

Sustainability

Two steps forward, one step back

The landscape of sustainability pressures is evolving, with complex interactions between regulatory requirements and voluntary commitments. Locally, the general trend toward sustainability-related objectives is expected to continue, although occurring amid growing tensions.

Globally, on the voluntary front, food and agriculture companies are continuing to act on emissions. In 2024, over 800 food and agriculture companies set emissions reduction targets under the Science-Based Targets initiative (SBTi), more than double the number in 2023. Companies are also transitioning away from primarily signalling their intentions, for example through commitments to set targets under the SBTi initiative, toward establishing the quantified and time-bound targets to which they will be held accountable by external stakeholders.

In Australia, the regulatory landscape is also evolving, with mandatory climate-related financial disclosure requirements now in effect for certain large entities. For agriculture, **the current requirement to measure and report on scope 3**

emissions from an entity's second year of reporting is expected to drive growing demand for emissions-related data at the farm level.

The dynamics around climate and sustainability in global markets are more varied. **Political shifts are influencing corporate sentiment toward sustainability activities.** In the US, some companies are retracting their environmental, social, and governance (ESG) commitments, while other international markets, like the EU, continue to uphold rigorous sustainability regulations. Companies operating across multiple markets are grappling with these differing pressures, making it more challenging to maintain a cohesive sustainability strategy.

The response by investors and other key stakeholders to these differences is yet to be seen, particularly regarding whether their expectations will remain ahead of regulatory standards. We anticipate that organisational responses to regulatory shifts or the risk of political backlash will vary.

What to watch:

- **Federal election outcome to impact scope of mandatory climate reporting** – The coalition has announced its intention to unwind the laws governing Australia's mandatory climate reporting regime if they win the election. This could ease the expected pressure on agricultural supply chains to provide emissions measurement data.



