farmgate milk price impacts Dairy earnings
- Improvement in Dressings & Mayonnaise offset by increased competitive environment in Spreads/Flour

### NORMALISED RESULT FROM CONTINUING OPERATIONS REFLECTS CHALLENGING COMMODITY COSTS AND TRADING CONDITIONS

- Normalised EBITDA\* down 11% reflects impact of commodity costs pressures (NZ Dairy, A\$ wheat) and increased investment in marketing/branded innovation
- Normalised EBIT\* down 19%; Normalised NPAT\* down 17%; reflects lower EBIT partially offset by lower interest and tax expense

### REPORTED RESULTS FROM CONTINUING OPERATIONS REFLECT IMPACT OF LOSS ON SALE OF NON-CORE BUSINESSES, NON-CASH IMPAIRMENTS AND RESTRUCTURING COSTS

- Loss on sale of \$97.3m related to divestment of non-core businesses (Biscuits, Meats, Pizza)
- Non-cash impairments pre tax of \$358.2m in line with previous market communication
- Restructuring costs related to simplified organisational structure
- Reported NPAT loss of \$405.1m

### IMPROVEMENT IN CAPITAL MANAGEMENT IN SECOND HALF VS 1ST HALF

- Net debt 12% lower than 1st half to \$481m at year end
- Operating cash flow up over 100% from 1st half
- Credit metrics continue in line with investment grade

\* From Continuing Operations – Continuing Operations exclude the Integro and New Zealand Milling businesses which were sold during FY13.

REVENUE (\$ MILLION)

**\$2,199.9<sub>m</sub>**

FULL YEAR DIVIDEND PER SHARE (CENTS)

**2<sub>c</sub>**

REPORTED NPAT (\$ MILLION)

**\$(405.1)<sub>m</sub>**

NORMALISED NET PROFIT FROM CONTINUING OPERATIONS (\$ MILLION)



REPORTED NET PROFIT FROM CONTINUING OPERATIONS (\$ MILLION)



SAFETY (SIGNIFICANT INJURY FREQUENCY RATE) (per million work hours)



COMPLAINTS PER MILLION UNITS SOLD (CPM average)



NORMALISED EBIT (\$ MILLION)

**\$150.7<sub>m</sub>**

NORMALISED NPAT (\$ MILLION)

**\$63.1<sub>m</sub>**

NET DEBT (\$ MILLION)

**\$481.2<sub>m</sub>**

NORMALISED EBIT FROM CONTINUING OPERATIONS (\$ MILLION)



NET DEBT (\$ MILLION)



SCOPE 1 & 2 GREENHOUSE GAS EMISSIONS (tonnes CO<sub>2</sub>-e)



EMPLOYEE ENGAGEMENT (% of staff)



# How we report



Goodman Fielder is one of the largest food companies in Australia and New Zealand with a significant presence in Asia Pacific. The company has an excellent portfolio of some of the most well known and trusted food brands across the region's major grocery categories.

Despite a challenging year, the company remains focused on its strategy to deliver sustainable shareholder value over the medium term. This strategy incorporates our plan to reinvest in our brands, our products and our manufacturing assets to reach our vision to be the leading and most innovative local food company, while operating in a sustainable manner across all our businesses.

## ABOUT THIS ANNUAL REVIEW

This Annual Review includes financial summaries and information from the company's 2014 Annual Report and 2014 Full Year Results Announcement and Investor Presentation. The Review also includes information on the organisation's environmental and social activities and performance.

This Review is not a concise report prepared under section 314(2) of the Corporations Act 2001 (Cth). The company has not prepared a concise report for the 2014 financial year.

All figures quoted are in Australian dollars unless otherwise stated.

Normalised EBIT and Normalised NPAT are non-IFRS measures that reflect, in the opinion of the Directors, the ongoing operating activities of Goodman Fielder in a way that appropriately presents its underlying performance. The non-IFRS underlying profit measures exclude restructuring expenses, profits or losses from sale of businesses and assets, asset write-downs and impairments and realised foreign exchange losses.

The non-IFRS financial information has not been audited or reviewed.

Net free cash flow represents receipts from customers less payments to suppliers and employees.

Net debt excludes an unrealised FX gain of \$32.9m (FY13: gain of \$23.9m) relating to the revaluation of the company's US dollar private placement debt hedge.

Unless otherwise stated, data in this report refers to Continuing Operations.

Continuing Operations exclude the Integro and New Zealand Milling businesses which were sold during FY13.

## REPORT BOUNDARIES

To the extent practical, the information provided covers the company's operations in Australia, New Zealand and Asia Pacific. Since the previous reporting period no significant changes have been made to the scope, boundary or measurement methods used for the sections previously covered in the Sustainability Report.

## GRI INFORMATION

This document utilises the Global Reporting Initiative's (GRI) G3 Sustainability Reporting Guidelines Application Level C approach. A GRI Content summary is provided. Due to the consistent data collection processes used external assurance has not been sought for this report. Goodman Fielder's first report aligned to the G4 guidelines will receive external assurance.

| REPORT SECTION        | GRI DISCLOSURES AND INDICATORS                    |
|-----------------------|---|
| How we report         | 2.5, 2.9, 3.1-3.3, 3.5-3.8, 3.10-3.12, 4.14, 4.15 |
| Year in Review        | 2.8, EC1  |
| About Goodman Fielder | 2.2, 2.3, 4.1-4.3                                 |
| Our Strategy          | 2.2, 3.5, EC1                                     |
| Chairman's Review     | 1.1   |
| CEO's Review          | 1.1   |
| Operational Review    | 2.3, 2.7, EC1                                     |
| Financial Summary     | 2.8, EC1  |
| Our People            | 2.8, LA1, LA4, LA7, LA8, LA13, HR5                |
| Environment           | EN3, EN4, EN8, EN16, EN22, EN27                   |
| Products              | 4.14, EN26, PR1, PR3                              |
| Community             | EC1, EC8, EC9, SO1                                |
| Annual Report         | 2.3, 2.4, 2.6, 4.4                                |
| Contact Us            | 3.4   |

## STAKEHOLDER INCLUSIVENESS

Goodman Fielder's stakeholders include our employees, customers, consumers, shareholders, regulators, non-government organisations, suppliers, neighbours and the general community. The process of identifying the material sustainability issues covered in this report included assessing our key stakeholder groups' views and opinions, which were obtained from a number of sources, including employee engagement surveys, customer meetings, shareholder meetings, investment analyst questionnaires, supplier workshops, market research and participation in industry forums and committees. Our Consumer Advisory Centre collects data on consumer product feedback and complaints. We also welcome comments from all our stakeholders on our sustainability performance via the interactive link in the sustainability section on our website.

## MATERIALITY

Based on internal discussions and feedback from our stakeholders, we consider that our key sustainability issues are (in no specific order): employee health and safety, injury management, career development and leadership, equal opportunity employment, corporate governance, economic performance, revenue distribution, climate change, energy efficiency, water usage, waste minimisation, responsible sourcing, sustainable consumer packaging, community donations and development, minimising community disruptions, consumer communications, sustainable palm oil supplies, genetically modified food ingredients and product nutrition.

## ANNUAL REPORT

The Group's audited financial statements, prepared in accordance with the Corporations Act 2001 (Cth) and Australian Accounting Standards, are published in our 2014 Annual Report, which is available in hard copy on request and can be viewed at [www.goodmanfielder.com.au](http://www.goodmanfielder.com.au)

# About Goodman Fielder

**Goodman Fielder is one of the largest food companies in Australia and New Zealand with a significant presence in Asia Pacific. We have a portfolio of some of the most trusted and well recognised consumer food brands across major grocery categories.**

## Our key brands

### BAKERY

Our vision is to be the leading and most innovative local baking company. We are one of the largest bakers in the Australasian region, with key brands including, Helga's, Wonder White, Nature's Fresh, and Vogel's (under licence) in addition to our growing artisan bread business.



### DAIRY

Our vision is to help Kiwi families be healthy and happy and for us that means food that does you good and makes you feel good. Meadow Fresh is a leading dairy brand in New Zealand with an emerging presence in exporting dairy products to the growing Asian region.



### FLOUR AND CAKE MIX

Our vision is to lead the baking revival in everyday homes across Australia, New Zealand and the Pacific by developing and innovating our three core brands, Flame, White Wings and Edmonds, in each market.



### SPREADS

Our vision is to re-ignite excitement in spreads by leading the way in 'healthy', 'guilt-free' innovation in our core brands in each market. Our trusted brands, MeadowLea and Olive Grove are included in this category.



### DRESSINGS AND MAYONNAISE

Our vision is to innovate our leading brands, to provide flavour variety to make fresh food a part of every home, every day.



# Our Vision, Purpose and Values

**Our vision** is to be the leading and most innovative local food company. We recognise that a safe workplace and quality food products are prerequisites to our business success. Our values underpin the way we operate and guide our aspirations to create the company we want to be. Each of the values help build our strategies for leadership and our culture; our recipe for success.

**Our purpose** is to create food that people love.



**Our values** are our six ingredients.



**WE ARE 'WE NOT ME'**  
We work with passion and generate positive energy to inspire our team members and our partners



**WE LOVE FOOD, ESPECIALLY OUR FOOD**  
We are dedicated to creating high quality food our consumers love



**WE DREAM BIG. AND WE WILL MAKE IT HAPPEN**  
We inspire our people to expand ideas and deliver results through a high performance culture



**WE GET BETTER – ALL THE TIME**  
Our people never stop learning and continuously improve the way we work and do business



**WE STAND BY OUR WORDS AND ACTIONS**  
We work in a high performance culture where people deliver what they promise



**WE LOOK AFTER OUR OWN – IN THE COMPANY AND THE COMMUNITY**  
We care for our people, our customers, our consumers and our community



# Chairman's review



While we had expected to build on this restructuring effort to return the company to profitable growth in 2014, the challenging market conditions means the turnaround of the company has been slower than anticipated.

REVENUE (\$ BILLION)

\$2.2b

NORMALISED NPAT (\$ MILLION)

\$63.1m

#### THE YEAR ENDED 30 JUNE 2014 WAS A PARTICULARLY CHALLENGING ONE FOR GOODMAN FIELDER.

While trading conditions in our core markets remained difficult, we also experienced significant commodity cost inflation, primarily in raw milk and Australian dollar wheat.

We were unable to fully recover these input cost increases through retail pricing and that contributed to a disappointing financial result.

The result was also disappointing in the context of the amount of work we had completed over the past two years as part of our turnaround strategy.

While we had expected to build on this restructuring effort to return the company to profitable growth in 2014, the challenging market conditions mean the turnaround of the company has been slower than anticipated.

#### FINANCIAL RESULTS

Revenue increased by 3 per cent to \$2.2 billion primarily from increased market share in our power brands in Baking and the successful turnaround of our Poultry business in Fiji.

However, increased commodity and logistics costs impacted our margins. As a result, normalised Earnings Before Interest and Tax (EBIT) – which exclude significant items – declined by 19 per cent to \$150.7 million.

Normalised net profit after tax was \$63.1 million, a decrease of 17 per cent on the prior year.

The company's reported results include the impact of significant items. These included the loss on sale of the non-core businesses we divested during the year, (Biscuits, Meats and Pizza), restructuring costs and non-cash impairments to the Baking business in Australia and New Zealand and the Grocery business in New Zealand.

Total after tax significant items for FY14 were \$468.2 million which resulted in Goodman Fielder reporting a statutory loss of \$405.1 million compared to a net profit from continuing operations of \$83.5 million for the prior year.

Your Board resolved to pay a final dividend of 1 cent per share, which was paid to shareholders on 1 October 2014, bringing the full year dividend to 2 cents per share, compared to 3 cents per share for the prior year.

## NORMALISED EBIT FROM CONTINUING OPERATIONS (\$ MILLION)

|      |       |
|------|-------|
| 2014 | 150.7 |
| 2013 | 185.6 |

## NORMALISED NET PROFIT FROM CONTINUING OPERATIONS (\$ MILLION)

|      |      |
|------|------|
| 2014 | 63.1 |
| 2013 | 75.7 |

### STRATEGIC OBJECTIVES

While the financial result was disappointing, Goodman Fielder continued to make progress on some of the other fundamental components of turning around the company. This was particularly evident in improvements in the safety of our people and in the quality of the products we manufacture for our consumers.

Our Significant Injury Frequency Rate (SIFR) declined by 42 per cent, with improvements across all areas of the business. Quality, as measured by the level of consumer complaints, improved by 20 per cent.

While continuing to address the short term challenges facing the company, we also focused on implementing strategies aligned to generating shareholder value over the medium term.

This included an increased investment in marketing expenditure of 20 per cent on the prior year, together with improved core category innovation which resulted in the launch of new products into new categories, such as gluten free and lower carbohydrate bread.

We also committed to a \$25 million investment in our Christchurch plant to leverage our existing export capacity of Ultra Heat Treated (UHT) milk to the rapidly growing premium UHT market in China.

### BOARD STRENGTHENED

The Board was pleased to welcome the addition of Ian Cornell as an Independent Non-executive Director of the Company from 15 February 2014. Ian is a highly experienced executive in the Australian/New Zealand retail and food and grocery industries, having held a number of senior executive positions with Woolworths, Franklins and Westfield. Ian will stand for election at the company's Annual General Meeting in November 2014.

### SCHEME OF ARRANGEMENT

In February 2012, Wilmar International, a leading agribusiness company based in Singapore, became a substantial shareholder in Goodman Fielder.

In April this year, Wilmar, jointly with First Pacific, a Hong Kong-listed investment company, approached the Board with a desire to enter into discussions to acquire Goodman Fielder. At this time, Wilmar and

First Pacific made a non-binding, conditional proposal to acquire Goodman Fielder at a price of A\$0.65 per share.

The Board determined that this proposal undervalued Goodman Fielder and advised Wilmar and First Pacific accordingly. The Board also advised that it remained focused on maximising shareholder value and would be constructive in relation to proposals which were consistent with that objective.

The Board subsequently engaged in further discussions with Wilmar and First Pacific which resulted in an increased offer price of A\$0.675 cash per share plus the payment of a final dividend for FY14 of A\$0.01 per share.

This offer price followed the completion of an extensive due diligence process and received the Board's agreement to recommend the transaction to shareholders. This, of course, was subject to the Board not receiving a higher offer, shareholder approval and an independent expert concluding that the proposal is fair and reasonable and in the best interests of Goodman Fielder shareholders.

On 2 July 2014, Goodman Fielder announced that it had entered into a Scheme Implementation Deed under which Wilmar and First Pacific will acquire 100% of Goodman Fielder via a Scheme of Arrangement.

Under the terms of the Scheme, Goodman Fielder shareholders will be entitled to receive A\$0.675 cash per share (plus the 1 cent dividend which was paid to shareholders on 1 October 2014) subject to all necessary conditions being satisfied or waived and the Scheme becoming effective.

Having given careful and detailed consideration to the proposal from Wilmar and First Pacific, your Board believes that the Scheme is an attractive value outcome for shareholders and also represents a positive outcome for our employees, our customers and our consumers.

Therefore, in the absence of a superior proposal and subject to an independent expert concluding that the Scheme is fair and reasonable and in the best interests of Goodman Fielder shareholders, your Board unanimously recommends that Goodman Fielder shareholders vote in favour of the Scheme.



An independent expert's report will be included in a Scheme booklet which will be sent to shareholders prior to a Scheme meeting where shareholders will have the opportunity to vote on this proposal. At the date of this report, we anticipate that the Scheme meeting will be held in the first quarter of 2015, subject to the progress of regulatory approvals.

