30 VOICES ON 2030

The ESG Revolution.
Shifting from commitment to action.

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FOREWORD

The discussion on Environmental, Social and Governance (ESG) related issues has moved past any concept of whether to act. Rather the discussion is now focused on what action to take and how to take action in a way that addresses the expectations of regulators, shareholders, workforce, community, and other stakeholders.

TRENT DUVALL
National Industry Leader
Consumer, Retail, Technology, Telecommunications and Industrials
KPMG Australia

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ESG Lead & National Lead Partner
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In developing this instalment of KPMG's 30 Voices on 2030, we interviewed 30 of Australia's corporate leaders covering agriculture, food manufacturing, grocery, fashion and beauty, industrials, telco, tech, life sciences, air travel, energy, investment and recycling. We also surveyed a further 245 leaders.

We asked the 30 Voices to place themselves in 2030 and predict how their business looks and how they'd made progress on their ESG goals.

One Voice captured the response in one breath, *"I have never seen such rapid change as I have with the ESG cause."*

Corporate Australia has accepted the need for clear goals and transparent action on key ESG elements especially Net Zero, ethical sourcing, diversity and inclusion and zero landfill. Many have already set these goals and released one or several sustainability reports.

Some companies have started action but all concede that they have a long way to go, and by 2030 the job of achieving their ESG goals will be far from over. When discussing the future of ESG, several consistent themes emerged in both the interviews and the survey.

Perhaps the strongest theme was the need for collaboration. Many ESG issues are complex especially with the need to consider the entire supply value chain. For some ESG issues, the solution pathways don't yet exist and therefore there is a great need to undertake ongoing research and innovation towards 2030, with both suppliers and customers.

Other key observations include a distinction between bigger versus smaller businesses and their readiness for tackling ESG issues, the role of the workforce, embedding ESG into business functions, and the importance of data.

We also discuss the direct risks of climate change on businesses, the risk of no action and the opportunities to improve your competitive position.

This report is part of KPMG's objective to share a range of thoughts and perspectives on the challenges facing Corporate Australia on their ESG journey and how they might develop programs to achieve their ambitions.

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30 VOICES ON 2030: THE ESG REVOLUTION

The goal of our research was to understand how key sectors of corporate Australia were planning to implement ESG into their businesses over the next eight years. The focus was on those sectors that we in KPMG call *Corporates* – which includes all parts of the economy excluding Government, Financial Services and Energy/Mining.

Corporate businesses are supplied by energy and mining, funded by the finance sector and regulated by governments. They also interact with each other as they exchange goods and services.

WE GROUPED THE KEY FINDINGS INTO FOUR AREAS:

1. ESG MATURITY AND JOURNEY

- In 2030, organisations of all sizes will still be on a journey to ESG maturity while larger companies have progressed further and are more confident than small to medium enterprise peers.
- Companies are getting better at adapting to and managing the risks that extreme weather events pose to their business operations, infrastructure and people.

2. ACCOUNTABILITY, RESPONSIBILITY AND REGULATION

- In 2030, directors will be personally accountable for their Company's decisions when it comes to environmental and social action.
- The Chief Financial Officer (CFO) is now one of the ESG leaders in performance monitoring – leading accounting for environment and social value and ensuring that it is integrated into the organisation's governance structure.
- Institutional shareholders, banks, corporate customers and governments will drive change. Consumers have a strong view on ESG matters, but price still drives their final purchase decisions.
- Governments across Australia will be expected to align ESG regulations and standards, reduce the cost of compliance and provide the right settings for investment in infrastructure and materials.

3. SUPPLY CHAIN AND OPERATIONS

- In 2030, supply chains will be fully transparent to customers in real time and at every node.
- Cross-sector and whole-of-supply-chain partnerships will be the most effective way to solve complex ESG challenges.
- Companies that have operations and/or supply chains that harm people or damage the environment will risk their social licence to operate, as customers no longer accept or forgive the company's practices.
- In 2030, companies will have gone beyond vertical integration and, instead, invest in the full life cycle of their products – circular integration.
- Sensors, digitisation and automation will make it easier to collect and analyse the data the business needs to keep costs down and innovate.
- In 2030, farmers and agricultural enterprises have fully grasped the opportunity to provide ecosystem services.

4. THE ESG WORKFORCE

- Soon, (if not already), a company's workforce will influence policy and practice just as much as customers and investors.
- Meeting diversity and inclusion targets continues to be a challenge for businesses with the focus on actual inclusion and equal voice, not just metrics.

Many of the views expressed in this report may be personal and do not necessarily represent those of the Voices organisation or that of KPMG.

1.

ESG MATURITY AND JOURNEY

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In 2030, organisations of all sizes will still be on a journey to ESG maturity while larger companies have progressed further and are more confident than small to medium enterprise peers.

According to our survey, only 39 percent of our respondents believe that they will have implemented the operational changes required to meet their ESG targets, typically considered halfway along the journey to ESG maturity.

The ESG transformation will be multi-faceted. Organisations will need advanced data and analytics capabilities to capture new data sources needed to respond to the ESG challenge. New accounting practices must be put in place and governance structures redesigned.

Diversity and inclusion policies, which are new concepts for some, will be essential to drive the innovative and courageous thinking needed to navigate this transition.

Smaller corporates are significantly less confident they will have mature ESG practices, especially when it comes to capturing data and reporting to stakeholders.

"It's sometimes hard as a smaller company to do the right thing from a governance perspective. It can slow down a fast moving, digital business like ours and you are not always rewarded for it by the market."

KATE MORRIS
Adore Beauty

If small businesses are left behind in the ESG challenge it will have a direct impact on the supply chain and larger customers. Decarbonisation, for example, will be a challenge for some large organisations with extensive third party supply chains composed of businesses with widely different degrees of maturity. The quality of the data coming in from their supply chain ecosystem will be a big issue for them in their reporting to governments, shareholders and the investment community.

"One of the greatest opportunities is that demand from businesses on sustainability solutions is greater than the supply of innovation and support in some areas. For most businesses this is a key focus to help unlock our ability to move faster and close the gap."

ALEX HOLT
Woolworths Group

"We spend billions of dollars with around 30,000 suppliers and subcontractors in a hugely complex supply network – all at very different levels of maturity and resources"

RICKY BRIDGE
Downer Group

That means that, even if companies in the supply chain themselves don't have ESG goals, they will be under pressure from their customers to perform and respond.

Ideally, regulation would introduce whole-of-economy standards that everyone must follow. However, when governments do start to regulate, there is a risk that it will be inconsistent. Collaboration will be the only way through. Those who can do that effectively will have a significant opportunity to accelerate toward their ESG goals, whether that's energy transition or the tackling of modern slavery.

Furthermore we will continue to see small disruptors and innovators who will lead with purpose-driven operations and products. These disruptors will create positive change and in some cases be purchased by larger businesses, but those who aren't, may run the risk of prohibitive costs unless they are able to collaborate across their industries.

Companies are getting better at adapting to and managing the risks that extreme weather events pose to their business operations, infrastructure and people.

THROUGH OUR SURVEY

38% of respondents believe that in 2030, physical climate risk and the resilience of their value chains will be either a priority or a top priority, increasing to 60 percent amongst larger corporations.

Furthermore, by 2030 boards and executive teams will put risks associated with climate change and other ESG factors at the centre of their decision making. The rising cost of insurance, or uninsurability, will be the financial driver here, but so too will be the responsibility to protect environmental and social value.

Some Voices spoke about the direct impacts of climate change on their business.

> *"The start of the decade was marked by severe weather events. Fires, floods, and drought devastated communities in Australia and further afield. Climate change was already impacting our growing and production practices, so we had to evolve. There was also the backdrop of a complex, fast-moving geo-political landscape. We had to adapt and future-proof our business, and the confluence of those factors underpinned a shift in our mindset: turn challenge into opportunity."*
>
> **TIMOTHY FORD**
> Treasury Wine Estates

Robert Spurway, GrainCorp also mentioned that *"a climate study they commissioned along with subsequent ABARES outlooks predicted wetter and warmer conditions in the years to come. These reports also confirmed the continued volatility of weather patterns... We have continued to develop our risk/ insurance products to mitigate these circumstances, building on the learnings gained from our market leading Crop Production Contract."*

Other companies will need to take measures too, for example, retrofitting warehouses, changing safety practices, and relocating production sites.

These adaptations will address some elements of risk. However, companies will also need to be resilient to environmental shocks and ready for the social consequences that come after. As the pandemic has shown us, these 'natural' events have a huge impact on our society as well as the economy.

Extreme weather is a system-wide event so collaboration will be essential, from building the resilience of supply chains to responding effectively to emergencies.

2.

ACCOUNTABILITY, RESPONSIBILITY AND REGULATION

In 2030, directors will be personally accountable for their Company's decisions when it comes to environmental and social action.

Today, European regulators have taken the lead on mandatory reporting and the responsibilities of directors. By 2030, we expect this regulatory approach to have spread across the globe including Australia.

43% of respondents to our survey said complying with regulatory change will be one of the top three challenges when it comes to setting an ESG strategy and embedding it into organisation.

Governance has traditionally been dominated by the financial performance of a business with some ESG elements such as anti-bribery, corruption and matters of compliance. In the future, this will increasingly include the social and environmental performance of the business. The addition of E and S to the governance framework will demand new skills and behaviours from decision makers.

Boards and executives will also take a greater role in linking Company purpose, ESG strategy and business strategy and then reporting progress and performance against it.

"One of the most powerful things we've found at Telstra is to have a clear allocation of ESG accountability ...Ultimately our approach to ESG isn't just one 'part' of our business but is rather how we do business, with it integrated into everything we do. It is further integral to our quarterly and annual reporting, and fundamental both to our commercial performance and ongoing strategic direction into the future."

LYNDALL STOYLES
Telstra

"The landscape changed for good around 2025 when ESG reporting became mandatory for large, listed companies in Australia."

STEPHANIE THOO
Pro-Pac Packaging Group

Directors will need to put in place strong principles, objectives and metrics and will manage business risks and opportunities to their ESG goals, using techniques such as scenario planning to anticipate regulatory and social changes. They'll need to think long-term but also be able to map that onto shorter-term business plans.

To underpin Governance, ESG-related data collection will need to be embedded in every part of an organisation's operations and link to the supply chain and subsequently the performance framework. This will dramatically increase the data request to suppliers and partners and increase the complexity of tasks such as procurement. Data governance and security will be a significant challenge for businesses to overcome.

The Chief Financial Officer (CFO) is now one of the ESG leaders in performance monitoring – leading accounting for environment and social value and ensuring that it is integrated into the organisation's governance structure.

Our survey showed that CFOs, more than any other cohort, believe that environmental, social and governance priorities will be important to their organisation in 2030. Governance was important to 100 percent of all CFO respondents with environmental (88 percent) and social (94 percent) following close behind.

This focus on ESG is being driven primarily by the investment community. Shareholders, through private equity and superannuation funds, now expect to see environmental and social goals supported by good governance.

David Atkin at UN-PRI says that in 2030 *"Those companies who have not properly addressed their ESG performance have a more challenging time in the market as investors cannot properly assess the ESG risk...they need to be able to provide some way of measuring ESG progress, so stakeholders can assess whether they are on track or not. This transparency forces an organisation to lift out of its silos and operate and report in a more integrated way which stakeholders can properly understand."*

That observation is consistently backed by our interviewees, who also point out that ESG issues now flow directly onto the balance sheet and are under the scrutiny of their CFO. For the CFO, this will require leadership. They'll need to extend ESG beyond the compliance sphere and integrate environmental and social value into the core decision-making practices of the organisation.

Notwithstanding the growing role of the CFO, in 2030, ESG goals will be everyone's responsibility. New accounting practices will help measure, benchmark and prove performance and fold it into day-to-day operations and monthly, quarterly and annual reporting.

When speaking on 2030, Alex Holt comments that Woolworths Group has *"...built accountability and delivery structures throughout the organisation to drive ownership and delivery of outcomes at pace."*

In 2030 ESG will be BAU in every function of a business and be part of all Enterprise Resource Planning (ERP) systems. ESG data will be housed in the company's master data system so that decision makers across the organisation take it into consideration.

Procurement strategies will explicitly show how purchasing decisions create and protect environmental and social value in tangible ways.

The ESG agenda has the potential to break down silos in organisations, drive long-term strategy and open up new sources of value for the business. Keeping control of that agenda, with tight governance, will be paramount in order to make the right choices for the company.

Institutional shareholders, banks, corporate customers and governments will drive change. Consumers have a strong view on ESG matters, but price still drives their final purchase decisions.

FROM OUR SURVEY

47% of respondents believe that accommodating the views of shareholders, investors and their board will have a significant impact on driving their ESG strategy in 2030.

When speaking on 2030, Fiona Mead, CSL mentions, *"We were also seeing more external pressure, from the investment community and because of the new TCFD regulations on climate related financial information."* And answering this call to action will make it more costly to produce and deliver goods to consumers. The challenge for many companies will be how to maintain margins while they deliver to their ESG agenda.

Alistair Bell from Metcash also mentioned *"Consumers generally continue to be concerned about ESG issues, particularly those related to the environment. Interestingly, it has still not changed many consumers decision-making habits or the makeup of the average shopping basket… If a consumer wants an organic or greener product, they will buy it, generally irrespective of its price but that is not the case for the majority. For them, the drivers are broadly the same as they were ten years ago – value for money, choice, convenience, and quality"*

Some Voices indicated that they were confident that innovation in the supply chain would deliver more sustainable outcomes with minimal additional cost. Others were more focused on how to deliver ESG outcomes in the most cost-effective way relative to competitors, some commenting that ESG is likely to add to higher prices.

> *"Supply chains are already under pressure from the impact of increasing volatility in the weather, with drought and wildfires; add to that sustainability and ESG goals and we are seeing a higher cost environment for suppliers"*
>
> **CRAIG WOOLFORD**
> MST Marquee

Higher prices will be hard to bear for some consumers. Lower income households will be disproportionately affected. Unlike direct tax intervention, market intervention may be harder to identify and compensate for.

> *"An important part of our ESG mandate is digital inclusion. The Australian Government has bold ambitions to make Australia a leading digital economy and we fund important research to that end…We use this research to look at inclusion across three lenses: accessibility (having access to a network), affordability (can you pay for it) and ability (having the digital ability to use it)."*
>
> **LYNDALL STOYLES**
> Telstra

Grocery companies will be pursuing their combined business and social goal to sell healthy food to as many Australians as they can, alongside working with their suppliers on animal welfare, biodiversity and labour practices.

Decarbonisation across every supply chain in every industry will, ultimately, reduce energy costs but the complexity of transition and the costs of tracking Scope 2 and 3 emissions will be significant.

The main driver of ESG in corporate Australia is the shareholder and investment community. The impact of ESG on pricing, and how governments and companies chose to respond remains unclear. However, there is an expectation that the higher pricing resulting from ESG product changes will be most negatively felt by lower income families.

The private sector is increasingly taking on the task of driving the change needed to meet ESG goals. By 2030, we expect businesses will be collaborating effectively within and across industries to manage risks and create change.

NRMA mentions *"We partner along the way because we know working together will have a stronger impact than going it alone as we work to transform and decarbonise our economy."*

For example, many businesses are formally and publicly adopting standards such as science-based targets. However, the scale and disruptiveness of change – climate, economic transition, technology – requires more than collaboration.

In our 30 Voices we detected a shift in their expectation of the role of government – moving from driving change – to be more about consistency of policy settings and standards across local, state and federal jurisdictions.

"Some ESG issues strongly resonate with our consumers – one is decarbonisation, another is sustainable packaging. We share their frustration at the continued lack of clear federal and state policy around carbon – the inconsistencies – and targets, which are too long term and not tangible."

STEVE RAE
Bega Cheese

For example, Andrew Parker, Qantas said that *"the role of the Australian and state governments, as well as international governments, is particularly important in supporting the aviation industry as a whole in addressing climate change and decarbonisation – it's too complex and costly for the industry to do it alone. The technology is not yet there for an airline like Qantas to decarbonise without a role from government."*

Governments operating at local, regional, national and global levels must cooperate to set policies and standards so that investments in supply chains, such as recycling, renewables and packaging, can be done with more certainty.

National, state and local governments are starting to act, but without consistency it will be hard for organisations to comply, let alone leverage those regulations to help them meet their own ESG goals, invest in research and development, or build trust in the market.

"We can let environmental challenges overwhelm us, or we can seize the opportunity to deliver rapid, massive positive change by leveraging the power of our relationships."

THE HON. JAMES GRIFFIN
NSW Government

Governments across Australia will be expected to align ESG regulations and standards, reduce the cost of compliance and provide the right settings for investment in infrastructure and materials.

3.

SUPPLY CHAIN AND OPERATIONS

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In 2030, supply chains will be fully transparent to customers in real time and at every node.

Companies will need to know that their suppliers of goods and services are meeting the ESG commitments that they have made as part of their supply agreements. Larger companies are driving this change in their own supply chains with the goal of total transparency.

IN OUR SURVEY

43% of our respondents believe that their supply chain will be one of their ESG priorities in 2030.

Hugh Killen from Australian Agricultural Company (AACo) said that in 2030: *"When you can put your sustainability and your financial reporting data together and it is both verifiable and auditable, you can hold people to account – whether as an investor, customer, or auditor."*

Suppliers with more mature data and technology practices will collect that data in real time across an infrastructure of mobile phones, sensors, IoT – supported by artificial intelligence, blockchain ledgers, data analytics and cloud computing.

What has changed dramatically over the last decade is the focus boards and investors are placing on ESG reporting.

"Up to 2030, Australia had been lagging, compared to other developed economies, on reporting and disclosure requirements, but today, we track and report on all ESG areas, including Scope 3 emissions. We have invested in our data tracking tools to make sure they are effective and supply the correct data for our analysis and insights."

JAMES HASLAM
ELMO Software

These technologies will make it possible to measure how sustainable one product is compared to another. Customers will also be able to use that data to identify opportunities to reduce costs and minimise sustainability risks both upstream and down in the supply chain.

Collaboration will be key here in supply chains in which participants are less mature in technology and data management.

We also expect data will be shared between companies (with careful management of intellectual property and the privacy of consumers) so that the whole sector can cooperate effectively in the transition to a sustainable economy.

Steve Rae, Bega Cheese when speaking on 2030 commented on their 15 flagship and 30 circular projects, all employing innovative circularity principles across water, waste, renewable energy, food systems and education. These circularity projects also support new and existing initiatives by embedding them with smart skills and are expanding opportunities for data capture.

By 2030 this transparency is driven by the goals of the customers in the corporate ecosystem, rather than compliance with government regulation. The survey showed that 59 percent of respondents will be focused on the customer experience right along their value chain. This is about performance and opportunity – easy reporting to regulators is a bonus.

"Take a product like coffee beans for example – in 2030 we can now track where the beans are farmed, how far they have traveled, how much water was consumed in their production and what their overall carbon footprint is."

THINUS KEEVE
Coles Group

Cross-sector and whole-of-supply-chain partnerships will be the most effective way to solve complex ESG challenges.

ESG ambitions will not be realised if organisations don't collaborate.

> *"The challenges are so great, the actions we need to take are so urgent, we must constantly collaborate to find a way through, and we are investing in smaller companies and start-ups to support us."*
>
> **SANDRA MARTINEZ**
> Nestle

Greening and decarbonising the supply chain is one of the most difficult challenges – well beyond what any single organisation can do. Minimum standards, sophisticated procurement strategies, and a new capital approval program will bring greater competition in the supply base, improve product quality and drive down costs.

Companies will need to work closely with suppliers, manufacturers and even competitors to achieve their ESG goals across their supply chains. Some will emerge to play a critical role in leading change.

Mitchell Ross from Muru Office Supplies said *"Collaborating with companies like Muru can be an enabler for larger organisations... they simultaneously gain social and environment outcomes, Indigenous employment outcomes and community re-investment. Our reporting processes alone can point other companies in the direction of better ESG performance".* Industry councils may start to appear designed to manage their shared risk and tackle environmental and social challenges cooperatively.

In some cases, the solutions to problems don't yet exist. Innovation, driven by research and development, will be essential to achieving ESG goals.

More mature businesses will need to identify gaps in their supply chains and help their SME partners become more sustainable.

The procurement function will drive change. New data management systems will be needed to analyse the vast amounts of data needed to monitor the ESG performance of thousands of contracts.

In some sectors, such as agriculture, transport, mining and energy, there is a high direct risk from climate change and/or substantial regulatory change to operations e.g. renewable fuels or packaging. These are major areas for investment and research collaboration between customer and supplier and entire sectors.

Re-skilling people for work in new industries, growing the talent pool and sharing knowledge will be beneficial for the whole industry – all this will require companies to find peace in the 'war for talent'.

Sue Brown, Worley stated that *"Collaboration is already in our DNA ... However, a key area where we could work better with our competitors and customers would be to grow the talent pool. We continue to cannibalise each other's talent which forces wages up and moves people around unnecessarily".*

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Companies that have operations and/or supply chains that harm people or damage the environment will risk their social licence to operate, as customers no longer accept or forgive the company's practices.

In the past, procurement was primarily driven by the price of goods and services.

However, we will see a shift over the next decade with the more progressive of our Voices talking about how social licence to operate will become significantly more important. A number of our interviewees having already focused on their social licence to operate, and many of them telling us they have commenced the process of changing their suppliers of goods or services based on ESG principles and risks even though, in some cases, the alternative is more expensive.

That's not just a local change in procurement practices. From now on, the effects will be global as trade agreements put constraints on goods that don't meet regulations.

The European Union (EU), for example – whose biodiesel market receives 70 percent of our exports – has mandated targets on biofuel feedstock. The EU has also made human rights due diligence mandatory.

While improving the focus on the supply chain, businesses must also include their own operations – the things they directly control.

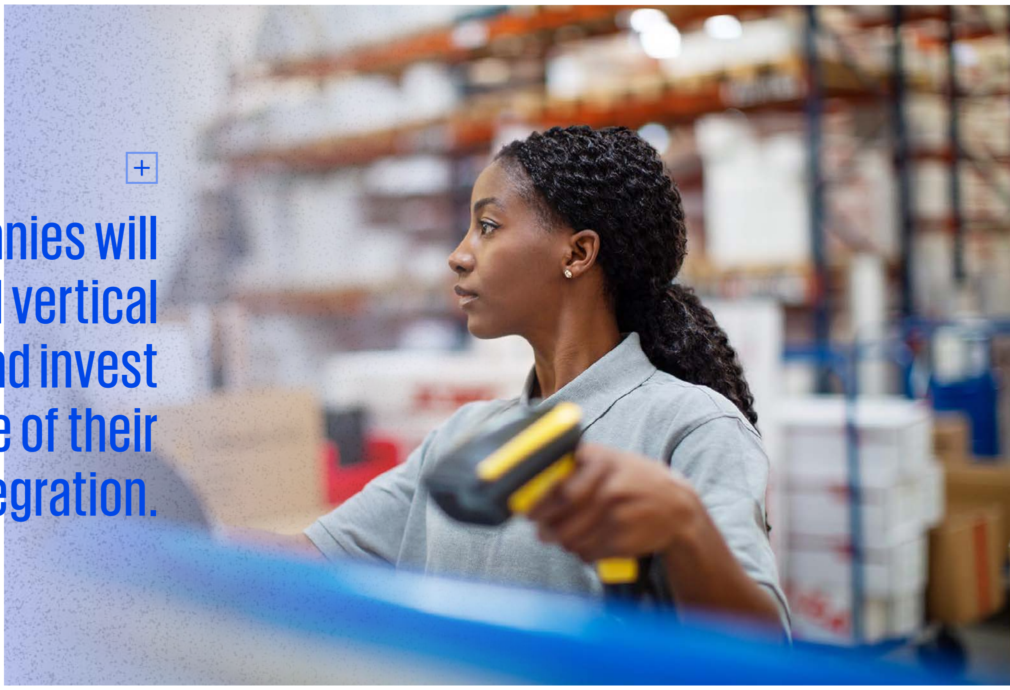
Ted Surette, Providence Climate Capital speaks about the need for energy providers "*...to thoroughly engage with community consultation and acceptance so that the arrangements for all parties in the supply chain are also good for impacted communities*" when setting up renewable energy locations such as wind or solar farms.

Currently most of the compliance and ESG performance pressure comes from the investment community and government.

However, in 2030 as David Atkin from UN-PRI mentions *"Clear vision, processes and communication are also crucial as we're still seeing greenwashing every second day – the spin and marketing around green actions that often prove to be ineffectual."* This scrutiny will make the public more wary of greenwashing and bluewashing (social/human rights equivalent of greenwashing) and companies will need to tell a wider range of audiences how they're sustainably creating and protecting social and environmental value. Effective governance will make that a credible story and repair the trust that drives commercial activity.

Disincentives will come in the form of levies, tariffs and a price on carbon, plastics and other waste.

The most recent example of this is in 2021 when the European Union introduced a levy on non-recycled plastic packaging waste. Governments may also use other policy instruments to kerb industrial and consumer plastics, targeting different parts of the value chain and the packaging life cycle.



In 2030, companies will have gone beyond vertical integration and, instead invest in the full life cycle of their products – circular integration.

THROUGH OUR SURVEY

62% of respondents from large organisations indicated that the principle of circular economy will be a priority for them in 2030.

Resource recovery will replace waste management, improving sustainability and reducing energy and carbon footprints. Marc Lichtenstein from Close the Loop believes that in 2030 their company will *"operate on a mandate of zero waste to landfill, focused on design, recover, and reuse, or create, recover, and reuse."*

In the fashion industry, for example, companies will reduce, renew and recycle clothing and change the ways in which they are shipped, packed and hung.

