Commonwealth Bank of Australia

Sustainability Adding Value in Banking Relationships

Carmel Onions

Executive Manager Agri Sustainability

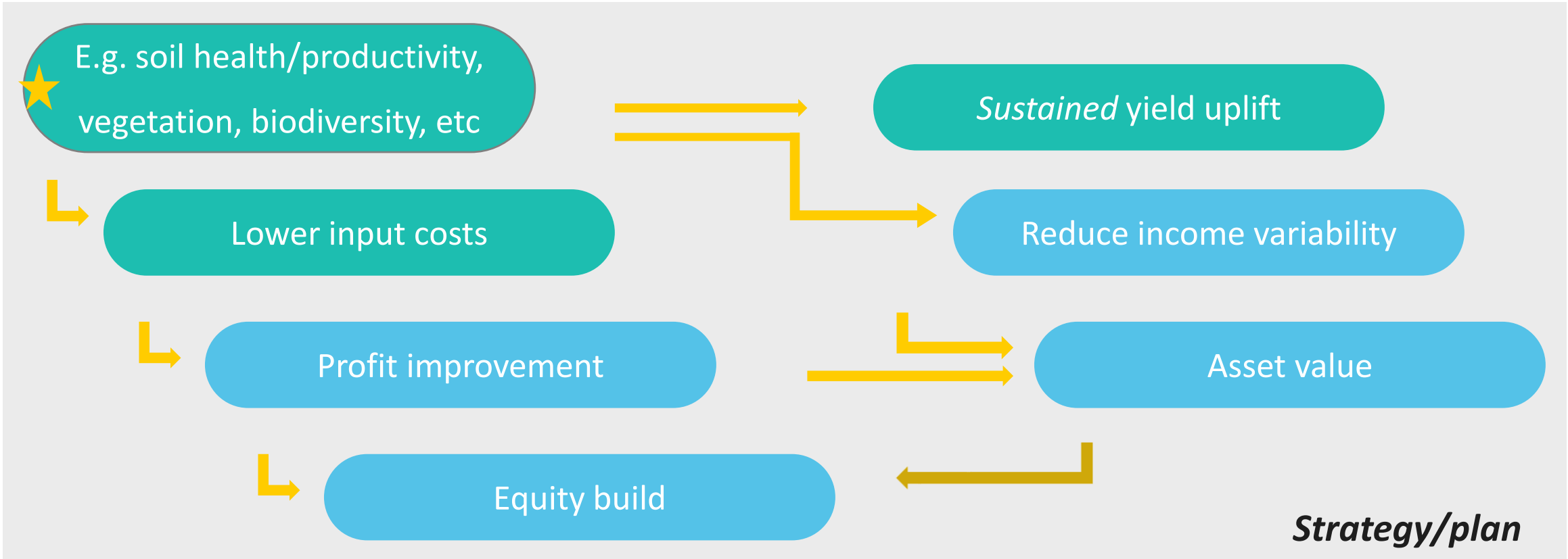
Today’s discussion - CommBank

Sustainability strategies create value in banking relationships

Example – the economics of trees in farming systems

Q&A

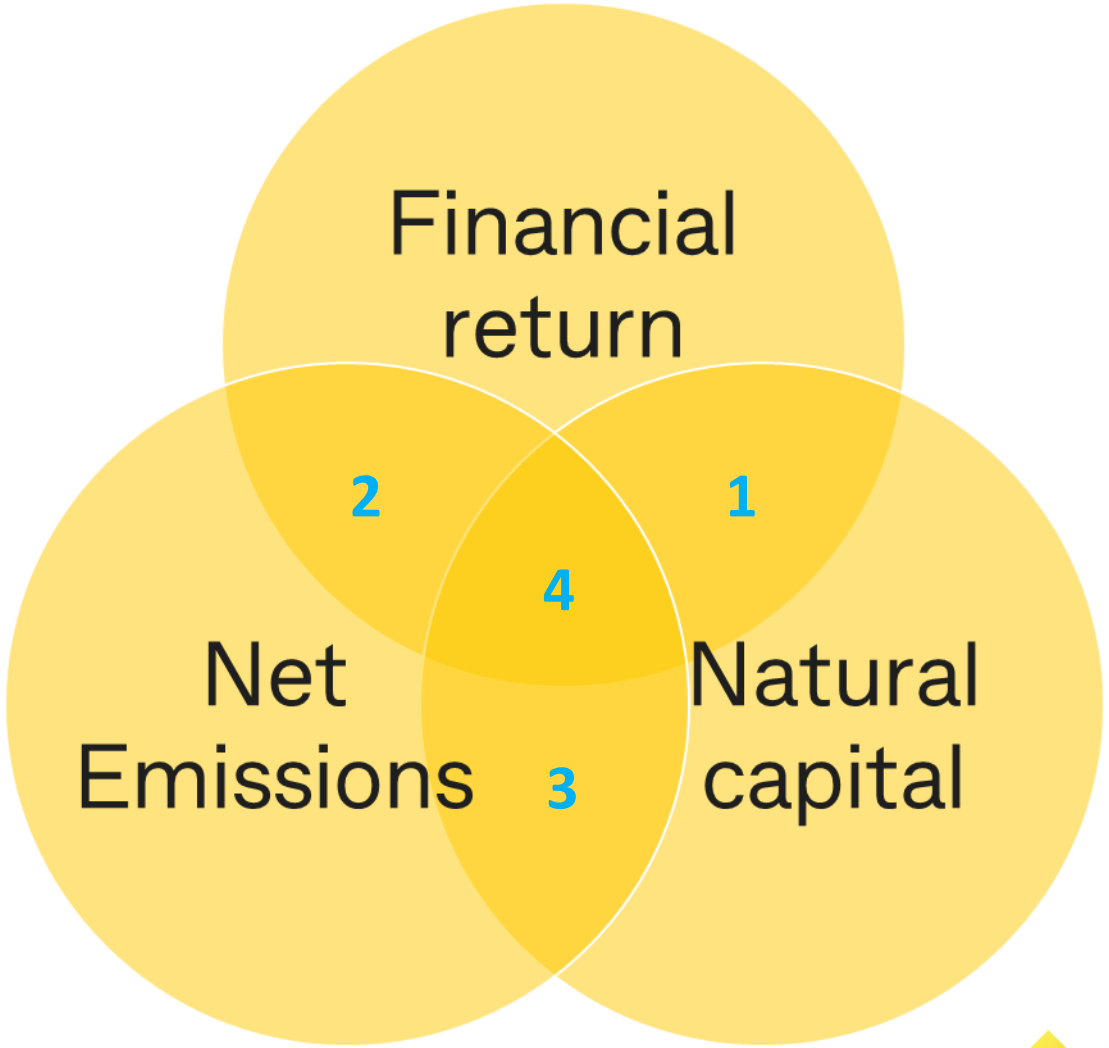
The valuable link between environmental sustainability and financial sustainability