I encourage shareholders to read the Scheme booklet when it becomes available and to attend the Scheme meeting.

### PEOPLE

I want to thank all our employees across Goodman Fielder for their contribution over the past year. It has been a difficult year, particularly with the company having to respond to the challenging market conditions by making the difficult but necessary decision to implement further restructuring measures which resulted in a number of people leaving the business.

The Board understands the impact these decisions have on those affected employees and also on those people remaining with the business and I want to acknowledge the hard work and professionalism of our people in meeting these challenges.

On a personal note, we were deeply saddened by the sudden and tragic death of our colleague and friend, Andrew Hipperson, during the year. Andrew was the managing director of Goodman Fielder's Australian business and was a widely respected executive and friend to many across the company. He is sorely missed.

I would like to thank shareholders for your ongoing support of the company. It has been a particularly challenging year and let me assure you of the Board's continuing focus to maximise value for shareholders.

**STEVEN GREGG**  
Chairman

# CEO's review



While the financial results were disappointing, I am encouraged by the progress we made in continuing to restore the fundamentals of the business; improving our safety and quality performance and also lifting our employee engagement.

## IMPROVEMENT IN SAFETY

↑ 42%

## IMPROVEMENT IN QUALITY

↑ 20%

## HOW WOULD YOU CHARACTERISE THE PAST FINANCIAL YEAR?

Overall, I am disappointed with the financial result.

We entered the year with an expectation that we would improve our profitability, building on the restructuring work we had completed in the initial phases of the strategy to re-focus the business, align the cost base and restore the balance sheet.

While we continued to make progress on our strategy, particularly in driving increased revenue through our power brands in Baking, this was more than offset by the significant increase in commodity costs, factory breakdowns in our Australian bakeries and issues in our Spreads business.

While the financial results were disappointing, I am encouraged by the progress we made in continuing to restore the fundamentals of the business; improving our safety and quality performance and also lifting our employee engagement.

## WHAT WERE THE MAIN REASONS FOR COMMODITY COSTS TO IMPACT FINANCIAL PERFORMANCE?

We had two issues in commodities during the year – the increased farmgate milk price in New Zealand and the Australian dollar wheat price.

The farmgate milk price in NZ is the key determinant of our product cost for our NZ Dairy business. The farmgate price increased by 57 per cent during the course of the year. That obviously had a material effect on our Dairy business as we were not able to fully recover all of this cost increase through retail pricing due to the competitive environment.

We were also impacted by the higher Australian dollar wheat price. While the global wheat price in US dollars declined during the year, drought conditions, particularly in the first half of the year, meant the local Australian dollar wheat price remained much higher than the global price.

## “ I am encouraged by the progress we made in continuing to restore the fundamentals of the business.”

### WHAT HAPPENED IN BAKING?

We were reasonably pleased with our demand creation strategy through promotion, increased marketing and new product development.

That resulted in an increase in revenue of 3% from improved pricing and mix, despite lower volumes. Our market share for fresh loaf in Australia and New Zealand increased in both markets over the year from stronger performance from our power brands; Helga's and Wonder White in Australia and Freya's in New Zealand. Meanwhile, revenue from our Artisan bread business increased by 75%.

However, our cost base was severely challenged which affected our margins and earnings.

First, the higher wheat price in Australian dollar terms impacted the business by around \$8m during the year.

The other main challenge we had during the year was the small number of breakdowns we endured at our major bakeries. The result of those breakdowns was that we had significantly higher transport and logistics costs to continue deliver fresh product to our customers to meet our service metrics.

### THE RESULT IN ASIA PACIFIC SEEMED TO BE THE HIGHLIGHT OF THE YEAR – WHAT DROVE THAT PERFORMANCE?

We had a significantly improved result in our Asia Pacific division.

We had a one-off issue in Fiji in the prior year where we had a higher than expected livestock mortality rate which reduced our ability to supply poultry to the market. We have now largely resolved that issue with key operational metrics all returning to the levels they were before the issue. As a result, volume in our Fiji Poultry business was 16 per cent higher than the previous year.

We also had improved mix and pricing in our business in Papua New Guinea which assisted in an overall improved result.

### CAN YOU EXPLAIN THE RATIONALE FOR EXPANDING THE CHRISTCHURCH UHT PLANT?

Over the past year, we have been increasing our exports of Ultra High Temperature (UHT) milk to China and this new project will help us to leverage our existing capacity to grow the business further.

We are investing \$25 million to install a new pasteurising, sterilising and palletising line as well as a new 250 ml high speed filler. This will boost production at our site by around 32 million litres per year which is an increase of 50 per cent on our existing UHT volume.

The premium UHT category in Asia Pacific is anticipated to grow by around 50 per cent over the next five years and this project will provide us with additional capacity to address this growing market through our Meadow Fresh brand.

### WHAT IS THE OUTLOOK FOR FY15?

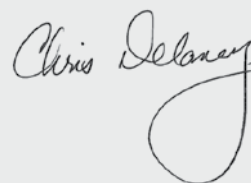
In terms of overall trading conditions, we expect this will be another difficult year. We expect Baking and Grocery markets to remain challenging with continued pressure on pricing from private label and competitor brands.

As a result, we need to maintain our positive revenue growth and maintain strong operational cost control.

Our immediate priorities are really around four main areas:

- Maintain a strong pipeline of new product innovation and continue to increase our marketing investment to strengthen our brands and stimulate demand;
- Arrest the earnings decline in Grocery, particularly in spreads and edible oils;
- Continue to implement our plans to improve manufacturing reliability across the Baking network in Australia; and
- Work through a solution to capture greater cost efficiencies in the daily fresh delivery model in Australian Baking.

While market conditions look once again to remain challenging, we continue to refine our strategy and re-align the cost base to deal with these challenges to build our competitive position.



**CHRIS DELANEY**  
Managing Director  
and Chief Executive Officer



# Our strategy

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**In a challenging year for the company, improvement in revenue across some areas of the business was more than offset by the significant increase in commodity costs and difficult trading conditions which impacted the financial result for the year ended 30 June 2014.**

**OUR STRATEGY INCORPORATES THREE BROAD GOALS**

- Restore acceptable returns to our shareholders;
- Drive employee engagement to enable the work to be done and deliver executional excellence; and
- Deliver on the four imperatives of Safety, Quality, Innovation and Customer Service.

These goals are supported by six strategies and detailed action plans to enable Goodman Fielder to establish a stronger business capable of delivering on the expectations of a market-leading food company.

|                |  |                        |   |                          |   |                            |
|----------------|--|------------------------|---|--------------------------|---|----------------------------|
| Vision & Goals | To be the leading and most innovative local food company     |                        |   |                          |   |                            |
|                | <b>Shareholder</b><br>Restore acceptable shareholder returns |                        | <b>Organisation</b><br>Actively engaged employees |                          | <b>Imperatives</b><br>Safety, Quality, Innovation, Customer Service |                            |
| Strategies     | One Goodman Fielder  |                        |   |                          |   |                            |
|                | Sustainable cost structure                                   | Portfolio optimisation | Bakery turnaround                                 | Core category innovation | Strategic partnerships with key customers                           | New channels & geographies |
| Focus Areas    | Five Core Categories   |                        |   |                          |   |                            |
|                | Bakery, Dairy, Flour & Cake Mix, Spreads, Dressings & Mayo   |                        |   |                          |   |                            |
|                | Three Key Markets  |                        |   |                          |   |                            |
|                | Australia, New Zealand, Asia Pacific                         |                        |   |                          |   |                            |
|                | Goodman Fielder Way  |                        |   |                          |   |                            |
|                | Safety   | Quality                | Talent Development                                | Innovation               | Leadership  |                            |

STRATEGY 1:

# Sustainable cost structure



Goodman Fielder commenced Project Renaissance in 2011 to re-align the company's cost base and restructure the business. The company initially targeted \$100 million in annualised cost savings to be achieved by FY15 by simplifying the operational structure and rationalising the manufacturing footprint to achieve further savings.

#### STRATEGIC OBJECTIVES

- Ensure a low cost, efficient operating model
- Optimise cost of goods sold (COGS), supply chain and overhead expenditure

#### PROGRESS MADE IN FY14

- Manufacturing reliability issues caused a delay in achieving \$15 million in expected cost savings – these are now expected to be received in FY15
- In response management accelerated cost savings initiatives, primarily through headcount reduction

#### → Accelerating cost reduction programs

IN RESPONSE TO THE CHALLENGING TRADING CONDITIONS WHICH CONTINUED THROUGHOUT THE FINANCIAL YEAR, GOODMAN FIELDER HAS ACCELERATED COST REDUCTION PROGRAMS ACROSS ITS BUSINESSES. THE COMPANY HAD PREVIOUSLY IDENTIFIED AN ADDITIONAL \$25 MILLION IN COST SAVINGS UNDER PROJECT RENAISSANCE TO BE ACHIEVED BY FY16.

GIVEN THE PREVAILING MARKET CONDITIONS, GOODMAN FIELDER INTRODUCED A PROGRAM TO ACCELERATE THESE COST SAVING INITIATIVES, PRIMARILY THROUGH HEADCOUNT REDUCTION IN THE FOURTH QUARTER OF FY14. GOODMAN FIELDER EXPECTS TO ACHIEVE APPROXIMATELY \$25 MILLION IN COST SAVINGS BY FY15.

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“ This strategy also allows Goodman Fielder to optimise its marketing and capital expenditure on its core categories.”

STRATEGY 2:

## Portfolio optimisation

# 2

Goodman Fielder's strategy is to refocus the company on its five core categories where it has strong branded and market-leading positions. This strategy has resulted in the divestment of businesses which were considered not core to the company and using the net proceeds to strengthen the company's financial position. This strategy also allows Goodman Fielder to optimise its marketing and capital expenditure on its core categories.

### STRATEGIC OBJECTIVES

- Become a more focused food company with best in class innovation
- Divest non-core businesses
- Prioritise marketing and capital expenditure on core categories

### PROGRESS MADE IN FY14

- Successfully divested non-core businesses during the year: Biscuits, Meats and Pizza

➔ Refocusing the company on core categories

GOODMAN FIELDER MADE FURTHER PROGRESS ON ITS STRATEGY TO OPTIMISE ITS PRODUCT AND BRAND PORTFOLIO BY REFOCUSING ITS MARKETING AND CAPITAL EXPENDITURE ON ITS CORE CATEGORIES AND BRANDS WHERE IT HAS PROFITABLE, MARKET LEADING POSITIONS.

IN FEBRUARY 2014, GOODMAN FIELDER COMPLETED THE SALE OF ITS BISCUITS BUSINESS IN AUSTRALIA TO GREEN'S FOOD HOLDINGS. MEANWHILE, IN MARCH 2014, THE COMPANY COMPLETED THE SALE OF ITS MEATS BUSINESS IN NEW ZEALAND TO HELLERS LTD AND IN MAY 2014, ITS PIZZA BUSINESS IN NEW ZEALAND TO MOMMAS FROZEN PRODUCTS LTD.

THESE BUSINESSES WERE NOT CORE TO THE COMPANY AND GOODMAN FIELDER BELIEVES THESE BUSINESSES CAN MAXIMISE THEIR POTENTIAL UNDER DIFFERENT OWNERSHIP.

THE NET PROCEEDS FROM THE DIVESTMENTS WERE USED TO REPAY DEBT.





STRATEGY 3:

# Bakery turnaround

# 3



A major part of Goodman Fielder's strategy is to improve the underlying performance of the Baking business. The key components of the turnaround of the Baking business are to restructure the manufacturing and supply chain footprint of the business to reduce the cost base of the daily fresh delivery model and to optimise the product portfolio by focusing on the division's power brands across Australia and New Zealand.

#### STRATEGIC OBJECTIVES

Restore acceptable earnings in the Bakery division by:

- Transforming the manufacturing footprint
- Optimising the product portfolio
- Improving distribution efficiencies

#### PROGRESS MADE IN FY14

- Demand creation strategies drove increased share in power brands in Australia (Helga's and Wonder White) with Baking revenue up by 3%
- Earnings were impacted by the high A\$ wheat price and costs relating to reliability issues in manufacturing



The Wonder White 'In disguise' campaign

#### → Investing in our Baking power brands

GOODMAN FIELDER CONTINUED TO INVEST IN ITS BAKING POWER BRANDS DURING THE COURSE OF THE YEAR. IN AUSTRALIA, THE COMPANY REFORMULATED ITS WONDER WHITE PRODUCT, SUPPORTED BY INCREASED MARKETING SPEND BEHIND THE "IN DISGUISE" CAMPAIGN. MEANWHILE, GOODMAN FIELDER REINFORCED THE PREMIUMISATION OF ITS HELGA'S BRAND IN AUSTRALIA AND FREYA'S BRAND IN NEW ZEALAND WITH INCREASED MARKETING AND PROMOTIONAL SUPPORT DURING THE YEAR.

COMPARED TO THE PRIOR YEAR, WONDER WHITE'S VALUE SHARE OF THE VALUE ADDED LOAF MARKET SEGMENT INCREASED BY 2 SHARE POINTS, WHILE HELGA'S VALUE SHARE OF THE PREMIUM LOAF MARKET SEGMENT INCREASED BY 2.8 SHARE POINTS.

FREYA'S VALUE SHARE OF FRESH LOAF INCREASED BY 0.7 SHARE POINTS ON THE PRIOR YEAR.

SOURCE: AZTEC

“ Goodman Fielder has strengthened its pipeline of new product development opportunities, some of which were launched during the year.”

STRATEGY 4:

## Core category innovation

# 4

Goodman Fielder has established a dedicated Research and Development unit within its business to drive core category innovation across the business. The company's strategy also includes partnering with scientific and tertiary education institutions to identify technological trends to develop category growth initiatives.

As part of this process, Goodman Fielder has strengthened its pipeline of new product development opportunities, some of which were launched during the year.



### STRATEGIC OBJECTIVES

- Invest for growth in five core categories
- Create R&D function to drive branded innovation across portfolio

### PROGRESS MADE IN FY14

- Goodman Fielder successfully launched a range of new products including Helga's/ Freya's Gluten Free and Lower Carb, Wonder White new formulation, Praise Aioli and Secret Sauces and White Wings Café Creations
- Lack of ranging of new products developed in the Spreads category in Australia and the deletion of some products negatively impacted Grocery earnings

### ➔ New lower carbohydrate bread products

AS THE LARGEST BAKING COMPANY ACROSS AUSTRALIA AND NEW ZEALAND, GOODMAN FIELDER CONTINUES TO INVEST TO DEVELOP INNOVATIVE NEW PRODUCTS FOR THE CATEGORY. DURING THE YEAR, THE COMPANY DEVELOPED A RANGE OF BREADS CONTAINING LOWER CARBOHYDRATES THAN TRADITIONAL MIXED GRAIN BREADS. BY REDUCING THE WHEAT FLOUR CONTENT OF THE DOUGH AND REPLACING IT WITH EXTRA SEEDS, GOODMAN FIELDER'S NEW RANGE CONTAINS LOWER CARBOHYDRATES THAN TRADITIONAL MIXED GRAIN BREADS.

IN NEW ZEALAND, FREYA'S SOY AND LINSEED, FREYA'S 5 SEED, AND FREYA'S TOASTED SESAME AND SOY HAVE 40 PER CENT LESS CARBOHYDRATES THAN STANDARD MULTIGRAIN BREADS.

IN AUSTRALIA, THE HELGA'S LOWER CARB RANGE INCLUDES FIVE SEEDS, SOY & TOASTED SESAME, SUNFLOWER & GOLDEN LINSEED WHICH CONTAIN 25 PER CENT LESS CARBOHYDRATES COMPARED TO STANDARD MIXED GRAIN BREADS.

