



Grass fed Australian certified organic beef ...
SEASONED BY NATURE®

Sustainability Report 2018/19

We're building an organic beef business that meets UN Sustainable Development Goals.

OBE Organic is the world's oldest organic beef exporting company, with a mission to help people live better, healthier lives.

We have been managing sustainability through our FLOURISH sustainability program since 2015 to help us live our mission, and to help us run a better business.

In the past year FLOURISH has had two major developments:

1. We became the first Australian beef company to join the UN Global Compact. As a [Signatory to the Global Compact](#), we are committed to its principles on human rights, labour, anti-corruption and the environment.
2. Even more importantly, we have revamped our sustainability strategy this year to focus it squarely on what we need to do to achieve relevant [UN Sustainable Development Goals](#) (SDGs). In previous years our targets were based on what we believed to be right. From this year, our targets are what we need to do to meet the 2030 targets set by the SDGs. This is not yet common and as we note in this report achieving these targets will be challenging, but we think it is a logical path for a business like us that takes sustainability seriously.

Our business has 11 people in an office in Brisbane, Australia. We own no land, cattle, processing or transport facilities. So, for the vast majority of our organic beef supply chain impacts, we have a degree of influence but no control. This is important to note for a couple of reasons. First, our progress on some important sustainability topics may not be rapid because we need to influence change instead of imposing change. Second, if we are successful in influencing change along our supply chain, these lessons can be shared with the vast majority of other food supply chains around the world that also work with numerous players to provide sustainable food to the world.

I hope you enjoy reading about our sustainability work, why we are doing it and how we strive to contribute to a better world.

If you have suggestions and feedback I would love to hear from you – please contact me at dwray@obeorganic.com.

Dalene Wray
Managing Director

OBE Organic acknowledges the Jagera and Turrbal peoples, Traditional Owners of the land where our office sits. We celebrate the First Australians' rich contribution to Australia, especially to the beef industry. We pay respect to ancestors and Elders, past, present and future.

We've been working to be sustainable since we were born.

We've been meeting organic agriculture principles of health, ecology, fairness and care for over 20 years.

We are the world's first grass fed organic beef exporting company, founded in the 1990s by a group of far-sighted outback Australian families dedicated to the production of organic beef. Our commitment to organic agriculture and continual improvement means sustainability has always been part of our DNA:

- Certified organic standards ensure the family farmers we source cattle from work with ecological systems and protect soil and plants
- On properties in the pure heart of Australia, many so vast and remote they have been virtually untouched by chemicals for millions of years, cattle follow their natural instincts to roam across millions of hectares of certified organic and biodiverse pastures
- We run our business on co-operative principles to maximise returns to all family farmers who supply us, so they can continue to run flourishing family farms for generations to come
- We have been formally managing sustainability within our business since 2015.

Now we want to do more.

Our aspiration is to manage an organic beef supply chain that meets targets set by the UN Sustainable Development Goals.

This year, we have completely re-thought our sustainability strategy to focus it entirely on contributing to the UN Sustainable Development Goals (SDGs). Specifically, our targets for the topics we have identified as being material are now the relevant SDG targets. Our previous sustainability targets have been based on what we think is right. By replacing these with the SDG targets, we're now aiming for what the global community says needs to be done.

This is a big shift, and not without challenges. We are a small company sourcing cattle from a geographically vast supply chain and selling organic beef around the world. We have varying degrees of influence but no control along our supply chain.

The SDGs are our aspirational targets. We will use them to guide how to further reduce impact and increase value right along our supply chain in ways that encourage us to play our part towards achieving a better future for all.

Our pillars	ENVIRONMENT	PEOPLE	PRODUCT	ANIMALS
SDGs we aim to meet	  	   		Not an SDG.

About OBE Organic

Our mission is to help people live better, healthier lives with our NATURALLY INCONSISTENT® grass fed organic beef. This is how we aim to do it.