The co-benefits of sustainable farming options are win/wins

Examples

1. **A simple example, like legumes in rotations can equal lower input costs | better for soil biology too**
2. **Lower synthetic inputs reduce emissions from their production & use eg variable rate application**
3. **Practices that increase soil carbon sequestration lowers net emissions (farming footprint) and builds soil natural capital**
4. **Trees in landscapes protect production (livestock shelter, beneficial insects) + sequester carbon + restore nature**



FARMING FOR THE FUTURE

Farming for the Future:

Natural Capital and Trees in agriculture

Carmel Onions
Executive Manager Agribusiness Sustainability

BB Regional & Agribusiness

MACDOCH FOUNDATION

awi Australian Wool Innovation Limited

mla MEAT & LIVESTOCK AUSTRALIA

National Farmers Federation

FRRR Foundation for Rural Regional Renewal

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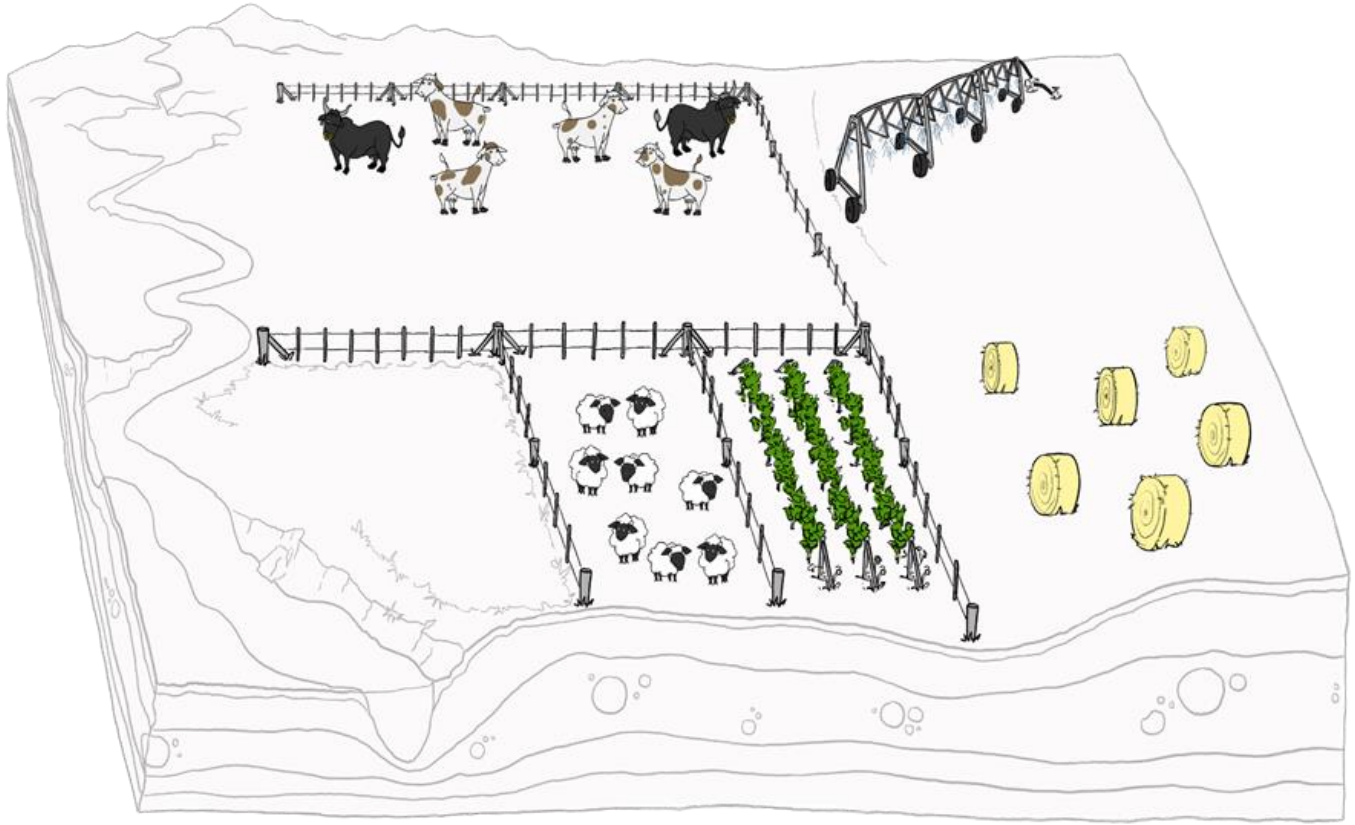
Traditionally, accounting focuses on a limited set of assets

Balance sheet assets



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However it takes nature-based assets for farming

