

FY21
Sustainability
Update



In this update

FY21 PROGRESS



Climate & Nature

Reduction in animal transport movements

Adopted new satellite pasture management tools

97,804 t CO2-e abated

Embedding Sustainable Stocking Strategy

Approximately
78,000
net ACCUs generated



191 solar bores installed
28% of total bore network

Animal Health & Welfare

approximately
25%
of our herd carry the poll gene

Live export fatalities – 0.01% mortality in transport of the herd sold to third parties for export

Animal Health and Welfare committee established



People & Communities

2yrs running

AACo First Nations team members winners of the NTCA Alward Foster Memorial Emerging Indigenous Leader Award

25% reduction in serious injuries

No fatalities



Safety Strategy and 1AA. brand launched

53 new first year hires and 31 internal appointments



39%

female representation in workforce

8% increase in employee engagement score

Contents

- 01 Message from the MD and CEO
- 04 Our Sustainability Journey
- 05 AACo's Values
- 07 Aligning to Reporting Standards
- 09 Our Properties and Supply Chain
- 12 **Climate and Nature**
- 16 Climate Change
- 16 Climate Risk
- 17 Our Carbon Emissions
- 19 Sustainable Stocking Model
- 21 Bringing Precision to Managing Pasture
- 23 Carbon Abatement
- 25 Renewable Energy - Solar Bore Conversions
- 27 Case Study: Reducing Herbicide Use
- 30 **Animal Health and Welfare**
- 34 Benchmarking Our Performance
- 35 Protection from Pain
- 37 **People and Communities**
- 39 Safety
- 41 Learning and Development
- 43 Our Communities

Message from the MD & CEO



HUGH KILLEN
Managing Director and CEO

It's safe to say there hasn't ever been a 12 months like the year we've just experienced. For a company like AACo, that's saying something. Over almost 200 years of operation, we've seen just about everything: floods, fires, drought, disaster and even pandemics of years gone by. COVID-19 has been unique in its scale and far reaching impact, both across society and across the food service sector, which until that point made up the largest part of our business. Restaurants were shuttered in all 16 of our major global markets. Uncertainty was the one constant and, like most companies, we spent a good portion of the year adjusting the way we operated our business.

With much of our focus on COVID-19 it would have been easy for sustainability to take a back seat during 2020 and the first part of 2021. That's not the AACo way. In fact, the opposite became true and the pandemic made sustainability more important than ever. More people were cooking at home and taking a genuine interest in the food they were consuming. Premium quality beef became more widely available to people all over the world, fueling the rise of the home chef. Instead of relying on restaurants to create dining experiences, people are creating these same experiences at home, as well as for their friends and family.

It put more focus on the environment, more focus on animal welfare, more focus on the climate. AACo has always placed a top priority on these areas of responsibility. We are stewards of some of the most pristine productive landscapes on the planet and manage one of the most magnificent herds of cattle in the world. We are nothing without them.

And so rather than diminish, our focus on sustainability became more pointed. The foundations set through

our Sustainability Benchmarking Report, released last year, were a strong platform on which we built throughout the year. We were able to continue to make progress in a range of areas: our solar bores program; launching a committee focused on Animal Health and Welfare; developing a new safety brand; and launching projects to reduce carbon across our herd, just to name a few. And there were some notable achievements, including no clearing of primary woodlands or forests for grazing in FY 21.

Significantly, this past 12 months we also began developing a strategy that will further underpin the work we are doing. The strategy will chart our path to a sustainable future, including both science based targets along with the why and how we will get there. It will enshrine sustainability standards that will guide activities across our supply chain, set the non-negotiables that our operations will live by and deliver a better product for our customers.

We know that our future as a company, as well as the sustainable future of the land, our people and our animals, depend on us getting it right. Sustainability has always been at the heart of what we do – sustainable business practice is good business practice and is enabling us to deliver long-term value to our stakeholders.

The FY21 Sustainability Update is an important stepping stone. Beginning with this update and through that strategy and beyond you will see AACo transition to new metrics, stronger analysis, better science, higher standards, more innovation, improved reporting and closer engagement with industry and government, while taking on a range of sector leading programs and projects.

We'll be doing all of this against a challenging backdrop. The COVID-19 pandemic still has hold in many parts

of the world and may so for some time yet. While in Australia, years of drought and flood have reduced the size of the national herd creating supply and demand pressures that will also take time to recover from.

If nothing else, 2020 proved we are resilient and, from our stations in Australia, through to our employees on the ground around the world, we have the team that can rise to the occasion. We take the same enthusiastic approach to sustainability and our drive for constant improvement. Last year's Sustainability Benchmarking Report committed us to emerging from the pandemic stronger and better prepared for the future. This year we fully commit to an exciting sustainability journey that we know our employees, communities, stakeholders, customers and consumers can be proud of. It's just the beginning and we welcome you along for the ride.

Our sustainability JOURNEY

Welcome to our FY21 Sustainability Update. Last year we started the conversation around sustainability in AACo by releasing our first Sustainability Benchmarking Report which outlined our journey through our almost 200 year history and highlighted some of the long-standing practices that form the basis of sustainability in our business. The Report marked a turning point from which we can drive change across our business. Along with our Sustainability Policy, it is a statement of our commitment to continuous improvement in sustainable agriculture, in not just our practices and approaches, but also how we communicate our commitments and actions to our key stakeholders.

The Benchmarking Report represented our awareness that environmental and social pressures on agricultural and food systems present a challenge for our business and our world – and we are committed to finding unique and high impact solutions across our value chain to help address these challenges. Globally, food production systems are facing a transformational challenge to meet the demands of a growing population within environmental limits. People care about how and where the food they eat is produced and hold an expectation that it is produced in an ecologically and socially sound manner – and they expect us to demonstrate our sustainability credentials with a rigor and transparency that they can trust.

The purpose of the Benchmarking Report was to understand our baseline and to gather the information we needed to build a strong foundation from which we can navigate through what is a complex landscape with clarity, purpose and leadership. It is an important part of the sustainability journey that we don't take lightly. Our future as a company, the wellbeing of our people, the health of the land and environment that we are stewards over and the welfare of our animals depend on us getting it right.

