



# All Systems Are Go!

A foray into the changing perceptions, realities and expectations of “sustainability” and the rise and role of sustainable finance

Jacqui Macalister, Director Sustainable Finance, BNZ









# Demand for “sustainable food” and its many different faces

Leaders | War and farming

# The coming food catastrophe

War is tipping a fragile world towards mass hunger. Fixing that is everyone's business



May 19th 2022

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Leaders | Sustainable investing

# ESG should be boiled down to one simple measure: emissions

Three letters that won't save the planet



Jul 21st 2022

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# Climate changed



# Demand for sustainable food



Global supply vs local sourcing



# Shift from “cost” to “opportunity”

## A Premium?

“Is the ‘volume to value’ mantra true?  
Yes and here’s why”

Newsroom

**Vincent Heeringa**  
Senior Managing Communication Officer and senior Member with various responsibilities and host of the New Zealand TVNZ News

COMMENTS BY Andrew Robson, James Wilson, David Reardon

### PRIMARY INDUSTRIES

#### Is the ‘volume to value’ mantra true? Yes and here’s why

*The last year has been a re-education about the primary sector, writes Vincent Heeringa. It’s been humbling and instructive, meeting incredible entrepreneurs, progressive farmers, and people who give a damn about real food and the true meaning of wealth*

You’ve heard the phrase so often it’s become a cliché: New Zealand’s primary sector must move from ‘volume to value’. We must shift from being low-cost, commodity producers – think logs, carcasses, bins of fruit – to quality food and fibre producers, achieving a premium for our manufacturers.

Since the 1970s, adding value has been the subject of working groups, white papers, training courses, bootcamps and fireside chats.

So, have we? After so many papers and pow-wows, is the volume-to-value story actually happening?

## ... or Access?

“EU and New Zealand seal trade deal with tougher new green rules”

POLITICO

Goods trade with the Kiwis is tiny but the deal will help fire up the EU’s free-trade agenda.