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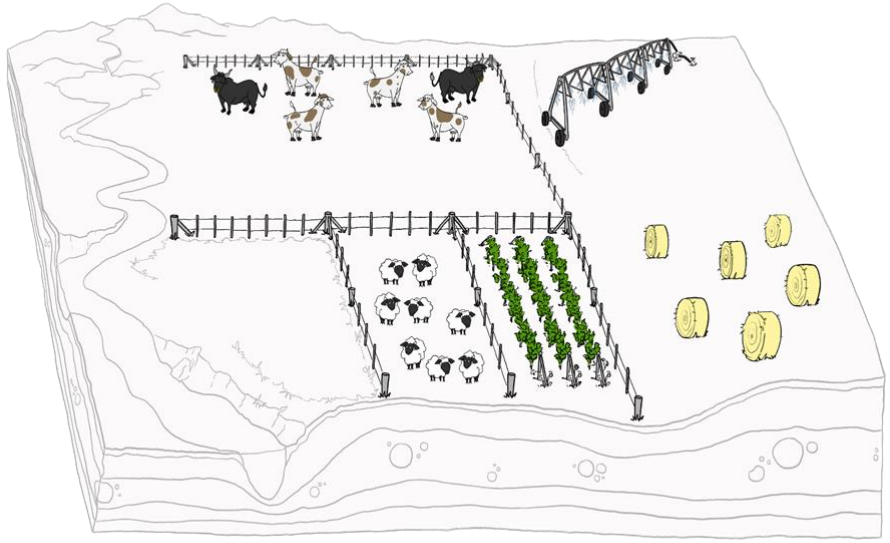
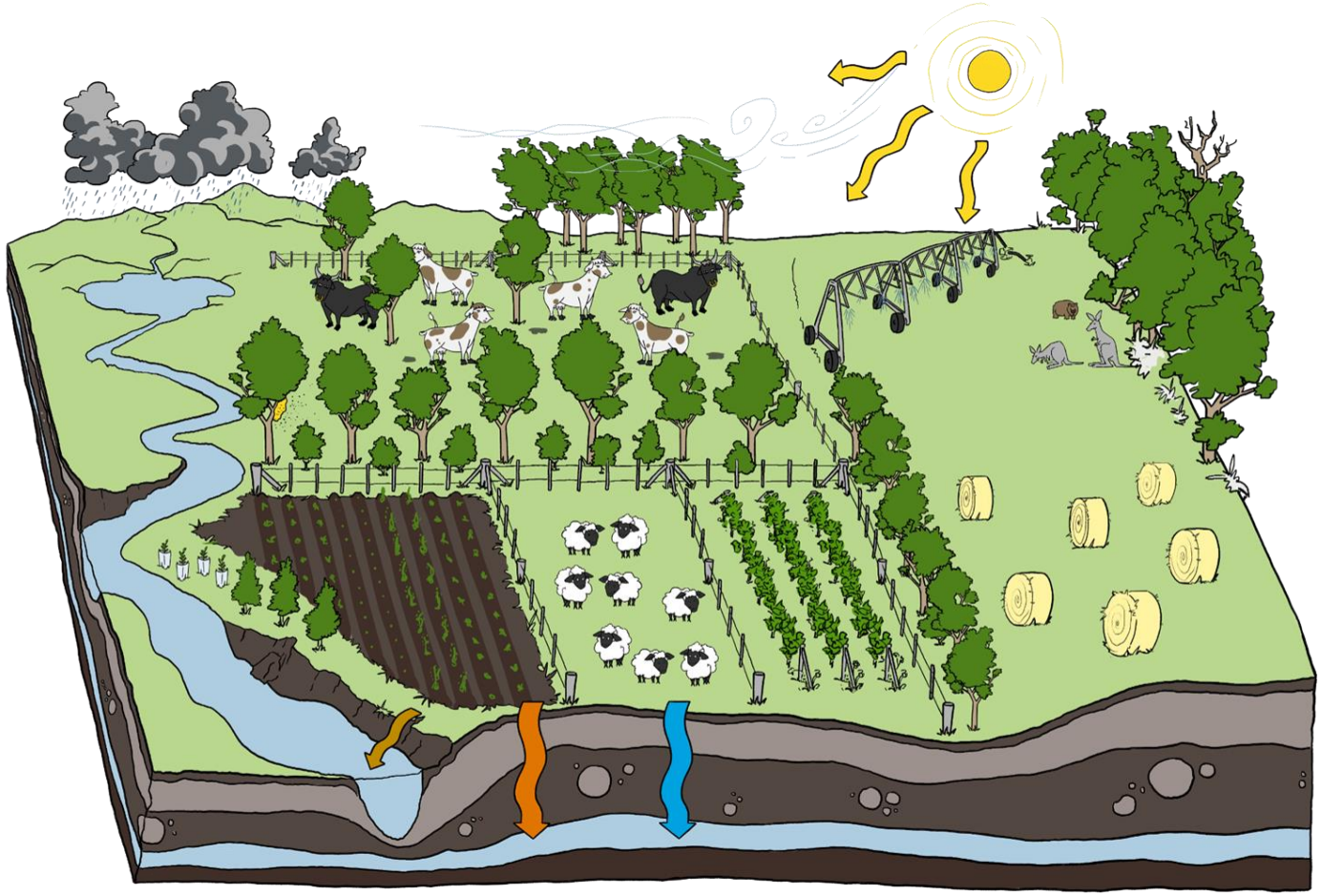


Biological & Ecological Assets can now be measured



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The ‘hidden’ production benefits of Natural Capital

‘Free’ inputs from nature

Microbats:

Microbats play an important role in controlling insect pest numbers, by eating around 40% of their body weight of insects each night.
www.bats.org.au

