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ANZ and Silver Fern Farms partner to link sustainability targets with financing

ANZ Bank New Zealand and Silver Fern Farms Limited have announced the establishment of one of New Zealand's largest sustainability-linked working capital financing facilities.

The facilities refinance the existing NZ\$320 million working capital financing, with financial close in April 2022, and are linked to Silver Fern Farms achieving certain sustainability performance targets.

If the targets are achieved they are rewarded with a lower interest rate and if targets are missed Silver Fern Farms will pay a higher interest rate.

ANZ NZ Head of Sustainable Finance Dean Spicer said Silver Fern Farms was positioning itself to drive meaningful change for New Zealanders and the New Zealand environment.

"Silver Fern Farms is leading the way in a sector that is under considerable scrutiny in terms of its sustainability impacts.

"The structure of the sustainability-linked financing facilities has been tailored to the challenges faced by the red meat sector in terms of farmers and farming practices, water use and waste management as well as, obviously, emissions reduction initiatives," Mr Spicer said.

The sustainability targets include:

- Adoption of the comprehensive New Zealand Farm Assurance Programme Plus (NZFAP+) by Silver Fern Farms suppliers;
- Reduction of processing emissions in line with its Science-Based Target initiative (SBTi) target of 42% Scope 1 and Scope 2 Greenhouse Gas emissions reduction by 2030 from 2020 baseline year;
- Reduction of total waste to landfill (incl. organic waste) from processing sites;
- Reduction of water used at processing sites; and
- Enhanced environmental monitoring and reporting.

Silver Fern Farms Chief Sustainability & Risk Officer, Kate Beddoe, said securing sustainable finance at scale was a key component of Silver Fern Farms' Sustainability Action Plan.

"At Silver Fern Farms we have recognised that to deliver and grow as a business we need to take action to thrive today and shape tomorrow in a way that creates long term sustainable value.

"Aligning our sustainability ambition with financing demonstrates how serious we are about leading change not only in the red meat industry, but for Aotearoa more broadly. We're backing our farmers to lead the world in nature positive food production; that's a pretty exciting space to be operating in," Kate Beddoe said.

Silver Fern Farms Chief Executive, Simon Limmer said the country's largest red meat company is committed to leading food system-change and supporting a just transition to a low carbon economy.

"Our commitment, and follow-through, on sustainability issues is a key way we're making sure we do the right thing by our customers who increasingly want their red meat sustainably produced and processed.

“Sustainability-linked financing of this size is a significant step for Silver Fern Farms and emphasises our commitment to respond to the rise of conscious consumers and create new forms of value for farmers.” Mr Limmer said.

ANZ acted as Sole Mandated Lead Arranger and Bookrunner, and Joint Sustainability Coordinator, alongside BNZ and Rabobank.

ANZ said third party providers bring real value to the credibility of sustainable finance transactions like this one, and acknowledged AsureQuality behind the NZFAP+ programme, the Science-Based Target initiative (SBTi), as well as EY, the limited assurance provider to Silver Fern Farms.

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The sustainability-linked financing is provided by a syndicate of lenders comprising ANZ, Bank of China, BNZ, Citibank and Rabobank.

As part of the sustainability-linked financing, EY provided independent assurance over the structure and sustainability performance targets to ensure they meet the Sustainability-Linked Loan Principles (May 2021) which were the most recent principles published by the Asia Pacific Loan Market Association, Loan Market Association and Loan Syndications and Trading Association at the time of the external review process.