

Australia–United Kingdom Chamber of Commerce

BUSINESS INSIGHT SERIES

IMPACT 2020: PURPOSE-DRIVEN PROFIT

How corporate purpose, responsible investment and government leadership are driving greater outcomes for the economy, environment and society

With thanks to



CONTENTS

Foreword by the Chamber	3
Embedding Corporate Purpose: The View from Business	4
NAB	5
PwC	7
BHP	9
Building Responsible Frameworks for Long Term Resilience: An Investor Outlook	11
PRI	12
Aberdeen Standard Investments	13
Orient Capital	15
Setting a Mandate for Change: A Policy Perspective	17
The NSW Government's Economic Blueprint for a Sustainable Future	18
About the Contributors	20



FOREWORD FROM THE CHAMBER



Catherine Woo
CEO, Australia—United Kingdom Chamber of Commerce

Across the Chamber's own membership, the language of Environmental Social and Governance (ESG) has begun to replace that of Corporate Social Responsibility (CSR) as the lens through which organisations consider their impact on the world around them, signalling the evolution from a corporate citizenship approach that states good intent to a disciplined framework that embeds and measures it.

The Australia—United Kingdom Chamber of Commerce, in partnership with our Members National Australia Bank and the New South Wales Government, is delighted to launch our first Business Insight Report: Purpose-Driven Profit. This Report examines how corporate purpose, responsible investment and thoughtful policymaking are driving an increasing focus by Australian and British organisations on ESG.

This focus is driven by three themes: commercial outcomes, long term resilience and an overarching moral imperative.

In relation to commercial outcomes, contributors to this Report, including PRI and Orient Capital, point to the data which demonstrates a positive correlation between investment returns and

ESG-based decision-making. Equally, commercial performance is likely to be enhanced by an ESG-approach that keeps pace with the values and expectations of a company's existing and potential customers, employees, partners and society — a point which our contributors National Australia Bank, BHP and PwC make powerfully in their reflections on Corporate Purpose.

On long term resilience, there is evidence that an ESG-based approach can drive this in several ways including through incorporating more thoughtful business practices, greater disclosure of relevant non-financial information, forward-looking sustainable metrics for success and the building of stakeholder trust. This focus on building long-term resilience and outcomes for all stakeholders is highlighted in this Report's contributions from Aberdeen Standard Investments and the New South Wales Government, organisations focussed on the multi-generational dividends that flow from today's decisions.

Finally, while the commercials remain fundamental it would be disingenuous to dismiss the moral dimension

of ESG. I am yet to meet a Chamber Member who isn't genuinely and individually vested in our world's future and being a force for positive environmental and social change. ESG done right will make a difference to the bottom line but it will also make a difference to how each of us feels about what we do.

The global impact of COVID-19 in recent months has been a source of debate about what it will mean for ESG. Across our membership the consensus is cautiously optimistic on COVID-19 as an opportunity to re-assess business practices to improve sustainability and resilience as well as to focus attention on some of the most vulnerable groups in our society. COVID-19 has been a time in which we have all surprised ourselves with our agility and capacity to adapt. It's these traits, coupled with an ecosystem built on trust and cooperation between companies, investors, government and the public, that will be critical assets in advancing a robust ESG model to meet the significant challenges ahead.

The conversation on corporate citizenship is changing and going mainstream.

EMBEDDING CORPORATE PURPOSE: THE VIEW FROM BUSINESS

A person is seen from behind, sitting at a desk in a bright, modern office. They are looking out a large window at a cityscape. The scene is bathed in warm, golden light, suggesting sunrise or sunset. The person is wearing a light-colored, textured sweater. On the desk, there are some papers and a small container. The overall atmosphere is one of contemplation and focus.

NATIONAL AUSTRALIA BANK



Alison Chan
Director Sustainable Finance



John McClusky
Head of London Branch

The COVID-19 pandemic has brought corporate purpose into sharper focus for many organisations.

Ensuring alignment of business goals and societal goals is more important than ever as companies, including banks, are being held to account for their contributions to meeting social objectives.

Maintaining a social licence to operate, as well as resilient and sustainable business practices, is critical in this environment.

