MEETING STAKEHOLDERS’ SUSTAINABILITY EXPECTATIONS

Pip Band – Manager Sustainability Strategy & Stakeholder

Tony Hegarty – Producer and member of Sustainability Steering Group
1. The Framework approach
2. What consumers expect
3. Achievements and lessons
4. Where to next
FRAMEWORK
APPROACH

Tony Hegarty –
Producer and member of Sustainability Steering Group
Our vision

A thriving Australian beef industry that strives to continuously improve the wellbeing of people, animals and the environment.

How we define sustainability

Sustainability is the production of beef in a manner this socially, environmentally and economically responsible. We do this through the care of natural resources, people and community, the health and welfare of animals, and the drive for continuous improvement.
OUR SIX KEY PRIORITIES

1. Animal husbandry techniques
2. Profitability across the value chain
3. Balance of tree and grass cover
4. Climate change risk
5. Antimicrobial stewardship
6. Health and safety of people in the industry
PRIOR TO DEVELOPMENT

**UNIVERSE OF ISSUES**
AA1000 5 Part Materiality Process to identify all the potential issues for the beef industry, undertaken by Net Balance/EY.

**TECHNICAL REVIEW**
An industry technical group priority areas based on perceived importance to the industry and stakeholders.

**DATA AVAILABILITY ASSESSED**
Deloitte appointed to review what data exists to enable industry to report against draft priority areas.

**SOCIAL LICENCE REVIEW**
Multi-stakeholder project undertaken by Social Licence company Futureye to assess social licence risks to industry.

**SUSTAINABILITY STEERING GROUP FORMED**
Red Meat Advisory Council appoints a Sustainability Steering Group to lead the development of the first Sustainability Framework.


*Informing the process: Consumer research, retailer discussions, NGO discussions, global frameworks reviewed*
Key activities undertaken to inform development

**SUSTAINABILITY STEERING GROUP FORMED**
Red Meat Advisory Council appoints a Sustainability Steering Group to lead the development of the first Sustainability Framework.

**INDUSTRY CONSULTATION**
A review of key issues, indicators with producers, lot-feeders, processors and live exporters.

**EXTERNAL CONSULTATION & MATERIALITY REFRESH**
The views of stakeholders from outside the beef industry, including special interest groups were sought.

**ONLINE CONSULTATION**
Community consultation website enabled views of grass roots industry and external stakeholders to be gathered.

**REPORT RELEASE**
First report released and new Sustainability Steering Group appointed to lead implementation.

Informing the process: Consumer research, retailer discussions, NGO discussions, global frameworks reviewed
HOW IS THE FRAMEWORK USED?

1. The Framework approach
2. What consumers expect
3. Lessons learned to date
4. Producer engagement

**Advise** industry where investment in research, development and adoption is required.

**Foster** constructive relationships with stakeholders.

**Help** protect and grow access to investment, market access and finance.

**Promote** our industry to the community and customers.
## Governance Structure

<table>
<thead>
<tr>
<th>Approve</th>
<th>Direct</th>
<th>Consult</th>
<th>Support</th>
<th>Adopt best practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>RMAC</td>
<td>Sustainability Steering Group</td>
<td>Consultative Committee</td>
<td>Industry service companies (MLA, AMPC and Live Corp)</td>
<td>Producers, processors, feedlots, transport</td>
</tr>
</tbody>
</table>

- **Ongoing measurement**
  - 1. The Framework approach
  - 2. What consumers expect
  - 3. Lessons learned to date
  - 4. Producer engagement
WHAT CONSUMERS EXPECT AND WANT

Pip Band
Manager, Sustainability Strategy & Stakeholder
Belief that the Australian red meat industry is committed to sustainable production remains around 50%, a high level, but not as high as 3-4 years ago.

<table>
<thead>
<tr>
<th></th>
<th>W3 Jun12</th>
<th>W4 Jun13</th>
<th>W5 Jun14</th>
<th>W6 Jun15</th>
<th>W7 Jun16</th>
<th>W8 Jun17</th>
<th>W9 Jun18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>18</td>
<td>18</td>
<td>25</td>
<td>23</td>
<td>17</td>
<td>15</td>
<td>16</td>
</tr>
<tr>
<td>Agree</td>
<td>39</td>
<td>39</td>
<td>37</td>
<td>39</td>
<td>36</td>
<td>38</td>
<td>38</td>
</tr>
<tr>
<td>Neither agree nor disagree</td>
<td>38</td>
<td>37</td>
<td>33</td>
<td>32</td>
<td>40</td>
<td>39</td>
<td>38</td>
</tr>
<tr>
<td>Disagree</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>5</td>
<td>2</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>
Only 1.8% of Main Grocery Buyers are eating less red meat primarily due to environmental concerns.

