

# FOR AUSTRALIAN AGRICULTURE



2021 Elders  
*Sustainability Report*

Elders Limited ABN 34 004 336 636



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# Message from the Managing Director and CEO



**Sustainability is a core objective of Elders as we continue to operate, grow and support our people and communities.**

Last year we released our third Eight Point Plan, highlighting sustainability as a strategic priority for our business. We established our Sustainability Team and governance structures and published our first Sustainability Report.

Since then, we have undertaken significant work to expand on our activities and disclosures, to drive real business improvement and to demonstrate to our valued stakeholders - including our people, shareholders and communities - that Elders operates profitably and responsibly.

I am proud to share with you our progress through our second Sustainability Report, and encourage you to provide feedback on our program with our Sustainability Team ([sustainability@elders.com.au](mailto:sustainability@elders.com.au)).

## Communities

We have continued to support our local communities and the agribusiness industry through sponsorships, donations and in-kind support, as well as through job creation. This year, we gave \$2.05 million in sponsorships and donations and took on 535 new employees. We also renewed our major sponsorship of the Royal Flying Doctor Service through a \$300,000 contribution to its capital-raising program for the perennial upgrade of its fleet of flying intensive care units. This is an investment in the health and wellbeing of the rural and regional communities that support our teams and business every day.

## Safety

Safety is central to everything that we do at Elders and is a focus throughout the business, from the board room to the saleyards.

In FY21 we reported three lost time injuries (LTIs). It is not acceptable that our people are harmed at work and we continue to work harder than ever to achieve a zero harm environment.

We have invested in safety education and the promotion of our safety culture throughout the business. We also invested \$1.9 million in safety capital expenditure throughout the Elders network. We established our 'MyWellbeing' program and expanded our Employee Assistance Program to include the provision of counselling and advisory services relating to wellbeing, financial management, legal issues, diet and nutrition. As COVID-19 vaccines have become accessible, we have encouraged our staff to get vaccinated if possible and supported them with time off to do so.

### Climate change

Our work aligning our climate-related disclosures with the TCFD Recommendations continues, with our achievements this year exceeding our ambitions disclosed in our staged action plan in our previous Sustainability Report. Ahead of our 2022 ambitions, we have recently announced the following targets, and are actively working to achieve them:

- 100% renewable electricity in all Australian sites by 2025
- 50% reduction in Scope 1 and 2 emissions intensity (tCO<sub>2</sub>e/\$m revenue) by 2030, against a baseline year of 2021 (subject to commercially viable technology being available to address feedlot cattle emissions)
- Net zero Scope 1 and 2 emissions by 2050<sup>1</sup>

The challenge of reducing emissions from cattle is one we share with many of our clients. In the coming years, we aim to partner with industry on the development and implementation of technology to tackle the carbon footprint of our cattle. Full details on our targets and strategy can be found on page 33 of this report.

### People and culture

As we grow, it is imperative that we continue to invest in developing our existing team and maintaining our One Elders culture. We have numerous personal and professional development initiatives in the business ranging from our traineeships through to our senior leaders development program, known as the Thomas Elder Academy. Notwithstanding ongoing COVID-19 restrictions, we have successfully maintained engagement with our people, as demonstrated by our high performance enablement and engagement scores. This is a credit to the leadership group throughout the business and I thank them for their commitment to our people during these challenging times.

These are only some of the highlights of our performance to date. In acknowledging the excellent work we have done, and continue to do, we recognise that we can and must do more to achieve our ambition of delivering an industry leading sustainability program. I look forward to sharing with you our progress in future Sustainability Reports.



**Mark Allison**  
Managing Director and CEO

<sup>1</sup> Targets are based on Elders' financial year ending 30 September.





# SUSTAINABILITY

In FY21

## CLIMATE TARGETS

to reduce  
greenhouse gas emissions<sup>1</sup>

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### 2025

100% renewable electricity in all  
Australian sites by 2025

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### 2030

50% reduction in Scope 1 and 2 emissions  
intensity (tCO<sub>2</sub>e/\$m revenue) by 2030,  
against a baseline year of 2021<sup>2</sup>

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### 2050

Net Zero Scope 1 and 2 emissions by 2050



<sup>1</sup> Targets are based on Elders' financial year ending 30 September.

<sup>2</sup> Subject to commercially viable technology being available to address feedlot cattle emissions.

## Key Highlights

**\$2.1m**

In donations and sponsorships

**840**

Local community sports teams and events sponsored

**#1**

Most trusted agribusiness brand among regional Australians for the second year running

**535**

New hires

**41,000+**

Agricultural chemical containers diverted from landfill

**50%**

Board positions held by women

**TCFD**

Progressed alignment of climate-related disclosures with TCFD Recommendations

**RFDS**

Renewed partnership with the Royal Flying Doctor Service

**78%**

Employee engagement score, a record high for Elders

**1<sup>ST</sup>**

Annual Modern Slavery Statement published

# Sustainability at Elders

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## Our key sustainability principles

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**We provide our customers and clients with the goods and services they need**



**We support our people and the industries and communities in which we operate**



**We do our part to look after the environment and the animals in our care**



**We operate ethically and to the highest standard**

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Our ambition is to develop and then deliver an authentic and industry leading sustainability program which acknowledges and builds on the initiatives in which Elders participates and leads throughout rural and regional Australia, for and on behalf of the entire agriculture industry.

This is highlighted in our current Eight Point Plan, which sets out Elders' key strategic priorities from 1 October 2020 through to 30 September 2023. Our Eight Point Plan was developed by our Board and Executive through a series of workshops and strategy sessions over the course of 2020. Following the success of our last two plans which focused on survival and growth, our latest plan represents the next level of sophistication for our business.

## Reporting on Sustainability

Our Sustainability Report has been developed to inform our stakeholders of our actions and performance on material topics from 1 October 2020 to 30 September 2021 (referred to herein as 'the reporting period'), except where otherwise indicated.

To provide some additional context to our business, this report includes some information on programs and initiatives which commenced before the reporting period and which have been integrated into our way of doing business.

The content of this report was determined using the GRI reporting principles for defining report content; namely:

- Stakeholder Inclusiveness
- Sustainability Context
- Materiality
- Completeness

The report reflects the most important topics (Materiality) raised by a wide range of stakeholders (Stakeholder Inclusiveness) in the context of current and emerging domestic and international trends in the agriculture industry and the ASX100 (Sustainability Context). It is based on information available and reported throughout the reporting period (Completeness).



## About Elders

Elders is a publicly owned agribusiness focused on creating value for its stakeholders both in Australia and internationally. We achieve this through approximately 2,400 employees across Australia and in China.

In Australia, we work closely with primary producers to provide products, marketing options and specialist technical advice across rural, agency and financial product and service categories. Elders operates a leading Australian rural and residential property agency and management network, which includes both company owned and franchise offices operating throughout Australia in both major population centres and regional areas. Our feed and processing business operates a top-tier beef cattle feedlot in New South Wales and a premium meat distribution model in China.

## Our operations

|                                     |   |
|-------------------------------------|---|
| <b>Rural Products</b>               | Elders is one of Australia's leading suppliers of rural farm inputs including seeds, fertilisers, agricultural chemicals, animal health products and general rural merchandise. We provide these rural products via more our retail channels to corporate farms and primary producers across Australia.<br><br>We also operate a wholesale products business formulating our own brand products (including Titan AG, Apparent, Pastoral AG, IO and Hunter River) and supplying independently owned rural merchandise stores.  |
| <b>Agency Services</b>              | Elders provides a range of marketing options for livestock, wool, and grain. Our livestock agent network comprises employees and agents operating across Australia conducting on-farm sales to third parties, regular physical and online public livestock auctions and direct sales into Elders-owned and third-party feedlots and livestock exporters.<br><br>Elders is one of the largest wool agents for the sale of Australian greasy wool and operates a brokering service for wool growers. Our team of dedicated wool specialists assists clients with wool marketing, in-shed wool preparation, ram selection and sheep classing.<br><br>Elders also has a 50% interest in AuctionsPlus, an online livestock auction platform, and a 30% interest in Clear Grain Exchange, an online grain trading platform. |
| <b>Real Estate Services</b>         | Elders Real Estate Services include company owned rural agencies which are primarily involved in the marketing of farms, stations and lifestyle estates and a network of residential real estate agencies providing agency and property management services in major population centres and regional areas through company owned and franchise offices. Other services offered through this business include water and home loan broking.   |
| <b>Financial Services</b>           | Financial Services are provided to our clients through Rural Bank, StockCo and QBE. Our relationships with these entities support the delivery of financial and insurance products throughout our network, assisting our customers with growing their businesses and managing cash flow and risk.   |
| <b>Feed and Processing Services</b> | In Australia, Elders operates Killara Feedlot, a beef cattle feedlot near Tamworth in New South Wales. Through Elders Fine Foods, Elders also imports, processes and distributes premium Australian meat in China from its facility based in Shanghai.  |
| <b>Technical Services</b>           | Elders' technical services model comprises three main elements: our foundation network of advisers who offer technical advice to clients across Australia, our independent consulting arm, Thomas Elder Consulting and our research and development arm, Thomas Elder Institute. The Institute also works with Thomas Elder Markets to deliver analysis, feasibility studies and reports to industry partners.  |

## Stakeholder Engagement

Stakeholder engagement is vital to understanding the impact of our operations and is used to inform and support our Board and broader business in identifying, managing and reporting on material sustainability topics and their associated risks and opportunities.

Elders' approach to engaging with stakeholders is set out below.

| <b>Stakeholder</b>        | <b>Engagement approach</b>  |
|---------------------------|---|
| Investment community      | Elders' website, AGM, public reporting and announcements, briefings, conferences, regular meetings and discussions, surveys |
| Regulators                | Meetings, site visits, through industry associations and responses to enquiries   |
| Customers                 | Surveys, meetings, industry events, information sessions, Elders' website and media communications                          |
| Communities               | Participation in community programs and events, industry events, our website and media communications, surveys              |
| Employees                 | Surveys, performance reviews, presentations, training, meetings, social events, email and intranet                          |
| NGOs                      | Meetings and through industry associations  |
| Financiers                | Regular meetings and discussions, surveys   |
| Industry bodies           | Industry conferences, meetings and presentations  |
| Contractors and suppliers | Meetings and supplier conferences, surveys  |

We aim to engage with all members of our investment community, customer, communities and employee stakeholder groups in developing our identification and management of economic, environmental and social topics. In selecting which regulators, NGOs, financiers, contractors and suppliers to engage with, we consider their relationship with Elders, and their knowledge and experience of the markets important to our business.

## Voluntary Alignment

### GRI Standards

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards “Core” option. To enhance our transparency, we have elected to report on additional disclosures which are not required for the Core option.

### TCFD Recommendations

We have chosen to align our climate-related disclosures with the TCFD Recommendations. Details on the actions we have undertaken this year and our plan for full alignment are on page 30 of this report.

### United Nations Sustainable Development Goals

Our approach to sustainability is informed by the following Sustainable Development Goals, which we believe we can contribute to most as part of our business:

|  |   |
|--|---|
|  <p><b>2</b><br/>ZERO HUNGER</p>                               | <p><b>Target 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.</b></p> <p>We support agricultural productivity and sustainable food production by helping farmers access productive resources and inputs, knowledge, financial services and markets and supporting and undertaking research, development and extension services. More information is available in the following sections of this report: Community Impact and Investment, Climate Change, Severe Weather, Sustainable Farming, Water Availability and Innovation and Technology.</p>  |
|  <p><b>3</b><br/>GOOD HEALTH AND WELL-BEING</p>                | <p><b>Target 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.</b></p> <p>In Australia, access to essential health-care services, medicines and vaccines is publicly funded through the Australian Medicare scheme. In addition, at Elders, all our employees are provided with access to counselling services, discounted health insurance, free flu and Q-Fever vaccinations and paid personal leave. Within our local communities, we support several charities and non-for-profit organisations supporting access to health care for people in rural and regional communities, including the Royal Flying Doctor Service and Beyond Blue. More information is available in the following sections of this report: Community Impact and Investment and Health and Safety.</p>  |
|  <p><b>5</b><br/>GENDER EQUALITY</p>                          | <p><b>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.</b></p> <p>Gender equality has been the focus of our diversity program for several years. We promote gender equality within our organisation through our Board-approved diversity objectives, policies and training. More information is available on page 21 (Diversity) of this report.</p>   |
|  <p><b>7</b><br/>AFFORDABLE AND CLEAN ENERGY</p>             | <p><b>Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.</b></p> <p>Recognising the importance of a well-established, sustainable energy system, we have set a target of 100% renewable electricity in our Australian sites by 2025. More information is available in the following sections of this report: Climate Change and Energy and Emissions.</p>  |
|  <p><b>8</b><br/>DECENT WORK AND ECONOMIC GROWTH</p>         | <p><b>Target 8.7: Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.</b></p> <p>This year we launched our Responsible Sourcing Code and took steps to implement our Ethical Contracting Framework, which requires us to assess suppliers for a variety of ethical risks (including those relating to modern slavery) before engaging them. We also published our first Modern Slavery Statement,<sup>1</sup> setting out our actions and aims for addressing the risk of modern slavery in our operations and supply chains. More information is available on page 54 (Responsible sourcing and modern slavery) of this report.</p> <p><b>Target 8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.</b></p> <p>Safety is Elders’ number one priority. Our approach to managing safety within our organisation is set out in the Health and Safety section of this report, and our expectation of our suppliers is set out in our Responsible Sourcing Code.<sup>1</sup></p> |
|  <p><b>9</b><br/>INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> | <p><b>Target 9.5: Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.</b></p> <p>We invest and participate in industry research, development and extension through our Thomas Elder Institute and Elders Plant Genetics. More information on our contribution and work is available throughout this report, and particularly in the Innovation and Technology section.</p>  |
|  <p><b>12</b><br/>RESPONSIBLE CONSUMPTION AND PRODUCTION</p> | <p><b>Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</b></p> <p>We support initiatives aimed at reducing negative environmental impacts, including reducing waste and reusing and recycling products within our own operations and the operations of our clients. More information on our actions is set out in the Waste section of this report.</p>  |
|  <p><b>13</b><br/>CLIMATE ACTION</p>                         | <p><b>Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.</b></p> <p>We are taking steps to analyse and develop our resilience to the impacts of climate change and natural disasters. Our actions to date are set out in the following sections of this report: Climate Change and Energy and Emissions.</p> <p><b>Target 13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</b></p> <p>We are also engaging with our workforce and industry on climate change adaptation and mitigation, including through our Carbon Farming Advisory Services initiative. More information is available in the Sustainable Farming section of this report.</p>   |

<sup>1</sup> Available online at <https://elders.com.au/sustainability/>.

## Our Material Topics

The following topics were initially identified as material to Elders' stakeholders through a Materiality Assessment undertaken with support from Ernst and Young in 2020. We regularly review these topics and the contents of our reports following stakeholder engagement to ensure we continue to address the issues our stakeholders consider to be material to our business.

| Topic                                    | Description  | Stakeholders who raised this topic  |
|--|--|---|
| <b>Community impact and investment</b>   | Supporting local communities and managing community expectations and relations   | Staff, customers, investors, industry groups, regulators and financiers       |
| <b>Health and safety</b>                 | Maintaining our commitment to providing a safe work environment  | Staff, customers, investors and financiers                                    |
| <b>Employee attraction and retention</b> | Investing in the present and the next generation of our workforce and ensuring that our people are enabled to support service delivery and create meaningful work outcomes | Staff, customers, investors, industry groups and regulators                   |
| <b>Climate change</b>                    | Addressing the risks and opportunities presented by climate change mitigation and adaptation   | Staff, customers, NGOs, investors, industry groups, regulators and financiers |
| <b>Water availability</b>                | Addressing the issue of water availability to the communities in which Elders operates and its impact on the operation and performance of Elders' business                 | Staff, customers, investors, industry groups, regulators and financiers       |
| <b>Animal welfare</b>                    | Ensuring the wellbeing and proper treatment of livestock   | Staff, customers, NGOs, investors, industry groups, regulators and financiers |
| <b>Severe weather events</b>             | Addressing the issue of severe weather events and their impact on the operation and performance of Elders' business  | Staff, customers, investors, industry groups and regulators                   |
| <b>Energy</b>                            | Managing our energy consumption and greenhouse gas emissions through the responsible use and reliable sourcing of energy   | Staff, customers, investors and financiers                                    |
| <b>Waste management</b>                  | Responsibly managing waste in our own operations and our role in managing agricultural waste from our customers' operations  | Staff, customers, investors and industry groups                               |
| <b>Corporate governance</b>              | Delivering on our commitment to high quality governance, transparency and ethical business practices   | Staff, NGOs, investors and industry groups                                    |
| <b>Innovation and technology</b>         | Demonstrating our investment in innovation and technology in the agriculture industry  | Staff, investors, industry groups, regulators and financiers                  |

## Our Materiality Assessment involved:

| 1. Extensive research   | 2. Stakeholder engagement  | 3. Prioritisation   | 4. Validation and reporting   |
|---|--|---|---|
| <ul style="list-style-type: none"> <li>Media analysis</li> <li>Peer analysis and benchmarking</li> <li>Internal document assessment</li> <li>Customer surveys</li> <li>Staff surveys</li> </ul> | Interviews with a range of stakeholders including: <ul style="list-style-type: none"> <li>Investors</li> <li>Superannuation funds</li> <li>Analysts</li> <li>Federal and State Governments</li> <li>Agricultural industry bodies</li> <li>Financiers</li> <li>NGOs</li> <li>Proxy advisors</li> <li>Our Executive and other senior management</li> </ul> | <ul style="list-style-type: none"> <li>Consolidating data from steps one and two for qualitative and quantitative analysis</li> <li>Scoring identified topics in order of importance to stakeholders and impacts on our business</li> </ul> | <ul style="list-style-type: none"> <li>Validating prioritised topics with our Sustainability team, Executive and Board</li> <li>Validating prioritised topics through Ernst and Young's proprietary assessment framework</li> </ul> |



# Community Impact and Investment



**Through assisting generations of Australian farmers over the course of more than 180 years in business, we recognise that our long term sustainability is dependent on us maintaining strong relationships with the communities in which we operate, and connected to their economic prosperity and resilience.**

Our rural communities continue to face a number of challenges presented by changing agribusiness models, increasing automation and corporatisation of farms, the environmental impacts of drought and more broadly, climate change.

As a key member of the agriculture industry and our rural communities, we recognise that we have a role to play in providing support. We primarily do this through:

- investments in local events and organisations, and by participating in local community programs
- supporting local businesses and employing local workers
- maintaining a physical presence in the communities we serve, through good times and bad
- adapting and providing the goods and services our local customers and clients need at any given time

## \$2.05 million

### IN SPONSORSHIPS AND DONATIONS

This year we gave more than \$2.05 million in sponsorships and donations, comprising \$1.88 million in cash, \$99,000 in costs and \$71,000 in in-kind products and support. The majority of our spend was directed to the following areas:



## \$898,000

### TO LOCAL COMMUNITIES

Supporting the Foundation for Rural and Regional Renewal in their mission to strengthen rural, regional and remote communities and directly supporting a variety of local community organisations and events, including rural schools, clubs and more than 840 local community sports teams and events.



