



Australian Beef
Sustainability
Framework



Materiality Assessment Report 2021



About this report

This report details the approach and results of a materiality assessment to determine the Australian beef industry's most significant sustainability topics.

This report was prepared by Currie and STR Consulting. It was prepared for Meat & Livestock Australia on behalf of the Australian Beef Sustainability Framework's Sustainability Steering Group.

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Executive summary

The Australian Beef Sustainability Framework (the ABSF) was launched in 2017 to meet the changing expectations of customers, investors, and other stakeholders. It defines sustainable beef production in Australia and tracks its performance over a series of indicators annually.

The ABSF was based on an initial materiality assessment in 2016 that identified and prioritised the sustainability topics that matter most. The Sustainability Steering Group (SSG) embarked on a project to review and update the current list of topics and scopes through a 2020 materiality review.

The 2020 materiality review identifies and prioritises the industry's material topics – topics that reflect the industry's significant economic, environmental, and social impacts or that substantively influence the assessments and decisions of stakeholders. Impacts can be positive or negative.

The key objectives of the materiality assessment were to:

- Undertake a review and confirm the range of topics that are material to the Australian beef industry and reflected in the ABSF
- Maintain a consistent application of evolving sustainability-related standards in the ongoing development of the ABSF
- Engage with a range of stakeholders and seek their feedback on both the material topics and the ABSF's progress.

The review included:

- A desktop review of material topics for the Australian beef industry
- Refining topics through a first round of consultation involving interviews with industry and external stakeholders and experts, and a meeting of a Consultative Committee forum
- A second round of consultation involving an online survey, online producer forums and further stakeholder interviews
- A prioritisation of material topics based on input from the online survey and expert input
- A final validation by the SSG of the prioritised list of material topics and scopes.



Throughout the review process, the SSG adjusted the material topics and their scopes in response to stakeholder input. As part of the consultation, 55 stakeholders were interviewed, 57 stakeholders were directly engaged through a forum and more than 200 stakeholders provided responses through the online survey. Responsiveness from stakeholders indicated a high level of interest.

Following the two rounds of consultation, each material topic has been prioritised, based on the industry's economic, environmental, and social impact, and the topic's influence on stakeholders' decisions in relation to the industry. They have been ranked as *highly material*, *material*, or *important*. The *highly material* topics are:

- Animal husbandry
- Processing practices
- Livestock transport
- Livestock health and welfare
- Greenhouse gas emissions and carbon capture
- Biodiversity
- Soil health
- Forests, woodlands, and grasslands
- Climate change resilience
- Biosecurity
- Water

The review also recommends:

- Reviewing the current themes, priorities, indicators, and progress of the ABSF in light of the results of this materiality assessment, to identify gaps, strengths, and weaknesses
- Researching emerging topics such as land tenure, Indigenous peoples' access, human rights, and labour practices
- Investigating contested and interrelated topics such as biodiversity, ground cover, land use, and land conversion
- Reviewing the detailed results of the online survey for further insights
- Refreshing the ABSF's engagement plan in line with the AA1000 Stakeholder Engagement Standards
- Expanding stakeholder engagement activities to directly include underrepresented groups such as Indigenous Australians and organisations involved in livestock transport
- Reviewing material topics internally on an annual basis and continue the full external refresh cycle every five years.



Introduction

Background

The Australian Beef Sustainability Framework (the ABSF) is an initiative of the Red Meat Advisory Council (RMAC) launched in 2017 to meet the changing expectations of customers, investors, and other stakeholders. It defines sustainable beef production in Australia and tracks its performance over a series of indicators annually.

The ABSF was guided by an initial materiality assessment in 2016 that identified and prioritised material (or important) sustainability topics. These material topics reflect the Australian beef industry's significant economic, environmental, and social impacts (both positive and negative) as well as issues that influence the assessments and decisions of stakeholders. These topics became the basis of the sustainability priorities and informed the indicators within the ABSF.

Since 2016, much has changed in the Australian and global sustainability landscape, and the beef industry's operating context. To ensure that the ABSF stays up to date and relevant, a new materiality review was commissioned in 2020 by the SSG, an independent group appointed by RMAC to direct the ABSF.



What is a materiality review?

A materiality review is the process of identifying and prioritising a company or industry's significant environmental, economic, or social impacts. These impacts can be positive or negative. The identified list of significant or *material* issues is based on scientific literature, industry and social norms, the policy and regulatory architecture, and the views of stakeholders.

The identified material issues guide company or industry action to monitor, address and report on its sustainability impacts. Materiality is a core principle of sustainability reporting standards such as the GRI Standards (2016).

The 2020 Materiality Review

The 2020 materiality review consisted of desktop research alongside a series of stakeholder engagement activities with stakeholders across the beef value chain, both within and outside of the industry.