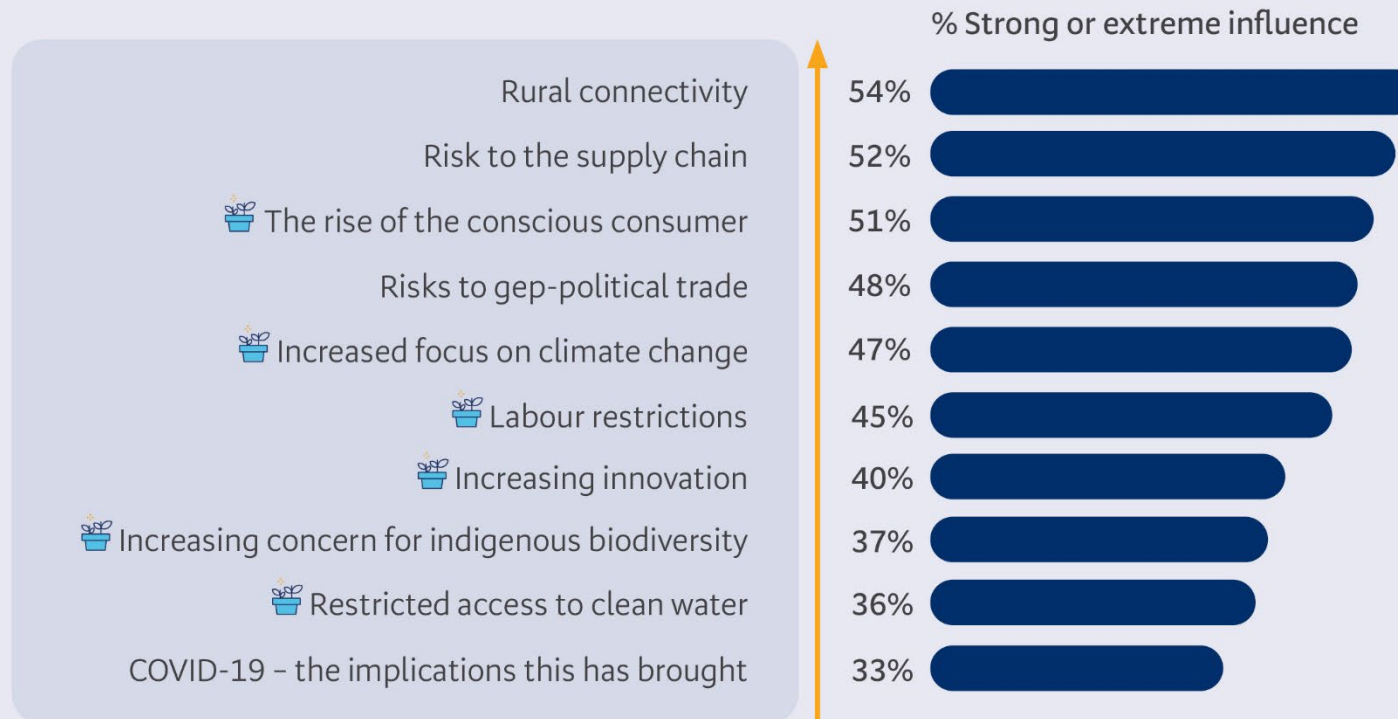


How are the pressures playing out for farmers and growers?



# Key megaforces in 2021 – farmer survey

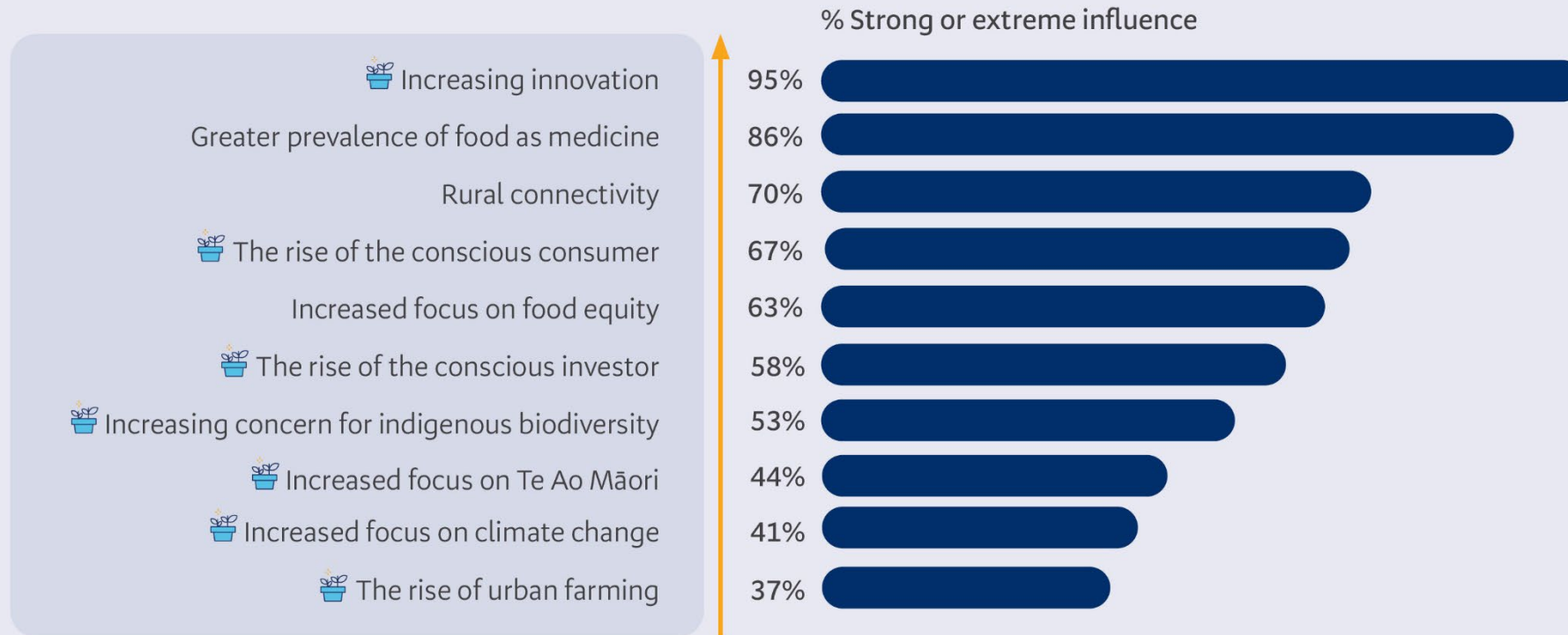
Top 10 megaforces influencing agribusiness in 2021