## \$717,000

### TO INDUSTRY AND INNOVATION

Sponsoring initiatives and organisations supporting the agriculture industry at a local and national level. We donated funds to Australian Research Council Research Hub for Smart Fertilisers, established to develop new fertilisers which improve nitrogen efficiency while minimising the environmental impact of productive agriculture. We also continued to support national growers' associations, industry bodies and several grass roots organisations, with approximately \$169,000 directed to local grower groups, town agriculture shows and field days in rural and regional communities across Australia.



## \$211,000

### TO SPORTING TEAMS AND EVENTS

Backing professional teams that share our values and support local communities. Our sponsorship of the North Queensland Cowboys has enabled the ongoing provision of their 'Boots for the Bush' campaign; a program aimed at encouraging participation in sport with the donation and distribution of football boots across rural communities. Our support of the North Melbourne Football Club and New South Wales Country Eagles has helped fund junior football clinics in Tasmania and improve participation in rugby clubs and competitions in country New South Wales.



## \$183,000

### TO HEALTH AND WELLBEING

Donating funds to major charitable organisations like the Royal Flying Doctor service (RFDS) and Beyond Blue, as well as supporting local emergency services and events raising awareness and funding for a variety of health issues.

Our investments and participation in local community events, organisations and programs are run independently by our branches and are tailored to local community needs as informed by the people that live and work in them.

Our Board has approved delegations of authority (set out in our internal Delegation of Authority Policy) for making budgeted and unbudgeted sponsorships and donations. Budgets for community investments are reviewed and established in line with our annual budgeting process.

Major sponsorships and donations are evaluated and agreed to by our Marketing and Communications team to drive support to organisations and programs that have a connection and synergy which resonates with our business and employees, and have a positive impact on the communities we operate in.

This year, our staff directed over \$28,000 to the Foundation for Rural and Regional Renewal, the Royal Flying Doctor Service, Beyond Blue and BlazeAid through our matched employee payroll giving program.

## Supporting local people and business

### Industry and education

A large portion of our community investment is directed to supporting local industry groups and field days, facilitating the sharing of information on region-specific best practice farming and overall, helping our communities to build productivity and resilience.

Elders hosts educational workshops and webinars for growers across the country through our Technical Services business and Thomas Elder Institute. We also support industry conferences, trial site field days and local grower demonstrations. More information on the support Elders provides is available on page 47 of this report.

### Economic development

Given the wide geographic spread of our operations, Elders employs many local people in rural communities, with around 87% of our staff working in rural or regional areas. We also support other local businesses within our communities, with our branches maintaining unique relationships with local suppliers. Through our business, AIRR, we support smaller, independent rural product retailers (including 372 AIRR member stores) with marketing, networking and accessing stock at a competitive price.

## Elders and the Royal Flying Doctor Service



This year, Elders renewed its sponsorship of the Royal Flying Doctor Service with a national contribution of \$300,000 over the next three years.

The RFDS is a key player in the delivery of 24/7 emergency aeromedical and essential primary health care services to people living, working and travelling in rural and remote Australia.

The Elders branded RFDS Pilatus PC-12 aircraft (VH-FXW), 'Whiskey' has airlifted thousands of patients from different country hospitals and outback locations for specialist care and life-saving treatment.

In addition, Whiskey has been used to transport RFDS primary health care teams from the RFDS Port Augusta Base to deliver 'fly-in' primary and dental health clinics to remote communities, and over 100 COVID-19 related aeromedical transfers.

## COVID-19 SUPPLY CHAIN IMPACTS

At the date of this report, COVID-19 remains a global pandemic as declared by the World Health Organisation. Elders continues to monitor the effect of the COVID-19 outbreak on our employees, demand for Elders' products and services, customers and supply chains. In FY21 and as at the date of this report, Elders has experienced minimal impact on its people, operational and financial performance as a result of COVID-19. Elders did not access any COVID-19 related government support such as JobKeeper during the year ended 30 September 2021.





# Health and Safety



**Safety continues to be a critical and non-negotiable objective of Elders as we continue to improve our work health and safety systems to achieve our goal of zero harm in our business.**

## Safety performance

Three LTIs (up from 2 last year)








Our employees say:

- My work area is safe: 91% (down from 92% last year)
- I always prioritise safety when undertaking an activity: 94% (up from 93% last year)
- We practice what we preach – Nothing is so important that it cannot be done safely: 92% (up from 90% last year)
- If I identify a safety issue, I know my manager will act on it - 91% (up from 89% last year)

This year, Elders continued driving safety-related improvements through its Safety 7 Plan. We also held our inaugural ‘Safety Week’, which saw staff across the country participating in health and wellbeing seminars, conducting evacuation drills, updating Emergency Management and Traffic Management Plans and completing safety site checks. Additional virtual wellness sessions were held throughout the year to support our staff managing their mental and physical health, particularly through challenges presented by COVID-19. To support members of the wider agriculture industry, Elders was an inaugural gold sponsor of Trialsafe; a forum for agribusinesses convened to support the sharing of safety-related improvement ideas and outcomes specific to the agriculture research sector through seminars and podcasts.



## Our Safety 7 Plan and achievements

| Objectives  | FY21 Achievements   |
|---|---|
| <b>GENUINE LEADERSHIP</b>   |   |
|  <p>To lead by example. Leadership is key to realise our vision and uphold our genuine effort to keep our people, and those we interact with, safe always.</p>   | <p>Executive members, including our CEO, participated in Safety Action Team (SAT) meetings and, to the extent permitted by COVID-19, visited a wide range of branches to engage with employees about health and safety. During these visits, the importance of hazard reporting was reinforced, with subsequent capital expenditure approved to improve branches and ensure workplace safety.</p> |
| <b>PERSONAL DEVELOPMENT PLANS AND KEY PERFORMANCE INDICATORS</b>  |   |
|  <p>Safety is everyone's responsibility. To link tangible actions and measurable targets to work objectives, to set a clear expectation and inform eligibility for incentives.</p>   | <p>Safety-related key performance indicators continue to be developed and implemented to ensure our employees and business units are working towards tangible and relevant goals. Performance against key performance indicators continued to be monitored through annual performance development plans, reviews and through our Safety Steering Committee.</p>                                   |
| <b>WHS CAPITAL EXPENDITURE AND RESOURCING</b>   |   |
|  <p>Capital investment is essential to eliminate workplace hazards – from physical infrastructure maintenance to ensuring our Safety Teams are adequately skilled, qualified and resourced to support all locations.</p>         | <p>Several branches installed on-site defibrillators, upgraded their chemical storage bunding, installed additional pallet racking and purchased new trailers and trollies for safe chemical storage and transport. We also recruited two new Safety Risk and Environment Business Partners (SREBPs) and a Workers Compensation and Injury Management Specialist.</p>                             |
| <b>INCIDENT AND HAZARD REPORTING</b>  |   |
|  <p>To continuously improve our administration systems, to enable simple and prompt reporting of incidents and hazards.</p>  | <p>Implementation of our new safety reporting platform last year identified further opportunities for system enhancements, which we began implementing this year. Standardised branch safety worksite reporting was also developed to enable tracking of actions and other key tasks like AgSafe accreditation, evacuation drills and equipment servicing.</p>                                    |
| <b>RISK ASSESSMENT AND AUDIT</b>  |   |
|  <p>To streamline the assessment and review of risks, through the consolidation of various work health and safety audit checklists, to save time and enable staff to focus on core business.</p>                               | <p>A new audit tool was developed and integrated with our risk management platform to further support efficient risk identification, management and reporting. All sites completed their internal safety audits.</p>  |
| <b>COMMUNICATION AND CONSULTATION</b>   |   |
|  <p>Safety Action Teams (SATs) to frequently consult with staff to encourage collaborative problem-solving, to identify and resolve work health and safety concerns. To ensure SAT performance adds value to the business.</p> | <p>Monthly SAT meetings were held this year to ensure continued consultation with staff to identify further safety-related improvement opportunities. Where possible (having regard to COVID-19 social distancing and travel restrictions) sites also held an annual State safety meeting, featuring guest speakers and independent site visits.</p>  |
| <b>TRAINING</b>   |   |
|  <p>To develop accessible education and training programs for our high-risk activities.</p>  | <p>A number of training programs were held this year through various forums, including sessions on defensive driving, enhanced livestock handling training and chemical handling, storage and selling.</p>  |

### SAFETY DURING COVID-19

As a participant in Australia's food supply chain, most of Elders' operations are considered an essential service for the agricultural sector and not subject to any Government mandated shutdowns. Appropriate authorisation documents and permits are in place for Elders' essential service Workers that are required to move across borders.

To support our workforce through the impacts of COVID-19 during this reporting period, we continued to issue directions and resources to all staff in relation to social distancing and proper hygiene. All sites have a COVID Safe Plan in place and staff in our administrative support offices in Brisbane, Melbourne, Perth and our Head Office in Adelaide have been directed to work from home as and when required, in accordance with government-issued directions. To support staff working from home, we developed a home-based work environment checklist to assess the safety of home workplaces and optimise workplace set ups to mitigate the risks of discomfort, pain or injury. At this stage, we are not taking a position on mandating vaccinations for COVID-19, but are encouraging our staff to get vaccinated if they are able to, following the advice of their doctor. Elders provides paid leave for staff to obtain vaccinations.

### Assessing performance on safety

One of the objectives of our third Eight Point Plan is to 'provide a safe working environment'.

This year, we expanded the key indicators of our performance against our safety objectives at an organisation level. They now include:

- Lost Time Injury Frequency Rates (LTIFR), as well as Lost Time Injuries (LTIs)
- improved safety culture measured through our annual Employee Effectiveness Survey
- dedicated safety visits to branches by our Executive

Additional indicators have been developed at both an Executive and local level to align safety-related behavioural expectations with the achievement of our Eight Point Plan. Those additional indicators for Executives include participation in a set number of SAT meetings and 100% completion of online safety training by staff within each Executive's business unit. 'Driving significant progress in achieving a "zero harm" workplace' is one of the conditions of our Executive level Short-Term Incentives, while employees who have not completed safety training are typically precluded from receiving any work-related financial bonuses.

### Safety training

All Elders staff are required to complete mandatory safety training annually, including general and role-specific courses. New staff are also required to complete mandatory safety training during induction.

Our SREBPs are engaged to oversee compliance with safety training schedules and deliver face to face induction presentations and safety training to our employees as required. Elders also provides online training, guidelines and Safe Work Instructions, and partners with AgSafe and other third parties for practical training on driver safety, livestock and dangerous goods handling. Elders ensures nominated First Aid Officers (required at every worksite) are provided with first aid training.

Managers are required to ensure that all employees have completed their required training and are competent to perform their role safely. Training requirements are determined based on the employee's background and experience, the requirements of their role and the level of risk that the employee may be exposed to. Management incentives are dependent on employees completing mandatory training.

### Safety Governance

Our commitment to establishing and maintaining a safe and healthy work environment is set out in our Work Health and Safety Policy<sup>1</sup> and implemented through our Work Health and Safety Management System (WHSMS), which responds to our evolving business requirements. The policies and procedures which underpin our WHSMS apply to all our employees and our contractors (Workers), in all our workplaces – whether they are worksites we control (like our branches, warehouses or offices), or sites our Workers work in which we do not control (like customer properties or saleyards).

Our WHSMS reflects the requirements of various State-based work, health and safety legislation and our Safety Manual (updated this year) draws on the key principles of AS/NZS ISO 45001: 2018. Our WHSMS is monitored periodically and evaluated to ensure its suitability and effectiveness. Our sites are audited by our safety team and externally by AgSafe to ensure compliance with our WHSMS and that appropriate safety standards are maintained.

Our Safety Steering Committee (SSC), which includes our full Executive team, meets quarterly to consider matters relevant to Elders' safety strategy and to review and consider reports from other management regarding safety matters. Our Board Work Health and Safety Committee (BWHSC) meets twice a year to monitor our WHSMS and performance against the Safety 7 Plan and considers work health and safety at every meeting.



<sup>1</sup> Available online at <https://investors.elderslimited.com/investor-centre/?page=corporate-governance>.

## Safety risk management

Work-related risks and hazards are primarily identified through:

- observations from Workers
- industry research
- incident or hazard reports
- branch safety audits conducted by our SREBPs, AgSafe and regulators

We aim to control work-related risks and hazards (including high-consequence injury risks) in accordance with the following hierarchy of controls set out in our Safety Manual: Eliminate, Substitute, Isolate, Engineering, Administrative and Personal Protective Equipment.

All incidents and near-misses are required to be reported to management immediately and on our reporting platform within 24 hours. The incident escalation and investigation process outlined on page 52 of this report applies to the investigation and escalation of serious safety risks. Information regarding safety incidents (as well as the results of branch audits and work, health and safety related statistics) are reported to the Safety Steering Committee and Board to continuously monitor. Our SREBPs perform risk assessments on identified and reported risks and make recommendations to the business on any corrective actions and improvements required.

Workers are regularly engaged on the development, implementation and evaluation of our WHSMS and are provided with several forums to raise and discuss work health and safety matters. To support meaningful and effective consultation, Elders has developed 9 SATs, comprising a total of approximately 60 members representing our branches across Australia.<sup>2</sup> Our SATs are responsible for identifying and attending to safety issues for the locations they represent, and operating as an additional conduit for safety-related information between Senior Management and our branches. In FY21, a total of 95 of the scheduled 103 monthly SAT meetings were held.

Workers are encouraged to raise safety-related matters with their relevant SAT member. They are also engaged on local safety-related matters at branch meetings (required to be held monthly, with safety as the first agenda item), by their Branch Safety Administrator and their relevant SREBP. Our SREBPs are members of SATs and report significant safety issues to the Safety Steering Committee for consideration.

Lost time injuries and serious incidents that are notifiable to a regulator are subject to a more formal investigation process, which involves the preparation of an incident report reviewed by the Head of Safety and our CEO. These reports

are circulated to internal parties involved in the incident. Corrective actions and learnings are implemented to prevent future harm. The report is also provided to the Safety Steering Committee and the Board for discussion.

All Workers have the right to stand down or refuse to carry out work if they reasonably believe that to continue would put their safety or health at risk. Information on how grievances and unacceptable conduct relating to safety (as well as other matters) may be reported is available on page 54 of this report. Our Whistleblower Policy protects reporters who wish to remain anonymous from being identified and from any victimisation or liability for making a report.

## Glyphosate

Following a classification made by the IARC<sup>3</sup> in 2015 that glyphosate is “probably carcinogenic to humans”, glyphosate has been the subject of litigation in several countries, with a number of users alleging that glyphosate-based products cause cancer.

Glyphosate is registered for use in Australia by its national regulator, the Australian Pesticides and Veterinary Medicines Authority (APVMA). Rigorous scientific assessments are required to be undertaken before agricultural chemicals are approved for sale by the APVMA, which has maintained that APVMA-approved products containing glyphosate can continue to be used safely according to label instructions<sup>4</sup>.

Accordingly, we intend to continue to stock and sell products containing glyphosate, noting that the sale of glyphosate-related products represent an immaterial proportion of Elders’ revenue and earnings. As a percentage of Elders’ total Rural Products business (which includes our retail and wholesale businesses), glyphosate-related products represent approximately 6.4% of revenue and 6.4% of gross margin.

<sup>2</sup> The number of SATs and members reduced from last year to streamline our communication processes and better reflect our business requirements.

<sup>3</sup> International Agency for Research on Cancer.

<sup>4</sup> Australian Pesticides and Veterinary Medicines Authority, 2019, ‘Glyphosate’, viewed 8 November 2021, <apvma.gov.au/node/13891>.

### Material safety risks

Our risk register specifically addresses work-related hazards which pose a risk of high-consequence injury – namely handling livestock, manual handling and driving. These risks are managed in accordance with our Resilience Policy<sup>1</sup> and Framework<sup>2</sup> (described in more detail on page 52).

During the reporting period, Elders established three critical risk teams comprising employees across Australia to review the current controls for our high-consequence injury risks. Recommendations for improvements were provided to the Safety Steering Committee and will be reviewed and implemented as required in due course. These included policy and procedure updates, enhanced training programs and new mechanical aids for manual handling.

An additional risk associated with our business is the storage, handling and transport of chemicals and dangerous goods. Several chemicals and fertilisers used in agricultural production pose environmental and safety risks if not handled correctly. Elders has a number of measures in place to manage these risks, including site reviews by our SREBPs and AgSafe, annual site self-assessment processes, the maintenance and monitoring of store manifests, facility designs to ensure appropriate site bunding,<sup>3</sup> sumps and product segregation, and the provision of guidance materials, spill kits and training to our Workers.

Storing, handling and transporting chemicals and dangerous goods can also pose health and safety risks to our customers and freight providers. We seek to prevent and mitigate those risks by:

- providing customers with Safety Data Sheets containing instructions on the safe use of dangerous goods
- offering customers tailored agronomic advice on the application of agricultural chemicals and hosting trials and demonstrations for customers and growers demonstrating product stewardship and safe use
- training our employees on safe product use and handling to support the provision of advice to customers
- training our employees on the safe transportation of goods, including their responsibilities to prevent or reduce potential harm or loss to others as required under the Chain of Responsibility Laws

#### High-consequence injury risks

| Risk     | Driving  | Livestock handling  | Manual Handling  |
|----------|--|---|--|
| Controls | <ul style="list-style-type: none"> <li>• Regular vehicle servicing and safety checks</li> <li>• Driver safety training</li> <li>• Specific driver training</li> <li>• Vehicle specifications (safety rating approach)</li> <li>• Fatigue management</li> </ul> | <ul style="list-style-type: none"> <li>• Livestock handling inductions</li> <li>• Livestock handling procedures</li> <li>• Safe work method statements</li> <li>• Livestock handling booklet</li> <li>• Face-to-face training delivered by expert external providers</li> <li>• Assessment of sale yard facilities</li> <li>• Fitness for work</li> </ul> | <ul style="list-style-type: none"> <li>• Use of mechanical aids</li> <li>• Targeted manual handling training</li> <li>• Product labelling highlighting heavy products</li> </ul> |

#### Q-Fever

Q Fever is an infectious disease which can cause severe illness with inflammation of the liver and heart. People working with cattle, sheep and goats are at high risk of contracting Q-Fever.

All employees who are exposed to livestock are required to be tested and provide proof of immunity against Q Fever. If no immunity is present, employees must be vaccinated before they are allowed to interact with livestock as part of their role. Elders funds the costs of the immunity checks and vaccinations for all employees.

