



Bidvest Australia Limited – Sustainability Report 2010

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Welcome to the Bidvest Australia Sustainability Report for FY 2010.

This is the third year that Bidvest Australia has produced an independent Sustainability Report. Previously, our Sustainability Report was included within the International Sustainability Report for the Bidvest Group. For more information on the global sustainability actions undertaken by the Bidvest Group, refer to Bidvest's international website www.bidvest.com.

For Bidvest, sustainability is a total concept. It is the product of deliberate business actions to ensure long-term survival and has three themes – People, Profit and Environment. Sustainability is integral to our business.

Our Sustainability Policy

“As a significant organisation within the Asia-Pacific area, Bidvest Australia Limited recognises that it has a responsibility to consider the effect of our business activities on the environment and we are committed to ensuring that we minimise the impact of our “carbon footprint” by adopting a policy aimed at achieving this outcome and encouraging others to similarly do so.

As part of an international organisation, we recognise that we can make a difference and we are committed to creating a work culture where environmental concern is seen as an integral part of our business operations, rather than a series of short term reactions and initiatives.

Bidvest Australia Limited's Environmental Policy is central to the way we do business and affects the entire supply chain relationships from supplier to customer as well as the way we operate our business activities. Our Policy is designed to emphasise the importance of understanding how each of us, as individual business units or employees, can make a difference, as well as by developing organisational strategies.

While this Policy has been created and will be reviewed at Corporate level, it is the explicit understanding that this Policy will be maintained and implemented by all businesses operating within the Bidvest Australia Limited group and that all business units will be actively involved in providing input into the ongoing improvement of this Policy and in promoting this Policy throughout the business unit and to its staff, suppliers and other stakeholders”.

Further information, on this Policy may be obtained by contacting us at sustainability@bidvest.com.au or through our website www.bidvest.com.au

Date authorised: 23 April 2008

Bidvest Australia – Overview

Bidvest Australia is well and truly advanced in its aim of establishing Australia's first truly national foodservice distribution network, offering a complete range of food and food related products and services to our customer base.

Our distribution network encircles Australia.



Our services now include:

Bidvest – First for Foodservice A general food service wholesale and distribution service providing a range of food and food related products to the Food Service Industry including hospitals, nursing homes, hotels, restaurants, schools and universities, prisons, contract caterers and airlines.

Bidvest – QSR A dedicated supplier to quick service restaurants, including KFC, Pizza Hut, Hungry Jacks and Subway.

Bidvest – Hospitality	A dedicated supplier of a range of hospitality goods and allied products to the hospitality industry, including tableware, flatware and kitchenware.
Meat Services	The Bidvest frozen and fresh meat division with a range of in excess of 500 lines. Bidvest is the first National Foodservice Distributor to be accredited by the Meat and Livestock Association. Bidvest Meat Services can organise a range of meat products, mainly primal and some cuts, sourced direct from reputable and approved abattoirs and distributed throughout Australia.
Logistics	Bidvest's import division. Logistics is dedicated to ensuring that Bidvest imported products are brought into Australia, stored and distributed to Bidvest distribution centres efficiently and maintaining the integrity of the products. The Logistics site is registered with AQIS and is a Quarantine Approved Premise.
Fresh	The newest division in the Bidvest Australia stable. This division is dedicated to providing a range of fresh meat, fruit and vegetable products.
AIV	A franchisee route and regional operation specialising in a personal relationship approach to small specialty delicatessens and food outlets

This expansion has enabled Bidvest Australia to develop some cutting edge initiatives that enable Bidvest and its customers to enhance their sustainability programs, such as Bidvest's approach to e-commerce, which enables Bidvest and our stakeholders to reduce paperwork, reduce time waste, to reduce errors and to increase efficiency and maximise profits.

Our "one-stop-shop" philosophy allows our customers to maximise efficiencies in purchasing and reducing unnecessary costs, by offering a wide selection of products and services, competitive pricing and the ability to make payments through a single transaction.

Bidvest's ability to deliver a wide and diverse range of products in one truck or van enables us to reduce our carbon footprint and to partner with our customers and suppliers in the supply chain in our endeavours to reduce damaging impacts on our natural environment.

Growth at Bidvest

Bidvest Fresh. Bidvest entered the Fresh food sector with the acquisition of Lahoods, a Sydney based processor and distributor of a range of fresh fruit, vegetables and meat.

Kele Bros. A further expansion in Queensland with the acquisition of Kele Bros. This adds 5 new distribution centres to Bidvest Australia at Rockhampton, Gladstone, Longreach, Emerald and Bundaberg.

Bidvest now boasts 49 operating business units throughout Australia operating at 45 different sites..

New, Improved Purpose Built Warehouses

Hobart Foodservice and QSR Tasmania moved into their brand new warehouse in Hobart in the second half of 2009. The site has been purpose built and also enables room for expansion as the Tasmanian operations grow their business in that State.

The Hospitality Division has not missed out on new warehouses, either, with Brisbane and Perth Hospitality Distribution Centres moving to their new warehouses in 2010.

► Sustainable Development

► Business Sustainability

Innovations and Investments

E-commerce

Bidvest offers a range of e-commerce options that enable our customers to reduce paperwork and increase efficiency, thereby increasing their sustainability. These options are continually refined and enhanced to provide greater benefits and efficiency to internal and external customers. For example:

Find Food Fast (FFF) has been upgraded and placed on a new platform to enable future growth and development to provide even greater benefits to customers.