For Australian banks, responding to the convergence of crises relating to climate, health, jobs and housing offers a chance to support our customers through the pain and economic hardship they might be experiencing.

As lockdowns began around Australia in March, NAB took more calls in one week than we would normally take in an entire year from customers seeking financial support to stay afloat. Recognising the importance of maintaining our accessibility and capacity to respond, we redeployed 750 of our existing staff members to front line customer-facing roles to help.

Beyond the front line, we continue to work closely with the community, the government and regulators to support the Australian economy. The

Australian banking industry has taken several steps to support customers with their personal and business banking needs.

Through our COVID-19 response and the way our colleagues have collaborated to manage risk and support customers, we have laid important groundwork that will position us well to serve our customers and help build the bridge to recovery.

For example, like many of our peers in Australia and the UK, part of our COVID-19 response was to provide extensive relief to business and personal customers in need, by deferral of loan payments. As responsible lenders, we recently created more than 400 new jobs to help us check in with these customers over the coming months to ensure we appropriately support our customers through their specific circumstances.

Taking a longer-term view means we are playing an important role helping our customers to maintain their financial health, now and looking forward into the recovery period and the future.

As Australia's largest business bank, we understand the issues our customers face. We can help them manage today's issues and identify future risks and opportunities.

Sustainability considerations are increasingly relevant to our customers. Many of them are in the process of rebuilding after the devastating bushfires of Australia's last spring and summer, which [burned 18 million hectares, destroying over 2,800 homes](#). We continue to support them and have provided almost A\$4 million in grants and donations and contributed 4,000 volunteering hours.

At the same time, recognising the relationship between climate change and the frequency and severity of natural disasters, we are identifying areas where we can have the largest impact on climate change and assist the low carbon transition. We recognise the role banking must play in a more sustainable economy and have joined 130 banks from across the world as inaugural signatories of the [United Nations' \(UN\) Principles for Responsible Banking](#).

Maintaining a social licence to operate, as well as resilient and sustainable business practices, is critical in this environment.

We are excited about the opportunities the fast-growing sustainable finance market offers, not only to customers in traditionally green industries but increasingly also to those in transition.

The Principles demand an important systemic shift in how banks operate for the benefit of society. For example, they require banks to align their strategy with the [UN Sustainable Development Goals](#) (SDGs) and the [Paris Climate Agreement](#) and to report publicly on their positive and negative impacts as well as their contribution to societal goals (including those outlined in the SDGs and Paris Agreement).

We were the first major Australian bank to go carbon neutral in 2010 (celebrating our 10th year of carbon neutrality this year) and we are the #1 arranger of project finance for Australian renewable energy¹, having committed A\$10 billion in finance across over 130 transactions since 2003.

In 2019, we increased our environmental financing ambition by lifting our commitment from A\$55bn to A\$70bn by 2025.

At the same time, we also made a A\$2bn commitment to social and affordable housing in

Australia. We're working with governments and other community stakeholders to identify ways to meaningfully increase affordable housing stock, including through new financing and funding models. Our Australian colleagues will draw on the fantastic work our UK-based colleagues have done with local social housing providers, committing over GBP650 million (over A\$1.2 billion as at 28 May 2020).

Our sustainable finance capability includes helping our customers issue green bonds and social bonds to finance their green and social projects, as well as supporting their sustainability initiatives through sustainability linked loans, and working with them to develop innovative new solutions. We are excited about the opportunities the fast-growing sustainable finance market offers, not only to customers in traditionally green industries but increasingly also to those in transition.

As a member of the [Australian Sustainable Finance Initiative](#) (ASFI), NAB is working with other banks, superannuation funds, insurers,

financial sector peak bodies and academia, towards a sustainable economy. We support [ASFI's COVID-19 recovery statement](#) urging a response that "restores jobs and livelihoods, strengthens social cohesion, and builds a resilient economy ready for any future crises we may face."

NAB's business plan includes a commitment to deliver commercial responses to society's biggest challenges. We will continue to ask ourselves: "What actions do we need to take today to ensure Australia enjoys a prosperous long-term future?"