# Key megaforges in 2030 – farmer survey

Top 10 megaforges influencing agribusiness in 2030





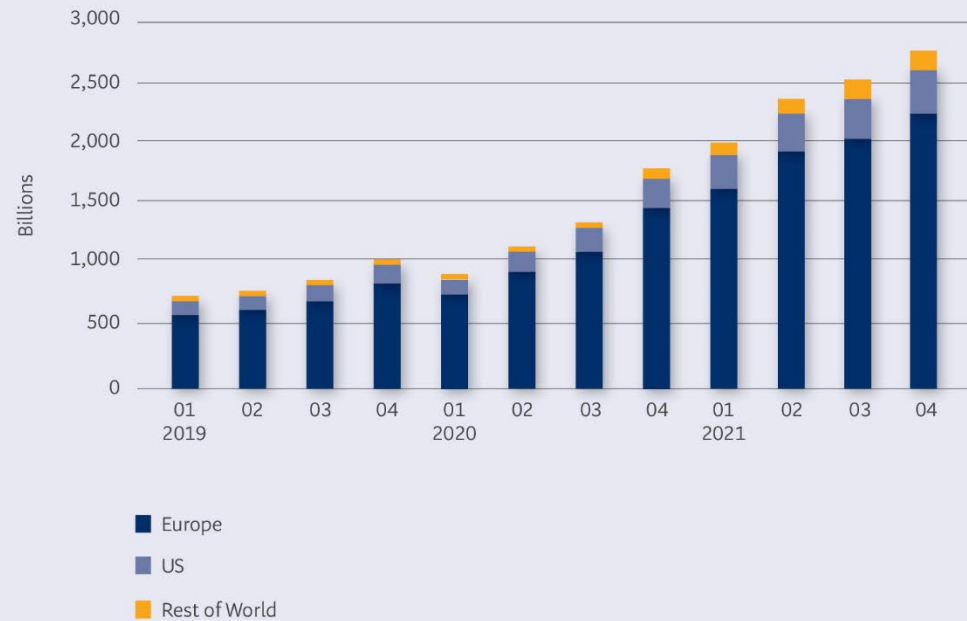


# The rise and role of sustainable finance

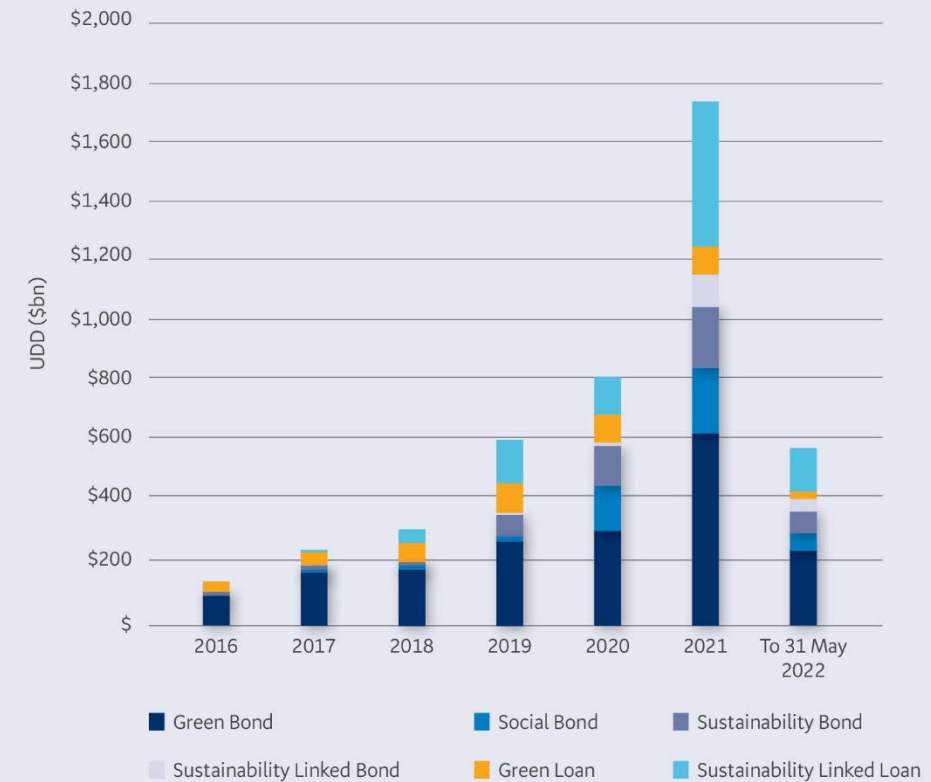


# The rise of the conscious investor

Quarterly global sustainable fund assets (USD bns)



Global Sustainable debt issuance: NZ SF market growing at pace.