Online payments via FFF are now available. This enhancement enables the streamlining of account payments more effectively as customers can place their order, conduct their account administration and pay their Bidvest account all in the one place. It also means Bidvest staff members do not have to spend time allocating payments because it all happens automatically.

Find Food Fast has now been upgraded to include Planning and Costing (recipes and menu's) to provide improved facilities for recipe and menu creation and costing. This enhancement enables customers to plan menus more effectively, thereby reducing waste and costs.

The Bidvest intranet, Bidcentral, is being utilised more effectively to communicate with staff and provide access to Find Food Fast for training, enabling a higher standard of customer service which reduces frustration and increases efficiency.

A Common IT Platform

Bidvest Australia has in place a common IT platform that enables greater consistency and efficiency within the group. This platform is being constantly enhanced and the latest enhancements are designed to eliminate much of the paperwork that is being undertaken. This will reduce waste while, at the same time, increase efficiency and reduce costs.

Since 2009-2010, the virtualization of servers referred to in the Environmental Sustainability section has saved Bidvest an estimated \$288750 plus estimated annual savings of \$36404.

The Electronic Warehouse

The expansion of the electronic warehouse is continuing and the system is being constantly improved as issues are identified. This has resulted in a considerable reduction of paper used and increased efficiency.

A Common Quality Management System

Bidvest Australia boasts a dedicated Quality Management System that incorporates ISO 9001:2008, Codex HACCP (Food Safety), OH&S, Environmental Sustainability and Corporate Governance issues. The Bidvest QMS also provides consistency within the group encouraging greater efficiencies and savings to enhance the sustainability of Bidvest, its customers and suppliers.

ISO, HACCP, Environment and Health & Safety Certifications

Bidvest Australia maintains a Quality Management System certified to ISO 9001:2008. The QMS remains robust and effective.

Our certified Food Safety (HACCP) programs remain robust and effective.

Desk audits have commenced on AS/NZS 14001 (Environment Management Systems) and AS/NZS 4801 (Safety Management Systems) with certification audits scheduled to commence in August.



The Bidvest Academy in Australia

As part of Bidvest's ongoing commitment to maintaining its stability through a well-trained and educated workforce and the creation of a structured career path as the basis for Bidvest's continuing growth and sustainability, the Bidvest Academy was established in 2008. Courses have been designed and registered with the national authorities, enabling these courses to be integrated into accredited courses that will lead to the achievement of awards and degrees from Australian and New Zealand universities.

BIDValues

The BIDValues Statement defines and forms the basis of our organisational structure. The BIDValues Statement outlines our Vision, Philosophies, Strategies, Goals, Aims and KPIs for our Customers, Suppliers, Staff, Community, Government and our Owners. It is our national link to our global philosophy of being "Proudly Bidvest" and also our documented policy on fair dealing and ethical behaviour with all sectors in the supply chain.

► Environmental Sustainability

Innovations and Investments

Energy Efficient Lights

Bidvest Australia continues to replace high energy lighting in its warehouses and offices with energy efficient lighting. The Clayton warehouse in Melbourne has trialled new energy efficient lighting with dramatic results, both in reduction of energy and costs, but also in improvement of lux levels. They are planning to implement these new lights throughout the warehouse. Other business units are also running or investigating similar programs.

Electricity and Power

Bidvest continues to investigate ways of reducing electricity and power usage. Our ongoing growth, through acquisition and expansion of business, means that our electricity usage continues to increase on a year by year basis. However, energy efficient installations have tended to reduce the overall impact of this expansion.

Water

Recent rains have alleviated the water shortage in many parts of Australia. However, Australia remains a dry continent and Bidvest Australia continues to provide water saving features in its warehouses through the introduction of Water Efficiency Management Plans throughout the group and new truck washing facilities that use collected rainwater and/or filter the water before being fed back into the natural environment.

Trucks

Bidvest Australia continues its fleet replacement program through the purchase of more efficient delivery vehicles, resulting in reduced fuel usage and increased noise abatement.