An important part of this commitment is fostering ongoing dialogue across stakeholder groups on corporate purpose and the positive role that companies can play in building a more sustainable and supportive society. It is for this reason that we're pleased to be partnering with the Australia—United Kingdom Chamber of Commerce on this Business Insight Report.

¹Data source: Bloomberg NEF Country Profile for Australia – Top Renewable Energy Players (2004 to 4Q 2019), excludes hydro.

PwC



Emma Cox
Head of Purpose, PwC UK



Wallace Rosenberg
Purpose Client Lead, PwC UK

What have the CEO of a UK oil and gas supermajor, the CEO of the world's biggest investment fund, and the outgoing Bank of England Governor all got in common? It's not a joke — they're all talking about 'purpose'. Purpose has been key to the recent commercial zeitgeist - even before the COVID-19 crisis - influencing thinking of businesses, investors, governments and regulators.

When it talks about 'purpose', PwC means an organisation's reason for existing beyond just the financial, setting out why the organisation matters, building on its core differentiating capabilities, and articulating the value of the organisation to wider societal stakeholders. Where once purpose could be perceived as a synonym for corporate social responsibility (important but commercially peripheral), it increasingly concerns fundamental questions about a company's strategy, operating model and relationship to stakeholders.

There's growing recognition that purpose is a commercial imperative, creating value for both

shareholders and stakeholders, amid evidence of linkage between purpose-driven companies and strong financial performance. This has been demonstrated not only by several companies (including BP and RBS) aspiring to be 'purpose-led', but also through purpose featuring as a [key theme at Davos](#) World Economic Forum in 2019 and being incorporated into the UK Financial Reporting Council's [Corporate Governance Code](#). Strikingly, the Business Roundtable, representing 30% of US market capitalisation, changed its view of the purpose of corporations in 2019 from existing primarily to serve shareholders to "creating value for all our stakeholders". This is an acknowledgement that the Milton Friedman shareholder-led model can't solve society's deepest issues around division, inequality and climate change – yet consumers expect ever more powerful businesses to make positive change.

COVID-19 has further catalysed this trend. The nexus between

companies, government, society and the public is under intensified focus, with increased expectation on businesses to proactively solve challenges arising from the pandemic. Businesses have a role in maintaining critical infrastructure, channelling critical public health messages and implementing governmental crisis response. Many are proactively adapting their business to help directly (e.g. high-end fashion outlets producing surgical gowns) or indirectly (e.g. lenders providing payment holidays). People will remember long after the crisis how companies lived their purpose, and how they treated employees, customers, suppliers and society.

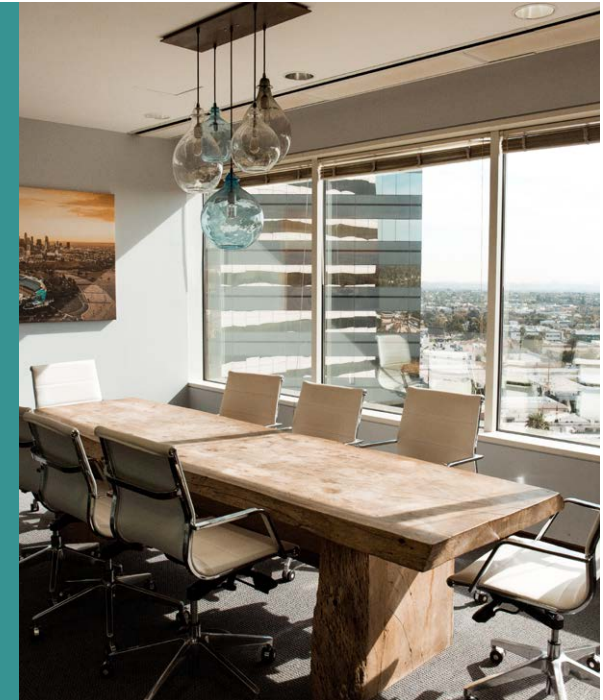
People will remember long after the crisis how companies lived their purpose, and how they treated employees, customers, suppliers and society.

There's growing recognition that purpose is a commercial imperative, creating value for both shareholders and stakeholders, amid evidence of linkage between purpose-driven companies and strong financial performance.

