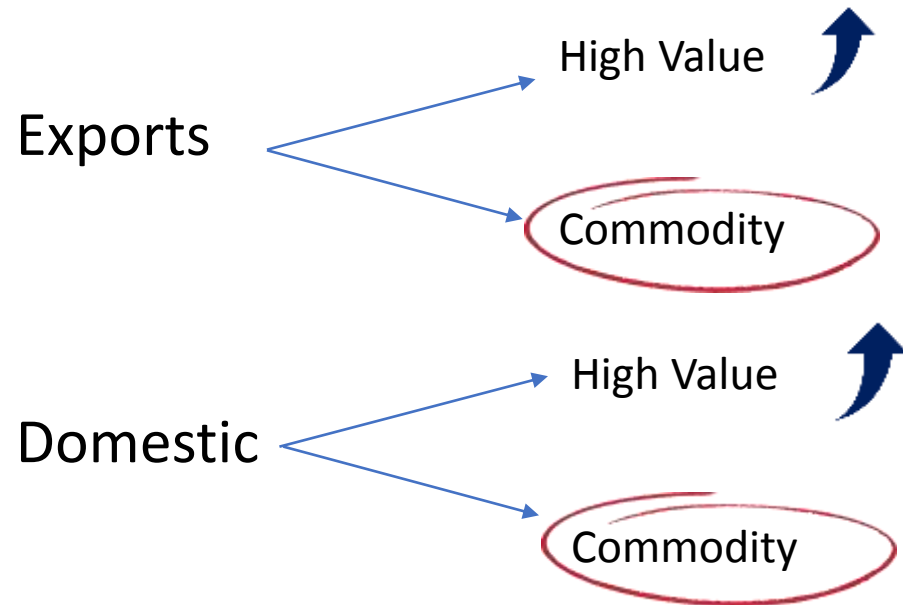


# How consumers will determine the pathway to \$100 billion

Richard Heath – Executive Director  
Australian Farm Institute



# What consumers?



Due to the sheer number of consumers in commodity markets, they will be a significant part of the pathway.

# BUT...

- There are externalities in accessing AND maintaining these consumers



**farmonline**  
NATIONAL

**Australian canola industry nervous of ramifications of potential glyphosate ban in the EU on export standards**



**ABC NEWS** SHARE

**Glyphosate, Roundup now banned in Australia's fourth-largest grain market of Vietnam**



# What are ESG metrics?

- Environment, social and governance metrics used to measure the social impact of companies utilised to inform decision-making in investments.



## Environmental

- Climate change
- Resource depletion
- Waste
- Pollution
- Deforestation



## Social

- Human rights
- Modern slavery
- Child labour
- Working conditions
- Employee relations



## Governance

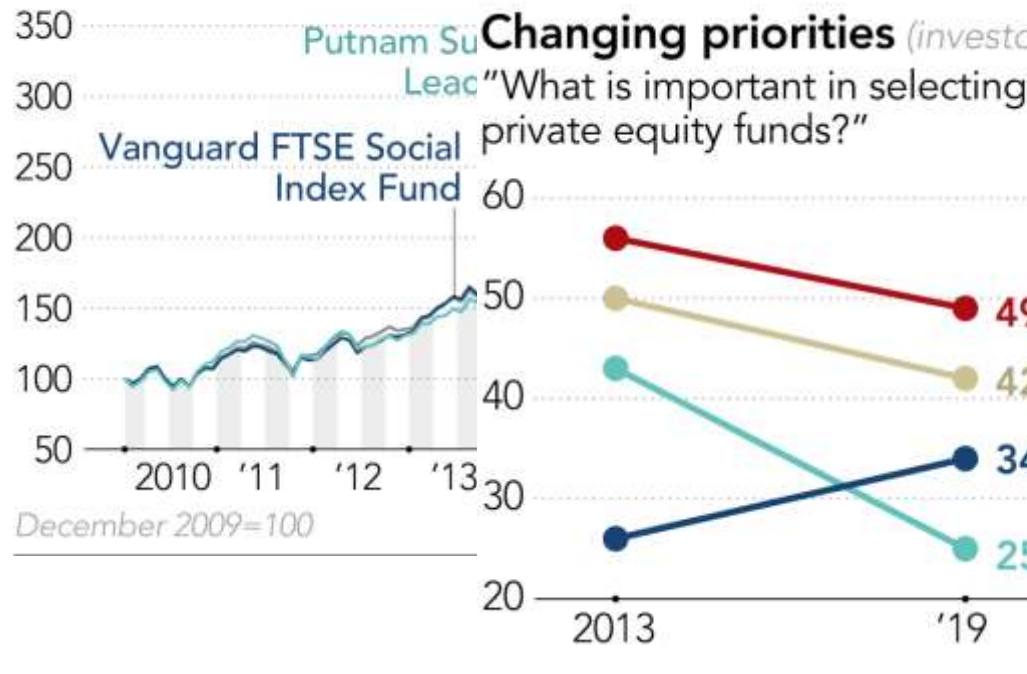
- Bribery & corruption
- Executive pay
- Board diversity & structure
- Political lobbying & donations
- Tax strategy



