

ESG in the Australian Gas Industry

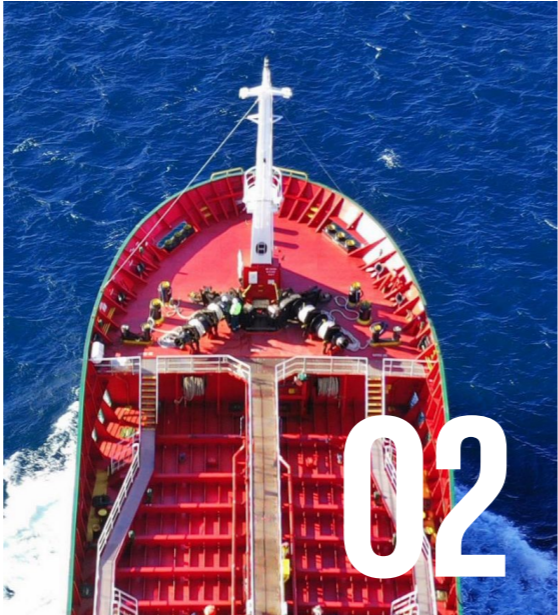
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Agenda



Context



ESG Framework



Risks and Opportunities

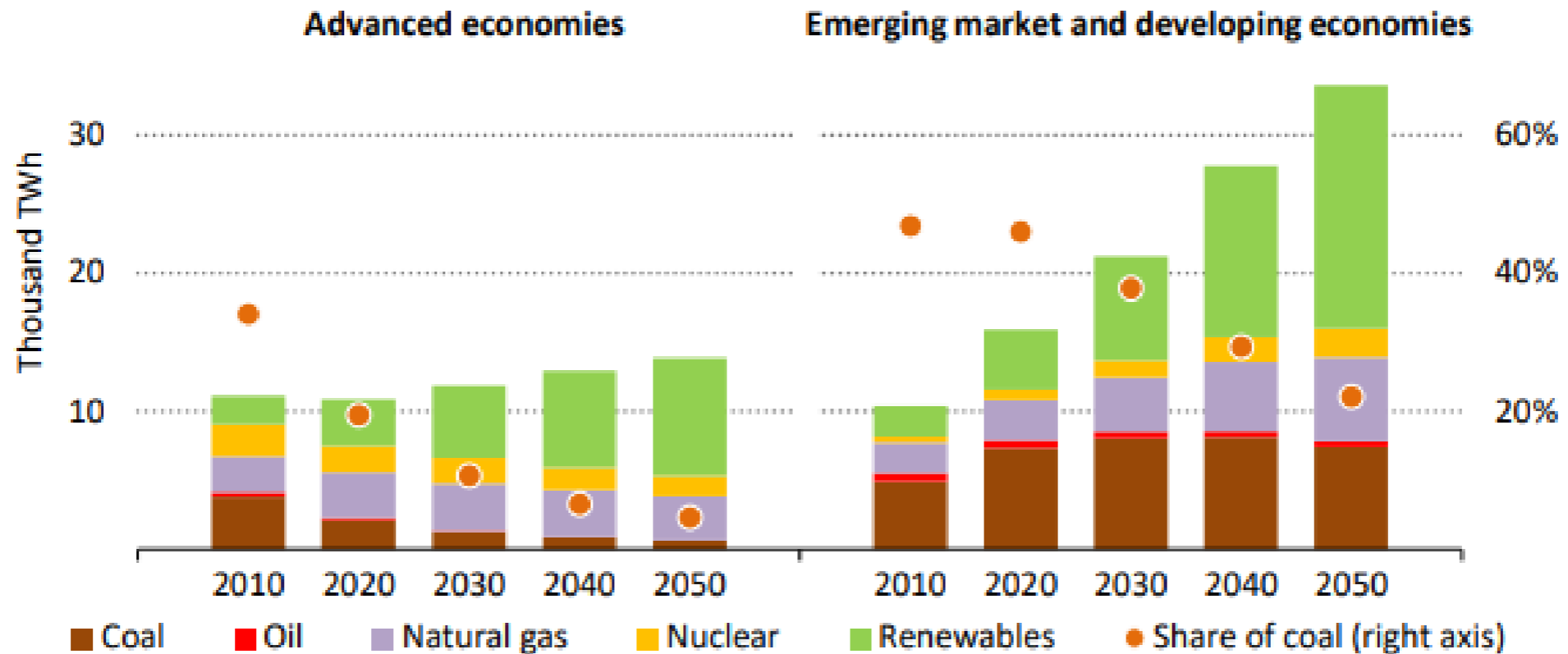


AGIT Perspective

Context

Gas companies have a role in the future Energy Mix to 2050 and beyond....