From PwC's perspective, there are five key areas of value that companies successfully engaging with purpose are uncovering — in addition to the overarching societal benefits:

- Improved decision making, particularly in times of crisis and dramatic change where purpose can act as a 'North star';
- Increased motivation of employees and improved recruitment and retention, at a time of growing, cross-sectoral competition for skills;
- Improved customer engagement and brand recognition, where purpose is communicated authentically;
- Better relations with investors, in the context of explosive growth of ESG investing;
- Better managed regulatory risk, as governments and regulators enforce growing expectations on managing businesses' societal and environmental externalities.

To realise value across these areas, organisations need a disciplined and creative way to make purpose relevant and bring it to life. This involves clearly defining purpose, articulating it meaningfully to different stakeholder groups, and then - crucially - embedding and reporting on it effectively.



Based on its experiences advising and interacting with clients, PwC has built an understanding that purpose is a bespoke and often highly personal journey, and there is no replicable playbook for getting it right. However, progress indicators consistently show that to inspire change through purpose, organisations should combine a top-down and bottom-up approach:

- Top-down, by establishing a clear narrative from leadership, including clarity on how purpose will drive decision-making and major change — only this can demonstrate authenticity of purpose.
- Bottom-up, by exploring what purpose means to each business unit, team and individual; how it drives everyday behaviours and energises people. Start to build a purpose-driven culture and a business can harness the power of its people more effectively.

In these unprecedented times, it's never been more important for organisations to engage with purpose meaningfully and authentically. It is clear that this is not just a passing trend — more forward-thinking businesses will continue to realise value from purpose.



BHP

BHP was established over 130 years ago and during that time, societal expectations towards our business have evolved significantly. That is why we have chosen to move from achieving a 'social license to operate' to delivering 'social value'.

Our focus on social value flows throughout our organisation, from our products to our operating assets, which build social value into their strategic operating plans. We spend time, through regular polling, to understand what is important to our communities, our employees and our partners, to build social value plans. These social value plans are embedded within BHP's capital allocation

process. This means that any investment decision must be made by taking social value into consideration. Social value metrics and targets then feed into the company scorecard, by which we determine employee bonuses, from the front line to the CEO.

We recently updated our company purpose after more than a decade to capture the aspirations of all our stakeholders. Our new purpose is: to bring people and resources together to build a better world. We have embedded our purpose across the organisation and encourage our people to display it on their work boards: drawing a direct

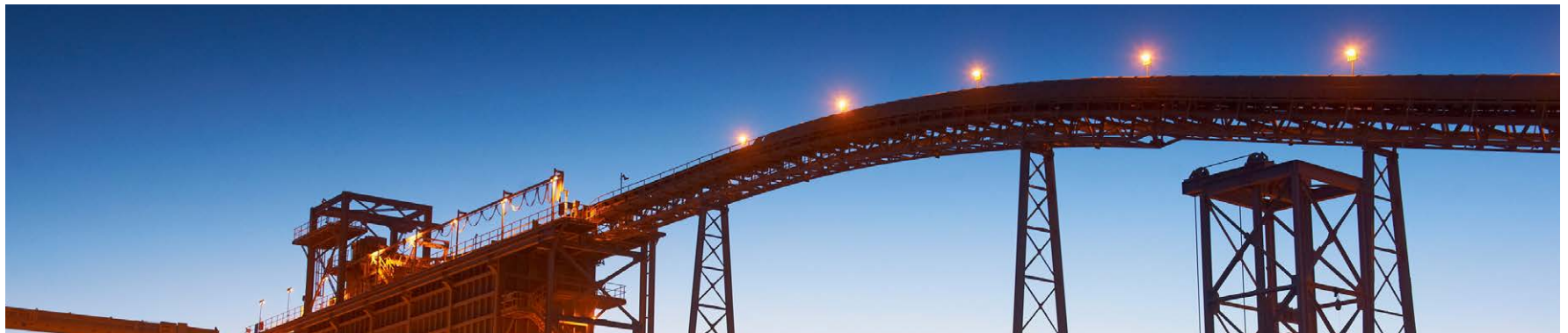
link between our purpose, our strategy and their role. It is part of our corporate charter, and part of the BHP Board's governance charter. Our financial performance both enables our purpose and depends upon it.