<sup>1</sup> Available online at <https://investors.elderslimited.com/investor-centre/?page=corporate-governance>.

<sup>2</sup> An internal document.

<sup>3</sup> Surrounding an area with a retaining wall to contain any unintended escape of material.



## Promoting good health

This year, Elders launched its 'MyWellbeing' program to consolidate and further develop the benefits and support we provide to our employees to promote good health and wellbeing. Our new program is based on the following key pillars of wellness:



### MIND

Mental health (taking care of our minds)



### BODY

Not just physical exercise, but movement, nutrition, sleep and restoration



### CONNECTION

Positive relationships, enhanced communication (internally at Elders and externally at home and in the community)



### FINANCIAL

Financial safety brings security and peace of mind. Experiencing mental health issues can lead to financial stress and vice versa

Initiatives we offer as part of this program include:

### Free access to counselling

We offer free, confidential counselling services to our employees and their immediate family members, in person and remotely, through our independently administered Employee Assistance Program (EAP)

### Flu and Q Fever vaccinations

Elders covers the cost of the above vaccinations for all employees

### Company funded clothing and PPE

Every Elders employee has an annual allowance to purchase uniform items, which include sun-safe and wet weather-resistant clothing

### Access to our Reward Gateway

Discounts and rewards are available for shopping at various chemists, gyms, sporting goods stores and health product retailers through our Reward Gateway

Further initiatives offered to employees to promote good health are outlined on page 20 of this report.





## Employee attraction and retention



**The success of Elders is reliant on us attracting, retaining and developing the best people in agriculture and ensuring our people are engaged and enabled to create meaningful work outcomes.**

This year, despite the continued challenges presented by working through COVID-19 and associated social distancing and travel restrictions, we achieved record results through our annual Employee Effectiveness Survey, placing Elders well above the high performing benchmark compared to other companies globally.<sup>1</sup>

We continued to develop our people and culture, focusing on:

- business continuity and maintaining employee engagement and enablement through COVID-19
- attracting and developing young people and women in our workforce
- investing in upskilling and developing our staff through enhanced internal training programs, including frontline manager and retail products training across our entire employee cohort
- refreshing and re-launching our Code of Conduct
- enhancing our livestock trainee program
- expanding our Employee Assistance Program to include services beyond mental health, including wellbeing, legal, financial and dietary and nutrition advice
- launching our new employee reward gateway for staff

### Employee effectiveness survey results

- Employee engagement: 78% (up from 76%)
- Employee enablement: 79% (up from 76%)
- Employee effectiveness: 64% (up from 59%)

<sup>1</sup> Benchmarking and the administration of our Employee Effectiveness Survey is conducted independently by Korn Ferry.

## Our workforce<sup>2</sup>



Our operations are mainly conducted through our employees. We also engage people on fee-for-service contracts to provide consulting, livestock and real estate agency services. This year, we engaged 219 livestock and real estate agent contractors. No employees were stood down or required to work less hours as a result of COVID-19 and Elders did not receive any JobKeeper payments.

Our workforce profile is reported to our Board monthly, where any issues are discussed and changes to our management approach are agreed for implementation. Attracting and retaining quality people is managed as a business risk, using the procedure outlined on page 52 of this report. Our progress is measured through regular performance reviews, training, assessments and surveys.

The Fair Work Act 2009 (Cth) and applicable awards set out the entitlements of our Australia-based workers, including rights relating to remuneration, minimum wage, work hours and freedom to associate with an industrial association. Our Compliance Policy<sup>3</sup> requires us (as well as all our directors, employees, agents, contractors and consultants) to comply with all applicable laws and regulations.

## Employee development

We demonstrate our commitment to the development of our workforce through our investment in learning and development programs, remuneration and reward frameworks and succession and retention models. Career development is a standing item of every employee's annual personal development plan and performance review. This year we spent over \$1 million on professional development and continued to provide internal training programs virtually, in person and online. Training programs for employees are developed based on their experience and position within the organisation.

Workers beginning their careers in Elders or the agribusiness industry are supported through work experience, school-based trainee placements and professional development programs, including:

- our Graduate Agronomy Program
- our Livestock Trainee Program
- real estate agent introductory training
- monthly property management training

We also periodically take on candidates for work experience in other roles throughout our business, including corporate roles at our Head Office.

### AGRIBUSINESS LEADERSHIP PROGRAM



From left to right: Lachlan Boyd, Area Manager (2021 program participant), Belinda Kilner, Head of People and Culture and Jamie Brogan, State General Manager (2020 program graduates).

Each year Elders supports employees in completing the Agribusiness Leadership Program; a bespoke leadership development program provided by the Australian Rural Leadership Foundation, designed to challenge and support participants in responding to complex, real life situations faced in the agribusiness sector and facilitate the creation of new and diverse professional networks.

"It was great to join a group of agribusiness leaders at all differing stages of their careers. The diversity of thought, trust, opinions and experiences really helped me broaden my knowledge of the industry, the challenges our businesses face and the exciting leaders the industry is producing" - Lachlan Boyd

<sup>2</sup> As at the 30th of September 2021

<sup>3</sup> An internal document.



### Elders staff attending BEEF2021



### Employee benefits and support

In addition to the benefits and support outlined on page 17 of this report, we offer the following to our employees:

#### Access to the employee share plan

Employees can salary sacrifice to acquire shares in Elders.

#### Service recognition

Employees are recognised for reaching service milestones and provided monetary rewards, gift cards and acknowledgements.

#### Employee referral program

Employees referring a candidate who successfully gains employment with Elders are entitled to an incentive payment.

#### Short-term incentives

Eligible employees can share in Elders' success when financial targets are met. Short-Term Incentives are awarded to high-performing employees.

#### Access to a range of corporate discounts

Employees can access discounts on clothing retailers, health, motor and home insurance, vehicle rentals and purchases, travel and IT.

#### Flexible working policy

Eligible employees can negotiate changes to their work hours, patterns and locations to support a healthy balance between personal and professional commitments.

#### Purchased leave

Employees can "purchase" additional periods of paid leave through a salary sacrifice arrangement over 12 months to reduce cost impacts.

#### Staff foundation

Employees can contribute \$2.50 per month to the Staff Foundation with Elders matching every dollar. The Foundation uses this money to gift financial assistance to employees during times of hardship. The Foundation has 1174 employee members. During the reporting period, it collected \$32,000 from employees and paid \$85,000 to staff in need.

#### Paid parental leave

Carers (regardless of gender) who have worked for Elders for at least 12 continuous months and are permanent employees are entitled to paid parental leave. Primary carers are entitled to eight weeks of fully paid leave, while secondary carers are entitled to two.

#### Paid personal and carers leave

All permanent employees are entitled to paid personal leave each year to cover absences for personal illness or injury, or to care for or support immediate family or household members.

#### Paid study leave

Employees can be granted paid leave (subject to management approval) to undertake study and further education.

#### Paid emergency service and volunteering leave

Employees who are members of a recognised emergency service organisation can be granted paid leave (subject to management approval) to assist in emergency situations. Elders employees are also entitled to two paid leave days each year to volunteer for a registered charity or non-for-profit organisation.

### Supporting our leavers

Our focus on culture fosters long-lasting friendships with employees, current and retired. The average length of service for our employees is 6.8 years, and as at 30 September 2021, 205 of our employees have served us for more than 20 years.

The Elders Past Employees Association (EPEA) is a group of past employees whose objectives are to create and promote a spirit of friendship and goodwill amongst members. Elders provides monetary and in-kind support to the EPEA to support their gatherings.

Our Redundancy, Redeployment and Retrenchment Policy<sup>1</sup> sets out our commitment to responsible workforce restructuring, requiring management to engage with our human resources team to ensure all relevant legislative and industrial obligations are considered and appropriately managed and impacted employees are treated respectfully and fairly. Elders also funds confidential external career support to employees who experience retrenchment, including confidential career coaching and assistance in securing another role.

<sup>1</sup> An internal document.

### Elders and Eastern Rural staff attending the 2021 Elders Feed and Store Challenge in Dalby, Queensland.



## Diversity

We recognise that a diverse and inclusive workforce is critical to achieving our objective of attracting, retaining and leveraging talent, and we are committed to providing a workplace that promotes equal opportunity and an environment that is free from all forms of discrimination, including race, colour, national extraction, social origin, age, marital status, family or carer responsibilities, sex or chosen gender, sexual preference, religion and physical ability. Our Diversity and Inclusion Policy<sup>2</sup> sets out the key elements of a diverse organisation and the value derived from embedding diversity and inclusion throughout our business.

### Gender diversity

For several years, redressing gender imbalance has been the focus of our diversity program given the significant gap of female representation in leadership positions across the agriculture industry. Since setting our Board-approved measurable diversity objectives, we have made steady progress.

This year, we continued to increase the representation of women on our Board and

number of female team leaders, exceeding our FY21 targets. We also increased the representation of women in management positions across the organisation by 2, to 18%. Although Elders has not reached its target of 25%, there has been significant progress with an 80% increase in the representation of women in management positions since our target was first set in FY17.

To drive continued improvement on redressing gender imbalance, Elders launched:

- unconscious bias training to managers as part of its Frontline Manager program
- a gender de-coder for job advertisements, aimed at assisting managers with developing position descriptions and advertisements to encourage more female applicants
- an internal pay equity review, providing initial insights to our Board on gender pay equity
- gender specific reporting to management during Elders' annual remuneration review

Further analysis of gender pay equity will continue through the next reporting period to identify and redress any issues. We will also

continue to report annually to the Workplace Gender Equality Agency outlining our workplace profile in accordance with the Workplace Gender Equality Act 2012.

### Our broader diversity program

During the reporting period, we took steps to extend the scope of our diversity program to include other categories of diversity. This began with the conduct of a staff survey to identify the present diversity of our workforce. Our survey revealed that within our workforce:

- 7% have a disability or impairment
- 3% identify as LGBTQI+
- 7% speak a language other than English
- 44% are primary carers
- 4% identify as Aboriginal or Torres Strait Islander
- 10% were born outside of Australia

83% of respondents stated that they felt safe to be themselves at work. We are now developing strategies to improve on these findings and further our diversity objectives. We will also launch new diversity targets, continuing to focus on gender imbalance while extending our scope to cover other categories of diversity.

### Performance against our Board-approved measurable diversity objectives

|  | Actual Sept-19 | Actual Sept-20 | Actual Sept-21 |
|--|----------------|----------------|----------------|
| Increase the representation of women in management positions across the organisation to 25% by 30 September 2021 | 13%            | 15%            | 18%            |
| Maintain the pipeline of female team leaders above 25%   | 31%            | 36%            | 35%            |
| Increase the representation of women in Non-Executive Director roles to 40% or more by 30 September 2021         | 50%            | 50%            | 60%            |

<sup>2</sup> Available online at <https://investors.elderslimited.com/investor-centre/?page=corporate-governance>.





# Environmental Performance and Regulation



**Recognising the support that nature provides for our operations and the operations of our agribusiness clients, we are committed to looking after our land and managing our environmental impacts.**

## Regulation and risk management

Elders has sites and responsibilities throughout Australia where environmental legislation and regulations vary between states, territories, local authorities and various regulators. Compliance with relevant legislation is managed on the ground by our branches and overseen and guided by our SREBPs. Environmental risks and hazards are managed in accordance with our Resilience Framework (outlined in greater detail on page 52 and in our Corporate Governance Statement<sup>1</sup>), with key risks and incidents communicated between key operational personnel, Senior Management, the Executive and the Board.

Our performance in relation to environmental management and the various applicable environmental regulations across our various businesses over the reporting period is as follows.

### Killara Feedlot

Elders operates its beef cattle feedlot, Killara Feedlot in Quirindi, New South Wales. Killara is subject to both state and local government environmental legislation, and its operation is conditional on it maintaining its environment protection and water licences.

In accordance with its environment protection licence (EP Licence), Killara is required to undertake a significant number of environmental management activities to ensure that it is managing its waste, dust and odour emissions to minimise pollution of the surrounding community and to avoid groundwater and soil contamination. Failure to manage these emissions can affect the amenity of the local community and contaminate private and public property.

Emissions are monitored internally by Killara, and externally by the New South Wales Environment Protection Authority (NSW EPA) and the National Pollutant Inventory (NPI). Killara submits NPI reports to the NPI detailing emissions of NPI substances (including ammonia, carbon monoxide and oxides of nitrogen) and activities Killara has participated in to reduce these emissions. Killara also submits annual reports to the NSW EPA describing (amongst other things) any pollution complaints received in the reporting year. These reports are prepared by an external consultant. No breaches of environmental regulations or pollution complaints affecting Killara were reported during the reporting period.

Killara's performance on the management of its water consumption and discharge is detailed on page 41 of this report, while its performance on waste management is detailed on page 25.

### Saleyards

Saleyards are subject to various state, territory and local government environmental requirements, particularly relating to effluent management, dust and noise. These obligations vary from place to place and generally only apply to saleyards above a prescribed size. Elders expects its saleyard operations, irrespective of their size, to abide by the applicable laws and regulations.

No breaches of environmental regulations affecting Elders' saleyards were reported during the year ended 30 September 2021 or to the date of this report.

<sup>1</sup> Available online at <https://investors.elderslimited.com/investor-centre/?page=annual-reports>.

## Retail and wholesale operations

Elders' retail and wholesale operations are subject to state environmental regulations relating to the storage, handling, transport and sale of dangerous goods, which include some of the agricultural chemicals, fertilisers and poisons we supply. Although these regulations are based on nationally recognised standards, the regulatory environment for the transporting, handling, storage, sale and use of such dangerous goods, chemicals and scheduled poisons is complex and subject to regulations imposed by each state and territory. Elders' Safety, Risk and Environment Business Partners monitor compliance. In addition, many of Elders' branches and personnel participate in an accreditation, training and audit program operated by AgSafe. These assurance activities are being progressively rolled out to our wholesale operations as COVID-19 related social distancing and travel restrictions ease.

In April 2021, the Department of Water and Environmental Regulation (DWER) attended a roadside fungicide chemical spill incident in Hyden, Western Australia involving a rolled trailer during transit resulting in fungicide leaking from an intermediate bulk container (IBC) onto a gravel road. The DWER issued a Clean-up Advisory Form and Elders engaged a professional agency to complete the required clean-up work. The DWER confirmed with Elders that no further action was required, and this incident did not constitute a breach of environmental regulations.

Elders is not aware of any breaches of environmental regulations affecting Elders' retail or wholesale operations that were reported during the year ended 30 September 2021 or to the date of this report.





# Waste Management



**Effective waste management is essential to ensuring the health, safety, productivity and marketability of Australian agribusiness. As a provider of key inputs to Australian farmers, we recognise our responsibility to properly manage our waste and support effective waste management in our supply chains.**

Inappropriate management of waste by our operations and in our supply chains can contribute to pollution, the depletion of natural resources and the generation of greenhouse gas emissions, all of which could negatively impact the environments that Elders and its clients and customers operate in.

Given the geographic spread of our operations, with many of our locations operating in rural and remote areas, waste is generally managed locally, at site level. Our operations vary from location to location, with some sites operating retail stores, real estate agency services, livestock agency services, warehousing or a combination of activities. Accordingly, the quantum and type of waste produced by our operations varies from site to site. Waste is mainly produced in our operations and supply chains from:

- the packaging of the goods we receive and supply in our stores
- livestock, including organic waste produced by cattle at our Killara Feedlot
- paper printing
- staff (general waste such as food scraps and packaging)

Sites manage waste according to the types of waste they produce, and waste management service providers available in their area. While this enables Elders to effectively manage waste throughout its operations, it presents challenges to obtaining comprehensive data to enable us and our stakeholders to monitor and track our group-wide performance.

This year, we took steps to evaluate our waste management approach. This began with:

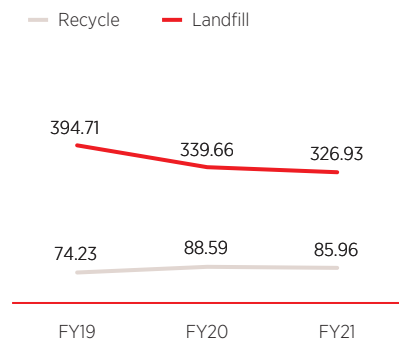
- analysing our branch network to verify our waste streams and determine the types of waste collected by local councils and third party waste management service providers
- obtaining information from waste management service suppliers where available

We identified that:

- the majority of our branches use kerbside waste collection services operated by local councils<sup>1</sup>
- many of our largest retail sites and warehouses use third party contractors to manage waste

Available information on waste collected by third party contractors shows that as Elders' business has grown over the last three years, the total amount of waste generated and designated for landfill has decreased while the proportion of generated waste designated for recycling has increased.<sup>2</sup>

Waste removed by contactors (metric tonnes)



<sup>1</sup> Presently, information relating to the quantum of kerbside waste collected by local councils is not available.  
<sup>2</sup> Based on data obtained from Elders' third party waste contractor. Metrics below represent waste collected from approximately 25% of Elders' property portfolio. Waste is weighed on collection. Elders' third party waste contractor has provided assurance that all waste collected is managed in accordance with all relevant laws and regulations.

## Reducing waste

The initiatives which we currently have in place to manage waste are as follows.

### Packaging

Most of the agricultural chemicals produced under our own brands (Titan AG, Apparent, Independents Own, Pastoral AG and Benchmark) are produced in recyclable containers and where commercial and possible, in reconditioned and recycled intermediate bulk containers (IBCs).

**3,028 IBCs reconditioned and redistributed through Titan AG**

Elders' branches also sell recyclable and reusable IBCs and chemical drums for packaging and transporting agricultural chemicals manufactured by other suppliers. Many of our branches collect empty IBCs and 100 - 110 litre chemical drums from customers for cleaning and re-distribution.

**41,332 IBCs and chemical drums collected by branches and diverted from landfill**

Other eligible chemical drums can also be provided directly to drumMUSTER<sup>3</sup> for recycling. DrumMUSTER provides Australian agricultural and veterinary chemical users with a recycling pathway for labeled, triple rinsed, empty agricultural and veterinary chemical containers. As a member of drumMUSTER, Elders pays voluntary levies to ensure that chemical containers for its own branded products are eligible for recycling. Several sites in the Elders group also facilitate the collection of used chemical drums.

### Supporting drumMUSTER

- 27,928 drums collected for drumMUSTER
- \$540,000 paid to drumMUSTER by Elders

The majority of the pallets used throughout the Elders network for transporting the goods we sell to our customers are reused.

## Recycling at Killara Feedlot

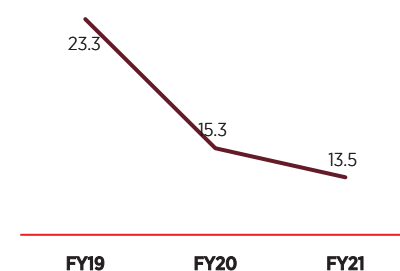
A portion of the organic waste generated by Killara Feedlot is used to fertilise surrounding paddocks which produce the feed provided to feedlot cattle. Killara maintains records of all manure harvested from pens and applied to nominated utilisation areas within the paddocks, which are selected based on advice from agronomists who conduct regular soil testing before any nutrients are applied.

