


Ballance with Nature

2021 Annual Review



www.ballance.co.nz





Together, creating the best soil and food on earth.

Our purpose

This year, we took the opportunity to review our purpose and its alignment with our business strategy. The outcome is a small yet significant change – replacing ‘feed’ with ‘food’ – to better reflect our role in helping kiwi farmers and growers produce nutritious food for a global population.

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Governance & leadership



DUNCAN COULL
CHAIRMAN, DIRECTOR NORTH ISLAND



DACEY BALLE
DIRECTOR NORTH ISLAND



SIMON ROBERTSON
APPOINTED DIRECTOR



MARK WYNNE
CHIEF EXECUTIVE OFFICER



DANI DARKE
DIRECTOR NORTH ISLAND



SARAH VON DADELSZEN
DIRECTOR NORTH ISLAND



MATT SKILTON
CHIEF FINANCIAL OFFICER



SHEENA HENDERSON
GM CUSTOMER EXPERIENCE
& MARKETING



KIM ELLIS
APPOINTED DIRECTOR



ANDREW MORRISON
DIRECTOR SOUTH ISLAND



SHANE DUFAUR
GM OPERATIONS & SUPPLY CHAIN



JASON MINKHORST
GM SALES



MURRAY TAGGART
DIRECTOR SOUTH ISLAND



ALBERT BRANTLEY
APPOINTED DIRECTOR



JACQUELINE RICH
GM PEOPLE & CAPABILITY



DAVID HEALY
CHIEF DIGITAL OFFICER

Chairman & CEO's report



Leading the way to a sustainable future

The world has changed significantly in the last 12 months, not only from the impact of the COVID-19 pandemic, but also evolving customer expectations and advances in climate change priorities. We have faced the challenges with resilience and a spirit of innovation, and we want to thank our staff, customers, and shareholders for their contribution during a tough, unparalleled year.

While the world looks different, the major challenge for food producers remains the same – to feed a growing global population while protecting our natural environment. At Ballance, we lead the way in science and innovation to enable our farmers and growers to produce quality food using sustainable practices.

Facing the challenge

Our 2021 BallanceEx Dinner Series provided our shareholders the opportunity to explore the challenges facing the primary industry. Our panel of experts discussed the pace of change, and the opportunities to innovate to sustain our global, national, and local communities. Throughout the series, we saw great engagement and robust discussion about what it means to thrive as a farmer in New Zealand.

Identifying what our customers need to respond to change and continue to farm and grow successfully requires us to stay ahead of regulations and develop science-based innovation to support them. We actively submitted on the recent government reforms and have provided our shareholders guidance on the Government's freshwater, biodiversity and climate change policy proposals and changes. A special edition of our GROW Magazine, to help farmers and growers adjust to this largely unfamiliar policy landscape, was so popular it was reprinted twice.

Leadership in innovation

Kiwi farmers and growers are key to food production and continue to excite and delight consumers around the world. Our role as a co-operative is to walk alongside our customers and help them operate profitably and sustainably. Our seat at the table with policy makers ensures we are across government decisions that impact on our shareholders' futures.

This is demonstrated by our five-year partnership with the Ministry of Primary Industries and our joint-funded \$25m Future Ready Farms programme. The Ballance-led programme features 12 projects and will develop products, tools, and technologies to help farmers and growers continue to build on their sustainable agricultural practices.

December saw the launch of Ballance with Nature, our promise on how we will support our customers to be future-ready. Based around seven key principles that contribute to a sustainable planet, Ballance with Nature is about working with nature, rather than in it. We operate under the values of Kaitiakitanga, ensuring we carry out our role as guardians of our precious resources, and safeguard them for the next generation.

The year saw continued growth in the number of customers using SurePhos®, a sustainable product to reduce phosphate loss. Created following ten years of research and development, SurePhos® is the only product of its kind in New Zealand and uptake has nearly doubled since launch.

Innovative technology solutions, such as the geo-spatial mapping used in our Super Air fleet, is helping farmers protect the environment through precision spreading and identifying exclusion zones. With our expansion into the South Island in December, our Super Air team are using aspect and slope mapping to support farmers to use the right product, in the right place, at the right rate.

'Greener' operations

Zero-carbon remains a high priority, with the Government focused on introducing policy to meet our obligations under the Paris Agreement. The agriculture sector contributes around half of New Zealand's total greenhouse gas emissions. Our focus is on making our operations 'greener', reducing our footprint, and helping farmers do the same.

We were excited to receive fast-track priority from the Ministry for the Environment for our joint venture with Hiringa Energy to produce 'green' hydrogen from renewable wind energy. This process speeds up projects aimed at stimulating the economy and we hope to be up and running by early 2023.

Investing in our co-op

Like all businesses, Ballance requires investment to enable it to thrive into the future. Our current investment programme is running at approximately twice our depreciation rate as we address end-of-life assets, statutory requirements, and future capabilities. With a strong balance sheet and cash flow, Ballance is in an excellent position to address these issues while maintaining a healthy return to shareholders. Our net borrowings have increased to fund the capital investment programme, but we maintain a relatively conservative balance sheet.

Similarly, our strong cash flow position has enabled us to return a healthy rebate to shareholders through this investment period.

We are pleased to report that our profit before rebate and tax is \$63.1 million and can confirm a farmer rebate of \$50 per tonne for the financial year ending 31 May 2021, returning a total of \$60.2 million to our 17,440 shareholders. Group sales increased to 1.553 million tonnes for the 2021 year.

Growing our people

To continue to be successful, we need to ensure our staff are equipped for an evolving landscape. Our staff engagement levels have remained strong at 72% after a unique year and we continue to offer our people the opportunity to grow their skills and capabilities to help drive our business, and therefore our customers' business, towards a sustainable tomorrow.

In 2020 we welcomed Chief Digital Officer, David Healy, to our leadership team. We are already reaping the benefits of his 20 years' experience in supporting businesses through technology and process management change projects.

Our Board's strong governance and commitment has resulted in another successful year. We were excited to have Dani Darke join us as a director after winning the North Ward election. Dani's experience in driving profitability and sustainability is proving to be an asset, alongside her strong networks in the rural sector and deep understanding of the supply chain.

Our AGM will mark the end of Murray Taggart's tenure after 12 years on the Board. Murray has been a strong advocate for the co-operative model, and we'd like to thank him for his immense contribution.

We are thrilled to introduce Will Grayling as our first associate board director. The 15-month role was open to shareholders aspiring to enter the world of governance and is a great opportunity to support the industry in building future governance capability.

We are proud to deliver another strong year for our co-operative. It is only with the support and hard work of all the parts of our business – that we can continue to create a strong co-operative and capitalise on opportunities in the future.

Thank you for being part of our success.


Mark Wynne
CHIEF EXECUTIVE


Duncan Coull
CHAIRMAN

Report card

Group Sales

1,553

MILLION TONNES



Profit

before rebate & tax

\$63.1

MILLION



Revenue

before rebate

\$897

MILLION

Our co-operative

As a proud co-operative, we are run by farmers and growers, for farmers and growers and serving them is always front-of-mind. Our promise to shareholders is simply to continue delivering a great customer experience and to invest for tomorrow. Creating value for our shareholders drives us and a key part of this is providing a rebate to our customers.

\$60.2m

returned to New Zealand farmers and growers in rebate

Shareholder
Rebate

\$50

PER TONNE



150%

increase in customers using SurePhos® to reduce phosphate loss to waterways by up to 75%*

*Relative to superphosphate products.

16%

reduction in spreadable area through the use of Super Air's SpreadSmart® system, giving more sustainable topdressing options

\$53.8m

committed investment in infrastructure as part of our Northland strategy to improve service to farmers and growers in the region

\$1.06bn

projected benefits to kiwi farmers by 2030 from our government-supported Future Ready Farms programme