The connection between our purpose, social value and our strategy manifests in a focus on Environmental, Social and Governance issues. Three examples are BHP's climate change, water stewardship and gender balance targets which all have a strong social value dimension, and which investors are increasingly focused on.

Climate Change

We have a commitment to take responsibility for the emissions that our products create, even after we have sold them. While we cannot mandate that our customers reduce the emissions arising from processing our products, we consider it our duty to establish partnerships with our customers to help them mitigate the emissions arising from these

processes ('scope 3 emissions'). In July 2019, we announced our intention to set public goals for our scope 3 emissions in 2020 and, at the same time, established a five-year US\$400 million Climate Investment Programme to find the best technologies and other solutions to reduce GHG emissions from our business and across our value chain.





Water Stewardship

In 2019, we launched our [Water Stewardship Position Statement](#) that outlines our vision for a water secure world by 2030. It sets out our actions to improve water management within our operations and contribute to more effective water governance beyond our business. Water is a critical resource both for our operations and the communities in which we operate. With changing climates, water is becoming increasingly scarce and it is BHP's duty not to add further stress to aquifers, in remote places such as

the Atacama Desert in Chile. For these reasons BHP has invested more than US\$4bn in desalination for the Escondida mine in Chile, the largest copper mine in the world by production volume. This has enabled us to eliminate water drawdown from aquifers at Escondida 10 years ahead of our original plan. In 2019, we also secured a long-term contract for renewable power supply to power the operation. This will result in Escondida being powered by 100% renewable sources from the middle of this decade.



Inclusion and Diversity

We continue to focus on and progress towards achieving our [target of gender balance by 2025](#). In the last 3 years, since the target was announced, we have trebled the number of women hired into BHP. The target, accompanied by meticulous data

gathering, employee campaigns and the adaptation of machines and equipment at our sites, have helped increase the gender balance for BHP's talent pool. It has also helped change the perception of women in mining.



While our products are essential to modern life, our sector faces unprecedented challenges. However, regardless of the challenges, we know that when we

consider social impacts in our decision making, when we build respectful and trusting partnerships with our stakeholders, we create a valuable and sustainable

future for our own business and shareholders, but also for our employees, our communities and our host governments.

BUILDING RESPONSIBLE FRAMEWORKS FOR LONG TERM RESILIENCE

AN INVESTOR OUTLOOK

PRINCIPLES FOR RESPONSIBLE INVESTMENT



Fiona Reynolds
CEO

Sustainability presents both one of the biggest challenges and opportunities of our time. We all have a role to play in shaping a future which is more prosperous and delivers improved social and environmental outcomes for everyone.

PRI's growth has been paralleled by the maturation of responsible investment globally. Incorporation of environmental, social and governance (ESG) factors in investment decision-making and ownership is no longer seen as niche or nice-to-do. Materiality, market demand and regulation are all playing an important role in increasing interest in ESG issues. Of course, this is all underpinned by a substantial body of research which demonstrates that responsible investment does not come at a cost to profits. [Deutsche Asset Management and the University of Hamburg](#) analysed more than 2,000 academic studies (and 60 meta studies) on how ESG factors affect corporate financial performance and found "an overwhelming share of positive results" with just one in 10 showing a negative relationship. Investors are increasingly seeking to enhance

their performance through insightful evaluation of long-term risk factors, and by identifying new investment opportunities that take into account the rapidly-evolving needs of their beneficiaries and clients. Amongst PRI signatories, the proportion incorporating ESG to some extent has significantly increased across all asset classes. Incorporation is most popular in listed equity, forestry, inclusive finance and farmland assets. PRI has even seen a rise in assets not traditionally known for responsible investment amongst our signatories.