The 2020 materiality review resulted in a list of prioritised material topics that will confirm areas for the ABSF's ongoing focus. This report details the research and stakeholder engagement activities conducted, and the results of these activities and the broader review of the ABSF itself.

The key objectives of the 2020 materiality review were to:

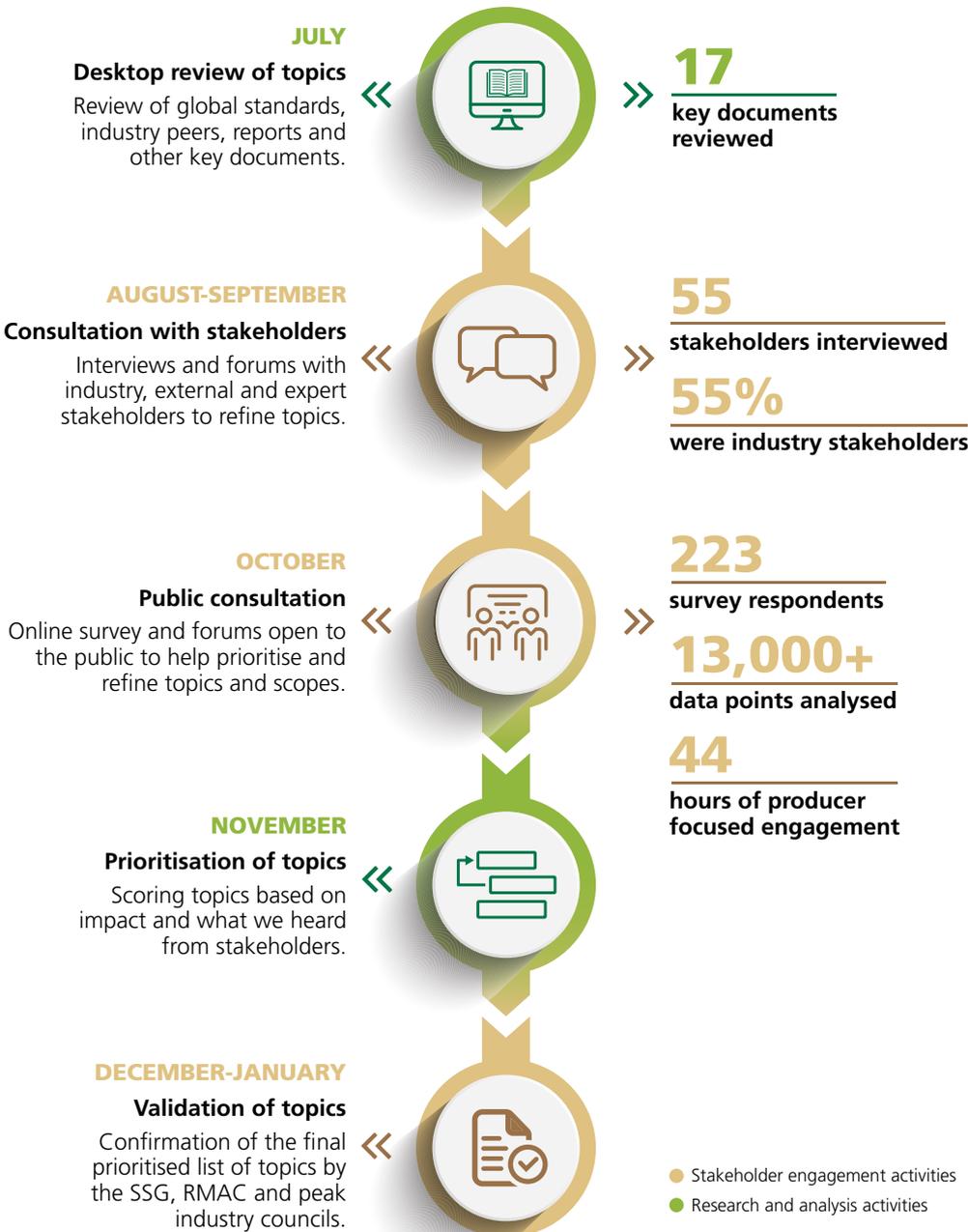
- Undertake a review and confirm the range of topics that are material to the Australian beef industry and reflected in the ABSF
- Maintain a consistent application of evolving sustainability-related standards in the ongoing development of the ABSF
- Engage with a range of stakeholders and seek their feedback on both the material topics and the ABSF's progress.

2020 Materiality Review

What is a materiality review?

A materiality review is the process of identifying and prioritising the industry’s ‘material topics’ – the industry’s most significant environmental, economic or social impacts; positive and negative.

