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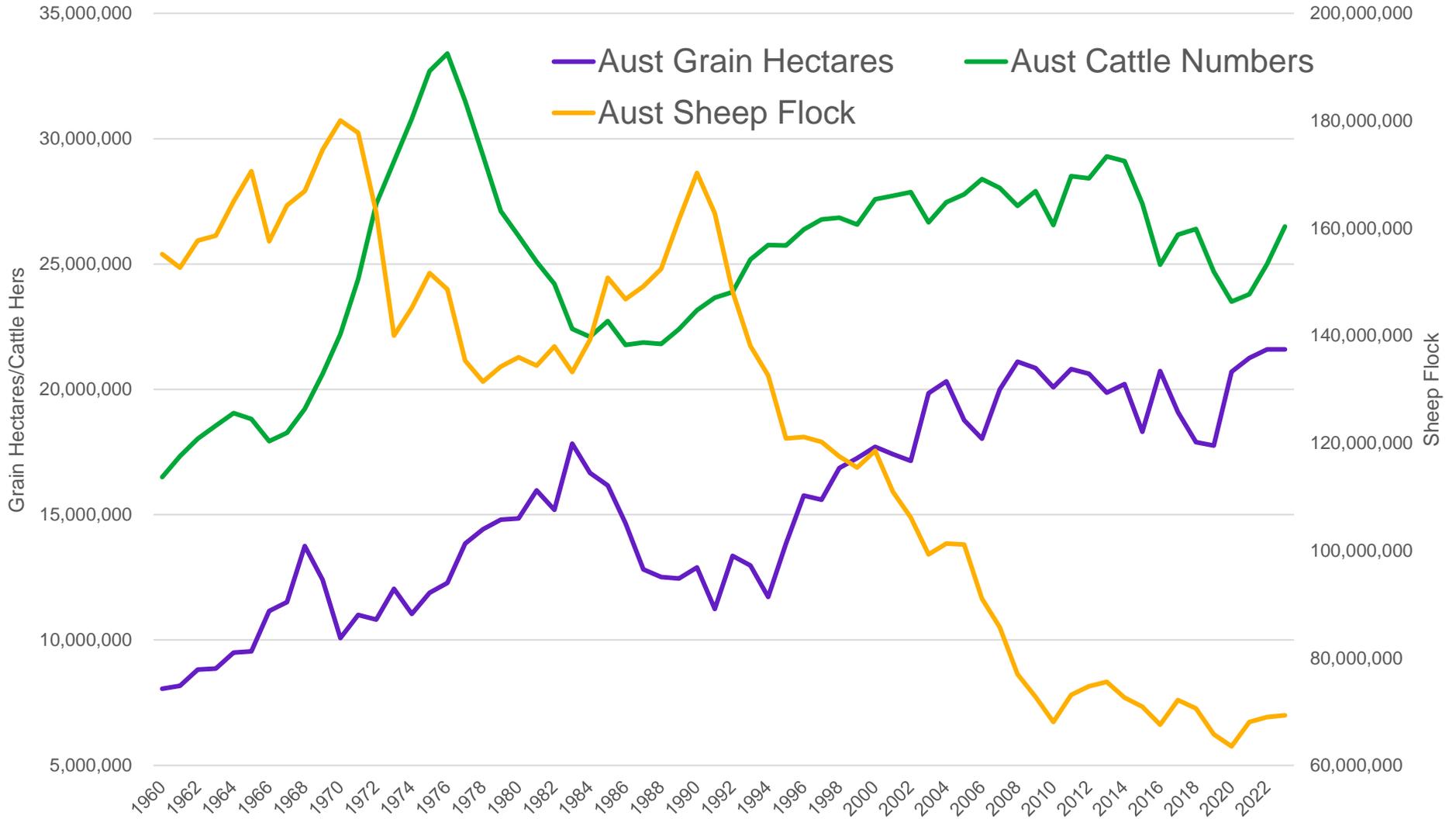
# COLES DAIRY FARMER CONFERENCE

