



SELECT HARVESTS

# UBS Sustainable Ag Discussion

21<sup>st</sup> July 2022



**Paul Thompson**

Managing Director & CEO

SUPPLYING PLANT BASED PROTEIN TO THE WORLD



# Disclaimer & basis of preparation

*This presentation is provided for information purposes only and has been prepared using information provided by the company. The information contained in this presentation is not intended to be relied upon as advice to investors and does not take into account the investment objectives, financial situation or needs of any particular investor. Investors should consider their own individual investment and financial circumstances in relation to any investment decision.*

*Certain statements contained in this presentation may constitute forward-looking statements or statements about future matters that are based upon information known and assumptions made as of the date of this presentation. These statements are subject to risks and uncertainties. Actual results may differ materially from any future results or performance expressed, predicted or implied by the statements contained in this presentation.*

*The Select Harvests Limited financial statements are prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001. This includes application of AASB 141 Agriculture in accounting for the current year almond crop, which is classified as a biological asset. In applying this standard to determine the value of the current year crop, the Company makes various assumptions at the balance date as the selling price of the crop can only be estimated and the actual crop yield will not be known until it is completely processed and sold. The resulting accounting estimates will, by definition, seldom equal the related actual results, and have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.*



# Select Harvests overview

One of the worlds largest almond growers, with a geographically diverse 9,262-hectare orchard portfolio



SELECT HARVESTS



# Maintaining our values and delivering on our strategy

Select Harvests – in control of our destiny

VISION

To be a Leader in the Supply of Better for You Plant Based Foods

VALUES



**TRUST & RESPECT**

DO THE RIGHT THING



**INTEGRITY & DIVERSITY**

BE ONE TEAM



**SUSTAINABILITY**

PROTECT AND GROW



**PERFORMANCE**

OWN IT



**INNOVATION**

THINK OUTSIDE THE SQUARE

**STRATEGIC PRIORITIES**

THE PATHWAY TO ACHIEVING OUR VISION

**Optimise the Almond Base**

Increase productivity and achieve sustainably high yields from our growing almond orchard base

**Grow our Brands**

Grow our industrial brands, aligned to the increasing consumption of plant based foods

**Expand Strategically**

Pursue value accretive acquisitions that align with our core competencies in the plant based agrifoods sector

**OPERATIONAL FOCUS**

WHAT WE DO EVERYDAY

**Customers**

Exceed our current customer's expectations and grow our customer base, focused on the Asian marketplace

**Supply Chain**

Optimise our end-to-end supply chain to achieve maximum value for the business as a whole

**People**

Focus on a safe working environment, well-being, company culture, leadership development and staff training, attraction and retention

**Capital**

Target capital discipline, balance sheet strength, superior shareholder returns and long term growth

GOAL

Sustainable Shareholder Value Creation

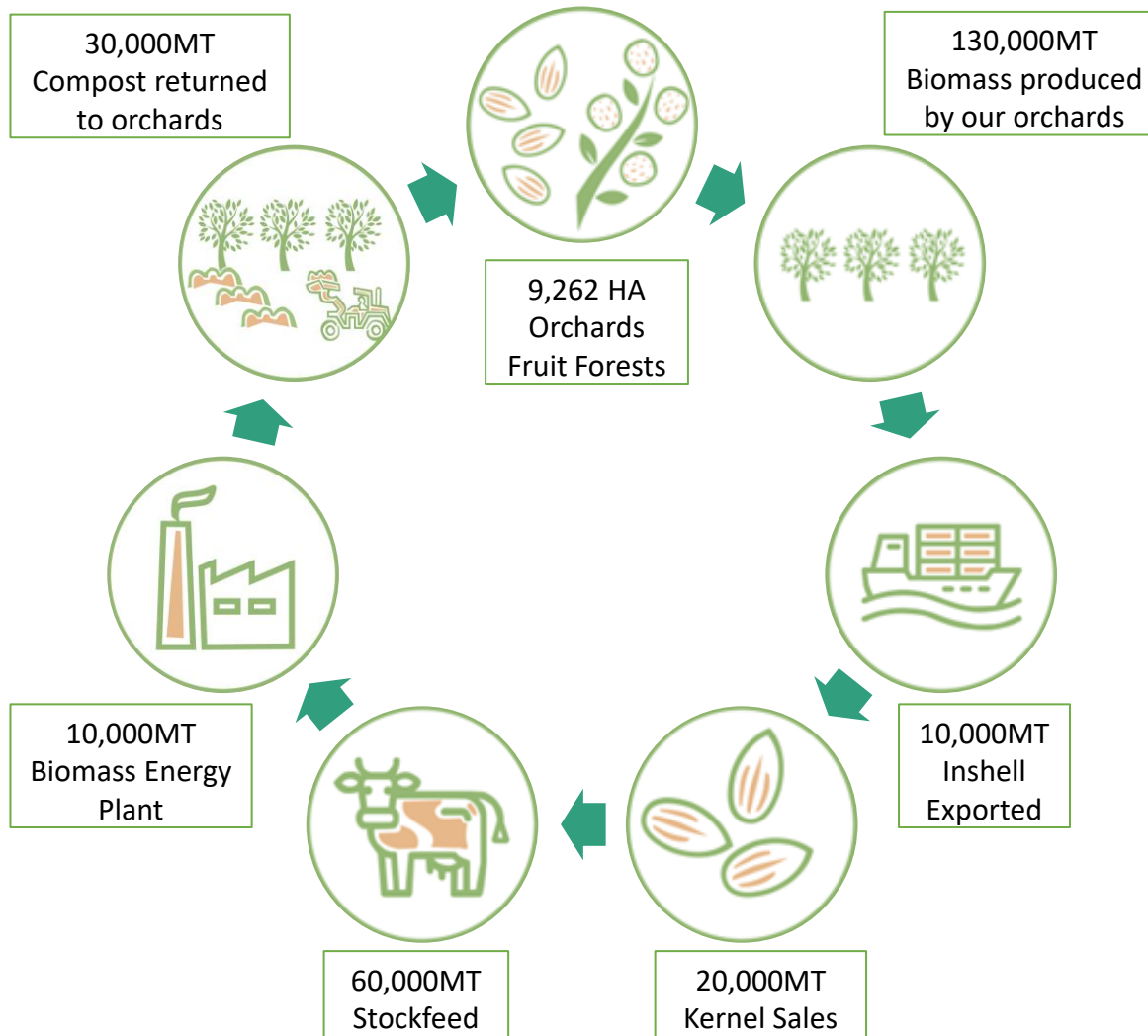


SELECT HARVESTS



# SHV is growing almonds in a closed loop

We utilise everything that comes from our orchards



- Almond trees in California absorb more CO<sub>2</sub> than they produce during their lifetime<sup>1</sup>
- Almonds provide a very high nutritional value, ranking the highest amongst all crops<sup>2</sup>
- The direct economic benefits of almond production based on market sales are larger than any other crops<sup>3</sup>
- Research is being undertaken in Australia to establish Australian Almond Industry position.