Inputs

Financial capital

We use funds from revenue, shareholders and our bank to run our business

Natural capital

We buy certified organic cattle grown with land, vegetation and water, mainly from OBE ORGANIC LAKE EYRE BASIN® producers

Manufactured capital

We contract facilities and services to process and transport our beef around the world

Intellectual capital

We invest in innovation and our brand to underpin future growth

Relationship capital

We seek to build strong partnerships along our supply chain and with others in our industry

Human capital

We hire employees and invest in their development to deliver our strategy

Business model

We are a private company based in Brisbane and owned by our founding outback farming families and their descendants.



We buy certified organic cattle from producers, have the cattle processed at modern certified organic abattoirs, and sell grass fed organic beef to the Americas, Asia, Middle East and Australia.



Our business is run on co-operative principles to maximise benefits to all producers who supply us.

Output

The world's best grass fed organic beef. In our opinion.



Enough certified organic grass fed beef to provide almost 17 million, 200 gram servings of lean and nutritious beef.

Our beef is free from chemicals, added hormones, growth promotants and GMOs.



Grass fed beef contains healthy omega-3 fats, and is packed with vitamins and minerals.

Our 2030 SDG targets

Environment

Ensure sustainable withdrawals and supply of freshwater.

Strengthen resilience and adaptive capacity to climate-related hazards.

Achieve a land degradation-neutral world.

People

Promote safe and secure working environments.

Ensure sustainable food production systems.

End all forms of discrimination and promote the inclusion of all.

Product

Sustainable management and efficient use of natural resources.

Animals*

Lead positive global change in rangelands animal welfare.

*SDG targets do not include animal welfare.



Our sustainability journey: where we are now.

We first started managing sustainability across our supply chain in 2015. We follow a standard process of mapping stakeholders, understanding their issues, identifying material topics, and working to manage those topics appropriately with available resources.

In 2019, we decided to more explicitly work towards the SDG targets our supply chain contributes to, or impacts on.

To reach those targets, we need to take actions to get there and measure our impacts. This snapshot shows most of our sustainability actions already contribute directly to SDG targets.

Our major challenge is measuring results. Measuring changes within the boundary of our business is relatively easy. However, our greatest impacts and opportunities lie along our supply chain covering dozens of farmers managing millions of hectares of remote land, and numerous transport operators, processors and other companies who we work with but have limited control over.

Sourcing data from supply chain partners to measure impacts accurately is hard, and in some cases there is no agreed indicator for managing on-farm performance.

In the years ahead, we will work to find ways to overcome these challenges, using existing data wherever possible to eliminate the cost and time normally needed to source supply chain data.

Material topic	Key SDG Targets (abbreviated)	Our progress to meet targets	
		Actions	Measuring
Environment			
Water	6.4 By 2030 ... ensure sustainable withdrawals and supply of freshwater	X	X
Climate change	13.1 Strengthen resilience & adaptive capacity to climate-related hazards.	➡	X
Land	15.3 By 2030, strive to achieve a land degradation-neutral world.	➡	X
People			
Safety	8.8 Protect labour rights and promote safe and secure working environments	✓	➡
Resilience	2.4 By 2030, ensure sustainable food production systems	✓	X
Diversity	5.1 End all forms of discrimination against all women and girls	✓	✓
	10.2 By 2030, empower and promote the inclusion of all	➡	➡
Product			
Health, safety, nutrition	12.4 By 2020, minimize the adverse impacts of chemicals and waste	✓	➡
Waste	12.2 By 2030, achieve the sustainable management of natural resources	➡	X

Legend

Not started	X
Started, but work to be done	➡
On track to meet SDG targets	✓

This report describes actions taken to manage material topics for the 12 months ended 30 June 2019. It primarily covers the activities of the OBE Organic entity, OBE Beef Pty Ltd. Actions we have taken to manage material topics along our supply chain are included where relevant.

Environment

Healthy landscapes create healthy food. Landscapes are complex systems where everything is linked: good grazing management preserves vegetation which improves soil health, increases water retention, reduces erosion, and stores more carbon in vegetation and soil.