That brings us to today. We are well down the path of grounding our robust strategic framework and governance structure that will allow us to forge a clear pathway into a sustainable future. Our strategy, built on a foundation of a thriving, profitable business, will deliver against key pillars that represent our people and communities, our animals, the landscape and environment in our care, while empowering the realisation of the full potential of our assets and capabilities. In support of the delivery of this strategy, we are developing robust, science-based targets and metrics that align to international reporting standards.

While developing our strategic capacity, we have continued to make tangible progress in our operations. In this Update we bring you an update of that progress and the initiatives we have brought online over the past year, with measurable success in the sustainability space.

Be it through our sustainable stocking model, innovations in our weed management program, optimisation of cattle movements, community engagement or our focus on developing a strong safety culture, we have steadily improved and grown as a company.

Over the past year, we have worked collaboratively to stretch our ambitions around sustainability and what it means to us. We have forged partnerships with experts, sought out and invested in innovative technology and continued to focus on genuine change with real world benefits. All of this is flowing into our strategy, ensuring we are equipped with the right knowledge and resources required moving forward.

We are excited about our sustainable future, and our potential to drive positive change through our business, industry and communities to deliver a better world for future generations. We are aiming high, with bold ambitions for making a significant positive impact on our climate, nurturing strong ecosystems through nature positive approaches, strengthening our people and communities and building on our relationships with First Nations People, while providing utmost care for our animals to deliver the highest quality product to the world....and we look forward to walking with you through our journey.

AACo's values

With sustainability embedded in the principles on which our company is built and as a core pillar of our AACo Strategy, we are determined to live our purpose through our Values to:

Aim Higher

Doing our best... and then doing better by continuing to seek out science and data-driven next-generation technology developments and practice transformations that improve our sustainability.

Embrace Change

Stepping boldly into our sustainable future with our partners and stakeholders, embracing both the challenges and opportunities this will bring.

Take the Reins

Our scale, heritage, knowledge and commitment to sustainability come with the opportunity and responsibility for industry and community leadership, balanced with humble respect and support for those around us who are forging new and more sustainable pathways.

Respect What Makes It Possible

Investing in sustainable practices and approaches that respect the landscape and the environment, our animals, and our people and communities, while learning with respect from the First Nations People who came before and stand beside us.

Do it for the Diner

Bringing the highest quality product experience to the plate supported by openness and transparency with our customers in everything we do.

We are excited about the sustainability journey we are on and look forward to sharing some of our progress through this Update, along with a taste of where we are heading in our future.

Aligning to Reporting Standards

Openness and transparency are fundamental to sustainable business practice, and alignment to international reporting standards is the best way to achieve this. We are well down the path on our strategic approach to sustainability, supported by a strong governance foundation. We have set the goal of alignment with the principles of integrated reporting against internationally accepted standards by 2022. We are also monitoring emerging international standards and industry best practice regarding nature-related risk disclosure.

A key component of this is our assessment of materiality and risk which will determine those areas of greatest importance for our business and its operations. We are working through this developmental phase this coming year and it will put us in a strong position to communicate to all stakeholders our progress in our ongoing commitment to sustainability.

For our update this year, we have drawn on key sources to guide what is important for us to share. Our customers are at the centre of everything we do. In preparing this update we have referred to our 'Voice of Customer' engagement program to ensure we are responding to what matters most to them. We have also balanced this by referring to the Meat and Livestock Australia Materiality Assessment Report 2021 and the Australian Beef Sustainability Framework. We have presented some of our most significant achievements for this year with supporting data against key performance areas.

In addition, we have referenced the United Nations Sustainable Development Goals which represent the world's plan of action for social inclusion, environmental sustainability and economic development. Our actions as a business contribute to the delivery of these goals, including:



Our Properties



Our Supply Chain

- Breeding & Genetics**
By combining the science of genetics and the art of breeding, at AACo we select animals which will thrive under tough conditions and will perform efficiently. This ensures that we maximise the resources and consistently produce quality product.
- Grazing**
The extensive aspect of our operations – with properties spanning the rangelands of Northern Australia where our cattle will graze wild, roaming and eating an incredibly diverse diet of grasses and shrubs.
- Farming**
Our farming operations focus on what grows well locally and what cattle flourish on. At Wylarah, Rewan, Glentana, Gordon Downs and Goonoo we farm a variety of crops for harvesting and foraging.
- Feedlotting**
Our cattle are finished on a proprietary blend of primarily locally sourced grains for up to 550 days at Goonoo and Aronui. Our feedlots’ focus is on optimising animal comfort, welfare, nutrition and producing a consistently high quality beef product.
- Processing**
AACo partners with state of the art processing facilities in Australia and we are onsite to ensure best-practice standards are maintained at all times - low-stress handling, hygiene, efficiency and quality control.
- Distribution**
Our supply chain is predominately focused on delivering premium beef product to global markets. We also partner with the most reputable live exporters to deliver cattle to a number of Asian markets out of a small group of properties in the Victoria River region of the Northern Territory.
- Sales & Marketing**
Our customer-facing team meets and eats with chefs and distributors regularly, sharing the stories of where the product comes from and the best way to prepare it. It's also how we receive feedback from our customers on what's important to them.
- Customers**
Our customers are at the centre of everything we do.



Glentana Station



Climate and
NATURE

Access to natural resources is fundamental to our business. We recognise that climate change and pressures on agricultural and food systems present a systemic challenge for our world - we are committed to finding unique and high impact solutions across our value chain to help address these challenges. Globally, food production systems are facing a transformational challenge to meet the demands of a growing population within environmental limits. Appropriately meeting this challenge will enable us to continue providing premium based products to our customers and long-term value to our shareholders.

Environmental stewardship of climate and nature impact is not a policy to us - it is what we do, day in day out. As custodians of nearly one percent of Australia's landmass we understand our success is only as sustainable as the health of the ecosystems within which we operate. Given the scale of our properties, how we take care of land has an impact reaching far beyond it.

How we manage our cattle through the landscape is one of the most significant ways we interact with our environment. We are developing practices that utilise cattle to drive landscape health and resilience. Our dedicated Rangelands Team work collaboratively alongside our partners to continuously

develop and implement innovative and sustainable environmental management approaches.

