

Environmental, Social & Governance (ESG) Update

Achieving a once-in-a-generation transition within a couple of decades requires speed, scale, skills, supply chain and a social license. This raises the question, “Can Australia make it to net zero by 2050?”

Yes, we can. To accomplish a sustainable future, resources and energy companies, port authorities and other utilities, need to strike a balance between reducing emissions, maximising financial returns and enhancing their social license to operate. In an action-packed last quarter, leading engineering and ESG advisory consultancy, BG&E Resources (BGER), shares updates for those operating in the Resources, Energy and Industrial sectors.



Hydrogen Head-Start Program

Australia's two billion-dollar [Hydrogen Head-Start Program](#) was launched on 10 October 2023. It has been established to help make the nation more globally competitive when bringing large-scale hydrogen projects to market.

To be managed by the Australian Renewable Energy Agency (ARENA), the program will bridge the commercial gap between the cost of producing renewable hydrogen and the current market price for dirty hydrogen that is produced by fossil fuels.

The 'hydrogen economy' continues to play a critical role in reducing emissions in hard-to-abate sectors such as green metals, fertilisers and in time, heavy haul transport.

ARENA is calling for [Expressions of Interest](#) (EOIs) for the Hydrogen Head-Start Program until 10 November 2023.

The State of Carbon Credits

A recently released report by Sylvera, [The State of Carbon Credits](#), outlined the drivers that shaped the global market in 2023 as well as explored carbon project innovations, future investment prospects and key policy trends. Some of the key highlights include:

- Companies that purchase carbon credits decarbonise twice as fast than those that don't – debunking the theory that organisations buy credits instead of reducing emissions – to the contrary, companies do both.
- Despite the market-wide price decrease, nature-based projects are priced at a premium compared to technology-based projects, and now is the time to purchase higher-quality credits while the market is down according to Sylvera.
- There's been a significant rise in forward purchases of removal credits and increased traction in the Voluntary Carbon Market, including greater investment and improved quality, early-stage or pre-issuance projects, jurisdictional approaches and carbon dioxide removal (CDR) activities.
- The four policy trends which underpinned carbon markets this year include: Industry self-regulation fuelled by the various integrity initiatives; International regulation and disclosure requirements; Article 6 developments; and, the convergence between voluntary and compliance markets.

Hottest Temperatures on Record

The past eight years have seen the eight hottest years on record and temperatures are on the rise...rising CO₂ levels coupled with an El Niño could make 2023 the hottest year on record.

The World Economic Forum published an [article](#) in May 2023 highlighting world temperature records, which were subsequently updated in July and October, outlining the world exceeded the heat record again with the Northern Hemisphere experiencing the warmest July, August and September.

Climate Scientists have also confirmed temperature records have been broken in many countries, including: Vietnam, the United Kingdom, Poland, Spain, China, Latvia, Myanmar, Portugal, Belarus, the Netherlands and Thailand, to name a few.

Rising carbon emissions and climate change are key factors behind this prediction, and the anticipated return of the El Niño weather phenomenon is also playing a part.

The hottest September on Earth saw an increase by 0.5°C. This followed the warmest August in the 174-year history of the National Oceanic and Atmospheric Administration's (NOAA) global climate record. The heat wave led to record temperatures in four continents – Africa, Asia, North America and South America. In July, the planet's hottest day ever was recorded, with the global average temperature reaching 17.2°C. This came after three days of temperature records being broken, and after the warmest June since records began.

The Southern Hemisphere experienced its warmest April on record and its warmest month ever, according to the US NOAA. The average temperature during the month was 0.9°C above the 20th-century average.