What we did

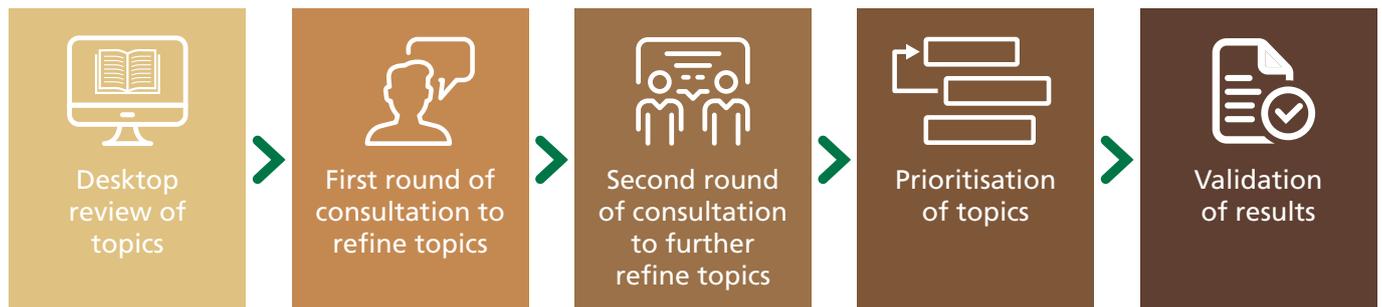


THE MOST MATERIAL TOPICS

- Animal husbandry
- Processing practices
- Livestock transport
- Livestock health and welfare
- GHG emissions and carbon capture
- Biodiversity
- Soil health
- Forests, woodlands and grasslands
- Climate change resilience
- Biosecurity
- Water

Approach

The following steps were performed as part of the 2020 Materiality Review.



Conducting a desktop review

The first stage in the materiality assessment process was to identify a list of sustainability topics relevant to the Australian beef industry. To identify this broader list of topics, a desktop analysis of documents was undertaken, including:

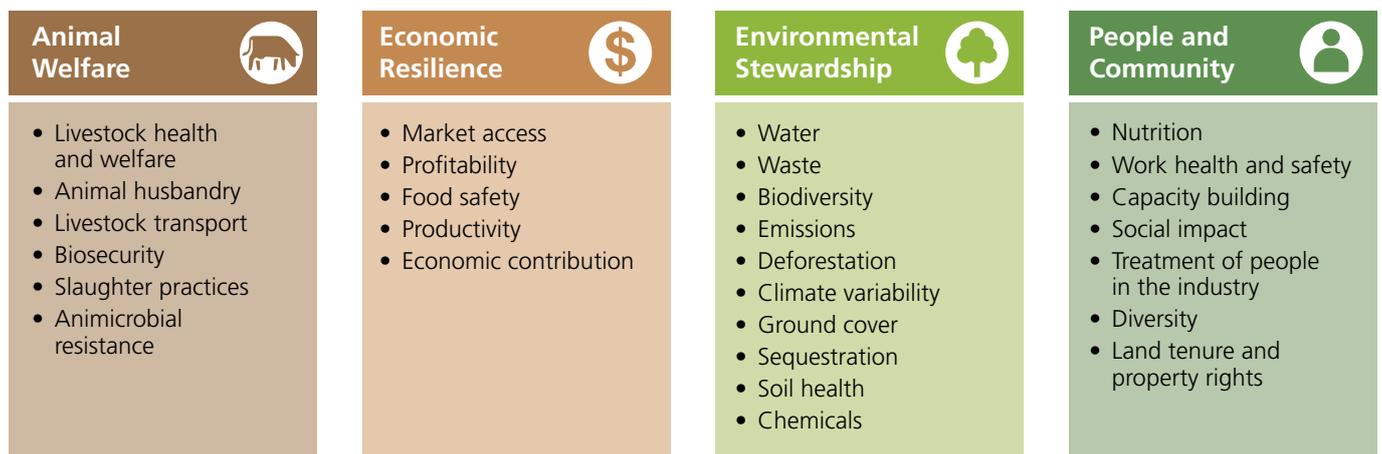
1. Documents associated with the ABSF, the results of previous materiality determinations, and the results of stakeholder consultation associated with the ongoing development of the ABSF.
2. The operating context of the Australian beef industry which identifies impacts based on industry size, scale, locations, and business relationships.
3. The content of global sustainability frameworks, standards, and benchmarks in agriculture, particularly those developed with expert advice and/or multi-stakeholder inputs reflecting an accepted consensus or norms.
4. The content of peer frameworks including the Global Roundtable for Sustainable Beef and the National Farmers Federation Roadmap 2030.

Key sources for the desktop review can be found in Appendix 2.

Figure 1 presents a summary of the initial list of topics resulting from the desktop review. The list was presented to the SSG and feedback was provided on:

- The list of topics and their scopes.
- Questions to test through direct interviews with industry experts and internal industry stakeholders.

Figure 1. Summary of initial topics from desktop review.