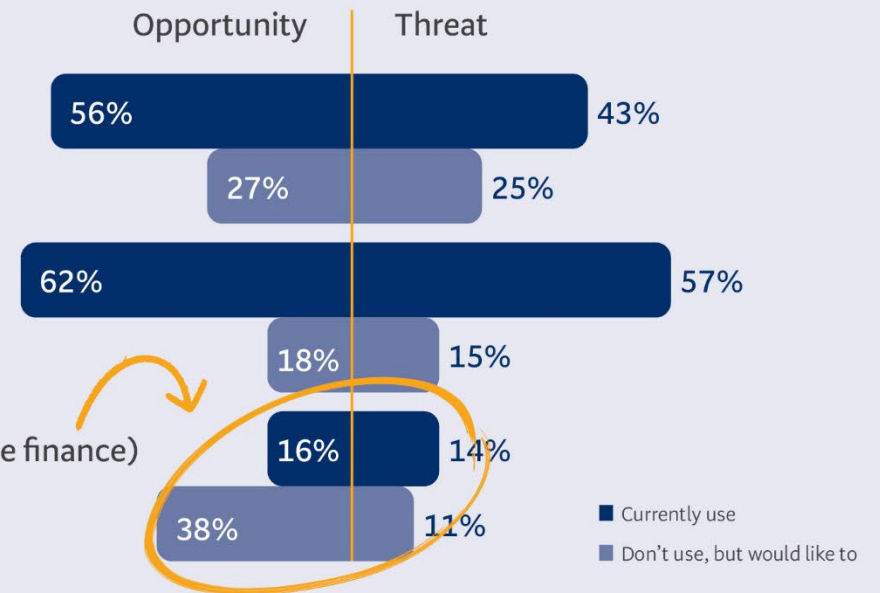
# Tools in the toolbox

Those who see the changing landscape as an opportunity to the future of their agribusiness are more likely to invest in data-recording technologies and Farm Environment Plans, and utilise forms of sustainable finance from their banks.