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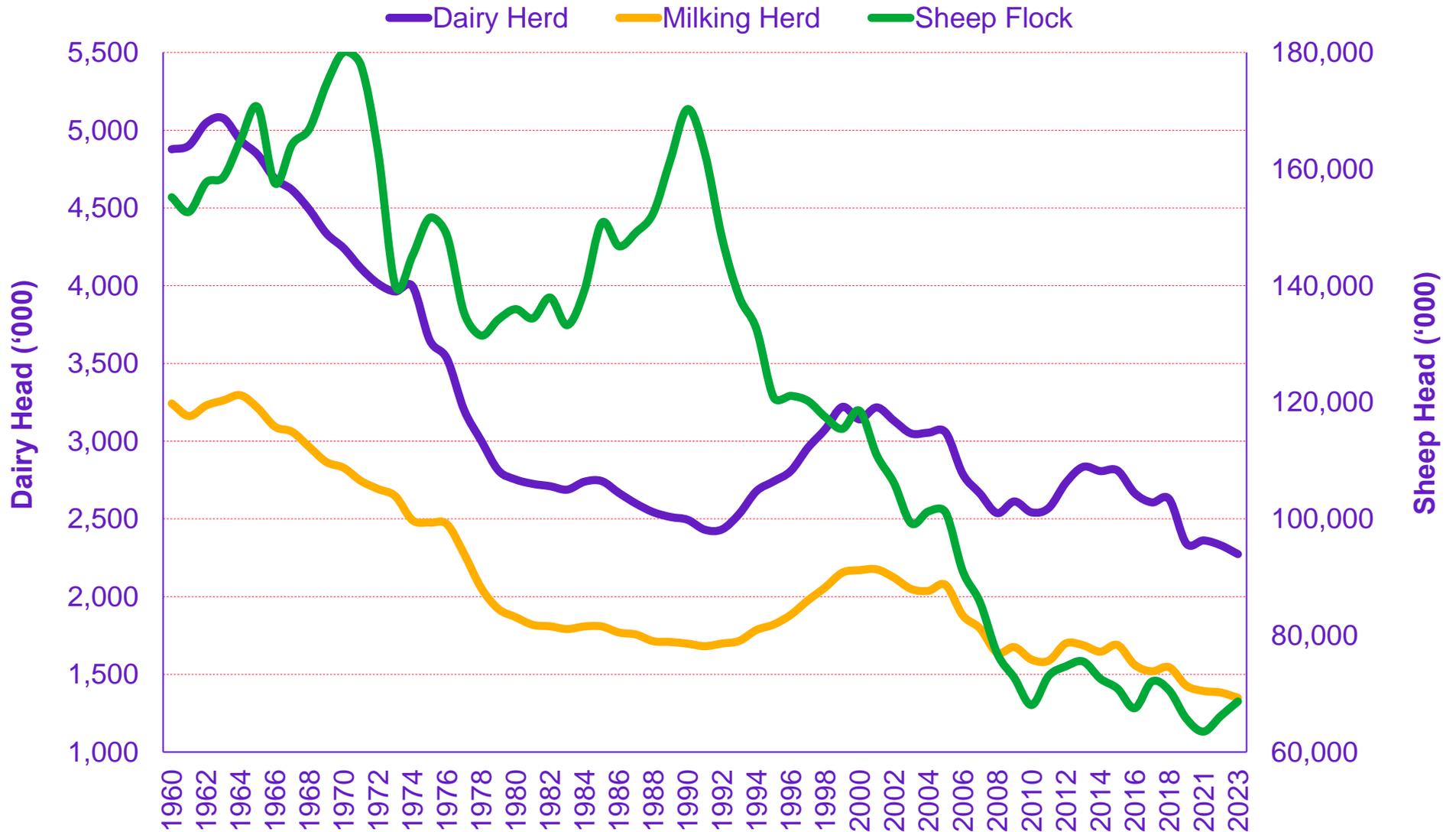
# AUSTRALIAN AGRI EVOLVED FROM SHEEP TO GRAIN AND CATTLE