Right now, freight is the biggest cost and barrier to the transition to a circular economy. But by 2030, Marc Lichtenstein, Close The Loop believes that *"The logistics of the circular economy are also improving. With freight as the biggest cost, driverless trucking is now making a real difference – suddenly, collection costs have decreased substantially."*

Being local will start to matter though, especially for food and other goods that could be affected by extreme weather, pandemics, war and other political events.

In 2030, large organisations conceive of their own operations as a circular economy and are managing the remaining transition from the linear economic practices with smart procurement policies, logistics solutions, and adaptation of systems and processes.

"Circularity is central to our strategy which focuses on low carbon and highly circular solutions working across the E, S and G pillars."

RICHARD PITTARD
Cleanaway

Importantly, Australian corporates will directly invest in circular integration. This will see direct investment in supply chain assets such as recycling facilities and processing sites. Others will invest in research and support suppliers in their investments in new technology such as new materials.

"While packaging is only a relatively small part of our overall carbon footprint, it accounts for most of our waste. We have spent this decade transforming our manufacturing and packaging activities and collaborating with our suppliers to achieve this."

SANDRA MARTINEZ
Nestle

"The packaging sector, together with their customers, now assumes full responsibility for its products – either recovering all packaging for recycling and reuse – or reducing the amount of packaging used."

STEPHANIE THOO
Pro-Pac Packaging Group

The amount of data needed to make decisions, monitor and report on ESG performance represents a massive shift compared to current data requirements. The commitment to improving and monitoring ESG in the supply chain e.g. Scope 3 emissions, makes this task complex.

In the past this has been challenging and expensive. However, by 2030 it will be possible, and much more affordable, to collect and analyse data in real time across an infrastructure of mobile devices, and sensors. It will be supported by artificial intelligence, virtual ledgers, analytics and cloud computing.

For example, Stephen Smith from nbn mentions *"The energy transition and digital revolution mean that our supply chain is changing in function and form... The emergence of the Internet/ Industrial Internet of Things (IoT) technologies as an overlay to broader broadband networks has the potential to introduce a system of sensors, actuators and machines all embedded with electronics, software, and network connectivity. It has been a game-changer for all organisations, including ours – enabling better data analytics, automation, and process control."*

As we've heard from our Voices, this data is critical. Our survey found that "respondents cited the complexity of technology to achieve their ESG strategy and goals as one of the top three challenges they face, and will continue to face, and 81 percent told us that the enhanced ability to deliver technologies will have significant impact on driving ESG strategy across their organisation". Technology is undoubtedly the enabler for an organisation to track performance, report to stakeholders, find efficiencies and identify opportunities for new sources of value. It will allow organisations to measure how much their pursuit of ESG goals contributes to revenue.

> *"Technology is supporting us to become greener and we continue to invest in technology and create partnerships to further innovation in our company".*
>
> **MICHAEL HARDWICK**
> Cotton On Group

These benefits will be greatest if data can be collected from the collection of raw material or inputs, through the point of production.

This information will not only support ESG management but can also make a material difference to business decisions and productivity.

Customers and consumers will need to trust that their privacy is respected and that ESG-related data is used responsibly.

OUR SURVEY FOUND THAT

60% of organisations think that cyber and privacy risk will be their number one ESG priority come 2030.

Managing cyber risk effectively as part of organisations' governance priorities will be key to securing that trust. This is not simply by ensuring businesses have effective management of their consumer data, but as data is increasingly shared across ecosystems to achieve transparency, doing so in a secure manner that retains the integrity of data privacy, is critical.

Sensors, digitisation and automation will make it easier to collect and analyse the data the business needs to keep costs down and innovate.

In 2030, farmers and agricultural enterprises have fully grasped the opportunity to provide ecosystem services.

In 2030, the farming sector aims to be generating 5 percent of revenue from storing carbon, restoring and managing ecologies and protecting rivers and streams.

This can be done without reducing productivity as we will need to feed approximately 9.9 billion people by 2050.

> *"Carbon sequestration might be one of the most significant opportunities to address climate change, but we maintain that if you manage all of nature well, you will get a better carbon outcome anyway."*
>
> **HUGH KILLEN**
> Australian Agricultural Company

Tracking ESG indicators across their whole supply chain is obviously critical, and not just for carbon accounting. We see some enterprises, for example, rigorously tracking energy, water, waste and carbon and collaborating with farmers to improve quality, productivity and environmental performance.

Robert Spurway, GrainCorp mentions that in 2030, *"data analytics is fully embedded in our business to help us better understand farming systems and businesses and is ultimately supporting us in assisting growers in their planting and marketing decisions. A range of digital solutions are employed routinely on-farm from the use of satellites, sensors, IoT, and phone applications and GrainCorp has played a central role in developing and co-ordinating the effective use of data from these solutions across the end-to-end supply chain."*

Everyone knows they need to prove they're performing, not just to satisfy investors and customers but also so that markets are fair and effective. As we heard from so many of our Voices, effective governance depends on being able to account for environmental and social value.

Farming enterprises will be well placed to deliver ecosystem services as well as produce food – but the drivers, incentives and policy settings must be in place by 2030 if this opportunity is to be maximised.

> *"The Biodiversity Conservation Trust's Co-investment Partnerships program was the first time any Australian government has offered a high-integrity opportunity for corporates and philanthropists to invest in long term biodiversity conservation and carbon sequestration. Investors were able to invest in carbon offsets through the BCT's conservation agreements with private landholders. This created a new income stream for those landholders, while delivering a low risk, high impact investment through a trusted NSW Government mechanism."*
>
> **THE HON. JAMES GRIFFIN**
> NSW Government

4.

THE ESG WORKFORCE

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Soon, (if not already), a company's workforce will influence policy and practice just as much as customers and investors.

The increasing importance of the role of the workforce in ESG matters came up in many discussions with our 30 Voices. In a competitive market a business' ability to recruit and retain talent will depend on their ESG credentials.

> *"The wonderful thing about having a young workforce is that no one is shy on giving you an opinion on where things can be done more sustainably – from product design to finance."*
>
> **MICHAEL HARDWICK**
> Cotton On Group

Lyn Radford, Chobani says that *"Chobani puts the highest value on our employees. Without our people, none of the work we care about gets done so we make it our mission to not only look after them, but adapt to what they think, feel, or need, at any point in time".* Highly-skilled knowledgeable workers and people with outstanding leadership skills will be increasingly drawn to companies that align to their own values.

Many of our Voices are acutely aware of these expectations and are turning it to their advantage – especially in professional service organisations where, as one respondent in our survey noted, *"people are our biggest asset". We also heard that "(We) encourage our employees at all levels, and our Board, to collaborate on key decisions ensuring they are in line with our values."* Tamara Somers, Xero.

49 percent of respondents believe that talent acquisition will be a priority in 2030, and a third of our surveyed respondents saying it will be a critical challenge when it comes to setting and embedding their ESG strategy in their organisations. Talent is, and will be in 2030, the key success factor in any business. Some organisations simply have no business without it. Recruitment and retention policies will need to put that fact front and centre. A broader suite of metrics will be needed for decision makers to track performance, back up ethical claims and comply with regulation on equity and discrimination.

Pointing to a spreadsheet won't be enough however. Culture – visible and experienced in the decision-making practices and governance of the organisation – will determine whether people will stay and contribute value.

Meeting diversity and inclusion targets continues to be a challenge for businesses with the focus on actual inclusion and equal voice, not just metrics.

FROM OUR SURVEY

38% of respondents said that in 2030, inclusion, equity and diversity would be one of their priorities.

This jumps to 64 percent amongst respondents from organisations with revenues more than $500 million, which are significantly more likely to see it as a priority.

We anticipate the workforce of 2030 to be highly conscious of identity, grounded in gender, Indigeneity, sexuality, culture, religion, age and ability. They also care about your ESG goals – and they'll push your organisation to do better.

In other words, the diversity of the workforce and their inclusion in decision making will be a source of value for the business – it will be this diversity, not not Artificial Intelligence, that will be the source of innovation and renewal.

Targets are meaningless without true change, of course, as many of our Voices told us.

We heard a strong commitment to genuine inclusion by 2030. Ricky Bridge, Downer Group mentioned *"We are committed to a workplace environment where our people feel included, where their health and wellbeing are supported, and where they have opportunities to develop new skills and grow their careers."* Though there are challenges. These challenges also differ depending on sector or regions. The pipeline for engineers, for example, is still low on diversity, which is an issue for companies that rely heavily on this profession.

Metrics came up in many of our conversations. Nick Addison, Medibank Private, mentioned that in the early 2020's *"our diversity profile was narrower and disclosure of the demographic composition of our leadership team and Board members was limited. This was a comparable situation for most Australian companies and we knew that we had to change. In 2022, we set inclusion and diversity targets to ensure our organisation better reflected the communities we support,"* and by 2030, they will be *"an employer of choice for Aboriginal and Torres Strait Islander people and for people with a disability."*

Transparency and accountability matter here too. Decision makers will need to track performance, back up ethical claims and comply with regulation on equity and discrimination. Growing employee activism will keep organisations on the hook.

Setting goals and tracking performance now is likely to bear fruit in 2030 if we take Adore's experience as a guide. Their commitment to diversity and inclusion has shaped policies on parental leave, flexible work, religious practices and equal opportunity and helped create a workforce that is above the average on the Diversity Council of Australia's Inclusion@Work index.

"We are learning a lot about stronger governance from our much larger partner, in return, they, as a non-Indigenous organisation, are learning about diversity and inclusion from us."

MITCHELL ROSS
Muru Office Supplies

“The challenges are so great, the actions we need to take are so urgent, we must constantly collaborate to find a way through, and we are investing in smaller companies and start-ups to support us.”

SANDRA MARTINEZ
CHIEF EXECUTIVE OFFICER
NESTLE

ALEX HOLT

CHIEF SUSTAINABILITY OFFICER
Woolworths Group

Alex Holt is Woolworths Group's Chief Sustainability Officer, leading a team dedicated to embedding sustainability in the day-to-day operations and long-term future of Australia's largest retailer. Her work is focused on setting the right trajectory, establishing the frameworks to deliver change at pace and collaborating across the supply chain to solve the industry's biggest sustainability challenges. Ms Holt joined the Woolworths Group from Tesco in 2011. As Chief Sustainability Officer, Ms Holt champions Woolworths Group's commitment to creating a better tomorrow for people and the planet.

WHAT HAVE BEEN WOOLWORTHS GROUP'S MAIN ESG ACHIEVEMENTS OVER THIS PAST DECADE?

Woolworths Group is focused on creating a better tomorrow by making positive change for our people and the planet through our products, and by doing that becoming one of the most sustainable businesses across Australia and New Zealand.

Over the last decade, the case and appetite for sustainable change has accelerated at a rapid pace. As one of Australia and New Zealand's largest retailers and employers, we have the opportunity to use our scale and trusted brand to have a positive impact for our customers, team, partners, and planet. With over 20 plus million customers visiting our retail stores, we are in a unique position to lead important ESG initiatives and make a real difference. We have delivered against our 2025 Sustainability Strategy and have evolved it to build our plan for our three distinct focus areas: People, Planet and Product for the next horizon.

We have worked on creating a great place for our teams to work by valuing diversity regardless of their gender, age, ethnicity, beliefs, disability, sexual orientation, or gender identity and ensuring everyone feels included. We also have increased our focus on mental health through initiatives that support the physical, mental, and financial wellbeing of our teams. Our Responsible Sourcing Program goes beyond compliance and builds a right-respecting culture in our value chain.

“How best to drive ESG transformation? Understanding it’s a marathon not a sprint…”

We enacted some more straightforward changes to minimise our impact on the planet years ago, such as the removal of single use plastic bags in 2018 followed by the removal of single use plastic picnic wear. Our operational emissions may be down by ~80 percent with all our stores powered by renewable energy and better technology, and we’re factoring emissions reduction into how we build and run all our sites from stores to distribution centres.

We’re offering sustainable and healthier products and we continue to work to ensure they are responsibly sourced. We may expand our reach beyond our Own Brand as we retain the Healthiest Own Brand supermarket award and continue to reformulate our products to make being healthier easy for our customers. We will see the power of partnerships come to life as our sustainability supplier council, created in 2022, helps tackle key opportunities – the first is to improve the health of our products across our range; the other to improve the sustainability and recyclability of packaging.

ESG is fast evolving and we have realised its success is strongly dependent on collaboration – both within Woolworths Group and with our partners and stakeholders. We aim to spur a movement across businesses of all sizes, and engage some of our suppliers, partners and industry in forums that may support the multilateral sharing of learnings and tools that, for example, make emissions measurement and reduction more accessible.

WHAT INTERNAL CHANGES HAS WOOLWORTHS GROUP BEEN THROUGH TO BETTER ADDRESS ESG?

We’ve been on our sustainability journey for many years now, and the results of our actions are starting to show. With the launch of our new Group Brand, we evolved our purpose to have sustainability at the heart of how we operate. Alongside our five guiding principles that represent our approach and inspire us to set a long-term direction for our actions.

The shift we’ve made is about thinking beyond what change is expected, to what impact is possible – and what good we can create beyond our own organisation in the way we go about becoming a more sustainable business. We’ve moved way past the point where change can happen by companies working in isolation, change is now only possible by companies, industries and people working together – that’s where the magic happens.

We have used the power of agile ways of working to help deliver our 2025 strategy across our entire business and continue to use them today. Our commitments are owned by our business leaders and delivery is supported by the sustainability team. This ensures we have the right people, doing the right work and partnering across the group to collectively achieve our goals. We also built accountability and delivery structures throughout the organisation to drive ownership and delivery of outcomes at pace.

We have cross functional teams working on all different focus areas including plastics, emissions, green energy, responsible sourcing, health, and recycling. They’re a mixture of highly specialised sustainability experts, as well as operational experts and professionals who know how to drive transformation and strategy.

"The shift we've made is about thinking beyond what change is expected, to what impact is possible."

We have also created several ESG accelerator businesses; Woolworths 360[1] looks at circular opportunities and develops innovative environmental solutions for packaging, waste, and energy. Our healthylife[2] business offers tools, trackers, and products for consumers to adopt healthier lifestyles. Our venture capital arm, W23[3], includes an EnviroTech portfolio which supports companies and projects such as Samsara[4] and FutureFeed[5].

These changes have all evolved out of our 2025 Sustainability Plan, which is reviewed annually and embedded in our Group strategy, as part of our annual strategy and planning cycle. Today, all our businesses produce quarterly ESG updates which assess if they have the right level of focus and are hitting their targets. This greater level of accountability and transparency feeds into our results reporting and our ESG metrics are now included in our half-yearly and annual financial results.

WHERE ARE THE ESG OPPORTUNITIES OF THE FUTURE FOR WOOLWORTHS GROUP?

One of the greatest opportunities is that demand from businesses on sustainability solutions is greater than the supply of innovation and support in some areas. For most businesses this is a key focus to help unlock our ability to move faster and close the gap.

Sustainability is one of those few disciplines where the industry has been historically ahead of innovation (unlike digital). For example, businesses are planning for the end-to-end electrification of supply chains from delivery trucks to cargo ships.

We have invested in business accelerators to drive industry-level change both in incremental programs to help minimise our footprint, and larger innovations and game changers to deliver mutually beneficial outcomes.

We are in an era where the corporate 'purpose' is linked to long-term value creation. The exciting development over the past couple of years is that sustainability is creating commercial opportunities that support long-term value creation. I am keen for Woolworths to leverage these commercial opportunities where appropriate in line with our purpose and strategy.

There is optimism in how operational contexts are dynamically changing, and strategies are evolving to ensure resilience in a rapidly changing world.

WHAT DOES YOUR RELATIONSHIP WITH YOUR CONSUMERS LOOK LIKE IN 2030?

In 2030, our customers still look for convenience and value for money. Their awareness from a sustainability point of view may be a key consideration when they shop with us.

Customer spending will be influenced by their value system, with products that are responsibly sourced and healthier for their families. For example, we may see the continued evolution of alternative protein.

We see continued growth in our e-commerce businesses as customers want access to products and information at their fingertips.

We aim to provide our Customers with the data and insights that allow them to make purchasing decisions aligned to their lifestyle choices.

With this in mind, decarbonising our fleet over time may allow us to deliver on our customers' expectations of convenience whilst reducing our operational emissions.

A key unlock for Woolworths has been activating our circular thinking across our group to leverage the circular flow for materials and energy. Reducing the resources used, and the waste and leakage created, has conserved resources, and helped reduce our environmental pollution. Circular thinking has been embedded in our EZE ways of working from product development to operational execution.

In 2030, we are excited by our customers actively working with us as a community to make a real difference for our planet and its peoples, by providing feedback on our product range, and our team members are ambassadors for our sustainability agenda.

1. https://www.woolworthsgroup.com.au/page/community-and-responsibility/group-responsibility/responsible-sourcing/moving-to-a-circular-economy
2. https://www.healthylife.com.au/woolworths
3. https://www.w23.vc
4. https://www.samsaraeco.com
5. https://www.future-feed.com/about

ALISTAIR BELL

GROUP CHIEF FINANCIAL OFFICER
Metcash

Alistair Bell joined Metcash (ASX: MTS) in 2020 as the Group CFO. He is a director of Total Tools, and Ritchies Stores.

Alistair has extensive capital-markets experience and executive leadership in managing international organisations with a broad portfolio of businesses. Alistair has held various CFO, COO and strategy positions in a range of industries and has experience as a Non-Executive Director, including as Chairman of Audit & Risk Committees.

Alistair is passionate about Metcash's single purpose of championing successful independents in Food, Hardware and Liquor as it's at the heart of everything they do and remains passionate about the sustainability of agri-business, food-ingredients and manufacturing, and malt/beverages sectors.

HOW HAS ESG EVOLVED AT METCASH OVER THE LAST 10 YEARS?

Over the past decade Metcash has been progressing its ESG program, but significantly stepped up in the last couple of years, across our three main businesses – Food, Liquor, and Hardware. In 2021 we published our first separate report on sustainability. Supported by our network of independent retailers, we consider our approach to ESG to be relatively sophisticated.

At the start of the decade in 2021, we added ESG as a sixth element to our strategic vision; our focus since has broadly been across the three main ESG areas.

Regarding the environment, we targeted greater energy efficiency and more renewable energy programs, recycling, and waste reduction as well as setting tighter sustainability standards for new builds and retrofits (for example, better lighting and better refrigeration). We have committed to a 2030 Science-Based Target based on a 1.5-degree scenario and are aligning our climate risk management and disclosures to the Taskforce for Climate-Related Financial Disclosures[6].

Our social focus has centred on modern slavery, which we use as a catch-all for responsible sourcing and supplier qualification – we want to protect our employees and retailers. Regarding governance, back in 2021, we set up an ESG Council with cross functional representation and, while it's chaired by our CEO, it has employee observers overseeing its operations.

6. https://www.unepfi.org/climate-change/tcfd

"We bring ESG alive through our culture, our responsive supply chain and a firm commitment to local areas..."

This means everyone in the company has the chance to understand exactly how our organisation runs ESG and ensures that the committee's conversations and initiatives are based on effectiveness not hierarchy.

We will spend the rest of the decade converting these ESG initiatives into action. From FY23 we aligned to the Global Reporting Initiative (GRI)[7], which sets global standards for sustainability reporting, and we disclose all the ESG targets we track, and, to date, we have met all our climate targets. We are having conversations with banks to develop sustainable financing as part of the billion dollars' worth of finance facilities we operate. We are also collaborating with our retailers and suppliers to address Scope 3 emissions and meeting ESG targets has been worked into our executive scorecards and renumeration.

Today, our decisions, whether it's for a new distribution centre or a new product have ESG criteria, and it's embedded into our capital allocation. We have been careful to stay focused on what we could control, for example, energy management in our distribution centres where we are collaborating with enlightened landlords to transform our warehouses or making our logistic operations greener by electrifying our fleets. Working ESG imperatives like these into our change management programs have accelerated Metcash's transformation.

WHY ARE COMMUNITY PROGRAMS SO FUNDAMENTAL TO METCASH'S PROGRESS IN ESG?

Our ESG success has been facilitated by our culture of responsibility. Metcash teams are inspired to work for a business that looks after its people and the environment, while our customers expect our products to be sustainably and responsibly sourced. Using the relationships our retailers have in their local communities, we can bring our values and purpose to life – for example, through programs like our Community Chest donations program and the emergency response work we do.

Metcash always champions its independent retailers to have the "best store in their town" and create loyal shoppers. We rely on them a lot as they hold the relationships in our local communities and understand what these communities need. The IGA Community Chest Program supports a wide range of charities and grassroot community groups, including sports clubs and schools. It makes millions of dollars' worth of donations to thousands of community groups and charities across Australia, through initiatives like our Community Co. branded products, where customers buy quality products and part of the proceeds are given back to local causes.

Emergency response is another important part of our community work. Metcash's retail network is huge – we deliver to over 10,000 customers and supply nearly 100,000 wholesale customers – all supported by large distribution centres in each major city in Australia. It all depends on a responsive and resilient supply chain and means our stores can usually remain open during natural disasters, such as flooding or bushfires, when other retailers cannot.

Our strong supply chain also supports a host of other local initiatives too. For example, the help we gave communities during the COVID-19 crisis earlier this decade, through our partnership with a charity, where we conducted an IGA Appeal to assist people with basic costs such as rental and mortgage payments, utility bills and food vouchers, or our Food Rescue and Food for Change initiatives, where we partner with other organisations to provide food and meals to those in need.

7. https://www.globalreporting.org/standards

“Helping those who help our customers and local communities is, for us, ESG in action.”

HAVE THE ESG CONCERNS OF METCASH'S CONSUMERS CHANGED OVER THE LAST DECADE?

Consumers generally continue to be concerned about ESG issues, particularly those related to the environment. Interestingly, it has still not changed many consumers decision-making habits or the makeup of the average shopping basket. While there have been various trends over the last decade – a shift back to value around the time of COVID-19, or the erosion of disposable income after it – ESG concerns are still not driving a major change in shopping. If a consumer wants an organic or greener product, they will buy it, generally irrespective of its price but that is not the case for the majority. For them, the drivers are broadly the same as they were ten years ago – value for money, choice, convenience, and quality.

Probably a factor bigger than ESG, are the changing shopping habits of the younger generation – particularly those who live in wealthier, urban areas. These consumers have created an ‘immediacy’ market over the last decade. They think – I need some milk or bunch of basil for this recipe, in the next 10 minutes, and I don't care how much extra it costs or how I get it. While the ‘good price equilibrium’ – the price of a product versus desire to do something better for the environment and society – is always shifting, for the younger generation, who are often seen to be driving the ESG agenda, convenience and immediacy still seems to trump responsibility and sustainability.

As Metcash is a wholesaler, we don't have, as such, a direct connection to the consumer, so we try to set an example as regards ESG for all our landlords, suppliers, and independent retailers – we want to protect the trust in our brands. We do this in two main ways – with our properties and with our products.

For Metcash, the relationship with landlords and our property is important as we wish all our retail and distribution centres to be as green and efficient as possible. The standards we set today are hugely different to a decade ago and we are constantly upgrading our distribution centres to reflect this. We are constantly supporting and collaborating with our landlords and retailers to make our property portfolio and their stores, whether it's a store or distribution centre, more modern and sustainable.

Regarding our products, we aim to make them innovative and more natural, so we can stay ahead of the competition by producing new ideas that our customers like. Our size and scale mean we can quickly make innovation commercial. We support our smaller suppliers to do the same and they report back to us as to whether their shoppers like the new products or not. Innovation allows us to react fast to shifts in consumer behaviour and enables our local independent stores to offer broader, more tailored, and healthier product ranges. Helping those who help our customers and local communities is, for us, ESG in action.

ANDREW PARKER

CHIEF SUSTAINABILITY OFFICER
Qantas

Andrew Parker was appointed Chief Sustainability Officer in August 2021 to drive the Group's sustainability and ESG (environment, social and governance) strategy and commitments.

This includes the Group's 2050 Net Zero emission plan – one of the first of any airline worldwide – and our program for waste and plastic eradication. He also manages the integration of ESG into all aspects of the business.

Prior to this role, Andrew was Group Executive – Government, Industry, International and Sustainability from 2013 to August 2021, having led the Group's Sustainability efforts since 2017.

Before Qantas, Andrew was Senior Vice President – Public, International, Industry, Environment Affairs at Emirates, based in Dubai and was a key architect in the Qantas Emirates alliance that launched in 2013.

Andrew previously worked in public affairs, government and journalism.

He is the Chair of the Australia Day Council of NSW.

WHAT HAS BEEN QANTAS'S APPROACH TO ESG AND SUSTAINABILITY OVER THE LAST 10 YEARS?

This decade has been one of immense challenges and change for Qantas. Climate change issues have been building for decades, and while during COVID-19 we were in more of a survival mode, post COVID-19, climate is again at the top of our agenda. The same is true for our customers – we are now seeing a marked increase in the number of passengers wanting climate action and also more passengers voluntarily offsetting.

Our ambition has been to embed ESG both culturally and operationally in Qantas, so it works to the same high standards as our safety systems for example.

We also want our stakeholders to continue to trust the Qantas brand to act on an issue as significant as climate change. It has been a lot of work to galvanize the organisation to do this. We started by setting clear goals, particularly for decarbonisation. These included targets to reach Net Zero by 2050 – with an interim target of reducing net emissions by 25 percent by 2030 – to increase our use of Sustainable Aviation Fuel (SAF) supported by the development of a viable SAF industry in Australia. We have also been producing regular ESG reporting to stakeholders on our progress.