Water



Target 6.4 By 2030 ... ensure sustainable withdrawals and supply of freshwater.

Context: Water use at OBE Organic's 11-person Brisbane office is limited to domestic use. Most OBE Organic cattle are sourced from the Lake Eyre Basin, one of the world's great inland river systems. These vast grasslands are too arid for cropping and the rivers are not dammed for irrigation. Vegetation is watered by rainfall and floods. Permanent waterways are scarce, so sub-surface water from the Great Artesian Basin is often used to supply cattle with drinking water.

Actions

With our producers not irrigating or damming, no specific actions are currently being taken by OBE Organic to manage water use on farms that supply us. Now we have adopted this SDG target, we plan to work with natural resource managers within the Lake Eyre Basin to understand what defines sustainable withdrawals and supply of freshwater, and what OBE Organic can do to contribute to achieving this outcome by 2030.

Climate change



13.1 Strengthen resilience and adaptive capacity to climate-related hazards.

Context: In our production area, the highly variable seasonal climate makes future modelling very difficult, but the current expectation is temperatures and evaporation will increase; rainfall changes are uncertain. Livestock account for [5% of direct global greenhouse gas emissions](#) and in grass fed livestock systems like ours, at least some of these emissions are reabsorbed by plants as they grow and ultimately stored in soil.

Actions

Our small office has minimal Scope 2 (purchased electricity) emissions. An EcoBiz assessment of office energy and water suggested minor changes that were implemented and resulted in a 11.6% reduction in energy use. We are monitoring Scope 3 (indirect) emissions from employee business travel, but currently not monitoring emissions from product transport.

Farms that supply us account for the majority of our carbon footprint and will bear the majority of climate change impacts. Our focus is working with producers to reduce net emissions and increase their ability to adapt to a changing climate by improving productivity and where possible looking for ways to store more carbon in vegetation and soils (although options to do this may be limited due to already sound land management practices). To do this, we became the first corporate partner of [Grazing BMP](#) in 2015, a partnership that introduced 120 producers (cumulative) to workshops in outback towns to benchmark and improve their management skills. Unfortunately Grazing BMP ended in 2019, and we are now assessing other ways to support farmers, and to move to carbon neutrality through a combination of increased productivity and, potentially, increased carbon sequestration.

We support the Australian beef industry's ambition to be carbon neutral by 2030, and attended every Consultative Committee meeting of the [Australian Beef Sustainability Framework](#).

Land



Target 15.3 By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world.

Context: Most of our cattle are sourced from Australia's rangelands, known to most people as the Outback and [including a diverse group of relatively undisturbed ecosystems such as shrublands and grasslands](#). To comply with organic certification, our producers have requirements for land management, soil health and biodiversity.

Actions

Organic management plans of all producers supplying OBE Organic are audited annually by a third party certifier to demonstrate compliance with organic principles of maintaining a harmonious relationship between environment and livestock. We don't own any land or cattle, but we coordinate an annual independent audit for outback organic cattle producers in our network. Most of these producers are in what we call OBE ORGANIC CHANNEL COUNTRY®, an iconic part of Australia where ephemeral waterways periodically flood millions of hectares of outback flood plains and drain into the inland Kati Thanda-Lake Eyre. In June 2019 this audit certified almost 8 million hectares (20 million acres) of organic grazing land. At least 5% of this land is maintained to facilitate biodiversity and nature conservation as required by organic standards – about 400,000 hectares.

Our Grazing BMP partnership, which was supporting producers to improve their already high standards of environmental management, ended in 2019. To meet the SDG target, we plan to work with natural resource managers within the Lake Eyre Basin to understand what defines land-degradation neutral in the Lake Eyre Basin, and what OBE Organic can do to contribute to achieving this outcome by 2030. Wherever possible, our focus will be on practical, pragmatic actions producers can take to tie improved land management to increase productivity and/or profitability.

Deforestation has been assessed as not material to OBE Organic because clearing of primary ecosystems is prohibited under the Organic Standards our producers are audited against every year.

What are the environmental impacts of our organic beef production?