This year the team has coupled insights from our Sustainable Stocking Model with technological developments to bring greater precision to our pasture management practices to prevent over grazing and ensure future healthy pasture growth. But the team's work has not stopped there.

Over the last twelve months several of our properties have faced challenging seasons due to ongoing drought conditions. Our Rangelands Team work closely with our property managers to measure our pasture resource base and set a strategy for grazing through challenging conditions to achieve targets for long term landscape health. This protects our pastures and limits the long-term impacts of drought on land condition, while ensuring our cattle have access to quality feed, keeping them happy and healthy.

We have also successfully implemented new weed management technologies and methods through challenging seasonal conditions to reduce the impact of weeds on our operations and the environment. We have achieved this through working with partners and engaging broadly with experts across the environmental management industry.

No clearing

of primary woodland or
forests for grazing in FY21

Committed to

10 year

Northern Territory Conservation
Agreements to protect areas
of conservation significance in
partnership with Territory Natural
Resource Management:

- Covering **0.7%** of
Northern Territory
properties
- Protecting **63.6km**
of rivers





Climate change

At AACo, we recognise our responsibility to mitigate our climate impact and transform our operations to meet the challenges of climate change. We believe we have the long-term potential within our operations and the land asset base to become a positive force in addressing climate change. While we do not have all the answers yet, we are moving step by step into what we see is an exciting future.

This year we have focused on two key areas: understanding our potential to abate carbon through production efficiencies recognised through our Beef Cattle Herd Management Carbon Project and reducing our reliance on fossil fuels by expanding our solar bore network. Through these initiatives we can see measurable reductions in our climate footprint as we take our first

steps towards a climate neutral and ultimately climate positive future. We have also bedded down two key sustainable practices – sustainable stocking model and precision pasture management tools – that today are focused on improving the productivity and sustainability of our operations, but in future will deliver a measurable reduction in our climate impact.

In future years, we will measure this change in carbon by engaging in soil carbon methodologies and by incorporating these production efficiencies into our existing Beef Cattle Herd Management Carbon Project. In future reports, we will bring you data on the difference that these sustainable practices are making to our climate footprint.

Climate Risk

AACo is committed to identifying and managing the climate related risks that could impact our ability to create and preserve value for our key stakeholders. As a beef producer, we face the same short-term and long-term climate related risks that are inherent in the agricultural industry and food production systems in Australia and globally including:

- physical climate-related risks such as increased frequency and severity of extreme weather events, including the impacts of droughts on production and input costs, as well as supply chain disruptions.
- transitional climate-related risks related to the transition to a lower-carbon economy, including policy and legal risks, technology risk, market risk and reputation risk
- changing consumer preferences and calls for greater transparency and responsibility regarding the climate impact of consumer products.

Such risks could negatively affect our reputation, result in greater

regulation, consent or licensing requirements within the Australian agricultural sector, or result in other restrictions or disruptions being imposed on our operations.

In response to this, AACo reflects the potential risks and impacts of climate change as a part of our property valuation methodology, by ensuring our pastoral property values are based on a long-term view of sustainable carrying capacity and rates applied that reflect sustainable management practices. We are addressing the role we play in long-term climate exposure by continuing to work on better understanding our climate risks, and by setting baselines, annual reporting and short-term and long-term reduction targets for our climate impact.

We know this is important to our stakeholders and we are responding to this increased demand for transparency on the identification and management of climate-related risks by moving towards alignment of our corporate disclosures with internationally recognised reporting standards.

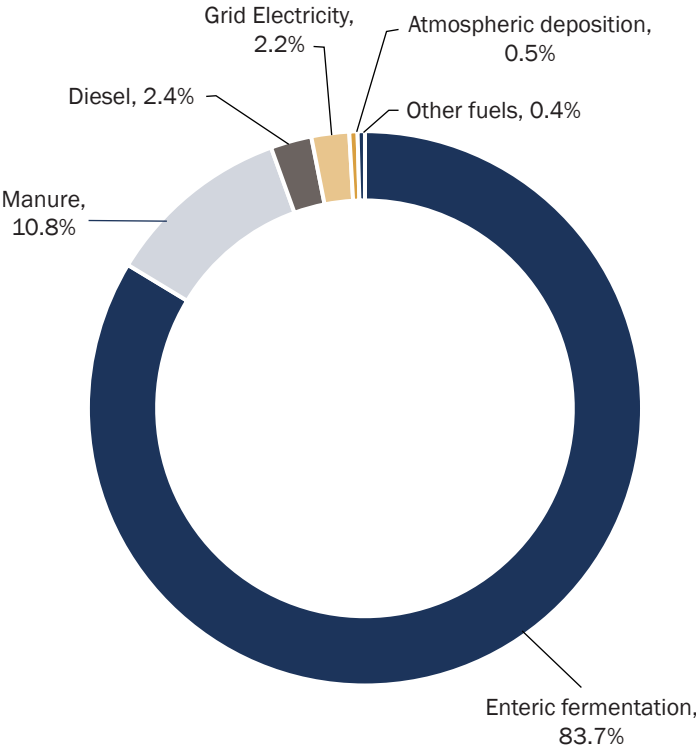
Our Carbon Emissions

As an integrated supply chain, we hold the entire lifecycle of our cattle within our production system which provides us with oversight of the greenhouse gas emissions associated with the end-to-end production of our beef product. As a part of our response to climate change, we have committed to regularly profiling our greenhouse gas emissions. Over time we will develop a detailed profile trend that takes into account the fluctuations in emissions and our emissions intensity as a result of seasonal conditions and changes in cattle numbers and production approaches.

In FY21 our scope 1 and 2 emissions were 473,275 tonnes CO2 -e with an emissions intensity of 11.4 kg CO2 -e/kg liveweight produced which remains below the last published Australian beef industry emissions intensity average. Our emissions were profiled by an independent third party. The methodology used the Primary Industries Climate Challenges Centre (PICCC)

and University of Melbourne's Greenhouse Accounting Framework for Australian Beef production and Feedlots, coupled with the National Greenhouse and Energy Reporting (NGER) Determination. During this assessment they considered all scope 1 and 2 emissions produced by AACo in breeding, rearing, and feedlotting our cattle, farming activities, natural gas and fossil fuels used on the stations and electricity used by the Brisbane head office. It does not include third party transport emissions or emissions produced by external grain production.

