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AACo releases ambitious blueprint for sustainability action

Australian Agricultural Company (AACo) (ASX:AAC) has made five industry shaping climate and sustainability commitments, as part of an innovative framework released today.

AACo Managing Director and CEO, Hugh Killen said the comprehensive framework, a first of its kind for the beef industry, is a blueprint for action.

"As an almost 200-year-old company and the largest beef producer in Australia, we feel a responsibility in this important area," Mr Killen said.

"We work across the beef supply chain and the Australian landscape in a way that few others do. That's why a framework of this nature, along with these commitments is significant."

Australia first methane trial

The commitments are led by an industry leading trial with Sea Forest, co-funded by MLA, which will measure the methane-busting benefits of using the feed additive Asparagopsis in long-fed cattle such as Wagyu.

Mr Killen says the project, starting with 80 AACo cattle is the critical first step in turning the research into real world application at scale.

"The ability of Asparagopsis to reduce enteric methane emissions is widely known, but the technology is yet to be tested in Wagyu and over 300 days in a non-laboratory environment," Mr Killen said.

"We have been focused on reducing our emissions intensity for several years and are now tackling our methane emissions head on, with a view to expanding the use across our business."

Mr Killen said with the public focus on methane emissions, it's important for people to know the industry is acting.

"The science behind emerging technologies such as feed additives is sound, however there are often significant challenges in maturing them to an operational reality that we can apply at scale," he said.

"Only through trials like this can we fast track the application across the broader industry and make the changes that we, along with our customers and the public expect.

"This process will enable us to set ambitious reduction targets in the near future."

The Wylarah Institute

AACo will establish a fund aimed at helping turn this type of sustainability science and research into real world action.

The Wylarah Institute, an expert climate and nature advisory group, will be established to guide investment of around $500,000 a year.

Mr Killen said the fund will help fill the gap that currently exists between research and development, and the operational application of various innovations.

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"Some of these emerging technologies have the potential to significantly improve environmental outcomes in both the north and across the Australian agricultural industry," he said.

"Feed additives are one example, but it could involve emerging disruptive agriculture technologies, commercialisation pathways for traditional food products or much more.

"As an industry we're faced with multiple challenges including flood, drought, global competition, geopolitical tensions, biosecurity concerns, changing consumer preferences and more.

"More than ever, the industry needs new practices that can be implemented at speed and scale. We want to make that happen, whether it's through seed funding or access to our value chain to test different technologies."

Soil carbon sequestration

A $6.5million collaboration with Food Agility and other industry and research partners will fundamentally change the emerging soil carbon trading market through the development of an industry leading remote sensing tool for estimating, managing and forecasting soil carbon sequestration in rangelands.

The global carbon market is currently valued at AU$369billion and Australian Carbon Credit Units are tipped to jump from $20 a year ago to $50 by 2030.

"Using carbon sequestration to earn and then trade credits currently relies on expensive soil tests that price companies even of our size out of the market, let alone smaller operations, and reduces the incentive for improving soil quality," Mr Killen said.

"It can cost more than $20 per hectare for standard tests, which would be close to $130million just to baseline our entire operations – a major barrier for most farmers, even on a smaller scale."

Mr Killen says farmers are the custodians of a rich natural resource that is integral to reducing greenhouse gas emissions and the fight against climate change.

"Through alternative farming practices, we can maintain or increase soil carbon, which in turn reduces atmospheric carbon. No other industry can sequester carbon like this," he said.

"But we can't do it without the data. We need to know the baseline and change over time.

"Lowering the cost of measurement opens the door for thousands of Australian farmers to participate in the growing carbon market and create new revenue streams that reward sustainable practices."

Natural Capital

AACo, working alongside Accounting for Nature, will develop an industry first methodology for measuring change in natural capital values such as biodiversity at scale in northern Australian rangelands. We will then use this methodology to drive improvements in the health of our natural capital.

"Natural Capital refers to the elements of nature including air, water, soil, geology, and all living organisms that come together to provide the fundamental services required to support life," he said.

"It's the foundation of everything we do and investing in the protection and regeneration of nature through this scientifically robust measurement and reporting process, is fundamental to our business and the sustainable production of food."

Animal health and welfare certification

Animal health and welfare is at the heart of AACo's operation, but there is a gap in certification particularly as it relates to northern Australian rangelands.

AACo will develop an internationally recognised Animal Health and Welfare certification standard for extensive beef production, by 2024.

"Certification opens markets, commands price premiums and provides a framework to drive improvement in practices," he said.

"We will pursue our commitment to the Five Domains of Animal Wellbeing by working with key industry partners to develop an internationally recognised certification standard.

"It will help drive innovation and improvement in the already high standards that exist in Australia."

Setting the standard

Mr Killen says the framework and these five commitments show AACo is taking its responsibility to sustainability seriously.

"The framework embeds sustainability at the core of our business and will be used to prioritise our activities, set goals and hold ourselves accountable," he said.

"We recognise our responsibility to mitigate our climate impact and to produce food in a way that benefits future generations."

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More information about the commitments and framework can be found on AACo's website: www.aaco.com.au

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For the purposes of ASX Listing Rule 15.5, AACo confirms that this announcement has been authorised for release to the market by the Board.

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