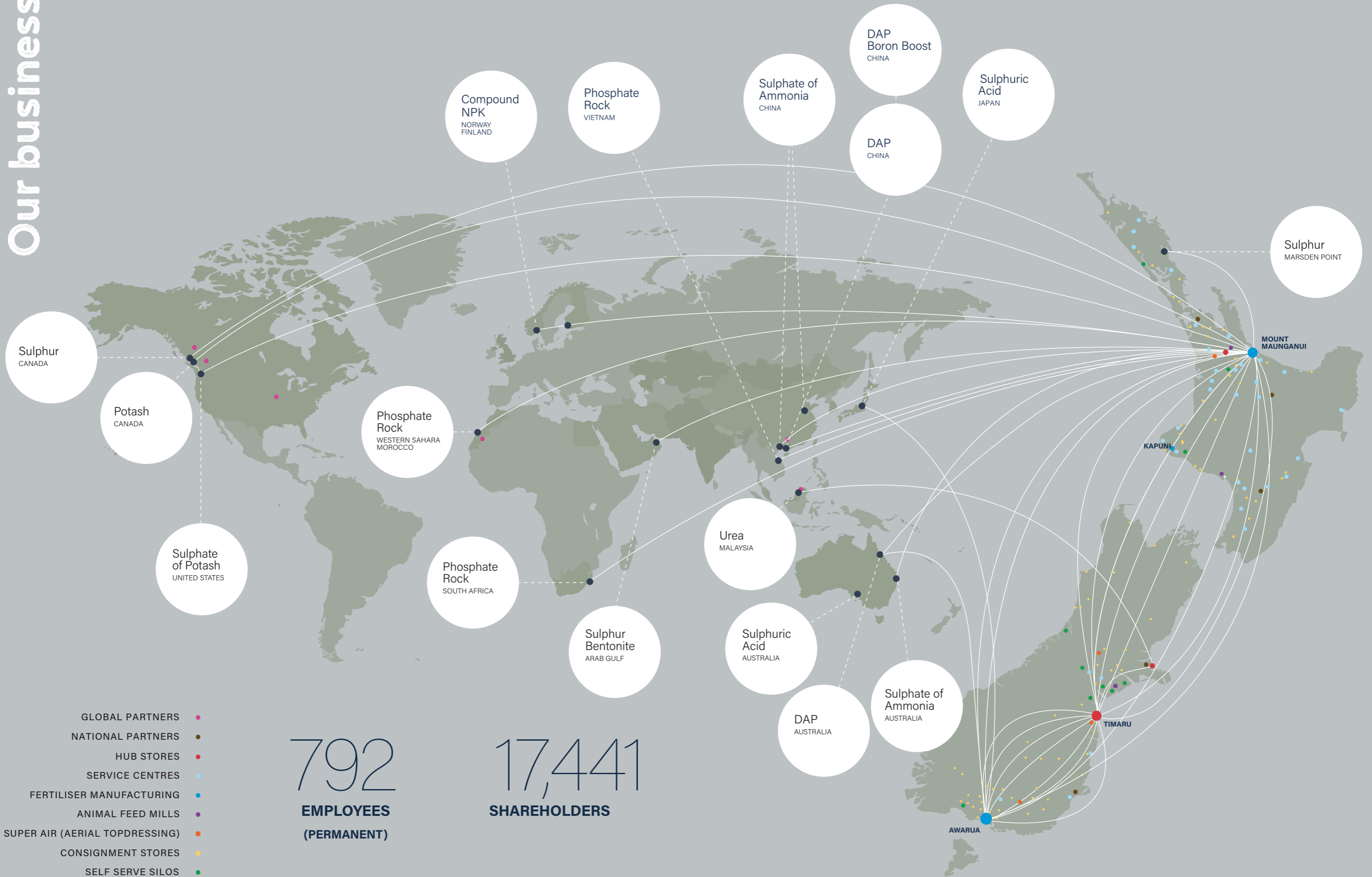
\$1.9m

spent developing our people through internal courses and support programmes

50+

Ballance staff participated in pest trap setting activities through partnership with Bay Conservation Alliance

Our business



Protecting our environment





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Like you, we have Kaitiakitanga front-of-mind, ensuring our natural resources are protected for generations to come.

.....

Care for our unique natural resources continues to be front-of-mind for most New Zealanders, particularly farmers and growers. As kiwis, we collectively share a deep sense of connection to our land, water, air, and people, however we are seeing varying ideologies and perspectives on how we best protect it. The last 12 months has seen significant regulatory change and discussion, which is vital to both ensuring New Zealand maintains its position on the world stage as a leading sustainable food and fibre producer and to ensuring our unique natural resources are protected for generations to come.

What it means to be a kiwi farmer or grower is changing. Influenced by an evolving consumer and social landscape, and shaped by the proof points of science, we are learning that how we farm and grow tomorrow needs to be as different to today as how different today is to when our grandparents farmed. The speed of this change is perhaps the biggest challenge. Dealing with biological systems that are seasonably based means adoption and adaption takes time. On top of this, climate change means that what and where we have farmed and grown is being impacted.

However, we know farmers and growers are problem solvers – we are too. While working on our own environmental footprint, we are working hard to support New Zealand farmers and growers to lower theirs, using sustainable products and services. Like you, we have Kaitiakitanga front-of-mind, ensuring our natural resources are protected for generations to come.

Our role as nutrient leader is to help farmers and growers achieve their sustainability goals, productively.

Science is teaching us about both the intended and unintended consequences of what we do and we are adapting accordingly to ensure we are both sustainable and relevant, today and tomorrow.

We work with experts locally and internationally and employ science experts, because science is key to our products and services, ensuring we have New Zealand relevant proof that what we claim is proven.

This year we launched Ballance with Nature. This is our promise of how we will, as a business, as your co-operative and as your business partner, work to ensure that we support you, across seven pillars, to be future ready. To help you care for your natural resources, working with nature, while remaining productive. It captures both “head” and “heart” and is underpinned by science.



**If the natural world is healthy,
so too are the people.**

Taiao ora, Tangata ora.


Introducing Ballance with Nature

Farming and growing is vital to New Zealand and our economy.
So too are our unique natural resources.

Our farming community are constantly adapting and evolving, to ensure we continue to thrive in the years ahead. And at Ballance, we see the potential to make a real difference to the future of farming and growing in New Zealand.

Ballance with Nature has seven key principles – and you might find you're doing many of them already.

As we learn and grow together, we'll be alongside you every step of the way, with the right products, tools and expert advice, so you can stay productive, sustainably.



Soil Health

Everything we grow and eat depends on healthy soil. Our *whenua*. So we're here to help you optimise your soil, with testing tools and expert advice.

Physical Chemical Biological



Cleaner Air

We all have a part to play in protecting air quality, and our products like PastureSure® and SustainN® can help reduce gaseous emissions lost to volatilisation.


 



Nutrient Efficiency

Nutrients are fundamental for productive farming and growing, and we've got the science and tools to help you use the right products, at the right time, in the right place, at the right rate.


  



Healthy Water

Protecting our waterways is important, and we've invested in developing innovative products like SurePhos®. It gives you the pasture gains you're after, while reducing phosphate loss by up to 75%*.

*Relative to superphosphate products.





Native Biodiversity

This is all about helping preserve native flora and fauna within their natural environment on the appropriate type of land. Our Farm Sustainability Services team can help you understand the environmental risks and opportunities on your land.





Animal Care

Just as we have a deep connection to caring for our environment, we also care deeply for animals. Our team of ruminant experts from SealesWinslow support you to ensure your animals are happy, healthy, and productive.



Resource Utilisation

As we continue to supply the world with top quality food, we need to be mindful of how we use our natural resources. Our team can help create a plan to ensure you're using your natural resources for their best purpose.



Ballance with Nature: the seven key principles of care



Soil health

Growing quality food for animals and humans relies on good soil health and our team at Ballance has expertise to help farmers and growers achieve this. We know that New Zealand soils are unique – young and diverse but naturally deficient in nutrients such as phosphorus and sulphur. They also differ in soil type per region and can even vary throughout a single farm. Our soil health strategy is based around providing the best advice and support for customers by educating them about maintaining soil health for the future, beyond basic soil fertility. Because the healthier the soil, the less nutrients needed – just the right amount and no more.



Native biodiversity

Biodiversity is at a critical stage around the globe and New Zealand is no exception. It is vital for a functioning ecosystem and protecting it will ensure our native flora and fauna thrive. The agriculture industry has a role to play in restoring native species and science helps us better understand how we do this. Our Farm Sustainability Services team ensures that biodiversity is an integral part of any Farm Environment Plan. One of the projects in our government-supported Future Ready Farms project involves the development and large-scale production of a specific slow-release nitrogen compound, to support radiata pine growth and assist biodiversity, while reducing the potential environmental impact of leaching and water quality concerns.

Protecting our local ecology is one of the most important things we can do to preserve our native flora and fauna. Through our partnership with Bay Conservation Alliance, our Mount Maunganui-based staff have participated in Staff Conservation Days, a series of pest trap setting days to help eradicate pests and allow native species to thrive in the Oteora forest.



Cleaner air

We are committed to cleaner air, which means reducing our emissions and carbon footprint while also helping farmers and growers reduce theirs. For our farmers, we have specific products designed to help reduce gaseous emissions. This includes SustainN[®], which reduces nitrogen volatilisation loss by up to 50%, helping to improve nitrogen utilisation under newly proposed Essential Freshwater restrictions and cleaner air policies. Tools like MitAgator[®] and Overseer allow farmers to calculate emissions and easily feed them digitally into their Farm Environment Plans.

As an organisation, we are taking steps to address emissions throughout our network, including the production of GoClear, an exhaust system additive and scrubbing agent that reduces nitric oxide (NOX) emissions in modern diesel engines, like those used in our network.

Our joint agreement with Hiringa Energy will produce 'green' hydrogen from renewable energy to supply zero-emission fuel for the transport sector. It will also enable our Kapuni site to use up to 75% renewable energy, on average, for its electricity needs.



Nutrient efficiency

The key to protecting our natural resources while maintaining productivity is ensuring that the right nutrients are applied at the right time, in the right place, at the right rate. We have developed, and continue to upgrade, a number of digital tools to help farmers achieve this.

With the increasing pressures and scrutiny of nitrogen use, our My Pasture Planner[®] tool helps farmers navigate regulations, including the recently imposed 190kg/ha nitrogen cap, and farm within limits.

SpreadSmart[®] will be fully installed in our Super Air fleet by Christmas 2021. By allowing for constant and variable rate applications depending on a farm's terrain and fertility, SpreadSmart's[®] Generation 3 technology applies nutrients precisely where they are needed, while avoiding sensitive areas such as waterways.

"My Pasture Planner[®] allows us to create an annual nitrogen plan customised to our farm"

Tom Buckley, Manager, Owl Farm Cambridge.



Healthy water

We all want our rivers and lakes to be swimmable for generations to come. To protect our precious waterways, we must make sure that what goes on the land, stays on the land. SurePhos[®] was developed here by Ballance, specifically for our unique pastoral farming system to significantly reduce phosphate losses to waterways in New Zealand.

After 10 years research and development, the result was a game-changer, helping farmers reduce phosphate loss by up to 75%*. The launch of SurePhos[®], developed with the support of government under the Primary Growth Partnership (PGP), came at a good time with farmers coming under increasing pressure to manage their environmental footprint and 'farming within limits' a reality with regulatory limits on phosphate already in place in most regions.

*Relative to superphosphate products.

90,000+

TONNES OF SUREPHOS SOLD SINCE LAUNCH

SurePhos[®] was developed here in New Zealand, specifically for our unique, pastoral farming system to significantly reduce phosphate losses to waterways in New Zealand.