Understanding the changing nature of carbon emissions and all the factors that impact these will provide us with the insight needed to target high impact initiatives to proactively reduce our impact on climate. Our sustainability strategy, due to be released later in 2021 will provide more detail on our plans to reduce our climate impacts and actions that will contribute to a climate positive future.



Sustainable Stocking Model

Over the last few years, we have been refining our approach to sustainable grazing and the stocking model we apply to achieve this. This year, we have embedded our Sustainable Stocking Model. Our decisions on cattle numbers and movements consider the entire supply chain, ensuring a smooth flow through. This means we move our cattle less and when we do move our cattle, it is with purpose.

In practice this means we have focused on setting static stocking numbers in our breeder herds closely aligned to long-term carrying capacity (LTCC), an analysis that quantifies the number of grazing animals a property can sustainably carry year in year out without causing over grazing or degrading landscape health. We have calculated LTCC using scientifically validated pasture growth models specifically calibrated for the climatic and landscape conditions on each of our properties. We have then applied this analysis to our stock production program to develop our Sustainable Stocking Model.

This approach to grazing will enable us to support the health of our pasture across seasons right through the supply chain. When we experience a below average wet season, we will have capacity in our system to buffer this. When that below average season becomes a run seasons or a drought, we have built in levers to rapidly respond, ensuring we protect our cattle, our people, and the landscape from the impact of drought.

Our Sustainable Stocking Model is a cornerstone of our approach to sustainability at AACo. This model

delivers multiple outcome benefits and touches our people, our cattle, the landscape and the environment, and our customers while ultimately securing long term profit. By embedding this model, we are:

- Improving land condition as this strategy enables us to build in regenerative grazing management approaches that support cycles of rest and preserve perennial ground cover.
- Increasing productivity measures such as weight gain, body condition score, rebreed rate and weaning rate which lead to greater carbon efficiencies – put simply that’s more kilograms of beef produced for the carbon released.
- Reducing the distance our cattle are transported and lowering our consumption of fossil fuels.
- Improving the health and welfare of our cattle by reducing stress – less stress means happier cattle.
- Reducing our operational costs, particularly those associated with drought response.
- Protecting our genetic asset by improving our ability to sustain our core breeding herd through droughts and limiting the need for a herd rebuild when good seasons return.
- Enhancing the safety of our people by reducing the pressures that drought conditions can bring to a cattle operation.
- Delivering a high quality, reliable and sustainable product to our customers.



Bringing Precision to Managing Pasture

One of the key functions of our Rangelands Team is to support our station managers to utilise pasture strategically and sustainably. We work hard to match the right feed to the needs of our cattle while ensuring we leave regenerative perennial ground cover. This year the team has built in new satellite decision tools, which are a first for the Northern Australian grazing industry, that bring an elevated level of precision to our forage budgeting process.

Until the development of these tools, we had relied solely on visual assessments within every paddock on every property for assessing available pasture. Over 6.4M hectares, this was a significant challenge. While industry best practice at the time, we recognised that this was not delivering the rigor we needed for our pasture management systems and so we made a commitment to finding a better way.

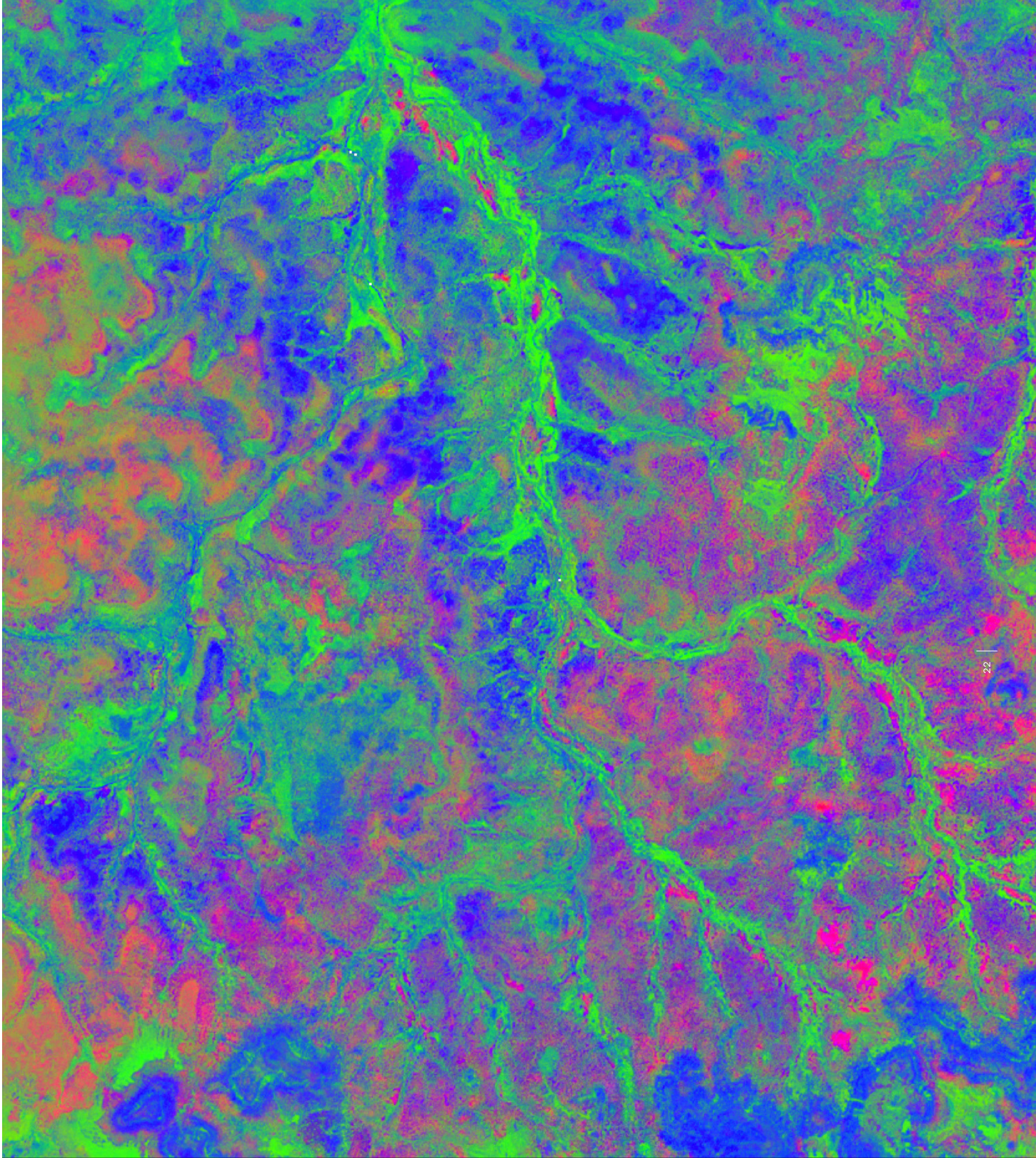
In 2018 we started working closely with startup tech company Cibo Labs to support them in the development of a satellite-based pasture biomass assessment tool. Having a reliable measure of the standing pasture resource in this detail across an entire paddock as opposed to single point visual estimates, significantly improves the accuracy of the calculations we make in assessing the available pasture for our cattle. It means we know for certain we aren't going to overgraze a paddock and can be confident that we will leave the required perennial ground cover for healthy regeneration of our pasture.