STRATEGY 5:

## Strategic partnerships with key customers

Another key component of Goodman Fielder's strategy is to develop partnerships with its key customers. An initial step in this strategy was to restructure the business by adopting a matrix structure with dedicated category teams which enable Goodman Fielder to work more collaboratively with its customers on new product development and supply chain efficiencies.

### STRATEGIC OBJECTIVES

- Restructure the operating model to provide one face to the customer
- Work collaboratively with customers on new product development (NPD) and consumer insights
- Improve dialogue with customers to restore category profitability

### PROGRESS MADE IN FY14

- Continued investment in alignment and collaboration with key customers – Goodman Fielder was named Woolworths' Fresh Supplier of the Year in Australia and Baking Supplier of the Year by Countdown in New Zealand

**“ The new matrix structure with dedicated category teams will enable Goodman Fielder to work more collaboratively with its customers on new product development and supply chain efficiencies.”**



Goodman Fielder Customer Director, Mark Puglisi, with the award from Woolworths.

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STRATEGY 6:

# New channels and geographies

Goodman Fielder's strategy is to leverage its existing operations in Asia Pacific to develop new markets and channels for its products. The company's strategy also includes the further development of its artisan baking business to build a complementary earnings stream in its Baking division.

## STRATEGIC OBJECTIVES

- Diversify earnings beyond supermarket channel and leverage Asia Pacific presence
- Develop strategy to build presence in Artisan/In-Store bakery
- Implement scoping study targeting UHT and Bakery opportunities in Asia

## PROGRESS MADE IN FY14

- Increase UHT capacity at Christchurch by 32 million litres per annum to leverage existing platform of exports to China
- Continued growth in revenue from Artisan bread



The announcement of the UHT expansion project in Christchurch

## → Expanding UHT production in New Zealand

GOODMAN FIELDER IS INVESTING TO EXPAND AND UPGRADE ITS ULTRA HEAT TREATED (UHT) MILK PLANT IN CHRISTCHURCH, NEW ZEALAND, INCREASING CAPACITY TO MEET GROWTH OPPORTUNITIES ACROSS THE ASIA PACIFIC REGION.

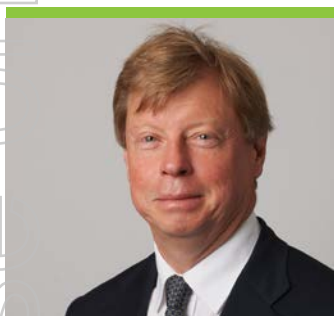
THE \$25 MILLION PROJECT WILL INCLUDE AN EXTENSION OF THE EXISTING UHT BUILDING, THE INSTALLATION OF A NEW PASTEURISING, STERILISING AND PALLETISING LINE AS WELL AS THE INSTALLATION OF A NEW 250 ML HIGH SPEED FILLER.

THE WORK IS EXPECTED TO BE COMPLETED BY OCTOBER 2015 AND WILL INCREASE PRODUCTION AT THE SITE BY AROUND 32 MILLION LITRES PER YEAR, WHICH IS AN INCREASE OF 50 PER CENT ON THE PLANT'S EXISTING UHT VOLUME.

THE PROJECT IS FOCUSED ON LEVERAGING THE COMPANY'S EXISTING EXPORT CAPACITY TO ASIA PACIFIC BY MEETING THE GROWING DEMAND FOR DAIRY PRODUCTS ACROSS THE REGION AND PARTICULARLY IN CHINA.

THE OFFICIAL ANNOUNCEMENT OF THE INVESTMENT WAS ATTENDED BY NEW ZEALAND PRIME MINISTER JOHN KEY.

# Board of Directors



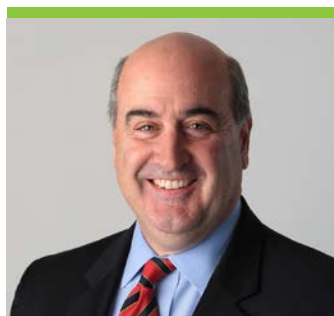
**STEVEN GREGG**

**Chairman of the Board and Independent Non-executive Director**

BCom

**Experience**

Steve joined the Board on 26 February 2010 and was appointed Chairman of the Board and of the Nomination Committee on 1 October 2012. He is an experienced investment and commercial banker with extensive Australian and international executive experience with ABN Amro, Chase Manhattan, Lehman Brothers and AMP Morgan Grenfell.



**CHRIS DELANEY**

**Managing Director and Chief Executive Officer**

BA

**Experience**

Chris was appointed Managing Director and Chief Executive Officer, on 4 July 2011. Chris is an experienced FMCG executive whose international career includes senior executive positions in the US, Australia, Asia, Europe and the Middle East. He spent 20 years with Procter & Gamble in a variety of management roles before joining the Campbell Soup Company in 2004.



**IAN CORNELL**

**Independent Non-executive Director**

**Experience**

Ian joined the Board as a Non-executive Director on 15 February 2014. Ian is a highly experienced executive in the Australian/New Zealand retail and food and grocery industries, having held a number of senior executive positions with Woolworths, Franklins and Westfield. Prior to joining Westfield, Ian was the Chief Executive Officer of Franklins in Australia and also held numerous senior executive positions with Woolworths Limited, including the role of Chief General Manager for Woolworths' supermarkets division.



**JAN DAWSON**

**Independent Non-executive Director**

BCom, FCA, MInstD, F Fin

**Experience**

Jan was appointed a Non-executive Director on 1 October 2012. Based in New Zealand, Jan was formerly the Chair and Chief Executive of KPMG New Zealand where she had extensive experience encompassing audit and accounting advice, due diligence, capital transactions, risk management, governance and litigation support for a wide range of companies across manufacturing, property and infrastructure.

The Board of Directors full biographies are available in the Annual Report on pages 24–26 or view the online Annual Review at [www.goodmanfielder.com.au/reportingcentre/2014/home](http://www.goodmanfielder.com.au/reportingcentre/2014/home)

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**CHRIS FROGGATT**

**Independent Non-executive Director**

BA Hons, FCIPD, MAICD

**Experience**

Chris has been a Director since 27 August 2009 and is Chairman of the Human Resources and Remuneration Committee. Chris has over 20 years' senior executive experience as a human resources specialist in leading international companies including Brambles Industries plc and Brambles Industries Limited, Whitbread Group plc, Diageo plc, Mars Inc and Unilever NV.



**PETER HEARL**

**Independent Non-executive Director**

BCom, MAIM, GAICD, Member – AMA

**Experience**

Peter was appointed to the Board on 26 February 2010 and is Chairman of the Corporate Risk Committee. He is an experienced senior executive with international experience and expertise in the FMCG sector. His previous roles included executive appointments with Yum Brands, the world's largest (by number of outlets) restaurant company (where he was Chief Operating and Development Officer), Pepsico and Exxon (Esso).



**CLIVE HOOKE**

**Independent Non-executive Director**

FCPA, FAICD

**Experience**

Clive has been a Director since 19 April 2007 and is Chairman of the Audit Committee. He is an experienced senior executive and business and financial consultant. Clive was the Chief Financial Officer of National Foods Limited from 1997 until his retirement in 2004, prior to which he served as Chief Executive of Totalizator Agency Board of Victoria from 1993 until its acquisition by TABCORP in 1994, and as Director of Strategy and Finance of Elders Agribusiness Group (part of Foster's Brewing Group Limited) between 1982 and 1991.



**IAN JOHNSTON**

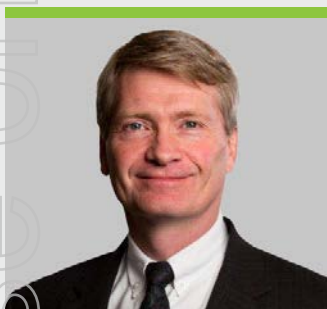
**Independent Non-executive Director**

BCom, CPA

**Experience**

Ian has been a Director since 26 May 2008. Ian has over 30 years' experience with a number of leading companies in the international food and beverage industry. He initially spent 13 years with Unilever in a range of domestic and overseas marketing roles and then joined Cadbury Schweppes as Marketing and Sales Director, Australia/New Zealand. He was appointed a non executive Director of Foster's Group Limited in September 2007 and then held the position of Chief Executive Officer between September 2008 and the demerger of its wine business in May 2011.

# Senior Management Team



**PETER FOYSTON**  
Managing Director,  
Asia Pacific



**PATRICK GIBSON**  
Chief Financial Officer



**ROSS O'BRIEN**  
Chief Human Resources  
Officer



**PETER REIDIE**  
Managing Director,  
Australia and New Zealand



**ROB ROGERS**  
Chief Supply Chain and  
Operations Officer



**PANKAJ TALWAR**  
Chief Marketing Officer



**J. ANDRE TEIXEIRA**  
Chief R&D and Quality Officer



**SEAN TULLY**  
General Counsel



**JONATHON WEST**  
Chief Strategy and Corporate  
Development Officer



**PAUL WILLIAMS**  
Chief Information Officer



## COMPANY SECRETARY

**SARA GOLDSTEIN**  
Company Secretary

# Operational review

The initial focus of the company's strategy has been to reduce the cost base and refocus the portfolio on its core categories. Despite the challenging trading environment, that is being reflected in an improved operational cost structure and a more focused capital and marketing spend. To deliver sustainable earnings improvement over the medium term, the company is making the necessary investments in marketing, branding and innovation across its core categories.





# Baking<sup>(1)</sup>



In the Baking division, Goodman Fielder achieved revenue growth from successful demand creation initiatives and improved pricing, however this was more than offset by the higher A\$ wheat price and increased logistics costs.

## VOLUMES (M UNITS)

|      |       |
|------|-------|
| 2014 | 441.7 |
| 2013 | 467.0 |

## REVENUE (\$ MILLION)

|      |       |
|------|-------|
| 2014 | 924.6 |
| 2013 | 897.8 |

## NORMALISED EBIT (\$ MILLION)

|      |      |
|------|------|
| 2014 | 35.0 |
| 2013 | 49.5 |

## CAPITAL EXPENDITURE (\$ MILLION)

|      |      |
|------|------|
| 2014 | 39.4 |
| 2013 | 35.8 |

(1) Excludes NZ Milling.



#### KEY HIGHLIGHTS

- Revenue increased by 3 per cent to \$924.6 million, reflecting higher net average selling prices and improved mix, despite a decrease in volume of 5 per cent.
- Market share in fresh loaf increased in Helga's, while new product formulation and marketing campaigns assisted in Wonder White increasing its market share.
- Volumes were 5 per cent lower than the prior year, reflecting the removal of a limited number of SKUs, lower volume in bakery snacks and the deletion of Mighty Soft loaf by one retailer. Mighty Soft was re-listed towards the end of the year.
- Normalised EBIT decreased by 29 per cent to \$35.0 million compared to the prior year, impacted by the higher A\$ wheat price and by increased freight and logistics costs.
- During the year, the company experienced a small number of breakdowns at its major bakeries which affected production. To maintain customer service metrics under its daily fresh delivery model, Goodman Fielder invested in significant additional transport and logistics costs.
- The company is implementing a reliability improvement plan across its major bakeries which includes continuous improvement programs to improve production efficiency and run rates.
- Marketing expenditure increased by 41 per cent on the prior year to support marketing campaigns and re-launches of Helga's and Wonder White in Australia and Freya's in New Zealand.

#### REVENUE

**\$924.6<sub>m</sub>**

#### NORMALISED EBIT

**\$35.0<sub>m</sub>**



➔ **Nature's Fresh launches reformulated bread range – Brand responds to feedback from consumers with new formulation**

**GOODMAN FIELDER'S LEADING NEW ZEALAND BREAD BRAND, NATURE'S FRESH, HAS RELAUNCHED ITS RANGE OF BREADS, WHICH ARE MADE WITH THE GOODNESS OF NATURAL INGREDIENTS.**

**THE TEAM AT NATURE'S FRESH KNOWS HOW IMPORTANT IT IS FOR PARENTS TO SELECT NUTRITIOUS YET DELICIOUS PRODUCTS FOR THEIR CHILDREN TO EAT, SO THEY CONDUCTED EXTENSIVE RESEARCH INTO DEVELOPING A RECIPE THAT TICKS ALL THE BOXES.**

**ALL BREADS IN THE RANGE CONTAIN SIMPLE, NATURAL INGREDIENTS THAT CONSUMERS CAN EASILY UNDERSTAND. INDEED NATURE'S FRESH HAVE LITERALLY USED THE WORDS VERBATIM FROM ONE PARENT IN ONE OF THE RESEARCH GROUPS WHO SAID SHE WANTED "NO E NUMBERS, NO LONG WORDS, SO NO NASTIES."**

**ALONG WITH REMOVING E NUMBER INGREDIENTS AND FOOD ADDITIVES, THE TEAM HAS ALSO REINTRODUCED A MUCH LOVED PRODUCT FROM THE PAST, NATURE'S FRESH SUPER THICK.**

**THE NATURE'S FRESH RANGE NOW INCLUDES WHITE TOAST, WHITE SANDWICH, MULTI-GRAIN TOAST, WHEATMEAL TOAST, WHEATMEAL SANDWICH, SIMPLY FIBRE WHITE AND SUPER THICK.**

# Grocery

Trading conditions in the Grocery division continued to be very challenging, particularly in the Australian market, which impacted earnings compared to the prior year.

## KEY HIGHLIGHTS

- Revenue declined by 11 per cent, to \$448.9 million, impacted by lower volumes in Australia which required further investment in promotional strategy to mitigate volume declines.
- The main contributors to lower volume and revenue in Grocery were in spreads, edible oils and also in cake mix from increased price competition from both private label and competitors. Volumes in New Zealand were steady on the prior year.
- The decline in volumes and revenue was also affected by the divestment of the biscuits business in Australia to Green's Foods, effective 24 February 2014.
- The decline in volume and earnings in the spreads business had a significant effect on the Grocery division. This was due to the lack of ranging of new product development, deletion of core products and increased ranging and competition from new private label entrants.
- Dressings and mayonnaise continued to perform well in the second half with Praise reinforcing its category leadership position. New product launches in Praise Aioli and Praise Secret Sauces delivered overall market share improvement.
- Despite lower revenue, gross margin as a percentage of sales improved on the previous year from continued focus on cost discipline across Australia and New Zealand.
- Normalised EBIT declined by 20 per cent on the prior year, impacted by the poor performance of the spreads business, only partially offset by the improved performance in dressings and mayonnaise. In New Zealand, EBIT was slightly ahead of the prior year.
- The EBIT result included a 24 per cent increase in marketing expenditure to fund brand equity campaigns across the core categories in the portfolio.

## REVENUE

**\$448.9m**

## NORMALISED EBIT

**\$50.9m**



## VOLUMES (M UNITS)

|      |       |
|------|-------|
| 2014 | 214.1 |
| 2013 | 251.9 |

## NORMALISED EBIT (\$ MILLION)

|      |      |
|------|------|
| 2014 | 50.9 |
| 2013 | 63.4 |

## REVENUE (\$ MILLION)

|      |       |
|------|-------|
| 2014 | 448.9 |
| 2013 | 502.8 |

## CAPITAL EXPENDITURE (\$ MILLION)

|      |     |
|------|-----|
| 2014 | 6.7 |
| 2013 | 7.7 |

## ➔ Praise brand continues market leadership



GOODMAN FIELDER'S PRAISE BRAND CONTINUES ITS CATEGORY LEADERSHIP POSITION IN THE AUSTRALIAN MARKET FOR DRESSINGS AND MAYONNAISE.