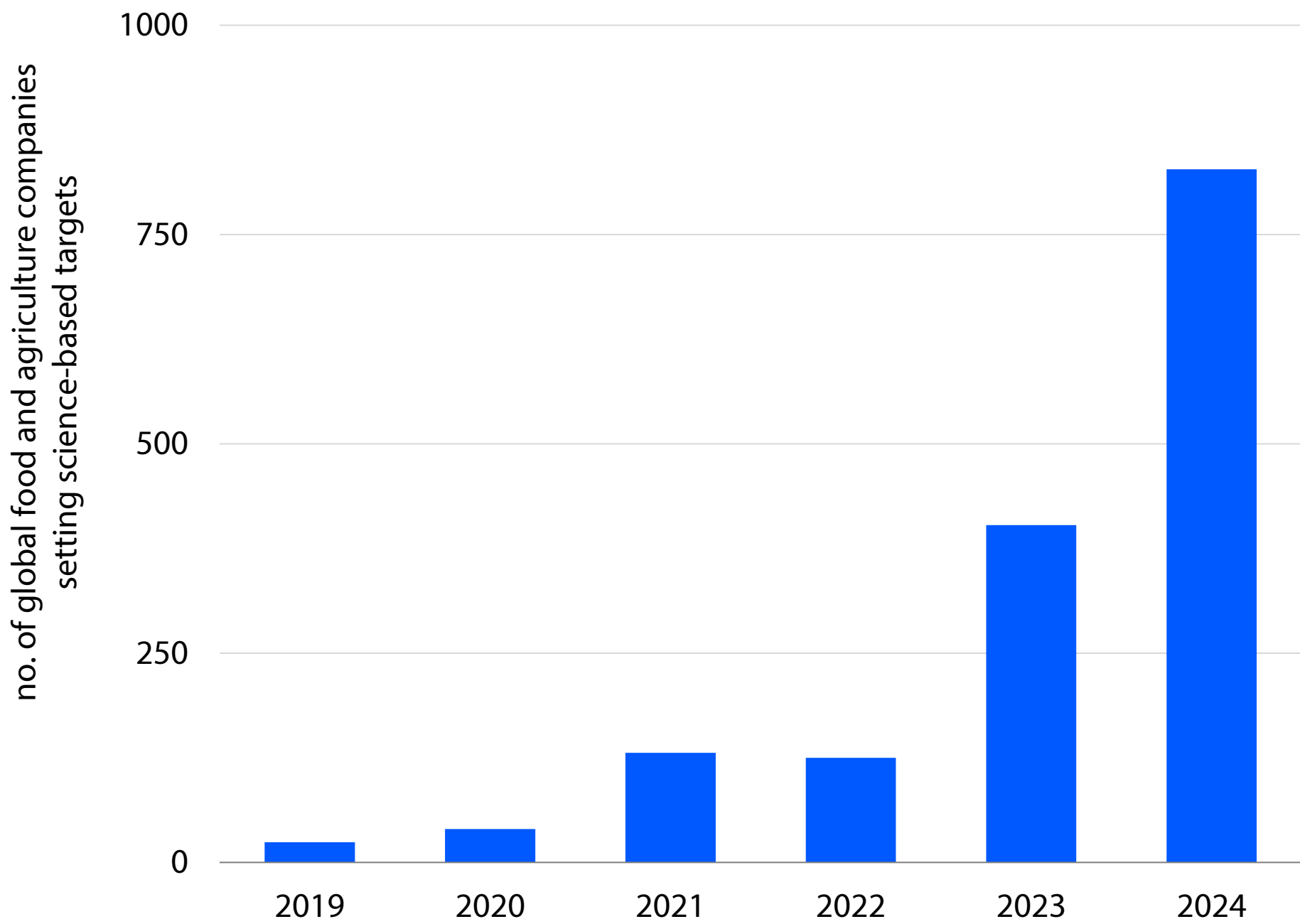
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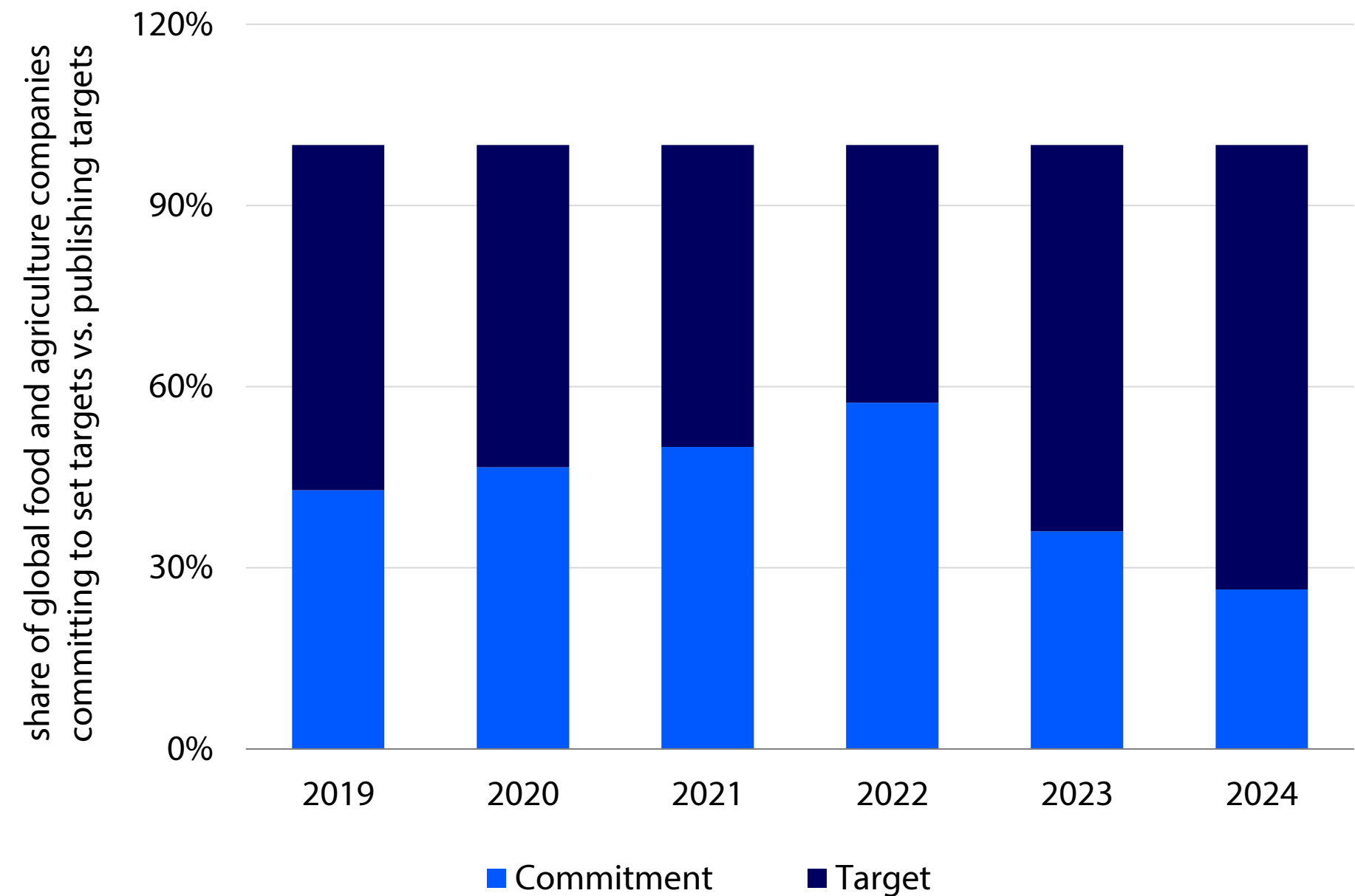
Food and agriculture companies continue to act on emissions in parallel to changing regulatory pressures

Emissions reduction target setting continues to accelerate globally



Source: SBTi target dashboard, RaboResearch 2025

More global food and agriculture companies are publishing concrete targets



Source: SBTi target dashboard, RaboResearch 2025