The demand for SurePhos[®] has well exceeded our expectations and on two occasions the demand has exceeded our stocks. Visit ballance.co.nz/surephos for more information.



Resource utilisation

The key to reducing our impact on the environment lies in identifying and addressing our touch on the land. Our Farm Sustainability Services team use tools like MitAgator[®], the geo-spatial software we developed under our Primary Growth Partnership (PGP) with the Government in 2019, to help farmers achieve this. MitAgator[®] continues to be the most advanced tool for developing Farm Environment Plans and this year we improved efficiencies and processing time for our Farm Sustainability Services team. MitAgator[®] will soon be licensed so consultants can use it on a subscription basis.

"MitAgator[®] has helped us... prioritise our environmental plan and farming practice to target... at-risk areas. It is a great evidence-based tool... [ensuring] our time and resources are in the areas that need it the most!"

Norm and Lee-Anne Stewart, Dairy Farmers, Ashburton



Animal care

We know that as well as caring for the environment, our customers care for their animals, and because healthy animals are happy animals, we support the production of healthy soils to optimise animal health. SealesWinslow has worked alongside farmers to develop products that create lush pastures, rich in the nutrients that animals need to be healthy. This includes a range of products that deliver key nutrients to dairy cattle to meet their specific needs throughout seasonal changes.

Because healthy animals not only produce great protein but also less greenhouse gas emissions, two of our projects within the Future Ready Farms programme, supported by the Government's Sustainable Food Fibre Futures (SFFF) fund, are focused on animal care and greenhouse gas emissions.



Reducing our footprint

Like farmers and growers we continue to explore ways to further reduce our environmental footprint.

Our Kapuni urea manufacturing plant is run by a great team of local experts who ensure best practice operations well within consents and guidelines. This strategic asset not only ensures we manufacture in New Zealand and help the region prosper, but provides a great opportunity to explore, and begin the creation of 'green' hydrogen and 'greener' urea.

Our joint venture with Hiringa Energy will establish a world-first hydrogen ecosystem project in Taranaki using renewable energy from wind generation. It will also create a solution to reduce emissions in transport fuel for heavy and long-haul vehicles, reducing carbon emissions from urea production for the primary sector. Supported by a \$19.9 million investment from the Government's Provincial Growth Fund (PGF), the project reflects our commitment to create sustainable solutions to further reduce the

environmental footprint of farm inputs, ensuring we are prepared for the future and remain relevant to New Zealand. By installing four large wind turbines near our Kapuni site, we will provide on average 75% renewable power supply to our existing plant and generate enough surplus electricity to power a series of electrolyzers to produce high-purity 'green' hydrogen. The hydrogen will replace some of the natural gas required by the plant to produce 'greener' nitrogen fertilisers, which have a low emissions profile, as well as supplying zero-emission fuel for the transport sector. The project gained fast-track priority from the Ministry for the Environment following the COVID-19 pandemic and we hope to have it up and running by early 2023.

Since the mid-2000s, our Kapuni site has produced GoClear Diesel Exhaust Fluid (DEF), an exhaust system additive and scrubbing agent that reduces nitric oxide (NOX) emissions in modern diesel engines. Because GoClear is proudly made in New Zealand, we are able to avoid the

additional freight requirements and environmental footprint of imported products. Since 2018 we have been supplying GoClear to some of the largest fleets in New Zealand and have partnerships with many premium fuel distributors. In November we installed our first GoClear Direct dispensing systems, as part of the ClearSky project, which will see ten systems installed on Ballance and freight partner sites during FY22. While producing GoClear for the automotive industry, we also have been exploring opportunities in the marine industry and last year we successfully produced and supplied a marine-grade product to a major shipping company in the UK. Speed-to-market is imperative for success and with the commitment of our Kapuni team and our strategic partners IXOM, we were able to turn the product development around quickly while meeting our compliance requirements.



The energy to change. Together.



Transport efficiencies

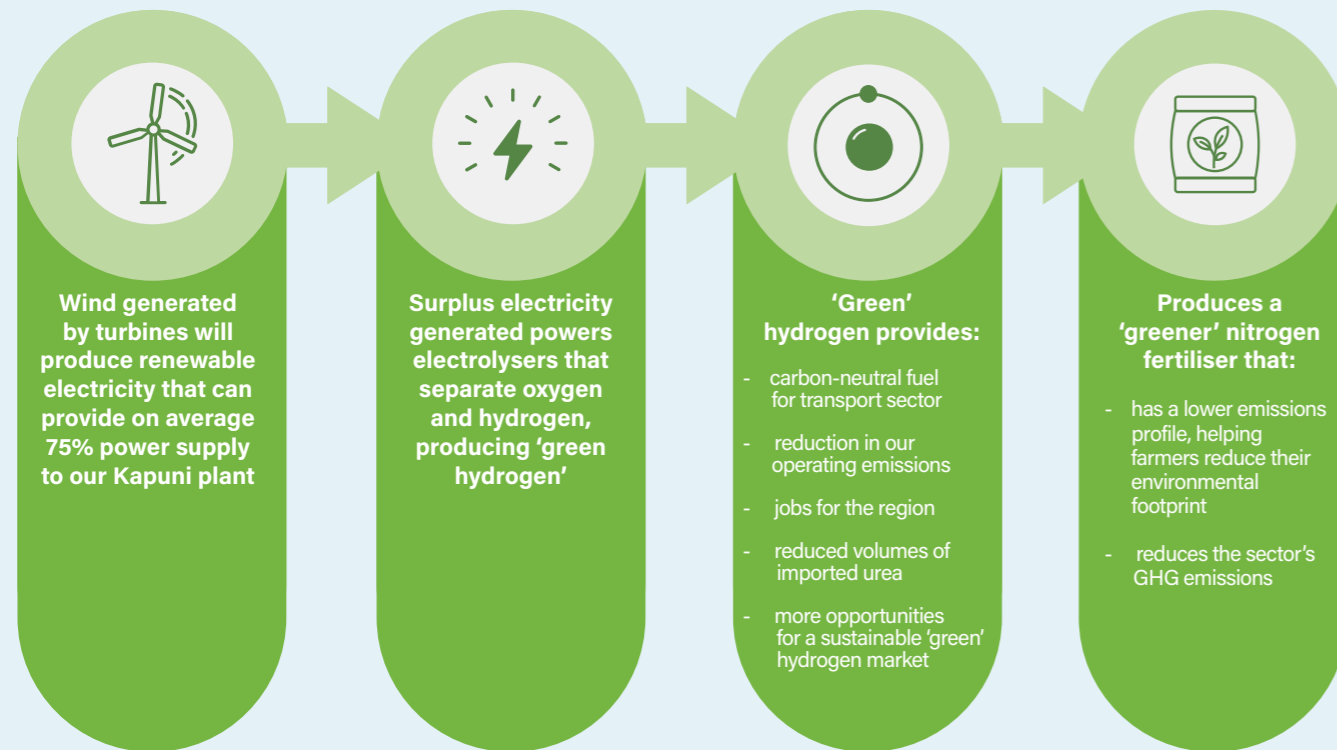
Sourcing internationally and manufacturing locally requires the use of heavy transport – rail, road and shipping. The impact of this on our footprint is significant and we work with our key partners to optimise routes and environmental efficiencies.

As an example, we have engaged the services of Market2X (M2X), a digital transport management system which digitally offers jobs to tier two and three carriers, improving efficiencies and ensuring trucks aren't on the roads empty. M2X allows us to not only have less trucks do the same amount of work but allows us to measure CO₂ emissions through its reporting functionality.

Measuring and reducing our waste is a focus for us and, where we can, we try to utilise our waste products, to reduce what is sent to landfill. We measure the volumes of waste at each of our sites and are developing a stepped reduction plan to be implemented against key targets.

Supported by a \$19.9m investment from the Government's Provincial Growth Fund (PGF), our hydrogen project reflects our commitment to create sustainable solutions to further reduce the environmental footprint of farm inputs.

Our 'green' hydrogen project, in partnership with Hiringa Energy





Reducing our plastics

Our fertiliser bags are also recycled and re-purposed. We provide a recycling option for our customers, so they can return used fertiliser bags to their local service centre to then be forwarded to one of our recycling service providers. We use a number of recycling providers including AgRecovery and the Southland Disability Enterprises (SDE). We are proud to have a long-standing relationship with SDE, which aims to enrich the lives of people with disabilities by providing meaningful employment and opportunities.

Care for our waterways

Like farmers, we undertake initiatives throughout our network to protect waterways surrounding our sites. Our Reporoa Service Centre is currently undertaking a stream planting project to protect the surrounding Mangakara Stream. Overgrown with plants, the stream was providing limited water quality and ecological benefits and was blocking larger flows in the river, encouraging flooding and erosion. Ballance is helping to fund the project which will help remove weeds and willows, and then replant a 1.6km section of the stream with natives such as flax, trees, ribbonwood, and manuka. The native vegetation will help provide water shading and erosion protection of the banks, while also promoting biodiversity.

A number of sites in our network also have swales or rain gardens including our service centres in Te Kuiti, Hastings, Huntly, Reporoa, Edgecumbe and Ashburton. Our Marsden Point service centre opened last month and features a combination of perimeter swales and a large rain garden planted with natives to treat stormwater runoff before it leaves our site. Likewise, our Whangarei Hub, which is currently being developed, has a combination of swales and native rain gardens as an integral part of the site design. These two sites continue our use of natural treatment systems, combining stormwater treatment with increased biodiversity as well as improving the visual aspect of our sites.