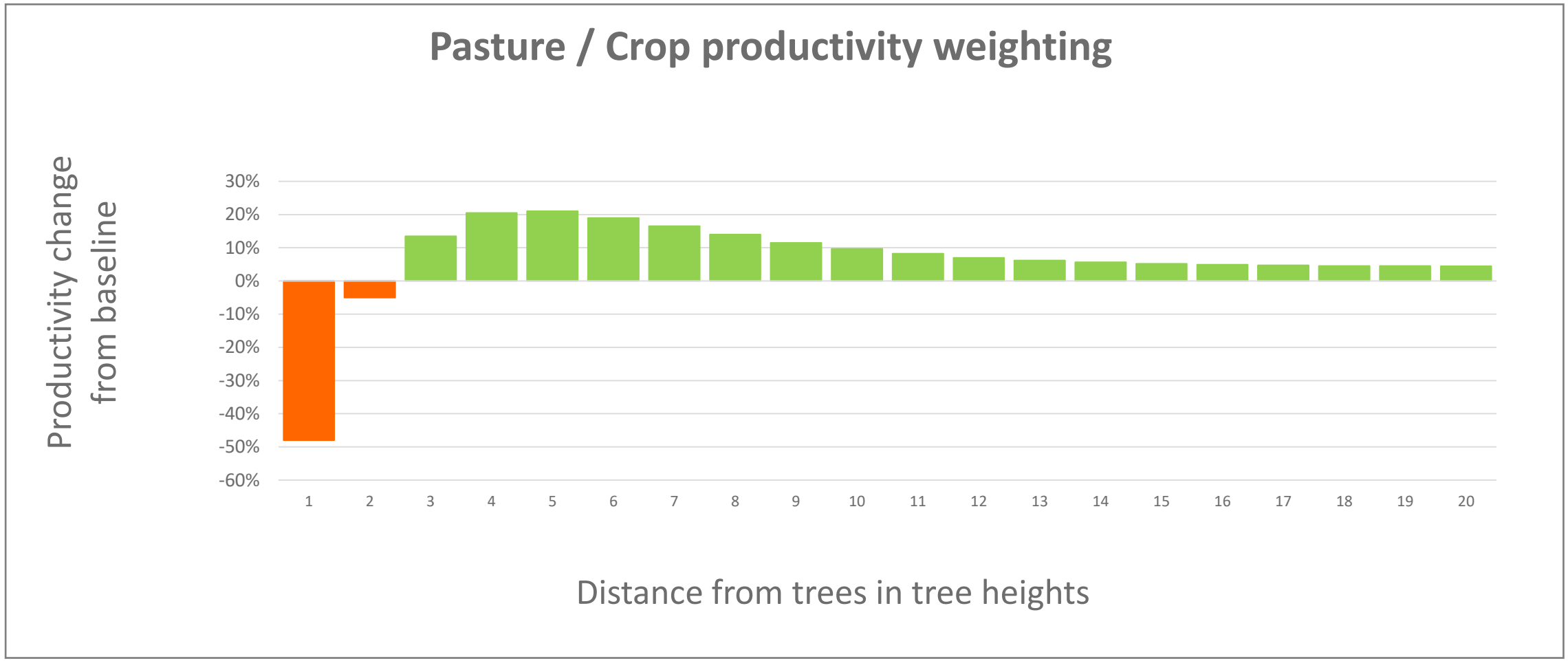
Crop Yields:

UniSA scientists evaluated the impact of native roadside vegetation & small, isolated patches of (fragment) vegetation on crop yields for canola and faba beans in the Yorke Peninsula (SA).

*UniSA ecologists found the increase in yield near vegetation, compared to the Centre of a field, was up to **20% higher** for canola and **12% higher** for faba beans. The larger patches of vegetation produced the best results.*

www.unisa.edu.au/media-centre/Releases/2025/dont-clear-native-vegetation-if-you-want-high-crop-yields/

The ‘full’ productivity value of trees



Source: CSIRO Perennial Prosperity Project

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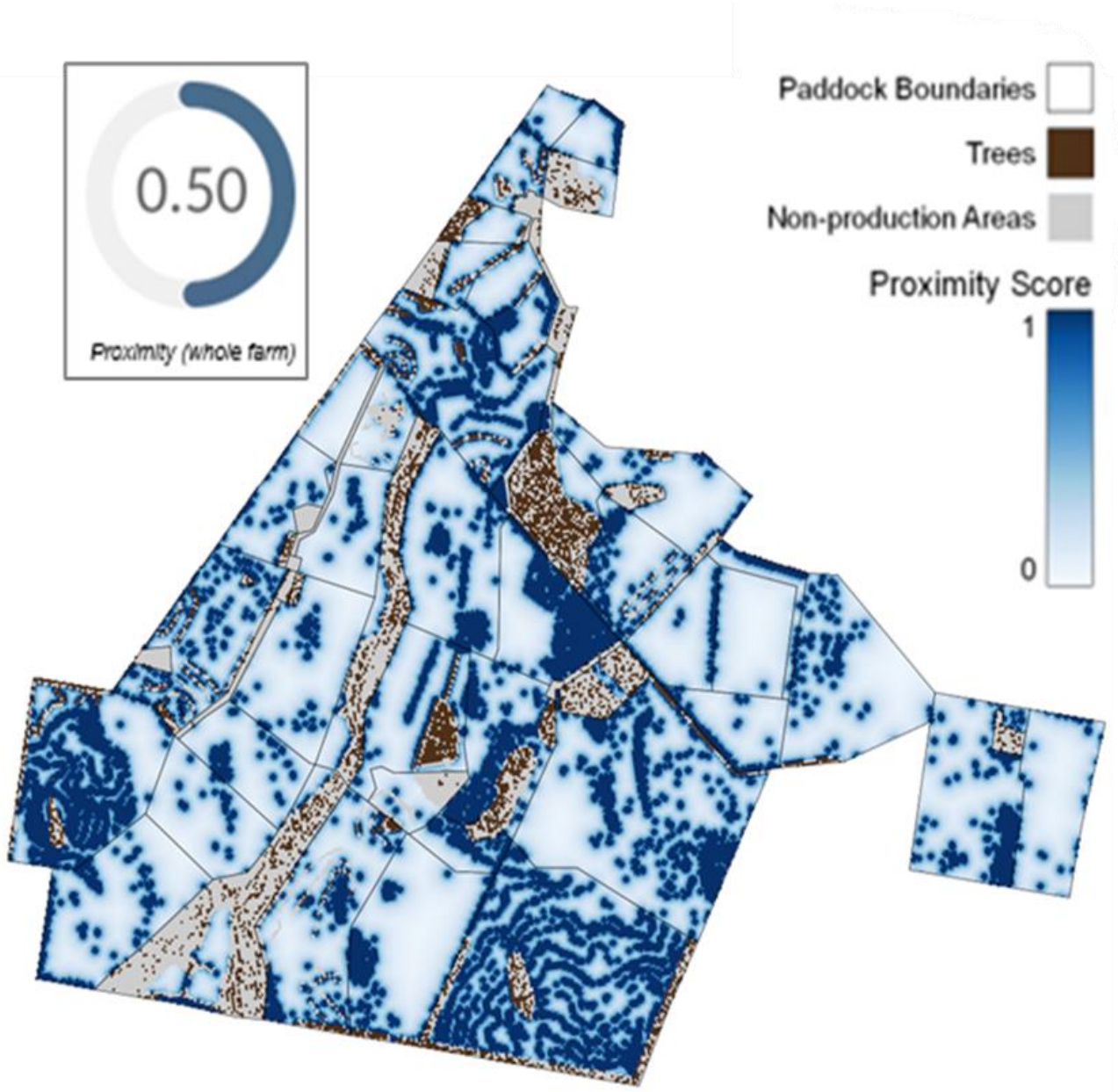
Proximity