## Aust Sheep Flock vs Cattle Herd vs Grain Hectares



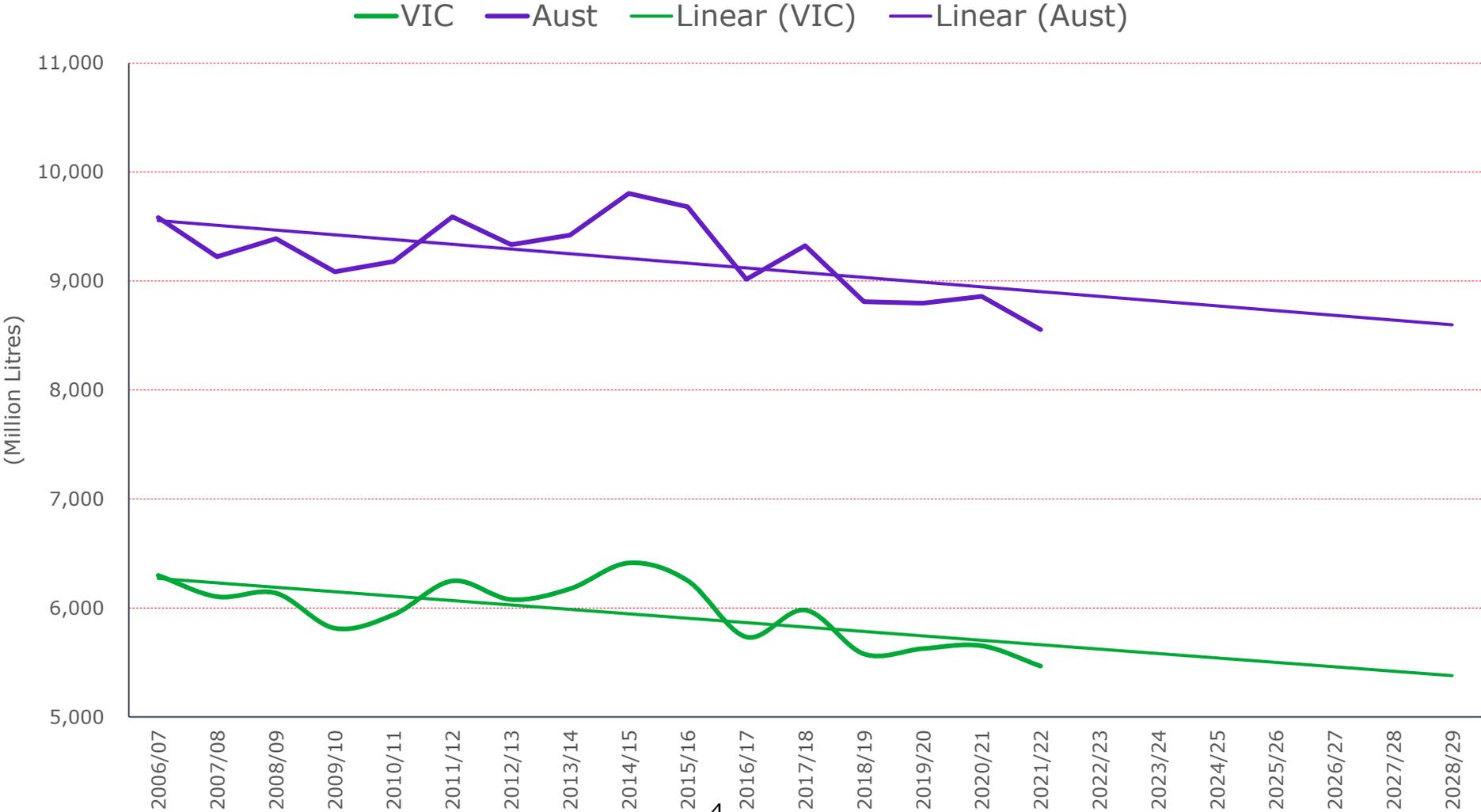
# MEANWHILE, DAIRY CONTINUED TO DECLINE

## Australia Dairy Herd vs Sheep Flock ('000 Head)



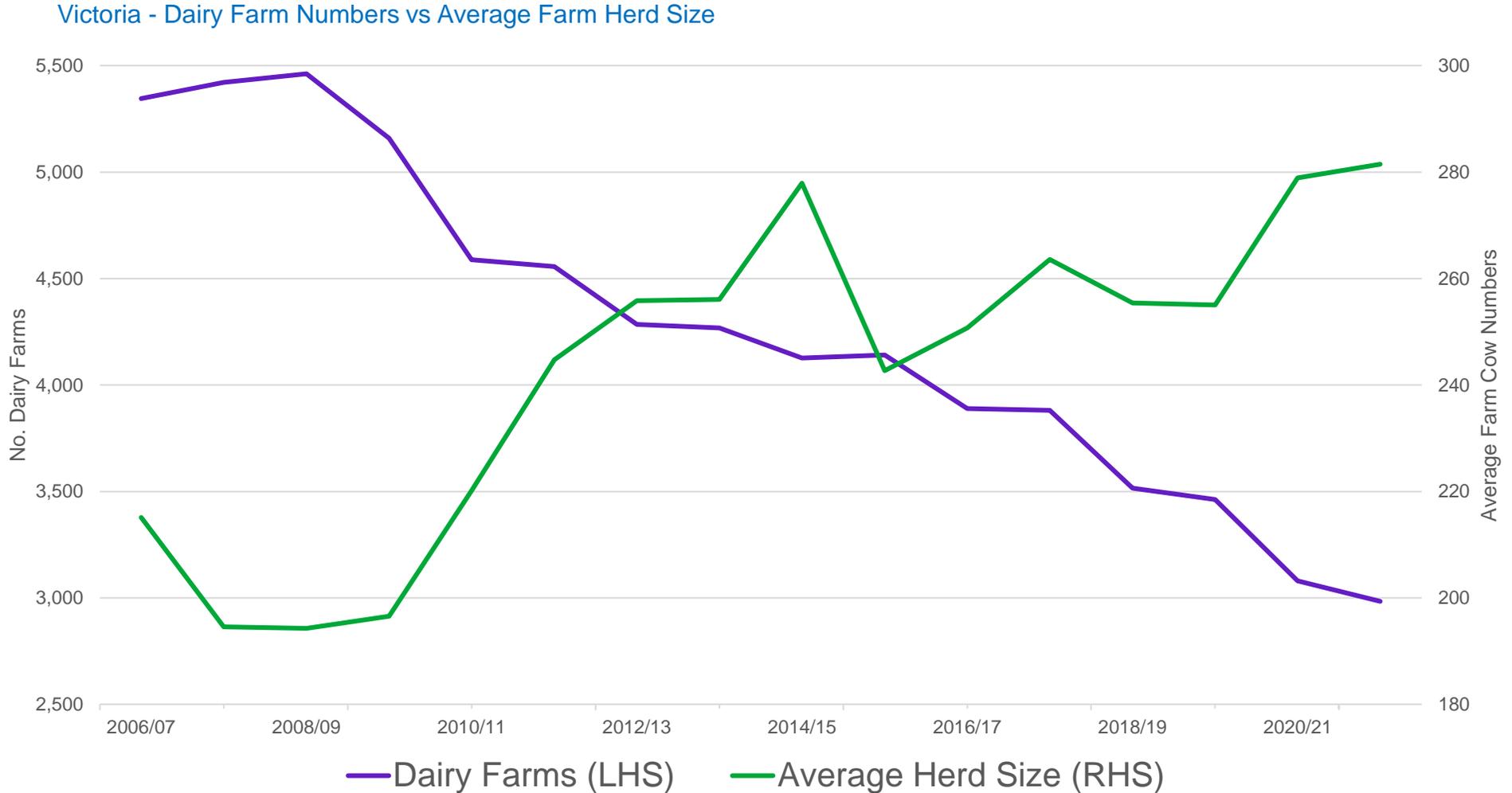
# AUST AND VIC MILK PRODUCTION CONTINUE DECLINING