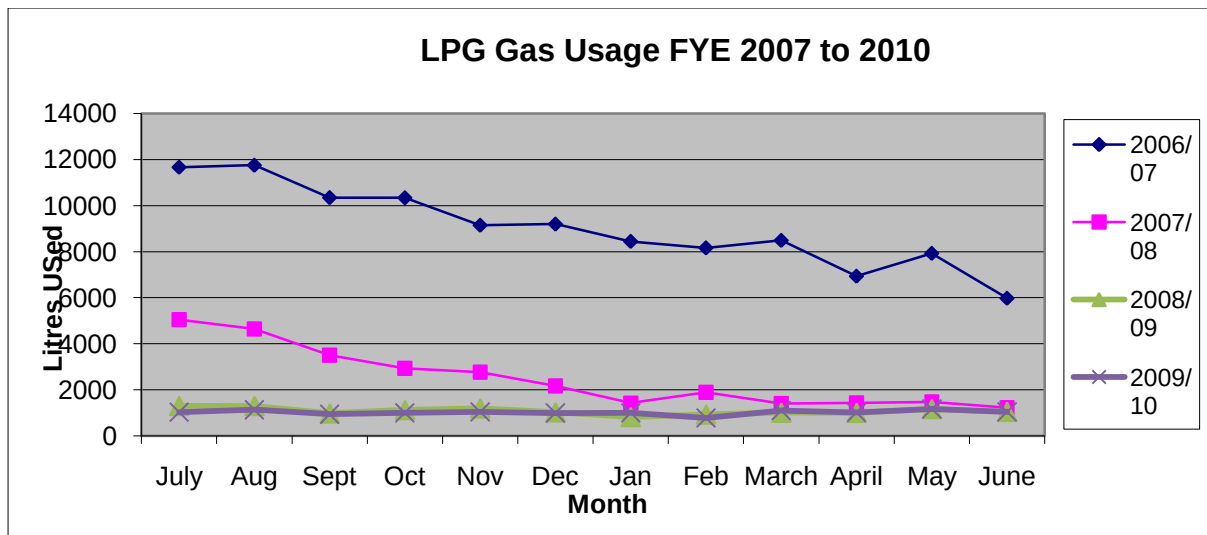
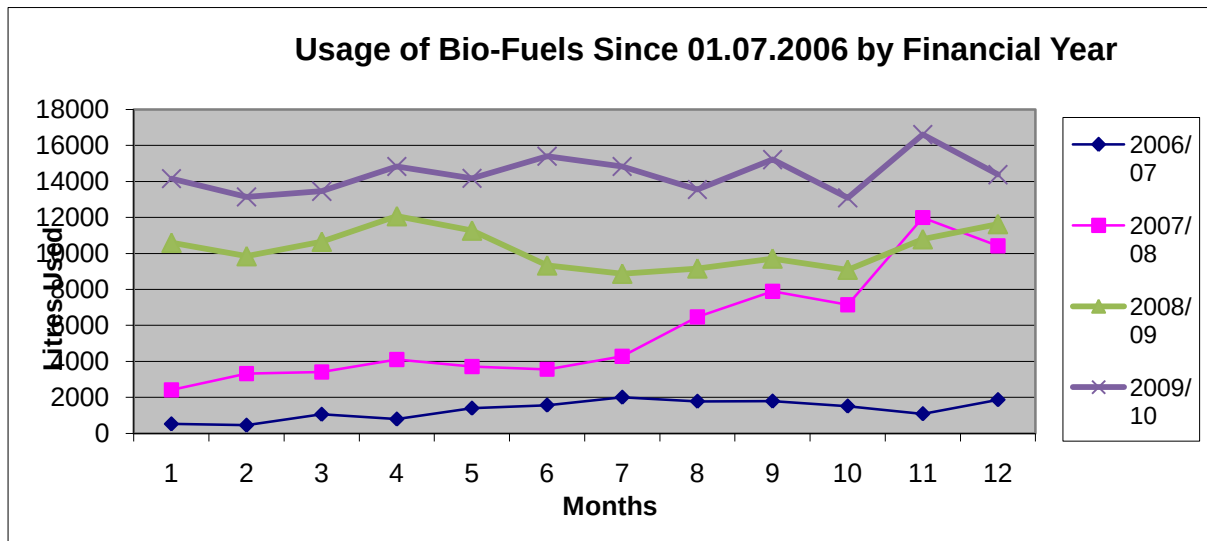
Fuel Usage

Bidvest has been promoting the use of ethanol based fuel (E10 – 10% ethanol) and there has been a significant increase in the amount ethanol based fuel over the past year. For the period ended 30.06.2010, 172801.41 litres of E10 were used against 123005.03 litres for the comparable period in 2009. This represents an increase of 40.48%.

The use of LPG has again fallen over the past year, from 12903.56 litres in 2009 to 12230.62 in 2010. A reduction of more than 19%.

Despite our continuing expansion, the overall use of fuel actually decreased over the past year from 6679787.28 litres in 2009 to 6419887.64 litres in 2010. A reduction of 3.9%.

Graphs on Bio-Fuels and LPG Usage for the past 4 years.



Case Study – Cairns

Cairns is one of Australia's pre-eminent tourist destinations and is situated in some of the some beautiful areas of the world. However, the global financial crisis has not been kind to Cairns, with the region reporting 14% unemployment. The highest in the nation. Yet, Bidvest retains its faith in Cairns and the Region and has demonstrated its commitment to the Cairns Region through the extension of our warehouse facility.



Costing approximately \$3 million, the new extension has added 1100 freezer pallet spaces and 1000 dry pallet spaces, equating to approximately 1800 square metres under roof. This virtually doubles the available space at the Cairns warehouse. Another 500 square metres has been provided for a truck wash down bay fitted with an oil separator to cleanse the run off water before entering the natural water course.

In addition, the dispatch dock is now fully enclosed and refrigerated to ensure greater compliance with food safety and the cold chain. Export containers are now more fully enclosed and more efficient loading operations have been introduced.

It is estimated that over 100 tradespeople have been employed on this work, which commenced 2.5 years ago. Combined with the purchase of building equipment and supplies from local sources, this construction has provided a solid and well-needed boost to the local economy.

Bidvest is proud to be an active partner and participant in the Cairns Region.

Alternative Energy Usage

Bidvest investigated the potential for using alternative energy resources rather than coal generated electricity. However, the cost of alternative energy supplies was virtually twice our existing cost structure. At this stage, alternative energy is considered to be unviable. Bidvest will continue to encourage reduce electricity use by the business units wherever possible through the installation of energy efficient lighting, energy efficient equipment and turning off unnecessary equipment and lighting when not in use.

Recycling

Our recycling programs go from strength to strength. Despite the current economic environment, where the demand for recycled stock has fallen dramatically, Bidvest Australia has managed to expand its recycling activities, both in volume and in range of items being recycled.

Bidvest has implemented a national recycling program that will be rolled out into all business units as their existing contracts expire. While the implementation is still in an early stage, the reports indicate substantial savings in costs to Bidvest as well as the increased benefits to the environment. The following chart shows collections in tonnes.