# Closed loop compost program

We returned 45,039 Mt of compost to our orchards for the 2022 season

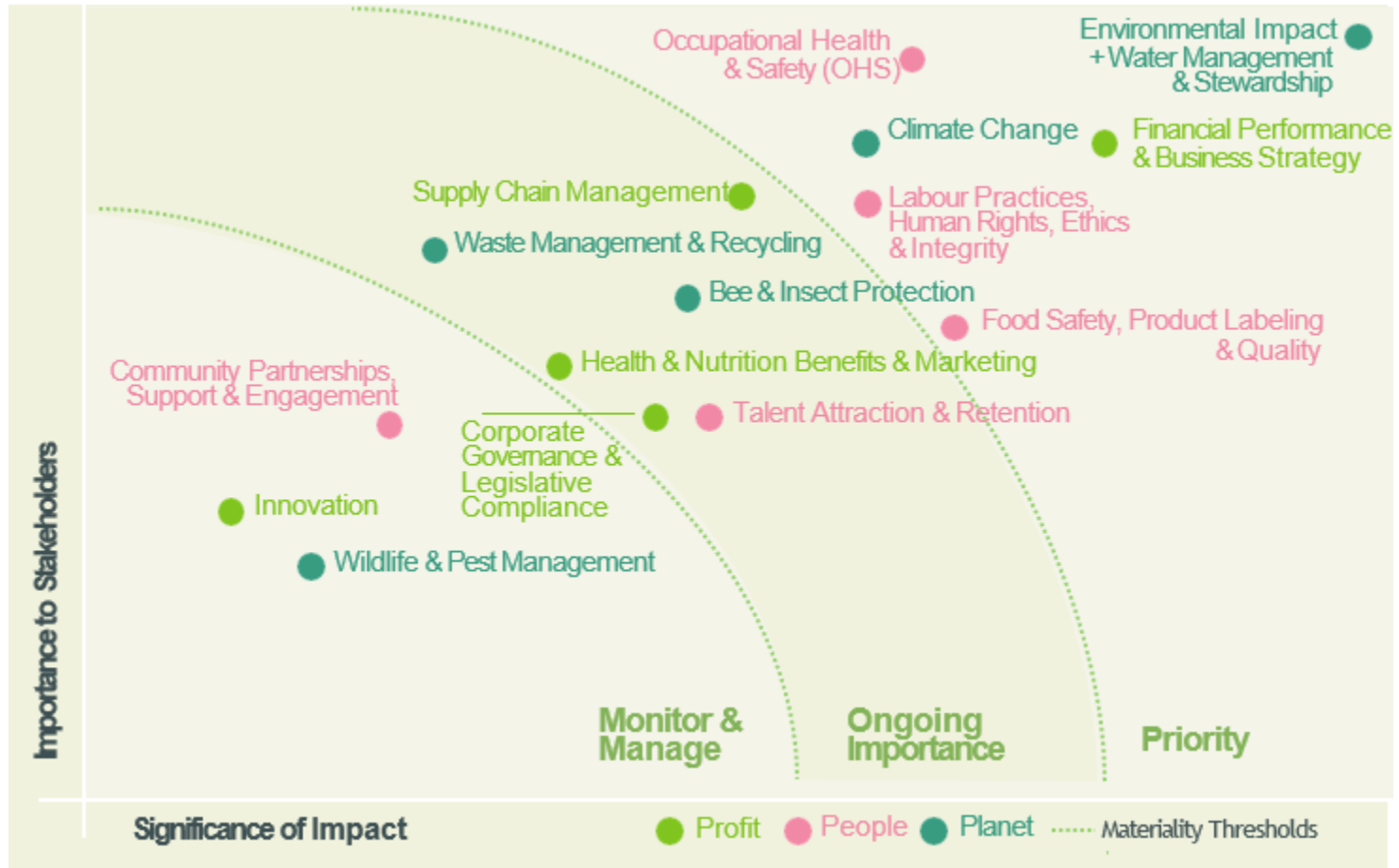


SELECT HARVESTS



# Risk Analysis & Reporting Principles

SHV follows a GRI Reporting Principles assessment to identify priorities and validate our material issues



# GRI priorities

SHV has identified seven priority sustainability GRIs, identified via a stakeholder assessment process

	Shareholders	Industry	Employees	Suppliers, business partners	Customers & consumers	Other financial stakeholders	Government	Media & employee associations	Communities & special interest groups	Sustainable Development Goals
Water Management & Stewardship	●	●		●		●	●	●		6
Environmental Impact	●	●	●	●	●			●	●	3, 7, 12, 13, 15
Occupational Health and Safety (OHS)			●	●			●	●		3, 8
Financial Performance and Business Strategy	●		●	●	●	●	●			7, 8, 9
Climate Change	●	●	●	●	●			●	●	11, 13
Labour Practices, Human Rights, Anti-Corruption, Ethics and Integrity	●		●	●	●	●	●	●	●	3, 8, 16
Food Safety, Product Labelling and Quality	●	●	●	●		●	●	●		12, 16



# Triple Bottom Line Focus

Sustainability is a core value underpinning our business strategy and centres across three platforms: Planet, People and Profit.



1. ROCE: Return on Capital Employed. WACC: Weighted Average Cost of Capital

# Environmental policy commitment

SHV recognizes that many of our resources are scarce and finite. Our role is to ensure such resources are managed and used in a sustainable manner



## Water stewardship

Objective is to maximise the value per megalitre by intensive irrigation management practices. **100% of our orchards use drip irrigation**, soil moisture monitoring and water stress technology



## Carbon neutrality

We recognise that greenhouse gas emissions represent a significant part of our environmental footprint. **Targeting to be carbon neutral by 2050 or earlier**



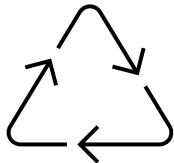
## Air and land stewardship

We recognise that we are custodian of a significant area of land and air, including large tracts of native vegetation. Our goal is to create **no damage and protect native flora and fauna**



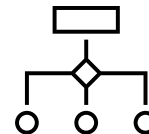
## Internal and external stakeholders

Working with suppliers, clients, communities, and other stakeholders to reduce our environmental footprint. We will adopt a **Supplier Code of Conduct**, including reducing environmental impact



## Reducing and recycling waste

Committed to reducing waste across our business, including **zero biomass waste to landfill**. We will strive for **100% recycled and/or recyclable packaging**



## Implementation and oversight

The **Board Sustainability Committee**, with the support of the Executive Sustainability Committee, oversees our overall environmental strategy.

Reduce

Reuse

Recycle

Repurpose

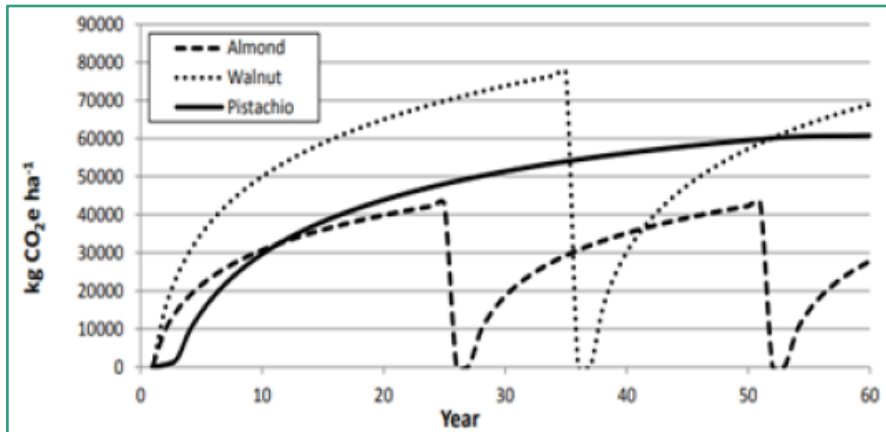


SELECT HARVESTS



# Almond industry carbon facts from California

Almond trees in California absorb more CO<sub>2</sub> than they produce during their lifetime



Total Biomass produced by Almond crop in California per Ha during the life cycle  
 = 181MT Kernel + 220 MT Hull & shell + 40-50 MT of woody biomass  
 = Total 450 MT Organic biomass  
 = **CO<sub>2</sub> absorption by the crop during the life cycle 960 MT**

**Hull & Shell  
(220 MT/Ha)**

**CO<sub>2</sub> & methane emission**

- Feed stock
- Emissions = > 440 MT CO<sub>2</sub>e

**Soil Carbon Sequestration**

- Compost production
- Biochar/Cogen plant
- Hull digested liquid
- (potential for soil carbon credits)
- Emissions = > 440 MT CO<sub>2</sub>

**Woody Biomass  
(40-50 MT)**

**Burning woody biomass**

- Emissions = >100 MT CO<sub>2</sub>e

**Whole orchard recycling**

- Cogen plant
- Potential Soil Carbon credits = > 100MT CO<sub>2</sub>e

Source: A scalable and spatiotemporally resolved agricultural life cycle assessment of California (Elias Marvinney, Alissa Kendall; The International Journal of life cycle assessment, March 2021);  
 A comparative assessment of greenhouse gas emissions in California almond, pistachio, and walnut production (Elias Marvinney, Alissa Kendall, Sonja Brodt; 9th International conference LCA of food San Francisco, USA 2014)

# SHV practices responsible & efficient water use

SHV has invested across the business to improve water use efficiency



Installing state of the art irrigation technology and systems to monitor and enable the efficient use of water (i.e. soil moisture probes & trunk density technology)



Dedicated resources on each farm to optimise water use which includes a full-time irrigation manager who has the responsibility of reviewing and applying the irrigation and fertigation application.