The average distance of all production areas to wooded vegetation (native, exotic, planted or remnant.

This index is a proxy for provision of ecosystem services such as shade and shelter.



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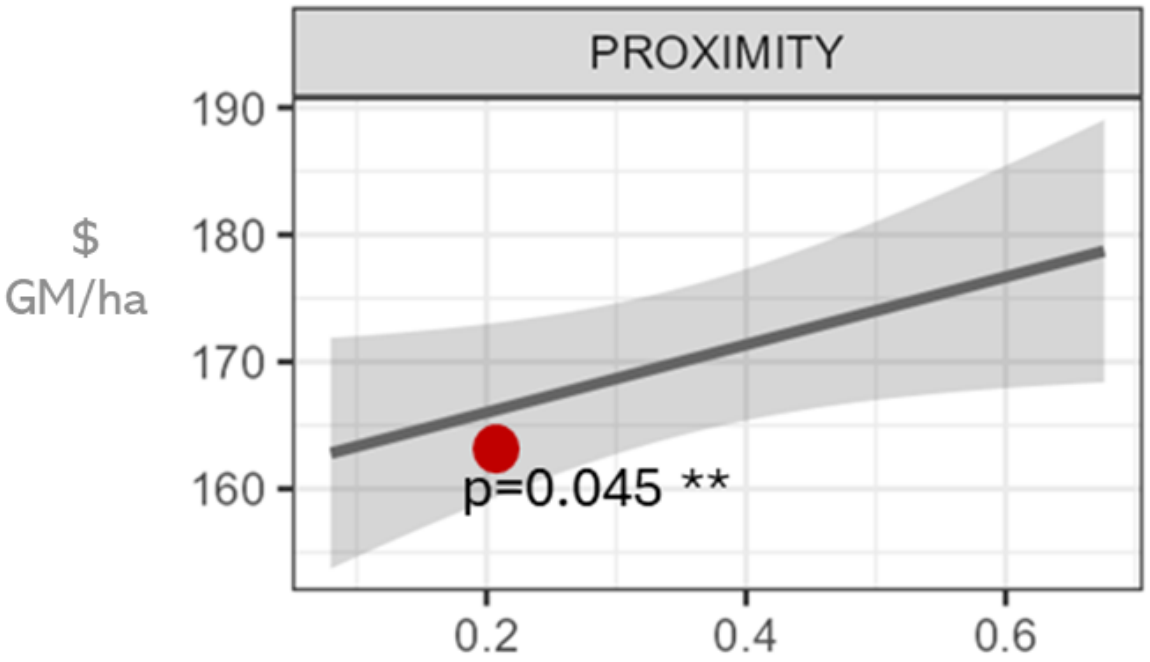
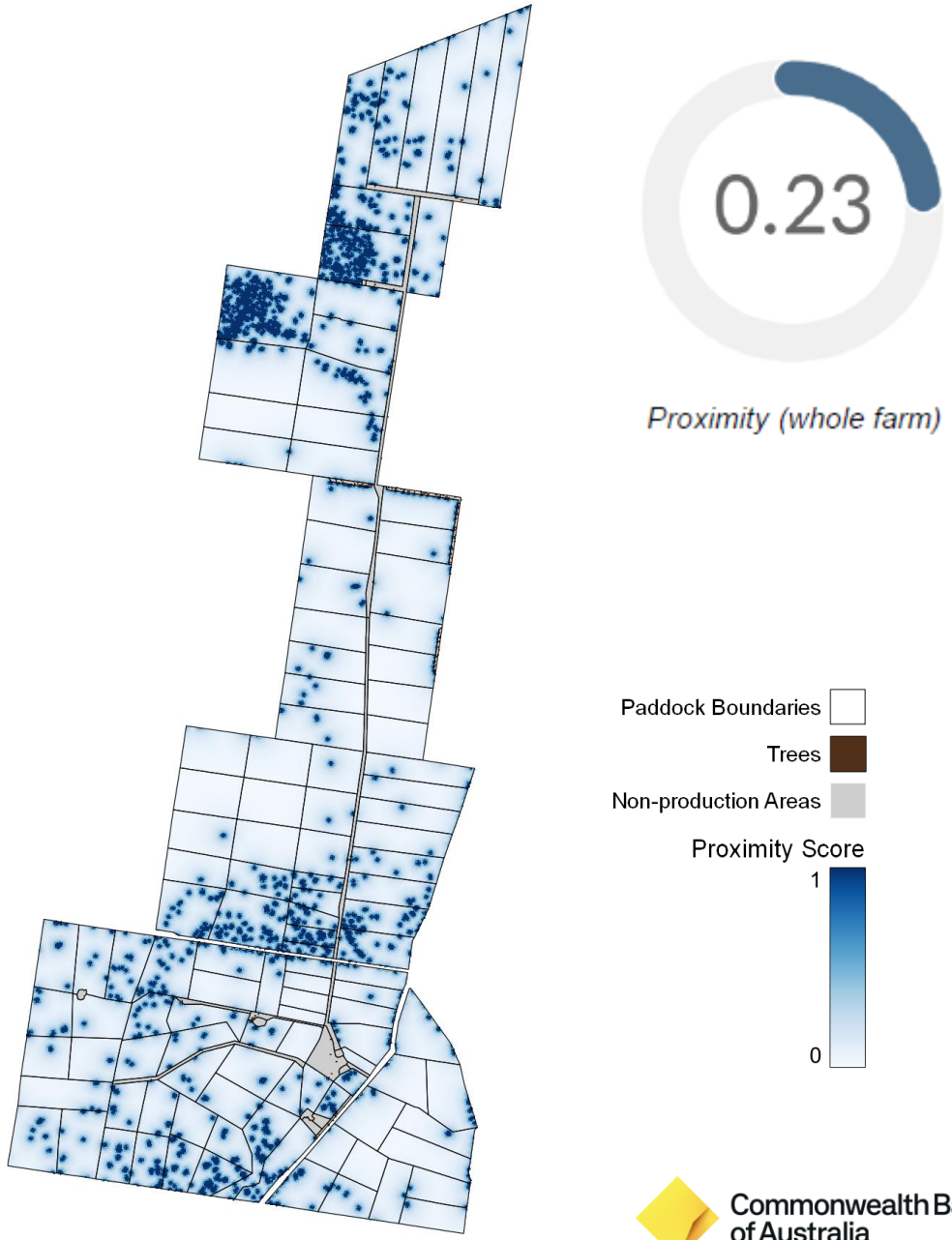
Proximity