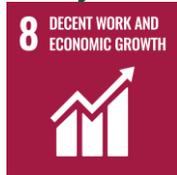
Beef production is sometimes criticised for its environmental impacts.
 Much of this criticism is lacking context – so what’s the reality?

Climate change	Land use	Water consumption
<p>Criticism: Meat is the biggest contributor to climate change.</p>	<p>Criticism: Over 70% of the earth’s farmland is used for livestock production.</p>	<p>Criticism: It takes about 16,000 litres of water to produce one kilogram of beef.</p>
<p>Reality: The biggest contributor to climate change is burning fossil fuels for electricity and energy.</p> <p>Just 5% of direct global greenhouse gas emissions come from all livestock. The vast majority of direct global emissions come from fossil fuels and industrial processes.</p> <p>And these numbers are emissions only. Unlike fossil fuels, grass fed cattle are part of a natural carbon cycle: carbon released into the atmosphere by grazing animals is re-absorbed by plants as they grow and stored in the soil.</p> <p>The Australian red meat industry has set an ambition of being carbon neutral by 2030.</p>	<p>Reality: This implies beef production is a wasteful use of land. But over 70% of the earth’s farmland is not arable – that is, not suitable for cultivation, normally because it is too dry.</p> <p>Instead of trying to grow crops on land not suitable for cultivation, our cattle eat naturally growing vegetation, turning a renewable resource into protein for humans.</p> <p>To comply with organic certification, producers have requirements for land management, soil health and biodiversity and are required to demonstrate compliance in annual third-party audits.</p>	<p>Reality: This often-cited figure is a global average and includes all rain that falls on cattle properties. There are two problems with this.</p> <p>First, different production systems in different countries use very different amounts of water. A global average doesn’t reflect this. The most recent research shows it takes 515 litres to produce 1 kg of beef in Australia.</p> <p>Second, about 90% of this figure is rainfall. In intensively-settled areas where millions of people and many industries compete for water, measuring every drop of rainfall may be valid. But the Lake Eyre Basin has one of the lowest population densities on the planet and there are no dams for irrigation: rain falls on land, grows native vegetation, and flows into ephemeral waterways.</p>

People

Supporting our employees and people in our supply chain will build a stronger business for us, and a better life for them.

Safety



Target 8.8 Protect labour rights and promote safe and secure working environments for all workers.

Context: We employ 11 people in a modern office. We source cattle from dozens of certified organic farmers; agriculture has the highest injury and death rate of any sector in Australia, so improving farm safety is a priority for the entire industry.

Actions

Safety is on the agenda of every weekly staff meeting, and employees receive regular training, including an annual first aid refresher. In 2018/19 we began an EAP Assist mental health program for employees. No lost time injuries were recorded at OBE Organic in 2018/19.

For our farmers, we regularly include safety messages in our online and producer communications. We have previously worked with Workplace Health and Safety Queensland and WorkCover to deliver farm safety training, create farm safety templates, and deliver farm safety webinars, and with industry partners to launched an [Online Rural Property Induction](#) to provide a low-cost way to help producers better manage farm safety. Uptake of the Online Rural Property Induction has been lower than hoped, so for a new perspective on how to improve adoption, we held a one-day hackathon with behavioural science consultancy Behavioural Insights in July 2019. We will be working with our partners to assess the suggestions from this process in 2019/20.

Resilience



2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.

Context: Supporting producers to be profitable and productive is the key to helping them maintain sustainable agricultural practices, and is at the heart of our business model. Without them, we have no product to sell and cannot achieve our mission of providing safe food to the families of the world.

Actions

In previous years, our Grazing BMP partnership was our flagship program for providing additional professional development to farmers, and identifying areas of need for additional support. Initiatives generated through this program included:

- Supporting a trial to [improve broadband connectivity](#) for remote cattle properties
- Providing training on [succession planning](#) and [spatial mapping](#)
- Partnering with Livestock Biosecurity Network to create an organic livestock biosecurity template.