Several innovative technology solutions have been deployed to improve orchard management:



Soil moisture monitoring probes



Plant-based water stress monitoring sensors (i.e. Phyttech)



Pressure bomb leaf analysis



Nitrogen density mapping



Vegetative index imagery collected by drones that identifies differing tree health



SELECT HARVESTS



# Using the latest technology to improve water efficiency

Our orchards use the latest water efficiency technology

## Productivity & Cost Efficiency

- Making the best use of the water available to our orchards is vital for productivity and cost-efficiency.
  - Technology to help us achieve this has been evolving rapidly
  - Several of our orchards are now using data from to deliver the precise amount of water required, when it is needed, avoiding run-off
- At one farm alone, Amaroo in South Australia, this data-driven approach has saved over 600 megalitres of water a year, amounting to cost savings of more than \$250,000

## Soil Capacitance Technology

- Soil capacitance technology provides detailed information about soil moisture from the crop rootzone
- The data is transmitted to a central software system which enables us to schedule irrigation appropriately

## Plant Sensing Technology

- The Phytech® direct plant sensing technology uses sensors to monitor tree stress levels
  - The sensors continuously monitor micro-variations of stem diameter and provide an indication of levels of stress within the crop
  - This provides a good indication of when to next irrigate
- The Phytech system also provides an indication as to the effectiveness of the irrigation application and whether the crop has fully recovered

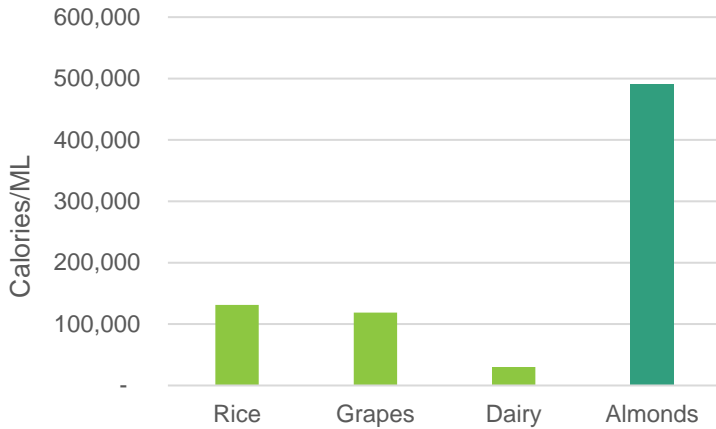
## Phytech® direct plant sensing technology



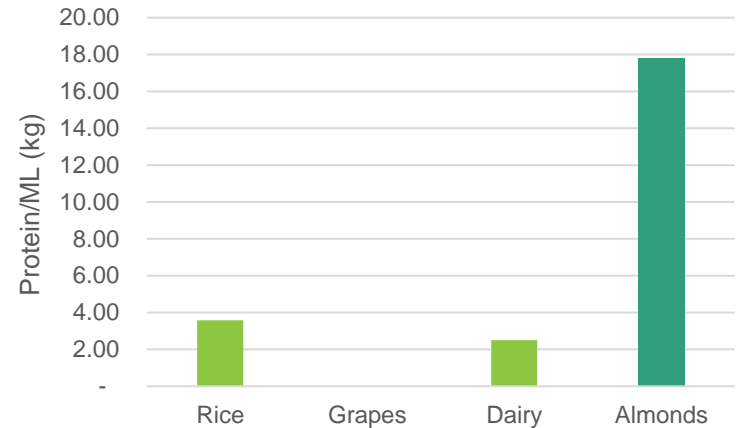
# Water use efficiency of Australian almonds

Australian almonds have the highest calories per ML of water used, the highest protein per ML of water used and the highest dollars generated per ML of water used vs. rice, wine grapes and dairy

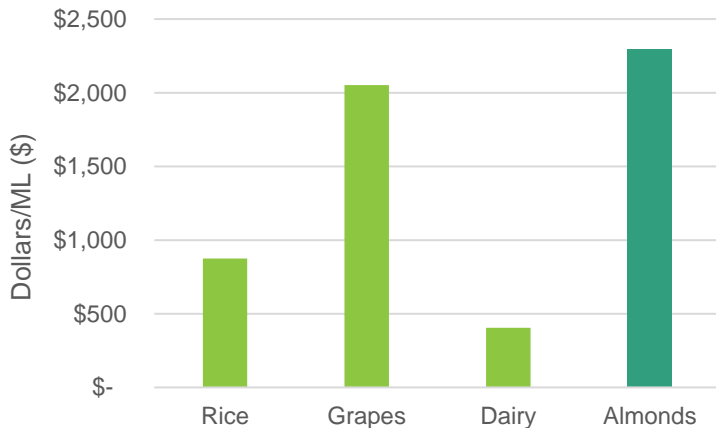
### Calories per ML



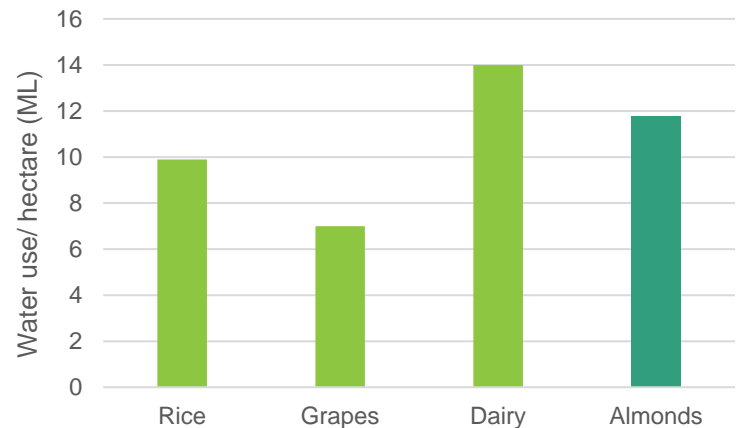
### Kg Protein per ML



### Dollars per ML



### Water Use (ML/Ha)

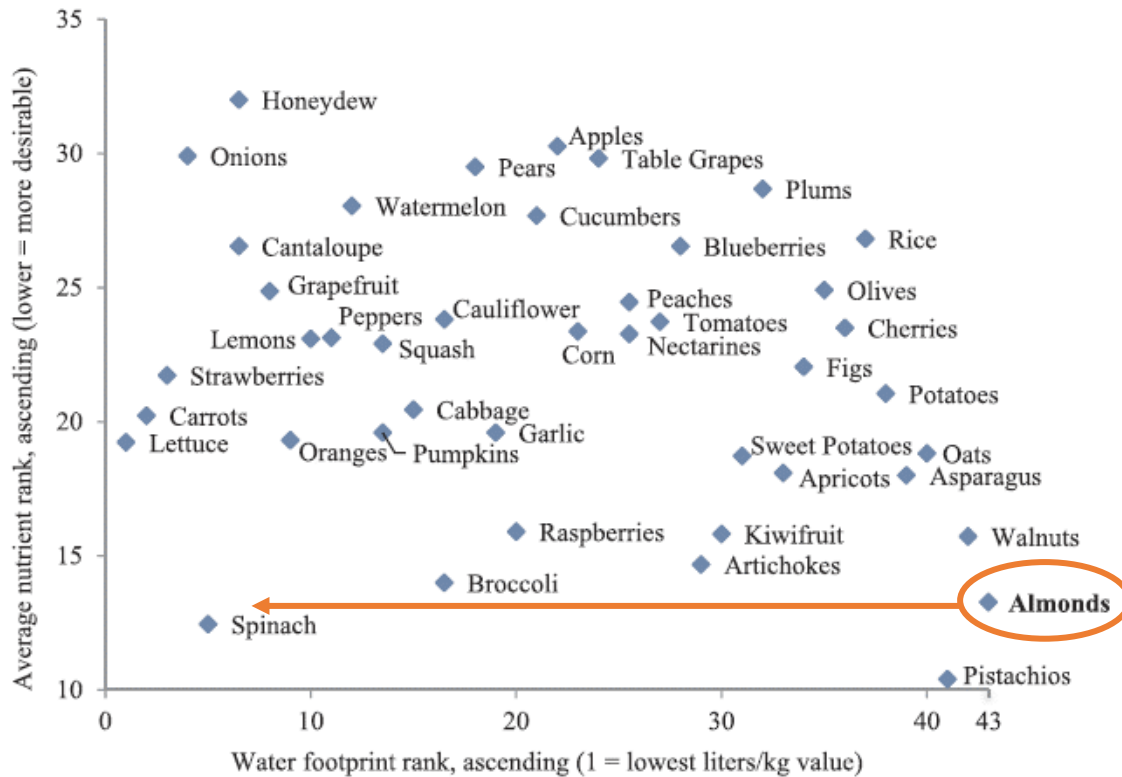




# Almond water footprint & nutritional value

While almonds have a relatively high-water footprint, they provide a very high nutritional value, ranking the highest amongst all major Californian crops