Organic waste is composted on-site and excess manure is sold to a third party for processing and retail distribution. Approximately 38,000 tonnes of manure was sold during the reporting period, generating an additional income stream for the business.

## Paper

This year, Elders continued implementing system improvements to reduce paper waste within its branches, with an aim to eliminate unnecessary printing throughout our operations. Double page printing is automated and staff are required to verify printing before pages are released to prevent accidental and unwanted printing. A progressive reduction of waste is expected over the next five years as Elders undergoes a major modernisation of its IT and data platforms.

Number of pages printed (million)



## Staff

Our Head Office in Adelaide, South Australia, hosts the largest number of our staff in one location. Individual desk bins have been removed to direct waste to central repositories for separation into general, paper, cardboard and organic waste to enable appropriate waste management and recycling. Work is currently underway to further separate waste streams and develop staff waste management strategies across our network.

<sup>3</sup> DrumMUSTER collects and recycles farming chemical containers across rural Australia.









## Climate Change



**Australia's changing climate presents systemic challenges to the agricultural sector, as well as to our clients and farming activities.**

Hotter and drier conditions, prolonged droughts and more extreme weather events have profound effects on farmers, associated businesses, the communities in which we operate and Australia's economy more broadly. Our role as a provider of products and services to Australian primary producers places us at risk to both direct and indirect effects of climate change. As a valued partner of the agriculture sector, we have an important role to play in contributing to the sector's resilience and helping develop technologies to assist with emissions mitigation and climate change adaptation. We also acknowledge our own responsibility to address climate change and in particular, manage and reduce greenhouse gas emissions associated with our own operations.

All Australian states and territories have committed to achieving net zero carbon emissions by 2050. Additionally, agriculture industry bodies have indicated support for ambitions to transition to a low carbon economy, with Meat and Livestock Australia (MLA) setting an aspirational target of achieving net zero emissions in the red meat industry by 2030. As a trusted voice within the agriculture community, we consider it vital to demonstrate leadership by maximising the sustainability of our operations and minimising adverse environmental impacts.

This year, we completed our assessment of climate change risks and opportunities. We also commissioned an independent review of our energy use and scope 1 and 2 emissions and ahead of our 2022 ambitions, accelerated the development of targets and strategies to reduce the greenhouse gas emissions across our organisation. More information on this work is detailed on page 33 of this report.

## Climate change governance

Elders considers climate change to be a material business risk with potential impacts on our economic, environmental, and social sustainability. Both the operational and strategic risks posed by climate change are captured under our current governance, risk management and resilience frameworks. Full details on the role of our Board and Executive in managing risk, including climate-related risks, can be found on page 52 and within our Annual Report, Corporate Governance Statement and Audit, Risk and Compliance Committee Charter.

To increase transparency with our stakeholders and investors, and to bring a spotlight on what Elders is contributing in this space, the Board has set a target of fully aligning our disclosure of climate-related risks with the TCFD Recommendations by 30 September 2023, in alignment with the completion of our third Eight Point Plan. The TCFD Recommendations form the preferred climate disclosure framework of the Australian Securities and Investments Commission (ASIC) and the ASX Corporate Governance Council. They are structured around four core elements (governance, strategy, risk management and metrics and targets) and ultimately demonstrate our Board's consideration and oversight of climate issues and Elders' progress in managing climate-related risks and opportunities.

Our Board has been briefed on the requirements of the TCFD Recommendations and is responsible for reviewing and approving the climate-related disclosures contained within this report.

## Risks and opportunities

Climate change presents both risks and opportunities to Elders' businesses and will impact regions within Australia differently, requiring varying forms and levels of adaptation.

Its impacts on Elders are broadly managed through:

- our diverse product and service offering provided across our national footprint, which supports risk mitigation and the ability to deliver products and services required by our clients and customers as they adapt and respond to climate-related impacts
- our strategic and disciplined approach to growth, pursuant to which our key sustainability principles, as well as local climate trends and impacts and the carbon footprint of our target (where material) are evaluated as part of our due diligence process for potential business acquisitions

### Assessing risks and opportunities

This year, we undertook an in-depth analysis of the specific climate-related risks and opportunities for our business, considering both short-term (0-3 years) and medium to long-term (0-30 years) physical and transitional impacts. Elders conducted stakeholder consultations, an independent review and internal workshops with a range of staff and its Executive to identify and assess risks for our business, determine their materiality and consider their potential impact.

Climate-related risks were then assessed in accordance with our Resilience Framework,<sup>1</sup> with added analysis on the shift in risk ratings projected over the long term. Below is an overview of the key risks identified by Elders. The risks noted are not exhaustive and are in no particular order. Scenario analysis (scheduled to begin in FY22) may identify further risks, opportunities and controls.

#### TCFD risk categories

**Physical risks:** **A** – Acute **C** – Chronic

**Transitional risks:** **PL** – Policy & Legal **M** – Markets **R** – Reputation **L** – Liability

#### TCFD opportunity categories

**RE** – Resource efficiency **E** – Energy source **PS** – Products/Services **M** – Markets **R** – Resilience

### Climate-related risks and strategies

| Risks and impacts  | Our strategy   |
|--|--|
| <b>Crop yields</b>   |  |
| <b>C</b> Crop yields may be adversely impacted by a fall in total annual rainfall, prolonged drought, future rainfall occurring in fewer, heavier events, higher temperatures, increased fire risk and an increased prevalence of pests, diseases and weeds. This could impact farm profitability and the demand for the goods and services which Elders supplies. | <p><b>PS</b> Continue to offer supportive rural products, including water efficient and heat tolerant plant varieties and plants with shorter growing seasons</p> <p><b>PS</b> Continue to offer agronomic advisory services and supportive AgTech assisting farmers with effective cropping, pest, disease and weed management and farm adaptation</p> <p><b>R</b> Maintain effective inventory management practices to mitigate the impact of demand variability</p> <p><b>PS</b> Investigate opportunities to partner with additional suppliers providing climate-resilient plant varieties</p>   |
| <b>Health and safety</b>   |  |
| <b>C</b> Increased frequency and severity of extreme heat days may result in reduced productivity, increased changes of heat-related illness and exposure to heat-related injury.  | <b>R</b> Continue to implement and improve our WHSMS, provide appropriate, sun-safe uniforms and PPE and maintain appropriate and effective incident management plans  |
| <b>Livestock production</b>  |  |
| <b>C</b> Livestock production may be affected by variability in pasture quality driven by prolonged drought, higher temperatures and heat stress and flood-related mortality. This could impact the demand for animal health, feed products and agency services. Killara Feedlot may also be impacted due to increased mitigation requirements.                    | <p><b>M</b> Retain our existing, geographically diverse livestock agency base to serve clients across the country and mitigate the impacts of regional adverse conditions</p> <p><b>PS</b> Continue to offer supportive rural products, including pasture varieties that maximise water use efficiency, heat tolerance and shorter growing seasons and feed supplements that mitigate the effects of heat-stress, dehydration and physical stress in animals in extreme weather</p> <p><b>PS</b> Continue to offer livestock production advisory services, advising farmers on the selection of animals based on genetic resilience and appropriate seedstock and commercial replacements</p> <p><b>R</b> Scenario analysis and an increased understanding of the likely geographical shifts of livestock production may identify further opportunities and controls</p> |
| <b>Severe weather</b>  |  |
| <b>A</b> Tropical storms and cyclones may increase the risk of heavy, prolonged rainfall events and the potential for widespread flooding and destruction of infrastructure, physical assets, crops and livestock.   | <p><b>M</b> Retain and grow our national footprint to serve customers and clients across the country in responding to the impacts of severe weather</p> <p><b>R</b> Maintain our incident management, emergency evacuation and business continuity plans.</p> <p><b>R</b> Maintain effective inventory management practices to mitigate the impact of demand variability</p>   |

<sup>1</sup> An internal document.

| Risks and impacts                               |  | Our strategy |   |
|---|--|--------------|---|
| <b>Storm impacts</b>                            |  |              |   |
| <b>A</b>  | Coastal events like cyclones, storms and associated storm surges may result in damage to port infrastructure, vessels or goods, which could impact Elders' supply chain.   | <b>M</b>     | Maintain and diversify our supplier base to mitigate supply chain disruptions   |
|   |  | <b>R</b>     | Continue working with suppliers to manage risks and implement effective inventory management practices, including holding stock in our Australia-based AIRR warehouses and working with local suppliers |
| <b>Demand for key products</b>                  |  |              |   |
| <b>R</b>  | Consumer preferences shifting to 'green' labelled products may result in a decreased demand for some of Elders' product lines.   | <b>PS</b>    | Maintain and grow our diverse product offering  |
|   |  | <b>M</b>     | Continue to investigate opportunities to expand our range to accommodate changes in demand  |
| <b>Water availability</b>                       |  |              |   |
| <b>C</b>  | Decreases in average rainfall and an increase in the frequency and duration of drought conditions limits the replenishment of dams, reservoirs and aquifers. This could impact both water supply for on-site usage (drinking and irrigation), trading, and could see changes to license terms. Water scarcity could impact farm operations and reduce the demand for the goods and services which we supply.   | <b>RE</b>    | Monitor and maintain Killara Feedlot's water licences, centre pivot irrigation system and relationships with third party feed suppliers   |
|   |  | <b>M</b>     | Manage the impacts of water price volatility on our water trading business by aligning fees with water value  |
|   |  | <b>M</b>     | Continue to explore opportunities to increase our offering of water capture and storage equipment   |
| <b>Climate change policy and carbon charges</b> |  |              |   |
| <b>PL</b>                                       | International pressure or a change in Federal government has the potential to rapidly shift the types of obligations faced by Australian companies in the coming years. Changes may include the introduction of a carbon charge, which may impact Elders' operational costs and that of its customer base. International changes may also impact Elders' ability to conduct business in foreign jurisdictions. | <b>R</b>     | Fully align our climate-related disclosures with the recommendations of the Task Force on Climate-related Financial Disclosures   |
|   |  | <b>RE</b>    | Set targets and implement strategies to reduce Elders' greenhouse gas emissions   |

## Climate-related opportunities

Through our risks and opportunities analysis, we also identified the following further opportunities for Elders arising from climate change.

| Opportunity  | Strategy   |
|--|--|
| <b>PS</b> Grow and diversify our fertiliser product offering and our use of advanced software and technology to optimise fertiliser application.   | Continue to partner with suppliers and support the development of alternative fertiliser products. Support the continued Fertcare accreditation of our advisers and industry uptake of precision AgTech <sup>1</sup> |
| <b>PS</b> Continue to support AgTech uptake and development to assist farmers with monitoring and managing pests and diseases, and provide data driven insights for stocking pest and disease control products in specific locations.                                | Continue to partner with AgTech providers and support industry uptake, including through on farm demonstrations <sup>1</sup>   |
| <b>PS</b> Develop and/or partner with third parties to supply climate-smart crops, including selecting traits for more resilient plants, such as heat and/or drought resistance.   | Continue to partner with third parties through our Thomas Elder Institute and Elders Plant Genetics to support development and commercialisation of new plant varieties  |
| <b>PS</b> Support client diversification and strategies to access growing markets for alternative protein sources (including plant-based protein "meat alternatives").   | Continue to provide advisory services to growers through our agronomy network and Thomas Elder Consulting  |
| <b>PS</b> Offer services assisting farmers with climate change adaptation and mitigation by supporting carbon farming and the generation of carbon credits through the Australian Government Carbon Farming Initiative.  | Further develop and grow our existing Carbon Farming Advisory Services offering to serve more clients across Australia   |
| <b>RE</b> Expand consultancy services to cover herd stocking strategies to support climate change adaptation, working with clients to identify desirable genetic traits for selective breeding and opportunities to improve pasture quality and diversify livestock. | Expand our genomic testing service offering, livestock production advisory services and involvement in plant breeding and support industry adaptation of new technology and resilience                               |

<sup>1</sup> See page 46 of this report for information on how Elders presently supports innovation and technology.

## Next steps

To achieve full alignment with the TCFD Recommendations will require a staged approach. Our current achievements and short to medium-term objectives are detailed in the table below, and our present alignment with the TCFD Recommendations is outlined in our TCFD Index on page 58 of this report. Our staged action plan is intended to provide a clear structure enabling Elders to attain the highest standard of disclosure for decision-useful climate-related information in as short a timeframe as possible.

### Elders' staged action plan for full alignment with the TCFD Recommendations by 30 September 2023

|      | Governance   | Risk Management  | Strategy   | Metrics & Targets  |
|------|--|--|--|--|
| FY20 | Comprehensive disclosure of our climate-risk management process, roles and responsibilities. ✓ | Initiated internal and independent review of climate-related risks and opportunities. ✓                                    | Detailed the role risk plays in our decision making. ✓   | Reported our Scope 1 and 2 emissions from energy use and feedlot cattle. ✓                               |
| FY21 |  | Detailed our climate-risk assessment methodology and disclosed our climate-related risks and current mitigation actions. ✓ | Identified climate-related opportunities. ✓  | Reported our Scope 1 and 2 emissions, including emissions from feedlot waste and fertiliser management ✓ |
| FY22 |  |  | Qualitatively assess future climate-related risks and impacts using appropriate climate scenarios.   | Develop our Scope 3 emissions profile<br>Set climate related targets and metrics ✓                       |
| FY23 |  |  | Disclose impacts of, and business resilience to, climate-related risks and opportunities including commentary on financial implications under each scenario. | Report on performance against targets.   |

#### Elders agronomists and Thomas Elder Institute participating in field trials in Western Australia.











## Energy and Emissions



**Energy is essential to our business and understanding how it is used and the associated greenhouse gas emissions produced is key to reducing our organisation's impact on the environment and ensuring our ability to transition to a low carbon economy.**

### Greenhouse gas emissions and energy

We produce greenhouse gas emissions through our activities both directly and indirectly. The greatest source of our emissions are our cattle production activities at Killara Feedlot. Enteric fermentation by livestock, the practice of applying fertiliser to soil and manure and effluent management all produce greenhouse gas emissions, which represent around 62% of our carbon footprint. Conversely, minimum till farming practices (which many Australian operations, including Killara Feedlot, use to better manage available moisture in soil) are understood to increase soil carbon sequestration, reduce N<sub>2</sub>O emissions (as a result of reduction in nutrient run-off) and reduce scope 3 emissions from the manufacture of fertilizer.

Our other main sources of greenhouse gas emissions are from the consumption of energy, in the form of:

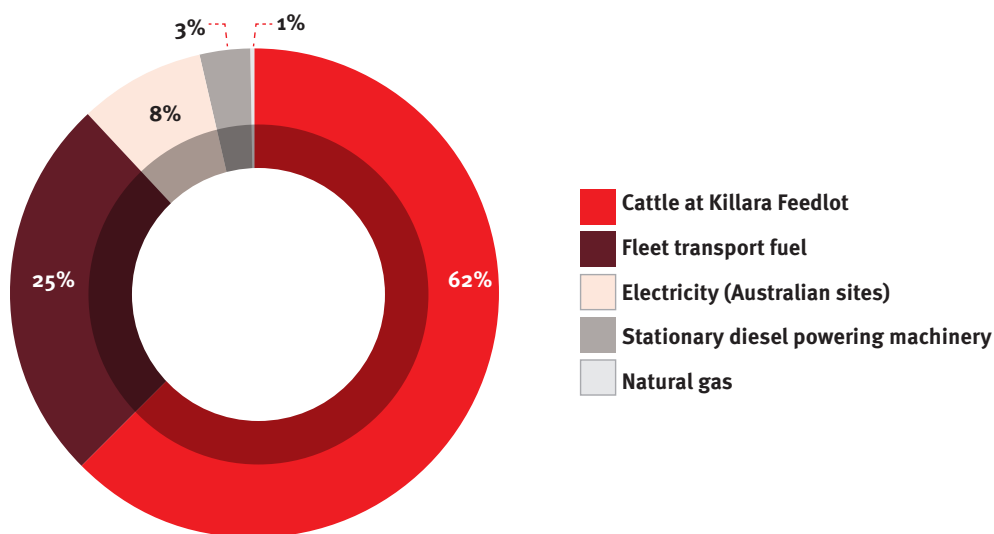
- electricity, which is used to power our worksites
- fuel (primarily diesel) which is used to power our fleet vehicles, forklifts and other machinery

Our energy consumption is managed locally by our employees, while contracts with our energy retailers are managed centrally by our Indirect Procurement and Fleet teams. These teams monitor overall consumption and costs, and together with our Sustainability team, engage with independent third parties to assist with:

- determining our energy usage
- calculating our carbon footprint

This data is reviewed periodically to identify opportunities for energy and cost savings.

## Our emissions profile



| Scope 1 emissions - Source  | tCO <sub>2</sub> e | Scope 2 emissions - Source             | tCO <sub>2</sub> e |
|---|--------------------|--|--------------------|
| Killara Feedlot cattle  | 37,462             | Electricity - Australian sites         | 4,982              |
| Fleet transport fuel - diesel   | 15,364             | Electricity - Elders Fine Foods, China | 427                |
| Killara Feedlot equipment fuel - diesel                                     | 2,062              |  |                    |
| Other (including fleet transport fuel (LPG), forklift fuel and natural gas) | 531                |  |                    |

**Total: 60,828 tCO<sub>2</sub>e**

Our emissions profile reflects our emissions between 1 July 2020 and 30 June 2021, and was calculated using the following methodologies:

- For fuel and electricity use in our Australian sites: the methodology set out in the National Greenhouse and Energy Reporting (Measurement) Determination 2008 (as updated from time to time)
- For electricity used by Elders Fine Foods in our Shanghai facility: Emissions factors published by Climate Transparency<sup>1</sup>
- For cattle production: the methodology set out in the Greenhouse Gas Accounting Framework for Feedlots produced by the University of Melbourne and based on the Australian National Greenhouse Gas Inventory methodology. This methodology does not account for sequestered carbon from minimum till farming practices at the feedlot.

Further information on our energy and emissions is contained in the performance tables on page 57.

### Reducing energy use and emissions

This year we accelerated our work on developing a strategy to reduce our emissions and set climate-related targets. We engaged a third party to:

- undertake an independent review of our emissions profile
- model our scope 1 and 2 emissions trajectories to 2030 and 2050
- identify potential abatement opportunities for our property portfolio and fleet vehicles

This engagement, together with strategy sessions and meetings with Senior Management, our Business Sustainability and Improvement Committee, Executive and Board resulted in the development of the following targets.