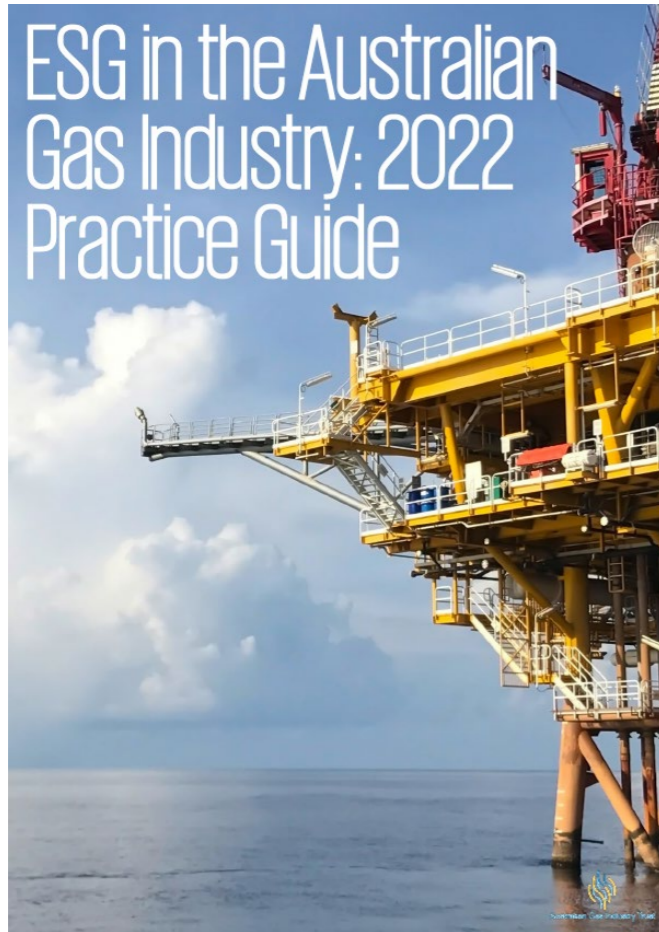
Figure 1.8 ▶ Electricity generation by fuel and share of coal in the STEPS



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Context

.....So how do you make sure the Gas industry has permission to play that role?



What is ESG?

What are the dominant global and domestic ESG trends?

Why is ESG important to the gas industry?

How are Australian gas industry organisations responding to ESG?

Gas ESG Framework – 12 Pillars

ESG is a framework for managing the three major categories of corporate responsibility

ESG is also a mechanism for managing governance and social relations in a changing regulatory and geopolitical landscape.

The gas industry is currently experiencing significant **change in ESG**, particularly with developments in the decarbonisation agenda.



Environmental

An organisation's impact on the environment and their contribution to climate change



Consumption & Waste

- Pollution
- Circular Economy
- Natural Capital
- Recycling and Reuse



Climate & Emissions

- Targets & Commitments
- Aligning Strategy and Values
- Materiality and Impacts



Land & Biodiversity

- Holistic Environmental Management
- Tracking & Reporting Impact
- Decommissioning Assets



Water Stewardship

- Contamination Management
- Water Management
- Aquatic Environment
- Permitting & Regulations

Social

The way in which businesses interact with and impact the community around them



Community Alliance

- Sustaining Communities
- Essential Services Support
- Access to Funding
- Supporting Positive Change



Responsible Production

- Ethical Partnerships
- Ethically Conscious Sourcing
- Supply Chain Integrity
- End Use Case



Stakeholder Collaboration

- Community Relations
- Security & Privacy
- Land Holder Rights
- Stakeholder Alignment



People & Diversity

- Diversity
- Health & Safety
- Labour & Workforce
- Talent Retention/Acquisition