Major Californian crops ranked by water footprint and nutritional value



SHV is adding value across the entire almond biomass

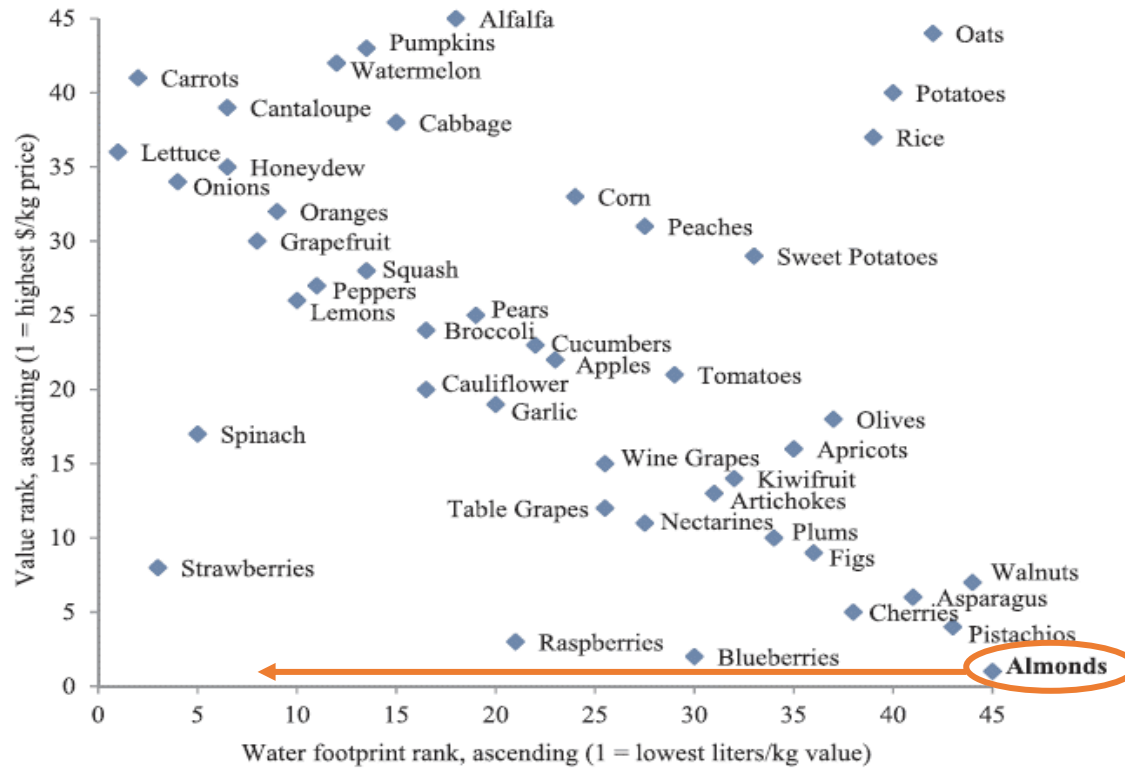
Source: Fulton, J., Norton, M. and Shilling, F. (2019). Water-indexed benefits and impacts of California almonds. Ecological Indicators. 96: 711-717.

Note: California accounted for approximately 78% of global almond production volume in 2021/22

# Almond water footprint & economic value

The direct economic benefits of almond production based on market sales are larger than any other major Californian crop

Major Californian crops ranked by water footprint and farm gate price



SHV is adding value across the entire almond biomass

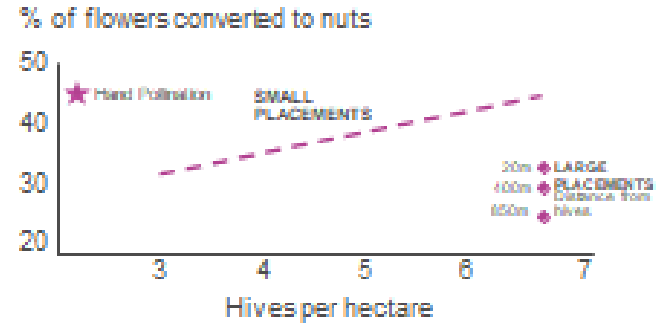
# Bee stewardship

## Our policy for optimum bee health and pollination outcomes:

- To supply alternative forage sources for bee arrivals where possible
- To supply water for bees at hive sites
- No weedicides to be sprayed when hives are present
- Predetermined preference not to spray fungicides during bloom unless disease pressure is severe and crop is at risk
- If a crop protectant spray is required, the choice of product would be discussed with the beekeeper/broker and it will only be applied from late afternoon to early morning outside of bee foraging periods
- Audited spray diaries for the period of bloom available for viewing
- Hive inspections to ensure endemic diseases and hive strength are monitored

## Research findings by CSIRO\*

- At the end of each day, flowers on trees far from hives had more pollen remaining on anthers than flowers near hives
- Trees near hives have better fruit set than trees far from hives
- Spreading hives around the orchard in small placements produced better fruit set than large placements far apart



**KEY FINDING:** Smaller drops produce better pollination outcomes.

\* Cunningham, S., 2014. Enhancing almond pollination efficiency. Final Project Report WAL AL-11003 June 2014. CSIRO Sustainable Agriculture Flagship.



3,074 Ha

18,400 HIVES  
CENTRAL REGION

1,948 Ha

11,600 HIVES  
NORTHERN REGION

2,670 Ha

15,500 HIVES  
SOUTHERN REGION

1,570 Ha

9,500 HIVES  
SWANHILL REGION

## 2022/23 Season



### WHAT TO KNOW

- We have had a relationship with the bee and pollination industry that spans over 30 years
- Bloom period = month of August
- Mature hive stocking rates = 5-6 hives/ha
- Minimum pollination standard = 8 frames of bees per hive

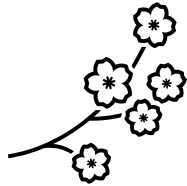


SELECT HARVESTS



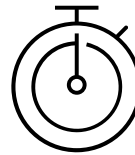
# Effective almond pollination

Effective almond pollination is determined by flower density, synchronization and bee flight hours



## Flower Density

A consistent multiyear horticultural program, with a particular focus on minimizing stress during the pre and post-harvest period, to ensure strong flower density. Select Harvests has maintained solid and consistent programs for the last few years which is supported by all our tree health data.



## Synchronization

Synchronization is the flowering cross over days between varieties. When establishing an orchard: synchronization, harvest time and marketability are the main determinants of varietal selection. Dependent on the region, all Select Harvests orchards have three or four varieties, and we anticipate no issues with synchronization.



## Bee Flight Hours

Bee flight hours is a function of weather, hive strength and hive placement. We have very strict guidelines on hive strength and placement. To further encourage bee activity, we enhance the environment by providing alternative foraging, windbreaks and water drops within our orchards. Optimum weather is a temperature above 14 degrees and light winds.



# Co-Waste projects

Select Harvests is undertaking three co-waste projects to increase sustainability and generate positive commercial outcomes for the business



## Almond Hull to Energy

Select Harvests co-generation power station is the integral link for our three sustainable co-waste projects



## Waste Ash to Compost

Waste ash by-product generated by our co-generation power station is being used to produce high-quality compost



## Almond Hull to Fertiliser

Select Harvests has developed a novel process for digesting almond hull to produce liquid and solid fertilisers



## Fly Ash to Liquid Fertiliser

Select Harvests developed a novel process to convert waste ash into high-grade potassium rich liquid fertiliser

### Benefits

- Waste recycling
- Compost generation
- Renewable energy

### Benefits

- Replaces chemical fertiliser
- Improves soil quality
- Improved tree health

### Benefits

- Replaces chemical fertiliser
- Current trials show preliminary results increase soil carbon levels by up to 100%
- Improves soil health and potentially water efficiency