Bidvest Sites	Suburd	State	Cardboard	LDPE	CCM	WP
Bidvest Hospitality Supplies	Oakleigh South	VIC	1.390			
Bidvest	Breakwater	VIC	1.054	0.116		
Bidvest QSR	Wetherill Park	NSW				0.240
FLM - Bidvest (Burleigh Marr)	Morningside	QLD	7.358	1.620		0.316
Dymel Distributors (Bidvest)	Burleigh Heads	QLD	0.380	0.100		
Bidvest Macmont Hospitality Supplies	Hindmarsh	SA	0.289			
Bidvest	Kunda Park	QLD	0.200	0.626		0.048
TOTAL			10.671	2.462	0.000	0.604

While the above chart only provides information on 7 of our sites, this represents only a small fraction of the recycling currently undertaken by Bidvest. Unfortunately, the recycling companies at the other sites do not provide any statistical information. This will improve as more sites migrate to the national scheme.

Information Technology

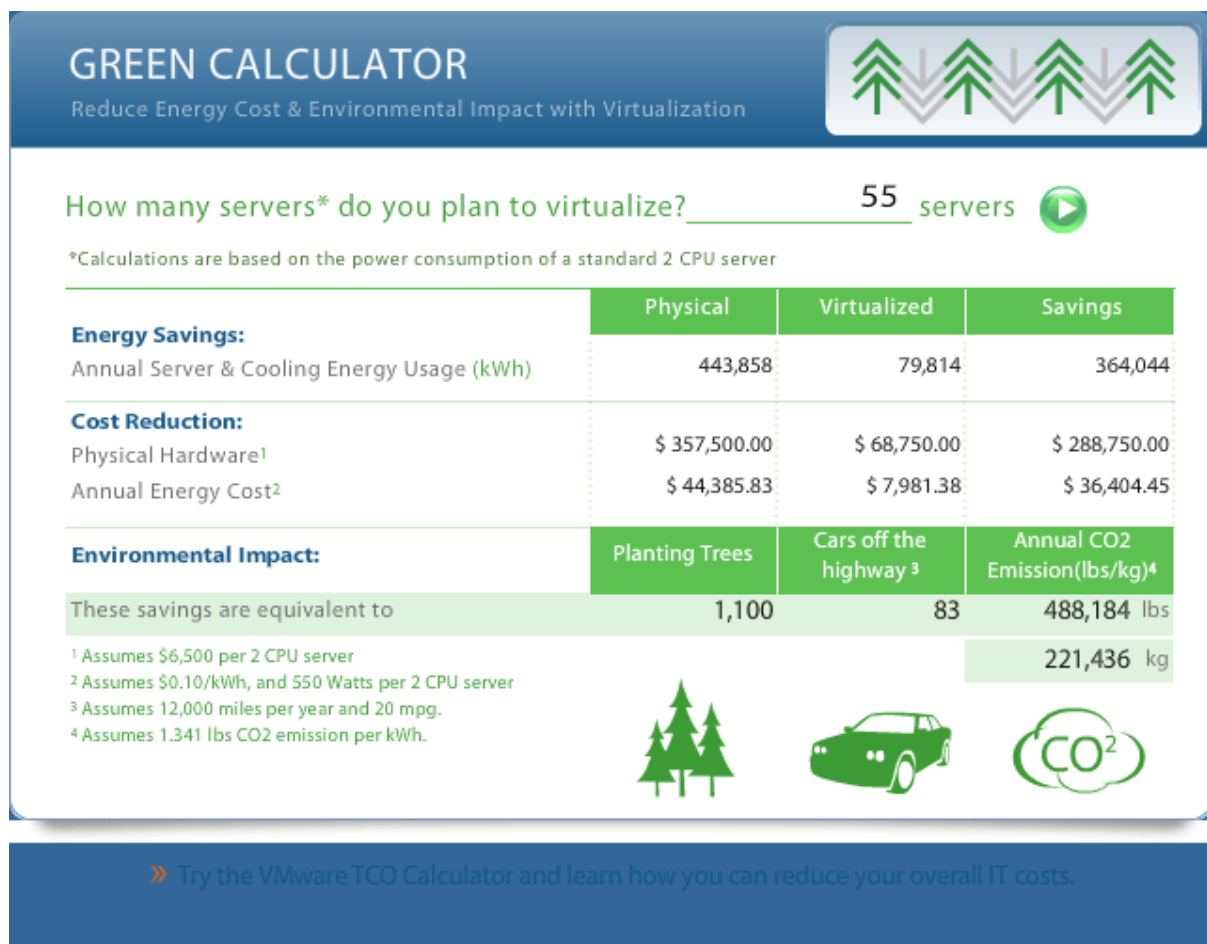
Over the last 12 months the Bidvest IT Department has undertaken a number of projects to lower the impact of Bidvest's computing systems on the environment.

Project 1. Server virtualization project

Virtualizing a server has a number of benefits;

- physical hardware is no longer needed.
- Server resources are better utilized allowing more capacity per server resulting in fewer servers.

The number of servers that have been virtualised has increased from 20 reported in 2009 to 55 in 2010. This results in savings of 221,436 kilograms of emissions, equating to planting 1100 trees or removing 83 cars from the road.



Project 2. Core Infrastructure

A number of core infrastructure components have been replaced, resulting in substantially less power consumption within the data centre. This included increasing our overall storage capacity by 140% but reducing the number of hard drives that provide this storage by approx 50%. Less physical hard drives require less power and cooling within the data centre.