Innovation

Our Whangarei Service Centre is carrying out a sediment pond processing project to treat and reduce effluents coming from the site prior to discharge. The technology involved has been trialled as part of our partly-government funded Future Ready Farms programme (see case study on pg 29), alongside partners Southwater and Plucks Engineering. It aims to develop natural products that both treat and reduce the volume of effluent, ensuring discharge limits are not exceeded and ensuring further contaminants are not released to the environment. The trial got off to a good start and has so far indicated that the technology will be able to remove nitrogen, which is a critical step in returning the water to acceptable levels before discharge can occur.



A member of our Laboratory team during a Mount Operations Open Day



Our Marsden Point service centre opened last month and features a combination of perimeter swales and a large rain garden planted with natives to treat stormwater runoff before it leaves our site.



Caring for our local resources

We have a proud history of being part of the vibrant New Zealand communities in which we operate our sites. Like our customers, we operate under a series of regulations and guidelines and take steps to not only protect the environment but also support the local community. Through our science, we have learnt to do this better, and, for example, have installed rain gardens at a number of our service centres to help protect the surrounding waterways.

Another example is our partnership with Bay Conservation Alliance (BCA) in Mount Maunganui, which aims to help grow the organisation's Environmental Education and Monitoring Programme. The programme tackles the growing need to provide hands-on, science-based education opportunities to teach students practical conservation skills that can make a positive difference in their communities. Aimed at primary school students across the Western Bay of Plenty, the programme has a strong focus on sustainable land management and biodiversity. In addition, our Mount-based staff were given the opportunity to contribute to the ecological enhancement of the area through a series of half-day, hands-on predator control sessions, run by BCA. These predator control sessions align with our Balance with Nature promise of protecting the land we love, as well as fulfilling our role as a 'good neighbour' in our local community.

In Kapuni, our team runs an extensive programme to give back to the surrounding community, and to protect its resources.

We continue to support the Taranaki Kiwi Trust to encourage community involvement in protecting the Western Brown Kiwi in the area. The Taranaki Kiwi Trust are heavily reliant on this non-specific funding as it can be challenging raising funds to pay for smaller costs such as hospitality, volunteer recognition, website hosting and insurance.

Our Southland Farm Sustainability Services team is currently working with the Awarua Operations team to carry out environmental improvements on the dairy farm that backs onto our Awarua site. Using MitAgator®, the team are providing evidence-based risk maps to inform a plan to reduce nutrient losses, as well as planting neighbouring wetlands with natives including cabbage trees, Toi Toi, flax and hebes, which will help prevent erosion and sediment discharges into nearby waterways. It will also improve the aesthetics from the Bluff Highway as the Te Araroa Trail continues to be built.

These predator control sessions align with our Balance with Nature promise of protecting the land we love, as well as fulfilling our role as a 'good neighbour' in our local community.





Future Ready Farms - investing in the future

Project Name	Impact					Sector				
	Greenhouse Gases			Water Quality	AgChem	Sheep & Beef	Hort & Arable	Dairy	Forestry	Manufacturing
	N ₂ O	CO ₂	CH ₄	Water	AgChem	Sheep & Beef	Hort & Arable	Dairy	Forestry	Manufacturing
Project 1	▼			▲		●	●	●		
Project 2	▼	▼		▲		●	●	●		
Project 3	▼			▲				●		
Project 4	▼			▲	▼		●			
Project 5		▼		▲	▼				●	
Project 6		▼								●
Project 7		▼				●	●	●		●
Project 8	▼		▼	▲				●		
Project 9	▼		▼	▲	▼	●		●		
Project 10			▼		▼	●				
Project 11	▼	▼	▼	▲		●	●	●		
Project 12	▼	▼	▼	▲		●	●	●	●	

We continue to see consumer expectations change with a greater concern and expectation for animal well-being, food traceability and food quality. The focus is coming further up the food chain and onto the environmental and health impacts of food production. These expectations also encompass local communities who want swimmable rivers, clean air, a stable climate, safe drinking water, and fresh, healthy produce. This presents a large opportunity for New Zealand. If we can help farmers become future-ready by providing integrity behind the farm gate, we can enable them to create greater value in our country's largest export sector, which is currently valued at \$42 billion.

\$25m
FUTURE READY FARMS PROGRAMME INVESTMENT OVER FIVE YEARS

Like our customers, we want to protect our natural resources and aim to help them farm more sustainably. We are committed to finding better ways to do this using our clever science and innovation - because sustainability and productivity should go hand in hand.

In December 2020, the Government announced that it would invest more than \$10 million from the Ministry for Primary Industries' (MPI) Sustainable Food & Fibre Futures Fund to co-fund our \$25 million Future Ready Farms programme. This five-year partnership with the Government is a strong endorsement of our science and expertise, and our vision for the future of farming in New Zealand.

The Future Ready Farms programme is comprised of 12 highly targeted, complex projects to help farmers meet their national environmental targets for reducing greenhouse gas emissions, agrichemical use, and nutrient loss to waterways. One of the most exciting aspects of this programme is that it will help multiple industries within the food and fibres sector, including fertiliser manufacture, livestock

production, forestry, horticulture, and arable, with projected benefits of \$1.06bn to New Zealand farmers by 2030.

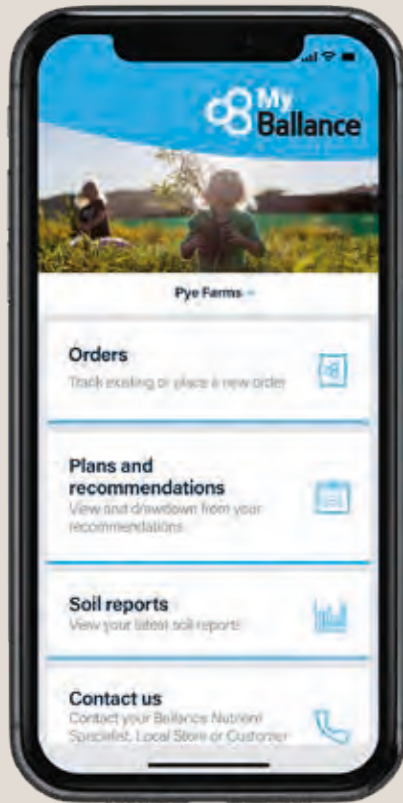
\$1.06bn
PROJECTED BENEFITS TO NEW ZEALAND FARMERS BY 2030

This project comes off the back of our successful joint research and development programme under the Primary Growth Partnership, which delivered our suite of environmentally focused digital tools including MitAgator®, SpreadSmart®, and My Pasture Planner®.

This project was developed after engagement with local farmers and growers to look at how we address the problems and challenges they face. Like them, we want a productive and sustainable primary industry and are proud to play a part in it.



Investing for our customers



MyBallance continues to evolve and grow to meet the changing needs of our customers.

Our customers' needs are shifting with the changing regulatory landscape, but one thing we know for sure is that they must be future-ready. We therefore must also evolve, staying ahead of the game to support our farmers. We invest significantly in our infrastructure, both digitally and physically, to ensure we meet their changing needs, and we will continue to do so into the future.

We are committed to providing a leading customer experience and we regularly assess this throughout our organisation. We provide a number of ways to make it easier for customers to run their business, like providing digital tools to allow them to manage their business better, helping them navigate regulations and using great partnerships to lead them. Because it isn't just about providing the right product at the right time, it's about working with customers to give them better ways to run their business.

This year we partnered with the New Zealand Farm Environment Trust to bring our customers and shareholders Round the Farm Table, an initiative to celebrate the visionary kiwis who farm and grow here in New Zealand and showcase the world-class food they produce with the most sustainable practices. We wanted to use third parties to tell stories of environmental stewardship in the context of food and the series has been very successful. Read the Round the Farm Table stories at nzfeatrust.org.nz/farm-table.



Network investments

To remain a relevant operating business in New Zealand that can look ahead and provide what our customers will need for the future, we are asked by our Board of Directors to regularly review our operations and ensure our many assets continue to deliver value for our customers. To future-proof our business and our customers' business, we invest in our capital assets to ensure we have the best facilities, infrastructure, technology and systems, to stay one step ahead.

We constantly work to improve our service offering and this year we invested heavily in our digital capability to ensure our technology continues to evolve with the requirements of our farmers and growers. We invested significantly to ultimately digitise our supply chain and further improve supply excellence for our customers.

This investment also ensures we are future-proofing our systems to enable us to develop further digital innovations in the future (refer Case Study on page 37).

Farming and growing at your fingertips

MyBallance continues to evolve and grow to meet the changing needs of our customers. This year we focused on greater accuracy of data to help farmers meet their compliance requirements, and the launch of the MyBallance app, which gives farmers and growers the ability to manage their business from their mobile device. (See case study on page 38).

Regionally-focused support

We understand that each region of New Zealand has a unique set of requirements to farm or grow the best way possible. We continue to provide regionally-focused, in-person sustainability resources to work with our customers across New Zealand and give them the best support. These resources include our Farm Sustainability Team, our Nutrient Specialists through our network and our Science Extension Services team.

Our infrastructure plans also recognise the nuances of each region, and this is carefully factored into our footprint. Our regional assets are specific to each market and it is important to us that the community is involved in their design. We identified Northland as a region that, despite having a strong presence in the region, presented a significant growth opportunity for Ballance. We have invested in three major infrastructure projects as part of our Northland strategy. See below for details.

Precision top dressing

We continue to invest in growing our Super Air business. This year we announced the expansion of Super Air into the South Island as part of a strategic and ambitious growth strategy. This provides South Island farmers with a more cost-effective and environmentally-friendly aerial fertiliser application option to increase their productivity and profitability, with a lower environmental footprint.

In March, the Ballance Board approved the establishment of three bases in North Canterbury, Timaru and Gore, providing Super Air with a national footprint. Last year, we acquired Phoenix Aviation, a well-established and respected topdressing company that operates out of Gore.