FOLLOWING A PERIOD

OF STRONGER NEW PRODUCT INNOVATION, PRAISE IS NUMBER ONE IN EVERYDAY DAY DRESSINGS WITH APPROXIMATELY 79% NATIONAL MARKET SHARE. MEANWHILE, PRAISE DELI STYLE IS NUMBER ONE IN PREMIUM EVERYDAY DRESSINGS WITH AROUND 65% MARKET SHARE.

IN 2014, PRAISE HAS LAUNCHED 11 NEW DRESSINGS AND MAYONNAISE LINES INCLUDING, PRAISE DELI STYLE AVOCADO AND GARLIC AND THE NEW LIGHT AIOLI VARIANT ALONG WITH THE MORE USER FRIENDLY SANDWICH MAYONNAISE RANGE AND NEW ENTRANT PRAISE ZERO FAT DRESSINGS AVAILABLE IN THREE DELICIOUS FLAVOURS WITH ZERO FAT.

SOURCE: AZTEC

# Dairy

The Dairy division in New Zealand was severely impacted by the record increase in the farmgate milk price during the year.

## KEY HIGHLIGHTS

- Revenue increased 20% on higher pricing and from an increase in milk volumes in key accounts, partially offset by lower volumes in Route Food Service accounts.
- Market share in fresh white milk was broadly in line with the prior year despite significant competitor marketing activity.
- Volumes were impacted by the sale of the Meats business to Heller's effective 31 March 2014.
- The published farmgate milk price, which is a key determinant of Goodman Fielder's product cost, increased by 57 per cent during the year. Goodman Fielder was not able to fully recover this higher input cost through wholesale pricing to its customers which had a significant effect on margins in the Dairy business. As a result earnings were impacted, with normalised EBIT declining by 47 per cent on the prior year. This includes the trading loss of the Meats business which has since been divested.
- In June, Goodman Fielder announced an expansion and upgrade of its UHT milk plant in Christchurch, New Zealand, increasing capacity to meet growth opportunities across the Asia Pacific region.



## REVENUE

**\$472.7m**

## NORMALISED EBIT

**\$19.9m**

→ Meadow Fresh expands range and gets a makeover



GOODMAN FIELDER'S ICONIC NEW ZEALAND BRAND, MEADOW FRESH IS EXPANDING ITS PRESENCE IN THE DAIRY AISLE WITH 42 NEW ADDITIONS TO ITS PRODUCT LINE.

THE NEW RANGE INCLUDES NEW

PRODUCTS IN CHEESE AND CULINARY PRODUCTS (COTTAGE CHEESES, CREAM CHEESES AND SOUR CREAMS) PLUS NEW SMOOTHIES AND YOGHURTS.

THE BRAND HAS COME A LONG WAY SINCE THE LAUNCH OF ITS FIRST PRODUCT, MEADOW FRESH MILK, IN THE 1960S IN CHRISTCHURCH. THE ADDITION OF THE WIDE RANGE OF NEW PRODUCTS BRINGS THE TOTAL NUMBER IN THE MEADOW FRESH RANGE TO 155, ALL OF WHICH HAVE UNDERGONE A MAKEOVER WITH A NEW LOOK AND FEEL.

MEADOW FRESH HAS ALSO REDUCED THE SUGAR WITHIN ITS FLAVOURED MILK BY 25% AND THE NEW MEADOW FRESH YOGHURT SMOOTHIES ARE 99% FAT FREE, WITH NO ARTIFICIAL COLOURS.

THE NEW PRODUCT RANGE HAS BEEN SUPPORTED BY A NEW ADVERTISING CAMPAIGN FEATURING REAL KIWIS FROM AROUND NEW ZEALAND.

## VOLUMES (M UNITS)

|      |       |
|------|-------|
| 2014 | 267.7 |
| 2013 | 265.1 |

## NORMALISED EBIT (\$ MILLION)

|      |      |
|------|------|
| 2014 | 19.9 |
| 2013 | 37.7 |

## REVENUE (\$ MILLION)

|      |       |
|------|-------|
| 2014 | 472.7 |
| 2013 | 395.3 |

## CAPITAL EXPENDITURE (\$ MILLION)

|      |     |
|------|-----|
| 2014 | 9.4 |
| 2013 | 5.8 |

# Asia Pacific

Earnings from the Asia Pacific division increased significantly on the prior year as the company successfully resolved the one-off operational capacity issue in the Fiji Poultry business.

## KEY HIGHLIGHTS

- Despite a volume decline of 2 per cent, revenue increased by 7 per cent to \$353.7 million from improved pricing and product mix in Fiji and Papua New Guinea, off-setting higher wheat costs during the year. Flour volumes in PNG were higher, partially offset by lower stockfeed volumes.
- In Fiji, the company successfully addressed the capacity issue which impacted prior year performance. In FY13 a higher than expected livestock mortality rate reduced the company's ability to supply poultry to the Fiji market. Resulting lower volumes, together with higher costs associated with remediating the issue, impacted performance.
- In FY14, the company made significant progress in resolving this issue with key operational metrics (mortality rates and processing yield) all returning to pre-issue levels. As a result, volume in the Fiji Poultry business was 16 per cent higher than the prior year.
- Normalised EBIT was 15 per cent above the prior year, reflecting improved revenue and gross margin in Fiji from lower operational costs, partially offset by the lower PNG Kina vs the Australian dollar. EBIT margin also improved compared to the prior year.
- Capital expenditure was slightly higher primarily related to the relocation of the our snacks plant in Lae, Papua New Guinea, which we successfully commissioned in November 2013.



## REVENUE

**\$353.7m**

## NORMALISED EBIT

**\$65.1m**

### → The Crest Agriculture Show in Fiji

GOODMAN FIELDER HAS ONCE AGAIN BEEN THE MAIN SPONSOR OF THE ANNUAL CREST AGRICULTURE SHOW IN FIJI.

THE CREST AGRICULTURE SHOW IS A SIGNIFICANT EVENT ON THE FIJIAN CALENDAR, PROVIDING A FORUM FOR THE MAJOR PLAYERS OF AGRICULTURE, FISHERIES AND THE FORESTRY SECTOR, INCLUDING FARMERS, AGRICULTURE-RELATED COMPANIES, EXPORTERS AND GOVERNMENT MINISTRIES.

ACCORDING TO THE MINISTRY OF EDUCATION IN FIJI, SINCE THE SHOW STARTED IN 2010, THERE HAS BEEN A SIGNIFICANT INCREASE IN STUDENTS ENROLLING IN AGRICULTURAL SCIENCE.

CREST CHICKEN CONTINUES TO SUPPORT AND HELP PROMOTE AGRICULTURE IN FIJI AS PART OF AN IMPORTANT STRATEGY TO ENCOURAGE FIJI TO BECOME SELF SUFFICIENT IN FEEDING ITSELF.

ENHANCING THE AGRICULTURAL CAPACITY IN FIJI IS VERY IMPORTANT FOR LONG-TERM SUSTAINABILITY OF THE SECTOR IN FIJI.



## VOLUMES (M UNITS)

|      |       |
|------|-------|
| 2014 | 226.3 |
| 2013 | 229.9 |

## NORMALISED EBIT (\$ MILLION)

|      |      |
|------|------|
| 2014 | 65.1 |
| 2013 | 56.4 |

## REVENUE (\$ MILLION)

|      |       |
|------|-------|
| 2014 | 353.7 |
| 2013 | 331.8 |

## CAPITAL EXPENDITURE (\$ MILLION)

|      |      |
|------|------|
| 2014 | 10.4 |
| 2013 | 10.0 |

# Products



At Goodman Fielder our purpose is to create food that people love. This means creating high quality products and delighting our consumers with our brands of choice. We believe innovation is a key ingredient for our future success and that we can have a positive impact on the health and wellbeing of our consumers and their communities.

# Quality

Goodman Fielder is focused on ensuring our consumers have the best experience possible with our products. We are committed to delivering safe, quality products for our customers and consumers every time.



### KEY HIGHLIGHTS

- The Baking category achieved an 18% decrease in consumer complaints in 2014.
- The Dairy category achieved an 18% decrease in consumer complaints in 2014.
- The Grocery category achieved a 43% decrease in consumer complaints in 2014.
- Our supplier quality program drove an 11% decrease in consumer complaints about products sourced from external manufacturing.
- A 46% increase in the engagement score across the Quality function. This is on top of the 23% increase in the previous year.

IMPROVEMENT IN THE EMPLOYEE ENGAGEMENT SCORE FOR GROUP QUALITY BETWEEN 2013 AND 2014

# 46%

DECREASE IN QUALITY COMPLAINTS ABOUT PRODUCTS ACROSS THE GOODMAN FIELDER GROUP

# 20%

### OUR APPROACH

Goodman Fielder has continued its hard work to build a Quality Culture across the entire business. Quality is one of key business imperatives and it is recognised as a priority at all levels of the organisation.

All CEO briefings to the business start with Safety and Quality as the first topics for discussion. The senior executive team also has Safety and Quality as the first order of business in their regular meetings. This protocol is also embedded in each market leadership meeting, every site management meeting and every site briefing.

Our quality program is about ensuring our customers and consumers agree with us. We track many Quality performance indicators but the number of consumer complaints is a good indicator of whether we are getting it right the first time. The 20% decrease in consumer complaints in 2014 makes it clear we are making a difference, across all areas of our business.

The five strategic imperatives in Quality remain unchanged from 2013, however there are updated action plans to support these strategic pillars. The focus on building quality leadership in Goodman Fielder (see diagram) is helping drive increased engagement in our Quality team.

Our regional Quality Managers continue to support the site Quality programs and are also responsible for the management of suppliers and external manufacturers in their region. We want to ensure the Goodman Fielder quality journey is shared across the supply chain driving shared quality standards from paddock to plate. We are building shared Quality plans with critical suppliers. We also measure complaints for all external manufacturers as a Quality performance indicator. Our efforts are making a difference and driving a decrease in consumer complaints.



# Health & wellbeing

Health and wellbeing is more than just eating a balanced diet and getting enough exercise, it's also about how you feel. At Goodman Fielder this means creating great food and supporting healthy lifestyles.

## OUR APPROACH

Goodman Fielder's approach to health and wellness is one of creating high quality foods, choosing to do the right thing for our consumers and helping create a better future. This year our focus has been improving choice for those with food intolerances, educating health professionals and teachers about the benefits of our products and developing innovative insights for the foods of tomorrow.

We provide a range of great tasting food that supports healthy lifestyles and meets taste and nutritional needs of a wide array of consumers across Australia, New Zealand, the Pacific and into Asia. From everyday foods and staples like bread, milk, yoghurt, flour and spreads to those that make those special occasions that extra bit special, like cakes, pastry, speciality cheeses and garlic bread our R&D teams are driving innovation that can support the health and wellness aspirations of our company and consumers.

## KEY HIGHLIGHTS

During the reporting period Goodman Fielder:

- Continued our focus on simplifying the ingredients used in our White Wings and Edmonds range of baking mixes to better reflect home style ingredients, such as removing artificial preservatives, flavours and colours.
- Introduced a range of Praise sauces to use over vegetables to make them even tastier and encourage an easier way to get the target five serves of vegetables a day we all need.
- Continued our work to reduce the level of salt in our bread across Australia, taking our total of salt removed to 130 tonnes with 84% of our range now reaching the Federal Government's target of no more than 400mg per 100g.

- Supported Indigenous Australians living in remote Queensland and Western Australia to reduce their salt intake by reducing the salt levels across the entire Bush Oven bread range and extending the distribution beyond the Northern Territory.
- Supported those with food intolerances and allergies by removing dairy from our Vogel's gluten free bread in New Zealand and introducing a range of gluten free breads from Helga's in Australia.
- Made flavoured milk a healthier drink by reformulating our Meadow Fresh range to reduce added sugars by 25% and use only natural colours and flavours.
- Introduced a range of breads from Freya's and Helga's lower in carbohydrates for those seeking this food choice without having to give up sandwiches and toast. Some of the breads in these two ranges are also a good source of protein and fibre and provide valuable omega-3 fats.
- Was a representative of the Australian food industry at the pre-G20 meeting of national scientists to formulate recommendations for global food security issues of over and under nutrition. Through this Goodman Fielder was able to contribute to development of recommendations to the G20 and demonstrated leadership in this area.
- Spoke to hundreds of dietitians, home economic teachers and school canteen managers at conferences about the health benefits of the Goodman Fielder portfolio.

## → Wonder White relaunched with Wonderfibre™

IN EARLY 2014 WONDER WHITE WAS RELAUNCHED WITH THE NATURAL WONDERFIBRE™ BLEND, A FLOUR MILLED FROM SPECIALLY GROWN CORN, OATS AND SOY. THIS MOVE SAW WONDER WHITE TAKE THE NEXT STEP IN FIBRE, MOVING FROM A 'TOTAL' FIBRE BENEFIT TO ONE FOCUSED ON THE 'TYPE' OF FIBRES USED, WHILE STILL PROVIDING FAMILIES WITH THE SOFT WHITE BREAD THEY'VE COME TO KNOW AND LOVE OVER THE PAST 20 YEARS.

HEALTH AUTHORITIES RECOGNISE THAT A BLEND OF FIBRES IS IMPORTANT TO KEEP OUR BODIES HEALTHY; INCLUDING SOLUBLE, INSOLUBLE AND RESISTANT STARCH. INSOLUBLE FIBRE IS WELL KNOWN FOR ITS ABILITY TO KEEP THE DIGESTIVE SYSTEM HEALTHY AND FOR REGULARITY OF LAXATION, WHILE SOLUBLE FIBRE HELPS TO SLOW DOWN DIGESTION, KEEPING YOU FULLER FOR LONGER. THE THIRD TYPE OF FIBRE, RESISTANT STARCH, IS LESS WELL KNOWN AND HARDER TO FIND IN THE DIET. IT PLAYS A ROLE IN FUELLING THE GOOD BACTERIA IN THE DIGESTIVE SYSTEM AND SO PROMOTES OVERALL DIGESTIVE HEALTH.

THE HARD WORK OF OUR PRODUCT DEVELOPMENT TEAM SAW THE WHOLE WONDER WHITE RANGE REFORMULATED TO GET A BETTER BALANCE OF THESE THREE FIBRES, WHILE STILL MAINTAINING THE HEART FOUNDATION'S TICK OF APPROVAL FOR MEETING ITS STRICT STANDARDS FOR SATURATED FAT, TRANS FAT, SODIUM AND FIBRE MEETING GOVERNMENT AND NON-GOVERNMENT 'GREEN FOOD' CANTEEN GUIDELINES.

THE NUMBER OF PRODUCTS APPROVED BY THE HEART FOUNDATION PROGRAMS IN AUSTRALIA AND NEW ZEALAND AS HEALTHIER CHOICES

# 175

THE NUMBER OF BREAD PRODUCTS MAKING A VALUABLE CONTRIBUTION TO THE DAILY TARGET INTAKE OF WHOLE GRAINS ACROSS AUSTRALIA AND NEW ZEALAND

# 30

THE NUMBER OF 120 L WHEELIE BINS OF SALT REMOVED BY OUR LEADING AUSTRALIAN BREAD BRANDS IN 12 MONTHS FROM OUR SODIUM REDUCTION PROGRAM

# 920



# Innovation and Research & Development

At Goodman Fielder “we dream big, and we will make it happen”. Innovation is not only a core focus area in our business strategy it is also a key ingredient to our culture.