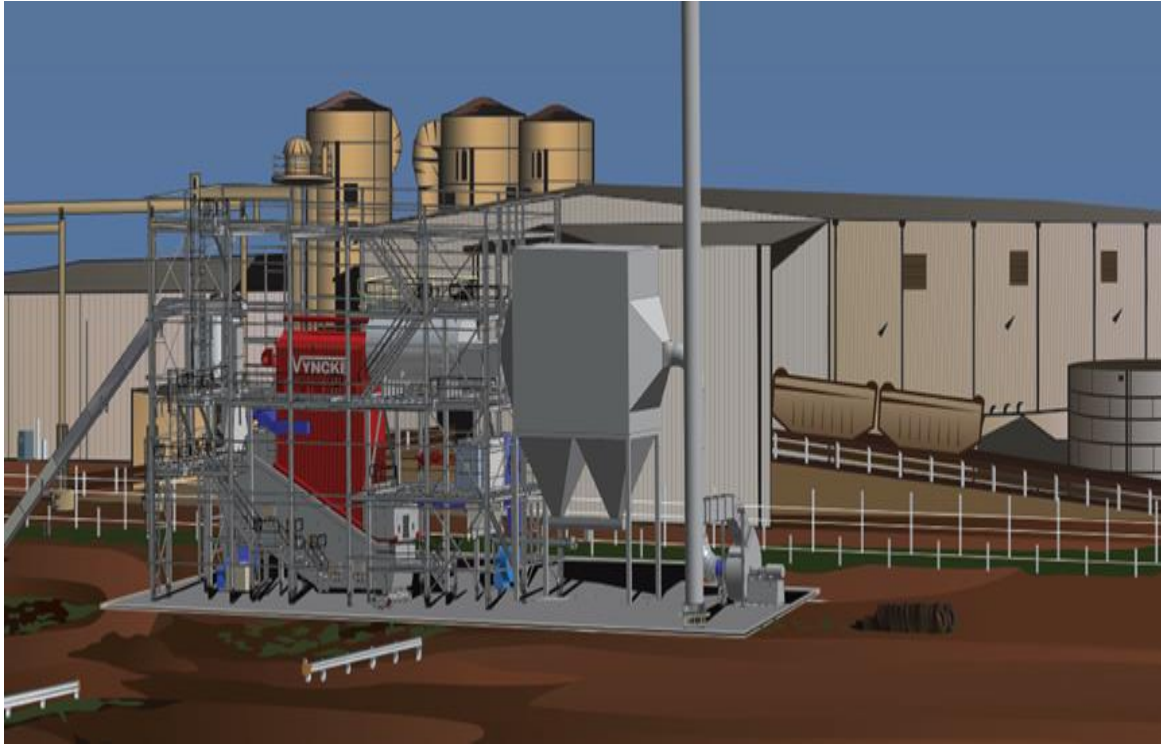
### Next Steps

Commercial Licence

Pilot Plants

# Project H<sub>2</sub>E: hull to energy

Our Hull to Energy (H2E) co-generation power plant generates electricity from our almond by-products



Almost 30% of Select Harvests' almond by-product is consumed by the H2E Power Station to produce low carbon emissions energy that is used to power our Carina West processing facility and neighbouring orchards.



# Triple Bottom Line Focus

Our most important asset.



1. ROCE: Return on Capital Employed. WACC: Weighted Average Cost of Capital

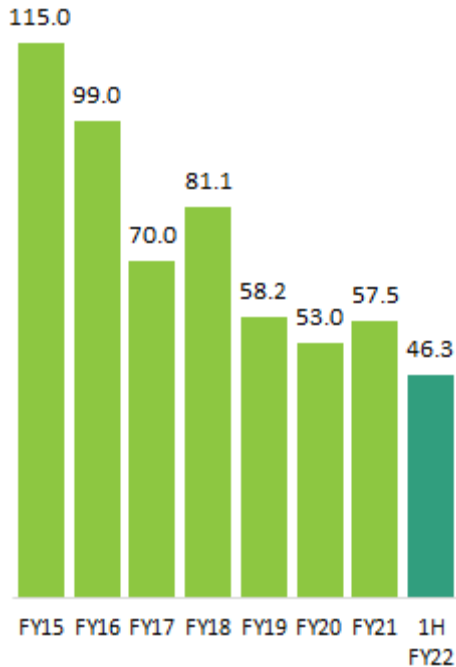


# Health, safety and wellbeing

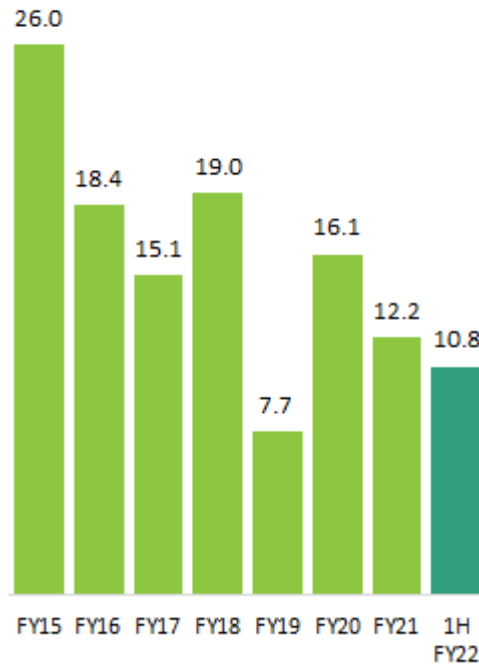
Focused towards achieving Zero Harm, with annual targets to improve YoY performance

## Injury Frequency Rate

Recordable Injury Frequency Rate



Lost Time Injury Frequency Rate



## Strategic Priorities

- COVID-19 management and response plan
- Hazard identification and eradicating risks before an incident occurs
- Process improvement and systems implementation
- Building on the safety culture and safety leadership
- Commence policy review to enhance employee wellbeing and safety culture



# Our people

Investing in leadership development, staff training, attraction and retention

Description	Scope	Status
<b>Staff Training</b> TAFE certificate and private training with a focus on irrigation, farm operations, leadership and management	All on farm operational staff	Ongoing
<b>Graduate Program</b> New talent brought into the business to provide succession potential	2 x Horticultural graduates	Early days
<b>California and other international study trips</b> Reward high performing middle and farm management staff	10 x middle management staff 3 x farm management staff	Ongoing
<b>Increased staff communication</b> around finances, yield, quality, processing division, etc.	Universal	Ongoing
<b>Digitization of administration</b>	Online real time reporting where possible. Priority OH&S	Ongoing



# Our community

SHV is a significant employer and active member of the communities in which we operate

- Each year, we invite applications from local charities, community groups, education and sporting clubs to apply for financial grants as a way to thank these organisations for servicing our local communities
- This year, we are proud to announce that our Community Donations Program supported 23 Community based organisations, in regional community across Victoria, New South Wales and South Australia



# Industry leader for effective management of labour practices and human rights issues

Commitment across the entire supply chain



## Labour Practices & Human Rights

- We treat all our workers in a manner which is compliant with the relevant legislation as well as protecting and preserving each individual's basic human rights.
- SEDEX member\*, which we achieved through the SEDEX Members Ethical Trade Audit (SMETA). We continue to encourage our supply chain and broader operations to explore the benefits of this accreditation.
- All current labour providers have confirmed compliance with our ethical sourcing policy.

## Anti-corruption, Ethics and Integrity

- Culture of strong ethics and integrity drive the behaviors of the business and support our social license to operate within the market and form part of our Values.
- These behaviors are central to everything we do and allow us to build and sustain enduring relationships with our broad set of stakeholders.
- Fraud, Anti-Bribery and Corruption Policy in place and adherence to the policy is within the scope of internal and external audit reviews, as they are undertaken.