Governance

Refers to the rule, practices and processes an organisation follows to attain their objectives



Risk Management

- Geopolitical Exposure
- Procurement and Partners
- Long Term Strategy
- Specific Governance and Controls



Ethical Practices

- Human Rights
- Health & Safety
- Business Ethics
- Best Practice



Reporting Standards

- Alignment of Metrics
- Standardisation
- Harnessing Opportunities

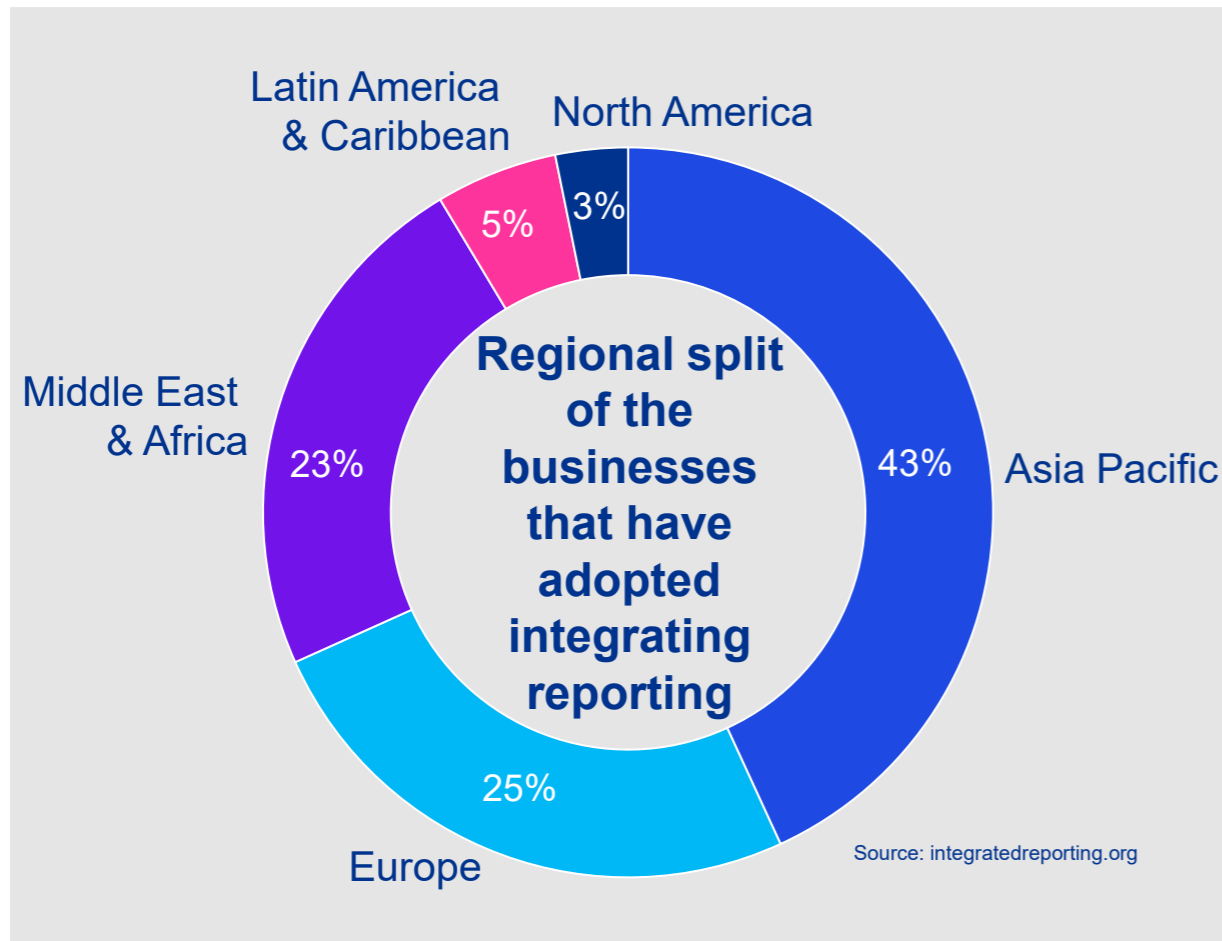


Accountability

- Rewards, Incentives, & Outcomes
- Transparency & Communication
- Organisational Design
- Education & Uplift