Seeking input from our stakeholders

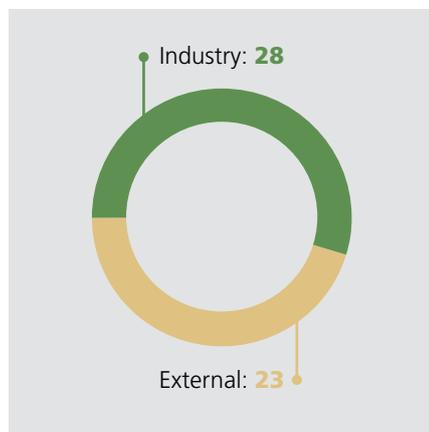
To further refine the initial list of material topics and scopes, the first formal consultation period was conducted consisting of:

- A set of interviews with stakeholders
- A forum with the Consultative Committee
- Extended input from expert stakeholders.

Interviewing a wide range of stakeholders

Fifty-one stakeholders were interviewed during the first formal consultation period, listed in Appendix 3. All stakeholders were provided with a discussion paper that contained a preliminary list of material topics and scopes for input, derived from the desktop review. Interviewees represented a wide mix of industry groups, companies across the supply chain, retailers, investors, special interest groups, and government. Fifty-five percent of interviewees were industry stakeholders (Figure 2).

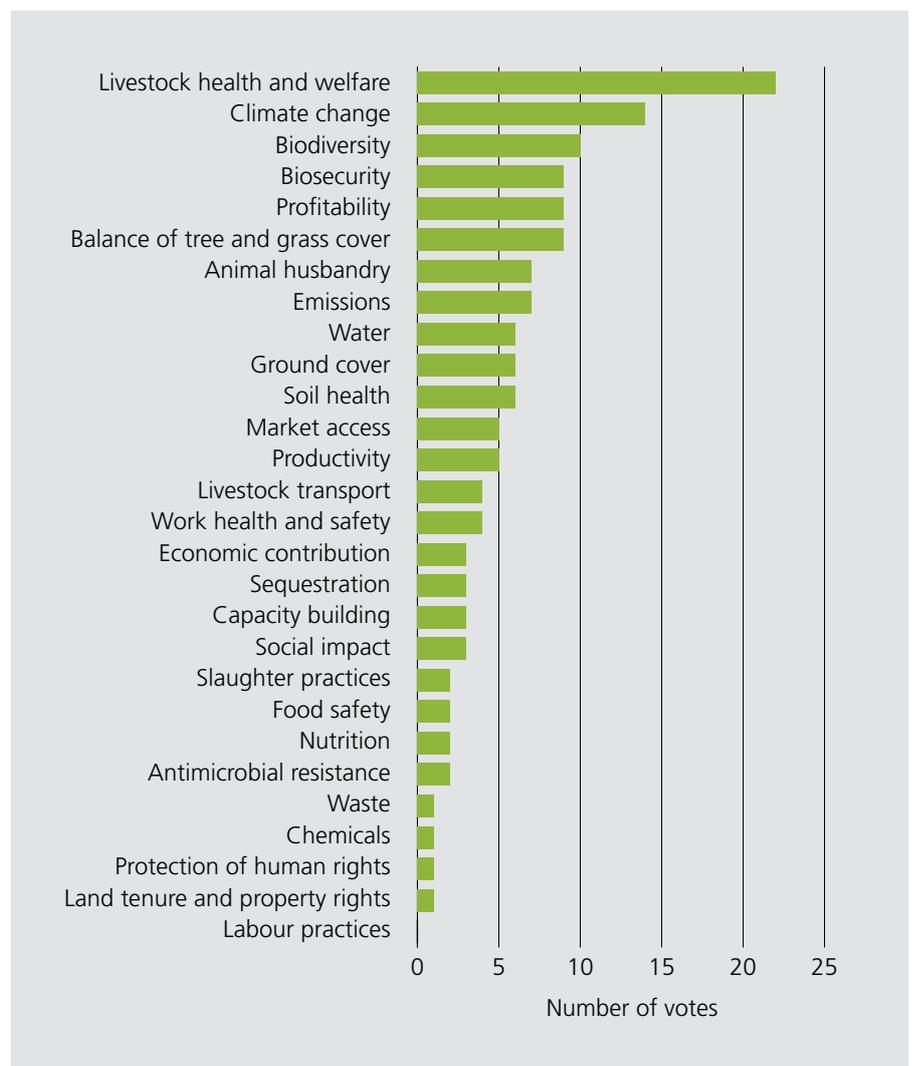
Figure 2. Proportion of industry stakeholders interviewed compared to external stakeholders.



Touching base with an established reference group

The Consultative Committee is an ongoing reference group for the ABSF, established in 2017, which includes representatives from Australian and overseas retailers, banks, investors, environment and welfare NGOs, agribusiness, researchers, government, policy organisations, and industry groups. The Committee was invited to a 2.5-hour online forum to provide feedback on the preliminary list of material topics and scopes. The forum saw 35 attendees have their say on the material topics and scopes (Figure 3).