# Importance of ESG metrics

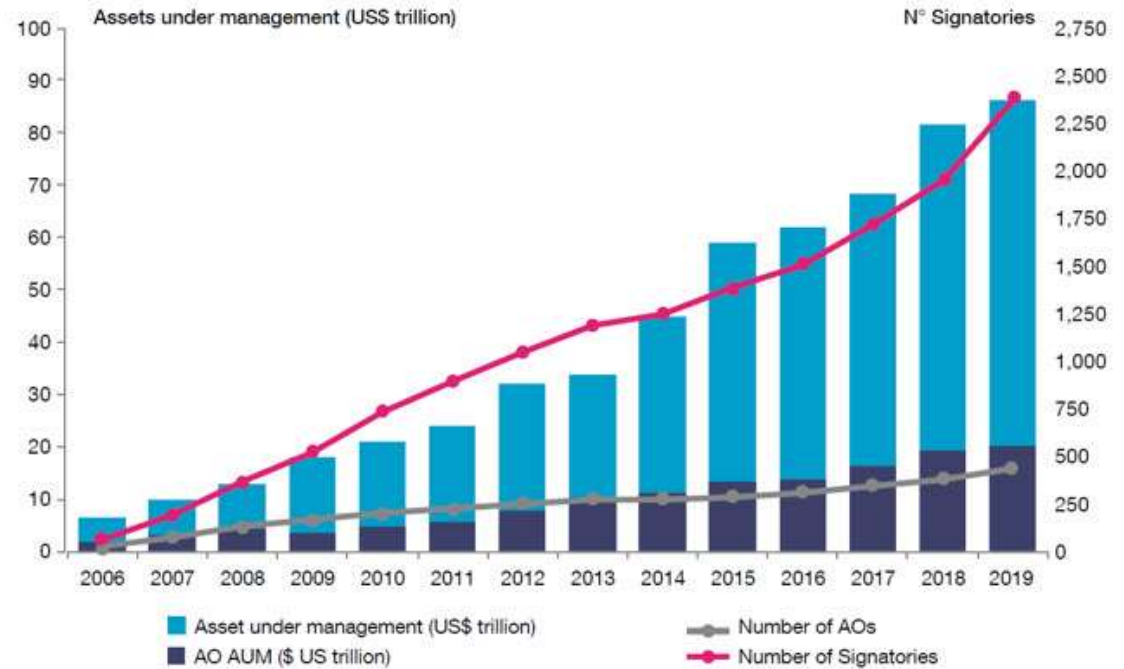
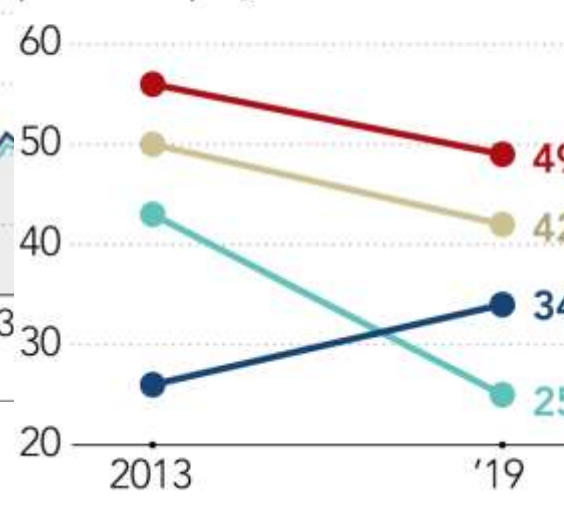
## ESG funds inch above S&P 500

Performance of leading ESG index funds against S&P 500



## Changing priorities (investor responses, in percent)

"What is important in selecting emerging-market private equity funds?"



# But what does Aus Ag do about it?

ANSWER: Sustainability Frameworks



**Australian Dairy  
Sustainability  
Framework**

~~BEHIND  
AUSTRALIAN  
GRAIN~~



# But what does Aus Ag do about it?

ANSWER: Whole of agriculture initiative – how can the world have confidence that Australian agriculture is sustainable beyond the legacy statement “we are clean and green”?

- In December 2019, the National Farmers’ Federation was contracted by the Department of Agriculture to lead the development and pilot of the Australian Farm Biodiversity Certification Scheme Trial.
- Project Activities underpinning the Trial include:
  - research of existing certification/verification schemes, sustainability frameworks and best management practices internationally and domestically (Phase 1);
  - development of a certification/verification scheme (Phase 2);
  - assessment of readiness by farmers to participate in such a scheme and a small trial (Phase 3).

# Summary:

- Consumer driven sustainability demands will have a big influence on how Australian agriculture develops towards a \$100 billion target
- Value consumers will buy sustainability stories
- Demonstration of sustainability will increasingly be needed to access volume consumers
- Adoption of globally relevant sustainability frameworks will be important to enable participation

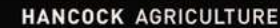




## AFI Platinum & Gold Corporate Partners



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