Milk Production by State (Million Litres)



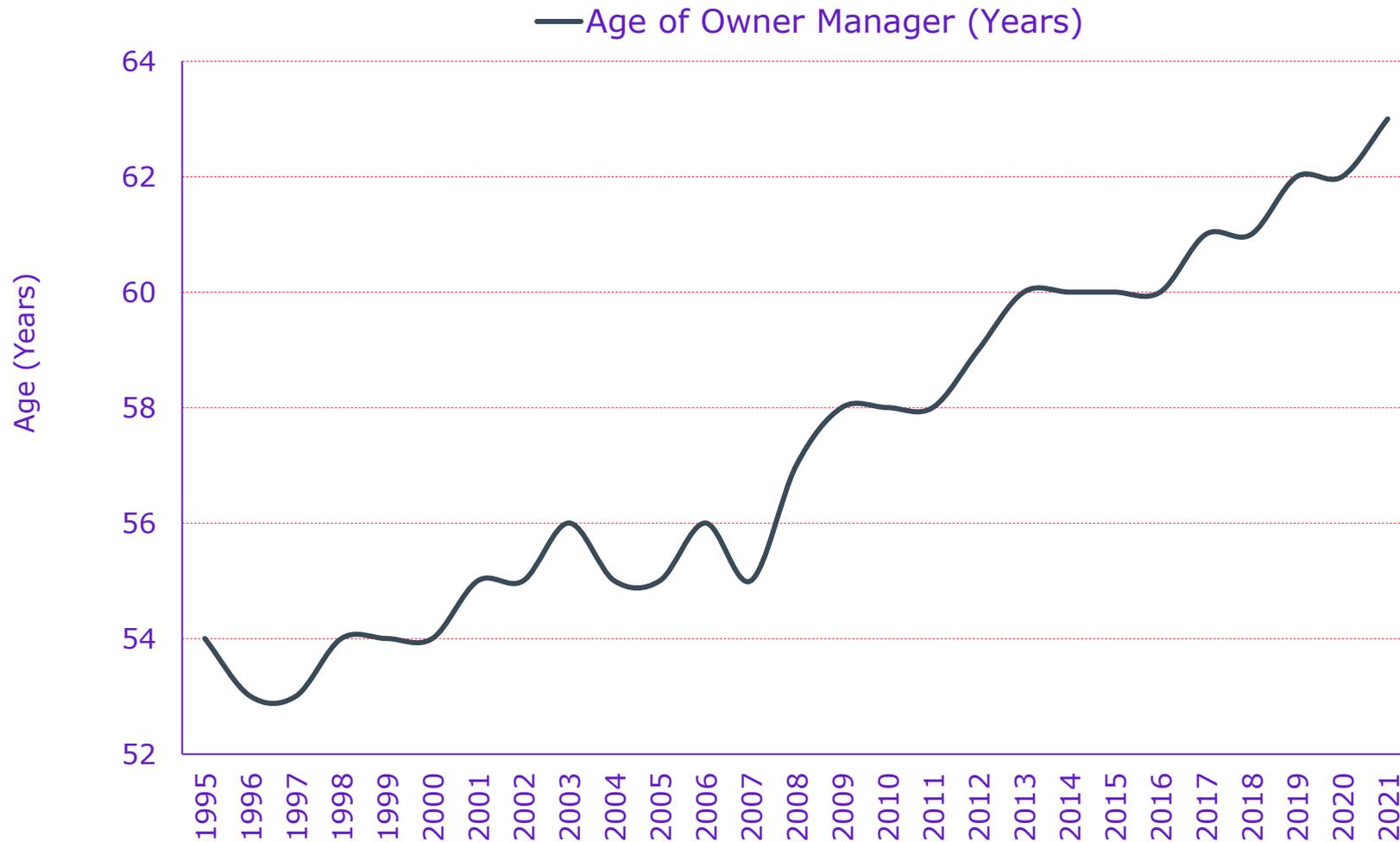
Sources: ABS, ANZ

# VIC AVERAGE FARM DAIRY HERD GROWS WHILE FARM NUMBERS FALL



Sources: ABS, ANZ

# Big changes in the age of farmers, plus what it signifies

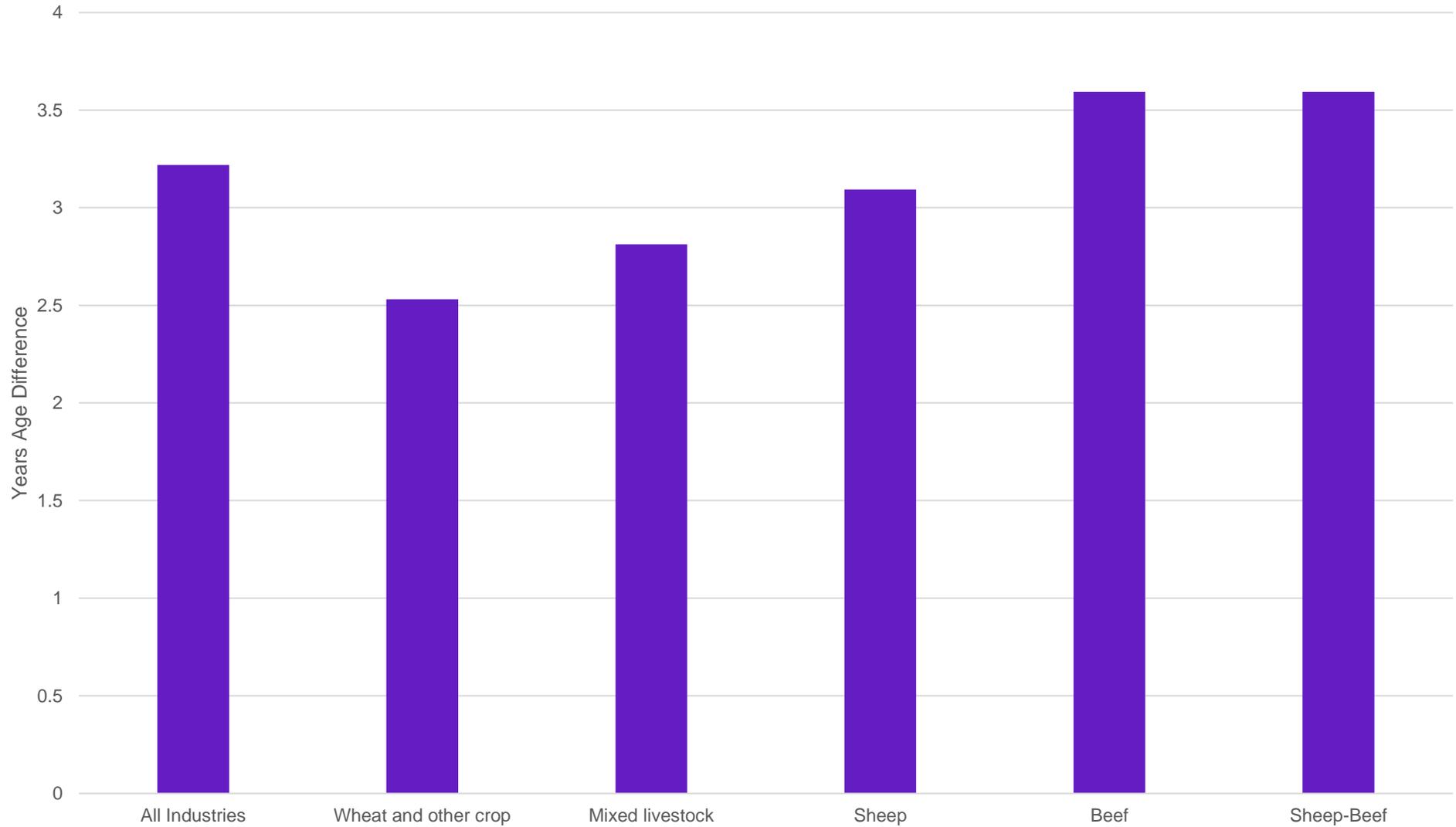


Source: AgSurf (Broadacre), ANZ

Owner Manager: Primary decision maker in the farm business

# Spouse age difference differs by agri sectors

Average Age Difference Between Farmer and Spouse



# What Are The Global Drivers?

Some of the considerations for banks

- Global regulations
  - Being ahead of regulatory change
- Domestic regulatory change
- Shareholder expectations
- Investor requirements
- It's the right thing to do