We are now assessing other partnerships to support our farmers build their resilience.

Diversity



Target 5.1: End all forms of discrimination against all women and girls everywhere

Target 5.5: Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life

Target 10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

Context: We believe a diversity of genders and backgrounds creates a diversity of thinking that makes our business stronger. In the [2016 census](#), [32%](#) of employees in agriculture were female. In June 2019 the percentage of women on ASX 200 [boards was 29.7%](#).

Actions

We are a strong advocate for increased diversity in the beef industry.

Our focus has long been on gender diversity, and as at 30 June 2019, 70% of our employees and 60% of our directors were female. We have no formal policy on gender diversity, but recognise aiming for at least 50% female employees and Directors is just good business. Specific initiatives in 2018/19 included:

- Hosting [Women Trading Globally events](#), an Export Council of Australia and Department of Foreign Affairs and Trade initiative, to share marketing and exporting tips with a group of female entrepreneurs from South East Asia, Mongolia and Timor-Leste
- Joining the inaugural [Meat Women Business](#) committee
- Attending Austrade’s Women in Agribusiness luncheon
- Membership of [FemEconomy](#).

In 2017 we became one of the first agribusinesses to have a [Reconciliation Action Plan](#) (RAP). In 2018/19 we developed our second RAP – endorsed by Reconciliation Australia in June 2019 – and advocated widely for other agribusinesses to consider how to build relationships, respect and opportunities for the first Australians. While we have just started our RAP journey and have much to learn and do, we are currently meeting our RAP deliverables for building relationships, respect and opportunities with and for Aboriginal and Torres Strait Islander peoples.

We also support opportunities for youth. In 2018/19 we:

- Provided intern work experience for three students from [TAFE Queensland](#) and the [University of New England](#)
- Hosted a visit from Dalby State High School agriculture students
- Investigated ways to promote Indigenous youth employment to our supply chain.

One of our TAFE interns has since been contracted as a marketing assistant at OBE Organic.

Product

Lean beef, eaten as part of a balanced diet, offers exceptional nutritional benefits to people of all ages and levels of health. Our CHANNEL COUNTRY BEEF® is no exception.

Health, food safety, nutrition



12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil.

Context: Chemicals are prohibited from our organic supply chain.

Additional context – food safety: The Australian meat industry protects its reputation for producing clean, green and safe red meat products with several traceability and quality assurance programs. These include electronic traceability of every animal in Australia, numerous legislative requirements and industry standards at processors and inspections by importing authorities.

Additional context – nutrition: The [Australian Dietary Guidelines](#) say lean beef is part of the 'protein-rich' food group people should eat every day. Lean red meat is a particularly good source of easily absorbable iron, zinc and B12. It can be especially important for some groups including infants, children, women (particularly when pregnant) and athletes.

Actions

We supplied 3,370 tonnes of chemical free, safe, nutritious organic beef to consumers around the world. Our beef is:

- Free of antibiotics, added hormones, and genetically modified feed
- Raised on pastures free from chemical treatments.

We promote responsible consumption of beef in line the Australian Dietary Guidelines. For adults, a maximum of 700 grams of lean red meat (raw, or about 455 grams cooked) per adult per week is recommended.

Waste



12.2 By 2030, achieve the sustainable management and efficient use of natural resources.

12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

Context: The UN's [Food and Agricultural Organization](#) estimates one third of all food is wasted along the value chain. Wasting food wastes money, wastes resources used to produce that food and reduces the planet's ability to feed a growing population.

Actions

We have tracked our product supply chain, comparing losses from various stages of production. It was found that losses from processor to customer were quite insignificant, although we are aiming to reduce product handling waste as much as possible. A much larger source of waste in our supply chain is lost productivity on farm and at processing. Our Feedback Loop project (see ANIMALS) and producer support (see PEOPLE) are working to address this.

Animals

Everyone in our supply chain has a responsibility to treat animals well.

Context: Animal welfare is an important part of an organic livestock program. At certified organic cattle properties, annual organic certification inspections ensure cattle have stocking rates appropriate for the region, taking into consideration feed production capacity, health, nutrient balance and environmental impact.