Relationships between natural capital and farm performance observed from the full FFTF farm sample

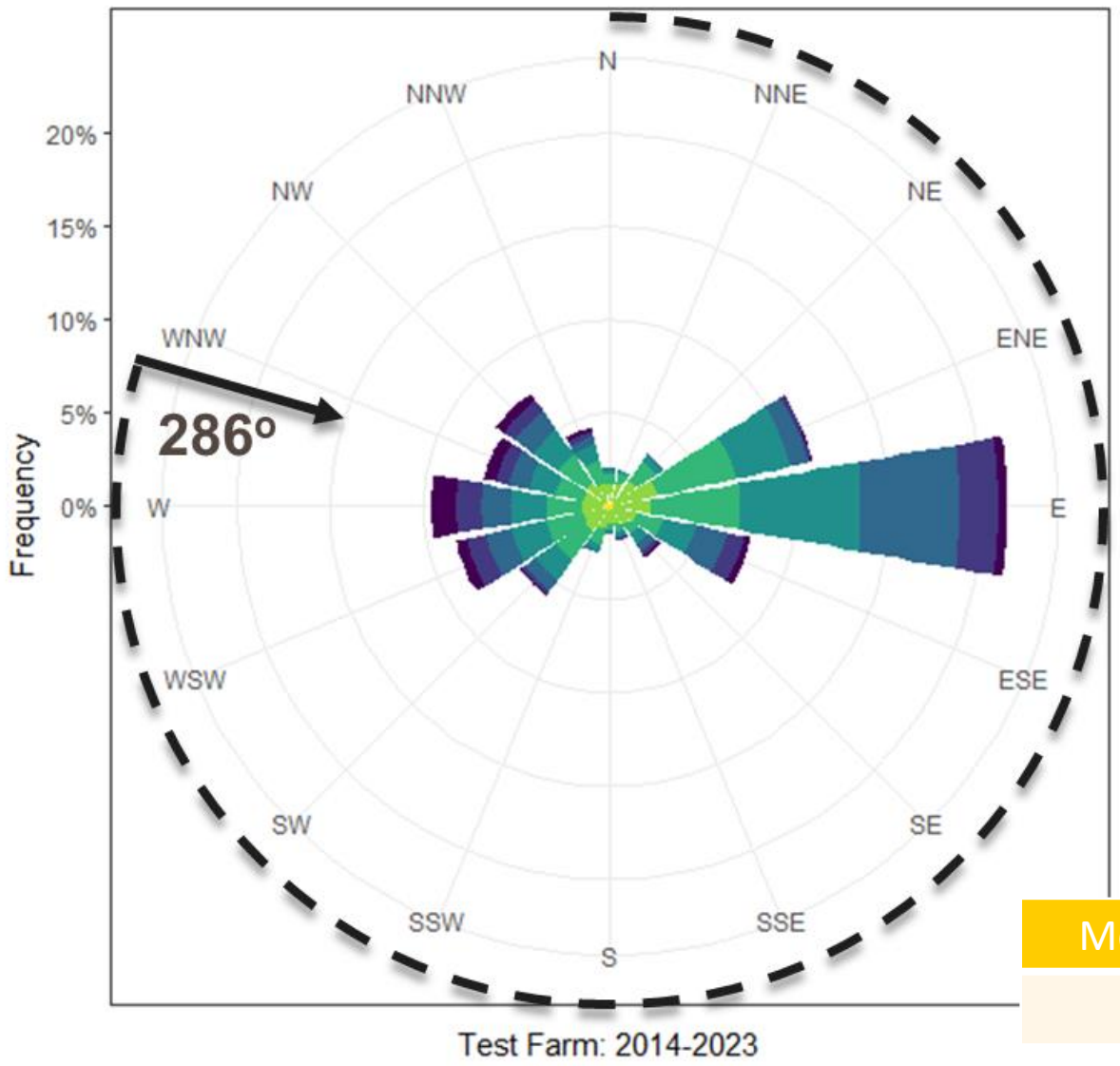




Mean wind direction / speed

Speed-weighted mean wind direction is calculated to inform shelter belt benefit modelling.

The stronger the wind (darker the colour), the more influence that observation will have on the mean wind direction.