# STATE OF THE MARKET – KEY DRIVERS

## Global Settings



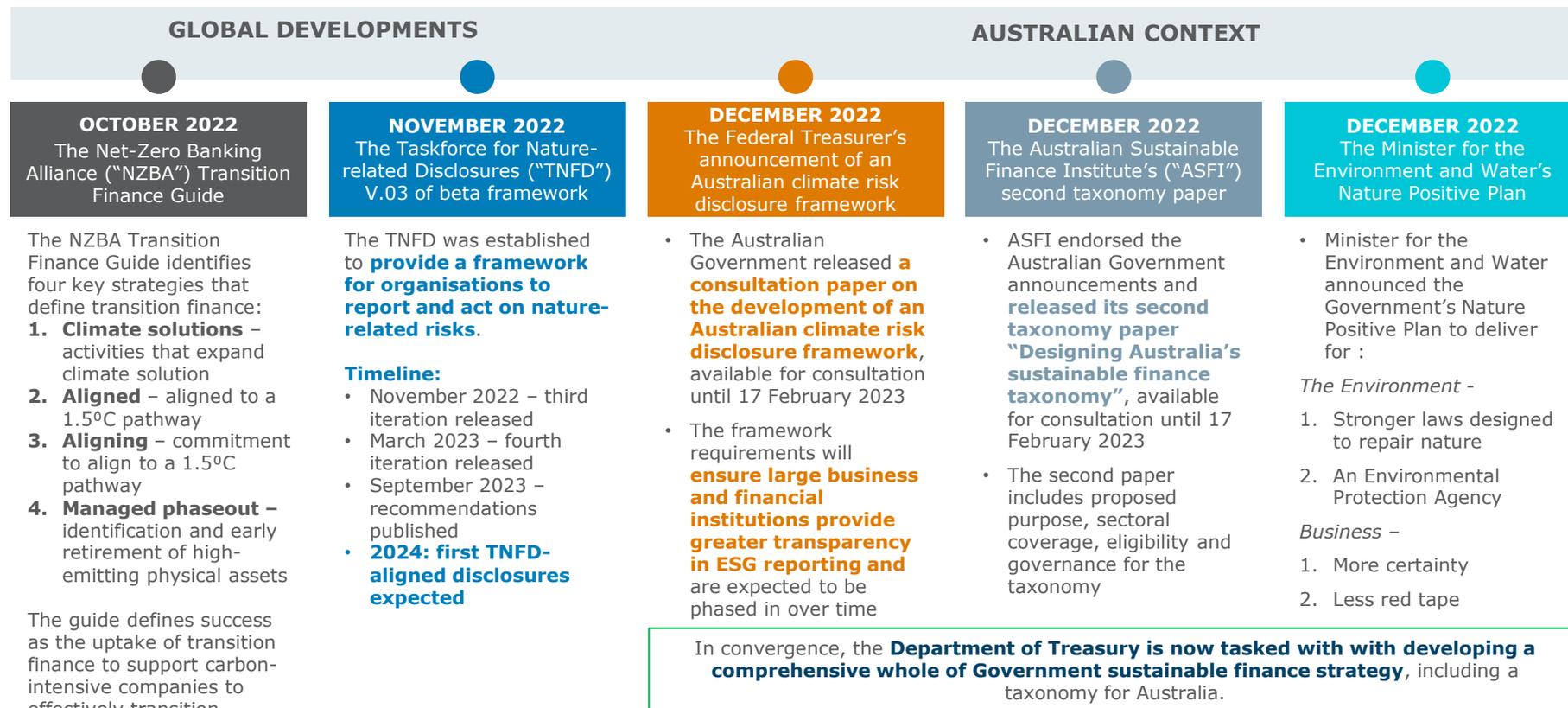
## National Settings

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# SUSTAINABILITY TOOLS AND REGULATIONS

Regulatory developments continue at pace to address the climate and nature crisis, whilst also focusing on a just transition. The developments are seen on a global scale, but the ESG regulatory agenda is also gaining traction nationally.



# Market Trends And Insights

- The risk of greenwashing risk has driven the development of sustainability reporting standards and taxonomies
- Expectations to assess, manage and report on natural capital risks and opportunities are increasing
- There is a growing focus on managing sustainability impacts in supply chains
- More companies are engaging in carbon offset markets as they attempt to meet net zero targets
- Consumers are increasingly seeking products with sustainability credentials
  - Though this remains a topic of discussion
  - May be impacted in time of economic hardship

# ESG MEGA TRENDS, AND SUSTAINABILITY REFERENCES

## Notable Trends



**Disclosure and standardisation** will drive transparency and consistency in reporting, and **mitigate greenwashing risk**.



**Increased regulation and access to capital** will encourage implementation of best practice ESG strategies and strong ESG management.



**Effective natural capital and biodiversity management** are expected to be priorities in response to the Taskforce for Nature-related Financial Disclosures and COP-15.