Project 3. Video Conferencing

Video Conferencing capability has now been implemented at all Corporate branches in Australia and New Zealand, reducing the need for staff to travel interstate and overseas.

Project 4. Carbon Footprint

Applications have been developed which enables Bidvest to reduce its carbon footprint (e.g.: electronic storage and retrieval of Proof of Deliveries results in less paper being used) and the ability to better track aspects such as Electricity and Water usage.

► Social Sustainability

Our Community and Corporate Citizenship

Bidvest is committed to actively participating in and improving the communities in which we operate. At a Corporate level, Bidvest is a substantial contributor to the broader Australian community and charitable organisations. However, we do not believe that this is the responsibility of Corporate alone. Every business unit is a member of its local community and they are expected to play their role in being good corporate citizens. As a result, many local charities and community organisations receive support from their local Bidvest business units.

► Our Staff

Bidvest People are Ideas People

“Our businesses are united by a positive attitude to sustainability that looks beyond today’s obligations to tomorrow’s opportunities.” *Brian Joffe, Chief Executive, The Bidvest Group 2009.*

Staff Numbers

Our staff numbers have continued to grow, despite the uncertain financial conditions currently being experienced around the globe, increasing from 1990 to 2182 in 2010, excluding contractors. An increase of 9.65%.

The male/female ratio as at 30.6.10 for the non-contracted workforce is 74% males and 26% female, with a very high percentage of the female workforce participating at high management levels. Refer to the section on Equal Opportunity following. The chart included is drawn from the EOWA Report as at the 30.3.2010.

Governance

Bidvest Australia complies with all relevant employment and industrial legislation regarding recruitment, selection and employment conditions.

Remuneration

Bidvest Australia maintains a fair wage and salary structure either in accordance with Federal and State legislation or, more commonly, as per Industrial Agreements negotiated between management and staff. Bidvest generally maintains a level of remuneration above the industry sector standard.

Equal Opportunity

Bidvest Australia has again been active in promoting equal opportunity in 2010. A new program, Bidvest – First for Women in the Workplace, has been implemented and is designed specifically to encourage our female staff members to achieve their maximum ability and to encourage more females to apply for positions within Bidvest. The response from the female staff has been very positive and “inspiring”.

Bidvest has again achieved a good result with its Annual Report to the Equal Opportunity for Women in the Workplace Agency,

	Women		Men		Casual		Total Staff	%	
	Full time	Part time	Full time	Part time	Women	Men		Women	Men
Senior Executives									
Executives	2		6				8	25	75
Nation/Regl Managers	8		6	1			15	53.3	46.7
General Managers	3		40				43	7.0	93.0
Other Managers	38	2	80	1		1	122	32.8	67.2
Supervisors	40	0	57			2	99	40.4	59.6
Admin Staff	101	21	53	1	23	1	200	72.5	27.5
Sales Staff	171	32	173	1	52	2	431	59.2	40.8
Operations Staff	33	2	768	18	40	371	1232	6.1	93.9
Total	396	57	1183	22	115	377	2150	26.4	73.6

These figures do not include the contractors and the latest acquisitions in Queensland.

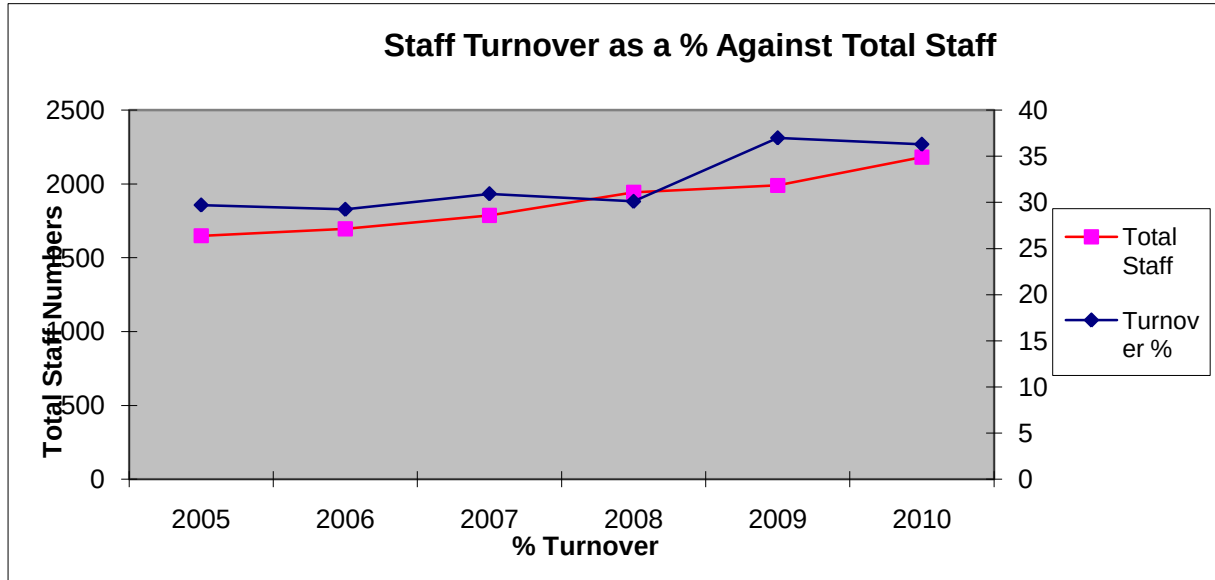
It should be noted that the ASX has indicated a target of 40% female representation at all levels of management for companies listed on the stock exchange. Although Bidvest is not a publicly listed company, this target has been largely achieved with the exception of Branch General Managers at 7%. Surveys among the female staff indicate that this role is not a preferred career path and, as such, the target of 40% may be difficult to achieve.