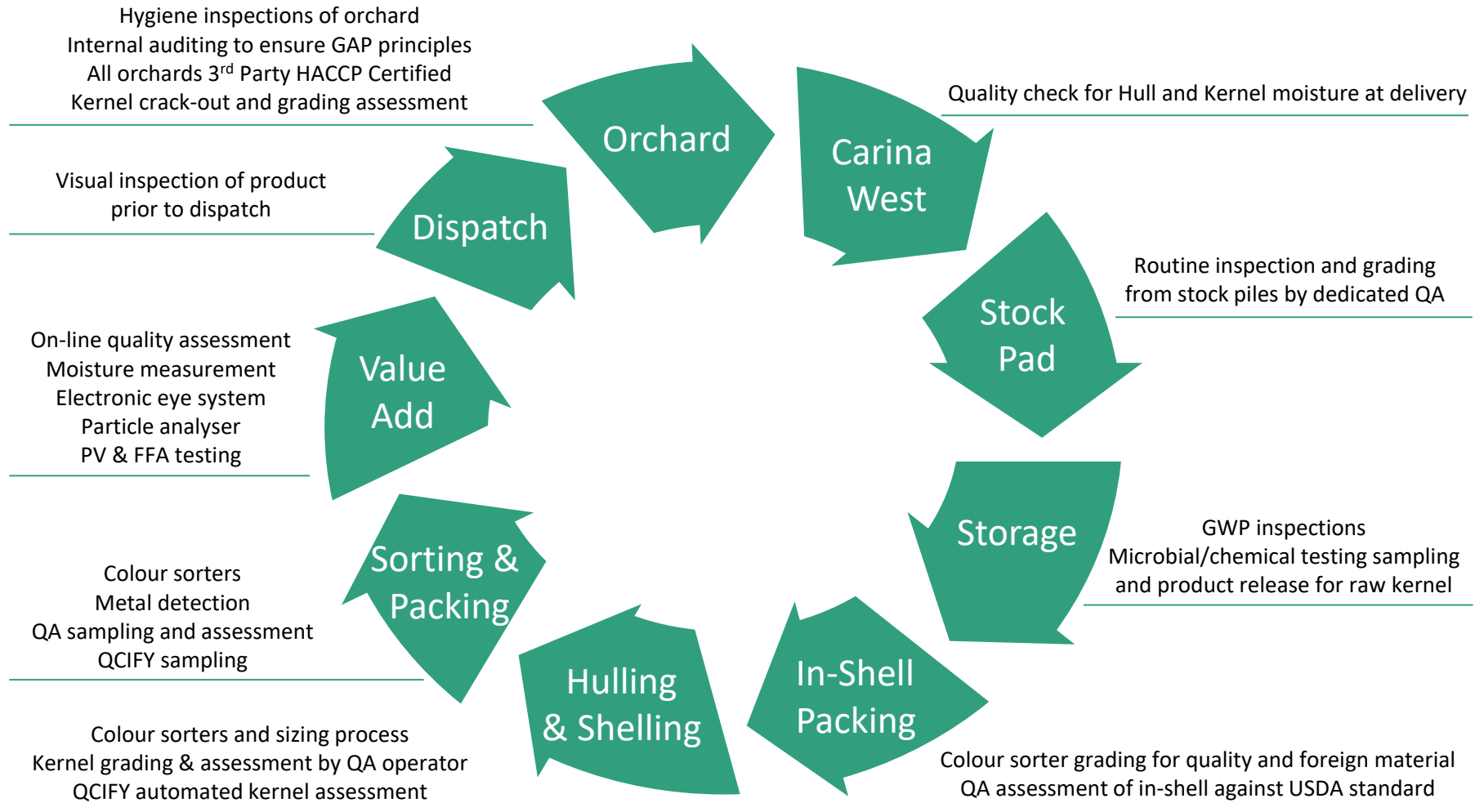


SELECT HARVESTS



# End-to-end QA process

Traceability and quality assurance from the orchard to the end consumer

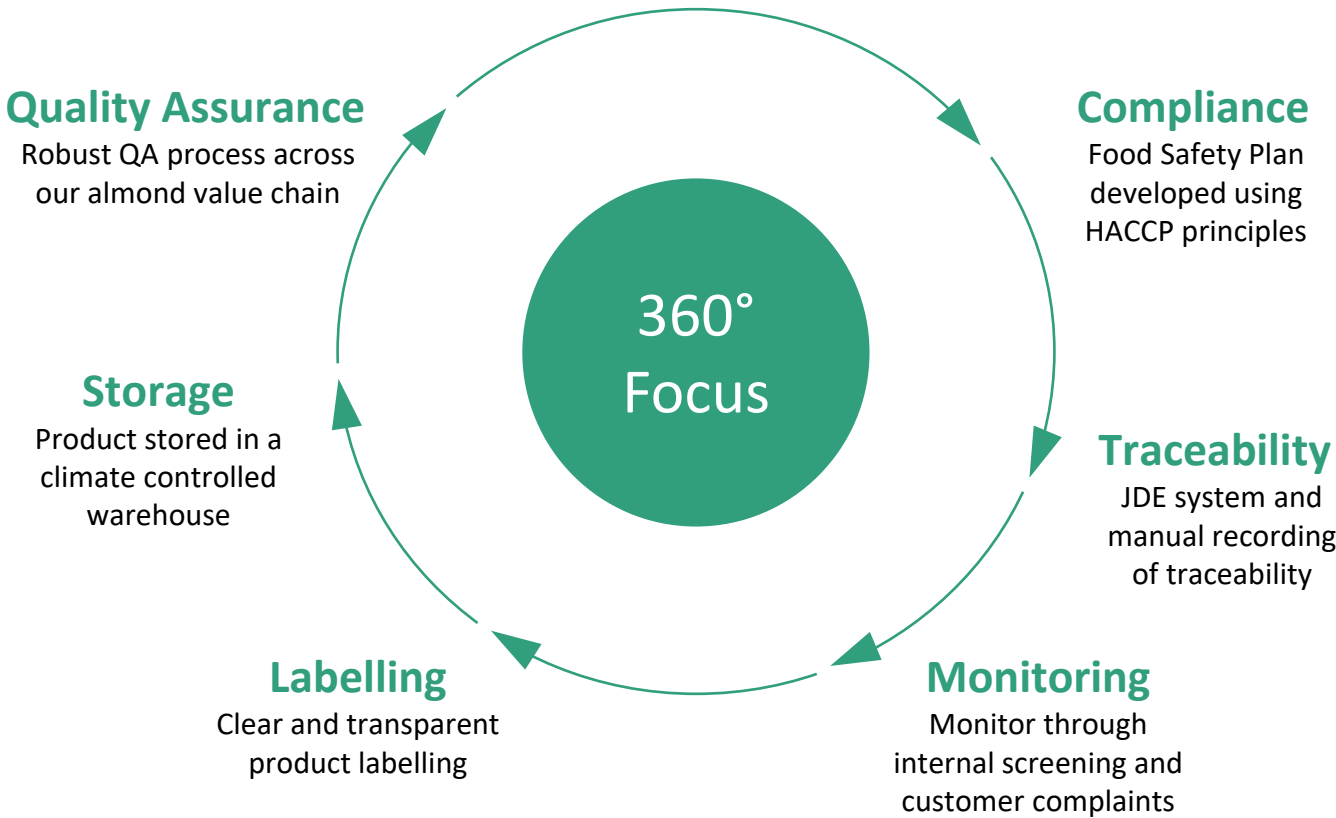




# Food safety focus

Food safety is the cornerstone of our production processes

## SHV Food Safety



## Certifications



# Triple Bottom Line Focus

Sustainability is a core value underpinning our business strategy and centres across three platforms: Planet, People and Profit.



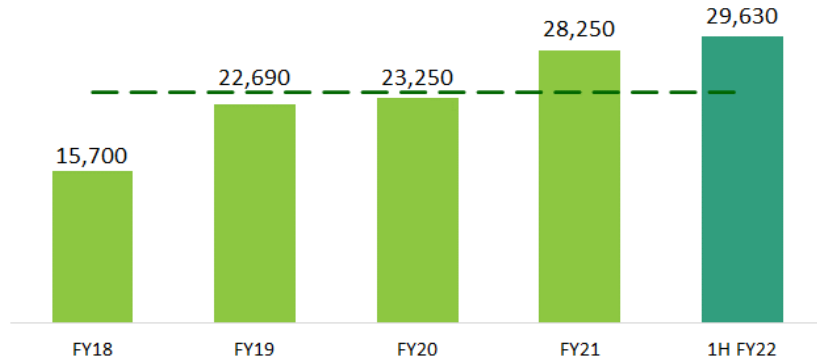
1. ROCE: Return on Capital Employed. WACC: Weighted Average Cost of Capital



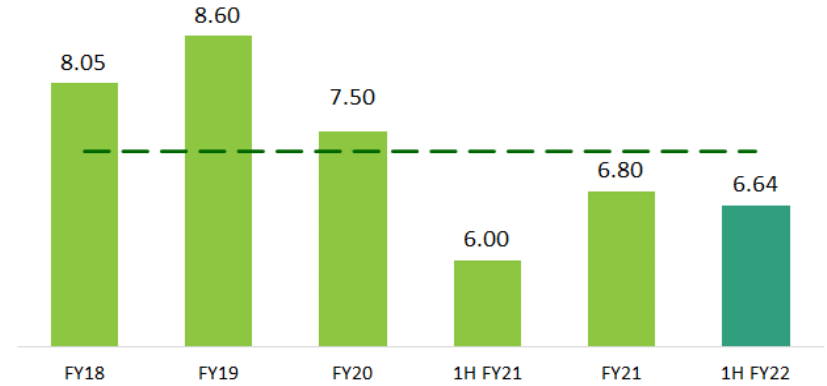
# Financial performance in context

Focused on factors within our control such as almond volume, quality and production cost

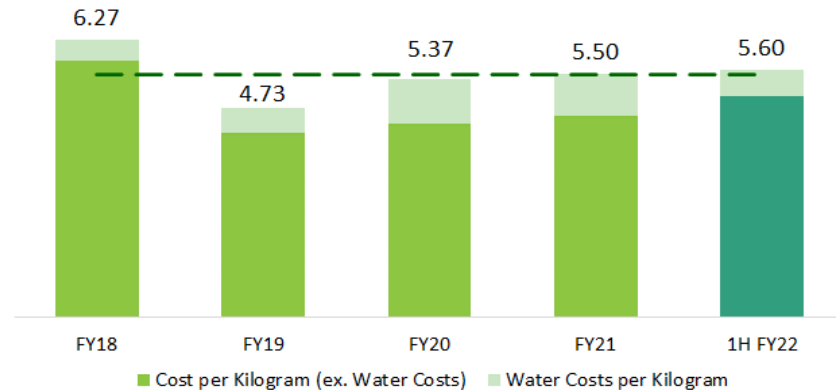
## Almond Volume (MT)