"We are accelerating changes, be it with new aircraft and the way we fly, sustainable fuels, and quality offsetting so that our customers know they can travel responsibly..."

Qantas continues to address other ESG issues such as diversity and inclusion; for example, we are strong supporters of First Nations reconciliation and through our Reconciliation Action Plan, we honour the knowledge and celebrate the cultures of our First Nations.

We engage on a range of social issues, from gender diversity, regional Australia and LGBTQ inclusion to Aboriginal and Torres Strait Islander reconciliation. Our identity is the Spirit of Australia, and we feel we represent one of Australia's most fundamental values – the notion of a 'fair go', which is why we will speak up on important social issues.

The cultural part has been important, because, in Qantas, like in any large organisation, you need alignment, you need ideas, and you need passion. We identified people in the organisation with a passion for and expertise in ESG and added it as a mandate into their day jobs, replicating it across our businesses. Fast forward to today and we need everyone in the Qantas Group to help ensure we are delivering on our sustainability and ESG commitments. Our sustainability plan has also evolved into one which is highly sophisticated as it's properly integrated across the Group and across functions; waste and plastic eradication are good examples of this.

WHAT HAVE THE KEY BARRIERS BEEN, DEVELOPING ESG AND SUSTAINABILITY FURTHER THIS DECADE?

The role of the Australian and state governments, as well as international governments, is particularly important in supporting the aviation industry as a whole in addressing climate change and decarbonisation – it's too complex and costly for the industry to do it alone. The technology is not yet there for an airline like Qantas to decarbonise without a role from government.

Where such support exists, real progress has been made. California is a good example – there, state subsidies for sustainable aviation fuel (SAF) and research and development at the federal level has transformed this sector. As other countries and regions, such as in Europe and the UK, followed, the supply of SAF globally has accelerated. Back in 2021, the Clean Skies for Tomorrow Initiative and World Economic Forum set an ambition for SAF to make up 10 percent of global aviation fuel supplies by 2030 – it's great to see that many airlines like Qantas are aligned to these ambitious goals.

We have worked hard with Australian governments over the past few years to make domestic production of SAF more of a priority. We also campaigned for more certainty around energy and climate policy and regulation. Qantas spends $4 billion dollars on jet fuel annually and all the fuel we use is imported to Australia, whereas we can see the day where new sustainable fuels will be manufactured here in Australia. This has both economic advantages as well as fuel security.

But until domestic SAF becomes available, our strategy has been to sign SAF supply deals abroad – the first few were in California and in the UK. By 2025, the US biofuels company Aemetis will be supplying Qantas with almost 20 million litres of blended SAF each year[8], the cost of which, because of Californian state support, was at parity with jet fuel. An earlier deal, done in the UK, means that over this decade, all our annual fuel purchases out of London's Heathrow Airport contain up to 15 percent blended SAF – at roughly double the cost of standard jet fuel. This deal is allowing us to reduce the carbon emissions on the London to Australia routes by 10 percent every year[9]. We are working hard with our major customers to help us manage these higher costs and help these customers manage their scope.

In 2030, Australia is now well on the way to establishing a viable, domestic SAF industry – supported by the initial $50 million commitment Qantas made back in 2019. Our strategic partnerships are also important here. For example, in 2021, we partnered with an international energy company to explore opportunities and projects for greener energy, including SAF locally. Since then, we have been working with other energy companies, financial institutions, state governments, airports and others in our industry to invest in SAF refineries near major airports. We have also built into the criteria for purchasing new aircraft, a commitment from the manufacturers to co- invest to develop domestic SAF.

WHAT CUSTOMER INITIATIVES HAS QANTAS IMPLEMENTED, AS REGARDS ESG AND SUSTAINABILITY?

We have worked hard to come up with sustainability solutions which work for our customers. Our priority has been to reassure them we are protecting the planet, so they can travel sustainably. We did a lot of research, post the COVID-19 crisis, into travel trends. There was some indication, particularly in some jurisdictions of the European market, that some travellers believed Australia was destination that felt they could not responsibly travel to. So giving reassurance on the ability to travel sustainably is important. We have spent the last decade accelerating our sustainability strategy – including using more SAF, updating and modernising our fleet, and introducing more high-quality carbon offsets so our customers can travel sustainably.

Qantas is not only changing its behaviours but, through schemes like our Green Tier loyalty programme, is helping our customers to change theirs too. Our customers are offered options when purchasing flights, such as purchasing offsets or more sustainable aviation fuel. If they support environmental initiatives to make more sustainable choices, they unlock rewards. We are also asking our corporate customers who want to deal with their Scope 3 emissions, to join us in a coalition where, using some upfront investment, we will certify their SAF consumption for their corporate travel.

"The technology is not yet there for an airline like Qantas to decarbonise without a role from government."

8. https://www.qantas.com/agencyconnect/hk/en/agency-news/agency-news-march-22/qantas-signs-second-major-sustainable-fuel-deal.html
9. https://www.qantas.com/agencyconnect/au/en/agency-news/agency-news-december-21/qantas-purchases-sustainable-aviation-fuel-for-kangaroo-route.html

“ESG is everyone’s responsibility – if your whole organisation doesn’t think that way, it’s not fully embedded...”

TAMARA SOMERS
GLOBAL ESG MANAGER
XERO

CRAIG WOOLFORD

SENIOR ANALYST
MST Marquee

Craig is the lead consumer analyst at MST Marquee where he provides research insights about the retail and food & beverages industries. Prior to MST, Craig was the Head of Research for Citi Australia/NZ. He led a team of more than 40 staff responsible for analysing stocks, interest rates and the economy. Craig was also the lead Consumer Analyst at Citi, leading the team that ranked top three with investor clients in both Retail and Food & Beverages.

Craig is regularly cited in industry journals and the media for his insights about the state of Australian retailing and performance of the major companies across the retail, food and beverages sectors.

HOW HAS INVESTMENT FUND MANAGEMENT CHANGED IN RESPONSE TO ESG OVER THE PAST DECADE?

Over the past ten years we have seen a significant capital inflow into ESG and green related funds meaning today, in 2030, ESG has become more mainstream for investors. As demand for ESG/sustainable finance grew, investment management services responded with more ESG related options and funds. At the start of the decade some investors had dedicated ESG specialists to develop internal expertise.

Eight years ago, it was hard to find many companies on the Australian Stock Exchange you could describe as having positive ESG investment initiatives outside of renewable energy. By 2030 this has changed and there is a broader range of investable ESG businesses.

There is now a genuine risk of companies not being able to access capital due to unresolved ESG issues. Funds have strict ESG thresholds and it is unlikely that investors will support companies with poor ESG credentials.

For the consumer, ESG has remained more of a double-edged sword. Many consumers are not prepared to pay higher prices for a more sustainable product. It's very similar to the choice consumers have previously faced between buying Australian or not – if the offshore product is cheaper, many consumers, especially in value categories will not shift to buying a local product. Retailers and suppliers need to find solutions to meet ESG and emissions ambitions without significant increased cost, because the willingness of the consumer to pay more remains limited in our view. If not it affects returns to shareholders which would likely impact the value of companies.

WILL ESG ISSUES AFFECTED HOW INVESTORS VALUE COMPANIES IN 2030?

Previously it was the 'E', or environmental issues that received the most attention, but the 'G' , or governance has become a more important issue for investors over this decade. Investors want confidence in a company's strong governance. Companies who are more transparent and whose independent board and senior management are seen to be doing the right thing have higher valuation multiples than an equivalent company with poorer governance.

There are several other factors which have been crucial. Firstly, shareholder activism has played a big part in companies and all companies will need to manage various stakeholder groups. Quantifying ESG performance remains important. More robust tracking and measuring of environmental and social metrics is key and has made an enormous difference to how company valuations function today.

However, ESG measurement continues to be complex for many companies, largely because of the lack of consistency in disclosures and verifiable information. Investment analysts and managers have had to sift through and use services that provide some standardisation in measuring ESG outcomes. The wide range of ESG reporting as well as inconsistencies between companies makes it difficult to compare businesses and to incorporate it into company valuations in a meaningful way.

There is an uneven playing field. A large listed company that comes up poorly on a particular metric and therefore potentially has an adverse investor reaction, may be at a disadvantage to competitors who may not disclose the information or may have the privilege of being private. What we do find is that, generally, the bigger the company, the more rigorous the disclosure they are providing on their own initiative.

YOU SEE ESG REPORTING BROADENING OUT AND COVERING MORE AREAS – CAN YOU EXPLAIN?

Most companies are aggressively working toward Net Zero and the price of carbon has become a factor for many companies. Another improvement is the transparent sourcing of products and more sustainable supply chains. Supply chains are already under pressure from the impact of increasing volatility in the weather, with drought and wildfires; add to that sustainability and ESG goals and we are seeing a higher cost environment for suppliers.

ESG focus is growing in sectors like grocery and healthcare. Using sugar in food, for example, has come under great scrutiny over the past decade due to the obesity crisis. Here in Australia, two supermarkets control 65 percent of the food market and they are under intense pressure to support better health outcomes for Australians.

WHO DO YOU THINK IS DRIVING THE ESG AGENDA TODAY, IN 2030?

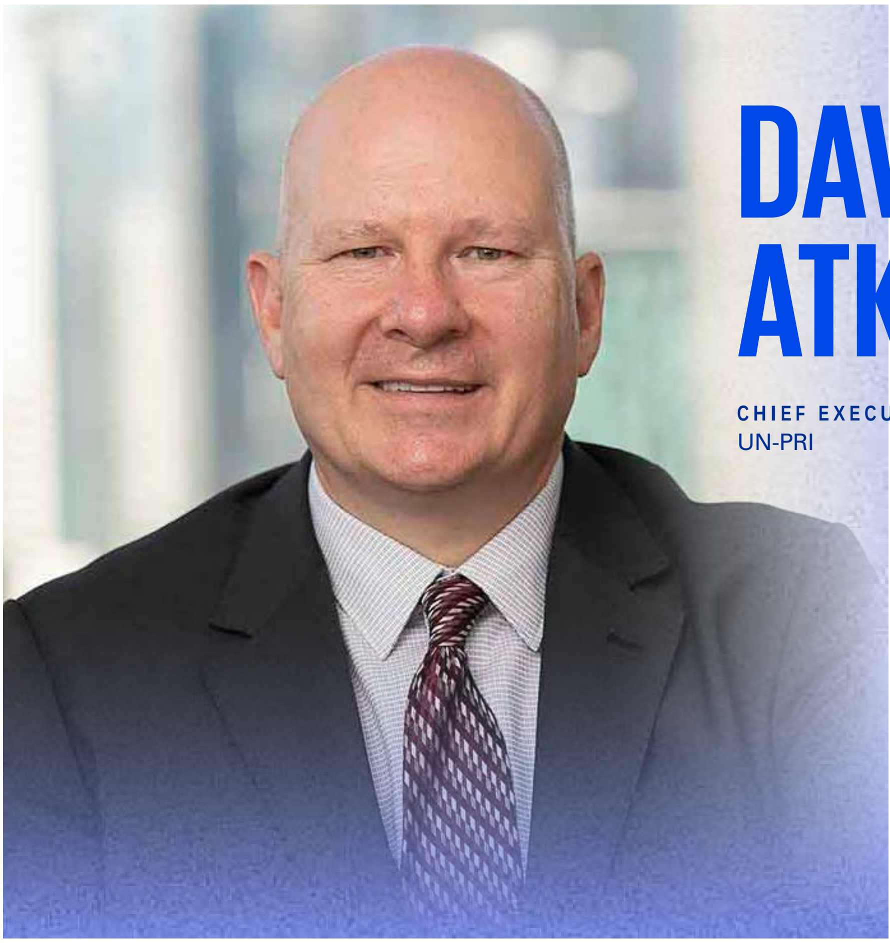
Although governments are increasingly setting tighter ESG guard rails, the more sophisticated and successful companies are already ahead of them. Government regulations are usually a minimum standard required for business; the bigger companies are the real leaders in ESG and are much more sophisticated in their approach in our view.

ESG improvement comes at a cost, but it is still unclear who will pay. Should it be the government, through grants or rebates (and hence the taxpayer) or the consumer, through higher prices or the shareholder with lower returns? Naturally, there is a desire to use technology to solve the issues without added costs.

"Governments are setting tighter ESG reporting rules, but the more sophisticated companies are already ahead of them..."

Investors will always expect a good or, at least reasonable, return on their investments, meaning companies everywhere will have to better address the impact of stricter and broader ESG metrics – both on their shareholder returns and their consumer interactions.

The question investors grapple with are, would an ESG related investment add value? If an investor took an ESG fund as a preference, would you outperform or underperform the general market? In 2030, we may reach an ESG tipping point – a time when strong ESG performance is giving companies a competitive advantage. If the competitive advantage emerges, these companies will have higher valuation and better access to capital.



DAVID ATKIN

CHIEF EXECUTIVE OFFICER
UN-PRI

David was appointed CEO of the Principles for Responsible Investment in December 2021. The PRI is a UN-supported organisation, with more than 4,900 signatories who collectively represent over US $121 trillion in AUM. He is responsible for the PRI's global operations.

Most recently, David served as the Deputy CEO for AMP Capital and prior to that spent almost 13 years as the CEO for Cbus Superannuation Fund

David currently serves on the board of the Climate Council.

WHAT HAS BEEN THE BIGGEST CHANGE IN HOW INVESTORS VIEW ESG OVER THE PAST DECADE, TO 2030?

In 2030, sustainability performance will become fundamental to the way investors think about, and value, companies, and assets. The change is more than an evolution, it's a revolution, associated with how markets value the balance sheet of a company. The evolution has been underway since the 1970s, but the revolution is more recent and still ongoing.

Today, sustainability performance is fully integrated into an investor view of a company's balance sheet. The PRI, which is supported by the United Nations to encourage and support responsible investment practices, has had a role to play. We have thousands of signatories, representing hundreds of trillions of dollars' worth of capital around the world.

Our signatories all recognise the importance of responsible investment, and they are integrating ESG factors into their business operations and being transparent about how they are doing it.

But change hasn't stopped there. Investors are also increasingly recognising that materiality of ESG issues goes beyond enterprise value and they have an interest in understanding and managing the positive or negative outcomes that their investments can have on people and planet. We see that ESG risks and opportunities and sustainability performance are ultimately linked in a continuous cycle: ESG issues create (financial) risks and opportunities for investors, whose actions shape sustainability outcomes on the world, which feed back into investment portfolios in the form of ESG risks and opportunities, and so on.[10]

10. PRI, Investing with SDG outcomes: a five-part framework, 2020, available at https://www.unpri.org/download?ac=10795

"Sustainability performance is a revolution in the way markets now value the balance sheet of a company..."

Our signatories are also recognising that there are macro factors linked to real-world outcomes that you cannot solve as an individual entity, so they collaborate and work with peers.

But it's not only investors' views that have changed. Expectations from beneficiaries, clients, policy makers and regulators on how investors should respond have changed as well. Investments are now viewed in the context of global goals and thresholds – as we have observed for instance with the Sustainable Development Goals (SDGs). Legal frameworks are also evolving, permitting – or even requiring in some circumstances – that investors consider pursuing positive sustainability impacts and addressing negative impacts in their investment activities.

WHAT HAVE BEEN THE IMPORTANT LEARNING POINTS ALONG THE WAY?

One reason ESG is now fundamental in company valuations is because both companies and investors have learnt from cases where ESG issues have not been fully considered. Those companies who have not properly addressed their ESG performance have a more challenging time in the market as investors cannot properly assess the ESG risk. We've seen a lot of value destruction purely from not recognising social licence obligations, for example.

Integrated reporting has been crucial to the progress on ESG as it makes companies think about value creation across all the six principles for responsible investment that the PRI considers crucial[11]. It requires them to think about the stakeholders they are creating value for and to articulate their strategy for long-term value.

To do that, they need to be able to provide some way of measuring ESG progress, so stakeholders can assess whether they are on track or not. This transparency forces an organisation to lift out of its silos and operate and report in a more integrated way which stakeholders can properly understand.

WHAT IS THE WAY FORWARD BEYOND 2030?

There is still some way to go for investors to better account for E, S and G factors in their investment decisions, both from a risk and opportunities perspective and a sustainability outcomes perspective. Besides, regulations are also evolving. When the PRI started, there was little regulation in this space; roll forward to today, and there are hundreds of responsible investment obligations in global markets.

Companies still need to communicate better around ESG issues – they need to tell their value creation stories more clearly and inclusively. Over the past few decades, we have seen a trust deficit in the community around how they view institutions, government, and the private sector. Many companies remain under scrutiny from Not for Profit Organisations (NGOs) and the media, who are looking for inconsistencies between what they say and what they actually do. Consumers increasingly assess reputation and brand based on sustainability and ESG credentials and companies compound uncertainty and mistrust by not better articulating the story about how they will create lasting value for the communities they serve.

Clear vision, processes and communication are also crucial as we're still seeing greenwashing every second day – the spin and marketing around green actions that often prove to be ineffectual. If you consider ESG factors properly, you look beyond today into the future, to identify trends that can affect the business. If you are properly assessing value creation, you need to articulate just how you will create long-term sustainable value for your stakeholders. Done well, these approaches are rewarded by investors because the quality of the strategy gives them more confidence when allocating their capital.

Working with our signatories, our aim at PRI is to think about sustainability in the long term – we want them to deliver the same returns in 20 years' time as they do today, but in a way that benefits our society and planet as a whole. PRI also needs to evolve, to stay both relevant and ahead of the curve. The question is, if everyone's investing responsibly, will you still need an independent organisation like the PRI? The answer is yes, to continue closing those gaps between financial risks and opportunities and sustainability outcomes, and to maintain an efficient, sustainable global financial system which provides lasting value for all.

11. https://www.unpri.org/about-us/what-are-the-principles-for-responsible-investment

FIONA MEAD

COMPANY SECRETARY AND HEAD OF CORPORATE GOVERNANCE
CSL

Ms Mead was appointed Company Secretary and Head of Corporate Governance effective June 2018. Previously, she was the company secretary and a member of the executive leadership team at Tabcorp Holdings Limited. Prior to that, Ms Mead was the company secretary at Asciano Limited, and earlier, assistant company secretary at Telstra.

Fiona began her career as a lawyer with law firm Ashurst. Ms Mead is a fellow of the Governance Institute of Australia and a graduate member of the Australian Institute of Company Directors.

WHAT ARE THE ESG CHALLENGES FOR A BIOTECH COMPANY LIKE CSL?

As CSL is a purpose driven company known for doing good, it was something of a slow burn to convert our thinking on ESG. We have such strong values that there was a feeling of – "we don't need to do anything more".

CSL has always operated on the promise to save and improve lives, meeting the needs of those which often go unmet. We do that through our work; producing medicines to treat rare diseases, producing flu and other vaccines, and offering the broadest range of quality plasma-derived and recombinant therapies in the industry.

We have never had to justify our purpose or our ESG philosophy.

Our approach to ESG was also made more interesting by the fact that many of our senior leaders are based in the US and Europe, while our Board of Directors are predominantly in Australia. Many global companies have this issue, but for us, on top of our people-centric approach and the fact that we are not really a large producer of emissions, it required a greater investment in our ESG change management process.

Much of the impetus for ESG change came from our staff. They were expecting more from us. In 2030, it is no longer enough to say to people "but you work for a company that makes good medicine" – we recognise it is a recruitment and retention issue. We were also seeing more external pressure, from the investment community and because of the new Task Force on Climate-Related Financial Disclosures (TCFD)[12] regulations on climate related financial information. This all contributed to our evolution in thinking.

12. https://www.fsb-tcfd.org

"We have moved to seeing ESG as a strategic pillar, previously we were taking a more compliance and reporting focus..."

WHAT HAVE YOU PRIORITISED AS YOU DEVELOPED YOUR ESG STRATEGY?

Today our ESG strategy is robust and comprehensive – our focus areas are social, environmental, and workforce. Social has a broad remit and covers our community contributions, plasma donations and access to our medicines. Without plasma donations, CSL would look very different – it's our raw material and fundamental to our business model.

Regarding the environment, we have set new targets for a pathway to decarbonisation as, despite our relatively low emissions, we remain a large user of natural gas. That said, we have a clear roadmap to reducing emissions in our manufacturing processes. In some countries we now use steam powered boilers, which are more energy efficient. Our workforce changes have primarily focused on broadening our global concept of diversity and inclusion.

We also have a variety of ESG considerations unique to us as a business. As a medical biotech company, we are already highly regulated, but remain mindful of special ESG issues. Our waste to landfill from our plasma centre is an area of opportunity. Earlier this decade, we started trialling new machines which process plasma differently and reduce the use of single use medical products.

We are increasingly aligning our R&D and ESG strategies. This has brought other successes in waste reduction and in process efficiencies.

AS YOU LOOK AHEAD TO THE NEXT DECADE, WHAT ESG ISSUES DO YOU SEE ON THE HORIZON?

CSL is a science-based organisation and our ESG targets are set after considerable analysis by our engineers and scientists. As a result, we expect to be hitting most of them over the next decade, as we know that while they will stretch us, they are achievable. It's part of our ethos to be dependable and trustworthy – we never set a target or make promises we cannot keep.

With newer areas of medicine, such as gene therapy – now common and offering immense potential in treating haemophilia – we will continue to show ethical and regulatory leadership. Many issues involved, such as responsibility, research inclusivity, transparency and preventing discrimination in access to treatment are complicated and emotive. Fortunately, we are a business that thinks long-term – it can take about 10 to 12 years to get a product out of the lab and into a patient – that's usually enough time to fully consider all the concerns.

We undertake work in our organisation that is unique, so we will continue to set targets that benefit not only the environment but also our patients and stakeholders.

HUGH KILLEN

CHIEF EXECUTIVE OFFICER
Australian Agricultural Company Limited (AACo)

Hugh has been the Managing Director & CEO of the Australian Agricultural Company (AACo) since 2018. Established in 1824, AACo is Australia's largest integrated cattle and beef producer.

With his relentless focus on strategy, he has built a high-performing team and led the turnaround of the company's performance. This resulted in AACo posting its strongest financial results ever in FY22.

Outside of AACo, Hugh sits on many advisory boards including the MLA Marketing and Market Access Taskforce Committee and the Bega Valley Circular Economy Initiative. He is regularly invited to present on sustainability, natural capital and sustainable finance.

Given that Australian Agricultural Company (AACo) has been around for nearly 200 years, our starting place for ESG is always – how do we set our company up so it will still be operating over the next 200 years? We do that by thinking about sustainability in its broadest sense, how can it benefit our organisation, the environment and all our stakeholders whilst also making sure that ESG doesn't just become about governance.

This broader view allows us to acknowledge that ESG means different things to different people. Countries can have diverse primary ESG concerns – for example, our most important market is the US, where Animal Health and Welfare is the primary concern, in Europe it's decarbonising the supply chain and reducing energy use and in Thailand, the genuine concern is plastic waste.

We also recognise that it is not the consumer driving the ESG agenda, it is the investment community – shareholders, wealth funds and banks. There is a lot of money in ESG – hundreds of billions of dollars of capital is being deployed into this space every year just to meet the Intergovernmental Panel on Climate Change targets (IPCC)[13]. This wall of money incentivises companies to embrace ESG and creates opportunities for new revenue streams.

What has been driving the AACo ESG agenda up to 2030? It is our goal of becoming 'nature positive'. We have been less concerned about whether we have had a positive or negative carbon profile. We wanted to show we are managing the footprint of our farms, our millions of hectares of remote and pristine countryside and our hundreds of thousands of cattle as sustainably as we can.

13. https://www.ipcc.ch/sr15/chapter/spm/

"Our ESG strategy is to be 'nature positive' – if we look after nature well, we will have a better carbon footprint..."

Carbon sequestration might be one of the most significant opportunities to address climate change, but we maintain that if you manage all of nature well, you will get a better carbon outcome anyway. Our ESG pragmatism meant that we did not set a Net Zero 2030 target. We also knew there was a good chance we would miss it, so at least AACo stood up in front of markets this year with a degree of credibility.

To set an authentic science-based Net Zero target free from caveats and with the confidence we will achieve it, we need a foundation with sound data to support the modelling, and this simply doesn't exist for our operating environment. In addition, the technologies we will require to directly reduce our most significant emissions source – methane from our cattle – are still in development with a long pathway to commercialisation. We have instead committed to doing the challenging work that will position us in the coming years to not only set a Net Zero target with a clear pathway to deliver, but move beyond into driving regeneration through the landscape, delivering on a 'nature positive' aspiration.

Being in control of our ESG agenda and retaining the ability to make right choices for our company is paramount. Owning our own carbon destiny, we can sell, trade, manufacture, and hedge carbon through whatever markets we chose. We also have the freedom and the right to issue, should we want to, for example, a 10-year sustainability bond or even a nature capital bond, which could directly match emitters with sequesters, and cut out the intermediaries.

ESG will only become more mainstream in agriculture when it can be proved, measured and you can benchmark it. Companies need to be held to account and prove that they are doing what they say they will do. This is where the 'G' or governance comes in. If we, at AACo, say we are 'nature positive', how will auditors like KPMG be able to sign off on that with no way to track and audit it? That is where good ESG data comes in. When you can put your sustainability and your financial reporting data together and it is both verifiable and auditable, you can hold people to account – whether as an investor, customer, or auditor.