## KEY HIGHLIGHTS

- Science and technology idea generation delivered three patents and an exclusive licence for Goodman Fielder.
- 20+ category ideation sessions generating over 900 potential opportunities.
- Expansion of external collaboration networks to identify research and development partnership opportunities with key universities and research organisations.
- Progressed innovation initiatives with key supply partners in product and packaging.
- Provided industry training and graduate opportunities for food technology students in Australia and New Zealand.
- Launched a lower carbohydrate bread in both Australia and New Zealand.
- Launched the new MeadowLea buttery range delivering the rich and creamy taste of butter with 65% less saturated fat.
- Launched a completely refreshed dairy product range in New Zealand.
- Enhanced capability in new areas of technology.
- Identified and implemented significant cost savings.

## OUR APPROACH

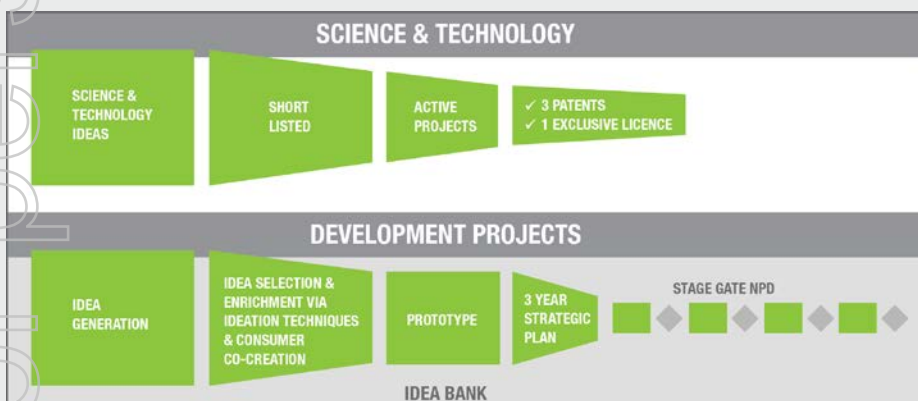
At Goodman Fielder our focus is on transformational and next generation innovation that drives real change in the marketplace and delivers new benefits and experiences to our consumers.

The tools and techniques that make up the front end of our innovation process continue to become part of our business culture and are delivering a renewable innovation pipeline across all categories of our business. This innovation pipeline is underpinned by a dynamic idea bank, to which we add and from which we draw new ideas allowing the establishment of internal as well as external connections on an ongoing basis.

The science and technology platform interfaces with this innovation pipeline by feeding in solutions as well as running research programs to establish the technologies required to bring ideas to life. Over the past 18 months a significant increase in Science and Technology ideas was created with some ideas short-listed for development, resulting in three patents and an exclusive licence for Goodman Fielder.

Goodman Fielder continues to pursue external collaboration opportunities with major universities and research institutions as well as key suppliers. Placements of the next generation of food industry employees through industry placements and projects are a key piece of the strategy.

## Core innovation



# Ingredients

## RESPONSIBLE SOURCING

At Goodman Fielder we create food that people love and we understand that this means more than just a great taste. Goodman Fielder strives to identify and minimise the potential for negative impacts from our ingredients on communities and the environment.

## OUR APPROACH

As a member of the Australian Chapter of the Sustainable Agriculture Initiative, Goodman Fielder actively supports our primary producers to improve the sustainability of their agricultural activities. Our participation in the Australian Food and Grocery Council's Sustainable Practices Committee and the Retailer and Supplier Roundtable Sustainability Council highlight our collaborative approach to improving practices within our supply chain.

In addition to these forums, Goodman Fielder consults with internal and external stakeholders, seeks feedback from customers and consumers and conducts research to identify priority ingredients and raw materials for developing and implementing coordinated management strategies.

During 2014 we updated our responsible sourcing requirements and this will be rolled out with a revised supplier manual in 2015. We understand that the ingredients we source and how we source them can have a positive impact on local communities and environments and we seek to find opportunities to deliver these.



The Roundtable on Sustainable Palm Oil's Impact Report 2014 provides a snapshot of what has been achieved by the organisation and its members.

## → Palm Oil

GOODMAN FIELDER SHARES COMMUNITY CONCERNS ABOUT THE IMPACTS OF DEFORESTATION AND WE STRIVE TO IDENTIFY AND ELIMINATE DEFORESTATION IN OUR SUPPLY CHAIN, INCLUDING FROM THE SOURCING OF PALM OIL DERIVED INGREDIENTS.

GOODMAN FIELDER HAS COMMITTED TO SOURCING CERTIFIED SUSTAINABLE PALM OIL (GSPO) FOR ALL GOODMAN FIELDER BRANDED PRODUCTS IN AUSTRALIA AND NEW ZEALAND (INCLUDING SPREADS EXPORTED TO THE ASIA PACIFIC REGION) USING THE MASS BALANCE SUPPLY CHAIN MODEL. DURING 2014 WE ACHIEVED SUPPLY CHAIN CERTIFICATION FOR ALL AUSTRALIAN MANUFACTURING FACILITIES AND EXPECT THE NEW ZEALAND SITES TO BE CERTIFIED BY NOVEMBER.

BY 30 JUNE OVER 80% OF THE PALM OIL USED IN GOODMAN FIELDER BRANDED PRODUCTS ACROSS AUSTRALIA AND NEW ZEALAND WAS MASS BALANCE CERTIFIED AND WE ARE WORKING WITH THE REMAINING SUPPLIERS AND MANUFACTURERS TO ENSURE THE REMAINING PALM IS SWITCHED AS SOON AS POSSIBLE.

GOODMAN FIELDER'S CONTINUING OPERATIONS USED APPROXIMATELY 9,000 TONNES OF PALM OIL IN THE REPORTING PERIOD. WE PURCHASED 2,000 GREEN PALM CERTIFICATES TO COVER PALM USED IN THE FIRST SIX MONTHS AND APPROXIMATELY 4,000 TONNES OF MASS BALANCE CERTIFIED INGREDIENTS. GOODMAN FIELDER'S MANUFACTURING PARTNER IN CHINA MAINTAINED THEIR RSPO MEMBERSHIP AND USED APPROXIMATELY 9,600 TONNES OF PALM OIL TO MANUFACTURE PRODUCTS FOR THE CHINESE MARKET.

## → Genetically Modified Food Ingredients

AT GOODMAN FIELDER OUR PURPOSE IS TO CREATE FOOD THAT PEOPLE LOVE. THIS MEANS WE ACTIVELY SEEK AND VALUE FEEDBACK FROM OUR CONSUMERS INCLUDING ON THE USE OF GENETICALLY MODIFIED RAW MATERIALS IN OUR FOODS.

GOODMAN FIELDER'S POLICY IS TO AVOID GENETICALLY MODIFIED INGREDIENTS WHEREVER POSSIBLE AND WE DO NOT USE GENETICALLY MODIFIED INGREDIENTS IN OUR RETAIL BRANDED CONSUMER PRODUCTS.

WE RECOGNISE THAT IT IS GETTING INCREASINGLY DIFFICULT TO SOURCE INGREDIENTS THAT ARE UNEQUIVOCALLY GUARANTEED TO BE GM FREE BUT GOODMAN FIELDER CONTINUES TO WORK CLOSELY WITH OUR SUPPLIERS TO ENSURE WE MEET OUR COMMITMENT.



# Our people



At Goodman Fielder, safety is built into the fabric of our organisation. Not only is safety listed as a business imperative, it has also been identified as one of five key focus areas in our business strategy. Put simply, “we look after our own – in the company and the community”.

# Health & safety

We continued to reduce the number of injuries across the company in 2014.

## KEY HIGHLIGHTS

- The revised Lockout Tagout procedure was implemented. All employees re-trained and equipment upgraded to comply with the procedure.
- Strategy to increase near miss reporting implemented resulting in a 300% increase in near miss reporting since July 2013.
- Safety, Health and Environment (SHE) function capability workshops held. All SHE Coordinators refreshed in risk assessment and incident investigation skills and influencing/mentoring their leadership teams.
- Machine guarding and traffic management projects developed and in process of roll out, to decrease these risks.
- Communication strategy to keep safety 'front of mind' rolled out. This strategy included roll out of monthly SHE Newsletter, Toolbox Talks and a safety competition.
- Leadership WALKs refreshed – refresher training for leaders at all levels rolled out to ensure that WALKs are effective.

REDUCTION IN SIGNIFICANT INJURY FREQUENCY RATE (SIFR)

42%

REDUCTION IN LOST TIME INJURY FREQUENCY RATE (LTIFR)

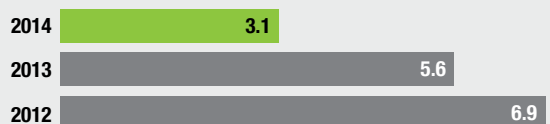
45%



### SIGNIFICANT INJURY FREQUENCY RATE (SIFR) (per million work hours)



### LOST TIME INJURY FREQUENCY RATE (LTIFR) (per million work hours)



Significant Injuries (SI) are defined as a work-related injury or illness that results in either a: Lost Time Injury (LTI), Medical Treatment Injury (MTI) or a Restricted Work Injury (RWI). An LTI is defined as a work-related injury or illness resulting in an employee being unable to work for a full scheduled shift, other than the shift on which the injury occurred.

2014 safety statistic data is as at 30 June 2014 and is subject to change in the future to account for any claims that may be rejected and injuries that may be upgraded or reclassified.

### OUR APPROACH

Goodman Fielder's operations involve exposure to hazards that, without effective controls, may result in serious injury or fatality.

Our safety strategy aims to develop a leading safety culture and target our potential fatality risks. As such we have a clear focus on protecting our people from moving machinery and equipment through the roll out of Lockout Tagout (LOTO), machine guarding, and traffic management programs.

LOTO is a system that requires an individual to use a personal lock to protect themselves from a potential energy source such as the unexpected start up of machinery.

The 2014 roll out included new processes and procedures, education, training and equipment, as well as ongoing upgrades to plant and machinery to enable effective LOTO.

The content, procedures, training tools and roll out plans for the machine guarding and traffic management programs have been developed and will both be rolled out in 2015.

Goodman Fielder also recognises that driving a focus on key leading indicators is essential in preventing injuries from occurring. During 2014 we ran an extensive and coordinated campaign to encourage the identification and reporting of near misses. Research shows that during most safety incident investigations another individual will say "that nearly happened to me". The goal of our near miss reporting program is to identify and address safety risks before an injury occurs. The program has seen a 300% increase in near miss reporting and numerous safety improvements across our business.

As part of our three year safety strategy 2014 also saw the roll out of a SHE communications initiative to keep safety 'front of mind'. This included monthly newsletters, group toolbox talks, safety competitions, posters and other staff awareness initiatives. For example, analysis of safety statistics showed an increased risk of injury when staff return to work following a holiday. A toolbox talk was developed to encourage all teams to discuss how they could overcome this risk when returning to work at the start of the new year.

Building capability among our safety practitioners and business leaders is critical to creating a sustainable safety culture. Our leadership teams have been trained in undertaking safety WALKs and each market is building these in to the performance plans for their leaders. Critical tools training has also been developed and delivered to our Safety, Health and Environment facilitators to help them make a positive impact on the safety performance across the organisation.

### HEALTH TOPICS

Health topics to support and promote employee health awareness and action were made available. Topics were chosen through a combination of staff feedback and data on health risks and included Get Active (Physical Activity), Blood Pressure and Sleep. Find Your Balance (Nutrition) was offered across Australia and New Zealand and Cholera, the Asia Pacific.

Sites across Victoria, Australia also accessed the Victorian Government WorkHealth Grant to promote positive mental wellbeing, specifically, understanding happiness, looking at resilience and stress management.

### EMPLOYEE ASSISTANCE PROGRAMME

The Employee Assistance Programme (EAP) is a free, confidential, short-term counselling service available to all Goodman Fielder employees and their immediate families. The EAP offers assistance to help our people deal with personal or work-related problems, which can include family and relationship issues, depression, anxiety, stress, conflict, violence and substance abuse (including tobacco). Counselling can take place face to face or over the phone.

Our people now have access to an EAP website with interactive and user friendly information on work and personal issues, providing another avenue through which they can access details about the service as well as other wellbeing information and tools. Those based across the Asia Pacific can choose to view the information in English, French or Mandarin.

### INJURY MANAGEMENT

We remain committed to supporting staff who have sustained work related injuries or illnesses so that they can return to health and gainful employment as quickly as possible. Our corporate injury management program (CARE) involves proactive, best practice injury management and is based on the principles of early intervention, "at work" rehabilitation, consultation and collaboration.





INCREASE IN EMPLOYEE  
ENGAGEMENT SCORE

15%

## Culture, Leadership and Engagement

### → Goodman Fielder Weight Loss Challenge

THE TEAM AT THE HUNTLY GLUTEN FREE FACILITY IN NEW ZEALAND RAN A 'BIGGEST LOSER' CHALLENGE, PROVIDING OUR PEOPLE AN OPPORTUNITY TO SET AND ACHIEVE PERSONAL HEALTH GOALS. THE FOCUS OF THE CHALLENGE WAS TO SUPPORT EMPLOYEES MAKE HEALTH CHANGES FOR GOOD AND GOALS RANGED FROM ATTAINING AND MAINTAINING A HEALTHY WEIGHT, EMBRACING A HEALTHY LIFESTYLE AND BUILDING STRONGER PEER RELATIONSHIPS.

THE CHALLENGE RAN FOR 12 WEEKS WITH WEEKLY WEIGH-INS TO TRACK PROGRESS. WEIGHT LOSS WAS CALCULATED ON PERCENTAGE WEIGHT LOST. TO SUPPORT AND ENCOURAGE PARTICIPANTS ON THEIR JOURNEY, POINTS WERE AWARDED FOR ATTENDING WEIGH-INS AND TAKING PART IN ACTIVITIES. ACTIVITIES THROUGHOUT THE CHALLENGE INCLUDED A HEALTHY RECIPE SWAP (WITH THE SITE COLLATING THE RECIPES INTO A BOOKLET), BEST IDEAS TO GET ACTIVE, MOTIVATIONAL QUOTES TO STAY ON TRACK, IDEAS FOR LIFESTYLE CHANGE AND BEST EXCUSE.

PRIZES WERE AWARDED THROUGHOUT THE CHALLENGE AS PART OF THE ACTIVITIES AS WELL AS AT THE CONCLUSION OF THE CHALLENGE, TO THE CONTESTANTS WITH THE MOST CONSISTENT WEIGHT LOSS AND HIGHEST POINTS EARNED.

ACROSS THE 12 WEEKS, PARTICIPANTS LOST A TOTAL OF 56.1 KILOGRAMS, WITH 5 EMPLOYEES LOSING MORE THAN 5% OF THEIR BODY WEIGHT AND THE WINNER ACHIEVING A 22% LOSS (WITH THE WEIGHT LOST KEPT OFF TO DATE!)



Goodman Fielder continues to focus on building a high performance culture to deliver strong results as well as being a great place to work. We see a high performance culture as an important asset in attracting and retaining talented people, who want to contribute to business growth and build their career with Goodman Fielder. People are the key to our future success and we are continuing to build a culture and leadership framework that supports engaged employees who are motivated to achieve.

#### VISION, PURPOSE AND VALUES

Our Vision, Purpose and Values provide a strong foundation to all our people and culture programs. Our Values – our six key ingredients – inform our ways of working and guide the behaviours for Goodman Fielder leaders and team members.

Our employee survey revealed that the positive perception score for our Goodman Fielder values increased from 64% to 75% in the reporting period.