### Our energy use and emissions targets

- 100% renewable electricity in all Australian sites by 2025
- 50% reduction in Scope 1 and 2 emissions intensity (tCO<sub>2</sub>e/\$m revenue) by 2030, against a baseline year of 2021 (subject to commercially viable technology being available to address feedlot cattle emissions)
- Net zero Scope 1 and 2 emissions by 2050

Our targets apply to the sites over which Elders has operational control<sup>2</sup> and are based on our financial year ending 30 September. Further details and our strategy for achieving our targets is set out on page 34.

<sup>1</sup> Climate Transparency (2018): *Brown to Green: The G20 Transition to a Low-Carbon Economy*, Climate Transparency, c/o Humboldt-Viadrina Governance Platform, Berlin, Germany: <https://www.climate-transparency.org/wp-content/uploads/2019/01/2018-BROWN-TO-GREEN-REPORT-FINAL.pdf>, accessed 28 October 2021.

<sup>2</sup> This does not include Elders' franchised real estate offices and several saleyards at which Elders operates.

## 100% renewable electricity in all Australian sites by 2025

We are committed to achieving 100% renewable electricity in all our Australian sites by 2025. To achieve this, we intend on strategically upgrading our sites to:

- increase the uptake of LED lighting and energy efficient equipment
- install solar panel systems to generate our own renewable electricity

Given Elders leases most of the sites it operates in on short terms, we anticipate upgrades may not be possible, practical or commercial for some of our locations. In these instances, we intend on procuring renewable electricity from our energy retailers, or purchasing and retiring Renewable Energy Certificates to reduce or offset our emissions.

## Our progress so far

- LED lighting installed at 203 sites
- Solar panels installed at 23 sites

## 50% reduction in Scope 1 and 2 emissions intensity (tCO<sub>2</sub>e/\$m revenue) by 2030, against a baseline year of 2021 (subject to commercially viable technology being available to address feedlot cattle emissions)

Strategic priorities of our Eight Point Plan include winning market share through strategic acquisitions, strengthening and expanding our service offerings and further backward integration. This will result in the year on year expansion of our businesses and potentially, the expansion of our "business as usual" carbon footprint. To enable us to account for anticipated growth in the short term, we have set a target to reduce our scope 1 and 2 emissions intensity (tCO<sub>2</sub>e/\$m revenue) by 2030, against a baseline year of 2021 (subject to commercially viable technology being available to address feedlot cattle emissions). Between 1 July 2020 and 30 June 2021, we emitted 23.86 tonnes of carbon dioxide equivalent per million dollars of revenue (AUD).

Eliminating and offsetting our emissions from electricity is expected to reduce a substantial portion of our emissions. To reach our 2030 target, we will also need to address emissions from our fleet vehicles and feedlot cattle. Our success is, to an extent, dependent on innovation and technological development which is not within our control. In the event new technology and supportive infrastructure is not commercially viable or available by 2030, we will consider investing in carbon offsets.



### Reducing fuel emissions

Our fleet comprises approximately 1,684 vehicles driven by staff across the country and 245 forklifts used in our sites. Most of the vehicles in our fleet are four wheel drive utility vehicles, required to enable staff to safely drive on all terrains and transport products and equipment to clients as required.

Our vehicle fleet accounts for approximately 25% of our current emissions profile and is likely to increase over time with projected business growth. Presently, the options for decarbonizing our fleet are limited. Although hybrid and electric vehicles are available, they are not presently suitable substitutes for a number of our fleet vehicles given many of our staff travel long distances over varying terrains to attend to clients and livestock. While the range of electric vehicles is improving, the present lack of charging facilities across rural Australia remains prohibitive.

Hybrid and electric vehicles may, however, be a suitable substitute for some of our fleet vehicles operating in regional areas in the short term, particularly for staff working in our real estate business. We already have several hybrid vehicles in our fleet and intend to introduce more as infrastructure across Australia and electric vehicle technology improves. We also anticipate improvements in fuel efficiency in vehicles with internal combustion engines over the coming years. Our fleet vehicles are leased, mitigating the cost impact of upgrading technology.

In the meantime, we will:

- continue to encourage and educate our staff on efficient driving practices
- monitor fuel efficiency across our fleet
- develop a strategy for fleet procurement to support the increase and use of hybrid and electric vehicles

## Our progress so far

- 10 hybrid vehicles in our fleet

### Reducing cattle emissions

Achievement of our 2030 target is dependent on the development and commercialisation of technology that reduces emissions produced by our feedlot cattle. In recent years, there have been promising developments in new feed supplements to reduce enteric emissions.<sup>3</sup> We understand that presently, however, maximising production efficiency is the most effective emissions abatement method. Feeding practices at Killara Feedlot are already focused on maximizing productivity without compromising nutrition and animal welfare.

In the coming years, we aim to partner with industry on the development and implementation of technology to tackle the carbon footprint of our cattle.

### Net zero Scope 1 and 2 emissions by 2050

Building on the actions required to achieve our 2025 and 2030 targets, by 2050, we aim to achieve net zero Scope 1 and 2 greenhouse gas emissions from our operations. The achievement of this target is reliant on the emergence of supportive technology, particularly to address greenhouse gas emissions produced by enteric fermentation. Carbon offsets may also have a role to play. We will further develop our strategy and position on carbon offsets in the coming years and communicate this in future annual and sustainability reports. We will aim to reduce and eliminate our emissions where possible and commercially sensible in the first instance.

### Improving feed

Within the agriculture industry, we are continuing our work with Agrimix Pastures to provide better options to manage methane emissions in the beef industry. This partnership has evolved especially in western and north-western Queensland by the introduction of a specialised legume pasture species (*Progardes desmanthus*) into several of our clients' grazing paddocks. Research conducted by James Cook University has identified that this variety presents an efficient method to reduce methane emissions compared to other pastures.

We have also conducted trials on large commercial plots and microplots of Lantern Forage Sorghum – a plant variety with a unique sugar matrix which is capable of being used in bioethanol production. Our latest data shows that Lantern improves the efficiency and productivity of livestock feed systems by 30% due to higher metabolisable energy levels, whilst also providing improved carbon capture and storage opportunities for producers.

<sup>3</sup> For example, the seaweed feed supplement "Asparagopsis", which when fed to cattle has been found to drastically reduce the production of methane emissions: CSIRO, 2021, 'FutureFeed', viewed 30 October 2021, [www.csiro.au/en/research/animals/livestock/futurefeed](http://www.csiro.au/en/research/animals/livestock/futurefeed).









## Severe Weather



### Severe weather events such as frost, drought, flood and fire can affect the productivity of our agribusiness customers and in turn, increase the variability of Elders' financial performance.

As a result, we manage severe weather events as a material business risk in accordance with our risk management and resilience frameworks.<sup>1</sup> Given Australia's vast and diverse landscape, severe weather events rarely occur across multiple regions at the same time. By maintaining a geographical spread of operations across the country and a diverse product and service range, the negative impacts of severe weather events on our organisation are limited and mitigated.

The impacts of severe weather events on Elders' financial performance are further mitigated due to Elders being a supplier of the inputs, equipment and services our farmers require to operate through, and recover from, severe weather events. To assist our customers with managing their agribusiness through events like drought, excessive rain, flooding, fire and heatwaves, Elders:

- supports clients in managing their productivity through our network of agronomists and livestock agents
- provides access to technology which supports the efficient distribution of water, nutrients and chemicals (see page 46 of this report)
- supplies crop protection products and herbicides to manage weeds and pest infestation
- supplies general merchandise and equipment required on farm, such as fence posts, personal protective equipment, shade cloths, irrigation equipment, tanks, troughs and fire pumps
- facilitates the sale and purchase of water through Elders Water Trading

Our approach to managing severe weather risks will be evaluated and further developed as we continue to investigate and develop our response to climate-related risks and opportunities.

#### Supporting the community of Taree, New South Wales

Following devastating bushfires in 2019 and four years of drought ending in 2020, in March 2021 the town of Taree, New South Wales experienced one of its biggest floods on record. The once in- a-century event escalated rapidly and while Elders' local branch was not directly impacted, it left many farmers unable to access their property and feed livestock.

Elders staff worked overtime sourcing, loading and unloading fodder to feed livestock and sourcing land to relocate stranded cattle. Other actions Elders took included:

- working with local and State government departments to support the community
- working with charities and distributing donations from suppliers to farmers
- delivering feed free of charge to farmers
- offering deferred payment and interest free finance terms to existing and eligible customers
- safely storing stock from surrounding local businesses

<sup>1</sup> Outlined in further detail on page 52 of this report.



## Sustainable Farming



**With our global population expected to grow to 9.7 billion people by 2050<sup>1</sup> and increasing pressure to minimise the environmental impacts of agriculture and improve the climate-related resilience of Australian food production, Elders has an opportunity to tailor its product and service offering to better support farmer productivity and efficiency.**

Three major environmental issues the agriculture industry in Australia faces are:

- climate change (discussed on page 27 of this report)
- water availability (discussed on page 40 of this report)
- soil health

### Soil health

Healthy soil influences environmental health by improving water quality and protecting biodiversity. Healthy soil is also imperative to supporting agricultural production, the efficient use of agricultural inputs and the sequestration of carbon from the Earth's atmosphere. No-till farming is understood to optimise soil health, and the proportion of Australian grain growers using no-till farming is high,<sup>2</sup> however, further development, innovation and soil monitoring will be vital to sustain production and take action against climate change.

Elders' network of agronomists (including its Thomas Elder Consultants) support more than 6,000 clients across Australia in managing the productivity of their farms, providing advice to clients on crop rotation, pest and disease management and soil health, facilitating up to 13, 000 soil tests every year.

### Carbon Farming

We also provide technical advisory services to clients who are aiming to reduce their carbon footprint and sequester carbon in their soil.

In July this year, Elders launched its carbon farming advisory service offering following pilot services offered in 2020. This service supports clients with climate change adaptation and mitigation by assisting them to participate in the Australian Government's Carbon Farming Initiative.

The Carbon Farming Initiative allows for formal recognition of the change in carbon emitted or stored, and assigns "carbon credits" based on the tonnes of carbon reduced or sequestered. Once generated, these carbon credits can be used to offset existing business greenhouse gas emissions and make an enterprise carbon neutral, or be sold (domestically or internationally) to generate income.

Elders has carbon farming specialists working across the country, supporting our technical agronomy and livestock production service providers working with farmers and other clients to plan, register and implement their carbon farming projects to generate carbon credits. Elders is not itself involved in carbon credit trading. Its offering is based on an up-front fee for service model, enabling clients retain the full benefit of the carbon credits generated from their project.

Eligible carbon farming projects involve practice changes in land management strategies to sequester carbon, which are driven by practical and sustainable approaches to rectify physical and chemical soil constraints, minimising soil disturbance (tillage) and maintaining year-round ground cover through stubble retention and the establishment of perennial pastures in cropping and grazing systems respectively. Where livestock are part of a farming enterprise, practices to increase carbon sequestration can include maximising pasture utilisation whilst maintaining plant health and root biomass. Practice changes not only support climate change adaptation and mitigation, but in the short term, can improve on farm productivity and efficiency.

<sup>1</sup> United Nations Department of Economic and Social Affairs, 2019, *Growing at a slower pace, world population is expected to reach 9.7 billion in 2050 and could peak at nearly 11 billion around 2100*, United Nations, viewed 2 November 2021: <https://www.un.org/development/desa/en/news/population/world-population-prospects-2019.html>.

<sup>2</sup> Llewellyn R, D'Emden F, 2010, 'Adoption of No-tillage Cropping Practices in Australian Grain Growing Regions', *Grains Research and Development Corporation*, viewed 2 November 2021: [https://grdc.com.au/\\_data/assets/pdf\\_file/0016/125206/grdcadoptionofnotillcroppingpracticesreportpdf.pdf](https://grdc.com.au/_data/assets/pdf_file/0016/125206/grdcadoptionofnotillcroppingpracticesreportpdf.pdf).

## Research Hub for Smart Fertilisers



Elders has joined The University of Melbourne and Incitec Pivot Limited (IPL) in a new multidisciplinary Australian Research Council (ARC) “Research Hub for Smart Fertilisers” at the University of Melbourne which will develop a new class of nitrogen fertilisers and inhibitors.

Currently, 50–80% of nitrogen fertiliser, essential to modern agriculture, is lost to the environment through leaching and volatisation, which represents a substantial environmental and financial cost.

The new hub has been established within the University of Melbourne’s School of Agriculture and Food and seeks to:

- Develop a new class of fertilisers with metal-phenolic network coatings that will deliver controlled release of nitrogen for intensive agricultural systems including fruit, nut, vegetable, sugar and cotton industries
- Develop new urease and nitrification inhibitors suitable for use with this new class of fertilisers or with conventional coated fertilisers, and a new dual action urease-nitrification inhibitor
- Gain new insights into how the root biome integrates signals from plants and soil to optimise nutrient capture and use
- Maximise sector-wide value from new knowledge and technologies through the development of engagement and adoption strategies and the measurement of net value-add and co-benefits
- Measure, validate and demonstrate the agronomic, environmental, and social impacts of these new fertiliser products at commercial scale

## Agricultural chemicals

Maintaining safety and managing the environmental impacts associated with agricultural chemical use is critical to sustainable farming.

To mitigate the risk of negative crop, animal, environmental or safety impacts, Elders only sells and uses agricultural and veterinary chemical products which have met all relevant regulatory requirements. Further information on how Elders manages safe chemical use in its operations and supports safe chemical use by its customers is detailed on page 16 of this report.

During the reporting period, Elders ran 85 trials throughout Australia demonstrating best practice management and product stewardship. Our agronomists are provided with regular training and knowledge through various mediums including in field training, industry training, supplier training and the maintenance of formal accreditations like Fertcare.<sup>3</sup> Elders also uses online training programs like Myagi.

### Online product training through Myagi

Myagi is a digital knowledge-sharing platform used by principally our Rural Products team to stay up to date on the latest agronomic and supplier information. Myagi is a multi-platform tool available on any device and in any location (from paddock to office). In addition to being a channel for the distribution of external information to Rural Products team members, Myagi is also used as a forum for our Rural Products team to share advice and insights developed in the field. The introduction of Myagi into Elders’ Rural Products business demonstrates Elders’ commitment to maintaining technical excellence regardless of geography or other limitations.

<sup>3</sup> Fertcare is a training, accreditation and certification program that is managed by Fertilizer Australia and focused on promoting productivity whilst protecting the environment. All Elders agronomists must be Fertcare trained and accredited to support the provision of detailed, current fertilizer advice based on soil and plant analysis, with a focus on the environment and food safety.



# Water Availability



**The Australian climate has always involved an element of volatility and hot, dry summers, but climate change is projected to increase the frequency and intensity of extreme heat and periods of drought.**

With water availability already an issue that many farmers are required to address, finding opportunities to improve water use efficiency and ensuring the sustainability of shared water sources is directly linked to the sustainability of the agriculture industry.

Elders recognises that the availability of water can have a significant impact on its operations and performance in the following ways:

- directly: Killara Feedlot requires water for its paddocks, animals and facilities. Our branches and warehouses also require access to water in much smaller quantities for cleaning and drinking
- indirectly: Water availability impacts the productivity of Elders' grower customers, which in turn increases the variability of Elders' sales of agricultural inputs

Elders has partnered with several AgTech providers supporting efficient on-farm water use. More information is available on page 46 of this report.

## Elders Water Trading



Through Elders Water Trading, our water brokers assist clients in buying, selling and leasing water entitlements and allocations, supporting them in the development of strategies to ensure the security of their irrigation practices. Our water brokers have expertise in a number of different Australian water trading schemes and regions and assist customers in sourcing and selling water as permitted by the rules of their relevant water authority and water licence. Different authorities in each State regulate the trade and usage of water through State-based legislation.



## Water and Killara Feedlot

Killara Feedlot water usage



**413ML**

Withdrawn from  
groundwater



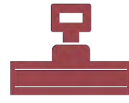
**270ML**

Consumed at the  
feedlot



**141ML**

Consumed through  
irrigation



**228ML**

Discharged to effluent  
utilisation areas (EUAs)  
(mix of effluent and ground water)

While Elders itself is not an intensive consumer of water across its operations, we recognize the importance of understanding our own water consumption and managing use and discharge, particularly at our Killara Feedlot. Killara obtains water for use at the feedlot and surrounding paddocks from rainfall, run-off and groundwater.

### Groundwater consumption

Consumption of groundwater by Killara is limited by its water licence (issued by Water NSW), which authorised a withdrawal of 806ML from July 2020 to June 2021. Killara is prohibited from drawing water in excess of its allocated amount.

Following a review of Killara's water use and management, significant planning and investment has been committed to the implementation of a three-staged centre pivot irrigation system. In October 2020, stage 1 was completed which saw the installation of a centre pivot irrigating 60 hectares of land, enabling Killara to reduce its water use by up to 40% for summer cropping through the automation and control of even water dispersal, compared to the historical use of flood irrigation techniques. The installation of a second centre pivot (stage 2) is nearly complete and expected to be fully operational leading into the 2021 summer season. The stage 2 installation will irrigate a further 30 hectares of land. Stage 3 has recently been approved, with work commencing shortly.

On completion a total of 158 hectares of land will be irrigated by centre pivot, dispersing up to 553ML of mixed water and effluent annually. This is expected to support more efficient water use, sustainable and even nutrient distribution, compliance with Killara's EP licence conditions and improved crop productivity.

### Rainwater and run-off

Killara's practices and infrastructure have been developed to capture rainwater and prevent it from escaping into the surrounding environment. Given the operations of the feedlot, rainwater falling onto the facilities can be contaminated by the waste produced by cattle, and an overflow of contaminated water into the surrounding environment could adversely impact other water resources and soil quality.

The entire feedlot is bunded and all run-off is diverted to effluent holding ponds. The ponds are regularly maintained, with effluent mixed with water before being redistributed to Killara's nominated EUAs, providing fertilizer and moisture to support the growth of food fed to cattle on site. Strip cropping on the farmland surrounding the feedlot is an additional initiative to prevent effluent from reaching nearby water sources in the event of an overflow. Groundwater and soil quality are regularly tested at several monitoring points for nutrient contamination, and effluent quality is monitored at EUAs, discharge points and holding ponds. Elements such as phosphorus, calcium, nitrogen, potassium and sodium are all monitored to ensure nutrient levels are maintained in accordance with the requirements of the NSW EPA.









## Animal Welfare

### With many of our staff and contractors interacting with livestock<sup>1</sup> regularly in the course of their work, we recognise our responsibility to ensure we look after the animals in our care.

This is one of our key sustainability principles. The way we treat animals can impact our reputation and the relationships we have with our suppliers and customers.