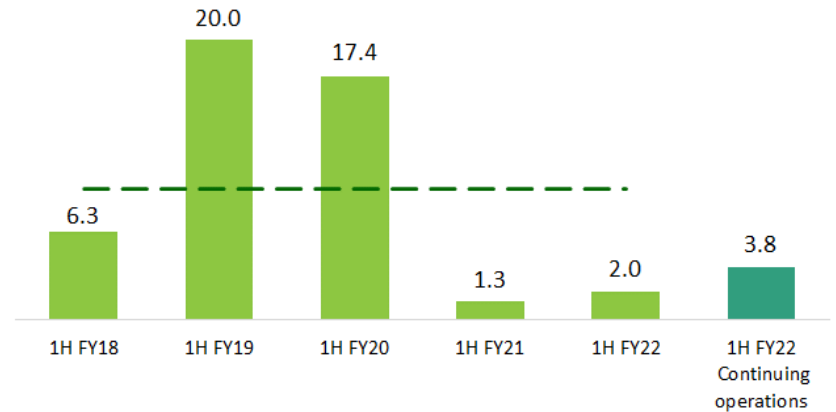
## Fair Value Almond Price (\$/kg)



## Total Almond Production Cost (\$/kg)



## NPAT (\$m)



— 5 Year Average



SELECT HARVESTS



# Thank You

## Please direct any queries to:

Paul Thompson  
Managing Director  
+61 3 9474 3544

Brad Crump  
CFO and Company Secretary  
+61 3 9474 3544

Andrew Angus  
Investor Relations  
+61 402 823 757

Please note that background material/data regarding the global almond industry can be found on the Select Harvests Limited website.

This presentation has been approved by the Board of Select Harvests.



# Useful Almond Industry Websites

## Industry Associations

- Californian Almond Board [www.almondboard.com](http://www.almondboard.com)
- Almond Board of Australia [www.australianalmonds.com.au](http://www.australianalmonds.com.au)
- International Nut and Dried Fruit Council [www.nutfruit.org/about-us/history](http://www.nutfruit.org/about-us/history)

## Industry Reports

- US Crop Forecasts (Subjective, Objective) [www.almonds.com/tools-and-resources/crop-reports](http://www.almonds.com/tools-and-resources/crop-reports)
- Monthly Almond Position Reports [www.almonds.com/tools-and-resources/crop-reports/position-reports](http://www.almonds.com/tools-and-resources/crop-reports/position-reports)
- Almond Almanac [www.almonds.com/tools-and-resources/crop-reports/almond-almanac](http://www.almonds.com/tools-and-resources/crop-reports/almond-almanac)
- UC Davis Almond Development Costings [www.coststudies.ucdavis.edu/en/current/commodity/almonds/](http://www.coststudies.ucdavis.edu/en/current/commodity/almonds/)
- INC Nuts & Dried Fruits Yearbook [www.nutfruit.org/files/tech/1625230833\\_INC\\_Stats\\_2021.pdf](http://www.nutfruit.org/files/tech/1625230833_INC_Stats_2021.pdf)
- INC World Tree Nut Trade Flows [www.nutfruit.org/files/multimedia/1621524924\\_Trade\\_Map\\_Series.pdf](http://www.nutfruit.org/files/multimedia/1621524924_Trade_Map_Series.pdf)
- Nut News Podcast [www.selectharvestusa.com/news-resources/nut-news-podcast](http://www.selectharvestusa.com/news-resources/nut-news-podcast)

## Almond Companies

- Blue Diamond Growers [www.bluediamond.com](http://www.bluediamond.com)
- Blue Diamond Ingredients [www.bdingredients.com/category/almond-market-analysis](http://www.bdingredients.com/category/almond-market-analysis)
- Almond Insights [www.almondinsights.com](http://www.almondinsights.com)
- Derco Foods [www.dercofoods.com/en/english-reports/english-almond-reports](http://www.dercofoods.com/en/english-reports/english-almond-reports)
- RPAC Almonds [www.rpacalmonds.com/marketnews](http://www.rpacalmonds.com/marketnews)
- Wonderful Pistachios & Almonds [www.wonderfulpistachiosandalmonds.com/#ourdifference](http://www.wonderfulpistachiosandalmonds.com/#ourdifference)

## Definition & Explanations

Certain financial measures mentioned in this presentation (including EBITDA, EBIT & ROCE) are Non-IFRS measures. They are used by the company and are relevant because they are consistent with measures used internally by management and by some in the investment community to assess the operating performance of the business. The non-IFRS measures have not been subject to audit or review.



# Appendices



SELECT HARVESTS

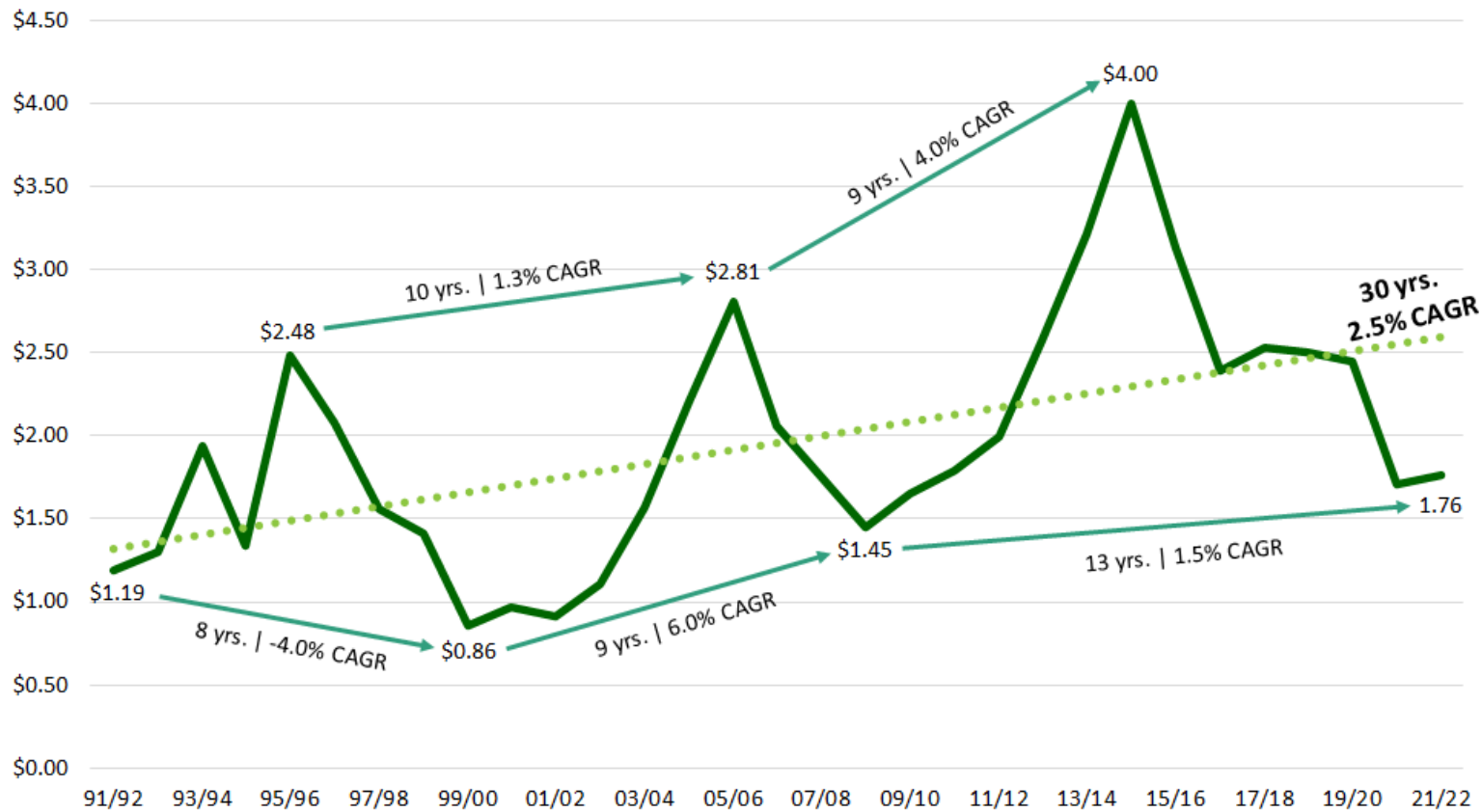




# Almond Price

A combination of the lower than expected Objective Forecast vs. prior industry consensus and a strong June California shipment report, should result in an appreciation of the almond price as the industry adjusts to a tighter supply scenario heading into the 2022/23 Californian season