Mean wind speed

7.5 km/h

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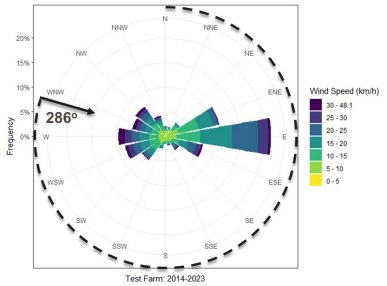
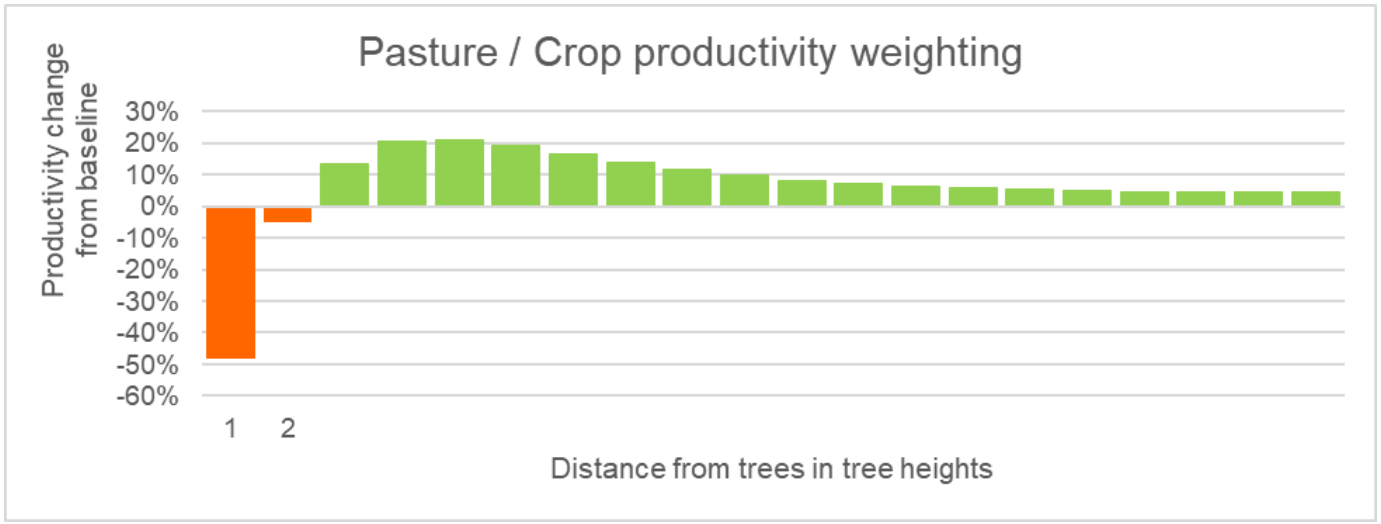
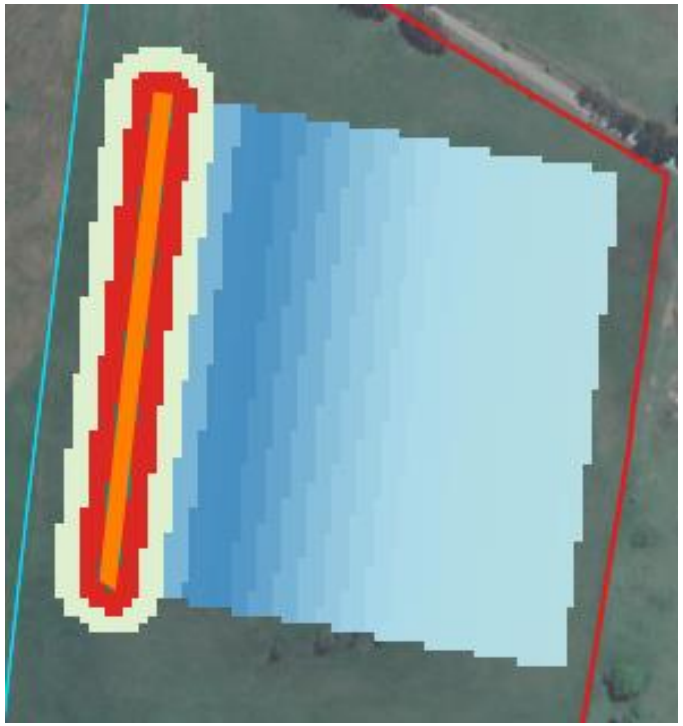
Productivity modelling of trees on farms







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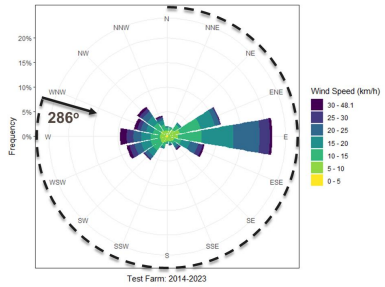
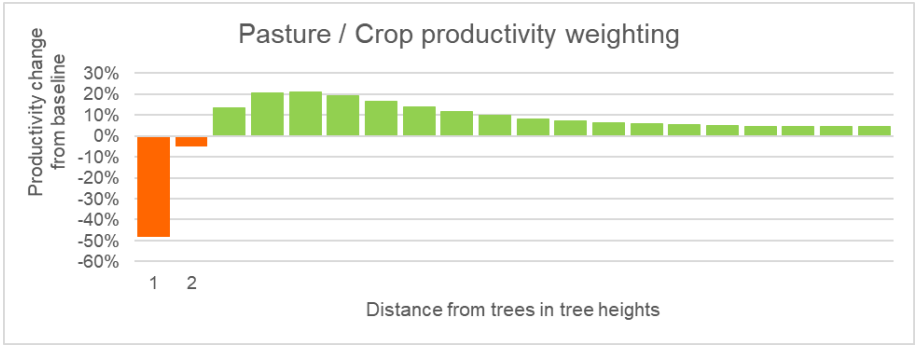
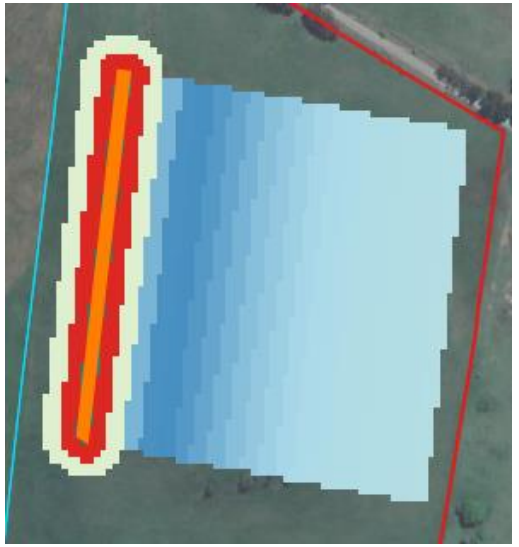
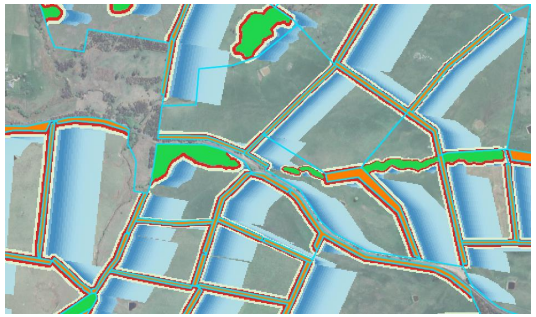






