



The business of sustainability

Sustainability and its associated goals have evolved with impressive speed in the past decade. Carbon is being counted, emissions monitored and footprints measured, effectively changing the business environment in which the wine industry operates. To that end, a number of initiatives are underway to help producers demonstrate their management of climate related risk, through the production of effective sustainability metrics, writes **Simone Madden-Grey**.

The business of finance

The focus on reporting meaningful data about sustainable farming practices is sharpening when it comes to business and banking. Supporting clients during the transition to sustainable business practice is important, says Natasha Greenwood, general manager agribusiness at Commbank. “We understand that our clients are at different stages of their journey in improving productivity and determining what their sustainability goals might be.”

Land stewardship, economic incentive and competitive edge are key motivators for moving to sustainable practices, said Greenwood. “Everyone wants a sustainable business and to care for the natural capital under their stewardship.

Now what we are seeing is that some customers are able to achieve a premium price for a product that has sustainability credentials. We are also seeing businesses able to gain a competitive advantage, attract new customers, distribute to new markets, or being able to stand out in a competitive and congested environment.”

The conversations around sustainable viticulture, she explained, have moved beyond intent to action, particularly in the past 12 months.

“The momentum is being driven from all aspects of the value chain. It’s being led by the market, supply chain, industry, producer and, of course, the consumer. This momentum is creating far greater awareness that we are in the transition economy.”

The growing importance of sustainability and managing risk associated with climate change can also be seen in the number of green products available to producers. Greenwood cites a recent example with a grower.

“We provided our Agri Green loan for the purchase of a water efficient irrigation system that had a precision fertiliser capability attached. The system was supported by solar and battery power. It was a significant expense for that grower but we were able to provide discounted financial support for the grower in realising the initiative.”

Access to market

Under the umbrella of sustainability, the three pillars of environment, social and governance, (ESG) have impacted the





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way in which risk is calculated not only for banks but across the market, said Rachel Triggs, head of ESG and market access at Wine Australia.

“The difference is that the types of matters that form a company’s risk profile in the governance space have changed rapidly in recent times. Treaty level obligations are now finding their way into legislative frameworks, and that then impacts the climate, environmental and nature related risks that a company profile has.”

In this way, the responsibility to demonstrate risk mitigation is felt throughout the supply chain.

“If you are a bank looking to provide capital to a retailer,” said Triggs, “then you are looking at the risk profile of that retailer, which might be a monopoly, such as Sweden’s Systembolaget. In turn that monopoly will look to their supplier to ensure they are able to demonstrate they have mitigated their exposure to ESG-related risks.”

Standardising credentials – Australian Agricultural Sustainability Framework

Climate change risk mitigation strategies typically involve substantive reporting of metrics, and much of this is passed on from trading and lending partners to the wine producer. Although multiple platforms exist for measuring sustainability metrics, the challenge is to present that data in a coherent way.

Funded by the Australian Government and managed by the National Farmers Federation, the Australian Agricultural Sustainability Framework (AASF) is one initiative seeking to address this challenge. Australian Farm Institute executive director, Richard Heath, described the current situation as a “confusopoly” of platforms. “The challenge is not a lack of platforms or initiatives about reporting but the problem is there are too many and it is confusing.”

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Richard Heath

The overarching principle of the AASF is to provide a national framework that industry platforms can choose to benchmark against in order to promote a

unified picture of sustainable agriculture in Australia.

“The AASF is an attempt to align the various frameworks, not replace them. We have been working with the wine industry to come up with a set of 43 criteria to create a wine specific framework.” He continued.

“This is not intended to be a marking exercise, it is an aid for those frameworks wishing to be as consistent as possible to a national approach to sustainability, and to what we believe is the articulation of the broadest scope of sustainability metrics.”

The development of a national approach to sustainability is important, said Heath, but he also acknowledged that each industry must be free to develop particular trade positions or markets.

“That is what the AASF is intended to do, to undertake that first lot of door-opening that establishes Australian agriculture as an entire industry is able to demonstrate its sustainability performance and is meeting goals and expectations.”

Work is now moving from research to deliverables, said Heath.

“The next stage will turn what has so far been a research project developing the framework, into operationalising the framework.”

It is anticipated the AASF will be in an operational state of maturity within the next two years.



Industry credentials – Sustainable Winegrowing Australia

There are a number of challenges to be navigated when it comes to reporting sustainability and managing the role sustainability plays in market access,

said Dr Mardi Longbottom, manager of sustainability and viticulture at the AWRI.