Global reporting

The expansion of ESG reporting has led to a push in the global demand for standardised ESG metrics



Drivers of ESG Reporting

Changing stakeholder expectations and increased engagement on ESG issues

Regulatory developments and shifts to more comprehensive ESG disclosures

Access to capital increasingly requiring corporate ESG credentials and regular reporting

Risks and Opportunities

What to look out for or leverage

Risks



Missed opportunities



Reputational risk and social licence



Loss of talent and skills



Reduced access to capital



Legal challenges and disruptions

Opportunities



Growth and customer attraction



Attracting capital and finance



Attracting talent and creating a more supportive workplace



Increased outreach and impact in communities

An update on current context

Changes and updates since publishing the Practice Guide

Rising greenwashing
complaints

This is an evolving space

“ Of the major Oil & Gas Operators surveyed, 78% were intending to incorporate ESG metrics into Executive rewards metrics

Bob Woods
CNBC ESG Impact



Government-Industry support

Now and what's coming next



Mandatory disclosures

International Sustainability Standards
Board's proposed standards on climate-related disclosures



TCFD

The Financial Stability Board's Taskforce on Climate-related Financial Disclosures Framework



Sustainability taxonomy

Australia's sustainability taxonomy is being prepared.



ESG Funding

Government financial and training support for ESG will be forthcoming as of 2024

Green-washing

Are your environmental credentials accurate and up to date?



ACCC has made investigating and enforcement actions against greenwashing a priority for 2023



ASIC switched from educating about greenwashing to enforcement last year; directors can face personal liability

Life's better
when you
add gas.

Natural gas not only saves you money on hot water, cooking and heating, it's also better for the environment.

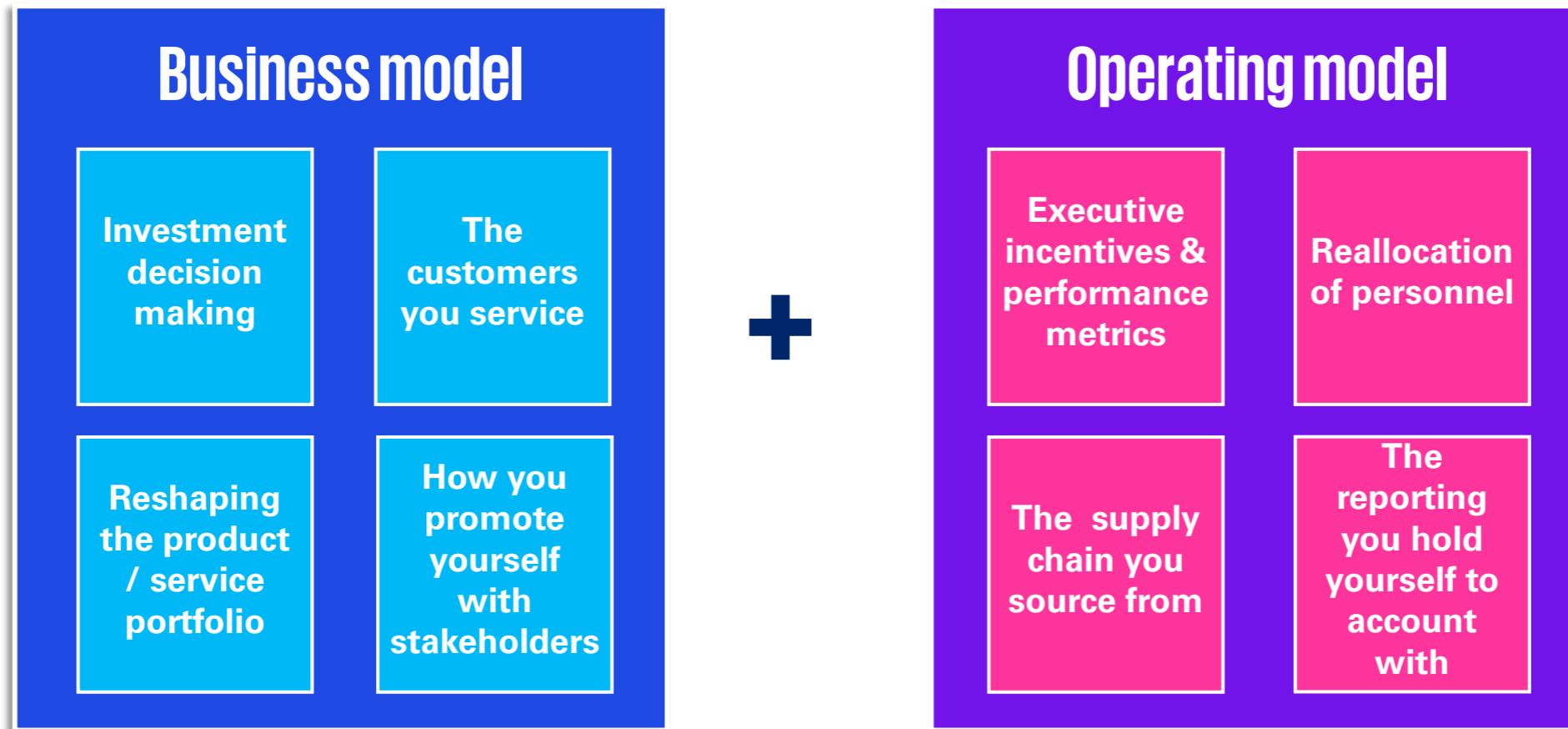
Benefits:

- Pay 58% less for hot water.[^]
- Produce 70% less greenhouse gas.[^]
- Instant fingertip control when cooking.
- A BBQ that never runs out of gas.

Standing charges are not included. [^]Source: Energy Networks Australia - Reliable and clean gas for Australian homes (October 2017)

How to do it right...

The opportunity is to put ESG at the centre of your organisation's strategy



ESG Supporting Materials

With these insights in mind, the materials below can assist further with learning, implementing and improving ESG practices within your organisation



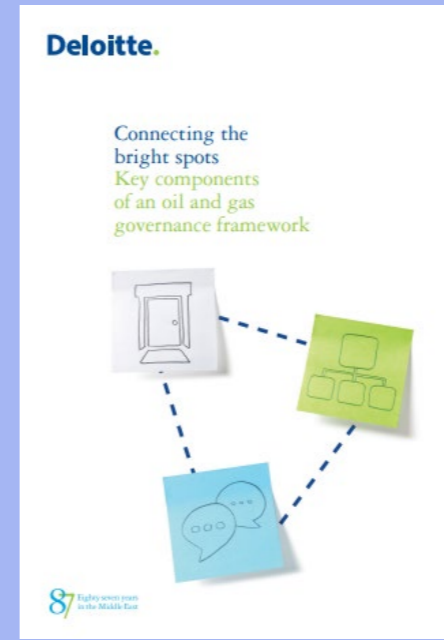
Corporate Climate Transition Plans
Investor Group on Climate Change (IGCC)



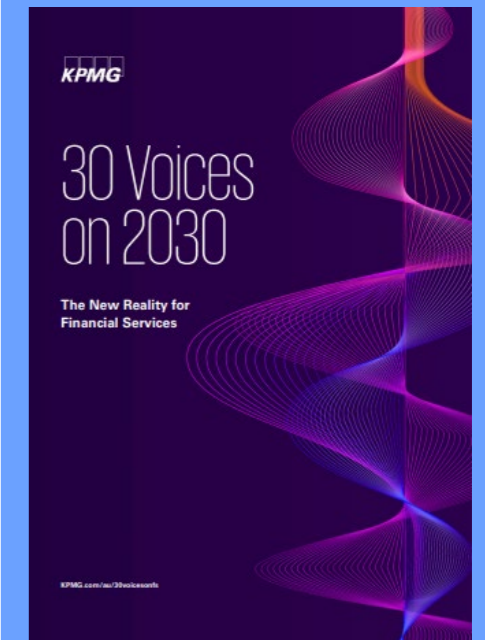
ESG: Change for the Better
Minerals Council of Australia



Measuring Stakeholder Capitalism
World Economic Forum (WEF)



Key Components of an oil and gas governance framework
Deloitte



30 Voices on 2030
KPMG

KPMG



Australian Gas Industry Trust