Our commitment to the humane and considerate treatment of livestock is set out in our Livestock Handling and Animal Welfare Policy.<sup>2</sup> Our staff are also guided by our Livestock Handling Guide and industry standards, and are required to comply with all local laws and regulations relating to handling animals. In August 2021, the Magistrates Court of Longreach, Queensland issued a \$2,000 fine to an Elders employee pursuant to section 18 of the Animal Care and Protection Act 2001 for permitting an ox to be transported in circumstances where it was unfit for transport due to an ingrown horn. Elders is not aware of any other incidents of non-compliance with laws or regulations relating to animal welfare during the reporting period.

In 2021, Elders conducted a comprehensive internal audit on animal welfare, with the objective of assessing the effectiveness of the controls we have in place to manage identified animal welfare risks. Key improvement actions identified and which will be implemented over the coming months include enhanced training and policy updates.

### Interaction with animals

Elders mainly interacts with livestock in the following ways:

- at Killara Feedlot, where cattle are unloaded, grown, managed and transported to customers for processing
- through our livestock agency and advisory businesses, where our agents assist clients in buying and selling livestock privately and at saleyards, and our advisors assist clients in managing animal health and production

The standards set out in our Livestock Handling and Animal Welfare Policy and Livestock Handling Guide apply to all of our interactions with livestock. Incidents involving a significant threat to the health, safety or welfare of livestock are required to be reported in accordance with our incident escalation process.<sup>3</sup>

Our internal livestock production training program is targeted at upskilling our advisors on best practice in feeding structures, stocking rates, health, welfare and nutrition and enabling them to pass on knowledge and support to our clients.

### Safe transport of livestock

Following the divestment of our Live Export business in 2016, Elders is no longer involved in live export logistics and does not export cattle internationally live from its Killara Feedlot. We do, however, assist our clients to ensure the safe live transport of their own livestock, domestically and internationally.

Our Workers are required to ensure that animals are loaded and unloaded for transport with minimal stress at all times. As part of Elders' effort to minimise stress to livestock, our Workers are directed to:

- use accredited TruckSafe carriers where possible
- inspect livestock prior to transport to ensure their fitness to travel
- supervise the loading and unloading of livestock
- monitor the condition of the livestock and respond as required to any distressed or unfit animals

<sup>1</sup> Elders generally only interacts with sheep and cattle as part of its agency, feed and processing businesses.

<sup>2</sup> An internal document.

<sup>3</sup> See page 52 of this report for further information.

## Zero tolerance practices

The following ‘zero tolerance’ practices (as they relate to animal welfare) are prohibited for all Workers that handle animals as part of their duties:

- castrating livestock
- dehorning cattle
- mouthing or tagging cattle without a fully operational crush
- removing spare teats
- using electric prodders

Our Workers are also prohibited from carrying out the following animal health activities alone; dipping, drenching, vaccinating, fire and freeze branding, shearing, crutching, mulesing, pregnancy testing and implanting. Elders employees are only permitted to assist a qualified person with these activities.

We recognise that animals which are suffering from distress, disease or injury and cannot be reasonably treated must be put down promptly, safely and humanely – the primary consideration being to prevent the animal from suffering further pain or distress. Humane destruction of livestock is the responsibility of the owner of the livestock, or at saleyards, the relevant State Government Inspectors of Stock (for example, PIRSA) or an external authorised contractor.

## Animal welfare at Killara Feedlot

During the reporting period, Killara processed approximately 60,000 head of beef cattle comprising approximately 85% Angus/Angus cross, 10% Bos Taurus non-Angus and 5% Bos Indicus cross Bos Taurus. Cattle are housed on the feedlot in pens which are constructed with a gravel base and soft topsoil for animal comfort. All pens are cleaned regularly and have shaded areas to mitigate the risk of heat-stress. Heat-stress management plans are developed annually in conjunction with veterinarians and animal health nutritionalists to ensure appropriate actions are implemented to address forecasted heat and weather events, and staff training is undertaken to ensure the successful implementation of the plan.

Cattle that are destined for the feedlot are screened before transportation to prevent the movement of unwell or pregnant animals. Staff also perform health checks on cattle on arrival. Only reputable and accredited carriers are engaged for transporting livestock.

Staff inspect all pens daily to detect animal health issues as early as possible. Veterinarians inspect cattle at the feedlot every month and additional animal health audits are conducted by qualified staff every six months. These audits review Killara’s infrastructure and approach to animal treatment, handling and training. Killara also engages with external animal welfare trainers at least four times a year for training on low stress handling techniques.

Any animals found to be sick or injured on the feedlot are treated with the objective of full recovery and a return to the animal’s home pen as soon as possible.

### Killara Feedlot Animal Welfare Protocol



Killara only provides veterinary medicines (including antibiotics and anti-inflammatory treatments) to cattle when required to maintain their health and welfare. Only medicines which have been approved for use by the APVMA are used. Hormone growth promoters are selectively used on approval by Killara’s customers, with a downward trend in use observed over the last five years. Anaesthetics can only be provided by an accredited veterinarian. All cattle processed through Killara Feedlot are tracked through the NLIS system to ensure integrity to the supply chain, and animals treated with veterinary medicines are isolated until the medicine withholding period has elapsed to ensure the safety of meat produced from the cattle.

Killara maintains the following accreditations which are conditional on it maintaining strict animal welfare standards:

- **The National Feedlot Accreditation Scheme**, which undertakes independent audits and quality assurance on animal welfare. Requirements of accreditation include having approved Risk Assessment Programs for livestock, Excessive Heat Load Action Plans and Quality Assurance Officers on site
- **Livestock Production Assurance**, which provides assurance of on-farm practices and maintains records of livestock history, location, disease and injuries sustained for each animal on a central database
- **Meat Standards Australia**, which requires feedlots to follow strict feeding and animal welfare practices to enable livestock to achieve a higher MSA grading after processing
- **The European Union Cattle Accreditation Scheme – High Quality Beef**, which requires full traceability and identification of animals

It also uses and contributes to third party data to benchmark its animal welfare practices and performance against other Australian feedlots and identify trends and opportunities for improvement.



### **Bovine Respiratory Disease diagnostics project**

Bovine Respiratory Disease (BRD) is the most significant animal health issue for feedlot cattle globally and is the most common cause of cattle illness and death.

Killara Feedlot is the host for a world-first research project initiated by Meat and Livestock Australia in conjunction with Quirindi Feedlot Services and supported by Apiam Animal Health, the Australian Lot Feeders Association Research and Development Committee and other national and international researchers and stakeholders. This project has received international recognition as it analyses different methods of early detection for Bovine Respiratory Disease and the commercial application of these methods into feed yards.

The anticipated outcome of this project is the early detection of BRD, which will result in the prompt and cost-effective treatment of cattle, decreased animal mortality and improved animal health and welfare. The project is presently analysing trial groups and findings are expected to be published in 2022.

### **Antimicrobial stewardship**

Antimicrobial resistance in livestock is an area of a concern for producers, veterinarians and the broader community alike, as the welfare of livestock animals is dependent on the effective treatment of illness. As members of the National Feedlot Accreditation Scheme (NFAS), Killara Feedlot is required to demonstrate antimicrobial stewardship. Killara monitors antibiotic usage in aggregate and by active ingredient. More recently, it has taken steps to enhance its approach to antibiotic use by:

- Establishing and monitoring key performance indicators in animal health management, such as first treatment success rate
- Conducting rolling antibiotic resistance surveillance, in the form of lab analysis directed at pathogenic bacteria culture, isolation and antibiotic susceptibility testing, combined with full genome sequencing of identified resistant isolates

These activities, combined with frequent auditing, are aimed to continuously improve our approach to the use of antibiotics and reduce usage over time.





## Innovation and Technology



**Our ability to provide our customers with the goods and services they need is critical to our economic sustainability. In a constantly changing and challenging environment, this requires investment in and the delivery of innovative technology, and a continual assessment of the platforms we provide to ensure that they are delivering value for our customers.**

### Supporting AgTech

We believe that investing in and supporting AgTech is key to helping our customers unlock sustainable farming practices. A major component of our third Eight Point Plan is the modernisation of our IT and data platforms to invest in best of breed solutions to drive efficiency and improve customer experience to better accommodate change. This will support us in implementing new ways to support our clients and customers to ensure their continued and long-term productivity and profitability. In the meantime, our dedicated AgTech development officer and AgTech Committee has been established to provide an official forum for:

- reviewing emerging technology
- identifying and establishing relationships with suppliers
- informing and advising staff on new AgTech developments

During the reporting period we partnered with AgTech providers assisting farmers with:

- **Farm management:** using farm management software like AgWorld and AgriWebb, which allows farm enterprises to be mapped and all inputs and activities recorded at an individual paddock level, enabling easy reporting and benchmarking between paddocks and years
- **Remote water monitoring:** monitoring water availability to maintain consistent supply to animals, maximising their welfare and minimising wastage through fast detection of leakages
- **Irrigation scheduling:** monitoring soil moisture to optimise irrigation timing and water use efficiency

- **Soil moisture probes:** informing decisions about sowing times and pasture management and recognising changes in soil moisture
- **Remote sensing satellite imagery:** utilising satellite imagery, monitoring soil, pasture and crop characteristics to review variability across paddocks in plant health and yield
- **Remote livestock weighing:** minimising the labour associated with mustering and weighing animals regularly whilst providing continual updates on animal growth performance and any required management interventions, such as supplementary feed
- **In-line mineral supplementation technology:** controlling in-line dosing of water lines on farm to enable the consistent application of trace mineral supplements

We will continue to support the development and commercialisation of emerging technologies within the agricultural industry through partnerships with AgTech providers, research and development through the Thomas Elder Institute, product development through Titan AG and Hunter River Company and the delivery of agricultural advisory services through our network of agronomists and Thomas Elder Consulting.

### Struan and Kybybolite Best Practice Demonstration Farm



In partnership with Primary Industries and Regions South Australia (PIRSA), Elders is using a research farm based in Struan, South Australia as a “Best Practice Demonstration Farm” to demonstrate the use of new technologies which aim to maximise production efficiency and profitability.

Commercial suppliers of AgTech can express their interest to demonstrate their products. Eligible suppliers and equipment are installed on farm and their performance is benchmarked and on-farm value quantified and documented.

The farm is being run as a commercial wool, lamb, beef and cropping enterprise. Productivity and profitability will be closely monitored and measured to demonstrate how investment in innovation and upgrades can sustainably drive business improvement.

Technology the farm is currently demonstrating can be viewed online at [www.farmvr.com/virtual-tours/pirsa-bpdf/](http://www.farmvr.com/virtual-tours/pirsa-bpdf/). Virtual tours are also available.

### Research and development

We proudly support agricultural industry research and development, recognising that the long-term sustainability of the agriculture industry in Australia depends on innovation backed by science, trials and the effective extension of findings to farmers.

Research and development is primarily managed by our Thomas Elder Institute and Elders Plant Genetics. These functions:

- partner with government and research institutions, multinational supply partners as well as private enterprises to run industry research and development projects on trial sites across Australia
- recruit and develop Elders' agronomists, including through the Elders Graduate Agronomy Program

One of the biggest challenges which innovation of the agricultural industry faces is the extension of findings from research and development activities to farmers. With Elders' geographical spread and customer reach, along with its reputation and standing in the industry and local community, we are in a unique position to reach farmers with new practices and technology aimed at improving their productivity and resilience. During the reporting period, Elders ran 85 agricultural technology discovery sites demonstrating innovation in crop genetics, chemistry and nutrition to local farmers.

Some of our current research and development projects are highlighted throughout this report.

### Product development

Titan AG and Hunter River Company invest in research and trial work to support the manufacture and commercialisation of their own agricultural chemicals and animal health products. We also work with suppliers in researching and evaluating current products and developing new products.



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**Research and development in 2021**

|   |  |
|---|--|
| <b>Genomics</b>   | Elders continues to offer genetic selection tools to enable precision selection of commercial livestock. Our commercial genomics testing service is aimed at identifying optimal production traits in commercial cattle and sheep to enable informed livestock production and maximise overall grower productivity.  |
| <b>Machine learning and crop management</b>                           | Thomas Elder Institute continues to partner with several stakeholders on this research project which aims to discover the underlying relationships between climate, crop and soil factors that cause variability in crop growth and yield using machine-learning methods and simulations. Ambitions for this project are the development of a web-based tool that will enable growers to utilise their crop and soil variability mapping to investigate the underlying causes of spatial and temporal variation to better inform in-crop management. The Thomas Elder Institute and the Elders agronomy network have supplied commercial crop data to assist the development of algorithms to predict crop yield outcomes under different environmental conditions. These algorithms will inform a web-based tool that will assist growers with more accurate predictions of crop performance and drive cost-effective management solutions. |
| <b>Meat and Livestock Australia Co-Innovation Project</b>             | The aim of this project is to increase the adoption of research and development in the livestock industry and improve the information flow from Meat and Livestock Australia to producers (while at the same time increasing the depth and breadth of Elders' service offering) by surveying producers and regions in need of research and development and running workshops on nutrition and genetics. Originally a three-year project due to complete in May 2021, this project has been extended due to delayed outcomes resulting from restrictions related to COVID-19. It continues to involve a number of Elders agents and senior managers based in Northern Australia.  |
| <b>De-risking broad acre cropping options for Northern Queensland</b> | With the support of the Cooperative Research Centre for Developing Northern Australia, Elders is partnering with several parties on an on-farm project with growers to better understand optimal combinations of grain cultivars and agronomic practices for the growing conditions markets of Northern Australia. Anticipated research outcomes include the identification of profitable and low risk broadacre cropping options for producers.   |
| <b>Deep ripping to improve lentil production in acid soils</b>        | The aim of this project is to improve pulse production, specifically lentil production, on acid soils in the lower mid-north of South Australia. This project will provide insight into the effect of ripping depth and number of passes and the resultant effect on soil characteristics and lentil crop yield. The project commenced in March 2021 and will run for a 12-month period, with anticipated outcomes of optimal soil amelioration strategies to sustainably boost lentil crop yields.  |
| <b>Faba bean nutrient omission trial</b>                              | Elders is exploring and quantifying responses to fertilisers by faba beans to support efficient, sustainable and optimal fertiliser use. Through the Thomas Elder Institute, we are conducting a complete nutrient omissions trial to obtain insights into the optimum levels of calcium, magnesium, sulphur, potassium, boron, molybdenum, zinc, manganese and copper required by faba bean crops grown in south-east South Australia.  |

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## Governance



**Our One Elders Values set the tone of Elders' culture from the top, establishing the behaviours we expect from all our employees and Directors, including our Board.**

### One Elders Values

Our One Elders Values are integral to the way we do business.

#### The One Elders Values



##### Integrity

Doing the right thing



##### Accountability

Owning the outcome



##### Teamwork

Using the power of the pink shirt team



##### Innovation

Embracing new ideas



##### Customers

Partnering and adding value

These values, together with our Eight Point Plan, our corporate governance and risk management frameworks, underpin our key sustainability principle of operating ethically and to the highest standard. We recognise high-achieving employees and teams whose performance demonstrate our values through monthly awards and our annual One Elders Awards, held each year in December.

Our governance practices are aligned with the fourth edition of the ASX Corporate Governance Principles. This year, Raelene Murphy joined Ian Wilton, Matthew Quinn, Robyn Clubb and Diana Eilert as a Non-Executive Director of Elders, who together with our CEO, comprise Elders' Board. We are proud to have met our Board approved measurable diversity objective, with women representing 50% of our Board and 60% of our Non-Executive Directors.

### Director skills, experience and knowledge

The sustainability-related attributes we specifically look for in our Board are set out below:

- **Sustainability and Climate Change:** Experience in managing or overseeing stakeholder engagement and environmental performance, including climate change risks, emissions reductions and responsible sourcing
- **Governance:** Experience developing corporate governance frameworks, policies, practices and processes in complex organisations to rigorous governance standards, to ensure effectiveness and meet Elders' commitment to achieving and maintaining highest governance standards
- **People and Culture:** Experience building and maintaining a diverse, skilled and engaged workforce that is safe at work and values-driven to achieve company goals and objectives
- **Audit, Risk and Compliance:** Experience monitoring the effectiveness of audit, risk and compliance frameworks, policies, processes and controls, including anticipating and identifying financial and non-financial risks, to ensure Elders remains agile and resilient.
- **Regulatory Affairs:** Experience in and understanding of the regulatory environment applicable to Elders and its operations.

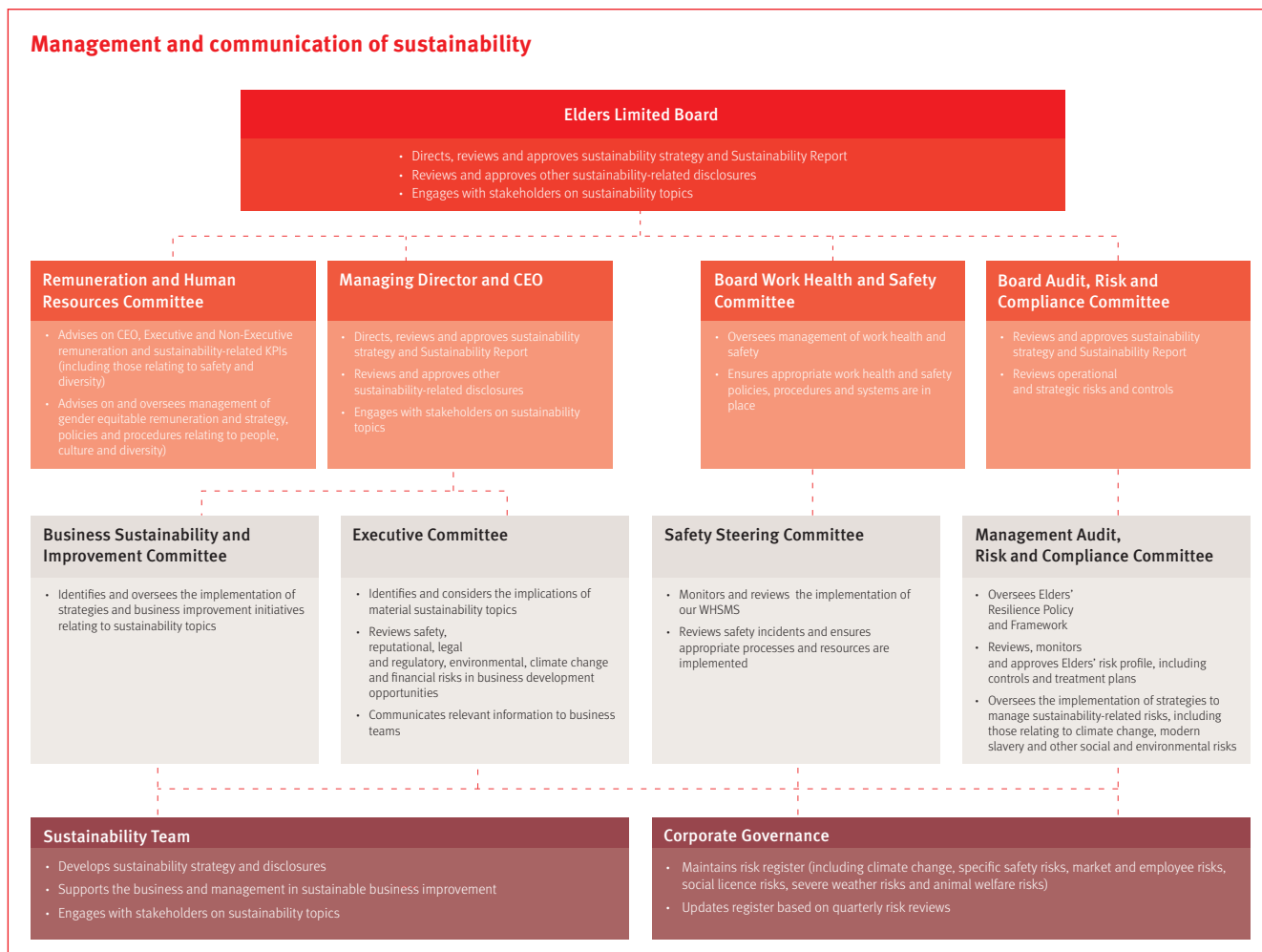
Full details are available in our director skills matrix, contained in our Corporate Governance Statement.<sup>1</sup>

<sup>1</sup> Available online at [investors.elderslimited.com/investor-centre/?page=annual-reports](https://investors.elderslimited.com/investor-centre/?page=annual-reports)



## Sustainability communication and management

Our Board oversees all matters relating to Elders' economic, environmental and social sustainability. Our formal framework for the management and communication of sustainability is represented in the figure below. In addition, our Sustainability Team is frequently engaged by our Board, Executive members and wider business on an 'as needs' basis to provide support and advice on engaging with stakeholders on sustainability topics and managing different sustainability-related risks, projects and initiatives.