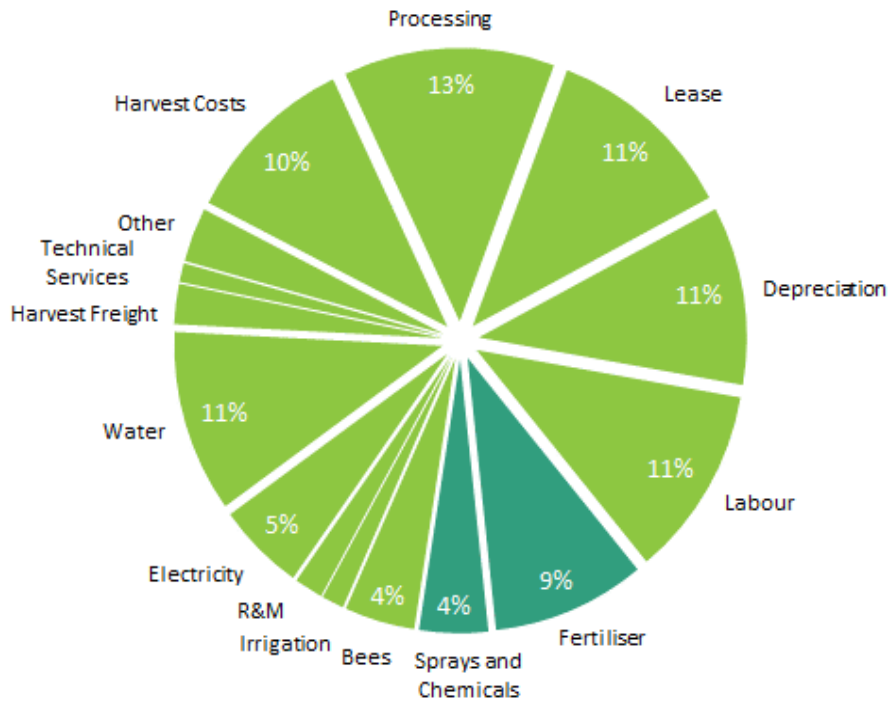
California Farm Gate Almond Prices (US\$ per pound)



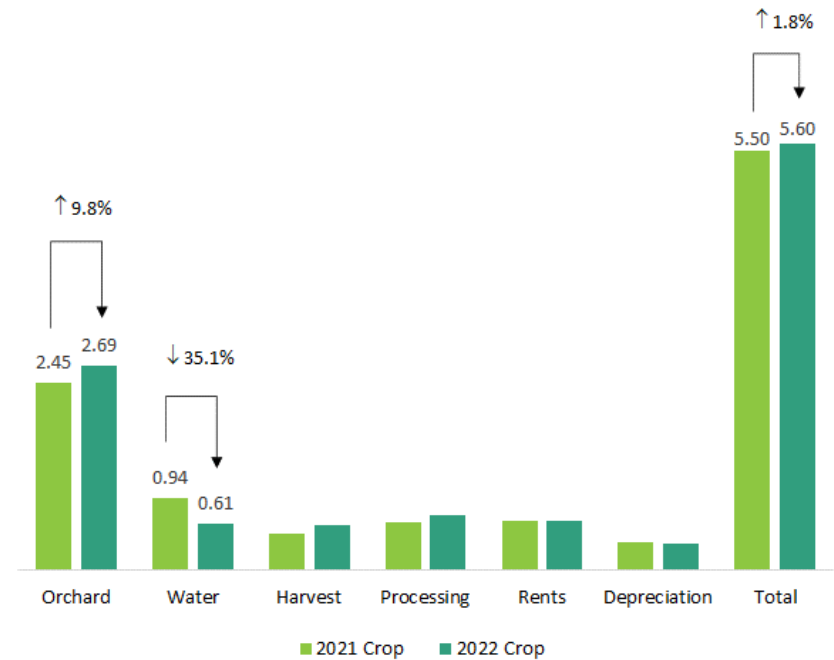
# Crop Costs

2023 growing costs are expected to increase predominantly due to the higher cost of fertiliser and agricultural chemicals.

## 2022 Crop Costs by Type



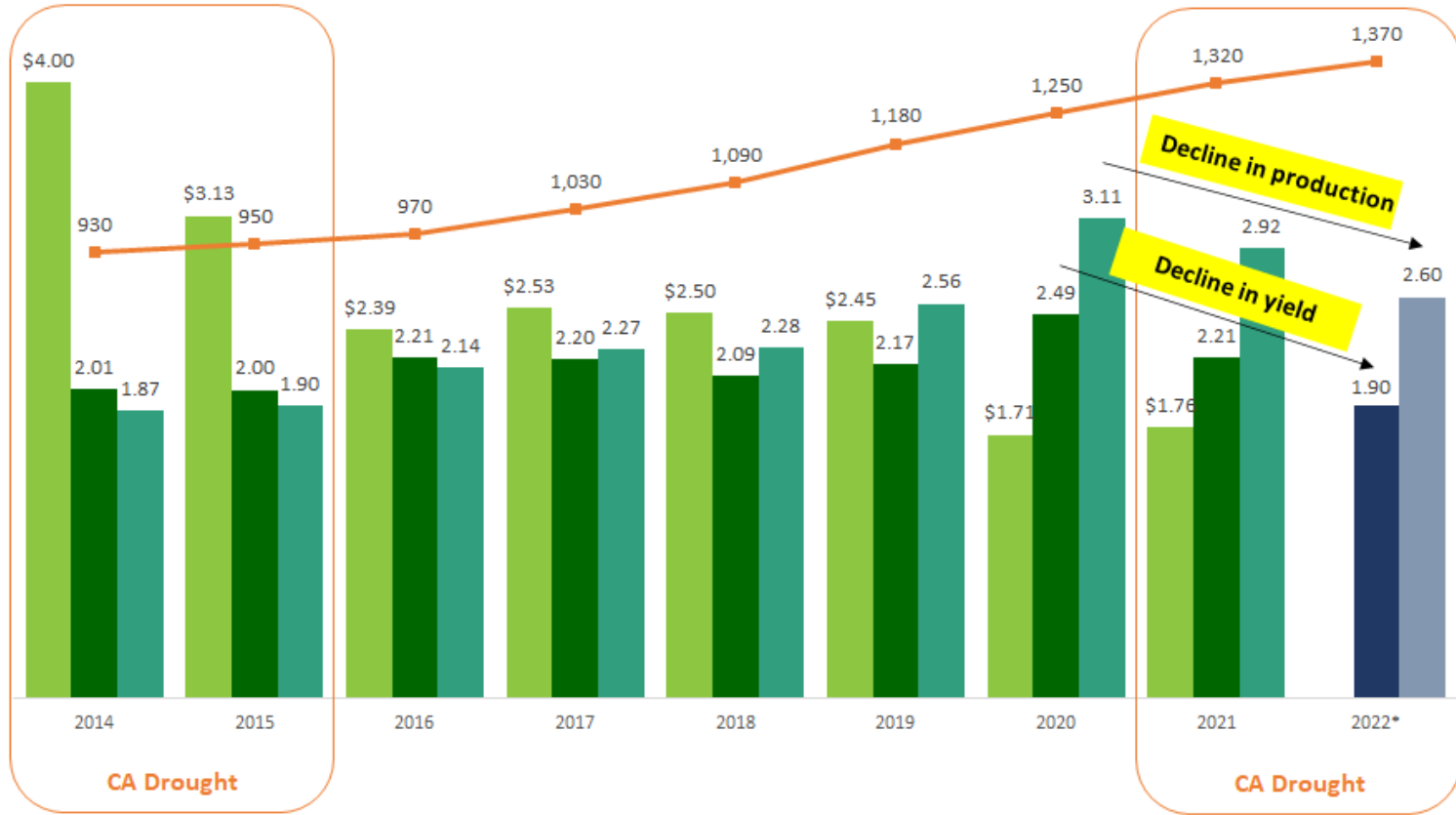
## Costs per Kg: 2021 vs. 2022 Crop



# California Almond Crop - Supply

The USDA's Objective Forecast of a 2.60bn pound California almond crop in 2022 is 11% below last years crop of 2.92bn pounds. Early season frost and the ongoing drought have negatively impacted yields

## California Almond Production, Price and Yield



■ Farm Gate Almond Price (USD per pound) 
 ■ USDA Yield per Acre (thousand pounds) 
 ■ USDA Crop (pounds billion) 
 —■ USDA Bearing Acres (thousands)

# Almond Shipments - Demand

The final July shipment month of the current California almond season (August to July) is expected to be strong, following record monthly shipment numbers in May and June 2022, up 17.4% and 26.3% YoY

## U.S. and Australian Almond Exports (MT)