Phoenix Aviation recognised the significant benefits in joining our larger national team, while it provided us with an entry into the lower South Island with an existing client base to build from.

Our fleet of aircraft will be fully fitted with SpreadSmart® technology by Christmas 2021, and 11 new loader trucks will be built. The new loader trucks have been designed to lead the way in driver safety, loading efficiency, and value for money, each having the ability to carry 6000 litres of jet fuel, or three-tonne loads at a time. South Island customers have responded well to the Super Air value proposition with SpreadSmart's® state-of-the-art technology enabling the precise placement of nutrients, supported by geo-spatial mapping and delivered with modern high-capacity aircraft.



The expansion of Super Air... provides South Island farmers with a more cost-effective and environmentally-friendly aerial fertiliser application option to increase their productivity and profitability, with a lower environmental footprint.



Celebrating and sharing your inspirational sustainability efforts



Investing in Northland

We have invested in three major infrastructure projects as part of our Northland strategy, to grow our presence in the area and improve our service to farmers and growers.



A regional bagging hub in Whangarei to service Northland's growing agricultural sector, particularly the fast-evolving horticulture industry.



A central distribution hub in Marsden Point, which was officially opened in June 2021.



A self-service silo installed in Te Kopuru in March to deliver 24/7 access to nutrients.



This year, along with Te Kopuru, we also installed a further three self-serve silos in key areas around the country - Pendarves, Orari and Normanby - bringing the number of operational self-service silos in the country to ten. Volume through our silos has increased year on year with 21% of product being dispatch after hours, highlighting that this innovation is allowing customers to get the right product on, at the right time to best serve their business. Our silos are a tactical solution to improve service to customers, and has been a great investment for the business to date.

Navigating regulations

Through changing times, we walk alongside our customers, innovating to stay ahead of the curve so they can be prepared for the future. With changing regulations, we invest in and develop resources, to help them navigate these changes.

This includes a number of initiatives and in-person support, whether it be through our Science Extension team, Farm Sustainability Services, or our Nutrient Specialists throughout the country. Last year, Government proposed a number of new policies which we, along with other industry bodies, submitted on. To help our customers to navigate new regulations, our Science Extension team continue to break down the science and explain what this means for farmers and growers, providing resources and running workshops for rural professionals, consultants and our staff.

With the National Environmental Standards for Freshwater 2020 proposal announced late last year, our team developed a number of resources to support farmers during the transition period by reviewing science principles, product options and farm system changes.



This autumn, our Science Extension team released a special edition of GROW magazine that focused on environment policies, to explore the unfamiliar and complex policy landscape and explain the environmental policies. It was well received by councils, merchants, consultants and farming corporates, and was requested as a resource by a number of regional councils. The GROW Environmental Policies Special Edition is available to be downloaded from the Ballance website.

Sustainable sourcing

It has been a tumultuous year for procurement, which our team has navigated well. Amongst COVID-19-related impacts such as delays in freight timings, we have demonstrated agility and flexibility and have problem-solved to minimise impacts on our customers.

Globally we have seen an increased focus on an open supply chain, which we endorse. We continually seek to better understand our suppliers and engage with those who align with our values, to ensure trust and confidence in our business.



Following a competitive market test in late 2020, we renewed our AGROTAIN® supply contract with Koch Agronomic Services ("KAS") for a further three years. Koch delivers innovative, science-based plant nutrient solutions that boost yield potential, strengthen turf and reduce environmental impact. These values are aligned to ours and we are proud to continue our partnership.

SealesWinslow

Off-farm feed continues to be an important part of animal welfare, enriching pastoral diets of specific development needs, such as lactating cows. SealesWinslow remains No.1 in calf feed in New Zealand. One of our key focuses has been increasing the utilisation of our mills, so we were pleased to enter into an agreement with a merchant partner, which will see increased volume through our North Island mills.



Creating a digital future

We are committed to creating a leading customer experience and ensuring we make it simple and easy to do business with us. Key to this is truly understanding our customers and their business. In an industry effected by changing factors, such as fluctuating global commodity prices, digitising our supply chain helps us to be more responsive.

A key priority for us this year in has been developing our digital capability to enable us to help farmers do things better and faster. Programme Advance will ultimately see us digitise our supply chain to improve efficiencies. Programme Advance is an integral part of enabling our World Class Supply Chain strategy, to ensure we have the digital capability required to succeed and continue to meet our customers' expectations and service levels. It's all part of ensuring our customers have a great experience throughout our network, from service centres to our consignment stores. Programme Advance supports our supply chain promise to customers: to provide the right product, at the right time - every time.

We continue to evolve our MyBalance platform to provide the best possible customer experience. The focus this year has been on providing greater accuracy of data to help farmers to meet compliance requirements as well as enhancing the information to deliver real value and the best quality data.

After the successful launch of the MyBalance web platform, we launched a mobile companion, which allows farmers the same convenience of managing their farm at their fingertips. The first release of the MyBalance app allows customers to view fertiliser recommendations, order products on the go, view soil reports, link to MyFarmForecaster, and to contact a Balance Nutrient Specialist.

Our customers helped in the development of the app, by testing it and feeding back details of their user experience. As anticipated, it has been well received and when approached one customer at regional fielddays said he had "...already downloaded the app and placed a couple of orders. Too easy!"

"... already downloaded the app and placed a couple orders. Too easy!"

Customer at regional fielddays

We further developed our geospatial abilities to enable customers to visualise their farm or crop in MyBalance. Using geospatial machine learning and analytics, farmers can identify exclusion zones on-farm, along with slope and aspect farm maps.

We have seen a lot of interest from customers in this area and our continual refinement and improvement of the geospatial experience in both the MyBalance and MitAgator® platforms has resulted in great progress being made.

We are privileged to hold a lot of data on behalf of customers and are committed to ensuring we have the right tools and innovation to protect it. We have increased awareness across the organisation through cyber training and ensure executive level sponsorship through a cyber steering committee, to enable a high level of personal ownership. We take a risk management approach to our investments in cyber-security, ensuring we determine high risk areas and apply heightened security measures to mitigate risks.

We use our customers' data in a secure way to gather insights, which are used by many parts of the business, to provide value. Effective customer service requires accurate and efficient master data and we have undertaken a project to simplify our management of customer data and ensure quick access to it. Our Master Data team achieved this by moving maintenance of the data into MyBalance and building multiple rules to allow users to update information themselves. The information then automatically flows into each system that requires it and becomes



immediately available when the data doesn't require validation by the Master Data team.

This enhances an old process and the new efficiencies are already being proven. Where a customer request for merchant details could have taken up to 48 hours, they now only wait one hour - and we are currently working to reduce this to minutes. In the first quarter of this year, with the new system installed, 81% of requests auto-validated and 77% of requests to Master Data were processed within four hours of being submitted. We call that success.



Download the free MyBalance app today



Focus on growth sectors

With six products designed specifically for kiwifruit, and five for avocados, we are leading the way with our specialist product range.

We continue to walk alongside the primary industry, to lead sustainably over the next 100 years and more. We are lucky to work with customers in all sectors and support their specific needs.

\$9bn *

NEW ZEALAND'S HORTICULTURAL INDUSTRY VALUE

While we have supported the New Zealand horticulture industry since our early days, we are responding to the sector's current growth by continuing to develop our knowledge and expertise in this area. New Zealand's horticultural industry is currently valued at \$9 billion* and the Government's continuing regulations for pastoral farming have driven an increase in mixed land use, with farmers combining pastoral land with orchards. Our specialist horticultural groups in both the North and South Islands can provide the best future-focused recommendations for horticultural crops. Our Science Extension team have developed a 'kiwifruit nutrient calculator' which calculates the nutrients required and recommends which of our specialist kiwifruit

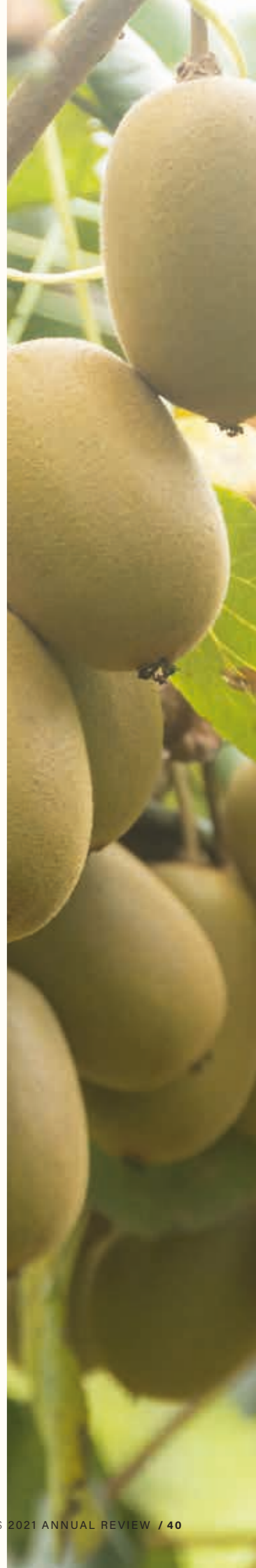
products to use, when to use them, and the application rate. With six specifically designed products for kiwifruit, and five for avocados, we are leading the way with our specialist product range.

Our arable customers are some of the most knowledgeable when it comes to nutrient use. The opportunities in this sector lie in changing land use. As we move towards limiting nutrient application for pastoral farming, our farming businesses will need to find other uses for their land.

