

Agenda Item 12(a) AFR ESG Summit Summary

The Australian Financial Review ESG Summit on 15 June 2022 in Sydney included over 30 speakers and panel members focused on the ESG challenges faced by Australian companies and investors as Australia strives for net zero. Some of the discussions are summarised below:¹

Australian Regulators Panel

ACCC Deputy Chair, Delia Rickard noted that the ACCC will proactively target ‘greenwashers’ which potentially distort competition and reduce consumer confidence when purchases are not ethically and environmentally sound. The ACCC also welcome private action against greenwashing such as the Australian Centre for Corporate Responsibility’s action in 2021 against Santos’s claims of clear energy and net zero targets.

On 14 June 2022, ASIC released its “[How to avoid greenwashing when offering or promoting sustainability-related products](#)” to assist fund managers and superannuation trustees make good decisions and provide useful information to investors. ASIC Commissioner, Sean Hughes said ASIC is currently educating the market, but funds must ensure the credibility of their net zero claims. He believes the ISSB standards, likely to be adopted in Australia, will assist funds with standardised reporting mechanisms.

APRA Executive Director Insurance, Sean Carmody emphasised that the ISSB standards will assist risk management and complement existing frameworks such as the Taskforce on Climate-Related Financial Disclosures. He noted that differences and inconsistent rules would hinder Australia’s energy transition and that whilst the Australia’s Council or Federal Regulators is working with international bodies to understand global rules, Australia’s industry mix and energy sources also needs to be considered.

Finance Panel – NAB Finance Executive, Connie Sokaris; Jarden Managing Director of Investment Banking; and Citi Head of Sustainability and Corporate Transitions, Ian Campbell

The panel discussed the following:

- The need for the federal and state governments to coordinate long-term policies which would open more finance capital.
- Companies with sustainability policies and plans can access lower funding costs as such clients assist banks to meet their own portfolio targets in respect of carbon.
- Banks are pressuring clients that are the largest emitters about their transition plans.
- The financial market infrastructure could improve to assist smaller clients to meet reporting requirements.

Mike Cannon-Brookes – co-founder and CEO of Atlassian and AGL’s largest shareholder

Mr Brookes blames Australia’s current energy crisis on insufficient investment in renewable energy, high coal and gas prices and old coal generators breaking down (and not a coal shortage) with 25%-30% of generators in the National Electric Market not functioning. Mr Brookes said moving to renewables and transmission is not a difficult equation, but the question is how quickly Australia can make the shift.

¹ Australian Financial Review 16 June 2022, AFR ESG Summit special, pages S1-S8.

Elizabeth Gaines – outgoing CEO Fortescue Metals Group

Whilst the Australian Energy Market Operator (AEMO) indicates that energy prices are likely to remain high for a couple of years, Ms Gaines believes creates impetus to move Australia away from fossil fuels. She believes businesses over rely on carbon credits to meet targets and there should be a greater focus on renewable energy. Fortescue has an ambitious 2030 deadline to decarbonise and a green hydrogen supply chain.

John Elkington – Global Leader on CSR and sustainable development and author of ‘Green Swans’

Mr Elkington believes there is an opportunity to incorporate ethical and environmental beliefs into the new economy, representing a generational shift in business and investors towards decarbonisation and robust ethical standards.