One challenge agriculture continues to have, still today, is accelerating the science to solve key sustainability concerns. Doing the research continues to be easier than its development and adoption. A lot of our 'nature positive' initiatives, for example – supporting the development of the feedstock feed seaweed additive Asparagopsis[14] which is proven to reduce methane emissions from cattle – have been slow to commercialise. If we can open up the science, involve more people and organisations like the Emission Reduction Fund[15] and get the regulations set up faster, it will fast track the science into the market.

Our ESG work at AACo is not just about nature, capital, and carbon – it is also about thriving communities. If we can connect our climate actions and our regeneration of nature to build more resilient communities, then we have succeeded. It all must be underpinned by our responsible business fundamentals unless it cannot make sense financially or create value, and without that, our next 200 years look much less viable.

14. https://aaco.com.au/about-us/valuing-nature
15. http://www.cleanenergyregulator.gov.au/ERF

THE HONOURABLE JAMES GRIFFIN

MINISTER FOR ENVIRONMENT AND HERITAGE
New South Wales (NSW) Government

James Griffin is the Member for Manly and has represented Manly since April 2017. In December 2021, James was appointed Minister for Environment and Heritage.

The Minister is a conservationist, committed to protecting nature and rehabilitating ecosystems on the land and in the ocean. He wants to put Aboriginal land and ocean management techniques front and centre, and he's committed to protecting and celebrating our heritage.

Prior to being appointed a Minister, James was Parliamentary Secretary for the Environment, Veterans and Health. He was part of the Legislative Assembly Committee on Environment and Planning and is the former Chair of the Legislation Review Committee.

As the New South Wales (NSW) Minister for Environment and Heritage, ESG issues are always top of mind. Increasing evidence shows that if environmental challenges are not appropriately addressed, we risk ecosystem collapse and significant economic loss.

In 2020, the World Economic Forum found that more than 50 percent of global GDP was nature dependent[16], meaning the possibility of a collapse in biodiversity and ecosystems was in the top five risks facing the world in this decade.

Australia ranks fifth highest on a list of 140 countries that would experience economic losses if environmental challenges are not urgently addressed.

All organisations to varying degrees are dependent on the health of the natural world and so therefore, there is no future for 'business as usual'.

To pursue the same economic strategy and conservation activities that has resulted in this situation while hoping for a different outcome is pointless.

In the past decade, Australia has experienced unprecedented natural disasters, many of which are related to climate change.

There's also an obvious relationship between the changing climate and loss of biodiversity – we all saw it during the bushfires in 2019/20.

16. https://www3.weforum.org/docs/WEF_New_Nature_Economy_Report_2020.pdf

"We can let environmental challenges overwhelm us, or we can seize the opportunity to deliver rapid, massive positive change by leveraging the power of our relationships."

The NSW Government recognised that we had an opportunity to lead the way to improve outcomes for our climate and environment.

Humans the world over often consider nature as 'free of charge'. In Australia, many of us take being able to visit pristine nature at a National Park or going for a swim in the ocean for granted.

The problem is that we're using more of nature than we're giving back to it. The risk is not just to our nature, species and ecosystems, but to our quality of life – those stocks of natural capital.

I wanted to see a massive uptake in natural capital investing in NSW, which is why in 2022 I put a call out to investors and businesses: how could we work together to quickly and massively accelerate conservation efforts on private land?

You might be wondering why we focussed on private land. Governments have historically focused on the role of public land in conservation. This includes national parks – the jewel in the conservation crown. But the reality is, 70 percent of Australia's land is privately owned or managed, and many of our least protected ecosystems are found there.

The scale of the challenge requires conservation efforts across both public and private land: working with landholders to create and increase protected conservation areas to enhance and conserve biodiversity.

So, since putting out that call in 2022, the NSW Government has spent the last decade making it easier for businesses, philanthropists and organisations to invest in natural capital in NSW by developing trusted, low-risk, high-return investment opportunities.

The first major step towards developing this natural capital investment mechanism through the NSW Government was announced in June 2022.

In a world-leading public private partnership, a first of its kind arrangement between the NSW Government and a listed company was established to incentivise conservation on private land and create high-integrity carbon credits.

The NSW Biodiversity Conservation Trust (BCT) entered into a partnership with Telstra in what was the first of many agreements between landholders, the private sector and philanthropists to conserve land.

The Biodiversity Conservation Trust is our state's premier environmental investment vehicle. Its programs are rigorous, scientific and verified, which means you can trust that the investments you're making are achieving meaningful, measurable conservation outcomes.

The BCT's combined biodiversity and carbon conservation tender, which launched in late 2022, protected and restored threatened woodlands in the Murray-Riverina region.

The BCT's Co-investment Partnerships program was the first time any Australian government has offered a high-integrity opportunity for corporates and philanthropists to invest in long term biodiversity conservation and carbon sequestration. Investors were able to invest in carbon offsets through the BCT's conservation agreements with private landholders. This created a new income stream for those landholders, while delivering a low risk, high impact investment through a trusted NSW Government mechanism.

This partnership between the BCT and corporates was a breakthrough for natural capital investment in NSW, and demonstrated that we could deliver outcomes for investors, landholders, and for our environment.

By partnering with organisations and businesses that share our environmental goals, we helped to enhance existing levels of biodiversity conservation on private land and achieve better outcomes for landholders and our future generations.

Our environmental efforts in the past decade weren't just focussed on protecting and conserving our biodiversity, we also made major inroads in tackling the scourge of plastic waste, and kick-started a successful circular economy.

In 2030, NSW has a wide range of environmental initiatives covering its nature, waste, and plastic. Every year, for instance, we increase the number of plastic containers being recycled in NSW.

Looking ahead to 2040, I'm certain that NSW will continue leading the way in its world-leading policies that help to protect and conserve our environment.

We'll be continuing our journey to achieving our Net Zero by 2050 targets, we'll be further expanding the amount of private land under conservation, we'll be continuing to lead Australia in natural capital investing, and we'll be massively reducing the amount of plastic in our environment.

Fundamentally, we have a choice. We can let environmental challenges overwhelm us, or we can seize the opportunity to deliver rapid, massive positive change by leveraging the power of our relationships.

I encourage innovative organisations and businesses to get in touch and work with the NSW Government, through organisations like the BCT, to deliver for your customers, staff and stakeholders, and most importantly, for the environment.

> "The problem is that we're using more of nature than we're giving back to it. The risk is not just to our nature, species and ecosystems, but to our quality of life – those stocks of natural capital."

JAMES HASLAM

CHIEF FINANCIAL OFFICER
ELMO Software

James Haslam is the CFO of ELMO and joined the company in February 2019. James is a Chartered Accountant with over 20 years of experience in accounting and finance roles.

James is responsible for the financial strategy of the ELMO Group including financial reporting, corporate development, forecasting, transformation, mergers and acquisitions.

Before joining ELMO, James founded Financial Agility Consulting, a consultancy practice providing senior executive management support through mergers, acquisitions, capital raisings and IPO's. Prior to Financial Agility Consulting, James worked for both KPMG and Deloitte providing professional services advice, predominantly in respect of mergers, acquisitions and IPO's.

WHERE IS ELMO IN 2030 IN TERMS OF ESG? WHAT IS THE FOCUS?

ELMO is a cloud-based software company that provides people, payroll and expense management solutions to businesses in Australia, New Zealand and the United Kingdom. Our clients' solutions are hosted in the cloud using industry leading providers. This allows us to provide a scalable and more sustainable solution compared to manual processes or business software that is hosted on-premises. Our clients are able to reduce waste and carbon emissions from increased efficiency and the ability to manage people from anywhere at any time.

ELMO is growing quickly as companies increasingly adopt cloud-based business solutions to manage their people, payroll and expense management processes.

Within ELMO we established an ESG framework across our whole value chain with reliable targets and reporting. We also focused on our culture, making sure everyone in the company takes ESG seriously. For instance, we have a 'Green Team' – an executive sponsored committee made up of people across the business involved in ESG ideas generation asking – what can we do? what initiatives can we run? This is designed to promote awareness and continual improvement of sustainability goals.

"For a company to have good ESG practices, its operating model must be fit for purpose..."

We are not a big emitter due to the nature of our business, but we want to do our bit by embedding ESG initiatives into the business. What has changed dramatically over the last decade is the focus boards and investors are placing on ESG reporting. Up to 2030, Australia had been lagging, compared to other developed economies, on reporting and disclosure requirements, but today, we track and report on all ESG areas, including Scope 3 emissions. We have invested in our data tracking tools to make sure they are effective and supply the correct data for our analysis and insights.

The increasing robustness of our ESG reporting has been facilitated by some of our acquisitions. In 2020 we acquired WebExpenses, a tool which tracks company expenses and mileage/kms which assists ESG tracking. This means that, today in 2030, we are not only governed and guided by our ESG performance, but when we are being benchmarked against our peers, we can be confident in the data we are reporting.

HOW HAS ELMO ACHIEVED ITS ESG STANDARDS?

We achieved our ESG standards by creating an operating model which was fit for purpose. Our ESG policies are employed from the grassroots of our employees and leadership through to our suppliers and customers – all enabled by our technologies.

We realised earlier in the decade we had to take ESG seriously – not just target setting or for stakeholder management but to embed good practice in the company.

While ELMO has a flexible operating model, and can react to changes in the market quickly, who we hire, what technology we use and who we collaborate with, ESG has always been very important.

Our ESG strategy means we attract and retain a more diverse set of people. We recognise that employees and prospective employees, particularly younger employees, judge companies based on their ESG policies, particularly around the environment. Our environmental credentials now really help in a tight labour market, and we want to recruit people to share our ESG ambition.

In 2021 we set a goal to become carbon neutral and we established a strong culture on recycling and reducing waste through good processes. For example, we reduced our carbon footprint by limiting travel to essential business trips across the geographies in which we operate. The majority of travel in 2022 was undertaken by our 200+ strong sales and marketing team. In the UK, our teams travel predominantly by car or train, however in Australia and New Zealand, air travel was more common.

Like many companies through 2020 and 2021, we pivoted to the use of Zoom or Teams for sales demonstrations, presentations, and other customer interactions.

Today, those practices remain as a more sustainable and a faster way of doing business – particularly between different time zones.

We understood early on that strong governance was going to be an important factor to ensure we could attain carbon neutral status and it was up to us to make that happen and not simply rely on the government or regulators. We were also careful to consider the balance between 'over-governance', with too many targets and red tape, and the entrepreneurial culture which is core to the ELMO DNA.

On the social side, we have found that the more diverse our employee base, the greater diversity of thought which in turn created a pipeline of ideas. It would stifle innovation to have 600 of the exact same people in our organisation – we focused on creating balance as well as making sure there is respect for the individual. A more diverse and inclusive culture means we have people who make better decisions and, in our experience, that leads to better results.

The way we have incorporated ESG into our operations now drives a feedback loop across our business which enhances business outcomes. We have good people in place making sound decisions with good governance. It means that today, ESG is enabled by our business model and we trust our stakeholders – our investors, suppliers, customers, and employees – to always do the right thing by the community and environment.

KATE MORRIS

CO-FOUNDER, DIRECTOR, CHIEF OF INNOVATION
Adore Beauty

Kate Morris is the co-founder of Adore Beauty, growing the business from its inception in her garage in 1999 to Australia's leading pureplay beauty e-tailer, winning multiple awards and boasting the top beauty podcast in the country. In October 2020 Adore Beauty listed on the ASX (ASX:ABY), setting a record for the largest ever IPO with a female founder and female CEO.

Kate is Chief Innovation Officer at Adore Beauty and sits on the Board of Directors as Executive Director. Kate is also a co-founder of successful SaaS startup Findation, and growth equity firm Glow Capital Partners, as well as an angel investor and mentor at Startmate.

Adore Beauty's ESG priority has habitually been on diversity and inclusion as customers continue to demand more from the beauty industry. We view diversity and inclusion through three lenses – what we need to do internally; what we need to do for our customers; and how can we use our voice to instigate broader change across the industry. We aim to be inclusive in areas of gender, race, ethnicity, age, sexual orientation, and gender identity and what this means for all categories of beauty: not just makeup, but skincare, haircare, and fragrance.

The importance of being inclusive of other races and their different skin tones has always been important to Adore, particularly as the Australian beauty industry, despite the country's diversity, historically has not catered well for non-Caucasian skin tones.

Having a large demographic excluded from the beauty industry is never okay and we continue to address it.

More than a decade ago, we set up our Global Shades initiative, which offered different complexion categories for all our foundations and concealers. We have since expanded that to other categories such as hair types. Global Shades is just one of many initiatives we use as a tool to encourage both other retailers and suppliers to be more inclusive in their offerings.

As the decade moved on, environmental sustainability increasingly came to the fore as an ESG priority as the beauty industry continues to have a single use plastic problem. While not unique to us as a sector, it's complicated by a large segment of the beauty industry being premium. This means part of the experience and the branding for consumers is tied up in the packaging, and there is also a lot of differentiation in packaging amongst products too.

Consequently, a lot of beauty products need specialist recycling. One example would be products which use pumps; these products contain metals and several types of plastic.

To refill them requires more plastic in the form of squeezy pouches, so this doesn't work as they are hard to recycle too. Most makeup containers are also hard to recycle – eyeliners, lipsticks, mascaras, mirrored compacts for example- they are all hard to clean, have moving parts and contain mixed materials like metal or glass.

Online companies like Adore Beauty have an additional challenge in regard to single use plastics. One way to reduce their consumption might be to refill existing containers, but, for us, this would be a complex process. Even if we were to ask our customers to post their containers back to us and we refilled them, we would still be transporting a lot of heavy containers around, so that wouldn't be sustainable either.

The issue of single use plastic was being carefully considered by the beauty industry before the COVID-19 crisis back in 2020. It then got put on the back burner as other problems took over. Today, in 2030, the industry has made an effort to come together to resolve it rather than viewing it as a competitive challenge.

While much of the impetus for that has come from our customers and from the market, it has also come from the industry itself. Consumer demand for beauty products has been strong for decades – it's continued to just grow and grow, resilient through times of downturn. The industry has realised that one of the biggest risks was that our customers might start consuming less if the products were not sustainable, in the same way the industry observed consumers moving away from 'fast fashion' earlier in the decade.

If our customers were to decide that their only option to shop responsibly was to reduce the number of products they buy, it will be hard for the industry to come back from that. Listening to them and collaborating with our peers to handle these issues has been key to addressing it.

"One of the biggest risks for our industry is that customers might consume less if the products are not more sustainable..."

We have worked hard over the past decade with all our suppliers to create more sustainable product lines and supply chain. Adore Beauty has made and continues to make great progress towards a truly circular economy.

While we have come a long way over the decade, there are still big challenges ahead. Recruiting and retaining talent is an ongoing challenge, especially in specialist areas where there are still skills shortages, such as data and analytics, technology, and digital marketing.

To mitigate some of this, we have worked extremely hard on our governance. We have an inclusive and nurturing culture which shows we care about the things our employees and customers care about. We pay well, give good leave entitlements and benefits, and allow flexibility in how people work. We were doing this way before it was 'cool' and normal, and we continue best practice in all these areas. We also have a leadership team and board that fully represents our customer base – in 2022 we were one of only six companies listed on the Australian Stock Exchange (ASX) with a majority women board.

It's sometimes hard as a smaller company to do the right thing from a governance perspective. It can slow down a fast moving, digital business like ours and you are not always rewarded for it by the market. Even today, in 2030, there are still a lot of businesses that don't really care about it – they do just enough to not get in trouble, thinking nobody gives you a medal for good governance. But we live by our values, so for us 'doing the right thing' is worth it, and it contributes to Adore Beauty being the employer of choice in the Australian beauty industry.

LYN RADFORD

MANAGING DIRECTOR
Chobani

Since April 2020, Lyn has served as Managing Director of Chobani Australia. Lyn has over 20 years of FMCG experience, starting out in Sales and moving into Category Management with companies such as Lion Dairy & Drinks, Dairy Farmers & MARS.

Lyn joined Chobani Australia at its start-up in 2011 in the role of General Manager Sales & Marketing and from there took on various roles in the Chobani business across Commercial and Supply Chain areas.

Chobani became the #1 brand of Yogurt in Australia only five years after launch.

WHAT DOES ESG MEAN TO CHOBANI TODAY, IN 2030?

From its inception in 2005, Chobani has always had a strong social focus. Our founder and CEO, Hamdi Ulukaya, wanted to make the world a better place and has always been determined to find ways to do that through the sale of yogurt and other foods. The company came into being, for him, not when he created the first batch of yogurt, but when he donated the first set of profits to the local community, and it has continued with this ethos ever since.

In the early days of Chobani, a formal budget for community work or projects did not exist – it was just opportunistic and ad hoc – doing the right thing and trying to help where needed.

There are wonderful examples from that time – particularly regarding food poverty and food insecurity. Hamdi paid for school meals for low-income pupils in the USA experiencing 'lunchbox shaming' over their obviously different lunch.

Hamdi has also developed a close relationship with food banks in all the countries we operate in. In the USA, for example, during the years of the COVID-19 crisis, Chobani donated and delivered nearly 6.5 million products to food banks, front line workers and homeless shelters. Similarly, in Australia, Chobani is proud of our long-standing partnership with Foodbank. With COVID-19 changing the face of food insecurity in Australia, we wanted to not only continue to support Foodbank but to give even more than just our regular product donations. At

"For Chobani it has always been about more than yogurt – the most important thing we make, is a difference..."

the time, that led to us creating a specific limited-edition yogurt, with 100 percent of profits donated directly to Foodbank. This initiative wouldn't have been possible without the support of our partners and suppliers, who also contributed funds and profits to help us raise even more for Foodbank.

Today, in 2030, our social impact strategy has evolved from being something that originally operated organically and sporadically in various parts of the organisation, to a broader co-ordinated cross-functional effort designed to achieve clearly defined goals and deliver real meaningful outcomes. It is embedded into our corporate strategy as one of the key strategic pillars. We also explicitly emphasise other ESG areas such as sustainability and the environment, and robust corporate governance protocols. Social impact will always be in our company DNA, but we are now just as passionate about the E and G, as we are about the S.

Today we are investing across these three ESG pillars which we use as guiding principles to help us contribute to universal wellness for all – environmental, nutritional, and social. The challenges associated with these pillars just keep increasing as the global population grows and the world continues to change. As one challenge is solved, another takes its place, meaning Chobani's ESG strategy is constantly having to level up and evolve.

IS CHOBANI JUST DOING THIS FOR THE BENEFIT OF SHAREHOLDERS?

Our approach on ESG has been consistent for almost a decade and has been developed and implemented regardless of whether we ultimately remained a privately owned company or pursued an initial public offering (but in the knowledge that the latter was always a possibility). Managing the day-to-day legal challenges of a food company has required strong governance and good legal advisors, which will always be an added attraction for current and future investors. We have come on a long journey from being a small, plucky start-up company to becoming the no.1 yogurt brand in the USA and Australia. It has been important to have a robust governance model that keeps us in business for the long term. In 2020, we hired our first General Counsel and worked through all our governance policies and procedures so that our shareholders and stakeholders have confidence that their investment in Chobani is sound.

We always knew that whether we became a listed company or not would not change our ESG approach – Chobani's business will always be driven by a focus on values and purpose, specifically sustainability and social impact. Initial Public Offering (IPO) or not, we have always had a strong and sincere internal focus that won't stop us from growing and delivering good financial, social and environmental returns. Having a strong social and environmental purpose, underpinned by solid corporate governance, is a good place to be in the 2030 market – we're aware investors are looking for both returns, and a responsible investment, which is a win-win for us.

HOW HAS CHOBANI'S ENVIRONMENTAL STRATEGY DEVELOPED OVER THE DECADE?

Chobani recognises that as food manufacturers we have an impact on the environment, generate waste, and use a lot of resources to make our products. Hamdi has given the company another big mission – to leave the planet in a better place than we found it. We have identified many opportunities across our Operations and Supply Chain, and to address the challenges in these areas we have set, what we call 'Wildly Important Goals' or WIGS – essentially a north star of clear tangible goals. They cover everything from water, waste, renewable energy, packaging, and ethical sourcing in our broader supply chain. Chobani always likes to do things in the Chobani way – what makes sense for us, as an organisation, is to look after the planet and we are dedicated to tackling these goals long-term.

We continue to follow a Net Zero approach, which is to reduce emissions – we have substantially reduced our Scope 1, 2 and 3 greenhouse gas emissions year on year. We could counterbalance the remainder by simply using carbon offsets, but we're not doing that at this stage because we believe there are bigger challenges for us to tackle and face, and that pursuing Net Zero is more impactful and generates better environmental outcomes. Using a cheque book to buy offsets doesn't feel right for Chobani based on where we are currently at in our journey – we want to always do the right thing, rather than being seen to do the right thing.

Some of our WIGS are particularly significant for Australia – improving our water usage efficiency and increasing the use of renewable energy, for example. As a food manufacturer, Chobani obviously consumes water so that's a big challenge for us.

However, by finding efficiencies in the way we run our production lines and manufacturing plants, we've reduced our water consumption dramatically year-on-year, every year to 2030. We have a goal of all our energy being renewable – and, today, in 2030, we are at nearly 100 percent.

Chobani also wants to make our Australian supply chain more sustainable. We're striving toward ensuring all our packaging in Australia is fully recyclable and made with recycled content, but we continue to struggle with recycling systems and sourcing recycled content here. However, its something we are determined to resolve and we will continue to focus our efforts here.

HOW DOES CHOBANI LOOK AFTER ITS PEOPLE?

As a purpose-led company, Chobani puts the highest value on our employees – we have a specific people stream as one of our 6 core pillars within our corporate strategy. Without our people, none of the work we care about gets done so we make it our mission to not only look after them, but adapt to what they think, feel, or need, at any point in time.

We give back to our people in recognition that they give a lot to Chobani. One area where we see our workforce being challenged a lot over the last couple of years, is in the mental health space. It started with the COVID-19 pandemic and has continued as the global challenges we get involved with as a company can take a toll. Earlier this decade, we paid for any employee who felt it necessary, to have access to a trained psychologist, free, no questions asked, for as often and as long as they liked.

At Chobani, we are strong believers that, if you're healthy outside work, you will be a healthier employee and better human being, in work, too. Our mission has always been – doing well by doing good – and that means for everyone, our employees included.

"We can let environmental challenges overwhelm us, or we can seize the opportunity to deliver rapid, massive positive change by leveraging the power of our relationships."

THE HONOURABLE JAMES GRIFFIN
MINISTER FOR ENVIRONMENT AND HERITAGE
NSW GOVERNMENT

LYNDALL STOYLES

GROUP GENERAL COUNSEL AND GROUP EXECUTIVE SUSTAINABILITY, EXTERNAL AFFAIRS & LEGAL
Telstra

Lyndall Stoyles is Telstra's Group General Counsel and Group Executive Sustainability, External Affairs & Legal. In addition to providing legal counsel to Telstra's Board and CEO, Lyndall leads a function who provides legal counsel, policy advice, stakeholder management and community programs across government relations, regulatory and compliance, sustainability and regional affairs. She has significant experience from roles at Caltex, Asciano and Clayton Utz, and studied law at the University of Sydney.

At Telstra we understand the key role we play in helping our customers and society adapt to the impacts of technological change. As Australia's leading telecommunications and technology company, our Responsible Business strategy is a key mechanism for delivering on ESG. Over the past decade our focus has been on building both a more connected and sustainable future for the communities in which we operate.

How we do business at Telstra is just as important as what we do and why we do it. Our Responsible Business strategy arose from the recognition that there was an extraordinary opportunity to not only make a fundamental shift but to do so in a way that helps us address our impact on the climate, environment, and broader society.

Our Responsible Business strategy was developed in consultation with key external stakeholders and takes a whole of company approach to ensure it is informed by and integrated with our core business activities. Accountability for our carbon neutral target sits with my team, whilst other ESG targets sit with parts of the Telstra organisation that can effect change. My team is responsible for developing and executing our Responsible Business strategy, including the work we do on climate and resource efficiency, digital inclusion and governance.

Back in 2020 we set three broad climate commitments – to be carbon neutral in our operations, to enable renewable energy generation equivalent to 100 percent of our consumption by 2025, and to reduce our Scope 1 and 2 emissions by 50 percent by 2030 (later expanded to also include Scope 3 emissions). We met our carbon neutral goal in July 2020 and continue to counteract our carbon emissions by buying carbon offsets. We also established three environmental commitments centred on device reuse and recycling, sustainable packaging and network waste reduction.

Today Telstra is not only an organisation which designs, develops and sells greener retail products and services but we are also working toward Net Zero through our solutions for enterprises. For some sectors, such as agriculture, mining, and energy, the ESG challenges are immense: How do we feed the world? How do we develop products more sustainably? How do we stop the degradation of land and protect biodiversity, particularly in Australia? How do we power the energy transition? The opportunity is huge, and for us as a trusted sustainable business it has been about playing a leadership role.

An important part of our ESG mandate is digital inclusion. The Australian Government has bold ambitions to make Australia a leading digital economy and we fund important research to that end – the Australian Digital Inclusion Index[17], which is produced by Swinburne University[18] and the Australian Centre of Excellence for Automated Decision-Making and Society (ADM+S) at RMIT[19].

We use this research to look at inclusion across three lenses: accessibility (having access to a network), affordability (can you pay for it) and ability (having the digital ability to use it).

Today we keep around one million vulnerable customers in Australia connected each year through a variety of programs and affordable product plans. We have also set an ambition to help build the digital literacy of over 500,000 Australians. The Telstra Foundation is interconnected into all the work we do and also delivers a number of digital literacy programs.