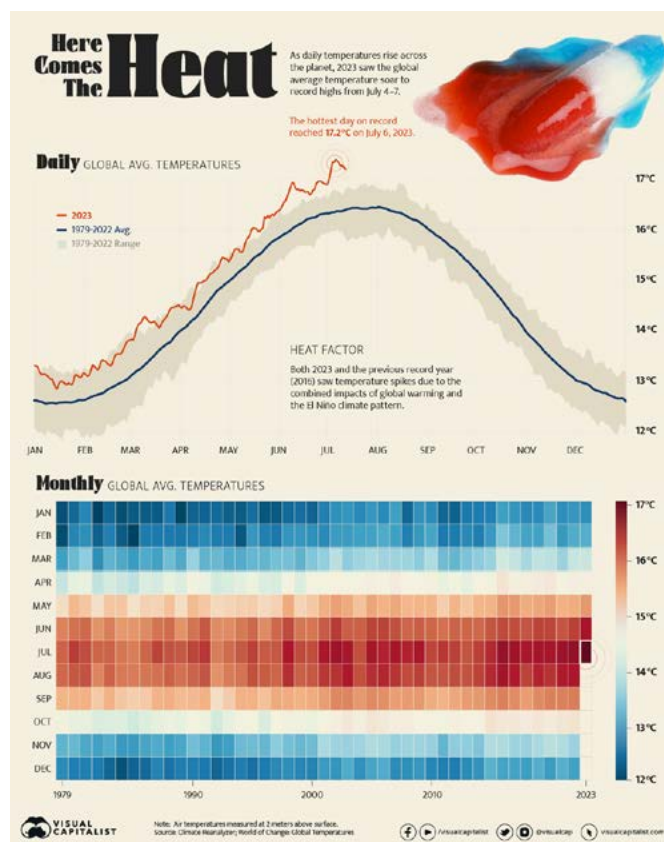
Safeguard Mechanism

The Safeguard Mechanism reforms has seen companies undertake work to accurately forecast their baselines, to enable them to determine a strategy and the associated initiatives to mitigate risks and create opportunities.

The Environmental Protection Authority have also sharpened their focus on environmental stewardship for securing approvals, which includes an essential ingredient being incorporated, namely a Greenhouse Gas Management Plan.

WA Aboriginal Heritage Legislation Amendment & Repeal Bill 2023

The evolving [WA Aboriginal Heritage Legislation Amendment and Repeal Bill 2023](#) has demonstrated that we need to strike a healthy balance between miners, farmers, government and First Nations' communities.

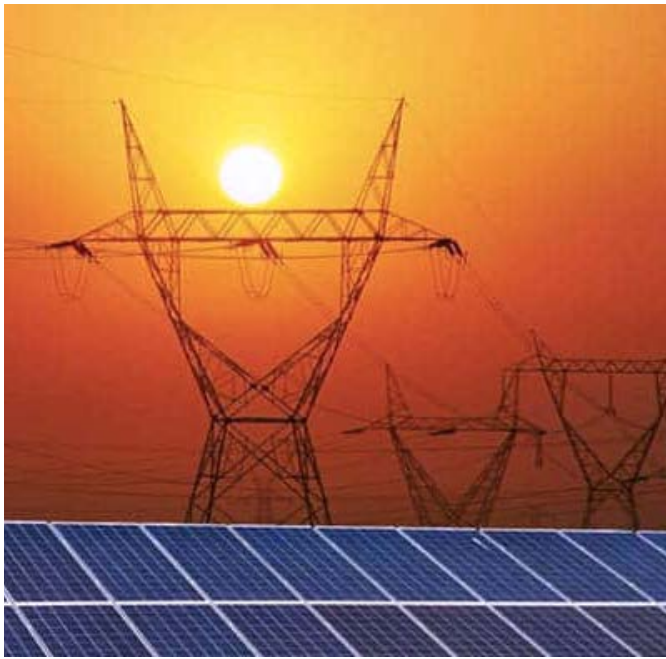


Greenwashing Infringements from the ACCC

Combating greenwashing is high on the agenda of the [Australian Securities and Investments Commission](#) (ASIC) and the Australian Competition and Consumer Commission (ACCC) (the Commission), with several [infringement notices](#) being issued this year.

The ACCC found 57 per cent of businesses in Australia are making concerning environmental claims, hence the Commission recently released, Environmental and Sustainability Claims – Draft Guidance for Business. This guidance notes calls for companies to have 'reasonable' grounds for making decarbonisation claims.

A robust ESG framework is essential to help establish, monitor, report and disclose ESG performance. Australia has shifted from 'desirable' to 'essential' quickly, and more evolution in compliance awaits us in 2024.



Western Australia's (WA) Wholesale Electricity Market (WEM)

On 1 October 2023, [Western Australia's \(WA\) Wholesale Electricity Market \(WEM\)](#) commenced with new capabilities to support the State government's energy transition strategy to achieve net zero.

The WEM facilitates the buying and selling of electricity for the South West Interconnected System (SWIS), which provides electricity to approximately 1.2 million residential and business customers via 7,500 kilometres of transmission and 93,350 kilometres of distribution power lines.

The reforms to WA's new electricity market will modernise the SWIS and accommodate greater penetration of renewables (including new technologies), and aims to deliver secure, reliable, and affordable energy to consumers.

International Accounting Standards

The International Financial Reporting Standards Foundation's (IFRS) International Sustainability Standards Board (ISSB) has developed global Sustainability Reporting Standards (Standards) that aim to complement existing financial reporting standards.