Human Rights

Bidvest Australia maintains a rigorous program of anti-discrimination and ethical behaviour as defined in the various Risk Management Statements. Bidvest Australia continues to comply with all legislative requirements in relation to employment and company practices.

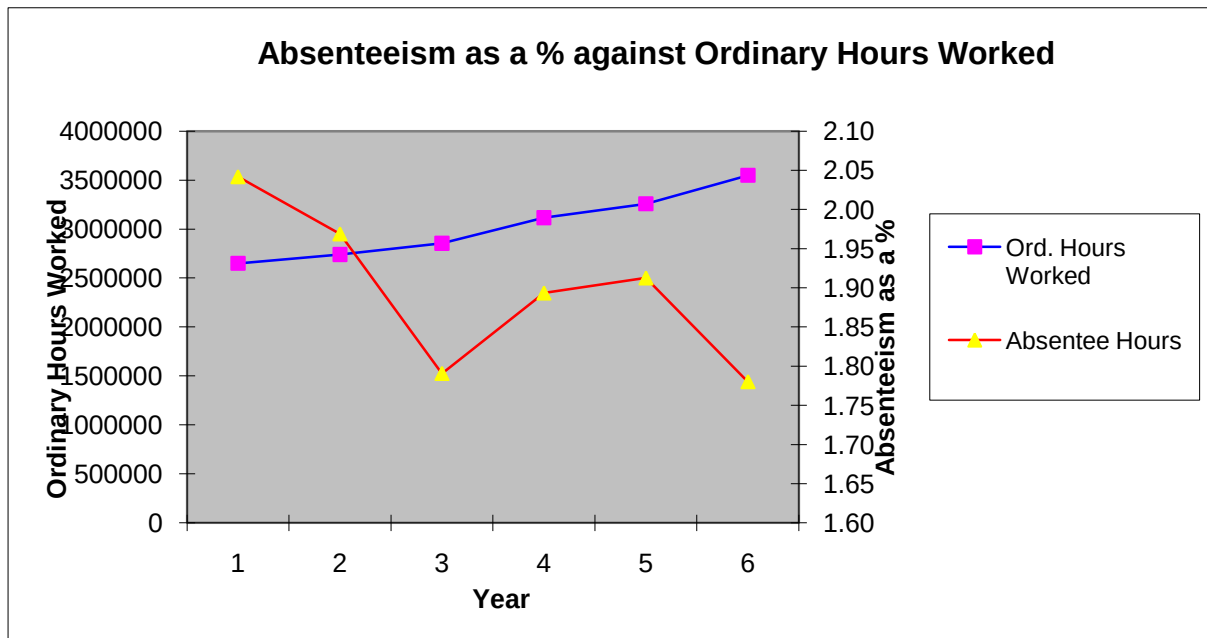
Staff Turnover

Staff turnover has increased over the past 2 years to 36% when compared to the historical trend of 30%. This has been mainly attributed to the inevitable restructuring and staff attrition following acquisitions.



Absenteeism

Staff absenteeism has continued the trend to fall as a percentage of the hours worked. Despite the increase in ordinary hours worked, the absentee percentage rate has fallen from 2.04% in 2005 to 1.78% in 2010.



The Bidvest Academy and Staff Training

Bidvest Australia has long acknowledged the importance of our staff in ensuring our future success and sustainability. For many years, Bidvest has been running a range of training programs. However, in 2008, Bernard Berson, the CEO of our Asia-Pacific Division, decided that these disparate programs should be bought under an umbrella organisation to develop a range of training programs specific to Bidvest's needs and the needs of our customers and other stakeholders. In 2009, the Academy is now at a stage where it can begin offering courses and programs to our staff with the potential of developing career paths and our future management. Bidvest knows that our people are "ideas people" and wants to harness this power in our drive towards the future.

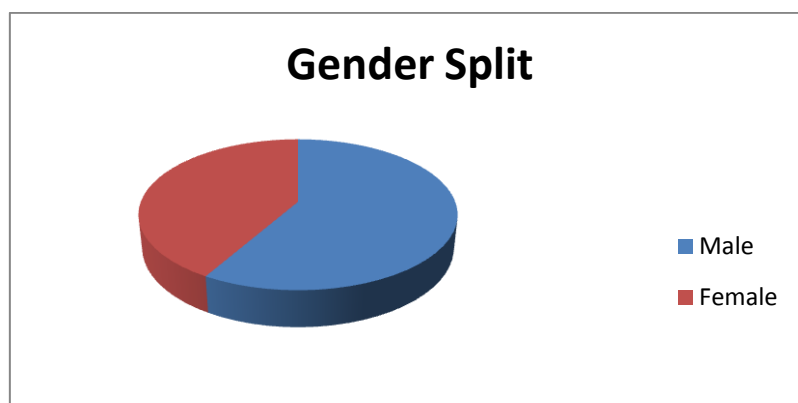
The staff training program continues successfully with the previously existing Certificate programs being administered by the Bidvest Academy in Australia. The programs on offer have been updated to the latest standards and are Nationally Recognised VET courses and are aligned with the Australian Qualification Framework. In 2010, 60 new trainees were enrolled, 98 trainees successfully completed their qualifications and 56 trainees withdrew, giving a total of 302 trainees participating in the programs.

In addition to the certificate courses, some staff members have embarked, or are about to embark, on Advanced Diploma and Diploma courses on offer.