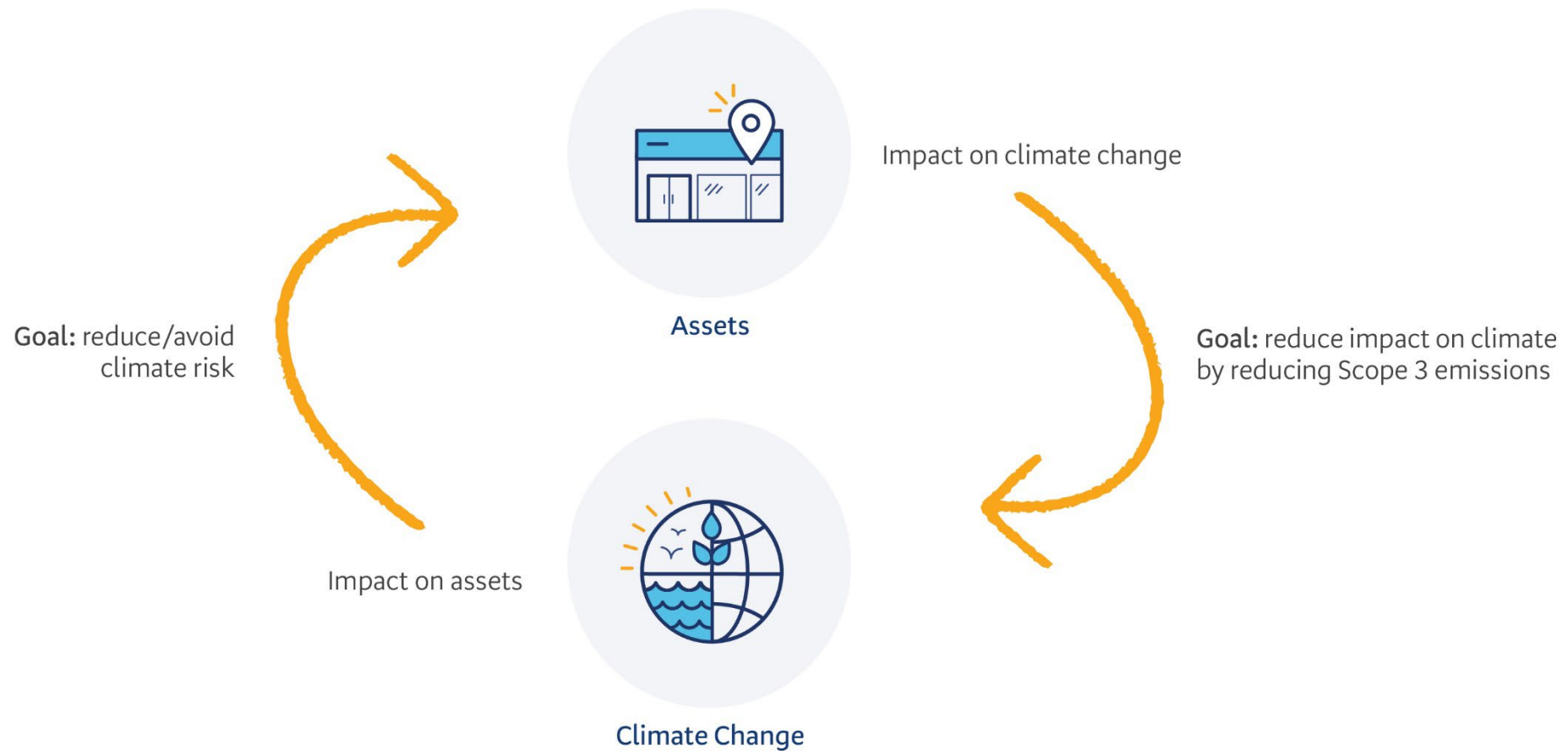
Investing in data-recording technologies to better keep track of your operations

Farm Environment Plans

Using bank debt that incentivises positive environmental and social progress (sustainable finance)



# Banks will (and already are) financing the transition





# Sustainable finance case studies

Southern Pastures SLL	T&G Global Ltd.	Silver Fern Farms
		
<ul style="list-style-type: none"> <li>• In Feb 2020, Southern Pastures and BNZ closed an NZ\$50m SLL, the first of its kind in Australasia.</li> <li>• Three KPIs, independently audited, with the goal being to continuously improve on-farm practices: <ul style="list-style-type: none"> <li>- KPI 1: Reducing on-farm GHG</li> <li>- KPI 2: Increasing biodiversity (2)</li> <li>- KPI 3: Improving water quality</li> </ul> </li> <li>• Loan pricing will either increase or decrease depending on Southern Pastures audited performance against the KPIs. Following this, BNZ has launched a the first scalable Agri SLL product available for NZ Agribusiness’.</li> </ul>	<ul style="list-style-type: none"> <li>• In June 2022, T&amp;G Global Ltd launched the first horticulture sector SLL.</li> <li>• \$180m syndicated three-year facility, BNZ joint sustainability coordinator.</li> <li>• The SLL offers pricing benefits for achieving a focus on decarbonation (focus: across fleet and greenhouses), as well as improving social outcomes for horticultural workers and improving environmental reporting and action across orchards: <ul style="list-style-type: none"> <li>- KPI 1: Climate change adaption</li> <li>- KPI 2: Climate change mitigation</li> <li>- KPI 3: Create permanent employment opportunities and career pathways</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• In June 2022, Silver Fern Farms launched the first red meat sector SLL.</li> <li>• \$320m syndicated working capital facility.</li> <li>• Silver Fern Farms will receive financial incentives as it delivers pre-agreed and pre-defined sustainability targets including:</li> <li>• Adoption of NZFAP+ by Silver Fern Farms suppliers <ul style="list-style-type: none"> <li>- Reduction of emissions (SBTi)</li> <li>- Reduction of total waste to landfill (incl. organic waste)</li> <li>- Reduction of water used at processing sites</li> <li>- Enhanced environmental monitoring and reporting.</li> </ul> </li> </ul>



*Not in his goals but in his  
transitions, man is great.*

Ralph Waldo Emerson