**HIGH PERFORMANCE CULTURE**

Our High Performance Organisation Strategy is progressing well following the FY13 refresh of our performance system, known as “Perform and Grow”, to encompass our values as behavioural competencies. During FY14 we successfully implemented training in this refreshed performance system for all our salaried employees. The training includes coaching for our senior managers in how to provide feedback not just on *what* work has been done but *how* the results have been delivered.

The refresh of our performance system and accompanying training also encompassed the rollout of our Goodman Fielder Way for Leadership, which is our model for successful leadership. This framework supports all our people leaders by detailing our leadership competencies and demonstrating ways of working that enhance engagement and support our high performance culture.

The Goodman Fielder Way for Leadership is centred on inspiring a culture of trust and high performance through championing and living the company’s values, building a culture that drives business growth, efficiency and effectiveness.

**All our people leaders will be expected to demonstrate progress across six key areas:**

- **Bringing our values to life** – Inspiring a culture of trust and high performance through championing and living our values
- **Creating direction** – Creating and communicating long-term organisation and team direction to build excitement and engender commitment
- **Building organisational vitality** – Selecting, growing and retaining talented people to drive current and future organisational success
- **Embedding the Goodman Fielder Way** – Consistently deploying the Goodman Fielder Ways of working to create efficiency and ensure alignment
- **Executing with excellence** – Setting clear objectives and providing support to maximise team performance, individual excellence and the achievement of great results
- **Celebrating success and learning from mistakes** – Recognising achievement and constructively reviewing mistakes to encourage high performance, risk taking and learning.

We will continue to induct new employees into these important ways of working given the importance of these frameworks to our culture and business success.

During FY14, we also commenced implementation of our high performance team framework, with the objective that all people leaders hold high performance team improvement sessions with their teams at least twice per annum. We have had success in implementing this model with the majority of our salaried population and it is proving to be a highly valued tool to drive improvement.

**ENGAGEMENT**

Goodman Fielder measures engagement by surveying our employees in each financial year (with support from Aon Hewitt). In December 2013, 85% per cent of staff participated in the survey (up from 75% in FY13). The results showed that Goodman Fielder had increased our engagement score by 15 per cent placing the company in the top 25 per cent of improvers according to Aon Hewitt. While this is an encouraging result, we are targeting even higher levels of engagement to help unlock unfulfilled potential within our company.

We are pleased that the continued excellence in implementation of our inspiring Vision and Values meant that the values remain the top drivers of engagement for our people.



# Fairness, Respect and Diversity

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**Our vision and values are the ingredients that set the standards for leadership and culture at Goodman Fielder. They are designed to support the development of a diverse workplace, based on fairness and respect. We value the diversity of our communities and strive to mirror that diversity in our company with a current focus on initiatives to support gender diversity.**

## WOMEN IN THE EXECUTIVE LEADERSHIP TEAM RECOGNISED AS KEY TALENT

# 47%

### WOMEN IN THE WORKFORCE

Our current focus remains gender diversity and associated workplace flexibility initiatives. During the last financial year, significant progress was made towards gender diversity at the executive level. Specifically, the percentage of women in the Executive Leadership Team (the 50 most senior managers) recognised as key talent (high potential / high performance) was maintained at 47 per cent within the twelve month reporting period, due to planned internal succession movements and targeted external recruitment.

In addition, during the period, female representation in the Company's senior executive population (the Group Executive and their direct reports) increased from 22% to 32%. The percentage of women in the Senior Leadership population (the direct reports to Managing Directors and Chief Officers is now at 45%, which has been achieved while also maintaining a strong focus on top talent – with 53% of the top talent pool in the reporting period at this level of seniority being women.

Our values specifically state the importance of diversity and the role our Group Executive members play to model inclusive behaviours.



Other diversity initiatives of particular note are listed below.

**Roundtable – Gender Diversity Forum:**

The Roundtable meetings involve a group of the most senior women in the organisation, who discuss and promote diversity initiatives, with the support of the CEO and Board.

Our objective is to hold two Gender Diversity Round Tables in FY15.

**Senior Executive Role Modelling and Communications:**

Goodman Fielder has successfully launched the Vision, Values and Core Purpose program via all our senior leaders. In the future we will continue our progress on gender diversity at Goodman Fielder.

The diversity statement in the Corporate Governance section of the 2014 Annual Report provides full details of the initiatives planned for FY15.

**Recruitment:**

Goodman Fielder has continued appropriate gender representation in candidate pools for senior roles. This initiative has proved to be very successful with a number of Executive Leadership Team member appointments being female in FY14 as reported in the statistics above.

**Flexible Work Practices:**

Throughout the year a review of our application of Flexible Work Practices policies was completed and as a result, technology enhancements were made to make it more effective for people to participate in flexible working arrangements.

**EMPLOYEES**

Goodman Fielder employed approximately 5,500 people (including labour hire) across Australia, New Zealand and Asia Pacific at the end of June 2014. The reduction from the 6,100 reported last year was primarily due to company restructuring, divestments and consolidation of manufacturing facilities.

**COLLECTIVE BARGAINING**

Our employees are free to choose whether or not they wish to become members of industrial associations. Approximately 60 per cent of our employees were covered by collective bargaining agreements during the year.

➔ **National Association of Women in Operations**

**DURING THE REPORTING PERIOD GOODMAN FIELDER CONTINUED OUR RELATIONSHIP AS A CORPORATE PARTNER TO THE NATIONAL ASSOCIATION OF WOMEN IN OPERATIONS (NAWO), AN AUSTRALIAN BODY THAT HAS BEEN ESTABLISHED TO SUPPORT WOMEN WHO WORK IN R&D, SUPPLY CHAIN AND OPERATIONS AND ALSO INCREASE THE PARTICIPATION OF WOMEN IN OPERATIONS PROFESSIONS FOR THE FUTURE.**

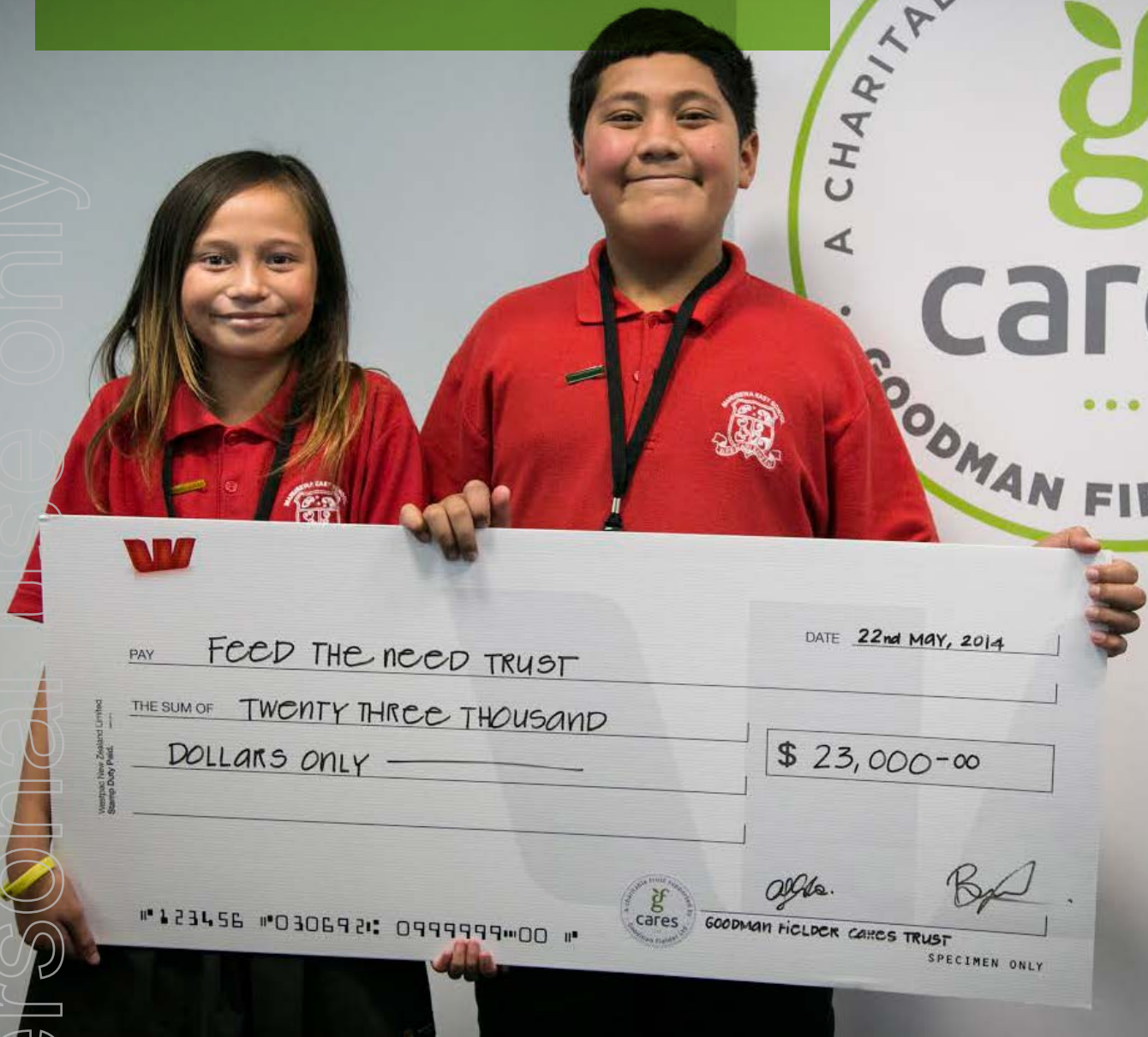
**THROUGH OUR MEMBERSHIP OUR EMPLOYEES, BOTH WOMEN AND MEN, HAVE THE OPPORTUNITY TO ATTEND A VARIETY OF NAWO EVENTS THROUGHOUT THE YEAR.**

**THIS YEAR, GOODMAN FIELDER ALSO SUPPORTED THREE OF OUR SENIOR WOMEN THROUGH THE TRANSITION TO EXECUTIVE LEADERSHIP PROGRAM. WE ALSO HOSTED THE ENTIRE GROUP OF PARTICIPANTS FOR ONE OF THE MODULES. THIS PROGRAM PROVED TO BE HIGHLY VALUED BY THE PARTICIPANTS AND WE WILL CONTINUE TO SUPPORT PARTICIPATION NEXT YEAR.**

[HTTP://WWW.NAWO.ORG.AU](http://www.nawo.org.au)



# Community



At Goodman Fielder we look after our own in the company and the community. We have a strong tradition of supporting those in the community at risk and in need. We are a proud supporter of a number of charities and, as a food company, participate in community programs aimed at providing nutrition for those fighting hunger.

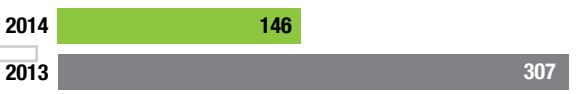
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TOTAL COMMUNITY AND PRODUCT DONATIONS IN 2014

**\$3.8m**

COMMUNITY DONATIONS (\$ THOUSAND)



PRODUCT DONATIONS (\$ THOUSAND)



KEY HIGHLIGHTS

- Goodman Fielder's total donations to Foodbank Australia for the year was over 1.6m kgs of food donations, equating to 2.1 million meals and a social benefit estimated by Foodbank of \$37 million.
- The GF Cares Trust raised over \$100,000 and donated \$37,670 to charities fighting poverty in NZ.
- In New Zealand, Goodman Fielder donated more than 150,000 loaves of fresh bread, expressly baked for local city missions, food banks and the NZ Salvation Army.
- Goodman Fielder responded quickly to help our colleagues and the broader community following the devastating impact of Typhoon Haiyan in the Philippines by working with the Mayor's office in Talcoban City to donate 250 cases of UHT milk to assist approximately 3,000 families as part of the immediate response. Local Goodman Fielder staff were also released to assist at the local volunteering centre to accelerate the repacking and distribution of relief goods.
- Goodman Fielder Fiji reinstated the agreement with local farmers to donate chicken litter from our sheds in exchange for fresh fruit and vegetables for distribution to people in need in and around Suva.

➔ Supporting Open Family Australia

GOODMAN FIELDER'S SUPPORT OF YOUTH SUPPORT SERVICE, OPEN FAMILY AUSTRALIA (OFA) HAS YIELDED ENORMOUS GROWTH IN THE PAST 12 MONTHS. LAST YEAR GOODMAN FIELDER HELPED OFA EXPAND ITS NUTRITIONAL OUTREACH SUPPORT AND HEALTH VAN (NOSH) FROM SYDNEY TO MELBOURNE'S WESTERN SUBURBS. IN ONLY ITS SECOND YEAR OF OPERATIONS, MELBOURNE'S NOSH VAN HAS ASSISTED NEARLY 8,200 YOUNG PEOPLE.

THE VAST MAJORITY OF THESE YOUNG PEOPLE ARE EITHER HOMELESS, OR AT-RISK OF EXPERIENCING HOMELESSNESS. BASED ON GROWING COMMUNITY NEED, OFA ANTICIPATES AN ADDITIONAL 4,000 AT-RISK AND HIGHLY VULNERABLE YOUNG PEOPLE WILL RECEIVE SUPPORT THROUGH THE NOSH SERVICE IN THE NEXT 12 MONTHS.

THE EDUCATIONAL SUPPORT PROVIDED BY THE NOSH SERVICE COVERS INFORMATION ON BASIC DIETARY HEALTH REQUIREMENTS, PHYSICAL ACTIVITY STRATEGIES AND OPTIONS, AND PROVISION OF INFORMATION ON – AND REFERRALS TO – RELEVANT COMMUNITY HEALTH-RELATED SERVICES. THE NUTRITION SUPPORT PROVIDED BY THE NOSH SERVICE COVERS THE PROVISION OF HEALTHY MEALS, FRESH FRUIT AND VEGETABLES AND BASIC GROCERY ITEMS.

OFA STAFF ARE REPORTING A HIGH NUMBER OF YOUNG MOTHERS ACCESSING THE NOSH VAN IN MELBOURNE, SEEKING STAPLE GROCERY ITEMS INCLUDING NAPPIES. OFA WORKER ROGER SAYS, "EVERY WEEK WE SEE TEENAGE MUM'S WHO DON'T HAVE ENOUGH MONEY FOR FOOD OR TRANSPORT, WHO ARE NEAR HOMELESS. IT IS AMAZING HOW BIG THE SMILES ON THEIR FACES ARE FROM JUST THIS SIMPLE GESTURE OF A FOOD PARCEL. A LOT OF THEM TELL ME WHAT A HUGE RELIEF IT WAS NOT TO HAVE TO CHOOSE BETWEEN FOOD AND NAPPIES THIS WEEK."

GOODMAN FIELDER HELPED OFA LAUNCH THE FIRST NOSH PROGRAM IN SOUTH WESTERN SYDNEY IN 2009, AND CONTINUES TO SUPPORT BOTH PROGRAMS.

Andree Pearman (Goodman Fielder) and Mark Watt (Open Family Australia) with the NOSH van at the launch event in Melbourne.





### THE GOODMAN FIELDER CARES TRUST

The Goodman Fielder Cares Trust helps people and organisations in need through the donation of food and resources.

The Trust is supported by Goodman Fielder New Zealand and its employees through a variety of initiatives including a work place giving program, a community service scheme and is underpinned by a bread donation program.

The bread donation program has been run by Goodman Fielder since 2006 and sees the donation of around 150,000 loaves of bread annually to food banks throughout New Zealand.

Since GF Cares was launched in March 2013, Goodman Fielder employees have raised over \$100,000 through a range of fundraising initiatives. These funds are being distributed to organisations in need that are helping to feed hungry New Zealanders.