We road tested the tool in 2019 and this year incorporated it fully into our forage budgeting process. While we are continuing to learn, develop

and explore the potential of this tool, we are already beginning to see the benefits in more sustainable decision making for our operations:

- Tracking the utilisation of pasture to ensure we meet our commitments to protecting pasture residuals and avoiding over grazing.
- Monitoring wet season pasture growth and paddock performance for forward planning of our grazing programs.
- Improving the agility of our decision making by reducing the lag time between pasture assessments and data becoming available to managers.
- Improving our resilience to below average rainfall seasons and drought.
- Supporting our managers to meet our commitment to sustainable grazing and to build healthier landscapes and ecosystems.

We see this as a game changer for sustainable beef production in Northern Australia and we aren't stopping there. We have ambitious plans in the pipeline and will continue working with Cibo Labs to push the boundaries of this technology and really revolutionise how we measure and model our beef production system. These developments will provide a data-driven focus for us to use our grazing programs to drive landscape health and vitality.



Carbon Abatement

This year we have taken our first formal steps into the carbon abatement space, registering a project under the Beef Cattle Herd Management (BCHM) methodology through the Australian Clean Energy Regulator. The BCHM Carbon Project, which will run for seven years, measures our reduction in emissions intensity as a result of our sustainable production practices. In its first year, the project has demonstrated a carbon abatement of 97,804 t CO₂-e.

We have achieved this through targeted investment in infrastructure and sustainable practices that build in production efficiencies and allow us to limit energy losses, improve animal handling and increase the weight to age ratio of our herd. We have increased water point density while improving our fencing infrastructure to reduce paddock sizes and improve our laneway networks. We have applied innovations such as portable calf handling yards and remote AI breeding units to reduce the need to walk cattle for animal husbandry processes.

Our bulls and stud replacement heifers are specially selected using performance data reported in the form of Estimated Breeding Values on traits such as fertility, growth and feed efficiency. This data is supporting us in making better herd selection decisions which flow to their progeny in the greater herd, ensuring they are genetically superior to their parents. This is delivering greater production efficiencies and leading to a reduced carbon emissions intensity, contributing to this year's carbon abatement outcome through the BCHM Project. As we build on our first year in the program in coming years, we will bring additional herds into the assessment process while expanding the reach of the project to draw on more of the sustainable practices we have embedded into our daily operations. Looking forward we are considering the BCHM Carbon Project as just one of the approaches we will take to reducing our climate footprint. We are excited about this potential and the role we intend to play in securing a positive climate future.

97,804
tonnes CO₂-e abated.

Approximately
78,000
net ACCUs generated

Renewable Energy – Solar Bore Conversions

Reliable access to quality water is essential to our operations. For most of our properties, this has meant relying on groundwater drawn to the surface using diesel pumps to provide quality water for our cattle. While this has served us well in the past, diesel powered bores contribute to our climate footprint through the consumption of fossil fuels.

We have committed to converting diesel-powered bores to solar, as one initiative to reduce our reliance on fossil fuels and cut our carbon emissions. This year we have made significant progress on this commitment, installing a total 103 solar bores - 70 of these on our Victoria River Group properties, Camfield, Delamere and Montejinni which have fully transitioned to a solar bore water network. This brings the total number of solar bores in our water network to 191, increasing from 15% solar in 2019 to 26% this year. With each diesel bore producing an average of about 3 tonnes CO₂-e annually, we have

reduced our carbon emissions by about 573 tonnes CO₂-e per year by converting to solar.... and the benefits don't end there.

Removing diesel bores from our water network improves the safety of our people through the elimination of high-risk activities associated with bore maintenance. It is more efficient, too, reducing operational cost and freeing our people up to focus on other tasks and providing them opportunities to develop more diverse skills and engage in other parts of our operations.

Without the need to refuel diesel bores, our solar bores improve reliability of water supply to our cattle, especially in remote locations and during the wet season when accessibility can be limited. Solar bores never run out of gas! With these benefits and more, we are committed to continuing the conversion of our network of bores to solar as just one part of our plan to move towards a climate positive future.



Total bores in our network
in 2020 - 738

191 solar bores,

26%

of total network

FY21 reduction in
emissions

573

tonnes of CO₂



Brunette Downs Station

CASE STUDY: Reducing Herbicide Use

We are always seeking out the latest technological developments to bring to our weed management programs, ensuring we apply the most effective combination of techniques in an integrated approach. This year we have focused on leveraging the advantages of aerial control for remote infestations and increasing the reach of emerging biological control measures. These techniques are reducing our reliance on herbicides, improving our program efficiency and contributing to improving the health of our environment.

Traditionally we have relied solely on teams on ground to tackle our weed control programs. Working in such vast landscapes, simply finding and accessing infestations can be challenging, time consuming and labour intensive, not to mention hit and miss. By using helicopters to simultaneously locate and treat remote infestations we have achieved a higher level of control integrity and a faster response to outbreaks. This approach is more economical too, so we can achieve more with the same resources.