“Global customers demand sustainability. There is an alarming number of benchmarking, baselining, tracking and measurement systems out

there that we have to navigate. We need a programme that meets all these expectations, because we hear from exporters that the hurdles to access these markets are continuing to get higher and more difficult to access,” she said. ▶



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Since its launch in 2019, Sustainable Winegrowing Australia has grown to more than 1,200 members, of which over 50% are certified. The certification metrics were originally aligned with international standards for carbon counting and the Australian Wine Carbon Calculator was embedded in the framework, capturing Scope 1 and Scope 2 GHG (greenhouse gas) emissions. As the programme has matured, additional production and economic metrics have been added.

“Underpinning this is a strong legislative framework”, said Dr Longbottom, “but we expect in the future producers may need to demonstrate their compliance with the law and the programme would adapt to support this.”

The work done behind the scenes helps ease the reporting burden for Sustainable Winegrowing Australia members, whilst providing them with greater autonomy in selecting data relevant to their business.

“Our members feed the data into us and we do all the calculations.”

Data is submitted annually via an online form, most of which is automated. This is then presented back as reports.

“Our members see summaries of their GHG emissions”, said Dr Longbottom.

“Summaries of all of the metrics they

have reported and most importantly benchmarking reports, which are structured as a ranking.”

The reports can be filtered and customised according to specific business needs.

Cross sector collaboration is particularly important to the relevance and longevity of industry specific sustainability frameworks, said Dr Longbottom.

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Dr. Mardi Longbottom

“We are not alone in the agriculture industry facing these demands from consumers and customers, and we are working with those other sectors on a number of projects.”

In addition to benchmarking the

Sustainable Winegrowing Australia credentials against the AASF during the research phase of that project, the AWRI also participated in the development of a common greenhouse gas accounting approach across agricultural sectors.

A common approach for commodity-sector-level GHG accounting for Australian agriculture

In May 2023 a cross sector common framework for GHG accounting was launched. The *Common Approach to GHG Accounting for Australian Agriculture* framework was created after extensive collaboration with representatives across agriculture, fisheries and forestry. The initiative was managed by Agricultural Innovation Australia and produced by a research team led by CSIRO with input from Australia’s rural research and development corporations, including Wine Australia.

The framework addresses the need for a standard protocol for GHG emissions accounting and shared understanding of terminology across. Speaking at the launch of the *Common Approach*, AIA CEO Sam Brown said, “This provides agriculture with a strong foundation to enhance consistency, transparency and confidence in its GHG reporting and communications”.

The framework delivers the following documents: *Project Overview and Non-Technical Summary*, *Common Terminology* and *Methods & Data Guidance*. This suite of resources provides a very practical response to the creation of a transparent inventory of emissions, making Wine Australia's participation a critical contribution towards consistency in measuring this particular aspect of sustainability.

The Australian wine industry has, and continues to play an active role in shaping the national approach to sustainable agriculture. The development of standardised terminology and agreed protocols for data capture, quality and reporting, supports market access for the industry, whilst providing practical support for producers in demonstrating risk mitigation, to the effect of improved business operations.

Simone Madden-Grey is a writer based in Melbourne, Australia writing about the people, places and stories she has discovered on her travels. Her portfolio

can be found at happywinewoman.com including articles on climate and sustainability in the wine industry and travel covering the wine, regions and gourmet destinations of Australia and her home country, New Zealand.

Further Information

Agricultural Innovation Australia – *Common Approach to GHG Accounting for Australian Agriculture* framework including:

- Project Overview and Non-Technical Summary document
- Common Terminology document
- Methods & Data Guidance document

www.aginnovationaustralia.com.au/news/GHG-common-framework

Australian Farm Institute – *Australian Farm Institute: Development of the Australian Agricultural Sustainability Framework 2021-22*.

K. McRobert, D. Gregg, T. Fox, R. Heath, Australian Farm Institute. June 2022.

www.farminstitute.org.au/the-australian-agricultural-sustainability-framework

AWITC presentation – *Measuring natural capital in viticultural landscape*. Richard Heath, Executive Director, Australian Farm Institute. June 27 2022.

www.conferenceshare.com.au/app/awitc2/viewer/watch/presentation/62ce1947007dee405bc46102

AWITC presentation – *State of the Nation*. Dr Mardi Longbottom, Manager of Sustainability and Viticulture, AWRI. June 27 2022.

www.conferenceshare.com.au/app/awitc2/viewer/watch/presentation/62ce1898007dee405bc460fd

Sustainable Winegrowing Australia – *Annual Operating Plan 1 July 2022-30 June 2023*. Sustainable Winegrowing Australia.

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