Māori agribusiness is fast-growing and is an integral part of the New Zealand economy. Our focus is to build and nurture long-term relationships and determine how we can add value for each other. We seek to truly understand the governance of Iwi and Māori trust groups, but we already know that their goals are aligned with Ballance – a love for the land and a strong desire to protect it in the long term. We want to support the farm systems of the future and we are committed to developing long-standing relationships to help get there. Our silver sponsorship of the Ahuwhenua Trophy allows us to further understand Māori farmers and growers better - the challenges they face, their aspirations, and how we can best support them.

The sheep & beef sector continues to provide significant opportunities to increase the profitability of our customers. Our sheep & beef group is focused on developing its knowledge of farm systems to deliver strong customer-centric solutions and value, and to build connections with both internal and external partners. This year, 22 Nutrient Specialists will graduate from our 12-month Sheep & Beef Programme, which covers key topics in line with seasonal activity. We expect another 14 Nutrient Specialists to graduate in the following 12 months.

*Plantandfood.co.nz



Caring for our people and communities





The benefit of operating as a co-operative is recognising the importance of community to a sustainable business.

The way we do business is unique. Our C.O.W.S (Care Ownership Well-being and Safety) programme ensures we take care of the whole person – from mental well-being to practical safety – and this applies to our communities as well as our people.

Our values underpin our C.O.W.S programme - honesty grounds us, bravery drives us, connections support us, and imagination fuels us.

Together, our values and our C.O.W.S culture enabled us to weather the COVID-19 pandemic well, with minimal impact to the business or supply to customers. The only factors to affect us were at a global level, such as commodity prices. We were privileged to be classified as an essential service during the lockdown period, which enabled us to fulfil our role in the food supply chain and enable our customers to do the same.

For us, engagement is a measure of how well we are living up to our aspirations as a team. Our employee engagement score remained high at 72% for the year, which shows that we are on track to where we want to be.

Investing in our people

We are focused on delivering a great service and experience for our customers, now and into the future. Internally, we recognise that the skills and capabilities that our team has today may not be what we need for tomorrow, so we provide a series of internal courses to develop our people, helping them become the best versions of themselves, for them, their families and their community. Our Learning for Life programme continues to address the individual needs of those joining Ballance to ensure they have the confidence and capabilities to achieve their potential in their journey with us.

We anticipated the potential impact the COVID-19 pandemic could have on our business and the personal repercussions for our team, so we provided three different online resilience training courses for our staff. Over the past year, more than 170 of our people have completed the courses.

Investing in our people also means celebrating them. Our Great People Awards recognise the stars among us and celebrate those who go the extra mile for their team or customers. As a peer nominated programme, we received a record 500 nominations last year, demonstrating that during a challenging year, our people stepped up to address our customers' needs and recognised each other's efforts.

We review our strategy periodically, to ensure we remain on track to achieve the strategic objectives of our co-operative. Because we believe that everyone at Ballance plays a role in our success, we engaged each member of our team to ensure they had ownership over this and had the opportunity to provide input into a refreshed strategy. A series of workshops were held for our staff around the country, and we were happy to receive over 5000 recommendations to consider for our three-year goals.

We run a Customer Insights Programme, which sees our customers help us trial then verify a number of our innovations, including our digital products. Our customers therefore inform our new ideas, and we can be sure we're adding value.

 <p>GROWING SKILLS</p> <p>Over 7800 hours spent on 14 bespoke internal courses, from leadership & development to presentation skills</p>	 <p>INVESTING IN OUR PEOPLE</p> <p>\$1.9m spent as part of our commitment to supporting the development of our people</p>
 <p>GAINING CONFIDENCE</p> <p>874 hours spent in our Learning for Life programme, ensuring those joining Ballance have the confidence to be the best they can be</p>	 <p>BUILDING RESILIENCE</p> <p>170 of our people undertook resilience courses to address issues, including any impact of the COVID-19 pandemic</p>

Strength in our partnerships

The essence of a co-operative is reflected in the relationships it has with its partners and we hugely value our partnerships, which ultimately allow us to serve our customers better. Collaborating with like-minded organisations is part of our commitment to truly understanding the needs of key groups within our industry, to obtain a better understanding of their challenges, goals and aspirations.

Proudly supporting innovative & sustainable practices through the Ballance Farm Environment Awards for over 20 years.

We are proud to have a 25-year history of sponsoring the Ballance Farm Environment Awards (BFEA) and continue to be inspired by the innovative, sustainable farm practices that the entrants are demonstrating.

As one of the two finalist judges this year, Ballance Science Strategist Warwick Catto noted a wider consideration of biodiversity in this year's competition, as well as a real focus on maximising nutrient efficiency. The National Sustainability Showcase in Wellington this year was attended by more ministers than previous years, signalling growing government support for sustainable farming practices and the problem-solvers behind them.

This year, we are running a 'Muster' campaign to drive wider participation in the Ballance Farm Environment Awards. Our insights show that many farmers and growers are deterred from entering as they feel they're not prepared enough or that their practices aren't as advanced as previous winners. But we know from past entrants that the key benefit of entering lies not in the accolades but in connecting with their peers, sharing their stories, and gaining further insights into the best and most innovative, sustainable farming practices. Encouraging more farmers and growers to enter will better represent the current landscape of New Zealand farmers and growers who have sustainability front-of-mind.

If you'd like to be involved in next year's Ballance Farm Environment Awards, please visit nzfeawards.org.nz for more information or speak with your Nutrient Specialist about how you can enter.

The Dairy Women's Network (DWN) provides leadership and inspiration to women in the dairy industry, providing opportunities for them to further their development and make connections. The leadership of this organisation has a powerful impact, driving real change on-farm and is vitally important to the local community. With the organisations' key events cancelled last year due to COVID-19, it was great to see their annual conference back on the rural calendar. This year DWN held three one-day conferences in Taupo, Ashburton and Queenstown, which we were proud to once again support.



Our national BallanceEx Dinner Series always attracts a wide range of representatives from rural New Zealand, keen to hear the Ballance science team, along with local farmers and growers, discuss future environmental trends, challenges, and opportunities for rural New Zealand. Keeping the subject matter local and relevant, this year's dinner series explored the pace of change in New Zealand's agriculture industry, and some of the disruptive forces we are facing, encouraging attendees to think about what the opportunities are in our fast-changing world. If you weren't able to attend this event, you can view the content that was shared on our website.

BallanceEx also demonstrates that we are more than a nutrient provider - we are looking towards the future and international trends, and our experts are researching and developing solutions to support a sustainable and productive future.

Where possible, we leverage the content shared at these events and this year we ran a two-part thought-leadership series in BusinessDesk, to provide future-focused commentary across the primary sector and

BallanceEx has become the industry's thought-leadership brand, helping farmers solve issues while sharing our clever science and the knowledge of our pre-eminent thinkers and creators.

influence conversation around land use and soil health. The first article considered the possible changes in land use in the future, and the second article explored potential solutions to the questions posed.

Our attendance at regional and national fielddays is a chance for customers to see our brand in action. We recognise that each region is different, and we adapt our presence at each of these fielddays accordingly. Recent insights into regional fielddays have shown that our customers value these events as an informal opportunity to



'see what's out there without obligation' and for social interaction, rather than seeking to buy a product or to problem-solve. We appreciate this and run our presence at regional fielddays with this in mind, providing hospitality and nurturing opportunities for attendees to interact with one another, with Ballance staff on hand if needed.

2021 National Ambassadors for Sustainable Farming and Growing, Evan and Linda Potter, of sheep, beef and dairy farm, Waipapa





Ballance in the community

It is a privilege to be part of the vibrant, local communities that we operate in and we value the opportunity to demonstrate our commitment to them. We have partnered with a number of community organisations throughout the country to support initiatives that hold importance to each community.

This year we partnered with Bay Conservation Alliance (BCA) to help grow its Nature Education and Monitoring Programme, to help school students across the Western Bay of Plenty understand the importance of protecting our natural resources for future generations. We have also supported a number of community infrastructure investments and services locally, and we continue to work with Iwi, the Community Advisory Panel and the Mount Industrial Network to build long-lasting, meaningful relationships.

Our Kapuni plant has an extensive community programme, which supports a number of local groups and activities surrounding the site and demonstrates our commitment to the community. One of the most meaningful projects this year was the Wonder Project, an Engineering New Zealand initiative encouraging children in years five to eight to explore STEM

(Science Technology Engineering and Maths) subjects. Our team has a history of supporting this project, and working closely with local schools to nurture a love of STEM subjects and illustrate how they can be used to help grow New Zealand's primary sector.

Our Awarua team have provided Southland Regional Council with access to a section of our land for the Invercargill to Bluff cycle and walkway.

One of the most meaningful projects this year was the Wonder Project, an Engineering New Zealand initiative encouraging children in years five to eight to explore STEM (Science Technology Engineering and Maths) subjects.



The cycle and walkway forms part of the national Te Araroa cycleway, and the access will allow cyclists and walkers to safely continue their journey to or from Bluff, without having to travel on the main highway. The team also has plans to extensively plant the area with native plants to improve the aesthetics of the area.



Health, safety & well-being differently

Our culture of care programme continues to shine a spotlight on the health and safety of our people. It is a unique way to lead our team, by encouraging them to take responsibility for their own health and safety, whether they be permanent staff or one of our many contractors. C.O.W.S continues to be recognised within the industry and was this year awarded the People & Culture Award at the 2020 Tauranga Business Awards.

Our Safety Cross initiative, which sees a green cross declared if certain site-specific health and safety targets are met, continues to drive safety practices at each of our sites. Local communities benefit from a monthly donation if a green cross is awarded. Over \$20,000 was donated to local charities this year as part of our Safety Cross initiative.

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We trialled an extendable bulk bag cutting knife, developed by Yara, which allows the user to stand a safe distance from the bag.