In a trial comparing the efficiency of aerial control against on ground control, we found that not only did incorporating an aerial technique into the program result in more reliable location and control of isolated infestations, it is also more economical. In the side-by-side trial, the aerial team completed the program in less time and by using less herbicide while achieving a better outcome.

We have taken these learnings and this year have applied the aerial technique on our Barkly properties where we have long-term targets for the eradication of Prickly Acacia which threatens the ecological values of the Barkly Lakes. When in full flood, these wetlands can support hundreds of thousands of waterbirds, so using this technique is reducing our impacts in this valuable and sensitive ecosystem.

Biological controls are forming a more significant component of our integrated weed management program as new and safe agents become more readily available. Parkinsonia, which was introduced in the late 19th century, is a weed that is common on the Barkly and we are working towards long-term containment to protect sensitive ecosystems. For more than a decade, AACo has been supporting researchers in developing an emerging biological control that could be a gamechanger in Parkinsonia management.

The biological agent, known as Parkinsonia Dieback, comes from a group of pathogens or fungi that

occur naturally in the soil on the Barkly. The pathogens only attack certain introduced plants including Parkinsonia while leaving native vegetation untouched. It means in remote and difficult to access landscapes, we can introduce the pathogen once and then leave it to do its work. This “set and forget” technique enables us to control Parkinsonia across much larger areas of previously unmanageable infestations.

AACo is one of the first land managers in northern Australia to operationally apply this biological control at scale. This year we have started by inoculating infestations in the Barkly Lakes catchments, accelerating the activation of Parkinsonia Dieback and reducing the need for herbicides in these sensitive and challenging aquatic ecosystems.

Expanding our biological control program further, this year AACo has been the first pastoral company to purchase weevils for Salvinia control, grown at a new purpose built facility by Rangers with the Gundjeihmi Aboriginal Corporation. An aquarium escapee, Salvinia is a fast-growing

aquatic weed that invades wetlands where it has significant impact on aquatic life.

We have released the weevils on La Belle Downs as a part of a Salvinia management program where an infestation could damage wetlands on this high value floodplain. The weevils will be a crucial part of this program, facilitating control in a landscape where crocodiles are common, allowing our team to effectively control the weed from a safe distance.

	On Ground control only	Aerial control with on ground support
Paddock size	4,934 ha	4,635 ha
Infestation density	0.4 plants/ha	0.32 plants/ha
Total cost of control	\$22,155	\$5,787
Cost per plant treated	\$11.23/plant	\$3.90/plant
Ground labour	42 person days	2 person days
Aerial labour	-	1 helicopter day (9.3 hours)
Herbicide	9.8l liquid 370kg granular	2.5l liquid 80kg granular



Animal Health and WELFARE

Healthy, happy and well cared for cattle, are integral to our sustainability, but it goes further than this to us. Providing care to our animals is part of who we are and our expertise in animal handling is something our people are immensely proud of. Our focus is on ensuring the consistent application of the latest techniques and innovations in animal health management across all our operations. We are constantly looking for opportunities to improve the comfort and wellbeing of the animals in our care.

We have drawn upon the Five Freedoms of animal welfare in determining how we care for our animals – the freedom from: pain, injury and disease; fear and distress; discomfort; hunger and thirst; and the freedom to express normal behaviour. This year we have looked beyond this framework to an understanding of the importance of mental health in our animal's wellbeing and have adopted the Five Domains approach to animal welfare. This move recognises that minimising or removing negative physical or mental states does not necessarily guarantee good animal welfare.

Our animals need more than the simple absence of negative conditions to thrive. The Five Domains approach which focuses on good nutrition, a healthy environment, sound physical health and positive behaviour, all leading to a positive mental state, moves beyond simply preventing bad animal welfare to actively promoting positive animal welfare. This fundamental shift to proactive care is the foundation of everything we are doing in driving excellence in ensuring animal wellbeing.

This year we have established our Animal Health and Welfare (AHW) Committee which brings together leaders in animal care from across our business to drive continuous and proactive improvement in the health and welfare of the animals in our care. As their priority, the committee has developed our AHW Strategy. This strategy will ensure our animals receive the best care through driving continuous improvement and embedding a strong culture within our workforce, while ensuring the adoption of evidence-based innovation that improves welfare.

All of our feedlots have
**achieved
100%**

compliance with National
Feedlot Accreditations
Scheme animal welfare
requirements

Live export fatalities

0.01%

mortality in transit of the herd
sold to third parties for export.





Benchmarking Our Performance

We are committed to continuously improving our performance in Animal Health and Welfare. To do this we need to know where we stand compared to a benchmark of best practice – what we are doing well, but most importantly, where we can do better. In 2019 we joined the Northern Australian Extensive Beef Grazing Animal Welfare Benchmark process with a group of our peers. The process is designed to assess a business’ animal welfare performance, provide continual improvement opportunities, and to support the beef industry to take proactive action.

The tool covers off on four key areas: Management Commitment and Policy; Governance; Innovation, Training and Education; and Operational Animal Welfare Issues. Each section asks a series of questions that form a profile of performance in that area and then assigns a score for that performance. We undertook our first benchmarking process in 2019, and checked our progress again this year.

So how did we do? Overall we improved our score by 9% as shown in Table 1 and are in the top two performers in the benchmarking group. We are in the “Proactive” category and we are well on our way to moving to industry leadership. We have made progress in the areas

of Management Commitment and Policy and Governance with the AHW Committee being a driving force behind this improvement.

In the area of Operational Animal Welfare Issues, our score dropped by eight points, though we don’t see this as a negative. With greater understanding during our second year of involvement in the benchmarking process, we chose to take a much more critical approach towards our performance. We placed more scrutiny on the finer details, wanting to really challenge ourselves and drive a culture of proactive improvement. We see this as creating a proactive opportunity for growth.

Looking to the future, we will continue to participate in the benchmarking process and extend it further into our operations, benchmarking at an individual station level. This will give us much more transparency on our performance within our operations and allow us to target areas of improvement through solutions relevant to each unique operational context and drive leadership in animal care.