Main reason for eating less red meat (%) (re-based to total meat eating sample)
FORCED ONE RESPONSE ONLY

A9. And which ONE of the following best describes why you have reduced the amount of red meat you are eating? Base: Total meat eating sample
KEY REASONS REDUCERS

Reasons for eating less red meat (%), among red meat reducers
(Respondents could pick as many reasons as appropriate)

Source: Pollinate 2017
V4. What are the main reasons you reduced eating red meat?
Base: Eat red meat LESS often now, compared to 1 year ago, N= 437
* Or my family’s added to reason in Jun ’17
Claimed reasons for not eating meat (%), among vegetarians

- Animal welfare reasons: 80%
- Environmental reasons: 60%
- Dietary/nutritional reasons: 50%
- Cost reasons: 20%
- Personal history/cultural reasons: 20%
- Religious reasons: 10%
- Other reasons: 5%

Source: Pollinate 2017
V2. What are the main reasons you don’t eat meat?
Base: Vegetarians and red meat rejectors, n=111 / 101
BUT WE BRING THEM BACK!!!

(Driven primarily by health concerns)

*Ever been a vegetarian (%)? Among current red meat eaters*

<table>
<thead>
<tr>
<th>Year</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>W7 Jun'16</td>
<td>13</td>
</tr>
<tr>
<td>W8 Jun'17</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>15</td>
</tr>
</tbody>
</table>

V6. Have you ever been a vegetarian (i.e., stopped eating meat for a while)? Base: MGB/MMP who are non-rejectors of red meat (i.e., must eat beef and/or lamb) n=1389 / 1400 / 1425
MILLENNIALS LEAD ETHICAL PUSH

<table>
<thead>
<tr>
<th>Reason</th>
<th>% of Gen Y (Millennials)</th>
<th>% of Gen X</th>
<th>% of Boomers</th>
<th>% of Silent Generation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethical reasons</td>
<td>24%</td>
<td>18%</td>
<td>14%</td>
<td>11%</td>
</tr>
<tr>
<td>Environmental reasons</td>
<td>32%</td>
<td>23%</td>
<td>17%</td>
<td>11%</td>
</tr>
<tr>
<td>Religious reasons</td>
<td>13%</td>
<td>9%</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>Health reasons</td>
<td>37%</td>
<td>36%</td>
<td>28%</td>
<td>18%</td>
</tr>
<tr>
<td>Taste reasons</td>
<td>21%</td>
<td>18%</td>
<td>15%</td>
<td>9%</td>
</tr>
<tr>
<td>None of the above - I would never eat this</td>
<td>29%</td>
<td>38%</td>
<td>51%</td>
<td>66%</td>
</tr>
</tbody>
</table>

Source: GlobalData Global Consumer Survey 2018

Which of the following reasons would make you consider eating 'vegan meat?
LIVE TRANSPORT AND SLAUGHTER ARE OF GREATEST CONCERN

Concerns related to specific production stages (Total concern, T2B%) Among red meat eaters

<table>
<thead>
<tr>
<th>Stage</th>
<th>W3 Jun12</th>
<th>W4 Jun13</th>
<th>W5 Jun14</th>
<th>W6 Jun15</th>
<th>W7 Jun16</th>
<th>W8 Jun17</th>
<th>W8 Jun18</th>
</tr>
</thead>
<tbody>
<tr>
<td>On a farm</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At a grain feeding facility (feedlot)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Live transportation in trucks</td>
<td>17</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Live transportation in ships</td>
<td></td>
<td>35</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Slaughter</td>
<td></td>
<td></td>
<td>58</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>67</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

CS/CSb. Please indicate how concerned you are about the following stages of [beef/lamb] production. Base: MGB/MMP who are non-rejectors of red meat (i.e. must eat beef and/or lamb).
AUSTRALIANS MIGHT PAY EXTRA FOR CERTIFIED ETHICALLY MEAT

Willingness to pay for meat certified as...

<table>
<thead>
<tr>
<th>Having a lower negative impact on the environment</th>
<th>Coming from an animal that has been treated humanely</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, definitely</td>
<td>15</td>
</tr>
<tr>
<td>Possibly</td>
<td>59</td>
</tr>
<tr>
<td>No, definitely not</td>
<td>27</td>
</tr>
</tbody>
</table>

Jun'17 (n=1400) Jun'18 (n=1425)

X3. Would you pay more for meat (e.g. beef) that is 3rd party certified as having a lower negative impact on the environment? X5. Would you pay more for meat (e.g. beef) that is 3rd party certified as coming from an animal that has been treated humanely? Base: Total meat eating sample n=1400 / 1425
What do consumers think of red meat?