During the year the GF Cares Trust announced its first round of grants to organisations:

- The first grant to the Auckland City Mission was for \$11,000 and the Mission had already arranged for a replacement vehicle for their field staff from the proceeds of the grant. The Mission was also committed to run a series of cooking classes to help their clientele learn some basic cooking skills utilising ingredients that are often included in food parcels that are distributed to people in need. The Mission team were to work with local firms in the execution of this initiative.

- The second grant was to the Feed the Need Charity for \$23,000. Feed the Need is tackling child poverty in low decile South Auckland schools and GF Cares sponsored Manurewa East School for the 2014 winter season. Feed the Need provides all children at the school three nutritious meals per week for the winter period and Goodman Fielder employees were also involved in the preparation and delivery of these meals as part of the company's employee volunteering scheme.
- Goodman Fielder Cares Trust also announced that a grant of \$3,670 was presented to the Otago Community Hospice as part of the first round. The Hospice does outstanding work in the Otago community and the local Quality Bakers site team in Dunedin had specifically raised funds for this organisation, prior to the formation of GF Cares, to assist them in their endeavours.



### → Foodbank Australia

**GOODMAN FIELDER IS PROUD TO CONTINUE TO PROVIDE ITS SUPPORT TO FOODBANK AUSTRALIA, THE COUNTRY'S LARGEST HUNGER RELIEF AGENCY.**

**DURING THE YEAR, GOODMAN FIELDER DONATED, 1,617, 335 KILOGRAMS OF FOOD, WHICH IS THE EQUIVALENT OF 2,156,450 MEALS TO AUSTRALIANS IN NEED.**

**THIS YEAR FOODBANK INTRODUCED A NEW MEASURE TO CALCULATE THE SOCIAL RETURN ON INVESTMENT OF ITS ACTIVITIES. THIS IS A FRAMEWORK TO MEASURE THE BROADER DIRECT AND INDIRECT VALUE WHICH FLOWS FROM THE ORGANISATION'S ACTIVITIES, INCLUDING REDUCTIONS IN ENVIRONMENTAL IMPACTS AND IMPROVEMENTS IN PEOPLE'S QUALITY OF LIVES.**

**FOODBANK HAS ESTIMATED THE SOCIAL RETURN ON INVESTMENT OF GOODMAN FIELDER'S CONTRIBUTION TO FOODBANK DURING 2014 TO BE APPROXIMATELY \$37 MILLION.**



**SOCIAL RETURN ON INVESTMENT FROM GOODMAN FIELDER'S CONTRIBUTION TO FOODBANK**

**\$37m**

# Environment



**Our vision at Goodman Fielder is ‘to be the leading and most innovative local food company’. We believe that driving environmental sustainability will support our efforts to achieve this vision. We have updated our Environment Policy to drive this vision by stating priorities for both our own operations and the supply chains in which we participate. The Policy will guide our environmental programs and provides clear expectations for everyone working for and with Goodman Fielder.**

# Overview

## OUR APPROACH

We have set measurable internal targets against the Environment Policy priorities for each manufacturing site and relevant site based employees. 2014 also saw the formation of new "Green Teams" at many of our sites to support employee led initiatives to reduce energy, water and waste.

Internal briefings, workshops and training have raised environmental awareness across the organisation. Critically, this has not just encouraged new environment initiatives but also a better understanding that many key business improvement initiatives are driving substantial environmental co-benefits. For example, the focus on plant reliability across our Australian bakery network is driving energy, water and waste reductions at our bakeries as well as eliminating the emissions from transporting bread longer distances to make up for local reliability problems.

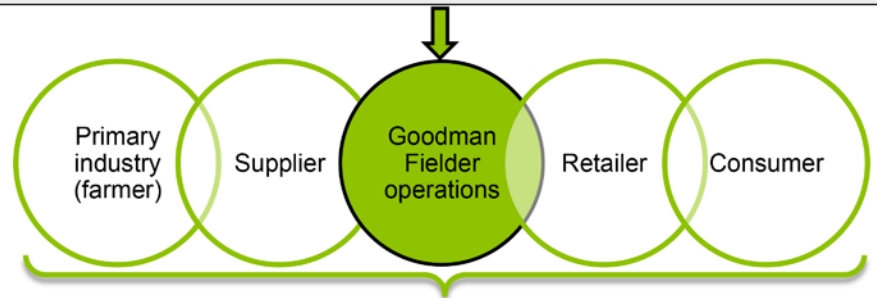
Goodman Fielder has continued to collaborate with external stakeholders to drive industry wide change through our participation in initiatives such as the AFGC Sustainability Commitment, the Sustainable Agriculture Initiative Platform (Australia) and the Retailer and Supplier Roundtable's Sustainability Council. We also continue to regularly engage with non-government organisations to understand their perspective on key sustainability issues.

## KEY HIGHLIGHTS

- Release of new Environment Policy providing clear direction for the organisation.
- Environment contamination risk assessments conducted at all manufacturing sites.
- Implementation of Group wide environment incident status reporting to ensure all environment incidents are investigated and appropriate corrective actions taken.
- Our compliance focus for 2014 was wastewater discharge. By taking a cleaner production approach to this issue we have been able to address compliance concerns and reduce water at the same time.

### ENVIRONMENTAL PRIORITIES FOR GOODMAN FIELDER'S OPERATIONS

- Reducing energy consumption
- Reducing water consumption
- Reducing waste
- Legal compliance and local community relationships



### ENVIRONMENTAL PRIORITIES ACROSS OUR SUPPLY CHAIN

- Reducing waste
- Managing the impacts of climate change
- Responsible sourcing
- Sustainable packaging

# Energy

Energy is critical to the production of the products our consumers enjoy every day. We know that energy efficiency not only reduces our greenhouse gas emissions but it also improves our profitability.

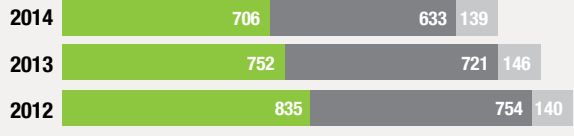
## IMPROVEMENT IN ENERGY EFFICIENCY

11%

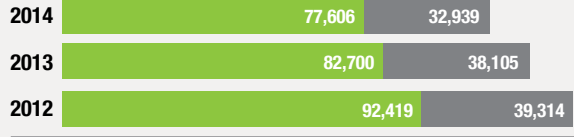
REDUCTION IN SCOPE 1 & 2 GREENHOUSE GAS EMISSIONS

8%

### MANUFACTURING ENERGY CONSUMPTION (TJ)



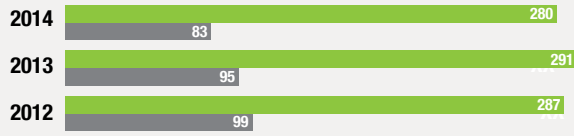
### SCOPE 1 & 2 GREENHOUSE GAS EMISSIONS (tonnes CO<sub>2</sub>-e)



### ENERGY EFFICIENCY (GJ / tonne of production)



### EMISSIONS INTENSITY (kg CO<sub>2</sub>-e / tonne of production)



**Australia** **New Zealand** **Asia Pacific**

Energy consumption, greenhouse gas emissions and efficiency data in the charts above relate to manufacturing operations only.

### OUR APPROACH

Each Goodman Fielder manufacturing site has an energy efficiency target each year and needs to implement initiatives to achieve this target. During 2014 our focus has been on gaining more involvement from factory floor staff through energy efficiency 'toolbox talks', posters and other engagement tools. Across the business our energy efficiency improved by 11% on the prior year.

During 2014 Goodman Fielder also entered into an agreement with the Energy Efficiency and Conservation Authority in New Zealand to implement a country-wide energy management program. This program involves:

- Installation of an energy monitoring system and detailed energy mass balance to support verification and proof of concept trials at a bakery
- Development of an energy efficiency manual
- Delivery of energy management training for internal staff
- Development and implementation of energy action plans at other bakeries
- Detailed audits and/or technical feasibility studies at non-baking sites; and
- Implementation of site based action plans.

Information from energy audits conducted in the Australian and Asia Pacific markets will also be built into this program and the outputs will be implemented across the group.

During FY14, Goodman Fielder reduced its greenhouse gas emissions from our own operations in Australia and New Zealand by 8%. During 2014, we also looked beyond our own operations to identify greenhouse emission reduction opportunities. For example, supply chain optimisation projects in both Australia and New Zealand have improved the efficiency of product delivery routes. This will reduce the total kilometres travelled and emissions generated to deliver our products.

Goodman Fielder continues to support sensible and predictable government action on climate change and has been participating in the Emission Reduction Fund's Industrial Energy Efficiency Technical Working Group in Australia.

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#### KEY HIGHLIGHTS

- Overall improvement in energy efficiency for continuing operations of 11%.
- Introduction of a partnership with the Energy Efficiency and Conservation Authority in New Zealand to deliver an energy management program.
- Implementation of the LED lighting upgrades at New Zealand sites are already delivering over 300,000 kWh in electricity savings each year.
- Goodman Fielder was successful with two Clean Technology Investment Program funding applications for a lighting replacement project at the Carina Bakery (Qld) and insulation upgrades for the Forestville Bakery in South Australia.
- Delivery of an environment 'toolbox talk' at all manufacturing sites focused on energy efficiency opportunities.



### ➔ New Zealand LED lighting roll out

**IN ROLLING OUT THE METAL HALIDE LIGHT REPLACEMENT PROGRAM THE NEW ZEALAND TEAM CONDUCTED A DETAILED TECHNOLOGY REVIEW TO ASSESS AND TRIAL A NUMBER OF DIFFERENT LIGHT TYPES AND DESIGNS. LED LIGHTS WERE SELECTED FOR THE NEW ZEALAND REPLACEMENT PROGRAM DUE TO LOWER ENERGY USE, BETTER QUALITY OF LIGHT, LONGER LIFE RESULTING IN REDUCED MAINTENANCE AS WELL AS REMOVAL OF THE FIRE RISK ASSOCIATED WITH METAL HALIDE LIGHTS.**

**THE ENERGY EFFICIENCY AND CONSERVATION AUTHORITY (EECA) PROVIDED FUNDING TO OFFSET THE ADDITIONAL COST OF THE LED LIGHTS. THE EECA FUNDING AGREEMENT ALSO COMPARED THE ENERGY USE OF THE LED SOLUTION AGAINST THE DEFAULT UPGRADE OPTION OF INDUCTION LIGHTING AND CALCULATED AN EXPECTED SAVING OF ABOUT 70,000KWH FOR EACH SITE.**

**IN PHASE 1 OF THE PROJECT 50 LIGHTS WERE INSTALLED IN QUALITY BAKERS AUCKLAND (QBA) AND MEADOW FRESH CHRISTCHURCH. POWER MONITORS WERE INSTALLED AT QBA TO MEASURE AND COMPARE THE ENERGY USE OF THE EXISTING METAL HALIDES AND THE NEW LED LIGHTS. THE METERING SHOWED A TOTAL EXPECTED SAVING OF 245,000KWH PER YEAR, FAR EXCEEDING THE ENERGY SAVINGS TARGET OF 140,000KWH FOR THE PROJECT.**

**THE IMPROVED LIGHT QUALITY HAS BEEN WELCOMED BY FACTORY FLOOR STAFF AND THE LED LIGHTS WILL REQUIRE LESS FREQUENT MAINTENANCE AND REPLACEMENT THAN THE EXISTING LIGHTS.**





# Water

**Water is a critical resource globally and Goodman Fielder is committed to reducing the amount of water used in our manufacturing operations and improving the quality of water discharged from our sites.**

### OUR APPROACH

In 2014 our focus was on improving wastewater quality with a group-wide review of performance and improvement requirements. This proactive approach has delivered improvements in discharge quality, closer relationships with local water authorities and the identification of water efficiency initiatives. Our Burleigh Heads Bakery has been working with the local council to upgrade wastewater treatment devices. By also focusing on cleaner production initiatives, staff awareness campaigns and changes to cleaning processes, the site was able to reduce water use by 30%. The knowledge gained at Burleigh Heads is being shared across the business through the development of a wastewater improvement action plan template.

The slight decline in water efficiency across the business was primarily driven by new, more accurate water measurements in Fiji (offsetting water efficiency gains in that country), the introduction of new equipment on a yoghurt line in New Zealand and the continued expansion of artisan bread production in Australia.

Internal water efficiency targets have been set for all manufacturing sites in 2015. Work has also commenced on addressing water scarcity in business continuity planning for key sites not connected to a town water supply.

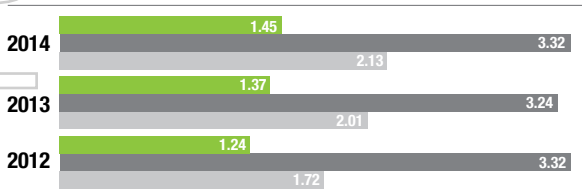
### KEY HIGHLIGHTS

- Burleigh Heads cleaner production projects delivered a 30% reduction in water consumption and a 30% improvement in water efficiency.
- The New Zealand Baking network achieved an 11% improvement in water efficiency in 2014 saving over 16 million litres of water.
- Group-wide roll out of the wastewater improvement program.
- 11 manufacturing sites worked with local regulators to gain new or updated wastewater discharge permits.

### WATER CONSUMPTION (ML)



### WATER EFFICIENCY (kL / tonne of production)



**Australia** **New Zealand** **Asia Pacific**

Water consumption and efficiency data in charts above relates to manufacturing operations only.

LITRES OF WATER SAVED BY GOODMAN FIELDER'S NEW ZEALAND BAKERIES

# 16m

## → Improvements to water management at Burleigh Heads

**THE BURLEIGH HEADS BAKERY NEEDED TO IMPROVE ITS WASTEWATER DISCHARGE TO MEET UPDATED REQUIREMENTS FROM THE LOCAL REGULATOR. RATHER THAN INSTANTLY INSTALLING A COSTLY TREATMENT SYSTEM, THE SITE WORKED WITH THE LOCAL REGULATOR TO DEVELOP A TRADE WASTE IMPROVEMENT PLAN AIMED AT BETTER UNDERSTANDING THE SOURCES OF WASTEWATER AND ENGAGING WITH THE SITE TEAM TO IDENTIFY WAYS TO REDUCE SOLIDS AND OTHER CONTAMINATION ENTERING THE TRADE WASTE SYSTEM.**

**THE CLEANER PRODUCTION TRAINING AND OTHER AWARENESS ACTIVITIES HAS LED TO A 30% DECLINE IN WATER USE AT THE SITE. IMPORTANTLY THIS REDUCTION CORRESPONDS TO STEADY PRODUCTION LEVELS MEANING THE SITE'S WATER EFFICIENCY (THE AMOUNT OF WATER USED PER TONNE OF PRODUCT) HAS ALSO IMPROVED BY 30%.**

IMPROVEMENT IN WATER EFFICIENCY AT BURLEIGH HEADS BAKERY

# 30%

12%

# Waste

At Goodman Fielder we love food – especially our food and we don't want to waste any of it. As a business we are committed to converting as much of the quality ingredients we purchase into products for our consumers to enjoy.

### OUR APPROACH

Goodman Fielder achieved a 12% reduction in waste to landfill from our manufacturing sites in 2014. The majority of this reduction is the result of reliability improvements, new recycling and reuse initiatives and an increase in staff engagement.

Avoiding waste is our priority and Goodman Fielder's dedicated continuous improvement function is targeting yield improvements in our manufacturing processes. An improvement in yield means a better ratio between the raw materials used and the finished products produced and, importantly, less waste. The reduction in pastry trim at our Irvine's factory is an example of the savings that can be obtained through this program.