The ISSB's new [IFRS S1](#) (General Requirements for Disclosure of Sustainability-Related Financial Information) and [IFRS S2](#) (Climate-Related Disclosures) build upon existing frameworks and guidelines, and address climate change, social impact and governance matters. The Standards were implemented globally on 1 July 2023 and come into effect on 1 January 2024.

The International Accounting Standards Board (IASB) has published a proposed update to the [IFRS Accounting Taxonomy 2023](#), to reflect recent amendments to the IFRS Accounting Standards. The proposed IFRS Taxonomy Update aligns with the new and amended disclosure requirements.

Global Industry Standard on Tailings Management

The [Global Industry Standard on Tailings Management](#) is directed at Operators/Proponents and applies to Tailings Storage Facilities (TSFs), both existing and to-be-built. It makes clear that extreme consequences to people and the environment from catastrophic tailings facility failures are unacceptable.

Operators/Proponents must have zero tolerance for human fatalities and strive for zero harm to people and the environment – from the earliest phases of project conception. To be compliant with the Standard, Operators/Proponents must use specified measures to prevent the catastrophic failure of TSFs and to implement best practices in planning, design, construction, operation, maintenance, monitoring, closure and post-closure activities.

Overall, conformance is expected where there is no conflict with the legislative requirements of the jurisdictions where TSFs are located. It is important to note that future development of implementation protocols would clarify expected levels of performance.



Taskforce on Nature-Related Financial Disclosures (TNFD)

The TNFD published the final a set of disclosure recommendations and guidance for companies to report on based on evolving nature-related dependencies, impacts, risks and opportunities. The disclosures follow a similar approach to the Task Force on Climate-related Financial Disclosures which enables integrated climate and nature reporting.

The disclosures are consistent with the sustainability reporting standards of the ISSB and Global Reporting Initiative (GRI). While not mandatory, the TNFD framework is likely to become the default standard for companies to promote the disclosure of nature-related risks. This has been increasingly seen in Japan according to the World Economic Forum.



First Nations' Clean Energy Strategy

Early engagement and co-designing projects with Traditional Owners and First Nations peoples are essential for the successful development and delivery of Resources, Energy and Industrial projects, among others. This approach yields enhanced outcomes for all stakeholder groups throughout every phase of the project lifecycle.

A [First Nations' Clean Energy Strategy](#) is being developed, and various roundtable discussions are being held to ask community members what they want and how to be involved.

Industry Participation

BG&E Resources was proud to be the official 'ESG Partner' of the [Future of Mining Conference](#), that was held in Perth in late September. Our involvement included a [Joint Presentation](#) on 'Pathways to Net Zero and Increased Shared Value – Charting a Course to Decarbonise'; [Panel Discussion](#) about 'Co-Designing Projects to Deliver Equitable Outcomes for all Stakeholders'; and [Roundtable Breakfast Session](#) about 'Decarbonising Strategies in the Resources and Energy Sectors'.

We were also proud to contribute to [WA's Energy Week](#). Most recently, we participated in Australian Institute of Energy's Young Energy Professionals (YEP) Perth signature event, '[Meet the Minister](#)' and were delighted to announce BGER joined YEP as a [Silver Sponsor](#).

Rewiring the Nation Deal

Mining giants and juniors are exploring ways to reduce their Scope 1 and 2 emissions and network augmentation continues to be a blocker. The WA government announced the three billion-dollar [Rewiring the Nation Deal](#) to incentivise private investment to build transmission lines in the SWIS and the North West Interconnected System.

The [SWIS demand assessment](#) suggests electricity demand could increase by more than seven gigawatts by 2042, hence the WA government has called a [Registration of Interest](#) from large-scale users about their plans for low-emission electricity and renewable projects that may supply the SWIS. The Resources sector is seeing [greater levels of collaboration](#) to solve these challenges.

ESG Reporting for Juniors – JORC Code

Mining juniors will also likely be headed for tighter ESG reporting under [forthcoming changes](#) to the [JORC Code](#) (Code). The Code provides a mandatory system for the classification of minerals exploration results, mineral resources and ore reserves, according to the levels of

confidence in geological knowledge, and technical and economic considerations, in public reports.

The JORC Committee reviewed more than 90 available ESG references, guides and frameworks and considered several options, including a new ESG clause and the integrated approach of ESG disclosure reporting requirements.

“Increasingly, financiers, shareholders, employees and communities are turning their attention to companies and government agencies ESG practices. The next question is, “Can ESG add value to your bottom line?” Yes, it can.

Contact [Kate Hartness](#) (Director, ESG & Development) and/or [Bindi Shah](#) (Principal Consultant, ESG) to have a confidential discussion about how we can help you to decarbonise your operations and achieve your ESG ambitions.

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