Figure 3. Most important material topics as voted by the Consultative Committee



Seeking input from our stakeholders



Seeking expert opinion

A group of experts were individually consulted to provide more detailed responses on the preliminary list of material topics, their scopes, and to inform the prioritisation of impacts. These experts were asked to consider topics in their specific fields for the impact of the Australian beef industry and rate the severity and likelihood of those impacts.

Experts were chosen on the basis of their academic qualifications, industry experience and/or long-standing involvement in the fields of the Australian beef industry and/or its impact on one or more specific topics. They included individuals with current roles in national research bodies, universities, and global agriculture initiatives.

Results from stakeholder input

Stakeholders mostly agreed with the overall list of material topics, suggesting numerous tweaks to wording and specific scopes. The SSG further considered stakeholder comments. Following consideration of stakeholder input, changes were made to the initial list of topics and scopes including:

- Climate variability was moved from the environmental stewardship theme to the economic resilience theme
- Economic contribution was combined with community impact
- Chemicals was removed as a standalone topic and reflected in the scopes of other topics
- Deforestation was changed to forests, woodlands, and grasslands to reflect a wider range of vegetation types, the nature of global and domestic discussions on land conversion, and the importance of grasslands to a healthy ecosystem
- Sequestration was included in greenhouse gas emissions to better reflect the industry's 2030 carbon neutral goal and an overall approach to the industry's carbon footprint
- Treatment of people in the industry and diversity were re-cast as labour practices and human rights, with expanded scopes to reflect a broader range of rights and practices
- Land tenure and property rights was interpreted differently across producing regions. The SSG resolved to remove this topic from subsequent phases of the assessment and recommendations have been made regarding more research including engagement with Indigenous Australians in the beef industry.

Hearing from the broader community

To help prioritise the refined list of material topics a second formal consultation period was held consisting of:

- An online survey
- Online beef producer forums
- A second round of interviews.

The input from these engagements informed a final adjustment of topics and scopes, and to prioritise the various topics.

Surveying for a wider perspective

An online survey was developed to obtain feedback from stakeholders and the wider community on:

- The impact of the industry on each material topic.
- The influence each material topic has on stakeholder decisions about the industry.
- The extent to which the industry has control over each material topic.

The survey ran for three weeks, receiving 223 responses. Each question received 107 responses on average. The beef value chain accounted for 78 per cent of responses to the survey (Figure 4).

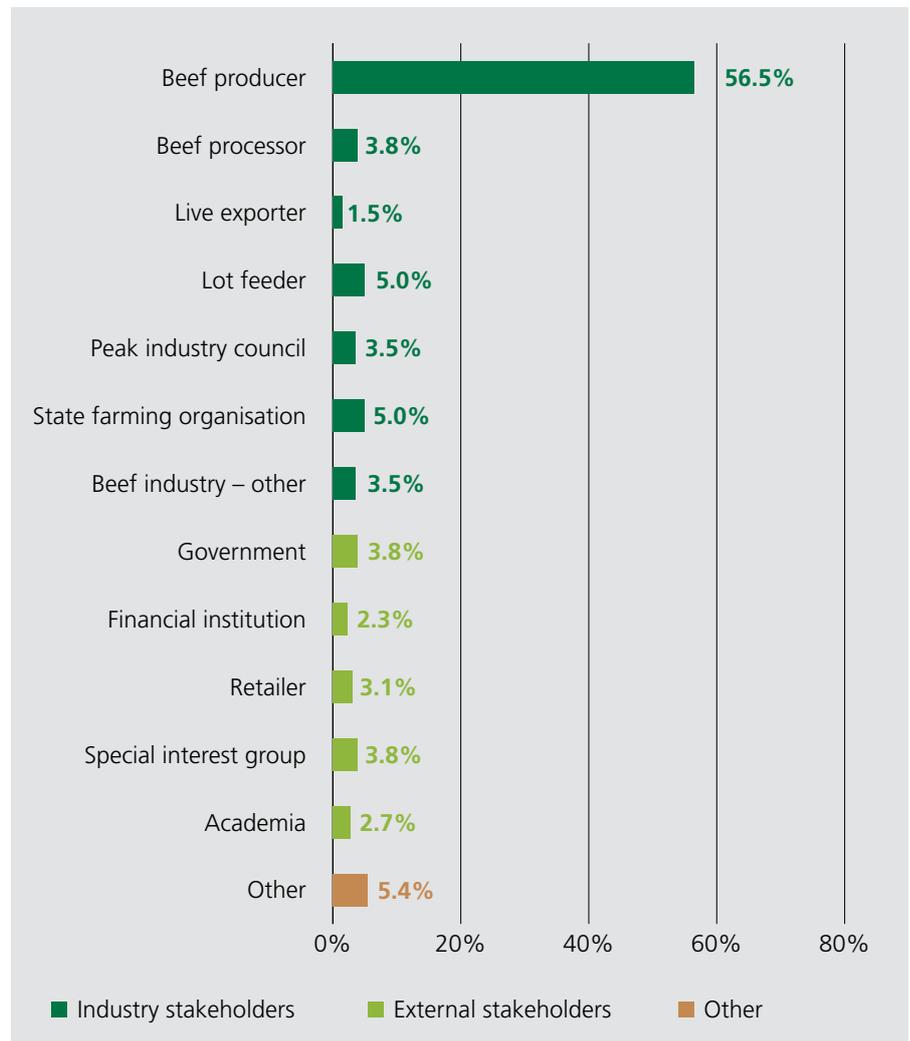
Hosting open forums to hear from producers