Where waste is generated, our focus is on finding reuse and recycling opportunities for these materials which both reduces waste to landfill and reduces the demand for virgin raw materials. Our Malaga and Canberra bakeries in Australia worked with local suppliers to improve their organic waste recycling rates with both sites reducing waste to landfill by over 80%.

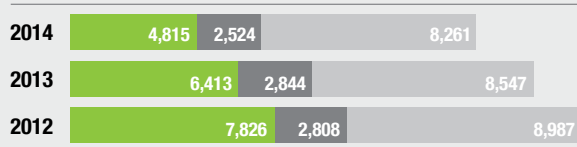
Engaging site staff in improving our environmental performance was a key focus in 2014 with the team at Puhoi Valley Cheese leading the way. The site's green team was formed at the start of the year and, with the support of everyone on site, has already saved 6.3 tonnes of waste going to landfill.



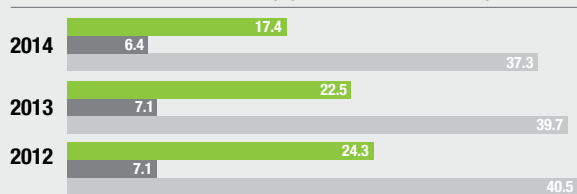
Puhoi Green Team staff involved in the waste recycling initiative.



### LANDFILL WASTE (tonnes)



### LANDFILL WASTE EFFICIENCY (kg / tonne of production)



Australia New Zealand Asia Pacific

Landfill waste generation and efficiency data in charts above relates to manufacturing operations only.

## Environment continued

While waste assessments have shown that most of our bakeries achieve a recycling rate of above 80%, Goodman Fielder is working with service providers to better quantify the amount of waste being recycled. This will allow a more accurate measurement of recycling rates but will also allow the sites to focus on overall waste reduction not just diverting waste from landfill.

### KEY HIGHLIGHTS

- 12% reduction in waste to landfill from Goodman Fielder's manufacturing operations.
- Irvine's pie factory achieved a 63% reduction in waste on the pie line as part of a broader continuous improvement program.
- Both Malaga and Canberra Bakeries achieved over 80% reductions in waste to landfill by working with local providers to find reuse options for waste organic material (e.g. dough and bread).
- The new Green Team at Puhoi Valley Cheese drove a 20% reduction in waste to landfill through staff led recycling initiatives.
- Initiated energy from waste trial with Sydney Water for the Moorebank Bakery.



Puhoi Green Team staff involved in the waste recycling initiative.



Reducing the gap between pies leads to waste reduction at Irvine's.

### → Irvine's Pastry

**THE IRVINE'S CONTINUOUS IMPROVEMENT TEAM HAD BEEN TASKED WITH REDUCING THE UNIT COST OF MAKING PIES. REDUCING PASTRY WASTE WAS A KEY OPPORTUNITY IDENTIFIED BY THE TEAM. BY METHODICALLY IDENTIFYING AND ADDRESSING PASTRY WASTE THE SITE WAS ABLE TO ACHIEVE A 63% REDUCTION ON THE TARGETED PIE LINE. THE THREE KEY WASTE REDUCTION INITIATIVES WERE TO IMPROVE THE RATE OF 'REWORK', REDUCE THE EXCESS WIDTH OF THE PASTRY SHEET AND REDESIGN THE PIE TINS TO REDUCE THE GAPS BETWEEN PIES. BY REDUCING THE GAP BETWEEN PIES THE PASTRY LEFT BEHIND AFTER TRIMMING WAS REDUCED BY 7.5%.**

**IMPORTANTLY, THIS WASTE REDUCTION DIRECTLY TRANSLATES TO LESS RAW MATERIALS AND A REDUCTION IN OPERATING COSTS.**

2.5m

## Packaging

Packaging plays a critical role in protecting, preserving, promoting and providing information about our products. Delivering these key functions while reducing the environmental impacts of our packaging continues to be a key focus for Goodman Fielder.



### OUR APPROACH

Goodman Fielder's packaging strategy aligns to the Australian Packaging Covenant (APC) and aims to minimise the amount of packaging we use, ensure it is fit for purpose, improve the recyclability of our packaging and encourage the purchase of recycled materials.

During the reporting period Goodman Fielder implemented the switch from glass to PET for our bottles and jars. This stripped 4,000 tonnes of packaging weight from our products and reduced the greenhouse gas emissions from transporting these products. By collaborating with our packaging supplier Goodman Fielder was able to introduce recycled content PET, or rPET, into the new Australian made packaging. This material contains more than 50% recycled content and we have now successfully transitioned all Goodman Fielder branded PET bottles and jars to rPET.

Goodman Fielder continued its support of the REDGroup initiative in 2014 ensuring a further 2.5 million items of Goodman Fielder packaging were diverted from landfill. This scheme relies on a market for the products manufactured from the recovered plastics.

Goodman Fielder's updated traffic management procedure includes information outlining the recycled plastic products available and requires that a preference be given to these products where feasible. This ensures that when installing traffic controls and barriers we not only keep our people safe but we also support the REDGroup recycling program.

Goodman Fielder remains committed to the Australian Packaging Covenant (APC) and is embedding the tools and procedures of the APC throughout our business. We have set up regular APC progress meetings to make sure that we are delivering on the objectives of the covenant. Goodman Fielder's annual report was given a score of 3.5 out of five which is a significant improvement from the 2.2 score received the previous year.

### TONNES OF PACKAGING REDUCED BY SWITCHING FROM GLASS TO PET

4,000t

### KEY HIGHLIGHTS

- 2.5 million items (7.5 tonnes) of Goodman Fielder packaging recovered through the REDGroup initiative
- All Goodman Fielder branded PET bottles and jars are now using at least 50% recycled content PET
- The addition of the REDGroup recycling logo on the new White Wings Flour packaging to promote the recovery of this material.
- The new café creations range of pancake mixes was launched in a new single layer packaging format rather than the conventional plastic bag in a cardboard box.
- Goodman Fielder's Australian Packaging Covenant annual report score improved from 2.2 to 3.5 (scored out of five).

# Consolidated Income Statement

This Annual Review includes a summary of financial information which is contained in the 2014 Annual Report.

FOR THE YEAR ENDED 30 JUNE 2014

|  | Notes | 2014<br>\$m      | 2013<br>\$m |
|--|-------|------------------|-------------|
| <b>Continuing operations</b>   |       |                  |             |
| Revenue  |       | <b>2,199.9</b>   | 2,127.6     |
| Other income   | 5     | <b>11.4</b>      | 34.0        |
| Cost of sales of goods   |       | <b>(1,427.5)</b> | (1,342.3)   |
| Warehousing and distribution expenses  |       | <b>(328.6)</b>   | (314.1)     |
| Selling and marketing expenses   |       | <b>(193.8)</b>   | (174.2)     |
| General and administration expenses <sup>(i)</sup>   |       | <b>(148.2)</b>   | (140.3)     |
| Other <sup>(ii)</sup>  |       | <b>(455.5)</b>   | -           |
| <b>Expenses, excluding finance costs</b>   |       | <b>(2,553.6)</b> | (1,970.9)   |
| Net finance costs  | 6     | <b>(56.8)</b>    | (67.2)      |
| <b>(Loss)/profit before income tax from continuing operations</b>  |       | <b>(399.1)</b>   | 123.5       |
| Income tax benefit/(expense)   | 7     | <b>1.1</b>       | (32.7)      |
| <b>(Loss)/profit for the year from continuing operations</b>   |       | <b>(398.0)</b>   | 90.8        |
| Profit from discontinued operations, net of income tax   | 8(b)  | -                | 19.0        |
| <b>(Loss)/profit for the year</b>  |       | <b>(398.0)</b>   | 109.8       |
| (Loss)/profit is attributable to:  |       |                  |             |
| Owners of Goodman Fielder Limited  |       | <b>(405.1)</b>   | 102.5       |
| Non-controlling interests  |       | <b>7.1</b>       | 7.3         |
| <b>(Loss)/profit for the year</b>  |       | <b>(398.0)</b>   | 109.8       |
|  |       | <b>Cents</b>     | Cents       |
| <b>Earnings per share for (loss)/profit attributable to the owners of Goodman Fielder Limited from continuing operations:</b>                  |       |                  |             |
| Basic earnings per share   | 43    | <b>(20.7)</b>    | 4.3         |
| Diluted earnings per share   | 43    | <b>(20.7)</b>    | 4.2         |
| <b>Earnings per share for (loss)/profit attributable to the owners of Goodman Fielder Limited from continuing and discontinued operations:</b> |       |                  |             |
| Basic earnings per share   | 43    | <b>(20.7)</b>    | 5.3         |
| Diluted earnings per share   | 43    | <b>(20.7)</b>    | 5.2         |

(i) Included in General and administration expenses is \$38.2m relating to restructuring expenses (2013: \$17.4m).

(ii) Included in the current year is \$97.3m relating to the loss on sale of businesses and \$358.2m relating to the goodwill and brand impairments to the Baking Australia and New Zealand and Grocery New Zealand CGUs.

The above consolidated income statement should be read in conjunction with the accompanying notes.

# Consolidated Statement of Financial Position

AS AT 30 JUNE 2014

|  | Notes | 2014<br>\$m    | 2013<br>\$m    |
|--|-------|----------------|----------------|
| <b>Assets</b>  |       |                |                |
| <b>Current assets</b>  |       |                |                |
| Cash and cash equivalents  | 9     | 194.4          | 403.1          |
| Trade and other receivables  | 10    | 156.3          | 162.9          |
| Inventories  | 11    | 122.9          | 128.9          |
| Derivative financial instruments                                       | 12    | –              | 0.1            |
| Current tax receivables  |       | 4.0            | 9.1            |
| Other current assets   | 13    | 13.3           | 14.6           |
| Assets classified as held for sale                                     | 8(b)  | 1.7            | 1.7            |
| <b>Total current assets</b>  |       | <b>492.6</b>   | <b>720.4</b>   |
| <b>Non-current assets</b>  |       |                |                |
| Receivables  | 14    | –              | 0.8            |
| Investments in joint ventures  | 15    | 11.2           | 5.5            |
| Property, plant and equipment  | 16    | 471.2          | 511.5          |
| Deferred tax assets  | 17    | 65.6           | 47.1           |
| Intangible assets  | 18    | 1,171.3        | 1,490.5        |
| Other non-current assets   | 19    | 1.3            | 1.0            |
| <b>Total non-current assets</b>  |       | <b>1,720.6</b> | <b>2,056.4</b> |
| <b>Total assets</b>  |       | <b>2,213.2</b> | <b>2,776.8</b> |
| <b>Liabilities</b>   |       |                |                |
| <b>Current liabilities</b>   |       |                |                |
| Trade and other payables   | 21    | 265.1          | 235.7          |
| Borrowings   | 22    | 1.0            | 52.8           |
| Derivative financial instruments                                       | 12    | 13.9           | 17.0           |
| Current tax liabilities  |       | 3.7            | 16.4           |
| Provisions   | 24    | 52.6           | 60.9           |
| <b>Total current liabilities</b>                                       |       | <b>336.3</b>   | <b>382.8</b>   |
| <b>Non-current liabilities</b>   |       |                |                |
| Borrowings   | 25    | 641.7          | 760.8          |
| Deferred tax liabilities   | 26    | 28.7           | 28.2           |
| Provisions   | 27    | 20.6           | 20.5           |
| Derivative financial instruments                                       | 12    | 44.9           | 32.2           |
| <b>Total non-current liabilities</b>                                   |       | <b>735.9</b>   | <b>841.7</b>   |
| <b>Total liabilities</b>   |       | <b>1,072.2</b> | <b>1,224.5</b> |
| <b>Net assets</b>  |       | <b>1,141.0</b> | <b>1,552.3</b> |
| <b>Equity</b>  |       |                |                |
| Contributed equity   | 28    | 2,065.0        | 2,065.0        |
| Reserves   | 29(a) | (108.4)        | (177.6)        |
| Accumulated losses   | 29(c) | (823.8)        | (339.2)        |
| Capital and reserves attributable to owners of Goodman Fielder Limited |       | 1,132.8        | 1,548.2        |
| Non-controlling interests  |       | 8.2            | 4.1            |
| <b>Total equity</b>  |       | <b>1,141.0</b> | <b>1,552.3</b> |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

# Consolidated statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2014

|  | Notes | 2014<br>\$m    | 2013<br>\$m |
|--|-------|----------------|-------------|
| <b>Cash flows from operating activities</b>                      |       |                |             |
| Receipts from customers  |       | 2,381.1        | 2,413.6     |
| Payments to suppliers and employees                              |       | (2,181.2)      | (2,151.2)   |
| Interest received  |       | 5.4            | 9.8         |
| Interest paid  |       | (62.2)         | (79.0)      |
| Income taxes paid  |       | (24.8)         | (14.5)      |
| <b>Net cash inflow from operating activities</b>                 | 40    | <b>118.3</b>   | 178.7       |
| <b>Cash flows from investing activities</b>                      |       |                |             |
| Payments for property, plant, equipment and intangibles          |       | (75.6)         | (78.6)      |
| Proceeds from sale of property, plant and equipment              |       | 0.8            | 9.1         |
| Proceeds from sale of business                                   |       | 18.4           | 192.1       |
| Insurance proceeds   | 5     | -              | 26.3        |
| <b>Net cash (outflow)/inflow from investing activities</b>       |       | <b>(56.4)</b>  | 148.9       |
| <b>Cash flows from financing activities</b>                      |       |                |             |
| Proceeds from borrowings   | 25    | -              | 138.0       |
| Repayment of borrowings  |       | (193.5)        | (219.4)     |
| Finance lease payments   |       | (0.8)          | (1.2)       |
| Dividends paid to Company's shareholders                         | 30    | (79.5)         | -           |
| Dividends paid to outside equity interests                       |       | (2.2)          | (9.5)       |
| <b>Net cash (outflow) from financing activities</b>              |       | <b>(276.0)</b> | (92.1)      |
| <b>Net (decrease)/increase in cash and cash equivalents</b>      |       | <b>(214.1)</b> | 235.5       |
| Cash and cash equivalents at the beginning of the financial year |       | 403.1          | 161.7       |
| Effects of exchange rate changes on cash and cash equivalents    |       | 5.4            | 5.9         |
| <b>Cash and cash equivalents at end of year</b>                  | 9     | <b>194.4</b>   | 403.1       |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Contact us



Visit our Investor Centre for information about Goodman Fielder. Shareholders can access their account details at our Shareholder account access point.

## SHAREHOLDER INQUIRIES

### SHARE REGISTRY

The share registry for Goodman Fielder is Link Market Services.

### AUSTRALIAN INVESTORS

Tel: 1800 178 254 (in Australia only)

Tel: +61 1800 178 254 (international)

<http://www.linkmarketservices.com.au>

### NEW ZEALAND INVESTORS

Tel: 0800 150 013 (in New Zealand only)

Tel: +61 2 8280 7201 (international)

<http://www.linkmarketservices.co.nz>

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ABN 51 116 399 430

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[www.goodmanfielder.com.au](http://www.goodmanfielder.com.au)



For more information on our achievements and performance throughout the year, please visit [www.goodmanfielder.com.au](http://www.goodmanfielder.com.au) for the online Goodman Fielder Annual Review 2014.



[www.goodmanfielder.com.au](http://www.goodmanfielder.com.au)



This Annual Review is also available online. Visit [www.goodmanfielder.com.au](http://www.goodmanfielder.com.au) or use your QR code scanner to take you directly to the Annual Review.

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