**ESG in supply chains and social components** will become increasingly important as companies and governments manage challenging market conditions.



**Creating and measuring sustainability impact** is expected to become a focus of sustainability, and sustainable finance reporting.



More **organisations will engage in carbon markets** as they attempt to meet net zero targets. Rising demand, prices and opportunities will ensue. However, debate on offset integrity continues.

## Notable Sustainability References



# How Banks Are Responding ?

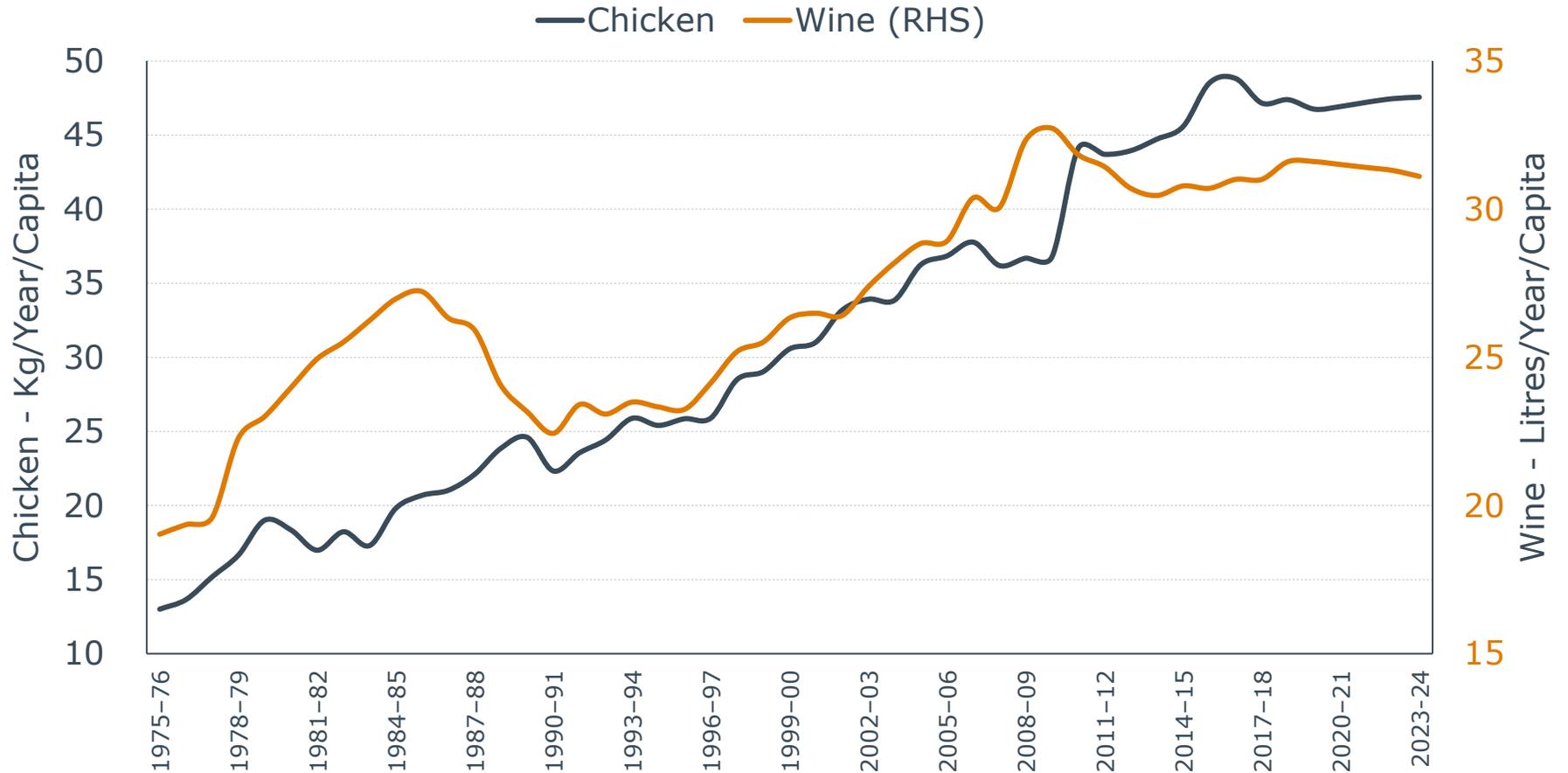
- Introducing **emission targets** for some sectors
- Introducing **new banking products**
  - E.g. Green loans, green bonds, discounted asset finance
- Primarily we seek to **understand risk and recognise opportunities** of our customers, and develop financial solutions to the specific needs.
- Working with customers/companies to best **manage their transition** to new sustainability requirements
- Working with customers to **stay ahead of being impacted** by changing requirements of regulators, offtakers, etc
- Evaluating new options for **utilising technology, data**, etc, to meet reporting requirements
- **Data** may help to highlight profitability gains/financial impacts of different sustainability changes to a business
  - (Though recognise the major data gap for many farmers to demonstrate baselines and then map improvements)
    - Such as around different energy usage
    - Also important opportunities for using data to analyse consumer behaviour around sustainability