Three online producer forums were organised and saw 22 attendees across the three days. Attending beef producers had an opportunity to provide input on the material topics and scopes, and to participate in an open discussion with the SSG.

Catching up for a second round

A second round of interviews was held with stakeholders who were unavailable for the first round of consultation. There were four stakeholders interviewed: Coles, Rabobank, Animal Health Australia, and Farmers for Climate Action. Representatives from these organisations provided comments on the updated list of topics and scopes.

Figure 4. Proportions of different stakeholder categories who responded to the online survey



Prioritising the material topics

Represented visually in Figure 7, material topics were prioritised based on two criteria:

1. The topic’s level of economic, environmental, or social impact (positive or negative), on the horizontal axis.
2. The topic’s level of influence over the assessments and decisions of stakeholders, on the vertical axis.

The prioritisation was informed by global standards and practices including the GRI Standards 2016 as well as recent revisions associated with materiality as it relates to sustainability.

Different stakeholder sources were used to score material topics across either criteria, shown in Figure 5.

Figure 5. Stakeholder sources that informed topic scoring

Source	Significance of industry’s impacts	Level of influence on stakeholder decisions
Expert interviews	<ul style="list-style-type: none"> • What do you see as the most significant impacts (positive or negative) of the Australian beef industry on society, the economy, and the environment? • How severe are those impacts given their scale, scope, and character? • How likely is it that those impacts will occur? 	
Online survey (industry stakeholders)	<ul style="list-style-type: none"> • How much of an impact does the industry have on this topic? • How much of a role should the industry have in actively managing and/or engaging on this topic? 	
Online survey (external stakeholders)		<ul style="list-style-type: none"> • How much does the industry’s response to this topic influence your assessments and decisions about the industry?

As part of the online survey, stakeholders were split into two broad groups – industry and external stakeholders – as well as smaller stakeholder categories shown in Figure 6. This segmentation was used to split responses used for topic scoring shown in Figure 6.

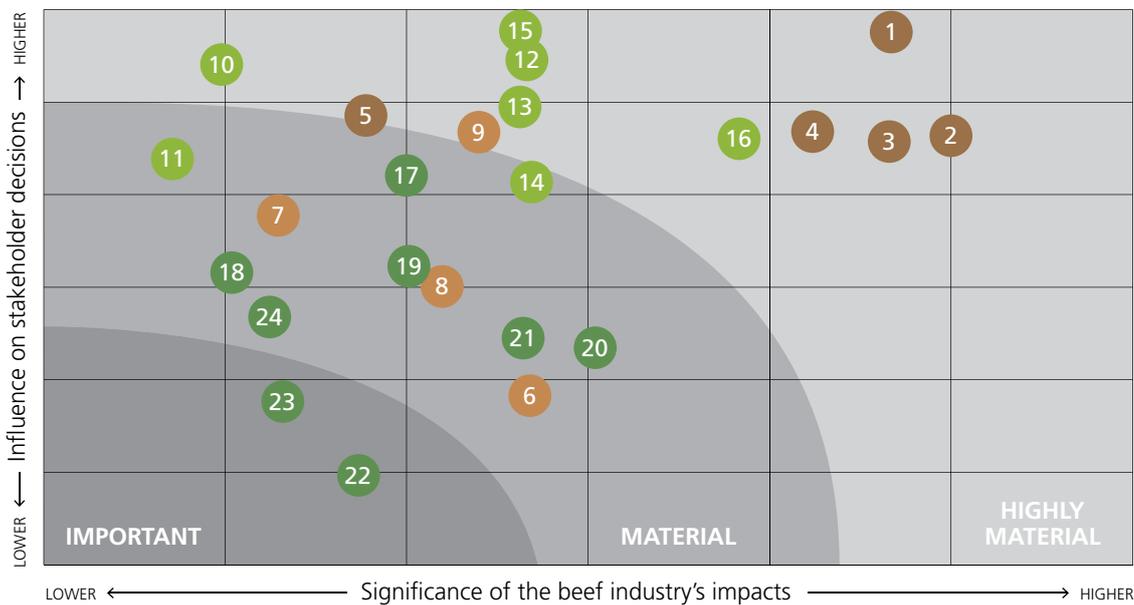
Figure 6. Stakeholder segmentation for online survey