AACo Score as a % of Maximum Possible Score

Category	FY19	FY20	Improvement as a % on FY19 Score
Management Commitment and Policy	60%	85%	42%
Governance	48%	75%	59%
Innovation, Training and Education	100%	100%	0%
Operational Welfare Issues	78%	72%	-8%
Overall Score	72%	79%	9%

Table 1: AACo’s performance against each benchmark category from 2019 to 2020

Protection from Pain

Protecting the animals in our care from pain is a core focus of our approach to animal health and welfare. We are continuously working to minimise the potential for pain in all our interactions with our animals by focusing on reducing the need for surgical procedures wherever possible and providing pain relief in 100% of surgical procedures.

As is the case with all domestic animals, there are times when a surgical procedure is necessary for the animal's health and welfare, the safety and management of the herd or to keep our staff safe. For these procedures, using pain medication such as Tri-Solfen provides effective protection that is simple to apply, provides pain relief and reduces potential bleeding.

Prevention is always better than cure, so we are working towards solutions that eliminate the need for as many painful procedures as possible. An

example of this is the breeding program to introduce the "poll gene" into our herd. Cattle that carry the poll gene are naturally born without horns, which means the painful intervention of dehorning, which is carried out to protect other animals and our people from injury, is not required.

Our breeding and genetics team started working to build this trait into our herd over five years ago through a precision selective breeding program. We have hit the target of approximately 25% of our entire herd carrying the poll gene and we are now working towards a target that all our Mitchell bulls to be born in FY22 will be carrying the poll gene. By 2024 we will see our first generation of polled Wagyu bulls. Our target is for all AACo calves being polled by 2030 and this year our team have made great progress on track to meet this target.



Approximately
25%
of total herd polled

Approximately
50-60%
of Mitchell herd polled

On track for delivery of
2022
target of all Mitchell cattle
born in our Bull Breeding
Unit polled

Maintained a policy of
pain relief used in
100%
of surgical procedures

100%
of animals processed
by facilities accredited
under the Animal Welfare
Certification System

PEOPLE

and communities

Our people, with their pastoral expertise, innovative spirit and passion for our craft, and the communities they are connected to are our most important asset. We are committed to being a great place to work, with their safety and wellbeing our top priority. We aim to build an inclusive and compassionate workplace where everyone feels they belong and are valued and respected for who they are. Caring for our teams helps them to do a great job supporting each other, our customers, suppliers, community, animals and the land.

At AACo we employ 430 people (at the end of FY21) and are one of Australia's largest integrated cattle and beef producers. Our vast properties combined with our corporate offices provide a rich and unique environment in which to learn and grow with rewarding career opportunities for our people.

This year, the COVID-19 global pandemic took our people and communities into an era of unprecedented uncertainty, changing our social landscapes dramatically. We recognised the gravity of the situation early and acted decisively, standing up a response team and putting in place COVID-19 management plans that protected our people and enabled us to continue to provide the important service of food production.

The impact of COVID-19 on our people meant reduced working hours and working from home for a period of time and required us all to find new ways of working together and connecting. The inability to travel across local, state and international borders meant that at times we

were unable to have the physical presence we are accustomed to, particularly with our customers who are all over the world. However, throughout this period, we saw our people rise through the adversity and look out for each other more than ever, supporting our customers and the foodservice industry as they navigated a turbulent time. We are proud of our entire team of employees, each of whom has been committed to safeguarding our people, animals and properties, and ensuring the continuity of our business through these difficult times.

Despite these challenges, and as a result of our newfound ways of connecting, listening and taking action, we saw our team engagement grow. Throughout the year we measured our employee engagement and remeasured via a pulse survey, recorded a positive uplift of 8% and a strong organic participation in the survey of 84%. Listening carefully to what is important to our people and responding to their needs is something we strive to continuously improve.

At AACo we recognise the value that individuality and difference brings,

and we are working towards a culture that embraces diversity, welcomes people from all backgrounds and creates an environment that supports the "whole of person" in the workplace where our people feel like they belong. Women have played a significant role in the history of AACo and continue to do so and we are proud of the women we employ and their contributions to our business. Women represent 39% of our workforce and in FY21 we launched the Women of AACo Program as a way to connect, celebrate, share stories and discuss topics important to our women. While this number of women is comparable with the broader Australian beef industry, there is more work we can do.

While that number is comparable with the broader Australian beef industry, there is more work we can do. Looking to the future, we are developing a roadmap to building a culture of inclusivity and belonging at AACo. We will continue to build upon our Women of AACo Program to launch enhanced and new initiatives that promote broader diversity across the business, not just related to gender.

Westholme Plates for Good

The foodservice industry was one of the most significantly impacted as COVID-19 swept the world, with many restaurant staff in our communities out of work. These talented and passionate hospitality professionals are so important to us and we see them as an extended part of our valued team. So through our Westholme brand, AACo with our restaurant partners, launched the 'Westholme Plates For Good' campaign in Australia to support restaurant staff during these tough times, stepping up to help our hospitality when they needed it most. The campaign committed to donating the purchase price of our wagyu to their out-of-work staff fund. Together, we worked to savour and safeguard a brighter, richer culinary future.

We believe in the power of diversity in effective decision making. All AACo positions are open to applicants based on merit, not gender or background:

Female representation in the workforce:

38%

on Farms/Stations

Female representation in leadership roles:

25%

of People Leaders

32%

in Feedlots

38%

of Leadership Team

50%

in Corporate

11%

of Board Members

Female appointments:

43%

of new appointments

40%

of promotions

Safety

The wellbeing, health and safety of our people is number one – safety always comes first at AACo. Our unique working environments, by their nature, have their risks. That is why our foremost objective is to foster a positive culture supported by the right tools to deliver a safe and healthy working environment, both physically and mentally, for our people. We are continually looking for opportunities to improve the working environment for our team members and are focused beyond their physical comfort and safety to supporting their mental health and work-life balance.

This year we introduced a Wellbeing, Health & Safety (WHS) Strategy which will drive further improvement in our safety culture and in turn, our safety and wellbeing performance. This strategy is intended to shift AACo to a more action oriented, proactive safety culture and further improve our WHS performance. Our strategy and the tools within it extend beyond our employees to the contractors and suppliers who support our operations and also come under our duty of care.