One of the most powerful things we've realised is that having a clear allocation of accountability for ESG in our organisation is especially important. While our Responsible Business strategy is motivated by the needs of both our customers and people, it was being driven from the top down rather than the bottom up. We have had to radically shift our thinking and get people comfortable with change.

It's also important to note that ESG accountabilities are consistent throughout our organisation. Functions such as HR, IT, Procurement, Sales, Finance, Risk or Investor Relations, understand ESG in its broadest sense. For example, our Sales teams understand their role in ensuring that all our sales practices are appropriate and the importance of embedding ESG messages and metrics into key conversations with our customers as part of our broader value proposition.

"One of the most powerful things we've found at Telstra is to have a clear allocation of ESG accountability..."

Ultimately our approach to ESG isn't just one 'part' of our business but is rather how we do business, with it integrated into everything we do. It is further integral to our quarterly and annual reporting, and fundamental both to our commercial performance and ongoing strategic direction into the future.

Over this decade, we have seen climate change impacts through greater incidences of weather-related crises such as increased bushfires and flooding throughout Australia. During these times of need, our frontline staff are often the first to voice whether they are proud of what we do, and equally when we need to step in and do more. For me, it is this constant critical conduit of information, along with the greater purpose and accountability of all our employees that drives our industry leading ESG initiatives with ongoing strength as we continue to build a more connected and sustainable future into 2030 and beyond.

17. https://www.digitalinclusionindex.org.au
18. https://www.swinburne.edu.au/research/centres-groups-clinics/centre-for-social-impact-swinburne/our-research/australian-digital-inclusion-index
19. https://www.admscentre.org.au/australian-digital-inclusion-index-2021-launch

MARC LICHTENSTEIN

CHIEF FINANCIAL OFFICER
Close The Loop

Marc joined Close the Loop in 2017 as CFO and is an Executive Director of the ASX listed entity.

For more than 25 years, Marc has led and worked in a number of senior roles in a range of listed and private companies across a wide range of industries. He has extensive experience in leading businesses through significant periods of change including IPOs, significant capital raises, exponential periods of growth and major acquisitions.

Marc is a Fellow of Chartered Accountants Australia & New Zealand (FCA), qualified as a Chartered Secretary (FCIS) and Graduate of the Australian Institute of Company Directors.

WHAT ARE THE KEY SUSTAINABILITY FACTORS IN CLOSE THE LOOP'S BUSINESS?

Our business model has always been to provide best-in-class sustainability solutions to help companies enhance their corporate social responsibility programs. With only a small amount of plastic packaging globally being recycled, we saw an opportunity to work with Original Equipment Manufacturers (OEMs). We have developed a more efficient recovery and 'take back' or re-use of valuable product resources to increase their sustainability footprint and create circular processes. We take used products or materials from consumers and reintroduce them to the original processing and manufacturing cycle after recycling their waste – a 'take back' process. We focus on hard to recycle complex waste like plastics, metals, and toners from print cartridges.

We turn recycled toner (and soft plastic waste) into TonerPlas®, an asphalt additive that helps extend the lifespan of roads.

Over the past few decades, our strategy has been to expand outside the printing cartridge business to other industries like cosmetic stewardship while acquiring businesses that could support the take back side of the business. We have started new take back programs with industries such as batteries, power tools, vacuum cleaners, and spectacles. As we expanded, we have become experts in reverse logistics in take back programs.

We have acquired several packaging businesses, allowing us to employ 'circular integration' rather than 'vertical integration'. Today the packaging side of the business is as strong as the recovery side and the expansion allowed us to list the business back in 2021.

Today our company operates on a mandate of zero waste to landfill, focused on design, recover, and reuse, or create, recover, and reuse.

"Everyone's green, as long as it doesn't cost too much; with us, they're actually saving money."

HOW DOES THE INDUSTRY LOOK IN 2030, IN TERMS OF WASTE MANAGEMENT AND CIRCULAR ECONOMY PROCESSES?

Success in the circular economy depends on the product and whether the industry is regulated. Industries which have improved are those with the highest margins, and the biggest cost for any take back program is freight. Everyone wants to be green but often it's too expensive, so we've had to develop a product that is equal or better in value. Recycling and take back value and costs vary considerably by industry. Those industries which produce valuable products like technology, print and batteries are incentivised to collect, recycle, and reuse their product. You are unlikely to experience similar circular economy economics in the clothing sector, for example. Working with us, companies get the best shipping rates possible, keeping their reverse logistics rates far lower than if they were running their own take back program.

If an industry is regulated, like the battery sector, costs can often be passed on to the consumer. If it's not regulated, such as printing and imaging consumables, the cost of producing products is high but so are the margins.

So, for products like batteries or print cartridges, recycling and take back programs work well because there is such high value in the raw materials. Print cartridges can be easily collected, their parts harvested, cleaned, and easily refurbished ready for reuse.

Over the last decade, tagging has been vital during the take back process – think of it like a giant fish, each time you catch it, you tag it again and let it go back into the system this remains an important part of our operations in 2030. Our vision is to see the same product used again and again in our systems.

WHAT ELSE IS DRIVING COMPANIES TO BECOME MORE SUSTAINABLE AND IMPROVE ESG IN 2030?

Companies want to do the right thing; good ESG practice is increasingly part of their brand and marketing and ultimately drives customer demand. All companies also need a social licence to operate and today, for a corporation to stay relevant, successful or to even exist, that social licence is fundamental.

In 2030, most companies have good ESG reporting and sustainability officers and divisions – these didn't even exist in Australia five years ago. ESG measures have also become increasingly linked to super funds, pension funds and institutional investors so bigger companies, at least, need to track and report on it. To play in this space, you must expect to be measured by those rules.

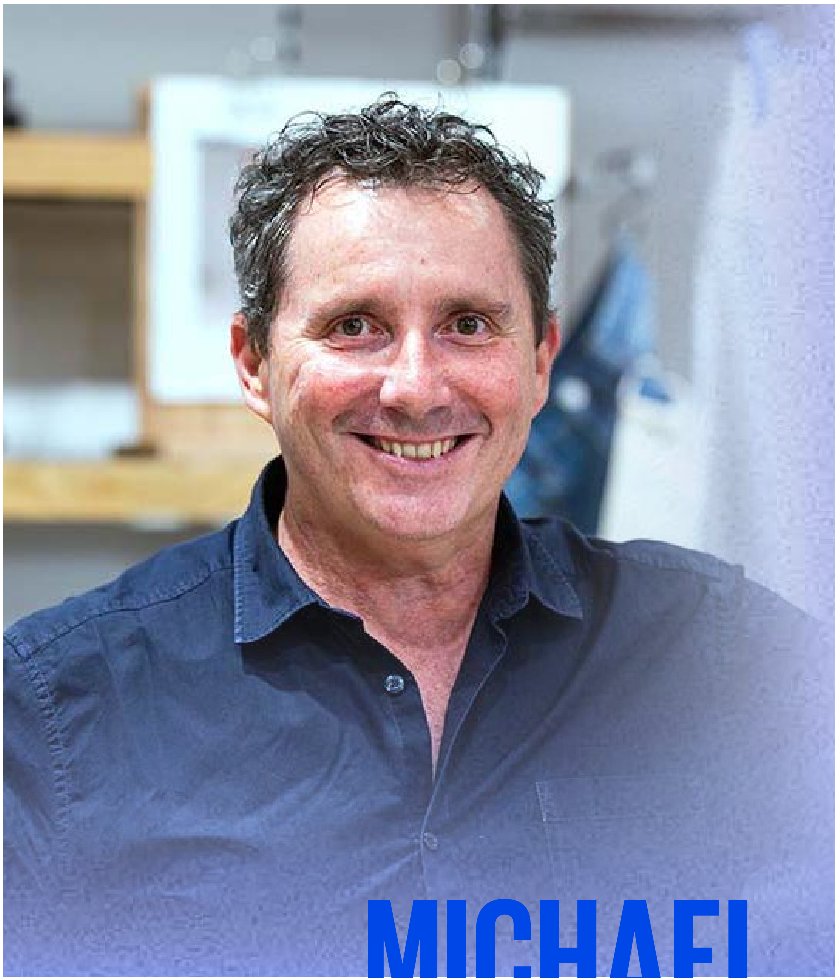
WHAT ELSE IS TRANSFORMING YOUR INDUSTRY IN 2030?

As much as ESG is driving change, companies are still subject to volatile economics and market forces. Over the past decade, there has been a move to greater automation – as the market has tightened and people no longer want mundane jobs – the use of robotics has grown. In our organisation, we still employ the same number of people, but they are deployed differently. They are loading boxes at the beginning of a process or taking the box off at the end – the people in the middle have mostly disappeared. Filling this gap is partly what drives our technology development along with our mindset of recycling.

The logistics of the circular economy are also improving. With freight as the biggest cost, driverless trucking is now making a real difference – suddenly, collection costs have decreased substantially. Back in the early 2020's we also developed recycled content shipping pallets; now, after years of testing and approvals, this market is growing fast.

Innovations like these are transforming our business in the same way that the recycling of toner and plastics into road asphalt did back in the 2020s. Processes and products like these are key – they allow us to become engrained in supply chains though the provision of recycled product which OEMs then rely on in their manufacturing.

While technology and innovation are important, if you ask me what's the real key to our business, it's people. Without them we don't have a business – we can develop as much technology and as many products as we want but without people, it's all useless.



MICHAEL HARDWICK

CHIEF FINANCIAL OFFICER
Cotton On Group

Michael is a Director and the Chief Financial Officer of the Cotton On Group, Michael has a broad remit which includes Finance & Treasury, Risk & Sustainability, People & Culture, Communications, Workplace & Wellness as well as the Cotton On Foundation and the Family Office functions. He has also previously overseen the development and expansion of all International Markets.

In addition to his role at the Cotton On Group, Michael is also a non-executive Director of the Grill'd Group of Companies which includes Australia's largest privately owned chain of Burger Restaurants and also Koko Black, a premium branded Australian chocolatier. Michael is also a member of the Finance and Risk Committee of the Geelong Football Club.

Prior to joining the Cotton On Group, Michael spent 8 years as a Partner at the New York based private equity firm of Hudson Valley Capital Partners and prior to that commenced his career at PricewaterhouseCoopers in both Melbourne and New York in the Transaction Advisory Practice.

WHAT DOES ESG[20] AND SUSTAINABILITY MEAN FOR COTTON ON IN 2030?

Our company is built on strong environmental, social and governance foundations – it has grown from one small outlet in Geelong to multiple global brands – all innovative and different. Being sustainable is what anchors us – and is the basis of all our strategic conversations. In 2030, we are bringing that to life in ways that our team and our customers can better understand.

Some of that understanding has been to change the language. In our business, ESG and Corporate Social Responsibility (CSR) have felt like corporate words that lacked genuineness and authenticity, particularly given the demographic of our global team – the average age is twenty-three. Now we talk about the 'Cotton On Group Way' and we have built a brand with purpose focused on areas we know are important to our teams and our customers. Our business might be inspired by global technology, but it rests on the wellbeing and sense of belonging of all our team.

20. Environmental, Social and Corporate Governance (ESG)

"ESG and CSR have felt like dirty corporate words, lacking authenticity; we changed the language."

The wonderful thing about having a young workforce is that no one is shy on giving you an opinion on where things can be done more sustainably – from product design to finance. In some of these, we have been ahead of the curve. In 2007, we started taking plastic bags out of the point of sale, long before regulations enforced it or trendy to do so. We replaced them with a reusable cotton tote, the proceeds from which went to charities. Such initiatives are detailed in our '*Good Report*[21]' which was designed with an internal mindset to engage and drive our team.

Today we have over 300,000 people applying to our business primarily because of what our brand stands for. It lives through every team member understanding their role in achieving our purpose and living by a set of values which are much more than just words.

WHAT HAVE BEEN THE MAIN MILESTONES IN THE COTTON ON JOURNEY TO A MORE SUSTAINABLE BUSINESS?

In 2030, no one in our industry connects us with 'fast fashion' – we're all about 'value' and 'accessible' fashion. Our strategy has always connected back to the purpose and vision we had for the business right at the start – to make a positive difference to our peoples' lives.

We have pledged to making a positive impact through the materials we source and for the communities we work with. We're constantly looking for more sustainable alternatives for all the fibres and materials we use, and we're supporting responsible methods to reduce water, energy, and waste.

We reduce, renew, recycle our products, and think about how we ship, package, and hang them.

Back in 2025, we committed to having sustainable attributes in every product made and we are proud to have reached our goal of becoming 100 precent fully carbon neutral by 2030. We have been able to connect better to our team and customers through initiatives like these and via our Non-profit organisation and various charities we are involved with.

HOW HAS TECHNOLOGY SUPPORTED YOU IN DELIVERING MORE SUSTAINABLE CLOTHING BRANDS?

Without a doubt, technology is supporting us to become greener and we continue to invest in technology and create partnerships to further innovate in our company. We divide our business into supporters, makers, and sellers, with defined roles for each. This enables us to have a more meaningful conversations in areas like ESG with all our stakeholders.

One thing we pride ourselves on, particularly in roles like mine looking after finance, risk management, people, and culture, is building ESG and Environmental Management System (EMS) processes that empower the business. These EMS processes help us to measure our sustainability commitments, whether it's tracking the full product design and development lifecycle or our unsold product. We ensure the rest of the business is not caught up in the admin; the simpler we can make their processes the more impact is made.

There are still many challenges for technology to resolve. Cost is a significant factor – while it's possible to scan a piece of a garment and trace its whole lifecycle, the cost of such technology to a value fashion business like ours is still challenging.

Recycling is another challenge, we need to harness technology to find more recycling opportunities. We also need to keep up the use of more natural or reusable fibres – the more we use, the greater the recyclability. Also, while we cannot solve what happens in our customer's wardrobes and what they're recycling, we need to continue to engage in conversations with them to build momentum to make that happen.

WHAT OTHER METHODS HAS COTTON ON USED TO GET ITS ESG AND BRAND MESSAGES OUT THERE?

Partnerships have been important in this respect. In trying to create more social or sustainable change we have been partnering, for example, with a charity to deliver 1 million vaccinations to the global communities. We are careful not to involve ourselves in partnerships with high levels of administrative costs and burdens, to focus on those that can really deliver and create a more meaningful outcome.

21. https://cottonongroup.com.au/wp-content/uploads/2021/12/THE-GOOD-REPORT-2021.pdf

MITCHELL ROSS

CHIEF EXECUTIVE OFFICER AND FOUNDER
Muru Office Supplies

Mitchell is a proud Bidjigal man from La Perouse in south-east Sydney. He is the Co-Founder and CEO of Muru Office Supplies, a national Workplace Supplies provider, servicing some of the largest companies in Australia.

Mitchell has grown Muru from the ground up into one of the largest Indigenous owned companies in Australia and partnered with leading brands such as CBA, Telstra, Boral, Qantas, Fortescue Metals, and KPMG.

Mitchell's vision is to create a pathway for future generations, helping to close the gap for First Nation people. A percentage of all Muru profits are donated to Indigenous community programs that support education, employment and health & wellbeing initiatives.

WHAT HAS BEEN YOUR ESG JOURNEY TO 2030?

Muru Office Supplies was set up to operate as a socially conscious business; while we sell office products and workplace supplies, our purpose is to serve the community and we give a percentage of our profits back to community programs, with a focus on education, employment, and health and wellbeing. The word 'Muru' means pathway and aligns to our vision, which is to create a pathway for future generations of Aboriginal and Torres Strait Islander people.

Regarding ESG, while the social side has always been part of our DNA, over this decade, the environmental side has become more of a focus. After the COVID-19 crisis, Australians were becoming more environmentally conscious, and we felt like environmental issues were becoming more of a customer priority than social concerns. It meant that we were under pressure to reduce plastic and single use plastic used in our supply chain.

This has often proved challenging, as we offer over 20,000 products and there was plastic in many of them. We also needed to make sure we could adapt and remain relevant, operating in a greener way and supplying sustainable products that people want to buy. Our strategic partner has been Net Zero for over five years now, through renewable energy initiatives. We have also made sure emissions from our operations, including deliveries from our warehouse to our customers, are all offset too.

In 2030, we are still a small organisation – we have less than 15 staff – and we make sure that they are mostly First Nation people, particularly in the senior and direct customer engagement roles. The diversity and inclusion goal for these roles has been 60 percent but we continue to sustain them at 80 percent. It is important for us to maintain that percentage and, as we grow, we are developing strategies to deal with inclusion issues like these.

"By being a trailblazer for Australia's First Nations community, we hope that our people will want to come work for us..."

As we grow, governance is also becoming more important. We are learning a lot about stronger governance from our much larger partner, in return, they, as a non-Indigenous organisation, are learning about diversity and inclusion from us.

CAN YOU EXPLAIN HOW MURU OFFICE SUPPLIES GIVES BACK TO THE COMMUNITY AND THE IMPACT IT HAS HAD?

Muru is a majority Indigenous owned and operated company – since 2014, we have given 20 percent of our profits back to Indigenous community programs. Ten years ago, that amounted to hundreds of thousands of dollars, but over this decade we have increased it substantially. It means that today, in 2030, we are giving over half a million dollars every year to such programs in Australia.

With our strong social mandate, we are redefining what being a good corporate citizen means in Australia. We work primarily in the Business to Business (B2B) space, and our social policies differentiate us in the marketplace. My team is extremely focused on sales and account management; they have strong relationships with our customers and hear about their ESG concerns firsthand. Their role is to understand both what the customer wants and what's happening out in the market as we operate across a broad range of industries. A big part of the value proposition we are offering customers is, when they buy from Muru, they are not only buying environmentally sound products, but they are also giving back to the community.

Also, maintaining a certain intimacy with our customers is crucial to how we engage with the local community – it's through them that we hear about community programs in need of support.

How Muru operates, and our growth over the past ten years, hopefully provides a blueprint for the Indigenous business sector and younger generation of First Nation people.

Indigenous youth can look up and say – I want to work in or run a similar business. We are aiming to alleviate some of the generational impacts on First Nation people by offering them a good career, and with that comes a more stable home environment and a better education for their children. Already, in 2030, we are seeing First Nation communities in much better situations in the areas of health, education, and employment than we did ten years ago. This better educated Indigenous population is creating a generation of talent who are coming to work with a purpose – to reinvest into their communities. Our approach also reinforces our recruitment and talent goals – as the Indigenous community talent pool remains relatively small – we hope that by being a trailblazer for them, our people will want to come and work for us.

HOW IS MURU'S ESG AGENDA DEVELOPING POST 2030?

Collaborating with companies like Muru can be an enabler for larger organisations – as they experience our high ESG standards, we are seeing them improve their own procurement processes. We might be only small, but with Muru, they simultaneously gain social and environment outcomes, Indigenous employment outcomes and community re-investment. Our reporting processes alone can point other companies in the direction of better ESG performance. Through our customer reporting, for example, we can show for our products, how sustainable they are and what type of business has produced them – Aboriginal, Small and Medium-sized Enterprises (SMEs) or female owned.

We are now focused on further developing our operating model, especially our supply chain and customer experience channels. We want to continue to be vigilant in areas like modern slavery, plastic and carbon emissions. It has also become more challenging for us in 2030, to define just how sustainable a product actually is. Previously, the criteria we used came from a product's recycled content or environmental accreditation, but now we have to assess multiple definitions. We are supporting the development of a more standardised process to simplify how this all works.

Developing the circular economy is another important aim for Muru post 2030. It has been gaining traction, both in Australia and in the Indigenous business sector. We already have other First Nation businesses in our supply chain; we resell their products and try to buy from other Indigenous businesses where we can. One of the La Perouse community programs we support employs local people to grow native bush plants and foods. Projects like this, not only ensure that the cultural knowledge of the First Nations people is understood, protected, and respected, but shows urban communities how to live sustainably. It is also very scalable, as a circular model, in regional and remote communities.

Muru is constantly seeking similar schemes, which are not only hugely socially beneficial, but have a deeper impact than, say, the Government's Indigenous procurement policy (IPP)[22]. While, the IPP has made a big impact on First Nation businesses, we don't feel the impacts have been realised at a grass root, community level. We are aiming to expand our social contribution through a broader approach which ensures our Indigenous communities have the opportunity to thrive.

> "We are learning a lot about stronger governance from our much larger partner, in return, they, as a non-Indigenous organisation, are learning about diversity and inclusion from us."

22. https://www.niaa.gov.au/indigenous-affairs/economic-development/indigenous-procurement-policy-ipp

NICK ADDISON

SENIOR EXECUTIVE, SUSTAINABILITY
Medibank Private Limited

Nick is a senior People, Culture & Sustainability executive with more than 15 years' experience across Australia's largest listed companies including NAB, BHP and now Medibank where he has worked since 2014. Nick has spent the majority of his career specialising in executive remuneration, reward governance and people analytics, and is now responsible for leading Medibank's ESG strategy.

Nick's experience extends across the areas of governance, reporting, strategy and stakeholder engagement, including Executive Leadership, Board and Investors. In his role as Senior Executive – Sustainability, Nick is passionate about leading, influencing and elevating the next phase of Medibank's ESG journey.

WHAT ARE MEDIBANK'S BIGGEST ACHIEVEMENTS IN ESG OVER THE PAST 8 YEARS?

Medibank's 2030 vision was to create the best health and wellbeing for Australia.

Today, we are immensely proud to say that we have achieved our vision and changed the way healthcare is delivered in this country.

Our customers and the broader community now have access to more choice, more value and more control when it comes to their health. Australians are more engaged in their health and wellbeing and Medibank is recognised as the healthiest workplace in Australia.

Whilst we led the way to drive health system change, we didn't achieve it alone. We partnered with doctors, hospitals and governments and together, we made healthcare in Australia more sustainable.

For Medibank, sustainability was critical to delivering on our business strategy and achieving our 2030 vision.

We prioritised our environmental, social and governance (ESG) responsibilities and focused our efforts on five core areas: community health, customer health, employee health, environmental health and governance.

By far, our greatest achievement has been our work to create a more diverse and inclusive organisation that better supports our people, customers and community. In doing so, we were able to design health and wellbeing services and products that better addressed the needs of our diverse communities.

A decade ago, our diversity profile was narrower and disclosure of the demographic composition of our leadership team and Board members was limited. This was a comparable situation for most Australian companies and we knew that we had to change.

In 2022, we committed to continuously improving accessibility for our people and our customers and set inclusion and diversity targets to ensure our organisation better reflected the communities we support.

We also improved our disclosure of demographic information for our executive leadership team and Board members, to increase transparency and accountability on these key metrics.

> "We want to create the best health and wellbeing for Australia – not just for our customers, but across the broader health system..."

Today, we are proud to be recognised as an employer of choice for Aboriginal and Torres Strait Islander people and for people with a disability.

Our people, customers and the community are benefiting from exceptional experiences, including new products and services that are more accessible.

And we have greater representation of diverse cultures across our Board and leadership teams, including Aboriginal and Torres Strait Islander peoples and people with a disability.

HOW HAS MEDIBANK BECOME A LEADER IN DIVERSITY AND INCLUSION?

Medibank is recognised as a leader in the healthcare sector for our ESG performance and for our work in social responsibility. Over the past decade we have focused our efforts in two key areas: building an engaged, diverse and inclusive workforce, and addressing the public health issue of loneliness.

Flexibility is a key element of our employee value proposition and we have long been recognised as an employer of choice. For decades, we have been empowering our people to make decisions on where they work, based on what they are doing and where it's best to get that work done. We have also continued to focus on ensuring our people can always contribute to meaningful work aligned with our purpose and vision. It's how we attract the best talent, and it's why our employees are more engaged than ever.

It's also because we've taken a progressive stand on things like parental leave. Our parental leave policy supports all parents, including adoptive parents, foster parents, kinship arrangements, surrogacy situations and same-sex couples. What you see in the Australian market today, regarding parental leave and the breaking down of those barriers for longer and more flexible parental leave, irrespective of whether you are considered a primary or secondary carer, is a reflection of the policies Medibank introduced years ago.

We recognise that caring comes in many different forms. That's why our commitment to flexibility extends beyond supporting parents with childcare responsibilities, and supports employees who are caring for elderly, those with a disability or chronic disease. This commitment has made a real difference to attracting and retaining talent in our workforce.

In 2022 we set ourselves a ten-year commitment to address loneliness – one of Australia's growing, but least understood health concerns, and an issue exacerbated by the COVID-19 crisis.

There was a degree of stigma around loneliness in society and we started the conversation to demystify it. Our podcast series, 'We Are Lonely', began raising awareness of what loneliness is and how it presents in society. We conducted research to better understand the issue and took actions to address loneliness through partnerships and dedicated health programs.

We have made significant inroads in this space over the past eight years and the impact we have had on addressing loneliness in the community has played a key role in achieving our vision of the best health and wellbeing for Australia. As we near the end of our original ten-year commitment to loneliness, we are preparing to renew our commitment to this critical health issue.

> "By far, our greatest achievement has been our work to create a more diverse and inclusive organisation that better supports our people, customers and community."

WHAT ELSE HAS MEDIBANK BEEN PRIORITISING REGARDING ESG?

On environmental sustainability, we're incredibly proud of the progress we've made towards achieving Net Zero by 2050.

In 2018, we were the first private health insurer to become carbon neutral, and in 2025, we achieved Net Zero for our Scope 1 and 2 emissions by moving to 100 percent renewable energy across our operations.

We are pleased with our progress so far, and we will continue working hard with our partners and suppliers to achieve our goals for Scope 3.