Other legislated training has also been provided with some staff receiving training in areas such as Fire Safety Advisers, Fire Safety & Evacuation, Workplace Health & Safety, Rehabilitation & Return to Work and Fatigue Management for Drivers.

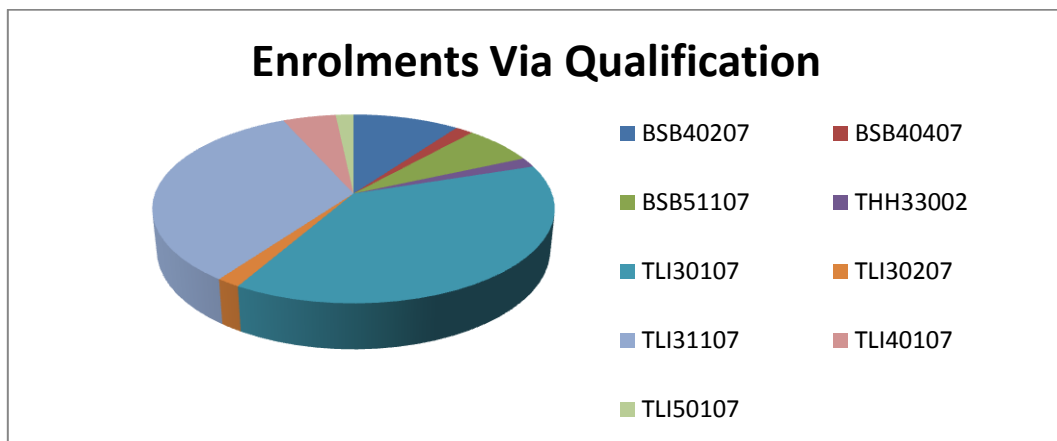
Other training has been provided in advanced IT and Customer Care & Service with the staff involved reporting substantial improvements in the way they work and higher levels of satisfaction.

Bidvest National Qualifications Figures July 2009 – June 2010		
Number of Enrolments July 2009 – June 2010	Enrolments based on gender participation	
	Male	Female
60	35	25
*NB Some individuals were enrolled in multiple qualifications		



Enrolments per Business Unit

Enrolments Via Qualification	
Qualification	No. Enrolments
BSB40207 – Certificate IV in Business	6
BSB40407 – Certificate IV in Small Business Management	1
BSB51107 – Diploma of Management	4
THH33002 - Certificate III in Hospitality (Operations)	1
TLI30107 – Certificate III in Transport and Logistics (Warehousing and Storage)	23
TLI30207 – Certificate III in Transport and Logistics (Road Transport)	1
TLI31107 – Certificate III in Transport and Logistics (Logistics Operations)	20
TLI40107 – Certificate IV in Transport and Logistics (Warehousing and Storage)	3
TLI50107 – Diploma of Logistics	1
TOTAL	60



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Business Unit	No. Enrolled*	No. Cancelled	No. Completed**
Albury John Lewis Food Service	3		7
Armidale		3	
Brisbane	3	5	4
Cairns Garozzo's Agencies	6	4	2
Clayton			13
Coastwide	1	5	9
Coffs Provedores			
Dymel			
Geelong John Lewis Foodservice		3	3
Gold Coast Burleigh Marr Distributions	3	1	6
Gold Coast Dymel Distributors			
Hervey Bay	3	4	3
Hobart			
Homebush RM Smith Foodservice	11	1	
Hospitality Geelong			1
Hospitality Melbourne			2
Hospitality Supplies Brisbane (Morningside)		1	
Hospitality Sydney	8	1	9
Ipswich	1	1	7
Mackay		11	4
Macmont Hospitality Supplies Adelaide			
Morningside			
Newcastle	2	3	8
QSR Burleigh			2
QSR South Oakleigh			7
Sydney (Wetherill Park)			3
Stephenson's Food Services QSR	2	3	
Sunshine Coast	15	5	
Tamworth		3	
Toowoomba			2
Townsville Burleigh Marr Distributions	2	1	5
Wollongong		1	1
Totals	60	56	98

*Including cancelled qualifications

**Includes completions from previous year's enrolments

► Health & Safety

Certification

Bidvest Australia has commenced the certification process for AS/NZS 4801 (Safety Management Systems). Desk audits have commenced and site audits are scheduled to commence in August 2010.

An internal audit program has commenced using an intensive audit tool based on AS/NZS 4801. Audits began in December 2009 and, so far, 17 business units have been audited. Each business unit is provided with a base score, which will be used to measure progress in the future, and a list of areas where improvements could be made.

Building Protection

Our ongoing program of assessing building protection is designed to ensure the buildings and contents, as well as its staff, are protected against any foreseeable occurrence. Efforts are taken to reduce the risk of fire and to ensure business continuity and provision of services and supply in the event of a disaster occurring.