This year, our Executive approved the inclusion of Sustainability as a formal report to the Management Audit, Risk and Compliance Committee, which meets quarterly. Minutes of meetings held by this Committee are provided to the Board Audit Risk and Compliance Committee. Sustainability is also standing item on the agenda of the Business Sustainability and Improvement Committee, held monthly.

Material topics are discussed at other internal Committee meetings periodically. Action items on material topics are identified and agreed in Committee meetings and responsibility is delegated to relevant senior managers and employees. Members of Elders' Executive are ultimately responsible for the management of material sustainability topics as they relate to their business unit. The Executive report directly to Elders' Managing Director and CEO and are supported by Elders' Sustainability Team.

Directors are primarily informed and engaged through meetings with the Managing Director and CEO, the Company Secretary and their membership on the Audit, Risk & Compliance Committee, Work, Health and Safety Committee and Remuneration and Human Resources Committee. They are briefed regularly on Elders' operations and on the industry, technical and legislative issues which may impact our business, including those relating to economic, environmental and social topics. They provide insights and direction to the business as required.

Policies relating to our material sustainability topics are developed, reviewed and updated by Senior Management and are approved by the Management Audit Risk and Compliance Committee. Significant policies (including our internal Delegation of Authority Policy) are also reviewed and approved by the Board. The Board reviews and approves this Sustainability Report to ensure all material topics have been addressed.

Further information about how Elders is governed, including the structure and operation of our Board and governing committees, is available in our Corporate Governance Statement.<sup>2</sup> Our most important governance policies, including our Work Health and Safety Policy and Diversity and Inclusion Policy, are available online.<sup>3</sup>

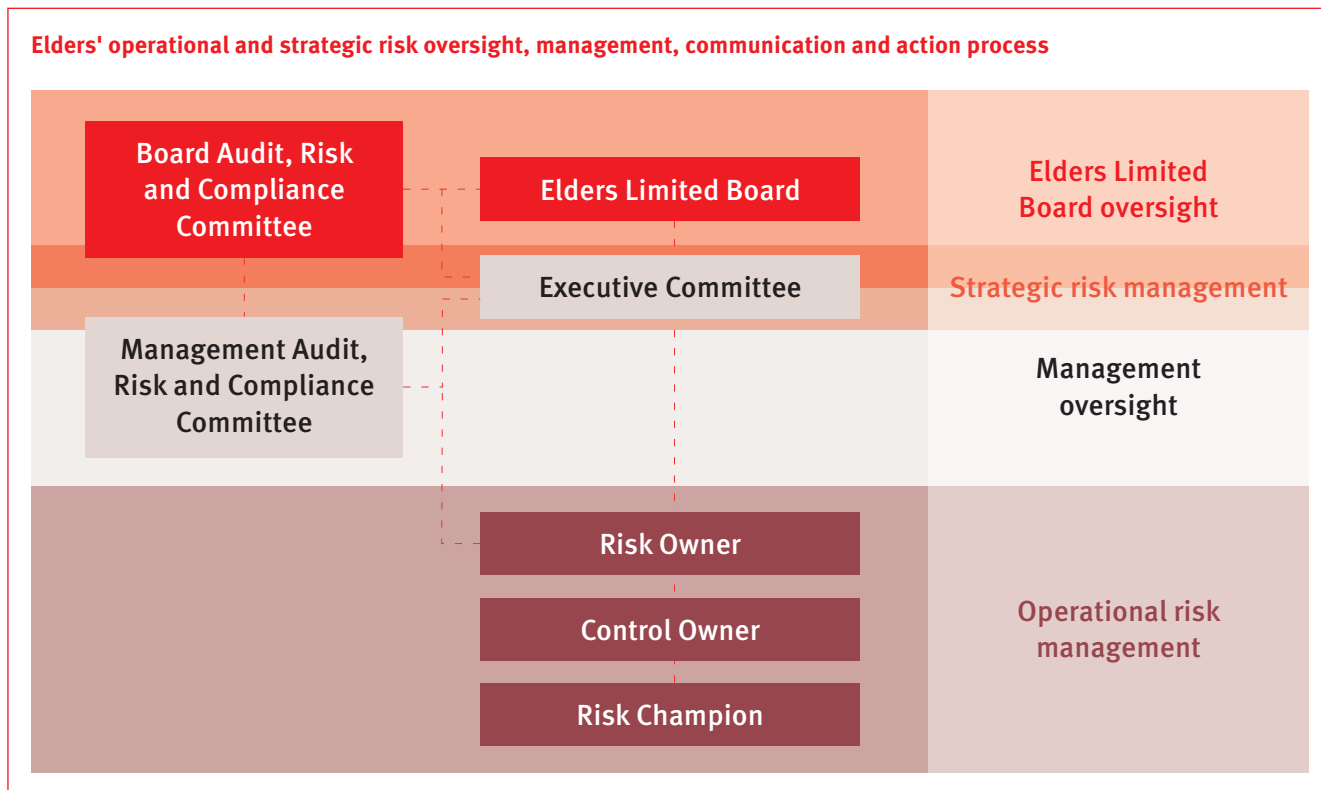
<sup>2</sup> Available online at [investors.elderslimited.com/investor-centre/?page=annual-reports](https://investors.elderslimited.com/investor-centre/?page=annual-reports)

<sup>3</sup> Available online at [investors.elderslimited.com/investor-centre/?page=corporate-governance](https://investors.elderslimited.com/investor-centre/?page=corporate-governance)

## Risk management

We recognise that all elements of our business involve a degree of risk and believe that a robust risk management system, integrated into our work culture, is key to ensuring those risks are managed appropriately. Our internal Resilience Framework details the metrics and assessment criteria used to evaluate risk. Our risk appetite is set by the Board in their review of our Resilience Framework every two years. We take a conservative view to risk accepting minimal levels of uncertainty and exposure across the following key areas: safety, reputation, legal and regulatory, environmental, financial, business disruption and customer service.

The figure below illustrates the broad oversight of strategic and operational risks and the effective lines of communication between the Board, Executive and Senior Management, and key operational personnel.



The Executive Committee is management’s paramount decision-making forum with responsibility for the development, review, implementation, and assessment of all critical business decisions. It considers risk in making all decisions. Our Executive also monitor and review the operational and strategic risk registers regularly in the Management Audit, Risk and Compliance Committee for completeness, continued relevance and effectiveness of risk treatment actions, taking into consideration current business conditions.

Operational climate-related risks (such as extreme weather events and heat-related illnesses) and other sustainability-related risks (such as animal welfare, health and safety and attracting and retaining staff) are managed by the identified Risk Owner. Risk Owners are responsible for completing risk assessments, determining the risk treatment strategy including the identification and implementation of controls, and the setting and monitoring of key milestones, risk indicators and review dates.

Fundamentally, our risk management and resilience processes seek to ensure we are prepared and capable of ensuring business continuity. Significant potential disruptions we assess include the loss of key employees or a counterparty, a breakdown in supply-chains, a large-scale bio-security threat, an extreme weather event such as a bushfire, long-term drought, major flood or severe storm, a cyber-attack or loss of access to operational locations.

### INCIDENT AND RISK ESCALATION

Where a Serious Risk or Incident is identified or occurs, workers are required to follow our incident escalation process, required to be displayed at all our branches. This involves the following steps:

- a verbal report to a manager within one hour
- a verbal report to a Safety, Risk and Environment Business Partner
- reporting the risk or incident online
- managers escalate the report through to our CEO within one hour

Moderate, major and severe risks must also be reported to the responsible General Manager, our Company Secretary and the Board in accordance with our Resilience Framework.

For a summary of our material economic, environmental and social sustainability-related risks, please see Elders Annual Report.<sup>1</sup> Further information about how Elders manages business risks is also available in our Corporate Governance Statement.<sup>2</sup>

<sup>1</sup> Available online at [investors.elderslimited.com/investor-centre/?page=annual-reports](https://investors.elderslimited.com/investor-centre/?page=annual-reports)  
<sup>2</sup> Available online at [investors.elderslimited.com/investor-centre/?page=annual-reports](https://investors.elderslimited.com/investor-centre/?page=annual-reports)

### COVID-19 RISK RESPONSE

Our response to COVID-19 has been guided by the following key principles:

- keep our people and their families safe
- keep our customers, contractors and other stakeholders safe
- contribute to the national effort to contain the spread of COVID-19 and its impact on the communities we operate in
- maintain the continuity of our business operations

During COVID-19 our COVID-19 Response Committee, comprising Executives and Senior Management across several business units, has met frequently (originally daily) to discuss work health and safety, confirmed or suspected cases in our workforce, IT updates and issues regarding working from home, policy decisions around travel, events and gatherings, human resourcing matters, internal and external communications, financial impacts and modelling and business continuity planning. This process remains in place as at the publication of this report. Where required, all Elders locations have QR check in arrangements, COVID Safe Plans and modifications have occurred to accommodate appropriate social distancing. Updates and guides have been regularly sent to our staff, who we also continue to engage with directly through Microsoft Teams Live Events. We have also been issuing communications to our clients through email, social media and through posters in our branches outlining our COVID-19 safety measures.





## Ethical dealing

Our Board is committed to promoting conduct that is honest, fair, legal and ethical and respects the rights of Elders' stakeholders.

Our people are held accountable by our One Elders Values and our Code of Conduct, which are reviewed periodically to ensure they remain relevant. This year, our Code of Conduct was updated and re-launched to better reflect our commitments to ethical conduct, safety, animal welfare and sustainability.

Our culture of ethical conduct is further enforced through our key ethical dealing policies, including our Anti-Fraud and Anti-Bribery and Corruption Policies<sup>1</sup>. Annual training on anti-bribery and corruption is provided to all employees, including managers. Elders strictly prohibits the giving (or receiving) of any bribe, improper inducement or secret commission of any sort to (or from) third parties. These third parties can include government officials, ministers or advisers as well as private individuals, companies, contractors, employees or introducers. Elders also prohibits staff from accepting gifts from suppliers worth \$250 or more.

## Responsible sourcing and modern slavery

This year, Elders published its first annual Modern Slavery Statement,<sup>2</sup> outlining the risks of modern slavery in its operations and supply chains and the actions Elders is taking, or has taken, to address those risks. We also launched:

- our Ethical Contracting Framework,<sup>3</sup> which requires all employees (including management) who propose to engage a supplier to assess and rate that supplier having regard to key risks to our business (including safety, human rights and environmental risks) and undertake extended due diligence on high risk suppliers
- our Responsible Sourcing Code,<sup>2</sup> outlining the minimum ethical expectations we have of our suppliers

We will continue to work with our internal teams to further embed ethical risk assessment and mitigation into our day-to-day operations and supplier relationships. Over the coming years, we will also continue to focus on improving the identification and mitigation of modern slavery and other environmental and social risks and report on our performance in future Sustainability Reports and Modern Slavery Statements.

## Reporting grievances

Elders is committed to providing a workplace with fair, equitable and safe work practices. If an employee believes they have been adversely impacted by a decision, action or behaviour by another party in the workplace, they may choose to resolve the matter through an informal or formal grievance resolution process. Elders' Grievance Resolution Policy<sup>3</sup> articulates the process employees can follow to raise workplace grievances and the principles that apply through the grievance resolution process, which include grievances being dealt with as expeditiously possible and all parties involved in the investigation maintaining confidentiality.

We encourage all our stakeholders to report any actual or suspected unacceptable conduct, including fraud or illegal activity. Our Board has adopted a Whistleblower Policy<sup>1</sup> to encourage and facilitate disclosure. The policy ensures the protection of the anonymity of anyone who wishes to make a report (regardless of their relationship with Elders). Our external and independent whistleblower telephone hotline, maintained to facilitate the reporting of unacceptable conduct, is required to be advertised on posters at all sites. During the reporting period, three reports were made through our whistleblower hotline. All reports received are investigated via our incident management process and corrective actions put in place where deemed necessary.

## Cybersecurity

We take cybersecurity very seriously in an effort to ensure all information (including personal information) is kept secure and to ensure business continuity. Our security policies are developed in line with industry standards, prioritising the maintenance of confidentiality and data integrity. Cybersecurity risks are regularly reported to the Board Audit, Risk and Compliance Committee. Cybersecurity is also reviewed as part of Elders' internal audit program.

During the reporting period, Elders has reported no security breaches involving customer data, no outages to internal systems from security incidents and no events that significantly impacted business operations. We took steps to improve the testing of our key business systems, and employed a new Head of Cyber to own and protect Elders' cybersecurity posture.

<sup>1</sup> Available online at [investors.elderslimited.com/investor-centre/?page=corporate-governance](https://investors.elderslimited.com/investor-centre/?page=corporate-governance)

<sup>2</sup> Available online at <https://elders.com.au/sustainability/>.

<sup>3</sup> An internal document.



## Performance Tables

Questions relating to this Sustainability Report can be directed to our Sustainability Manager, Karena Milios at [sustainability@elders.com.au](mailto:sustainability@elders.com.au).

### People (as at 30 September 2021)

| Workforce   |                   | FY20          |             | FY21         |       |
|---|-------------------|---------------|-------------|--------------|-------|
|   |                   | Australia     | China       | Australia    | China |
| Full time employees                               | female            | 664           | 29          | 754          | 45    |
|   | male <sup>1</sup> | 1,204         | 18          | 1338         | 24    |
| Part time employees                               | female            | 177           | -           | 210          | -     |
|   | male              | 24            | -           | 33           | -     |
| Casual employees                                  | female            | 197           | 8           | 215          | 16    |
|   | male              | 283           | 15          | 298          | 10    |
| Permanent employees                               | female            | 809           | 5           | 914          | 7     |
|   | male              | 1,205         | 9           | 1342         | 9     |
| Fixed Term Contract employees                     | female            | 32            | 19          | 50           | 22    |
|   | male              | 23            | 14          | 29           | 5     |
| <b>Employees covered by enterprise agreements</b> |                   |               |             |              |       |
| Total (excludes employees based in China)         |                   | 95%           |             | 89%          |       |
| <b>Gender diversity</b>                           |                   | <b>Female</b> | <b>Male</b> | <b>Total</b> |       |
| Non-Executive Directors                           |                   | 3             | 2           | 5            |       |
| CEO   |                   | 0             | 1           | 1            |       |
| Key Management Personnel                          |                   | 1             | 1           | 2            |       |
| Other executives/General Managers                 |                   | 3             | 10          | 13           |       |
| Senior Managers                                   |                   | 12            | 72          | 84           |       |
| Other Managers                                    |                   | 45            | 185         | 230          |       |

<sup>1</sup> Elders also employs one manager based in Indonesia

### People continued (as at 30 September 2021)

|   | Under 30 |      | 30-50  |      | Over 50 |      | Total |
|---|----------|------|--------|------|---------|------|-------|
|   | Female   | Male | Female | Male | Female  | Male |       |
| <b>New hire – Gender and age ranges</b> |          |      |        |      |         |      |       |
| Australia                               | 22%      | 15%  | 17%    | 25%  | 7%      | 14%  | 522   |
| China                                   | 15%      | 15%  | 46%    | 23%  | 0%      | 0%   | 13    |
| Total number                            | 118      | 79   | 97     | 133  | 35      | 73   | 535   |
| <b>Turnover – Gender and age ranges</b> |          |      |        |      |         |      |       |
| Australia                               | 22%      | 17%  | 15%    | 12%  | 10%     | 12%  | 324   |
| China                                   | 10%      | 10%  | 40%    | 30%  | 0%      | 10%  | 10    |
| Total number                            | 60       | 38   | 69     | 78   | 26      | 63   | 334   |



## Health and safety

|                                | FY19      | FY20      | FY21           |
|--------------------------------|-----------|-----------|----------------|
| LTI (employees)                | 9         | 2         | 3 <sup>1</sup> |
| LTIFR (employees)              | 2.2       | 0.5       | 0.7            |
| LTI (contractors)              | -         | -         | 0              |
| Fatalities (employees)         | 0         | 0         | 0              |
| Fatalities (contractors)       | -         | -         | 0              |
| TR1 employees                  | 63        | 77        | 84             |
| TRIFR                          | 17.8      | 19.7      | 15.1           |
| Total hours worked (employees) | 4,047,367 | 4,012,627 | 4,311,064      |

<sup>1</sup> Male: 2, Female: 1.