When it comes to governance, our priority has been on protecting our customers' data and health records. Over the past decade, we have been constantly adapting and evolving our processes and privacy measures to ensure our customers get the benefit of a personalised experience while protecting their health records.

WHAT'S NEXT REGARDING ESG FOR MEDIBANK POST 2030?

Despite our strong track-record in ESG, we are always asking ourselves, what more can we do? How else can we make a difference?

We know that our size and ambition gives us a sphere of influence that is far greater than our own business. That's why we will continue working closely with our partners and suppliers to be a more sustainable business.

We will continue partnering with doctors and hospitals, investing in new and different care models, including shorter stay hospitals, hospitals in the home and more preventive healthcare, for our customers and for all people in Australia.

We'll also keep investing in new technology and digital tools that deliver our customers personalised treatments and preventative health programs in a safe, efficient and relevant way.

And we remain focused on what needs to be done to ensure Australia's public-private healthcare system remains accessible to all, both now and for generations to come.

RICHARD PITTARD

HEAD OF SUSTAINABILITY
Cleanaway

Richard has worked in the environment and sustainability field for over 22 years, encompassing diverse sectors, from government to manufacturing, mining, oil and gas, and industrial and consumer products. His experience extends from 'hands on' leadership roles over integration and transformation activities, to building and leading teams to achieve systematic and lasting change. Currently, Richard is Cleanaway's Head of Sustainability, leading a team to deliver low carbon and circular solutions for customers and the community.

WHAT HAVE BEEN THE MAIN CHANGES IN THE WASTE MANAGEMENT SECTOR UP TO 2030?

Cleanaway has been in the waste management business for over 50 years but the speed of change over this decade is the fastest we have ever seen. We provide sustainable services, products and solutions to customers and communities that benefit the environment and result in the reduction, resource recovery, recycling, and reuse of waste materials – primarily plastics and organics. Circularity is central to our strategy which focuses on low carbon, highly circular solutions; working across the E, the S, and the G.

Cleanaway is a different company now. The past ten years has seen investment in assets and technology to move us further up the value chain. As we are moving up, other companies are moving down and becoming more sophisticated buyers, which is allowing us to work together to develop innovative solutions for waste and environmental management.

Cleanaway treats all waste as a resource. Sometimes, the economics of resource recovery are not feasible as the technology might not yet exist to recover it, or there is a lack of feedstock for complex recycling or circular processes. Federal and state government policy support has been

"Circularity is central to our strategy which focuses on low carbon and highly circular solutions working across the E, S and G pillars..."

critical to enabling resource recovery and driving circularity. Particularly important was the world's first ban on the export of mixed plastic waste, imposed by Australia in the early 2020's, as well as the more recent establishment of minimum standards for how waste materials are managed and where they go.

Technology is particularly important to this industry – waste solutions for complex waste such as soft plastics depend on it. Cleanaway has found one of the most effective ways to develop and leverage new technology is working collaboratively with various partners. We have formed numerous partnerships over the decade to develop a circular solution for plastic pelletising, and for plastic-to-plastic advanced recycling to produce circular polyethylene.

We are also leveraging all the data we collect on waste to make our ESG disclosures fit for purpose. We collect a lot of data – for our own ESG tracking, for regulatory purposes and to allow our customers to have more insight into what's happening to their waste and where it ends up in the resource recovery process. This data and disclosures have helped us to fully integrate ESG into Cleanaway's corporate strategy over the past decade.

Today in Australia, there is a growing market for many waste products with especially strong demand for certain plastics, paper, and cardboard. Going forward, Cleanaway is trying to find solutions for all waste, such as construction and demolition (C&D) waste. C&D waste contains a range of materials such as bricks, concrete, timber and soil and other materials like metals and glass making the whole process recovery quite complex. We are investing in our waste management footprint to deal with this type of waste, so that it does not end up in landfill.

WHERE HAS CLEANAWAY'S ESG FOCUS BEEN TO 2030?

Our ESG focus has been equal across what we do as an enterprise, and the customers we serve. Our aim of 'Zero Harm' to the environment means we are continually looking for ways to improve our environmental standards to benefit the environment, our employees, stakeholders, and the community.

Cleanaway has set a decarbonisation pathway to ensure we're minimising the environmental harm from our own operations – our greenhouse gas emissions and landfill emissions. Our continued investment in landfill gas projects such as renewable energy generation, and our focus on recycling, getting more value out of each tonne of waste, is reducing our total emissions year on year.

On the social side, we always want to improve our safety record and there will continue to be a big focus here. We are also continuing with our diversity and inclusivity polices – increasing female and ethnic representation within our workforce. We want to be an engaged organisation where people want to come to work. Our approach to corporate governance is also stringent; high standards of corporate governance play a vitally important role in achieving our business objective of making a sustainable future possible and to protect our shareholders' interests. Cleanaway's policies follow the Australian Stock Exchange's rules on corporate governance.

Cleanaway also has a role to support our customers to achieve their own sustainability and ESG goals. This is our way of ensuring that as a society, we can continue to operate whilst minimising our impact on the environment. We want to get people thinking about their own role in how waste is generated and regenerated – particularly regarding packaging and carbon. By assisting our customers' and communities to manage the impact of their waste, we are not only maintaining our regulatory licence but a social licence to operate too.

HOW HAVE CLEANAWAY'S CIRCULAR SOLUTIONS DEVELOPED?

We are on a circularity journey with many of our customers. It typically starts with a conversation around trying to avoid waste ending up in landfills, to a more in-depth discussion about the recovery and reuse of that material, and how they can circulate it back into their own supply chain. While landfills will continue to play an important role in waste management for materials that still have no better solutions, our mandate for most waste is to move away from linear recycling toward true circular solutions.

We see strong links between circularity, carbon, and other natural capital benefits.

Food organics and green organics is a good example of a successful circular process. This waste costs the Australian economy around $20 billion a year to deal with and, in the last decade, the federal government set a goal to reduce it by 50 percent by 2030[23]. Cleanaway has helped to meet this target with the organic food circular processes we provide for food company or restaurants, for example.

Our organic waste process includes collecting and separating waste into two streams – organic and packaging. The organic material can be used as compost, animal feed or even turned into electricity through anaerobic digestion, while the packaging is sent for recycling and reuse, potentially generating additional revenue streams. Compost is taken back to farmers so they can augment their soils for better crop yields, and it also contributes to more efficient use of natural resources and water.

> "By assisting our customers' and communities to manage the impact of their waste, we are not only maintaining our regulatory licence but a social licence to operate too."

23. https://www.awe.gov.au/sites/default/files/documents/national-food-waste-strategy.pdf

RICKY BRIDGE

GROUP GENERAL MANAGER ENVIRONMENT, SUSTAINABILITY AND REPORTING
Downer Group

Ricky has over 20 years of experience in Environment and Sustainability in the government and private sectors. Ricky holds a degree in Environmental Science and a Master's Degree in Science and Technology and specialises in Environmental Management, Corporate Sustainability and Corporate Governance.

After graduating, Ricky commenced his working career in Local Government, primarily in environmental planning and regulation. After spending two years working in London for the City of Westminster and the London Olympics, Ricky joined Downer in 2009 as an Environmental Advisor and, in 2017 was appointed Group General Manager of Environment, Sustainability and Reporting.

Downer EDI is on a journey with ESG – just like most other organisations. We have spent the last few decades positioning the company for growth, providing urban services for transport, utilities, and facilities – in high demand areas as populations grow and urbanisation continues. The sheer size of our workforce, our presence in the communities in which we operate, and our large geographical footprint make it essential that our projects/contracts have a high degree of ESG consideration.

Downer has always had a strong focus on ESG, and Sustainability is integrated into Downer's business strategy and shaped by our four Pillars: Safety, Delivery, Relationships and Thought Leadership.

Even before the start of this decade Downer understood the importance of ESG and took a leading position back then to make it a priority for future growth.

Downer leveraged its understanding of Environment, Social and Governance (ESG) macro-economic mega-trends and emerging sustainability issues to drive innovation and identify new sources of growth and revenue for the business. This includes the pivot of its portfolio through the Urban Services business, positioning itself to be at the forefront and take advantage of the opportunities as the provider of choice to customers with services set to thrive in a low carbon future.

Continuing to touch the lives of millions of people across Australia and New Zealand every day through the water they drink, the power they use, the roads they travel on, the public transport they rely on, and the communications networks they use to stay connected making communities better.

"In 2030 strong ESG credentials play an even greater role in forming decisions by the investor community, customers, and the workforce – providing organisations like Downer growth opportunities and a competitive advantage..."

At the turn of the decade through the pandemic and other events saw a competitive labour market. Downer was able to benefit through this period due to its focus on its people, enhancing the employee experience through career development pathways, and fostering a workplace culture that was diverse and inclusive.

As one of Australia's largest employers, we are a people business and regarded by the market as an employer of choice.

We are committed to a workplace environment where our people feel included, where their health and wellbeing are supported, and where they have opportunities to develop new skills and grow their careers.

By 2030 we have helped tens of thousands of people who have been able to support the mental health of themselves, families and communities.

Way back on 2018 Downer were one of the first companies in Australia to report against the Task Force on Climate-Related Financial Disclosures (TCFD) framework and committed to what were ambitious Greenhouse Gas (GHG) emissions reduction targets at the time which led to the establishing one of Australia's first and largest Sustainability Linked Loan which included social KPIs.

Downer's leadership position on the Net Zero journey positioned us perfectly to take advantage of the energy transition that was required to achieve near term commitments many of which we are seeing achieved right now, in 2030. We have seen over the course of this decade how the services and solutions that Downer have delivered have helped many of our customers achieve their decarbonisation goals.

Downer is at the forefront of decarbonisation technologies and innovations.

Downer remains as the largest and most experienced provider of the renewable energy market and the leading provider of high voltage transmission and distribution networks. We continue to deliver building efficiency upgrades through our Defence and Facilities & Asset Services contracts. We maintain and operate efficient, reliable trains and trams and other mobility solutions.

We have also established the capabilities and partnerships that will help position Australia and New Zealand as a world leader in clean Hydrogen, and have supported our customers in hard to abate sectors to deliver carbon capture underground storage systems.

We continue to operate under "The Downer Standards" – a huge undertaking to which commenced at the start of the decade to develop, and which is the cornerstone of our governance. The Downer Standard extends beyond your traditional management systems which include quality, environment, health, and safety standards because they extend to every aspect of the business such as Finance, IT, Human Resources, Delivery Management and Legal to mention a few. They are also continually reviewed, challenged, and improved with change in circumstance that arises.

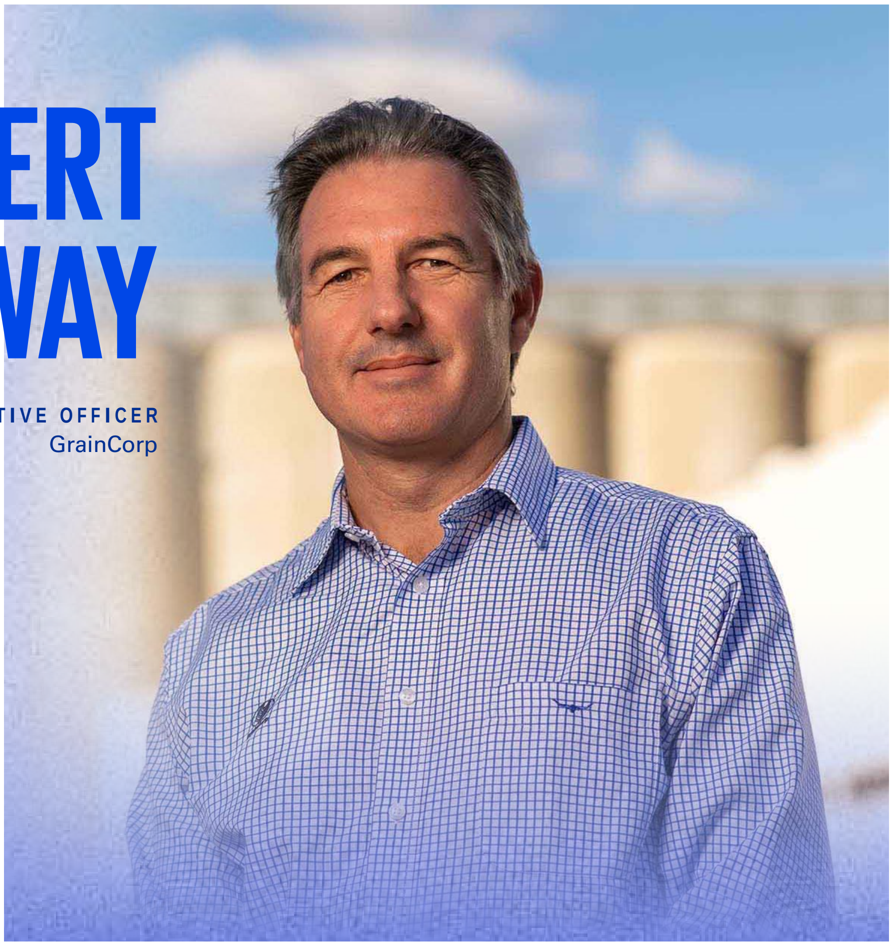
These essentially state that no matter what we provide, what we deliver, what we do, everything works under a single set of standards covering the vast number of different activities in which we are involved. Standardising our approach has benefited our customers, as it doesn't matter which part of Downer's organisation they are dealing with, they experience the same consistent repeatable outcomes.

One of our ongoing challenges is to resolve the ESG issues evident in the supply chain. We spend billions of dollars with around 30,000 suppliers and subcontractors in a hugely complex supply network – all at very different levels of maturity and resources. The majority of our Scope 3 GHG emissions sit within the purchased goods and services category. Signing up to Carbon Disclosure Project (CDP) Supply Chain Program in 2021, has proven success which has resulted in better engagement with our suppliers and more accurate data for us to track, manage and report our carbon impact.

We have undertaken lifecycle assessments and obtained Environmental Product Declarations of our bituminous products (Asphalt and Spray Seals) across Australia and New Zealand. This will provide our customers and the market with open transparent information to better understand the embodied emissions and environmental impact on Downer's bituminous products.

Our Net Zero journey is also being sustained by our own research and development and the work we do in the circular economy or "Reconomy" as we call it. For example, one area we are focused on is repurposing, street sweepings and gully waste from our road maintenance contracts back into the asphalt products used to pave new roads, thereby reducing the number of virgin materials needed. Our plans earlier in the decade to expand our footprint into other jurisdictions have been successful and Downer is renowned for the role it plays in the circular economy for the Road transport sector.

The Sustainability team continues to play an important role in supporting the business, contributing to client and investor confidence by continuing to deliver leadership in ESG, and a track record of leading performance. Including leadership and support to progress the United Nations Sustainable Development Goals (UN SDGs), and Downer's sustainability culture that: supports the health, safety and wellbeing of our people; delivers our business activities in an environmentally responsible manner; responds to material and emerging sustainability risks; and differentiates Downer for success.



ROBERT SPURWAY

CHIEF EXECUTIVE OFFICER
GrainCorp

Robert Spurway joined GrainCorp as Managing Director & CEO in March 2020. He was previously Chief Operating Officer, Global Operations for Fonterra Co-operative Group in New Zealand.

Prior to this, Mr Spurway held operational roles with Fonterra including General Manager South Island Operations and Acting Director Operations & Logistics.

Mr Spurway has extensive leadership and operations experience and has held executive and senior operational roles across Australia and New Zealand.

HAS GRAINCORP'S APPROACH TO ESG CHANGED OVER THE PAST DECADE?

The agricultural industry has always been at the forefront of the challenges and opportunities created by environmental, social and governance (ESG) matters; at GrainCorp, we have also committed to continuous improvement in these matters.

GrainCorp undertook a new approach to sustainability in 2021 to capture more of the contributions from our businesses, supply chain partners and customers in the fight against climate change.

We set out a roadmap of actions, including a commitment to Net Zero carbon emissions by 2050, and raised the quality and depth of our ESG reporting, in line with international frameworks.

We increased and, here in 2030, continue to maintain our investment into innovative practices and technology to measure energy, carbon, water consumption and waste within our supply chain, and to support customers in doing the same.

We've invested in programs to enable carbon sequestration in Australian soil, with the goal of reducing the amount of carbon dioxide in the atmosphere. We're also working with growers to monetise that carbon and to market carbon-neutral grain, oil, animal feed and spreads.

In 2030, we have set a full suite of short- and long-term emissions targets on the path to Net Zero by 2050 or sooner. We have a comprehensive map of the Scope 3 emissions generated by our end-to-end agribusiness supply chains. We are constantly tracking, refining and seeking to improve these emissions and we partner only with those companies who operate with best practice solutions to track and actively reduce their emissions.

"Our responsibility is to continue feeding the world with sustainable food and strong carbon management ..."

For the last ten years, we have taken the same best practice partner approach to our supply and sourcing requirements. Now, in 2030, our comprehensive code of conduct and responsible sourcing policies ensure that all inputs, products and services used by GrainCorp meet the highest standards in relation to human rights and sustainable practices.

The GrainCorp Community Foundation will celebrate its 10-year anniversary next year (2031), marking over AUD5 million in contributions to community events, programs, clubs, infrastructure and partnerships.

The Foundation has also extended the iconic silo art trail across the east coast of Australia, increasing the visibility and tourism value of those surrounding communities.

WHAT MEASURES IS GRAINCORP TAKING TO PROTECT ITS BUSINESS AGAINST THE IMPACT OF CLIMATE CHANGE?

Back in 2018, GrainCorp commissioned a climate study to better understand the sustainability landscape of our core operating areas on the east coast of Australia.

The study, along with subsequent Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) outlooks, predicted wetter and warmer conditions in the years to come.

These reports also confirmed the continued volatility of weather patterns, on the east coast of Australia, although this is nothing new and has been managed effectively by GrainCorp during its 114-year history.

We have continued to develop our risk/ insurance products to mitigate these circumstances, building on the learnings gained from our market leading Crop Production Contract.

GrainCorp has taken a role as an industry leader alongside the likes of Commonwealth Scientific and Industrial Research Organisation (CSIRO), Loam, FutureFeed and v2food and in the fields of carbon management, methane reduction and alternative protein.

In 2030, GrainCorp has been working within the alternative protein industry for nearly a decade, spearheading world-class R&D projects to improve taste, texture, and sustainability of alternative protein products.

By supporting the use of plants in protein products, GrainCorp is leading the industry in presenting a lower-carbon product while increasing demand for higher-margin crops for growers.

In 2030, our up-country operations include extensive solar capability. Our sites directly consume the low-cost, low-carbon energy we produce, and we deliver excess supply to the grid.

In 2030, our diversified business remains the largest bulk exporter of agri-energy feedstock in Australia and New Zealand; waste products such as used cooking oil and tallow are collected, processed and refined into biodiesel for global markets.

On-farm storage continues to thrive and GrainCorp has partnered with growers to provide cutting-edge technology that allows remote monitoring of grain and real-time marketing advice.

We continue to work with government and industry on moving the agricultural sector towards Net Zero emissions.

> "We continue to work with government and industry on moving the agricultural sector towards Net Zero emissions."

HOW IMPORTANT IS TECHNOLOGY AND INNOVATION IN MEETING YOUR ESG OBJECTIVES?

Advancements in technology and innovative thinking are critical both to GrainCorp and the Australian agriculture industry; so GrainCorp has invested in exciting opportunities and partnerships that aim to shape the future of Australian agriculture.

GrainCorp Ventures, our corporate venture capital fund launched back in 2022, continues to thrive, supporting cutting edge start-ups in AgTech, animal nutrition and food innovation.

Our long-standing investment into *FutureFeed*, a partnership with Australia's national science research agency CSIRO and other investors, is driving the adoption of a seaweed additive to livestock feed that helps to reduce methane emissions in beef and dairy cattle by more than 80 per cent, while also accelerating animal growth.

Our early investments in innovative businesses including Hone and Loam Bio have advanced the grains industry's technological capabilities in grain quality testing and measuring carbon in soil.

Here in 2030, data analytics is fully embedded in our business to help us better understand farming systems and businesses and is ultimately supporting us in assisting growers in their planting and marketing decisions.

A range of digital solutions are employed routinely on-farm from the use of satellites, sensors, Internet of Things (IoT), and phone applications and GrainCorp has played a central role in developing and co-ordinating the effective use of data from these solutions across the end-to-end supply chain.

WHAT WILL BE THE MAIN DISRUPTIONS AFFECTING THE AGRICULTURAL SECTOR IN 2030?

Geo-political tensions, trade, weather, labour movements have all traditionally presented challenges to the industry throughout history.

In response, governments need to continue to support productivity gains for growers, through-the-cycle, and supporting research and development in AgTech has proven to be a key driver of that long-term productivity growth.

From here in 2030, the last decade has shown that consistent, forward-thinking drought policies, established with input from growers and organisations like GrainCorp, CSIRO and Grains Research and Development Corporation (GRDC), do support resilience in the industry when the weather inevitably turns.

Many farmers have and will continue to put sustainability first, and government and industry have incentivised and rewarded this prioritisation. Whether that's by paying a premium for low-carbon products, rewarding improved soil health and general landscape, or providing tools to assist growers in estimating on-farm greenhouse gas emissions.

Labour is an ongoing issue facing many industries and companies in Australia, with an aging workforce and pressure on businesses to retain skills and knowledge when employees retire.

And of course, it's imperative that our industry's supply chain continues to run smoothly. Rail freight remains the most cost-effective and sustainable way to get grain to port in an export year, and governments have addressed the historic maintenance issues and neglect of regional freight lines, which were forcing longer cycle times and pushing more tonnes on to the roads.

Ultimately, the world's population will always need to eat, and consumers increasingly want higher quality, more sustainable products and services. That is a big responsibility, and one that GrainCorp continues to meet.

SANDRA MARTÍNEZ

CHIEF EXECUTIVE OFFICER
Nestle

Sandra Martinez is the Chief Executive Officer of Nestlé Australia Ltd and Market Head of the Nestlé Oceania region, appointed in April 2018.

With a passion for collaboration as key to sustainability, Ms Martinez has led Nestlé Oceania as it has begun its transition to Net Zero emissions, and leading on broader initiatives to reshape approaches to managing packaging and turn waste into a resource.

Ms Martinez is a Board Director of the Australian Food and Grocery Council (AFGC) and chairs the Council's Sustainable Practices Committee.

Ms Martinez has more than 30 years' global experience with Nestlé in the Americas, Oceania, and its global headquarters in Switzerland.

WHAT HAS BEEN NESTLE'S VISION FOR ESG OVER THIS DECADE?

Nestle's vision is to achieve a more sustainable and waste-free future. As the world's largest food and beverage company, our actions matter, and we want to put our size and scale to work. We are determined to reduce our carbon footprint and our use of single-use plastics, by introducing reusable packaging, new delivery systems and innovative business models in the places we operate and sell our products. We are also committed to introducing more carbon neutral brands, more plant-based foods, and drinks, and reducing sugar and improving the nutrition of our treats. The challenges are so great, the actions we need to take are so urgent, we must constantly collaborate to find a way through, and we are investing in smaller companies and start-ups to support us.

Nestle is a large and complex company – we took a year just to find the baseline for our sustainability and other ESG targets; the scientific community have supported us to understand the impact we were having.

Our primary focus has been on agriculture and – an emotive issue for our consumers – our packaging. Only 5 percent of our emissions come from our own operations, the rest come from our supply chain, primarily agriculture. While packaging is only a relatively small part of our overall carbon footprint, it accounts for most of our waste.

We have spent this decade transforming our manufacturing and packaging activities and collaborating with our suppliers to achieve this.

"We have created circularity for soft plastics in Australia – once Nestle got serious, others came on board..."

We set a high-level plan for ESG with specific KPIs which we split up into phased actions. Phase one was set for 2023 – to achieve a 20 percent decrease in emissions; Phase two set a 50 percent emissions reduction by 2030 and Phase 3 is Net Zero by 2050. We spent over $3 billion up to 2025 alone – a significant proportion of which was directed at sparking regenerative agriculture – working with farmers. We have also planted nearly 20 million trees every year this decade, in the areas where we source our ingredients[24].

We are well on the way to ensuring that none of our packaging, including plastics, ends up in landfill or as litter in oceans, lakes, and rivers. We have invested heavily in making our packaging recyclable or reusable, including the elimination of non-recyclable plastics. Another substantial investment was to switch from virgin plastics to food-grade recycled plastics and to accelerate the development of new materials and more innovative packaging solutions. By 2022, 90 percent of our total packaging and over 60 percent of our plastic packaging was recyclable or reusable; in 2025, we met the recycling and reusability targets of 100 percent and had also reduced the use of virgin plastics by one third.

HOW HAS NESTLE MET ITS ESG TARGETS?

Nestle has now put ESG KPIs into all its leader's compensation packages. It also asks leaders to report back the ESG challenges we are facing and the help we need. In Oceania[25], often the support we need relates to technology – how do we deploy ESG related tracking and technologies where it's not evident that it will work, or, in remote countries, like Papua New Guinea, where there is little infrastructure to support them.

While the environmental challenges are hard, in some ways the social challenges are harder. For inclusion and diversity, equality, renumeration, benefits and areas like mental health, we continue to tick all the boxes, but the harder challenge is upstream – in our supply chain and in the communities, we work with. This whole ecosystem is complex and has many issues besides making it more sustainable including child labour, slavery, and poverty.