Actions

We are pioneers in using existing supply chain data to monitor animal health and welfare and provide feedback to producers. We have been providing feedback on bruising, meat colour and fat depth slaughter data since 2017 as indicators of animal welfare. In July 2018 we completed our [Feedback Loop](#) project, supported by MLA Donor Company, which confirmed offal data collected at processing can be a valuable source of animal health information for producers.

To further improve how we communicate this data to producers, we held a one-day hackathon with behavioural science consultancy Behavioural Insights in July 2019. We will be working to assess and implement the suggestions from this event in 2019/20.

In 2018/19 we worked to improve our animal welfare work further by forming an Animal Wellbeing Committee with producer, vet and retailer representatives and drafting an animal welfare strategy. Key components of our animal welfare strategy are to:

- Create animal welfare standards for our supply chain
- Develop a process to monitor performance using existing data
- Participate in industry animal welfare initiatives
- Enhance our feedback loop to producers using behaviour theory to nudge change.

Partnerships for the goals



Our partnerships in 2018/19 included the following:

Partnerships

- Grazing BMP (to deliver producers workshops)
- MLA Donor Company (to deliver the Feedback Loop research project)
- Palgrove and Olive Media (to maintain an online farm safety induction)
- Queensland Department of Agriculture and Fisheries (various projects and support)

Memberships

- AgForce
- AMIC
- Australian Arab Chamber of Commerce & Industry (AACCI)
- Chamber of Commerce & Industry Queensland (CCIQ)
- Export Council of Australia (ECA)
- FemEconomy
- NASAA Certified Organic (NCO)
- Rural Press Club
- Australian Institute of Management – Education and Training (AIM Training)
- Aus-Meat (Annual Non-Packer Export Accreditation)

Committees / Boards our staff contribute to

- Department of Foreign Affairs and Trade Council for Australia Arab Relations
- Telstra Queensland Regional Advisory Council
- Australian Government Farm Cooperative Project
- Australian Organic Industry Working Group
- Australian Meat Industry Council committees

How we manage sustainability

We are one of the first Australian beef supply chains to formally manage sustainability. We take a measured and strategic approach to sustainability based on the AccountAbility AA1000 Principles Standard and its principles of Inclusivity, Materiality, Responsiveness and Impact.

We have identified and mapped 33 stakeholder groups, including employees, producers, supply chain partners, organic industry bodies, distributors, retailers and consumers. We review this list periodically to ensure it remains relevant.

We work to understand what is important to these stakeholders through a range of engagement processes. We regularly cross-check the topics we have identified for completeness against other sustainability frameworks including the Australian Beef Sustainability Framework, the Global Roundtable for Sustainable Beef, the Global Reporting Initiative and the Sustainability Accounting Standards Board.

Finally, our staff assess the relevance to stakeholders of topics identified through this process and the significance of each topic to OBE Organic's operations. The result is our four FLOURISH pillars of Environment, Animals, People and Product.

To further embed sustainability into OBE Organic, in 2018/19 we formed a Sustainability Working Group comprised of five volunteers (almost 50% of our employees) from across our business functions. This Group meets quarterly to review progress, increase their sustainability knowledge and capability, and identify new areas for action.

As noted in this report, measuring supply chain impact is a challenge we are working to improve.

Governance

The OBE Organic Board is responsible for overseeing the strategic direction of the company, ensuring compliance with legal obligations and assessing risk. At 30 June 2019 our Board was comprised of four producer directors, one independent director and a Managing Director. In FY2019 we developed a Draft Corporate Governance Charter.

We aim to be honest and accurate in all our marketing communications. We have the correct certification to support our organic, NOP and halal claims in our marketing.

Our [privacy policy](#) is available on our website.



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We would like to acknowledge the contribution made by Genevieve Kane, Bachelor of Agriculture student at Central Queensland University, who worked on drafting this report while with OBE Organic on an industry placement during the last semester of her degree.