We are already seeing positive results with an increase in near miss reporting of 40% which helps us take preventative action and a reduction in our serious injuries for FY21 by 25%. We have released three key programs under our strategy that are having a strong influence in these results – our new “1AA.” safety culture, “Switch On” and our leadership development programs with particular focus on our frontline leaders.

Through our 1AA. program, we are embedding in our teams a safety 1st culture:

- Working safely is the 1st thing we think about
- Wellbeing, Health and the Safety of our People, Animals and Environment is our number 1 priority
- We are geographically diverse, but we are 1 team, with common goals and values
- We continually strive to be number 1

Under our 1AA. program we have also stated our cultural expectations, and these are the heart of our brand. It's an addition to our old adage 'the AACo way' with the broadening of safety to include our animals and the environment, meaning we are all safe and healthy, day-in, day-out, both physically and mentally. Our 1AA. program is reinforced through our leadership development program, with forums completed this year for our frontline and emerging leaders. This also aims to improve both their transactional and 'soft' skills to develop them into great leaders and drive a positive culture within the teams they lead.



SWITCH ON



Through our Switch On program, we are embedding habits and improving situational awareness for safer choices when working remotely or supervision is limited. The program works with our frontline operations teams and focusses on the five key behaviours: assess the area, position yourself, look before you move, know your body and look out for your mates. Our goal is for our people to turn these behaviors into habits to keep them safe, not only at work, but on the road and at home, whether that's in a city or on a station.

LTIFR* improvement by

25%

Near miss reporting increase by

40%

Number of fatalities

Zero

*LTIFR refers to the number of lost-time injuries within the year, relative to the total number of hours worked in that year



Learning and Development

One way we express our commitment to our people is by developing our leaders from within our team and supporting the growth of our emerging leaders as they progress through their career at AACo. This year we launched our Frontline Leaders Program which forms part of our pathway for developing leadership capability and is a talent pipeline within our operations. We have delivered several on station programs including job-specific training and development, and industry partnered learning across a broad range of areas. Creating pathways for all our people to grow and find fulfillment in their work is something we are passionate about and in FY21 we made 31 appointments from within the business.

In February, we held a combined Orientation Week (O'Week) in Katherine NT to welcome our 53 first-year new starters, with the program returning after previously being impacted by floods and COVID-19. This weeklong event provided a great opportunity to immerse our new team in the rich history of AACo and our Values. Ensuring we live and breathe our Values in the way we lead at AACo is critical. The way we treat each other and the way we go about achieving our results is equally, if not more important than the achievement itself and this is something we are embedding at all levels throughout the business.

We support the development of our team from the day they start with us. Many of our young team members come to us for their first experience in an agricultural workplace, often with limited skills. Our Skills Framework provides a learning and development pathway

that defines the capacities our team members require to effectively and safely perform in their roles and excel at AACo. The Framework maps out a supported and safe pathway for their skill development. Each year we bring our teams together across each region to showcase their skill development in a weeklong event we call the Employee Challenge. It is a highlight of our year at AACo and an opportunity to celebrate the development of team and in particular our young people who are our future leaders.

Building on the Skills Framework, AACo offers its employees the opportunity to turn the experience and skills they develop on the job with us, into formal qualifications through traineeships and apprenticeships. In a training program supported by partner education institutions, our employees can work towards a Certificate 2, 3 and 4 Rural Operations, Certificate 2, 3 and 4 in Agriculture or a Certificate 3 in Feedlot Operations. This program provides a foundation for our team members to build strong career prospects in our industry and is helping AACo retain more of its valued people for the long term.

As a leading employer of graduates in our sector, AACo's two-year graduate program provides participants with a mix of technical, operational and leadership skills. Throughout the program, graduates are assigned rotations and roles with real challenges and responsibilities across our supply chain. At the end of FY21, there were five graduates in the program across our operations and head office, and currently 100% of our graduates are female.

AACo is committed to building a skilled and well-rounded workforce across our diverse operations:

75

Active Traineeships

34

Completed Traineeships in FY21

Our Communities

A significant number of AACo's team live and work in rural and regional Australia, many on our remote properties. We believe in supporting the communities which are our foundation and we are committed to partnerships to enhance their resilience and capabilities. This involves working with and contributing to our local community groups and businesses, providing opportunities to develop youth, providing traineeships and local employment opportunities, and supporting service organisations that ensure the safety and protection of all people in our community

This year we have again partnered with The Real Jobs Program (RJP) to provide First Nations People from our local communities with employment opportunities in our business, while supporting participants to learn, grow and develop skills within our operations. Through this program we are developing young First Nations People as future leaders.

Our commitment to this has been reflected through AACo First Nations team members winning the NTCA Alward Foster Memorial Emerging Indigenous Leader Award two years running.

Many of our stations are connected to local First Nations communities and we value our long-standing relationships in these communities. As an expression of this respect, we opened our O'Week program in Katherine this year with a Welcome to Country and a smoking ceremony conducted by the Elders of the Banatjarl Strongbala Wimun Grup. The ceremony was a moving experience for our team. We were all grateful to the Elders for bringing us together as one group, to recognise the traditional owners and ancestors of the various lands we work on and instructing us in how we look after our animals and country.



CEOs Tour

In March this year, our AACo CEO and MD, Hugh Killen hosted a group of CEO's on a tour through the Northern Territory and Queensland. The trip raised funds for the Royal Flying Doctors Service who are a lifeline to our people in remote areas in times of medical need and are a vital thread in our communities. The tour

was also an opportunity to spend some time with the First Nations community from Corella Creek at Brunette Downs who are the traditional owners of that land. Our relationship with the Corella Creek community is one we cherish and have built over time through regular conversation and sharing of social infrastructure

such as the Brunette Downs Social Club. The trip was also a chance to relax and have some fun with the Corella Creek kids on the Brunette Downs Social Club lawn, with the CEOs gifting sporting gear resulting in some very big smiles, both from the kids and the CEOs.

& so our journey

CONTINUES...

We are looking forward to continuing to build our Sustainability story with our people, our partners and our industry... and to bringing our progress to you in our next report.

The Art *of* Australian Beef

WKC.001



@austagco | www.aaco.com.au