The interplay between all these issues in our supply chain is complex – regenerative agriculture is a good example. We know there are ways to regenerate and increase biodiversity of the soil in the farms we work with, but it often involves a transition period, and/or planting different crops. This can affect the agricultural output, and the prosperity of communities involved. We are working with fair labour associations to support our farmers to have a more just transition and endeavour to protect the human rights of our farmers and workers by joining forces with governments, our partners, and suppliers.

24. https://www.nestle.com/sustainability/climate-change/zero-environmental-impact
25. https://www.nestle.com.au/en/aboutus/nestle-australia-company#:~:text=The%20Oceania%20region%20encompasses%20Australia,%2C%20Wallis%20%26%20Futuna%20and%20Pitcairn.

"We have learnt that ESG success in a global company like Nestle can mean acting more locally."

WHAT HAVE BEEN YOUR MAIN ESG ACHIEVEMENTS OF THE LAST 10 YEARS?

Our biggest success of the decade has been the introduction of a food grade, soft plastics, circular waste system in Australia. The level of collaboration between the companies involved needed to bring circularity to soft plastics like chocolate wrappers has been immense – it is the largest and most complex waste project Nestle has ever been involved with in this region. We had a view that circularity for soft plastics could work in Australia; once other players in the value chain saw Nestle was serious, they came on board.

We started nine years ago with KitKat wrappers. We worked with several companies to invest in and build a circular waste system, complete with new infrastructure and supported with some grants from the government. Nestle has manufactured a KitKat wrapper with 30 percent recycled content; once used, they are recycled with the soft plastics processed and sent to Licella for conversion back into oil, using Cat-HTR advanced recycling technology; this oil is then used to produce new food grade soft plastics[26]. This complete circular waste collection system has been an amazing success, and over the past decade, we have expanded it to other products.

We have learnt that ESG success in a global company like Nestle can mean acting more locally. We deploy our ESG frameworks differently in different countries – our strategy for New Zealand or the Pacific Islands is different to that in Australia – they are distinct economies and cultures.

We also have markets in Oceania which are small, but which play a crucial role in Nestle's business – such as New Zealand with its huge dairy industry. Here we leverage our local relationships, contacts, and knowledge to support the decisions that Nestle Group makes.

Leveraging localisation for ESG can take more time – for example there are often lengthy discussions with head office due to the higher level of costs involved. When we hit our 2025 target of using 100 percent sustainable electricity for all our Australian factories four years early, in 2021, it was the result of a huge investment by Nestle which was facilitated by our understanding of the renewable power purchase agreement market in Australia. The Crudine Ridge and Sapphire wind farms save us from emitting 73,000 tonnes of carbon every year and support critical regional investment.[27]

Here in Oceania, Nestle has a team of deep ESG experts who understand the particularities of ESG investment – we analyse projects in a more holistic way and through a different lens. This insight gives us the confidence to say – sometimes profits will decrease, but here is an idea or process which can resolve it. Such confidence is crucial if things go wrong – we know we will get there, it's just that sometimes the route we take is a little different.

26. https://www.nestle.com.au/en/media/kitkat-sign-break-australias-waste-challenge
27. https://www.nestle.com.au/en/media/switches-to-100-renewable-electricity

STEPHANIE THOO

GENERAL MANAGER OF INNOVATION & SUSTAINABILITY
Pro-Pac Packaging Group

Stephanie has spent her career in innovation consulting, startups and social enterprise. Her journey has been fuelled with an unwavering passion for empowering individuals, whether they be entrepreneurs or intrapreneurs, to create change. Driven by the power of collective effort, Stephanie takes pride in uncovering people's unrealised creative and problem-solving ability to solve some of our greatest environmental and social challenges.

Today, Stephanie leads Pro-Pac's innovation and sustainability agenda through the fast-paced and constantly changing landscape that is now commonplace.

Our approach to ESG has changed significantly since the start of the decade. In the past, the packaging industry had stringent environmental targets, but they were primarily voluntary. This meant that, despite companies taking them seriously, few were penalised for not meeting them. Regulations were also inconsistent – often simultaneously blocking and enabling progress in recycling and reusing packaging.

The export ban on waste in the early 2020's got everyone's attention, but then companies got stuck – they couldn't export waste and there was a lack of domestic infrastructure to deal with it. After some challenging years, the situation became a catalyst for innovation.

Some companies embraced this challenge as an opportunity to lead the way – a collaboration between FMCG companies, a packaging company and a waste management company provided an industry model for recycling and circularity – building a new Polyethylene Terephthalate (PET) recycling facility and implementing standardised recycling processes[28]. This type of innovative partnership demonstrated the power of collaboration and inspired many others to set up similar circular packaging models.

The landscape changed for good around 2025 when ESG reporting became mandatory for large, listed companies in Australia. Australia adopted some of the more progressive regulations for packaging which already existed in Europe and the UK.

28. https://www.cocacolaep.com/media/news/2022/australias-largest-plastic-recycling-facility

"The packaging industry needs to empower consumers on ESG so they can make more informed decisions..."

In 2021, the EU had introduced a plastics tax which stipulated that the weight of any non-recycled plastic packaging waste would be taxed at 800 Euros per tonne[29]. This was followed by a similar tax in the UK, in 2022, when all plastic packaging not containing at least 30 percent recycled materials was taxed at £200 per tonne[30].

While there were challenges with these taxes, some used the tax to invest in industry recycling infrastructure. They also importantly tipped the economic scales in favour of recycling as they made non-compliant virgin plastics more expensive than recycled plastic. The price differential has stimulated demand for recycled plastic and diverted plastic waste away from landfills. Today, the packaging sector, together with their customers, now assumes full responsibility for its products – either recovering all packaging for recycling and reuse – or reducing the amount of packaging used.

Adopting regulations like these has meant that Pro-Pac Packaging Group (PPG) has spent more time on the E in ESG. We have since broadened our approach; today, our sustainability framework is spread more evenly across E, S and G, but it hasn't been easy. Regarding data and reporting, we were trying to build the systems and integrate them at the same time – it was hard to manage the pace of change without our teams being overwhelmed. What we need to measure and how we gather this data was and remains difficult. It's something we need to continually strive to improve. Today, we have a stronger focus on governance, more transparency in our reporting and we invest more in the communities we operate in.

We have also spent time considering social issues, notably diversity and inclusion. Back in 2022, we already had over 50 percent female representation in our executive team – uncommon for a manufacturing company – since then we have focused on increasing diversity, across a number of measures, at our operational sites.

The work we have done in ESG coupled with more attention to our brand is helping to secure the talent we need. Working for a packaging company is not the top of everybody's list so we must work to attract diverse and talented candidates. Improving our social licence to operate, our sustainability credentials and how we are seen in the market has transformed PPG into a more diverse and progressive company.

Our next step is to improve how we collaborate with our customers, the government, and other value chain stakeholders to better inform them on the sustainability issues around packaging and plastics. We want to be able to show the science and evidence behind sustainable packaging challenges. Earlier in the decade, we were getting a lot of requests from customers asking for the carbon footprint of specific products, or, if they were to choose different products, how would it affect the carbon footprint of the packaging and the lifecycle of the waste. We created several scenarios which looked at the external environment for 2025, 2030, 2035, and how consumer behaviours, technology and the regulatory environment might change. The ability to answer and resolve complex customer demands around ESG is now a strong value proposition for us.

29. https://ec.europa.eu/info/strategy/eu-budget/long-term-eu-budget/2021-2027/revenue/own-resources/plastics-own-resource_en
30. https://www.gov.uk/government/publications/introduction-of-plastic-packaging-tax-from-april-2022/introduction-of-plastic-packaging-tax-2021

"Empowering our customers remains the priority – there is a lot of misinformation about plastic packaging."

Empowering our customers remains the priority – there is a lot of misinformation about plastic packaging. For instance, few people know that common items such as chip packets can be recycled through programs like REDcycle into landscaping products and roads. Wider consumer awareness and adoption of programs like this would help divert waste from landfill or escaping into the environment.

Ultimately, we want to be able to put packaging like biscuit and chip packets back into packaging so that it is truly circular. More recently, innovations in mechanical and chemical recycling have emerged, and while they are perceived as energy intensive, both are able to provide food-grade options for circular resins with a lower carbon footprint than virgin materials. There has also been great collaboration between mechanical and chemical recyclers, which traditionally may have competed. Both sides realise that they have a shared mission and that their work can actually enhance the other side's value.

There is also a misperception that compostable and biodegradable packaging is better than recycled plastics. If the packaging looks soft and green, and feels organic, consumers can easily think it is more sustainable.

However, if your take account of the water, energy and transportation used to make it, for it then to just disappear out of use at the end of its life, it may be worse for the environment than using plastic wrapping made from recycled materials that can be recycled time and time again.

It is a complex and multi-faceted space, so science-based information is critical if we want to make a lasting change.

Contamination is another big issue and is also poorly understood. For example, if you buy food in a compostable pouch, say, at a music festival and after you eat it, put it in the recycle bin (as opposed to the green compostable bin), this can contaminate the whole recycling stream. Well-meaning, but ill-informed decisions like this means recyclable packaging often ends up in landfill and valuable resources are wasted.

Some think the solution is straightforward – simply replace all plastics with materials like paper, cardboard or bioplastics made from plant-based sugars. However, there is much more to consider than just the volume of plastic. For example, what is the water use, land use or carbon footprint of these alternatives? Will brand owners and consumers pay a premium for these alternate solutions? Do they protect the product as well as the plastic solution? Does it damage the product or shorten its shelf life, which then increases wastage? Food waste is a major issue. One third of all food produced on Earth goes to waste. We have to ensure that our decisions about packaging not only consider the environmental footprint of the packaging itself, but also its impact on the product it's meant to protect and preserve.

There are so many trade-offs and complexities in sustainable packaging – it is never, ever simple. Creating solutions in this complex space is impossible alone. That is why we need to work with government and across our whole value chain, including consumers, to co-develop ideas. We need everyone to work together so we can make informed decisions about packaging – that's the best way forward.

STEPHEN SMITH

GENERAL MANAGER OF SUSTAINABILITY
nbn

Stephen is a 17-year sustainability professional with experience across a variety of international markets in the real-estate, infrastructure, and telecommunication sectors.

As General Manager – Sustainability, Stephen leads and coordinates the sustainability program at NBN Co. Stephen provides strategic advice, technical leadership, and program governance for sustainability, creating sustainable value for NBN Co's stakeholders.

Stephen holds a Bachelor of Land and Water Science (hons), Master of Engineering (Environmental) and a short-course certificate in Sustainable Finance. Stephen is a Certified Environmental Practitioner (CEnvP), LEED Accredited Professional (LEED AP), a Fellow of the International Institute of Risk and Safety Management (FIIRSM) and a Fellow of the Royal Society of Arts (FRSA).

WHAT KEY ESG CHANGES HAVE YOU INCORPORATED IN YOUR COMPANY OVER THE PAST DECADE?

Our social purpose – to lift the digital capability of Australia – has been our north star for us on Sustainability. When you are building and maintaining a truly national piece of infrastructure like the nbn® network that integrates into everyone's daily lives, our people must have a sharp focus on our purpose.

Before the start of the 2020 decade, our approach to Sustainability predominantly focused on compliance with legal obligations such as the National Greenhouse and Energy Reporting scheme and the Modern Slavery Act.

"Harnessing the power of strategic and collaborative partnerships allowed us to accelerate innovation and shape more sustainable and equitable outcomes..."

From 2020, we took some pivotal foundational steps to mature our approach to Sustainability to ensure we are successful over the longer term. These included:

- Establishing a Sustainability Sub-Committee of our Executive Committee to provide the strategic direction and governance of a Sustainability Program of Work.
- Embedding Sustainability within corporate governance arrangements, strategy, and our systems and processes.
- Setting up a Sustainability governance framework that broadly aligned with Taskforce for Climate-Related Disclosure (TCFD) and the newly formed International Sustainability Standards Board (ISSB).
- Embedding Sustainability with our value creation model, which formed the basis of our Sustainability narrative.
- Initially focussing the Sustainability Program of Work on six material topics and their related risks, opportunities and issues; however, maturing to consider how the environmental and social material topics were interconnected.
- Set out leadership positions and commitments aligned with evidence-based standards and relevant frameworks from climate action to modern slavery to gender targets to reconciliation.
- Transitioned from standalone Sustainability Reporting with limited assurance to Integrated Annual Reporting with an expanding assurance program on our material non-financial metrics.
- Established a Sustainability Bond Framework to enable issuance of Green, Social and Sustainability Bonds, and we raised a 5-year AUD80 million Green Bond under the Australian Medium-Term Note program.

We then moved on to the important next stage – action. Given the importance of climate action, nbn acted.

nbn joined the Science Based Target Initiative (SBTi)[31] earlier this decade. This initiative drives ambitious climate action in the private sector by enabling companies to set science-based emission reduction targets – in line with a 1.5-degree future. Earlier this decade, nbn became the first Australian telecommunications company and the first government business enterprise to join the RE100 group[32]. We have committed to sourcing 100 percent renewable electricity by December 2025. Power Purchase Agreements (PPAs) are the critical lever to achieve this renewable energy target, significantly reducing our Scope 2 emissions.

The Science Based Target (SBT) also encapsulates our Scope 3 emissions, which are the majority of our total emissions and the most challenging for us to reduce.

WHAT STEPS ARE YOU TAKING REGARDING SCOPE 3 EMISSION REDUCTIONS IN PARTICULAR?

Reducing Scope 3 emissions can be challenging but very important work.

By setting a SBT, we needed to build culture and capability within nbn's value chain. Proactive engagements on Sustainability from climate change (plus other topics) with our supplier and business partners proved to be 'mission-critical' in reducing our emissions, given that emissions do not 'care' where an organisation's boundary lie. Working with our people, suppliers, and Retail Service Providers (RSPs) supported nbn in achieving its purpose and sustainability approach by enabling our people and value chain to seek to solve shared climate-related challenges.

31. SBTi – Science Based Target Initiative – Ambitious corporate climate action
32. https://www.there100.org

Harnessing the power of strategic and collaborative partnerships with like-minded institutions, academic partners and industry groups also allowed us to accelerate innovation and shape more sustainable and equitable outcomes for nbn and our stakeholders while strengthening our approach to risk management.

Our Chief Technology Office and various other nbn teams support the reduction of Scope 3 emission. Over the decade, we have spent much time looking at which technological solutions can best drive down the energy consumption of our equipment – we continually ask questions like "how can we reduce emissions by design?" We're continuously testing hypotheses on the best way to reduce the impact of our Scope 3 emissions.

HOW HAS TELECOMMUNICATIONS AND ITS SUPPLY CHAIN CHANGED OVER THIS DECADE?

The energy transition and digital revolution mean that our supply chain is changing in function and form – as are all other sectors. The emergence of the Internet/Industrial Internet of Things (IoT) technologies as an overlay to broader broadband networks has the potential to introduce a system of sensors, actuators and machines all embedded with electronics, software, and network connectivity. It has been a game-changer for all organisations, including ours – enabling better data analytics, automation, and process control.

This modulation of systems and people, and its ability to make real-time decisions, is shifting supply chain behaviours, not only in a technical sense but also in how network procurement works and managing risks.

Over the last eight years, our focus has been on driving resource efficiency, which we see as vital in driving many organisations' sustainability transformation and capabilities across Australia.

The digital transformation we're experiencing supports the energy transition. The energy system is shifting from a centralised approach to a now decentralised one. Digital technologies and high-speed broadband enable it to remain resilient and work efficiently and safely. Access to technologies like these has the potential to unlock more sustainable energy and broader social and economic benefits that broadband connectivity provides.

"Our social purpose – to lift the digital capability of Australia – has been our north star for us on Sustainability."

Steve was appointed Executive General Manager Strategy in 2018He led the integration of the Mondelez grocery acquisition in 2017 and the Peanut Company of Australia in 2018. Steve was part of the team involved in the acquisition of Lion Dairy and Drinks in 2021 and is currently leading the integration of that business.

Prior to that, Steve worked with Lion Nathan Dairy and Drinks for ten years in a variety of commercial and corporate finance roles. He has more than fifteen years' experience in food manufacturing and FMCG business.

STEVE RAE

EXECUTIVE GENERAL MANAGER STRATEGY
Bega Cheese

WHAT HAS BEEN BEGA CHEESE'S APPROACH TO ESG UP TO 2030?

Bega Cheese is a significant food and dairy producer in Australia. Traditionally, we were largely a business-to-business organisation with a focus on big bulk dairy and packaged goods plants for third party customers and their brands with only a relatively small branded presence Our ESG approach was largely centred on meeting quality metrics and processes in our plants – such as reducing energy and water consumption. We also had and retain a strong focus on inclusion, diversity, and safety.

The global pandemic, increasing geopolitical tensions, competitive pressures and volatile trading conditions contributed to our decision to make the most important transformational acquisition in our history – the Lion Dairy and Drinks Company in 2020 – now known as Bega Dairy and Drinks. The acquisition brought a younger workforce, bringing more dynamism and a renewed focus on sales and marketing. Today, we have deeper consumer insights, better consumer engagement and stronger branding. This has opened a whole new lens on ESG – what is important for our customers is now important to us.

Our ESG transformation accelerated throughout the decade. We did not want to wait until the last day of 2030 to meet our targets, so we have acted throughout it. We achieved a 50 percent reduction in emissions intensity and a 40 percent reduction in absolute emissions this year (2030) and we are still on track for Net Zero by 2050.

"Circularity is an ESG change engine for us; it allows participation in start-ups, research sector and other industry leaders that can really make a difference..."

HOW DO YOUR CONSUMERS INFLUENCE YOUR ESG STRATEGY?

Our consumers have a more holistic and mature approach to ESG. For example, they want us to stop the production of carbon from happening in the first place, rather than identifying and buying offsets. It has made us consider what constitutes a 'licence to operate' for a big food and dairy company like ours.

Our ESG remit is much broader in 2030. It includes climate change and greenhouse gas emissions, water scarcity and efficiency, waste and packaging, food safety and nutrition, responsible and ethical sourcing, diversity, and inclusion and supporting communities, amongst others. We are also prioritising areas like good nutrition – particularly in relation to reducing sugar and salt in food – reducing Scope 3 emissions and water consumption and using more sustainable packaging.

Some ESG issues strongly resonate with our consumers – one is decarbonisation, another is sustainable packaging. We share their frustration at the continued lack of clear federal and state policy around carbon – the inconsistencies – and targets, which are too long term and not tangible. Packaging has always been front of mind for us, given we're a consumer foods business, and it still is a significant sustainability challenge.

Regarding decarbonisation, we have tried to address issues such as the production of methane from cattle with adding asparagopsis[33] – a type of seaweed – to cattle feed or reducing the carbon footprint in our cheese production using various life cycle assessment studies. It is a strong start, and we see ourselves as part of the solution along with strong partnerships.

We have also revised our approach to renewable energy. The milk powder dryers and boilers at our plants use a lot of power and natural gas. We have converted some of our spare land to behind the meter energy projects, for example, solar and green hydrogen, and we are reducing fossil fuel use in our powder product plants, as they generate more emissions than other sites.

We have been collaborating with our packaging suppliers to increase recycling and recyclability. While we met the recycling targets for packaging set by Australian Packaging Covenant Organisation (APCO)[34] for 2025, some issues remain a challenge – such as packaging for two litre milk bottles. Recycled High Density Polyethylene (HDPE) bottles are very fragile and don't survive constant reuse, so we switched to using Polyethylene Terephthalate (PET), but it takes a long time to revaluate and change a major process like this.

33. https://www.csiro.au/en/research/animals/livestock/futurefeed
34. https://apco.org.au/national-packaging-targets

THE BEGA VALLEY CIRCULAR ECONOMY PROGRAM HAS BEEN HIGHLY SUCCESSFUL. HOW DID BEGA CHEESE ACHIEVE THAT?

The Bega Valley circular economy program has been a bit of an ESG change engine for Bega Cheese. It was facilitated by the fact that we have always been very entrepreneurial – used to acting fast, making continuous improvements, and leading rather than being a fast follower. Our consumers and suppliers are responding well to it, and it has strengthened our relationships with local, national, and global stakeholders.

The Bega Valley community program started back in 2020 with us asking – how can we support farmers to make their entire operations more sustainable rather than simply introducing carbon reduction activities on their farms? The Bega Valley was a logical place to apply circular concepts as it has considerable biodiversity, an active farming community and an initiative-taking council. Other food industries are also located there, including a large seafood industry, which meant sustainability and resourcing for the whole valley could be considered.

Today, there is a strong regional circular marketplace in the Bega Valley which is made up of around 15 flagship and 30 circular projects, all employing innovative circularity principles across water, waste, renewable energy, food systems and education.

These circularity projects also support new and existing initiatives by embedding them with smart skills and are expanding opportunities for data capture. As part of the program, Bega Cheese invests and partners with start-ups and multinational organisations, meaning we can tap into a range of other projects too. We now understand that circularity is a lot broader than just what sits in your own value chain, and we can't achieve circularity on our own.

Bega Cheese is one of the biggest food companies on the Australian Stock Exchange, but we have never lost sight of that fact that we started as a small cooperative in New South Wales. Maintaining close connections to our suppliers, consumers, and the communities we operate in, such as the Bega Valley, means we will continue to be defined and guided by them.

SUE BROWN

EXECUTIVE GROUP DIRECTOR OF SUSTAINABILITY
Worley

Sue is Executive Group Director of Sustainability for Worley. Sue has deep domain expertise honed over 20+ years working on the environmental, social and governance issues of the energy, chemicals and resources industries globally.

Sue advises the Worley Board and management team on emerging sustainability and climate issues and engages widely with stakeholders on these issues.

Since joining Worley in 2012 Sue has held senior advisory roles, led the Environment and Society consulting group in Melbourne and led Worley's Corporate Affairs function. Prior to joining Worley, Sue led sustainability teams for BP and AGL.

WHAT PROGRESS HAS WORLEY AND ITS CLIENTS MADE REGARDING ESG OVER THE PAST DECADE?

Progress over the decade has been underpinned by a project we did with Princeton University in 2021 which looked forward and provided a detailed analysis of what would need to change in the way projects are delivered to achieve Net Zero carbon emissions by 2050. Using data from the USA, our analysis predicted some of the immense infrastructure delivery challenges that would need to be overcome. We then asked – how could the government, energy and engineering companies deliver these new energy projects at the pace and scale needed to meet Net Zero?

We have spent the past 8 years developing our business strategy to meet the changes first predicted by this analysis and which have since come to pass. We have built a new culture of sustainability across our organisation, in a similar way to how we built a culture of safety before that.

In the early 2020s, we spent a lot of time getting our own ESG house in order. We set Net Zero ambitions supported by a decarbonisation strategy and interim targets. Building on our experience of delivering very complex industrial infrastructure projects, we demonstrated to ourselves, our clients, and the market that, as consultants, engineers, construction workers and data scientists, we had a unique role to play in the energy transition.

"Progressive leadership is important. Understanding ESG risks and opportunities is a required skillset today..."

Over the course of the decade, we moved beyond a focus on carbon and carbon management to look more broadly at resource stewardship and nature – re-using and recycling our natural resources to help maintain sustainability, including a strong focus on shifting from a linear to a circular economy.

Today, in 2030, we at Worley, and our clients not only have a better awareness and understanding of what sustainability is but embed it into all decision making and project designs – it's now part of our DNA.

WHAT IS DRIVING WORLEY'S ESG PRIORITIES TODAY, IN 2030?

We listen carefully to what our customers and stakeholders are saying and doing – they're all setting and revising Net Zero targets and ambitions; many are now halfway or almost there. Big pension funds are extremely interested in ESG issues as they typically have a longer investment horizon than other investment vehicles. These superannuation pension funds, and the financial community expect strong ESG principles, metrics, and delivery from all the companies they invest in.

We have also listened to the concerns of our own employees. They are much more circumspect about the projects they want to work on. This has coincided with changes in what's needed to maintain the social licence for big engineering projects to go ahead. We've seen the implications of poor management of ESG issues here in Australia, with some projects losing their licence to operate.

Another priority for us has been to access all aspects of the talent market and to build diverse teams that think differently and bring the innovative solutions our customers and the world needs. Over the past few years, we have brought in a broader suite of inclusion and diversity metrics, as originally, we were using gender metrics as a proxy for diversity, but it's about so much more than gender diversity.

We also recognise it's not just about metrics, that culture is important too. We are undergoing a very deliberate, concerted and coordinated culture change, driven right from the top by our CEO and leadership. In 2030, its now a required skillset for our leaders to understand ESG risks and opportunities.

HOW IMPORTANT IS TECHNOLOGY IN SUPPORTING THESE PRIORITIES?

If looking after people and the planet is our priority, then leveraging the best technology to do so is a close second. In 2030, we are a true digital organisation and one where innovation thrives. Net Zero requires not only an enormous amount of capital but a lot of technologies deployed in more distributed ways.

We recognised that as the electrification of the energy system progressed and we shifted from using molecules to electrons, big data was being created in ways just not seen in the fossil fuel era. As we developed the associated infrastructure, what we were also building was the ability to capture the data needed to track and demonstrate better ESG performance.

Within Worley, our digital strategy and data collection has allowed us to measure the proportion of our work and revenue derived from sustainability. Earlier this decade, we had an early working definition of sustainability revenue. Today we can determine, with greater sophistication, just how much of our work can be termed 'sustainable' in accordance with the various taxonomies and definitions used around the world.

GOING FORWARD, WHAT DO YOU SEE AS BEING IMPORTANT TO SUPPORT WORLEY ON ITS ESG JOURNEY?