Our focus on keeping our people safe runs deep in our organisation, from our manufacturing sites to our corporate office. An example of this was recently implemented throughout our service centres where we identified a potential risk to our people when releasing product from bulk bags. We trialled an extendable bulk bag cutting knife, developed by Yara, which allows the user to stand a safe distance from the bag. These knives have since been circulated within the network, and some of our sales teams have provided them to our customers, passing on our health and safety focus from our people through to our customers.





Addressing mental health in our community

Our culture of care runs into the community, as well as for our people. New Zealand has enduring challenges with mental health and our rural communities are no exception, so it remains a focus for Ballance. We continue to support initiatives that provide support for our communities, our staff and their families, without asking questions.

During the COVID-19 restrictions, and at a time when many farmers were already suffering the impact of a major drought, the Ballance East Coast team organised a free virtual comedy night, called the Online Drought Shout, to raise the spirits of those affected. The event, featuring a line-up of kiwi comedians, aimed to raise awareness of the drought as well as providing some light relief to farmers doing it tough.

\$20,000

GIFTED TO HAWKES BAY RURAL SUPPORT TRUST

Funds raised sent two farmers to a resilience workshop and nearly \$20,000 was gifted to Hawkes Bay Rural Support Trust, for the continued support of farmers and growers who face mental health challenges daily.

We continue our support for Surfing for Farmers, a programme offering farmers the opportunity to swap the paddock for the beach to enjoy a break with a laid-back surf lesson. The relaxed nature of surfing helps farmers relax and enjoy time with their peers, sharing their experiences. The programme has now been expanded to 16 locations nationwide, with over 2400 farmers taking part and the number of locations likely to increase to 20 in 2022.

Internally, our C.O.W.S programme features initiatives to support our staff's mental health. Our Employee Assistance Programme (EAP) helps our employees deal with personal and work issues and is also available to employees' immediate family members. At Ballance we appreciate the contribution our people make and acknowledge that on occasion they can benefit from professional guidance. Our people hugely value this programme, with the number of staff and family members making use of the service rising each year since it started.

Our Kapuni team support the Taranaki Retreat, a charity that offers guidance and support for a range of mental health and well-being needs. Whether it's depression, anxiety, grief or if someone is simply having a tough time, the Taranaki Retreat offers both residential stays, including workshops

that provide tools to find a way forward, and an outreach programme for longer term or ongoing support. To help keep their operating costs low, our Ballance Kapuni team provide regular support in the form of labour to maintain the grounds as well as helping with building projects and initiatives to provide a safe and comfortable environment for guests. The Kapuni team also provide financial support through our Safety Cross programme and have built a long-lasting and meaningful connection with the retreat.



“Volunteer teams from Ballance have supported the retreat for over two years. We are so grateful to everyone who gives up their precious free time to help out. The people who come work incredibly hard and it is amazing what they can achieve in a day!”

Suzy Allen, CEO, Taranaki Retreat



Bay of Plenty students closely examine a stuffed possum as part of the Bay Conservation Alliance's Nature Education and Monitoring.

Putting the spotlight on youth

"We were delighted to form a partnership with Balance this year. Their support has contributed to the delivery of our nature education programme... We were so happy to host 1500 enthusiastic, happy school children over the last year and really appreciate the support Balance has provided to enable that."

Michelle Elborn, Chief Executive, Bay Conservation Alliance

In Mount Maunganui, our operations team facilitates a number of initiatives to encourage youth into our industry, regularly hosting local school careers advisors, and participating in Gateway programmes, to help the future decision-making of young people in the region. Last year, one of our electrical apprentices, Phillip Peters, was awarded the national Stuart Tolhurst Memorial Award, an initiative run by Competenz.

Our sponsorship of the Bay Conservation Alliance helps to grow its Nature Education and Monitoring Programme for school students across the Western Bay of Plenty, with nearly 1500 students completing the programme.

We were delighted to form a partnership with Balance this year," said Michelle Elborn, Bay Conservation Alliance Chief Executive. "Their support has contributed to the delivery of our nature education programme over the last year, in three special forest locations Otanewainuku, Aongatete and Oteora. In times of uncertainty with COVID-19, the emergence of this new partnership was even more meaningful for us as a charitable organisation. We were so happy to host 1500 enthusiastic, happy school children over the last year and really appreciate the support Balance has provided to enable that.



Support for young people must respond to the specific needs of the youth in each region. Our Awarua team focus heavily on supporting youth through the Southland Youth Futures (SYF) programme, which aims to improve outcomes for Southland youth by reducing the numbers who are not in education, employment or training. It works to establish connections between students and local employers, and Balance has been an Employer Excellence Partner since the beginning of the programme, helping Southland develop a future workforce. Josh McRae from our Awarua Maintenance team was elected as a youth representative of the SYF Advisory Committee after completing his mechanical apprenticeship, purchasing his first home in the region and playing local rugby.

We are proud to have someone like Josh input into such an important initiative for the region.

The Awarua team also supports the Southland Regional Skills Leadership programme, one of 15 set up by the New Zealand Government to identify and support better ways of meeting future skills and workforce needs in the regions. Our Awarua Production Manager Chris Kennett was appointed to the Southland Group, which aims specifically to prepare for the region's changing labour market.

Every year, we take on a number of sales internships, and we are committed to investing the time and resources into growing their skills. This six-month programme provides an accelerated learning environment to upskill our interns and prepare them to be part of our passionate team in the future. Following an eight week stint in our corporate office, our interns head out into their allocated region where we provide them with exposure to practical on-farm learning by shadowing their mentor and other team members.

This programme helps us identify talented and driven young people and an example of this is our Geospatial Analyst, Ruby Sealey-Lawson. Ruby joined Balance in December 2019 as an intern after graduating from Auckland University with a degree in Geography and Environmental Sciences. "I knew that the primary industry, especially the agriculture industry, would be a secure option for employment over the next few years given the vast opportunities presented by changing regulations and environmental aspirations of farmers," said Ruby. "Balance offered me the chance to follow my passion and gave me the stepping stones I needed to create a meaningful career. I've already had a lot of development opportunities and am excited about being part of the vibrant future of New Zealand's primary industry."



Sustainability

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Ballance sustainability measures: How are we tracking?

We are a purpose-led organisation with a strong culture of care for our people and communities. We invest ahead to meet New Zealand's aspirations.

Our outcomes	Our activities/ contribution	Rationale	Progress so far
<p>Green energy:</p> <p>Leading in sustainable energy with Kaitiakitanga front-of-mind.</p>	<p>'Green' hydrogen</p>	<p>Lower emissions nutrient manufacture.</p>	<p>Our 'green' hydrogen project with Hiringa Energy, will produce greener nitrogen fertilisers with a low emissions profile. We will be the first and largest producer of 'green' hydrogen in Australasia.</p>
	<p>Carbon footprint</p>	<p>Carbon efficiencies and opportunities for heavy transport.</p>	<p>Our 'green' hydrogen project will reduce carbon emissions in the transport sector, offsetting up to 12,000 tonnes of emissions and eliminating the equivalent amount of CO₂ as taking 2600 cars off the road.</p>
	<p>Energy efficiency</p>	<p>Renewable energy.</p>	<p>Sufficient renewable energy, produced as part of our hydrogen project, will supply our Kapuni site.</p>
<p>Greener operations:</p> <p>Reducing the environmental footprint of our sites and operations.</p>	<p>Reducing our footprint</p>	<p>Meaningful action towards addressing climate change.</p>	<p>Focus on reduction in operational Scope 1, 2 and 3 GHG emissions.</p> <p>Monitoring data at our sites continues ahead of compliance.</p> <p>We gather monthly waste and recycling volumes and monitor the environmental benefits equivalent such as carbon emissions saved. A waste reduction plan will be developed.</p> <p>All sites monitor water discharges against consent limits with service centres operating a range of stormwater protection and treatment systems.</p> <p>Our Northland footprint is reducing its CO₂ emissions with the Marsden Point hub taking product directly off ships, eliminating the need for trucks from Mt Maunganui.</p> <p>Nutrient runoff at sites is managed via raingardens which capture and optimise the nutrients in native plantings.</p>
	<p>Sustainable sourcing</p>	<p>Open and transparent supply chain.</p>	<p>Developing a supplier code of conduct which establishes clear expectations of all our suppliers, not just best partners, regarding their ethical, social, and environmental business responsibilities.</p> <p>Regular review and audit of sourcing to ensure compliance.</p>

Ballance sustainability measures: How are we tracking?

We are a purpose-led organisation with a strong culture of care for our people and communities. We invest ahead to meet New Zealand's aspirations.

Our outcomes	Our activities/ contribution	Rationale	Progress so far
		<p>Health, safety & well-being.</p>	<p>Continue to lead our award-winning Care, Ownership, Well-being & Safety (C.O.W.S) programme.</p> <p>Over \$20k donated to the community through our Safety Cross programme, which puts the spotlight on our safety culture.</p> <p>170 of our people undertook resilience courses in FY21 to address work and/or personal issues, including any impact of the COVID-19 pandemic.</p> <p>2400 farmers participating in Surfing for Farmers to address mental well-being in the rural community; the number of events has grown to 16 nationally.</p>
<p>Care for our people and communities</p> <p><i>Manaakitanga</i></p>	<p>Thriving in a rapidly changing world</p>	<p>Unleashing potential</p>	<p>Our engagement score this year was 72% and a participation rate of 88%. Our target is to be in the top quartile for Australasia.</p> <p>Over 7800 hours and \$1.9m spent last year alone on developing our people through bespoke internal courses.</p> <p>874 hours spent in our Learning for Life literacy programme to ensure those joining Ballance have the confidence and capability to be the best they can be.</p> <p>We are a living wage employer and encourage those we work with, including suppliers, to do the same.</p> <p>Over 500 peer nominations in our 2021 Great People Awards.</p>
		<p>Inclusivity & diversity - reflecting a changing New Zealand.</p>	<p>Females make up 29% of our senior lead team and 51% of our sales team.</p> <p>Continued partnership with the Dairy Women' Network, providing opportunities, connections and development for women in the dairy industry.</p> <p>1500 students took part in a Nature Education and Monitoring Programme as part of our partnership with the Bay Conservation Alliance. We are developing our understanding of Māori agribusiness and Manaakitanga to better serve our customers in this sector.</p>



Ballance sustainability measures: How are we tracking?