Industry stakeholder	External stakeholder
<ul style="list-style-type: none"> • Beef producer • Beef processor • Live exporter • Lot feeder • Peak industry council • State farming organisation • Beef industry – other 	<ul style="list-style-type: none"> • Government • Financial or investment institution • Retailer • Special interest group • Academia • Other

Materiality matrix

Figure 7. Australian beef industry materiality matrix

Beef Industry Materiality Matrix 2020



Animal Welfare

- 1 Animal husbandry
- 2 Processing practices
- 3 Livestock transport
- 4 Livestock health and welfare
- 5 Biosecurity

Economic Resilience

- 6 Productivity
- 7 Profitability
- 8 Market access
- 9 Climate change resilience

Environmental Stewardship

- 10 Water
- 11 Waste
- 12 Soil health
- 13 Forests, woodlands and grasslands
- 14 Ground cover
- 15 Biodiversity
- 16 Greenhouse gas emissions and carbon capture

People and Community

- 17 Food safety and quality
- 18 Protection of human rights
- 19 Work health and safety
- 20 Community contribution
- 21 Nutrition
- 22 Capacity building
- 23 Labour practices
- 24 Antimicrobial stewardship

This materiality matrix presents the final and prioritised material topics for the Australian beef industry. Highly material topics are those which represent the industry’s most significant impacts – positive and negative – and/or are of a high influence on stakeholder assessment and decisions regarding the industry. Topics on the matrix listed as high or extreme risks to the industry in MLA’s risk register have also been highlighted in a separate, detailed report on this project to the SSG.

A full list of the material topics and scopes can be found in the Appendix 1.

Recommendations

In continuing to build on and improve the industry's response to material sustainability topics, the following recommendations have been provided to the ABSF's SSG.

Review the findings for their implications on the Australian Beef Sustainability Framework

- Review the current themes, priorities, indicators, and progress of the ABSF and compare these with the results of this materiality assessment, to identify gaps, strengths, and weaknesses.
- Identify current projects and activities in the industry addressing the most material topics and identify possible gaps and likely responses.

Research of emergent and contestable topics

- Continue to engage with global discussions on land management issues, specifically biodiversity, climate change, and land conversion, and their practical context in the operating environment of the Australian beef industry.
- Examine further the topics of human rights and labour practices in the Australian beef sector to better understand current performance in labour practices, sources of impact on human rights, and likely responses¹.
- Examine further the topics of land tenure, the rights of Indigenous people, and the role of Indigenous Australians in the beef industry more broadly.

Review the detailed results of the online survey

- The online survey provides detailed data on significant differences between topics prioritised by industry and by specific external stakeholder groups, as well as regional differences.
- A deeper dive into the results could be beneficial to tease out regional and stakeholder specific feedback.

Materiality Assessment Process

- Review materiality assessment internally annually and continue an external full review/refresh cycle every five years.



¹ This work may be extended to involve beef industry and related entities liable under the Commonwealth's *Modern Slavery Act 2018*.

Appendix 1:

Material topics and scopes

Priority: Highly material

Topic	Scope	Relevant Framework theme
Animal husbandry	Standards of practice consistent with Australian regulations and standards, and with international best practice, including appropriate action to minimise pain (including euthanasia, injury and disease).	Animal welfare 
Processing practices	The humane processing of animals at processing facilities consistent with Australia regulations and standards, and with international best practice.	
Livestock transport	Handling procedures in transport consistent with Australia regulations and standards, and with international best practice on animal health and welfare.	
Livestock health and welfare	Livestock health and welfare including application of the five domains: nutrition, environment, health, behaviour, and mental state.	
Biosecurity	Managing the risk of infectious diseases, invasive pests or weeds to safeguard the industry, environment and people.	
Greenhouse gas emissions and carbon capture	Overall greenhouse gas emissions profile associated with beef production. This includes the generation, mitigation, and sequestration of emissions (e.g. rumination, energy consumption, vegetation management, feed sourcing, sequestration, and soil carbon).	Environmental stewardship 
Biodiversity	Ensuring the conservation and enhancement of plant and animal species, genetic diversity, and natural ecosystems. This includes controlling and minimising the spread of invasive non-native species.	
Soil health	Soil health including responsible fertiliser use, soil nutrients, soil loss, ability of soil to retain water and carbon, and the quality of topsoil.	
Forests, woodlands and grasslands	Change in vegetation types associated with beef or feed production, including losses and gains of forests, woodlands and grasslands.	
Water	Water use by source and consumption, particularly in areas of water scarcity and for feed production. This also includes water efficiency and water quality.	
Climate change resilience	Responding to a changing climate (including extreme events) through adaptation initiatives.	Economic resilience 