While responsible investment is clearly gaining momentum and there are many positive activities taking place, there is still so much more to be done. Never has it been more urgent to identify and address the obstacles to getting where we need to be — fighting for the structure, regulations and incentives that enable responsible investment

Never has it been more urgent to identify and address the obstacles to getting where we need to be — fighting for the structure, regulations and incentives that enable responsible investment to flourish.

to flourish. The current COVID-19 crisis and the climate emergency serve as a stark reminder of this.

These two crises, along with their environmental and social impacts, represent PRI signatories' most pressing short and long-term priorities respectively. PRI's [10-year Blueprint](#) puts investors at the heart of our response to these and other key sustainability issues. It's time for asset owners sitting at the apex of the investment chain to step up and lead the financial sector through these crises and toward a better future for all.

This is all underpinned by a substantial body of research which demonstrates that responsible investment does not come at a cost to profits.

ABERDEEN STANDARD INVESTMENTS



Bill Hartnett
ESG Stewardship Director

Until recently it would seem, the terms ‘responsible’, ‘sustainable’ or ‘ethical’ would only very rarely appear in any mainstream investment article - let alone Board and Investment Committee papers. Investors were paid to focus on maximising risk and return. This lent itself to applying a very short-term performance lens, focussing solely on individual companies’ share price.

The governance and leadership of the Boards of companies were not often well understood by investors. There was no formal consideration of how environmental and social issues might impact investment performance. Furthermore, there was no need to take the views and preferences of clients on these matters into consideration — to

do so would be jeopardising the investor’s fiduciary duty obligations.

A [recent PRI report](#) highlights the emergence of a very different reality.

Initiated largely in the UK and Europe since the beginning of the 21st century, and spreading at a rapid rate globally including Australia, there are now more than 730 formal and quasi law requirements — covering pension and superannuation funds, fund managers as well as corporates — that support and indeed require the consideration of long-term value drivers, broadly termed as ESG factors, into the investment process.

There are now more than 730 formal and quasi law requirements — covering pension and superannuation funds, fund managers as well as corporates — that support and indeed require the consideration of long-term value drivers, broadly termed as ESG factors, into the investment process.

The role and definition of an institutional investor is evolving to one beyond just being interested in short term investment returns. This shift is well captured by the much greater ambition adopted in the 2020 revamp of the [UK Stewardship Code](#). Stewardship is now defined as “...the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.”

Stewardship is now defined as “...the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.”

There is now a new investor/company/client dialogue around global issues such as pollution, carbon emissions, modern slavery, supply chain, labour relations and stakeholder engagement. “ESG integration”, “impact investing”, “stewardship” and “active ownership” have entered the investment lexicon. This dialogue is underpinned by an increasing amount of regulation such as the [EU Taxonomy](#) which defines the thresholds for sustainable economic activities and, in Australia, the corporate reporting requirements of the [Modern Slavery Act 2018](#).

This momentum goes beyond regulation. Rather, it is being driven by a growing recognition across all client demographics — ESG titled funds are attracting unprecedented inflows - that some components of modern global economies are driving socially inequitable and environmentally unsustainable outcomes, representing significant and systemic investment risks.

For Aberdeen Standard Investments, this transition is not entirely surprising. ASI employed its first ESG investment specialist in 1992 and today has

one of the largest teams of any fund manager — over 50 ESG and stewardship specialists globally working with all investment teams to support ESG integration, fulfil our voting and stewardship responsibilities and develop products which meet our clients’ evolving needs.

Some of ASI's ESG activities include ongoing engagement with major global fossil fuel companies to help them better manage the risks and opportunities essential to limiting global temperature to the 2°C required under the Paris Climate Agreement; helping our institutional clients meet demanding new ESG disclosure requirements under UK and EU law; disclosing and providing rationales for all our company voting decisions on our website; and partnering with clients such as the Asian Infrastructure Investment Bank to establish a market for debt financing of sustainable infrastructure in the region.



Some components of modern global economies are driving socially inequitable and environmentally unsustainable outcomes, representing significant and systemic investment risks.

ORIENT CAPITAL

PART OF LINK GROUP



Alison Owers
CEO, EMEA

In a world where the last decade saw quotas for women on boards, extreme weather events being attributed to climate change, Extinction Rebellion taking over city streets and school children protesting for change, there has been greater attention to factors which drive into the heart of corporate purpose. Environmental and social awareness and reporting have become just as important as the day-to-day governance within the companies in which we work and support.