Legislative Requirements

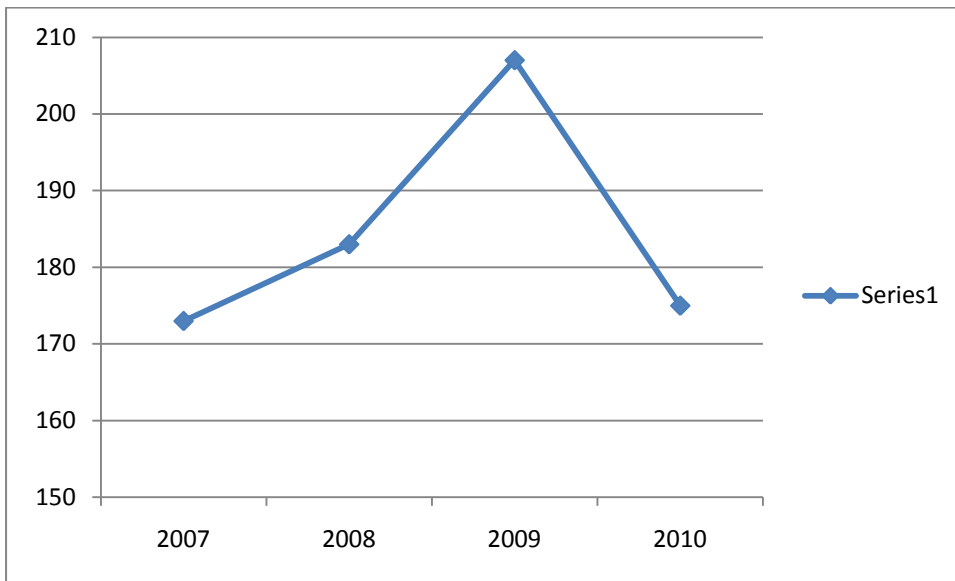
Bidvest continues to comply with legislative requirements for health and safety. As legislation changes, Bidvest responds through the development of appropriate actions. A recent example is the Fatigue Management legislation being extended to drivers of vehicles with a GVM greater than 4.5 tonnes in the State of New South Wales. Bidvest has developed and introduced a range of assessment tools to provide greater security for our drivers and the wider community.

Claims History

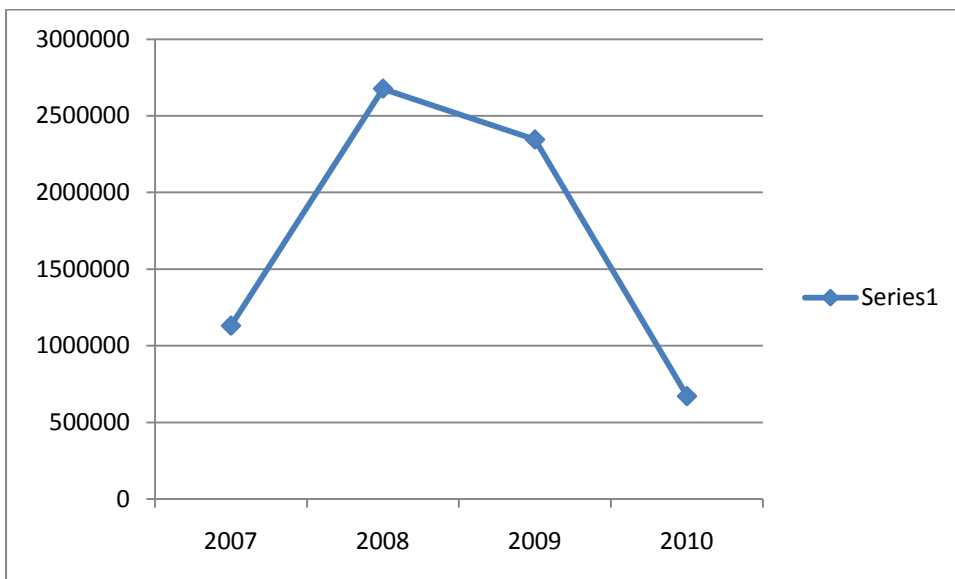
Bidvest Australia has grown substantially over the past decade, largely through acquisitions of existing businesses. It is not only the companies that are acquired, but the companies' organisational culture and past claims history. For some years now, Bidvest Australia has had to accept a claims history not necessarily of its own making. In the full understanding that each claims history affects an organisation for around 5 years, Bidvest Australia commenced a program to address these issues and a comprehensive action plan was developed. Bidvest is now beginning to see the benefits of this program.

As indicated by the charts below, the number of claims reached a peak in 2009 and have fallen back to 2007 levels in 2010. Even more encouraging is that, despite the number of claims approximating the number of claims in 2007, the actual cost of claims in 2010 (\$671997) is only 59.4% of the cost of claims in 2007 (\$1131261).

Number of claims 2007 – 2010



Cost of Claims 2007 - 2010-07-16



Customer Focus

Bidvest Australia prides itself on providing a high standard of customer service. Indeed, our Quality Policy acknowledges this:

Our Quality Policy

We are committed to providing products of the highest quality and, at the same time, providing the best service, which is courteous, on time and complete - every time.

Customer satisfaction is our highest priority – it is fundamental to our business. By succeeding in this goal, we are assisting our customers to achieve their goals.

Bidvest Australia measures its customer satisfaction through the retention and growth of its existing customer base and its ability to attract new customers. This is supported by the feedback capacity included in our website and FindFoodFast or FindHospitalityFast.

Privacy Policy

Bidvest Australia Limited respects and upholds the rights of customers to privacy protection and is bound by the Privacy Act (1988), the Privacy Amendment (Privacy Sector) Act 2000 and the National Privacy Principles. The Privacy Policy has been published to provide a clear and concise outline of how and when personal information is collected, stored, used and disclosed by Bidvest Australia Limited. The policy, and the Privacy Act, does not apply to employee records held by Bidvest Australia Limited which are covered by other Acts of Parliament.

Anti-Competitive Behaviour

Bidvest Australia is subject to The Australian Competition and Consumer Commission (ACCC), The Fair Trading Act 1987 and other Acts of Parliament. The ACCC has approved all expansion activities undertaken by Bidvest Australia and Bidvest Australia continues to comply with all provisions of the Fair Trading Act.