Making sure we have the right skills is crucial to our success in meeting our ESG targets and to deliver the energy transition. We need to better understand the demand for both transferrable skills and new or different skills; we then need to train and/or acquire people, or augment via partnering where this makes sense. It will need a bold human resource strategy supportive of, and complementary to, this extraordinary transformation.

Partnerships can help. Collaboration is already in our DNA and we announce new project and technology partnerships all the time. However, a key area where we could work better with our competitors and customers would be to grow the talent pool. We continue to cannibalize each other's talent which forces wages up and moves people around unnecessarily.

The energy transition is a huge opportunity for us all. We need to leverage the opportunities associated with it – not only to change how we innovate but how we partner with our customers to unlock the full potential of people – this is how we make a difference in the world.

TAMARA SOMERS

GLOBAL ESG MANAGER
Xero

Tamara is a seasoned ESG leader and changemaker, with global experience spanning multiple continents. Tamara joined Xero in 2021 and is responsible for driving Xero's global whole-of-business ESG strategy and reporting, with a focus on approaching ESG matters through use of integrated thinking about value creation. She's passionate about embedding ESG in businesses as part of core strategy and organisational DNA.

Prior to joining Xero, Tamara worked in ESG reporting and strategy at Telstra and Glencore, was an Australian diplomat, and worked in strategy consulting with Bain. Tamara holds the Competent Boards ESG Designation and a PhD in Arts from Monash University.

WHAT IS XERO'S ESG JOURNEY SO FAR TO 2030?

As Xero has come of age, we have continued to evolve our approach to ESG and the associated housekeeping. The priority has been to identify where the gaps were and create policies and procedures across the ESG spectrum. Our relative youth as an organisation and rapid business growth meant we had to continue to hone our efforts.

It is also important to recognise we are a New Zealand domiciled company – one of the largest companies here. New Zealand continues to be more activist and advanced in the ESG space than many other geographies – our role here sets an expectation for our business.

We are also a data driven company; privacy and the responsible use of data and associated technologies like Artificial Intelligence and Machine Learning is an ESG priority in a software business like ours – and it's important that we continue to focus on this.

Xero today remains focussed on the environment. We were already at Net Zero in 2022 and have continued to remain so throughout this decade. While we were one of the first software companies to be certified by Australia's Climate Active[35] program, we also recognise that a lot of work remains to be done, both understanding our emissions profile and developing further abatement strategies.

35. https://www.climateactive.org.au

“ESG is everyone’s responsibility – if your whole organisation doesn’t think that way, it’s not fully embedded...”

HOW IS XERO SUPPORTING ITS CLIENTS IN THEIR ESG CHALLENGES?

Xero has millions of small business customers around the world; we hold and manage the data they use to run their businesses. There is a real opportunity for us to help them use and analyse that data to enable them to be more sustainable. A quick win was developing a small business sustainability hub as an online resource for them to use; another was using our own journey as an example for them to follow. If we can help our clients make sense of this complex world by using our own experiences and our platform, it will benefit both them and us.

One of the most difficult ESG challenges in our industry is the supply chain. We have common suppliers with our clients, and it has been important to form partnerships and collaborate to manage ESG risks in order to improve environmental and social outcomes. We might be a big company in New Zealand where we were founded, but we’re just a small part of the global environment – we all need to work together to make the change.

Also, as we met our Net Zero target relatively early in our history, we are now able to support our customers to understand, quantify and reduce their emissions in the same way. Often, it’s just finding the approach that makes the most sense and adds the most value for them.

WHAT DOES ESG SUCCESS LOOK LIKE FOR XERO?

Earlier this decade we did our first materiality assessment to get an understanding of what our stakeholders saw as most material to Xero’s ability to create business value. We are a knowledge-based business, so it wasn’t surprising that one of our most material issues was our people: anything and everything to do with talent, diversity, our culture, and our values.

The success of our business relies on our people, recruiting and retaining talent are integral to our strategy. Our people really care about our broader sustainability impact and wanted us to act, and we did. As a result, our ESG performance has become a differentiator for us in the market for IT and digital talent.

Our workforce is young, and we have had to create a culture and a set of values with which they can identify with. We view and prioritise business actions through the lens of these values. Our agility means we can implement changes quickly. We also encourage our employees at all levels and our Board to collaborate on key decisions ensuring they are in line with our values.

Building on this foundation, we continue to focus on being a leader in the ESG space, as ranked against our global software peers and in public markets. In some ways we have had an advantage over these peers, starting later we did not go through a phase of impact focused sustainability work – we just leapfrogged straight to an integrated value model. In 2030, ESG is now fully embedded into our business strategy using a clear understanding of which ESG issues drive value and have a net positive social and environmental impact.

WHAT ARE YOUR KEY CHALLENGES IN THE ESG SPACE?

Government and regulators have spent the last few years enforcing Task Force on Climate-Related Financial Disclosures (TCFD), requiring firms to disclose climate-related financial information. While we started on our TCFD journey in the first quarter of this decade, for a software business like ours, such decisions are complex. We remain a growth business focused on meeting the needs of our small business customers and their partners and we remain committed to creating sustainable and long-term value for all our stakeholders.

The answer to questions of where to invest – to address environmental problems, acquire businesses, better represent the communities we operate in or develop ESG reporting – require clear communication of the impacts, risks and opportunities. For Xero, these skills have helped to drive our achievements to date.

“One of the most powerful things we've found at Telstra is to have a clear allocation of ESG accountability...”

LYNDALL STOYLES
GROUP GENERAL COUNSEL AND GROUP EXECUTIVE SUSTAINABILITY, EXTERNAL AFFAIRS & LEGAL
TELSTRA

TED SURETTE

NON-EXECUTIVE DIRECTOR
Providence Climate Capital

Ted is a Senior Energy Transition Advisor and Non-Executive Director at Providence Climate Capital – an innovation-led investment firm specialising in breakthrough climate technology, intelligent asset management and circular economy solutions.

Ted was a partner with KPMG for 33 years and was most recently the Head of KPMG's Global Power & Utility Sector. He is a Board Advisory Member of the Hydrogen Energy Research Centre – a collaboration with University of New South Wales and Providence Climate Capital.

ITS 2030, WHERE ARE COMPANIES AT WITH ESG TARGETS, ESPECIALLY IN RELATION TO NET ZERO GOALS?

Companies have now moved beyond ambition and pledges and are implementing specific actions towards Net Zero – decarbonising through better energy efficiency measures, using more firmed and flexible renewable power generation and partnering with supply chains that have reduced their carbon footprint. Australia today still has a vibrant resource-based economy – notably in critical minerals – but has fast tracked the use of dispatchable renewable power generation in heavy industries such as mining, which is now mostly electrified.

As ESG targets moved centre stage, organisations better understood the actions they needed to make. As companies translated their ESG purpose and commitments into actual business strategy, in 2030, it is fully integrated into day-to-day business operations.

Some of the larger Australian companies in the 2020's did this by aligning their ESG climate metrics – based on objective science-based targets – to executive compensation. Others adopted the many external stakeholder reporting frameworks, firstly across the breadth of their sustainability portfolio, and then to the whole of their business.

Russia's invasion of Ukraine triggered both global and domestic volatility in energy supply and prices. This, along with the declining costs of new and emerging clean energy technologies have pushed businesses to accelerate their energy transition. As businesses became more familiar with their cost and value stack and what it meant for them to make those investments, they have employed the latest battery technology, Machine Learning and other Artificial Intelligence (AI) technologies to support greater energy efficiencies and carbon footprint reductions in their operations.

Early movers in battery technology, in particular, have done well. These were primarily governments and energy companies – one of the first big batteries to support renewable generation, was the Hornsdale battery in South Australia[36] – which was enabled and financed largely by the South Australian Government. Back in 2017, this was the largest lithium-ion battery in the world and is still providing essential grid-support services today. This trend accelerated; large advanced emission reduction technology investments in hard to abate sectors continue to be assisted by partnerships with government and the scale of these projects further supports innovation and technology cost reductions.

WHAT ROLE HAS THE ENERGY SECTOR PLAYED IN HELPING ORGANISATIONS REACH THEIR NET ZERO TARGETS?

Companies recognised the challenge of meeting Net Zero targets and have looked even further than their use of energy to where they can materially procure their energy needs with more renewable sources. They also want traceability and confirmation of the renewable source where their energy generation can be pinpointed, for example, to a particular wind or solar farm geography. It's also important for those providers to thoroughly engage with community consultation and acceptance so that the arrangements for all parties in the supply chain are also good for impacted communities.

Today in 2030, companies can take advantage of new transmission infrastructure and a multitude of energy and carbon emission reduction solutions that have been applied at scale since pilots and prototypes earlier in the decade. These include energy storage – bigger and more flexible batteries, hydrogen and pumped hydro.

Energy suppliers are working hand in hand with companies to offer tailored solutions focused on a path towards a greater use of renewables that also meets the organisation's needs.

The focus is also shifting towards hard to abate sectors such as mining including options to reduce diesel generation, gas and to provide electrify processes, harness storage technologies and lower carbon solutions.

WHAT HAVE BEEN SOME OF THE CHALLENGES AND SUCCESS?

As Scope 3 emissions targets were actioned, many companies focused on how to make their supply chains more efficient and transparent. As companies looked further downstream, decarbonising end use consumer products and services became a critical focus area especially due to supply chain issues, geopolitical tensions and inflation earlier in the decade. This caused organisations to re-look at the whole cycle of their manufacturing to reduce risk in their supply chain, become more agile and reassess their supplier network including moving activities onshore.

Collaboration has been critical to success. The Australian federal government and states have worked better with business and academia, supporting, developing and scaling energy innovation and technology. For example, the creation of hydrogen hubs across the country have spearheaded innovation to produce, export and use hydrogen across a diversity of use cases.

These clean energy collaborations and consortia are helping to solve the puzzle of how to best achieve Net Zero. Today, companies can take advantage of Australia being a world leader in distributed clean energy. World leader status means decarbonising domestic industrial sectors such as heavy manufacturing, progressing new sectors like hydrogen and carbon capture and sequestration, while also becoming a major green commodity and technology exporter. That is how you action for Net Zero.

> "The last decade has been a call to action – how to solve the Net Zero puzzle..."

36. https://hornsdalepowerreserve.com.au/

THINUS KEEVÉ

CHIEF SUSTAINABILITY, PROPERTY AND EXPORT OFFICER
Coles Group

Leading the sustainability, property and export portfolios, Thinus has responsibility for helping to realise Coles' ambition to be Australia's most sustainable supermarket. This is also reflected in his management of the development and implementation of Coles Group's Aboriginal and Torres Strait Islander Plan.

Thinus brings to his role deep strategic, commercial and operational experience gained in the retail and liquor sectors in Australia and South Africa.

He is accountable for ensuring Coles Group's significant property portfolio meets business and customers' current and future needs; that the Group is positioned for success through the development and growth of Coles' export business; and that sustainability is embedded into the business through the development and implementation of the Group's sustainability strategy Together to Zero and Better Together, which sets out Coles' ambitions to reduce its environmental impact and work together with key stakeholder to create positive change.

His qualifications include a Master of Commerce from the University of Stellenbosch and a Master of Science from HEC, University of Lausanne.

A strong ESG strategy is essential to the Coles business and brand. We set our ambition to become Australia's most sustainable supermarket some time ago, and it's something that continues to motivate and drive us.

Our Sustainability Strategy focuses on two key areas – 'Together to Zero' and 'Better Together'. 'Together to Zero' sets out our ambitions across key sustainability areas including climate change, waste and hunger. 'Better Together' recognises how critical it continues to be to work with our suppliers, team members, communities and customers.

Our ESG journey has not been without its challenges. As we started operationalising ESG targets earlier this decade, we recognised the importance of having robust systems to collect data across our broader value chain, and of finding ways to transparently communicate that information.

“Collaboration continues to be important in order to resolve the complex ESG problems we face; without it we would not have achieved so much.”

During this time investors increased their attention on how companies were understanding and responding to ESG issues. They wanted more than long term commitments – they wanted to see how those commitments and targets would be realised and actioned. Our initial early investments in renewable electricity and other decarbonisation projects have paid off over the decade. Even back then, when we set our target for 100 percent renewable electricity by June 2025, we could demonstrate our strategy in action with the agreements to meet this target already in place by the end of 2021.

ESG performance being embedded in daily business operations is enormously important to Coles. Looking back, one the key drivers in achieving this was the recognition among our team that no one person is responsible for ESG. Everyone at Coles had, and continues to have, a role to play. Our strong ESG focus over the last eight years has driven trust in our brand and products and supports our social licence to operate. Customers trust us and have confidence that our products are sustainable.

It is not only customers who are rewarding us; being clear on our ESG ambition has meant our team members feel proud to work for a business doing the right thing and investors recognise and reward us for our ESG performance.

To achieve this level of change over the past decade, we have developed closer relationships with our suppliers by encouraging and supporting them in understanding their environmental and social impacts and working with them to find ways to address these issues. These strong relationships are as important to us now as they were then.

Over the decade collaboration has meant being proactively involved with industry-wide issues. Take packaging and waste for example. Reducing packaging and finding ways to support a circular economy is not an issue Coles could solve alone. We have worked closely with our partners, suppliers and other retailers to find ways to reduce waste and recycle more effectively.

Over the past 10 years we have also celebrated and recognised our farmers for their many achievements. Working with them to reduce environmental impacts and support key issues such as animal welfare. We know that the welfare of animals in our supply chains is one of the issues that is central to gaining and maintaining customer trust.

The trust metric is critical to the business – to ensure we achieve it; the accuracy and transparency of our data is paramount. Accurate data is also critical to understanding the sustainability of our end-to-end supply chain. Embedding ESG data across the whole of Coles’ operations, finance, IT and our supply chain has not only increased data transparency, but it has also allowed it to be more accessible throughout the business. As a result, our ability to measure ESG progress has been transformed.

Becoming a more data driven company has not only accelerated our understanding of our ESG impacts but has also allowed us to tell that story more meaningfully and transparently.

When we released our first Sustainability Strategy in 2021, we did it because sustainability was integral to Coles. We recognised then that understanding and addressing our ESG impacts, and opportunities was fundamental to our success. While some of the issues may have changed since then, that focus has not shifted. If anything, it’s become stronger.

TIM FORD

CHIEF EXECUTIVE OFFICER
Treasury Wine Estates

Since joining TWE in February 2011, Tim has held key roles across the business's global operations, including Director Global Supply; Managing Director Europe, South East Asia, Middle East and Africa; and Deputy Chief Operating Officer with responsibilities for Asia, Europe and the ANZ regions.

In January 2019, Tim was appointed Chief Operating Officer with responsibility for TWE's global operations and took the helm as Chief Executive Officer on 1 July 2020. This includes overseeing the delivery of TWE's ambition to be the world's most admired premium wine company, supported by a global portfolio of well-known and trusted luxury and premium wine brands including Penfolds, Wolf Blass, Wynns, Pepper Jack and 19 Crimes.

HOW IMPORTANT IS ESG TO TREASURY WINE ESTATES (TWE)?

TWE has long been one of the world's leading wine companies and, in 2030, we're now considered a global leader in ESG.

It wasn't always the case. A decade ago, we rewired the way we thought about challenges facing our business and took a bold step towards sustainability leadership.

If you cast your mind back, the start of the decade was marked by severe weather events. Fires, floods, and drought devastated communities in Australia and further afield. Climate change was already impacting our growing and production practices, so we had to evolve. There was also the backdrop of a complex, fast-moving geo-political landscape.

We had to adapt and future-proof our business, and the confluence of those factors underpinned a shift in our mindset: turn challenge into opportunity.

Early in the decade, we set our sights on becoming Net Zero by 2030. It was a huge undertaking in its own right, but the way we've integrated sustainability into every corner of our business is even more impressive.

At the same time, the expectations of our consumers, partners, investors, and our teams around the world were also shifting. They wanted to shop with, invest in, and work with companies that were taking a leadership role in sustainability.

International reputation research was telling us that the employer was the most trusted entity in people's lives – more than governments or the media. Combine that with ESG emerging as the single most powerful indicator of whether the public was willing to trust a company – and we had a strong case for meaningful investment in ESG beyond our own industries of wine and agriculture.

There's also shifting consumer preferences, and the big changes in the way we live, work, transact, and interact with businesses that was accelerated through the COVID-19 pandemic of the early 2020s, and has continued to evolve. The pace of technological change and innovation has accelerated, and continues to impact every part of our business: from freight and logistics to farming practices and vine health, to how we interact with our consumers in bricks-and-mortar and virtual environments.

As the custodian of some of the world's most iconic wine brands, we knew we needed to take an integrated approach to sustainability. We had to focus on long-term value creation and innovation while committing to leadership and collective action, to manage risks and make the most of emerging opportunities.

HOW HAVE YOU ESTABLISHED THE LEADERSHIP ROLE YOU HAVE IN ESG TODAY?

We started by setting a clear ambition: to cultivate a brighter future for everyone who touches our business and our products.

Our sustainability approach was integrated into our strategy, while also reflecting our values, which we call our 'TWE DNA'. From the start, we committed to innovation, partnership and taking a leadership role – not just in the wine industry, but across the global beverages sector.

The ambition was bold, but it needed to be.

A bold ambition is one thing, but it was our clear plan and goals that underpinned our success. Public targets and commitments meant our consumers, partners, investors, and team could hold us to account. We led by example and built trust by being transparent with our progress – good and bad. We had to walk the talk.

Today, our business and our brands, from Lindeman's to Beringer and Penfolds, have embedded sustainability and innovation from grape to glass.

We collaborated with other leaders in ESG across industries and geographies and built long-term relationships with technology partners. We invested in R&D to deliver on some of our more challenging commitments such as our Net Zero ambition. We've helped lead substantive change in the industry to promote more sustainable growing and production practices.

Agri-tech and data have played a critical role in evolving how we manage our vineyard operations to be more efficient and resilient in the face of a changing climate. As one of the largest wine companies in the world, we've played a leading role in advocating for change on industry issues, in Australia and internationally.

We've leveraged our investments and insights to help improve efficiencies with industry partners and across the regional communities where we do business.

"We made a decision to lead in ESG – we're an alcohol company and we accept that it comes with responsibility..."

HAS YOUR ESG TRANSFORMATION AND LEADERSHIP POSITIONING BEEN COST EFFECTIVE?

It's sometimes hard to square the ledger with a transformation of this scale, especially when the benefit only becomes clear in the long term.

That said, our experience has been positive. We've certainly seen the commercial benefits; for example, the $15 million investment to install solar panels at many of our sites was an easy decision to make. But the longer-term strategic bets – like shifting gears on our approach to water stewardship, with investment in adaptation trials and pilots – have also started to pay off.

Embedding sustainability into our operations has made us more efficient, reducing costs and our environmental impact. The added benefit has been building employee engagement and attracting diverse talent to help build our business even further.

We also prioritised ESG in our procurement and supply chain processes. Earlier this decade, we started collaborating with our suppliers to change the manufacturing process for the capsules and closures on our wine bottles. Today, they're all recyclable and we've removed the plastic sleeves on our wines. While there was some cost involved, it gave us an edge in differentiating our products in a marketplace that's increasingly concerned about sustainability credentials.

WHAT ARE THE ESG ISSUES THAT A MAJOR WINE COMPANY LIKE WE MUST DEAL WITH IN 2030?

Climate change and the long-term health of our planet and people are issues for our company, and all companies, to be considering in 2030 and beyond.

As a business with a global agricultural footprint, we understood the importance of managing the critical impacts and ongoing risks of climate change a decade ago.

We continue to build resilience into our operations including a global and flexible supply chain that helps us source quality grapes to make the best wine, coupled with agile, efficient global production and processing.

Over the past decade, our business has adapted by boosting technical capacity in weather forecasting, building systems like precision viticulture practices to optimise irrigation, and invested in research partnerships to genetically develop more drought-resistant grapes.

Outside our vineyard operations, we must continue to challenge the way we engage with our consumers. We want our wines to be enjoyed responsibly and for moderation to be celebrated, and we've worked hard to offer real choice in low and no alcohol wines.

We keep improving the way we provide consumers the very best information about our products – clearer labelling that shows a range of health information, details to help consumers recycle packaging correctly, and of course the sustainability attributes that create a more informed decision to buy our wine.

We've come a long way, but there's more work ahead. With the help of our team, partners, and customers, we'll continue to pursue innovations and partnerships that help us push boundaries and drive sustainability leadership for the next decade.

VIVIAN PANG

EXECUTIVE GENERAL MANAGER,
STRATEGY & INVESTMENTS
NRMA

As EGM Strategy & Investments, Vivian is responsible for the Group's corporate strategy, corporate development, investments, ESG, sustainability, legal, brand and corporate affairs functions.

Vivian has extensive experience in strategy consulting and investment banking in Australia, the US, NZ, China and South East Asia. In her previous role with Booz & Company / PwC Strategy&, she advised organisations on growth and portfolio strategy, operating model design, organisation and culture transformation.

Vivian has a passion for the environment, decarbonisation and social equity. She previously worked in carbon markets and was a Board member of the Australian Energy Foundation which works with communities to accelerate the clean energy transition.

HOW DOES A MUTUAL LIKE THE NRMA THINK ABOUT ESG?

The National Roads and Motorists' Association (NRMA) is Australia's largest mutual organisation, providing a range of travel and lifestyle services for over 3 million Members.

As a mutual, ESG is part of our DNA – our owners are our Members and our customers. Being member-owned, our profits are re-invested back into our communities – either as direct benefits, or societal dividend. Shared value is in our nature.

Our founding purpose in 1920 was to better connect Australia's roads and make them, and driving itself, safer. During the 1930s and World War Two, our focus centred on Australia's fuel security; in 2017 and to date we wanted to accelerate the electric transition and adoption of Electric Vehicles (EVs). Today, in 2030, we continue to fill the white space where governments and corporates do not play, to solve problems that better the lives of our Members and community at large.

Over the last decade, NRMA has focused on helping Australia make the switch to EVs. The early 2020s presented limited and costly options for EVs and little incentive from governments to encourage uptake. In 2017, we started using our patient capital to build the EV charge network in regional NSW and throughout the past decade we expanded to build the EV charging backbone across Australia to address range anxiety.

"We have built a national electric vehicle charging network, powered by renewables – now in 2030 you can drive across Australia without range anxiety"

We also worked to remove barriers to purchasing EVs through our early investment in the largest EV fleet for car hire in Australia through SIXT. This investment did a number of things. It provided travellers the opportunity to experience first-hand what it's like get behind the wheel of an EV, created more options for sustainable travel and also established a reliable second-hand market for EVs, helping Australians adopt EVs at a more affordable price point.

While all NRMA charging stations were already powered by renewable energy, a sustainable future did not stop in the public sphere. We wanted to ensure clean charging at the home by introducing packaged solutions to help Members easily and affordably access clean energy to power their cars and to manage their electricity consumption and production, including Vehicle2Grid.

To have the greatest impact on sustainability, all Australians needed to be able to access charging facilities to transition. We recognised the unique challenges of those living in apartments and were able to lead the charge with community solutions.

Our investments in nature-based experiential and restorative tourism offerings are clean, sustainable and showcases our local and indigenous heritage. From buildings constructed out of recycled materials, to solar power, batteries and EV charging, to locally supplied food and wares. We are passionate about protecting Australia's magnificent biodiversity as we share access to wild places with our Members, and maintaining these places to share with future generations is of vital importance.

Our electrification focus extended to on the water. After we started operating New South Wales's first commercial electric ferry service between Barangaroo and Pyrmont back in 2021, we have since expanded the hydrogen hybrid and electric ferry network across Australia.

It is key as a mutual that our investments not only give back to our Members, but give back to society.

"We partner along the way because we know working together will have a stronger impact than going it alone as we work to transform and decarbonise our economy."

WHAT ESG PRINCIPLES HAVE GOVERNED SOME OF NRMA'S LARGER PROJECTS TO 2030?

We focus on areas we know we can have a meaningful impact on broader society. We invested in EV charging infrastructure back in 2017, building charging points across NSW that were available as a public service for free, enabling all to embark on EV journeys throughout the state.

We have a strong voice in policy and advocacy where we believe it matters. We've challenged governments to put in place ambitious targets on road safety and EVs, and to support these with transformed policy and incentives for Australians which would encourage change.

We partner along the way because we know working together will have a stronger impact than going it alone as we work to transform and decarbonise our economy. We work with our supply chain partners to transition – including circular economies for batteries and tyres.

We are proud to work in and be part of some incredible and diverse communities across Australia. To us, a sustainable future can only be achieved by supporting the community in the present through adversity. From fires and floods to pandemics, we have worked to support communities with food, accommodation, transport, and volunteers. Being there to help in times of crisis and to build resilience is core to who we are.

We also know a sustainable future on the lands we manage cannot exist without the knowledge of the past, which is why we embrace and uplift the local indigenous communities in which we operate. We partner with the communities to offer unique and educational local indigenous experiences to guests, allowing them to be immersed in the rich culture and history. This is integral as we continue to pioneer a Reconciliation journey for our businesses and embed cultural awareness, recognition, and respect at every level.

WHAT IS NRMA'S VISION FOR THE RELATIONSHIP WITH ITS MEMBERS GOING FORWARD?

The NRMA has worked hard to re-define our relationship with our Members and how they see their value as owners of Australia's largest Mutual. This is not just a transactional relationship. Our membership is now mobilised around shared ideals. Through strength in numbers, we are delivering change.

We developed a personalised and layered Membership centred around a community platform with peer-to-peer engagement across our group. We have built a passionate and dynamic base and we want to continue to mobilise and empower them to do more for social good through the services and support they can access through their Membership.

Contact us

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