Appendix 1: Material topics and scopes

Priority: Material

Topic	Scope	Relevant Framework theme
Ground cover	Ground cover is a key indicator of land condition and refers to pasture plants, native species, and plant and tree leaf litter, that can protect the soil surface from erosion.	Environmental stewardship 
Waste	Solid and liquid waste streams from across the value chain. This includes food waste and packaging.	
Profitability	Profitability along the beef value chain defined by the industry rate of return and its relationship to overall operator livelihood.	Economic resilience 
Market access	Market access and barriers to trade, including both tariff and non-tariff trade barriers.	
Productivity	Farm and processor output value, cost of production, nutrient density, and resource efficiency (i.e. consumption of natural resources energy, water, waste and land use).	
Food safety and quality	All aspects of food safety, quality, product integrity, and traceability consistent with standards.	People and community 
Work health and safety	Healthy and safe conditions for people in the industry (including mental health, occupational illness, and exposure to chemicals).	
Nutrition	Nutrition and food security including access to safe, sufficient and nutritious food.	
Community contribution	Contribution the industry has nationally and regionally on Australian communities, including Indigenous engagement (e.g. economic value, direct employment).	
Antimicrobial stewardship	Maintaining the efficacy of antimicrobials through judicious use, to abate adverse effects in humans and animals.	
Protection of human rights	Protection of human rights across the workforce including non-discrimination, inclusivity, gender diversity, cultural and religious diversity, and Indigenous people.	

Priority: Important

Topic	Scope	Relevant Framework theme
Labour practices	Labour practices and fair work for all workers including: freedom of association, safeguarding seasonal and casual workers, and freedom from modern slavery.	People and community 
Capacity building	Attraction of workers, training and development, and succession planning within the beef industry.	

Appendix 2:

Key sources for desktop review

Below are the key documents reviewed for the desktop review. This list does not include a number of minor documents, websites and other material also reviewed.

<i>ABARES, Australian Beef: Financial Performance of Beef Farms 2016-17 to 2018-19</i>	<i>MLA, 2019-20, Risk Register</i>
<i>ABSF, 2020, Australian Beef Sustainability Annual Update</i>	<i>MLA, 2019, State of the Industry Report: The Australian Red Meat and Livestock Industry</i>
<i>Commonwealth of Australia, 2016, Australia State of the Environment Report</i>	<i>NFF, 2018, National Farmers' Federation Roadmap 2030</i>
<i>FAIRR, 2019, Protein Producer Index</i>	<i>OECD-FAO, 2016, Guidance for Responsible Agricultural Supply Chains</i>
<i>FAO, 2018, SDG Indicator 2.4.1 Proportion of Agricultural Area Under Productive and Sustainable Agricultural: Methodological Note</i>	<i>Sustainability Accounting Standards Board, 2018, SASB Sustainability Accounting Standard for Agricultural Products</i>
<i>FAO SAFA, 2014, Sustainability Assessment of Food & Agriculture Systems Guidelines Version 3.0</i>	<i>Sustainability Accounting Standards Board, 2018, SASB Sustainability Accounting Standard for Meat, Poultry and Dairy</i>
<i>GRI, 2016, Global Reporting Initiative Standards</i>	<i>UN Global Compact, 2013, Sustainable Agriculture Business Principles White Paper</i>
<i>Global Roundtable for Sustainable Beef, 2020, GRSB Principles & Criteria</i>	<i>World Benchmarking Alliance, 2019, Food & Agriculture Benchmark</i>
<i>Intergovernmental Panel on Climate Change, 2019, Climate Change and Land</i>	

Appendix 3:

List of stakeholders interviewed

- AACo
- Agforce
- Animal Health Australia
- Australian Livestock Exporters' Council
- Australian Lot Feeders' Association
- Australian Meat Industry Council
- Australian Veterinary Association
- Australian Livestock Markets Association
- Australian Meat Processor Corporation
- Cattle Council of Australia
- Coles
- Costco
- Consolidated Pastoral Company
- CSIRO
- Department of Agriculture, Water and the Environment
- Elders
- Farmers for Climate Action
- Farmsafe Australia
- Fulton Market Group
- Future Farmers Network
- Greenham
- Incitec
- JBS
- JBS Global (UK)
- LiveCorp
- Tom Davison
- Livestock SA
- McDonalds
- Meat & Livestock Australia
- NAPCo
- National Centre for Farmer Health
- National Farmers' Federation
- Northern Co-operative Meat Company
- NRM Regions Australia
- NSW Farmers
- Northern Territory Cattlemen's Association
- OBE Organic
- OSI Global
- PrimeSafe
- Rabobank
- Ridley
- RSPCA
- Schuster Consulting
- Teys Australia
- Tasmanian Farmers and Graziers Association
- Alan Tilbrook, University of Queensland
- Top Cut
- Richard Eckard, University of Melbourne
- Victorian Farmers Federation
- WAFarmers
- Pastoralists and Graziers Association of Western Australia
- Peter Weeks, Weeks Consulting
- The Wilderness Society
- Woolworths
- WWF





Australian Beef Sustainability Framework

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