The value of shelter services



	Number of paddocks	Area (ha)
Shelter 0-20%	4	87.4
Shelter 20-40%	19	330.2
Shelter 40-60%	24	331.2
Shelter 60-80%	2	14.7
Shelter 80-100%	7	16.9

Primary Use	Area (ha)	Sheltered area (ha)	Proportion Sheltered
Production	777.0	293.5	38%
Conservation	61.2	60.8	99%
Infrastructure	6.1	5.3	87%

Valuing the avoided loss of animal productivity from shelter

Example is for a farm carrying 4,000 DSE with NO SHADE TREES at all.

Value of shade to avoid heat stress	Information source	Best case	Medium case	Worst case
Number of days >30°C	From report	60	60	60
% loss of animal performance due to heat stress (animals have no access to shade)	Farmer estimate	10%	30%	40%

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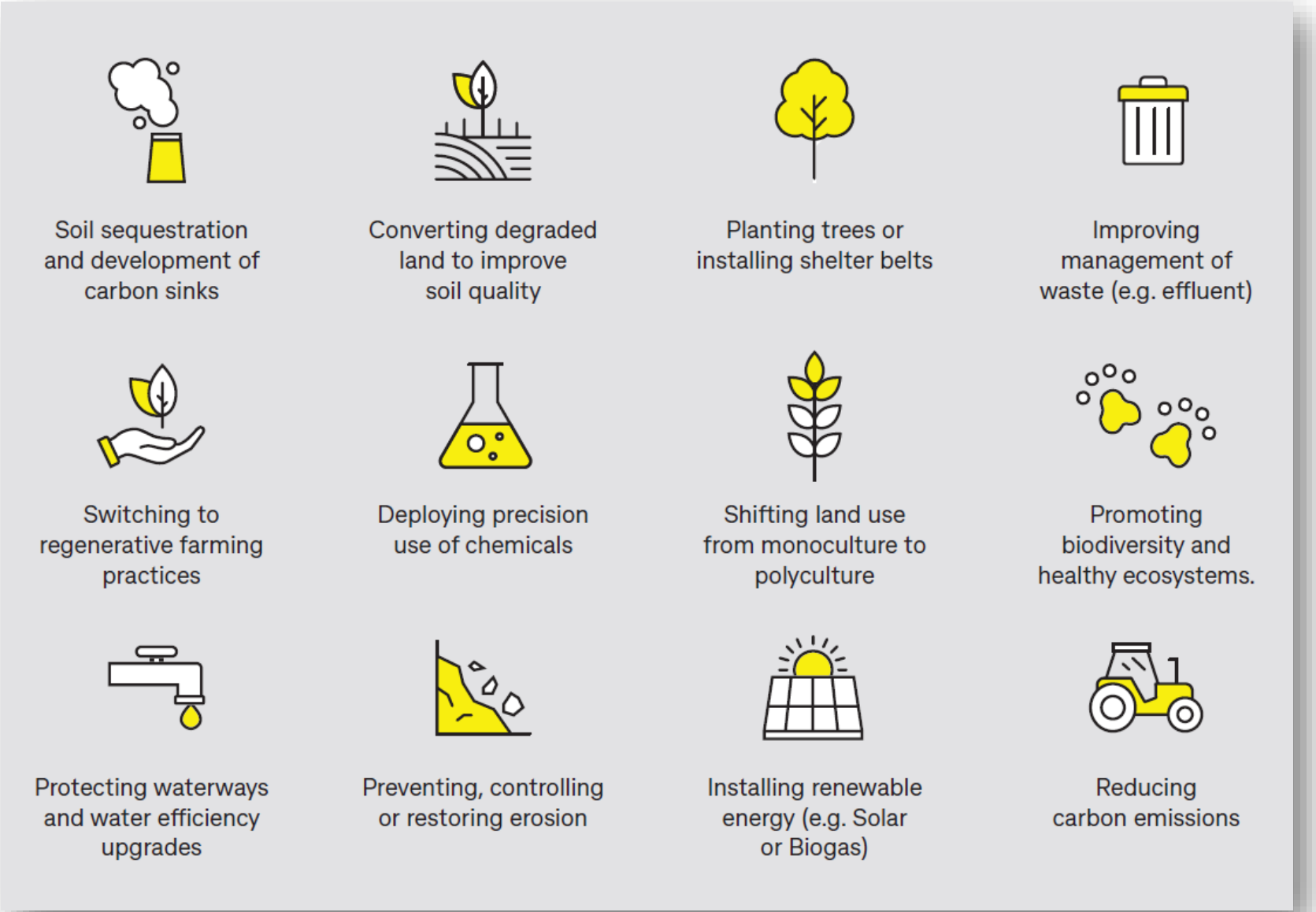
+ avoided condition loss due to chill/rain + lower mortality rate + pasture productivity + ACCUs….

CommBank Agri Green Loan

- Subject to standard lending policy
- Interest only or P&I available
- No redraw
- Secured by property
- Variety of loan terms
- Standard fees
- Available to existing CBA customers



+ Carbon financing solutions

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