- Tastes great
- Provides variety
- Dietary staple for family
- Spaghetti Bol. #1 go-to meal for kids
- Steak is a looked-forward-to reward
- Good for me
- Source of protein and iron

There is a genuine love for red meat, but we need to maintain trust.
CONSUMER VIEWS

- **51%** Are interested in finding out about the indicators in the framework.
- **63%** Feel more confident in industry knowing this information is available.
- **63%** Think that having the involvement of animal welfare and environment groups make them more confident in the integrity of the industry.
## Constructive Collaboration

<table>
<thead>
<tr>
<th>Animal activists – no use of animals</th>
<th>Moderates that will work with industry</th>
<th>More likely to work with industry and support best practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>PETA</td>
<td>Animals Australia</td>
<td>RSPCA</td>
</tr>
<tr>
<td>Animals Australia</td>
<td>ANIMALS’ ANGELS</td>
<td>Landcare Australia</td>
</tr>
<tr>
<td>voiceless</td>
<td></td>
<td>WWF</td>
</tr>
</tbody>
</table>

1. The Framework approach
2. What consumers expect
3. Lessons learned to date
4. Producer engagement
FOCUSING ON THE INFLUENCERS

<table>
<thead>
<tr>
<th>Industry</th>
<th>External</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peak councils, bodies</td>
<td>Customers, NGOs, think tanks, government, business, interest groups</td>
</tr>
</tbody>
</table>

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ACHIEVEMENTS & LESSONS LEARNT

Tony Hegarty
HIGHLIGHTS

1. The Framework approach
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FRAMEWORK HIGHLIGHTS

Established an expert panel on balance of tree and grass cover

Decided on 6 key priority areas for industry focus
HIGHLIGHTS

1. The Framework approach
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ANIMAL WELFARE

- $35m research partnership established
- 51% COWS POLLED
- 71% BULLS POLLED
- High proportion of cows and bulls are polled and don’t require dehorning
- Pain relief made commercially available for use on cattle in late 2016

ECONOMIC RESILIENCE

- $120m in farmgate returns from the Meat Standards Australia beef program
- 30% PRODUCER KNOWLEDGE AND SKILLS
- Rollout of Profitable Grazing Systems, with a potential 30% boost to producer knowledge and skills
HIGHLIGHTS

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ENVIRONMENTAL STEWARDSHIP

CO₂ NEUTRAL 2030
Pathways investigated for the red meat industry to become carbon neutral by 2030

PEOPLE & THE COMMUNITY
Established a proactive antibiotic monitoring program in Australian feedlots

58% of Australians consider beef part of a healthy, balanced diet
## STOCKTAKE OF ACTIVITY

<table>
<thead>
<tr>
<th>Priority areas for action</th>
<th>Research</th>
<th>Adoption</th>
<th>Industry &amp; data systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Animal husbandry techniques</td>
<td><img src="image" alt="Progress" /></td>
<td><img src="image" alt="Progress" /></td>
<td><img src="image" alt="Progress" /></td>
</tr>
<tr>
<td>Profitability across value chain</td>
<td><img src="image" alt="Progress" /></td>
<td><img src="image" alt="Progress" /></td>
<td><img src="image" alt="Progress" /></td>
</tr>
<tr>
<td>Balance of tree and grass cover</td>
<td><img src="image" alt="Progress" /></td>
<td><img src="image" alt="Progress" /></td>
<td><img src="image" alt="Progress" /></td>
</tr>
<tr>
<td>Antimicrobial stewardship</td>
<td><img src="image" alt="Progress" /></td>
<td><img src="image" alt="Progress" /></td>
<td><img src="image" alt="Progress" /></td>
</tr>
<tr>
<td>Manage climate change risk</td>
<td><img src="image" alt="Progress" /></td>
<td><img src="image" alt="Progress" /></td>
<td><img src="image" alt="Progress" /></td>
</tr>
<tr>
<td>Health and safety of people in the industry</td>
<td><img src="image" alt="Progress" /></td>
<td><img src="image" alt="Progress" /></td>
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</tr>
</tbody>
</table>

- Activities have been significantly progressed
- Activities have been progressed
- Activities are in their early stages
LESSONS LEARNT

1. The Framework approach
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Repetition is the key to getting your message across
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WHERE TO NEXT?

Pip Band
SPREADING THE WORD
CHANGING PRACTICES

1. The Framework approach
2. What consumers expect
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Producer awareness
Consumer is king
Adoption on-farm
On-farm verified systems

2017
2018
2019
MAINTAINING COMMUNITY TRUST

National approaches

Australian Good Meat doesn’t just happen

Global message alignment
AUSTRALIAN APPROACH

1. The Framework approach
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