## Environment

### Energy and emissions (Australia)

|   |         |         |         |
|---|---------|---------|---------|
| Fuel consumption (Gj)   | 218,270 | 207,569 | 255,873 |
| Scope 1 GHG emissions from fuel consumption (tCO <sub>2</sub> e)        | 15,330  | 14,574  | 17,957  |
| Electricity consumption from the grid (Gj)                              | 33,275  | 41,051  | 24,201  |
| Scope 2 GHG emissions from electricity consumption (tCO <sub>2</sub> e) | 8,452   | 8,946   | 4,982   |
| Total energy consumption (Gj)   | 255,888 | 248,620 | 280,074 |
| Scope 1 GHG emissions from Killara Feedlot cattle (tCO <sub>2</sub> e)  | -       | -       | 37,462  |

### Energy and emissions (China)

|   |   |   |       |
|---|---|---|-------|
| Electricity consumption from the grid (Gj)                              | - | - | 2,466 |
| Scope 2 GHG emissions from electricity consumption (tCO <sub>2</sub> e) | - | - | 427   |

## Economic performance

|  |       |
|--|-------|
| Total revenue (\$ million)                                 | 2,549 |
| Net Debt (\$ million)                                      | 216.9 |
| Total Equity (\$ million)                                  | 778.6 |
| Total Capitalisation (\$ million)                          | 995.5 |
| JobKeeper received from Australian Government (\$ million) | 0     |

## Other

Industry memberships, accreditations and standards

**General corporate memberships:** Agribusiness Australia; Australian HR institute; Australian Cyber Security Centre

**Rural Services:** Australian Seed Federation, drumMUSTER, Fertiliser Australia, AgSafe, CropLife, Potatoes SA, Australian Crop Breeders, AuSPICA; Crop consultants Australia, Ag Institute Australia (Chartered Practising Agriculturalist), Accredited Agricultural Adviser (AAA) Great Barrier Reef catchments, Fertcare accreditation (maintained by Elders agronomists), Livestock Data Link advisory and Cattle Council Australia: Integrity Systems and Food Safety

**Feed and Processing:** Angus Australia, Aus-Meat, Dairy Beef Alliance, Australian Lot Feeders' Association, National Feedlot Accreditation Scheme, Livestock Production Assurance, European Union Cattle Accreditation Scheme – High Quality Beef, Meat Standards Australia, Australian Beef Sustainability Framework Council

**Real estate:** State and Territory based Real Estate Institute memberships, Australian Livestock & Property Agents Association

**Home loans:** Mortgage and Finance Association of Australia, Australian Financial Complaints Authority (External Dispute Resolution Scheme), Connective (our aggregator), FINA Financial

# TCFD Index

| Governance  | Notes  | Page number  |
|---|--|--|
| Describe the organisation's governance around climate-related risks and opportunities   | a) Describe the board's oversight of climate-related risks and opportunities   | 27, 52   |
|   | b) Describe management's role in assessing and managing climate-related risks and opportunities.   | 27-29, 52  |
| <b>Strategy</b>   |  |  |
| Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is available | a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.                               | 28-29  |
|   | b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.                        | 28   |
|   | c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | We aim to conduct climate change scenario analysis in accordance with our action plan to full TCFD alignment, set out on page 30 of this report.   |
| <b>Risk Management</b>  |  |  |
| Disclose how the organization identifies, assesses and manages climate-related risks  | a) Describe the organisation's processes for identifying and assessing climate-related risks.  | 27-29, 52  |
|   | b) Describe the organisation's processes for managing climate-related risks.   | 27-29, 52  |
|   | c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.     | 27-29, 52  |
| <b>Metrics and Targets</b>  |  |  |
| Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material  | a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.    | We will aim to disclose our metrics as they are further analysed through climate change scenario analysis.   |
|   | b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.  | Our methodologies for calculating GHG emissions are set out on page 33 of this report. We aim to develop our Scope 3 emissions profile in accordance with our action plan to full TCFD alignment, set out on page 30 of this report. |
|   | c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.                          | 33   |

# GRI Content Index

| GRI Standard             | GRI Standard  | Notes   | Page number / URL  |
|--------------------------|---|---|--|
| <b>General standards</b> |   |   |  |
| 102-1                    | Name of the organisation  | Elders Limited.   |  |
| 102-2                    | Activities, brands, products and services                                     |   | 7  |
| 102-3                    | Location of headquarters  | Level 10, 80 Grenfell Street, Adelaide, South Australia.  |  |
| 102-4                    | Location of operations  |   | 7  |
| 102-5                    | Ownership and legal form  | Elders Limited is a public, ASX listed corporation.   |  |
| 102-6                    | Markets served  |   | 7  |
| 102-7                    | Scale of the organisation   | Elders serves customers through six core business areas.  | 7, 19, 57  |
| 102-8                    | Information on employees and other workers                                    |   | 19, 56   |
| 102-9                    | Supply chain  |   | See Elders' Modern Slavery Statement, available at <a href="http://www.elders.com.au/sustainability">www.elders.com.au/sustainability</a> .  |
| 102-10                   | Significant changes to the organisation and its supply chain                  |   | See Elders' Annual Report, available at <a href="http://investors.elderslimited.com/investor-centre/?page=annual-reports">investors.elderslimited.com/investor-centre/?page=annual-reports</a> |
| 102-11                   | Precautionary Principle or approach   | The principles of the precautionary approach are reflected in Elders' Resilience Framework, which guides our workers on the management of risks, specifically including risks to the environment. |  |
| 102-12                   | External initiatives  |   | 39, 44, 50, 57   |
| 102-13                   | Membership of associations  |   | 57   |
| 102-14                   | Statement from senior decision-maker  |   | 2-3  |
| 102-15*                  | Key impacts, risks and opportunities  | Key impacts, risks and opportunities related to Elders' material sustainability topics are detailed throughout the Sustainability Report.   | See Elders' Annual Report, available at <a href="http://investors.elderslimited.com/investor-centre/?page=annual-reports">investors.elderslimited.com/investor-centre/?page=annual-reports</a> |
| 102-16                   | Values, principles, standards and norms of behaviour                          |   | 50   |
| 102-18                   | Governance structure  |   | 51-52  |
| 102-19*                  | Delegating authority  |   | 11, 51-52  |
| 102-20*                  | Executive-level responsibility for economic, environmental, and social topics |   | 51-52  |
| 102-26*                  | Role of highest governance body in setting purpose, values and strategy       |   | 6, 50  |
| 102-27*                  | Collective knowledge of highest governance body                               |   | 51   |
| 102-29*                  | Identifying and managing economic, environmental and social impacts           |   | 7  |
| 102-30*                  | Effectiveness of risk management processes                                    |   | 52   |
| 102-32*                  | Highest governance body's role in sustainability reporting                    |   | 51   |
| 102-40                   | List of stakeholder groups  |   | 7  |
| 102-41                   | Collective bargaining agreements  |   | 56   |
| 102-42                   | Identifying and selecting stakeholders  |   | 7  |
| 102-43                   | Approach to stakeholder engagement  |   | 7  |
| 102-44                   | Key topics and concerns raised  |   | 9  |



| <b>GRI Standard</b>                       | <b>GRI Standard</b>  | <b>Notes</b>   | <b>Page number / URL</b>  |
|---|--|--|---|
| <b>General standards</b>                  |  |  |   |
| 102-45                                    | Entities included in consolidated financial statements                         |  | See Elders' Annual Report, available at <a href="https://investors.elderslimited.com/investor-centre/?page=annual-reports">investors.elderslimited.com/investor-centre/?page=annual-reports</a> |
| 102-46                                    | Defining report content and topic Boundaries                                   |  | 6   |
| 102-47                                    | List of material topics  |  | 9   |
| 102-48                                    | Restatements of information  | Information contained on page 57 of this report ("Energy and Emissions - Australia") has been restated to reflect energy use and emissions during the period 1 July to 30 June. Our 2020 Sustainability Report reported energy used and associated emissions between 1 October and 30 September. |   |
| 102-50                                    | Reporting period   |  | 6   |
| 102-51                                    | Date of most recent report   | 2020   |   |
| 102-52                                    | Reporting cycle  | Annual   |   |
| 102-53                                    | Contact point for questions regarding the report                               |  | 56  |
| 102-54                                    | Claims of reporting in accordance with the GRI Standards                       |  | 8   |
| 102-55                                    | GRI Content Index  |  | 59-62   |
| <b>Economic</b>                           |  |  |   |
| <b>GRI 201: Economic Performance 2016</b> |  |  |   |
| 103-1                                     | Explanation of the material topic and its Boundary                             |  | 27-30, 63   |
| 103-2                                     | The management approach and its components                                     |  | 27-30, 52   |
| 103-3                                     | Evaluation of the management approach  |  | 27-30, 52   |
| 201-2                                     | Financial Implications and other risks and opportunities due to climate change | Elders intends on progressively aligning its disclosures with the TCFD Recommendations. Its staged action plan for full alignment is described on page 30 of this report.  | 30  |
| <b>Environmental</b>                      |  |  |   |
| <b>GRI 302: Energy 2016</b>               |  |  |   |
| 103-1                                     | Explanation of the material topic and its Boundary                             |  | 32-35, 63   |
| 103-2                                     | The management approach and its components                                     |  | 32-35   |
| 103-3                                     | Evaluation of the management approach  |  | 32-35   |
| 302-1                                     | Energy consumption within the organisation                                     | Fuel types included in calculation: Diesel, electricity, ethanol, LPG, natural gas and petrol. No reported heating, cooling or steam consumed and no reported heating, cooling, steam or electricity sold. Not reported: Fuel consumption from renewable sources due to unavailability of data.  | 57  |
| <b>GRI 303: Water and Effluents 2018</b>  |  |  |   |
| 103-1                                     | Explanation of the material topic and its Boundary                             |  | 40-41, 63   |
| 103-2                                     | The management approach and its components                                     |  | 40-41   |
| 103-3                                     | Evaluation of the management approach  |  | 40-41   |
| 303-1                                     | Interactions with water as a shared resource                                   |  | 40-41   |
| 303-2                                     | Management of water related discharge impacts                                  |  | 41  |
| 303-3                                     | Water withdrawal   | Water withdrawal is determined having regard to water meters available at Killara Feedlot. Acidity and nutrient levels of water withdrawn from bores are consistent with freshwater.   | 41  |
| 303-4                                     | Water discharge  | Water discharged to EUAs and paddocks at Killara Feedlot originates from bore water. Amounts discharged have been estimated based on paddock requirements for water and nutrients.   | 41  |
| 303-5                                     | Water consumption  | Water consumption is monitored through water meter readings.   | 41  |
| <b>GRI 305: Emissions 2016</b>            |  |  |   |
| 103-1                                     | Explanation of the material topic and its Boundary                             |  | 32-35, 63   |
| 103-2                                     | The management approach and its components                                     |  | 32-35   |
| 103-2                                     | The management approach and its components                                     |  | 32-35   |
| 103-3                                     | Evaluation of the management approach  |  | 32-35   |
| 305-1                                     | Direct (Scope 1) GHG emissions   | Gases included in the calculation: CO <sub>2</sub> , N <sub>2</sub> O and CH <sub>4</sub> . Elders has accounted for emissions using an "operational control"  | 33, 57  |
| 305-2                                     | Energy indirect (Scope 2) GHG emissions  |  |   |

| GRI Standard  | GRI Standard  | Notes  | Page number / URL |
|---|---|--|-------------------|
| <b>General standards</b>                            |   |  |                   |
|   |   | consolidation approach. Not reported: Base year for calculation. This is not applicable for this reporting period.   |                   |
| <b>GRI 306: Waste 2020</b>                          |   |  |                   |
| 103-1   | Explanation of the material topic and its Boundary  |  | 24-25, 63         |
| 103-2   | The management approach and its components  |  | 24-25             |
| 103-3   | Evaluation of the management approach   |  | 24-25             |
| 306-1   | Waste generation and significant waste-related impacts  |  | 24-25             |
| 306-2   | Management of significant waste-related impacts   |  | 24-25             |
| 306-3   | Waste generated   |  | 24-25             |
| <b>Social</b>                                       |   |  |                   |
| <b>GRI 401: Employment 2016</b>                     |   |  |                   |
| 103-1   | Explanation of the material topic and its Boundary  |  | 18-21, 63         |
| 103-2   | The management approach and its components  |  | 18-21             |
| 103-3   | Evaluation of the management approach   |  | 18-21             |
| 401-1   | New employee hires and employee turnover  |  | 19, 56            |
| <b>GRI 403: Occupational Health and Safety 2018</b> |   |  |                   |
| 103-1   | Explanation of the material topic and its Boundary  |  | 12-17, 63         |
| 103-2   | The management approach and its components  |  | 12-17, 52         |
| 103-3   | Evaluation of the management approach   |  | 12-17, 52         |
| 403-1   | Occupational health and safety system   |  | 14                |
| 403-2   | Hazard identification, risk assessment, and incident investigation  |  | 12-17, 52         |
| 403-3   | Occupational health services  |  | 14-16             |
| 403-4   | Worker participation, consultation, and communication on occupational health and safety                       |  | 14-16             |
| 403-5   | Worker training on occupational health and safety   |  | 14-16             |
| 403-6   | Promotion of worker health  |  | 17                |
| 403-7   | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships |  | 15-16             |
| 403-8   | Workers covered by an occupational health and safety management system  | Elders maintains a single WHSMS, which has been internally audited with the assistance of external consultants. It covers all 2405 of Elders' employees and all contractors (100%), including 219 contractor real estate and livestock agents. No workers have been excluded from this disclosure. This information has been compiled using data maintained within our internal human resources systems, and by our People, Culture & Safety, Real Estate and Agency teams.  |                   |
| 403-9   | Work-related injuries   | Information in relation to this disclosure has been compiled having regard to Elders' internal incident and hazard reports, maintained by our People, Culture and Safety team. For the purposes of this disclosure, Elders has assumed all incidents and risks have been reported in accordance with our policies and procedures (detailed on pages 15 and 52 of this report).<br><br>Injury frequency rates for contractors are not available. Elders' reporting software captures comprehensive information on third party incidents and injuries to support effective response, but does not track contractor work hours to enable frequency rate calculation. Data relating to "high-consequence" injuries is also not separately available, but is captured within data relating to fatalities and total recordable injuries. | 12-17, 57, 64     |
| <b>GRI 413: Local Communities 2016</b>              |   |  |                   |
| 103-1   | Explanation of the material topic and its Boundary  |  | 10-11, 22, 63     |
| 103-2   | The management approach and its components  |  | 10-11, 22         |
| 103-3   | Evaluation of the management approach   |  | 10-11, 22         |
| 413-2   | Operations with significant actual and potential negative impacts on local communities                        |  | 22                |
| <b>Animal Welfare</b>                               |   |  |                   |
| 103-1   | Explanation of the material topic and its Boundary  |  | 43-45, 63         |
| 103-2   | The management approach and its components  |  | 43-45             |
| 103-3   | Evaluation of the management approach   |  | 43-45             |

| <b>GRI Standard</b>      | <b>GRI Standard</b>   | <b>Notes</b>   | <b>Page number / URL</b> |
|--------------------------|---|--|--------------------------|
| <b>General standards</b> |   |  |                          |
| G4-DMA                   |   | Animal welfare disclosures are sourced from the GRI G4 Food Processing Sector Disclosure.  |                          |
| G4-FP9                   | Percentage and total of animals raised and/or processed, by species and breed type  |  | 44                       |
| G4-FP10                  | Policies and procedures by species and breed type, related to physical alterations and the use of anaesthetic   |  | 44                       |
| G4-FP11                  | Percentage and total of animals raised and/or processed, by species and breed type, per housing type  |  | 44                       |
| G4-FP12                  | Policies and practices on antibiotic, anti-inflammatory, hormone, and/or growth promotion treatments by species and breed type  |  | 44                       |
| G4-FP13                  | Total number of incidents of significant non-compliance with laws and regulations, and adherence with voluntary standards related to transportation, handling, and slaughter practices for live terrestrial animals | Referred to as “incidents of non-compliance with laws or regulations relating to animal welfare” within this report. For the purposes of this disclosure, Elders has assumed all incidents have been reported in accordance with our policies and procedures (detailed on page 52 of this report). | 43                       |



# Definitions and topic boundaries

This report covers the assets and operations of Elders Limited and companies over which Elders Limited or its subsidiaries have control<sup>1</sup>. Activities or entities over which Elders (or a subsidiary) does not have a control, including some saleyard operations, are excluded from the scope of this report unless specifically stated otherwise.

## Topic boundaries

An outline of where the impacts for each material topic occur and Elders' involvement with this impacts appears below:

| Key topic                         | Impact within the Elders group | Impact outside the Elders group  |
|-----------------------------------|--------------------------------|--|
| Community impact and investment   | Yes                            | Yes – communities  |
| Health & Safety                   | Yes                            | Yes – contractors, customers, joint venture participants and regulators            |
| Employee attraction and retention | Yes                            | No   |
| Climate change                    | Yes                            | Yes – customers, communities, joint venture participants and contractors           |
| Water availability                | Yes                            | Yes – customers, communities, joint venture participants and contractors           |
| Animal welfare                    | Yes                            | Yes – customers, contractors and regulators  |
| Adverse weather events            | Yes                            | Yes – customers, communities, joint venture participants and contractors           |
| Energy                            | Yes                            | Yes – landlords and regulators   |
| Waste management                  | Yes                            | Yes – customers  |
| Corporate governance              | Yes                            | Yes – contractors, suppliers, joint venture participants, regulators and investors |
| Innovation and Technology         | Yes                            | Yes – contractors, suppliers and customers   |

<sup>1</sup> As defined by section 50AA of the Corporations Act 2001.

## Definitions

Capitalised terms in this report have the following meaning, unless the context of this Report indicates otherwise.

**AgTech:** digital technology for use in agriculture and horticulture which aims to improve yield, efficiency and profitability.

**APVMA:** the Australian Pesticides and Veterinary Medicines Authority.

**Chain of Responsibility Laws:** the Road Traffic (Vehicles) Act 2012 (WA), the “Heavy Vehicle National Law” set out in the schedule to the Heavy Vehicle National Law Act 2012 (Qld), and laws that are substantively modelled on the “Heavy Vehicle National Law”.

**Executive:** our Executive Management described in our Annual Report.

**LTI or lost time injury:** something that results in a fatality, permanent disability or time lost from work.

**LTIFR or lost time injury frequency rate:** the number of LTIs relative to 1,000,000 hours worked.

**MLA:** Meat and Livestock Australia.

**NLIS:** National Livestock Identification System.

**PIRSA:** The Government of South Australia Department of Primary Industries and Regions.

**Senior Management:** managers which report directly, or through one person, to the CEO.

**Serious Risk or Incident:** any event that has the potential to significantly impact our employees, clients, business or brand, which includes:

- safety-fatality or serious injury
- animal – significant threat to health/safety/ welfare or livestock
- environmental – chemical spill, natural disaster, biosecurity threat
- business – significant business disruption, delay, likely to cause serious financial impact
- media – incident likely to result in significant media attention
- criminal – suspected criminal activity or fraud
- regulatory – incident that must be reported to authorities (EPA, WorkCover, WorkSafe etc)
- other serious incidents – terrorism, significant property damage, fire

**TCFD Recommendations:** the recommendations of the Taskforce on Climate-related Financial Disclosures.

**TRI or total recordable injuries:** the total number of work-related fatalities, LTIs and other injuries requiring medical treatment beyond first aid. **TRIFR or total recordable injury frequency rate:** the number of TRIs relative to 1,000,000 hours worked.

**Worker:** employees and contractors.