We are a purpose-led organisation with a strong culture of care for our people and communities. We invest ahead to meet New Zealand's aspirations.

Our outcomes	Our activities/ contribution	Rationale	Progress so far
	 <p>Healthy soil</p>	Healthy soil is key to productive, sustainable growth.	Our healthy soil programme helps farmers and growers look after the physical, chemical and biological health of their soil. We are currently developing a test to measure more indicators of soil health simply and efficiently, which will launch in autumn 2022.
	 <p>Nutrient efficiency</p>	Optimising nutrient use whilst avoiding nutrient loss.	Programmes driving right products, at the right time, in the right place, and the right rate. My Pasture Planner® helps farmers navigate recent policies, including the 190kg/h N cap. MyBallance mobile app allows customers to help manage their farm's nutrients at their fingertips, 24/7. Super Air fleet with SpreadSmart® technology ensure 'right place' aerial application, protecting sensitive areas.
	 <p>Native biodiversity</p>	Help preserve and restore native flora and fauna.	Biodiversity is an integral part of Farm Environment Plans developed by our Farm Sustainability Services team, to enable farmers to understand risks and opportunities on their land.
	 <p>Resource utilisation</p>	Mindful use of our natural resources.	Support of on-farm practices from nutrient cycling to waste reduction, to reduce emissions and loss. Developing an optimal plan using tools such as MitAgator® risk maps and farm environment plans.
	 <p>Cleaner air</p>	Understanding and reducing emissions.	Sustain and PastureSure® enable farmers & growers to reduce gaseous emissions from volatilisation. Our Kapuni plant produces GoClear to reduce emissions from diesel engines in the motor and marine industries. We aim to have ten more GoClear installations on our sites by end of FY22.
	 <p>Healthy water</p>	Protecting our precious waterways.	SurePhos® reduces phosphate loss to waterways by up to 75%*. My Pasture Planner® and Sustain® nitrogen tools. Farm Sustainability Services and Science Extension resources for farmers to navigate Essential Freshwater Policy. SpreadSmart® and geospatial mapping identify exclusion zones for Super Air customers. *Relative to superphosphate products.
	 <p>Animal care</p>	Optimal animal care.	Our customers care for their animals as well as the environment. Because happy animals are healthy animals, SealesWinslow has worked alongside farmers to develop products that create pastures that are rich in the nutrients that animals need to be healthy, including products that deliver key nutrients to dairy cattle to meet their specific needs through seasonal changes.
	<p>Innovating to create sustainable solutions</p>	We use clever science and innovation to lead the way to a sustainable future.	<p>12 projects are underway to help farmers reduce emissions and greenhouse gases as part of our Future Ready Farms project, partly funded by Government. Projected benefits are \$1.63 billion to New Zealand farmers by 2030.</p> <p>Our production of superphosphate not only employs more New Zealanders but has a better environmental footprint than other products such as DAP. We invest in our MyBallance technology to ensure farmers have</p> <p>24/7 tools to make better choices.</p> <p>BallanceEx delivers thought-leadership that helps farmers address environmental issues while sharing our clever science and knowledge of our pre-eminent thinkers and creators.</p> <p>Our Science Extension team reviews the science and applies it in a grounded way to help farmers and growers adapt into their systems.</p>

Ballance with Nature:
Helping farmers reduce their environmental footprint.

Kaitiakitanga



Crunching the numbers

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Summarised Consolidated Income Statement

FOR THE YEAR ENDED 31 MAY 2021. BALLANCE AGRI-NUTRIENTS LIMITED AND SUBSIDIARY COMPANIES

	2021 \$000	2020 \$000
Revenue before rebate	897,040	891,274
Rebates to shareholders	(60,228)	(54,107)
Revenue after rebate	836,812	837,167
Cost of sales	(683,572)	(667,751)
Gross profit	153,240	169,416
Other operating income and expenses - net	(145,594)	(139,016)
Net financing costs	(4,728)	(5,951)
Impairments write down	-	(9,708)
Share of profit from equity accounted investments	1	2
Profit before tax	2,919	14,743
Income tax benefit/(expense)	4,868	(5,802)
Profit for the year	7,787	8,941
Non GAAP supplementary note:		
Profit before tax	2,919	14,743
<i>Add back:</i>		
Rebates to shareholders	60,228	54,107
Profit before rebate and tax	63,147	68,850

Profit before rebate and tax is an important profit measure of the Group that Directors use to monitor financial performance. The profit before rebate and tax is also one of the factors Directors consider when determining the amount of the discretionary rebate payable to shareholder customers.

Summarised Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 MAY 2021. BALLANCE AGRI-NUTRIENTS LIMITED AND SUBSIDIARY COMPANIES

	GROUP 2021 \$000	GROUP 2020 \$000
Net cash flow from operating activities	58,338	100,469
Net cash flow from investing activities	(77,506)	(80,224)
Net cash flow from financing activities	24,811	(12,677)
Net movement in cash and cash equivalents	5,644	7,568
Cash and cash equivalents at 1 June	16,024	8,456
Cash and cash equivalents at 31 May	21,668	16,024

Consolidated Balance Sheet

AS AT 31 MAY 2021. BALLANCE AGRI-NUTRIENTS LIMITED AND SUBSIDIARY COMPANIES

	GROUP 2021 \$000	GROUP 2020 \$000
Total equity	476,015	469,955
Current liabilities		
Bank revolving cash advance facility	74,009	29,500
Trade and other payables	109,800	101,802
Derivative liabilities	8,349	2,291
Rebate payable	43,393	38,180
Provisions	2,554	2,676
Lease liabilities	9,245	8,875
Income tax payable	-	5,585
Total current liabilities	247,350	188,909
Non-current liabilities		
Provisions	8,104	7,015
Lease liabilities	30,136	30,174
Total liabilities	285,590	226,098
Total equity and liabilities	761,605	696,053
Current assets		
Cash and cash equivalents	21,668	16,024
Trade and other receivables	109,410	105,195
Inventories	168,710	159,780
Derivative assets	461	9,258
Intangible assets	9,135	9,900
Assets held for sale	8,777	1,039
Income tax receivable	1,800	-
Total current assets	319,961	301,196
Non-current assets		
Equity accounted investments and debt securities	413	699
Deferred tax assets	10,135	2,587
Property, plant and equipment	343,966	310,624
Lease assets	38,424	38,461
Intangible assets	48,706	42,486
Total non-current assets	441,644	394,857
Total assets	761,605	696,053



DJB Coull
Chairman of Directors
28 July 2021



SD Robertson
Director
28 July 2021

The Board of Directors of Ballance Agri-Nutrients Limited authorised this Financial Highlights review on 28 July 2021

Trend Information

FOR THE YEAR ENDED AND AS AT 31 MAY 2021. BALLANCE AGRI-NUTRIENTS LIMITED AND SUBSIDIARY COMPANIES

		2021 \$000	2020 \$000
Group Sales Volumes	Tonnes	1,553,000	1,551,000
Revenue per tonne	\$/tonne	578	575
Profit before rebate and tax	\$000	63,147	68,850
	\$/tonne	40.66	44.39
Rebate per tonne	\$/tonne	50	45
Group equity ratio		62.50%	67.52%
Stock turn		4.2	4.1
Capital and investment expenditure - net	\$000	77,506	80,224
Number of shareholders		17,441	17,950
Shares on issue	000	44,704	44,116
Nominal value per share		8.10	8.10
Share quota per tonne		30	30
Investment per quota tonne	\$/tonne	243	243
Net asset backing per share		10.65	10.65

The summary financial information has been derived from, and should be read in conjunction with, the Ballance Agri-Nutrients Limited annual financial statements (the "full financial statements"). The full financial statements, approved by the Board of Directors on 28 July 2021, are available at www.ballance.co.nz. The accounting policies used in these financial statements are included in the notes to the full financial statements.

The full financial statements have been prepared in accordance with and comply with international Financial Reporting Standards, as appropriate for profit-orientated entities. The full financial statements have been audited by KPMG and an unqualified opinion given. The summary financial information cannot be expected to provide as complete understanding as provided in the full financial statements.

Directory

BALLANCE AGRI-NUTRIENTS LIMITED

Board of Directors

Duncan Coull – Chairman and Director (North Island)

Dacey Balle – Director (North Island)

Albert Brantley – Appointed Director

Dani Darke – Director (North Island)

Kim Ellis – Appointed Director

Andrew Morrison – Director (South Island)

Simon Robertson – Appointed Director

Murray Taggart – Director (South Island)

Sarah von Dadelszen – Director (North Island)

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Sharp Tudhope

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BANKERS

ANZ Bank New Zealand Limited

Commonwealth Bank of Australia

Hong Kong and Shanghai Banking Corporation Limited

Rabobank New Zealand

Westpac Banking Corporation

AUDITOR

KPMG

PO Box 110, Tauranga

LEADERSHIP TEAM

Mark Wynne – Chief Executive Officer

Shane Dufaur – GM Operations & Supply Chain

David Healy – Chief Digital Officer

Sheena Henderson – GM Customer Experience & Marketing

Jason Minkhorst – GM Sales

Jacqueline Rich – GM People & Capability

Matt Skilton – Chief Financial Officer

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