# What It Means To Farmers Going Forward

- Banks will work closely with farmers to keep them up to date on their regulatory, and what their businesses will need to do
- Banks will seek to keep their farmer clients up to date on new sustainability requirements and assist in the transition as appropriate.
- Bank will be able to provide expertise of specialists across the issue – agri bankers, sustainable finance, etc
- As part of evolving risk modelling, bank will work with agribusinesses on challenges and opportunities in sustainability
- Banks need to manage risk, but are also part of a collective and interdependent industry

# While Australians have been eating more chicken with their wine...

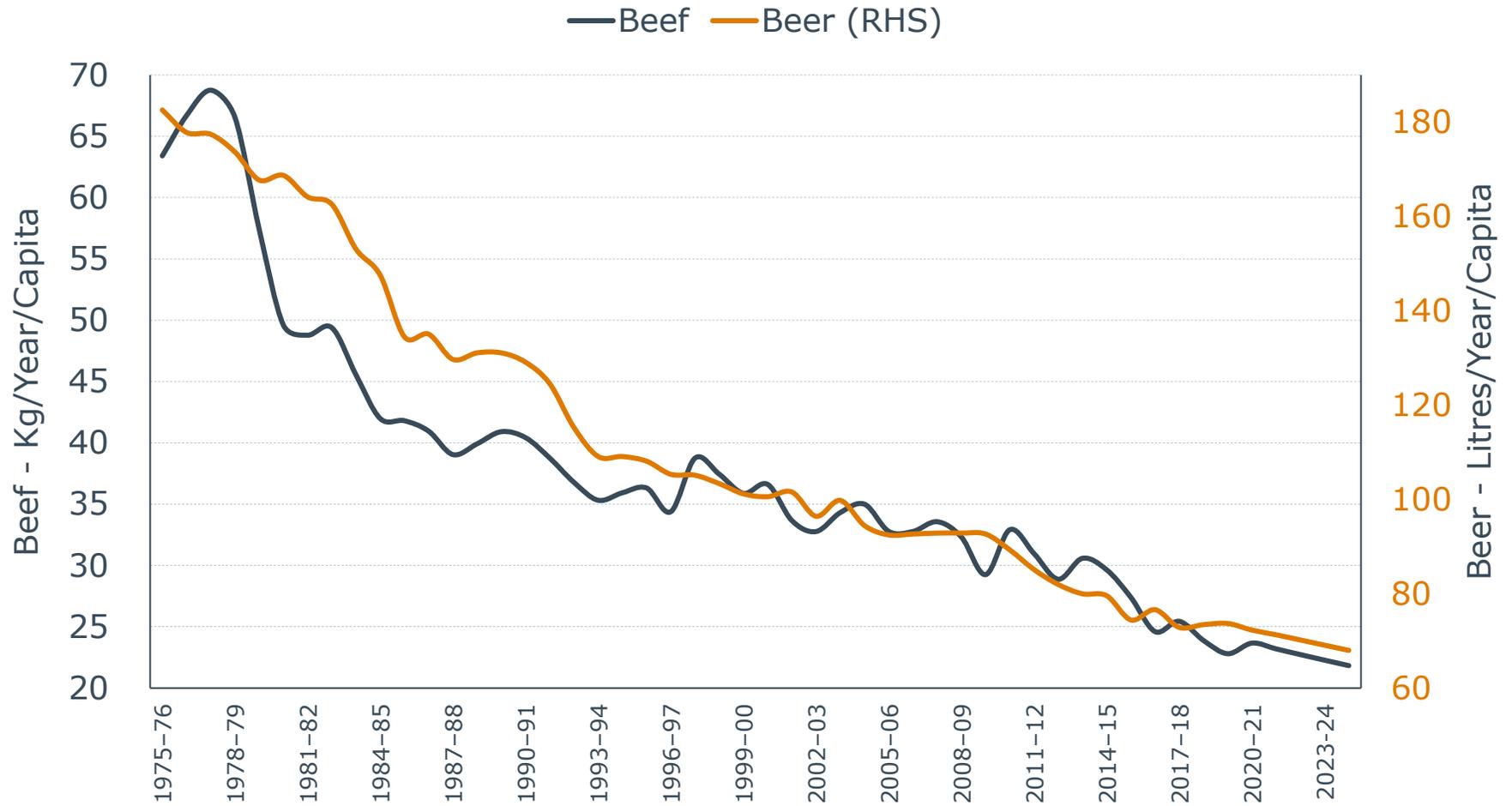
## Australia Wine vs Chicken Per Capita Consumption Trend



Sources: ABS, ANZ

...they're also going off their beef and beer!

### Australia Beef vs Beer Per Capita Consumption Trend



Sources: ABS, ANZ



# Thank You

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