There still lacks a “holy grail” that translates ESG metrics into financial reporting standards. The metrics need to be standardised globally in order to support the effort required by companies to respond to the call.

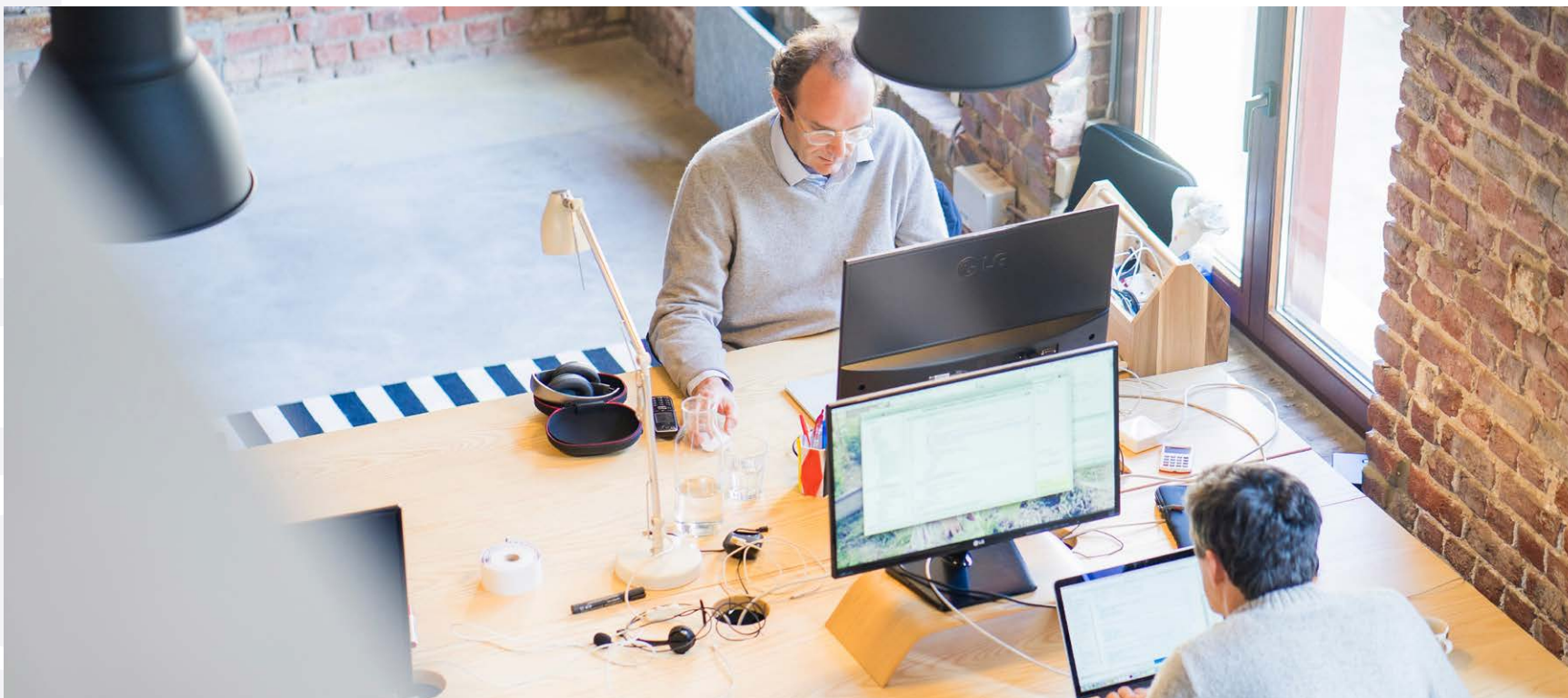
Yet how are you tackling ESG? Do you know what other companies are doing? Is it becoming a theme you cannot ignore but do not quite know how to address? How do you ensure your board are taking ESG seriously?

Earlier this year, Orient Capital challenged its intelligence team to come up with [a research piece](#) to understand how companies are dealing with ESG across the UK, Europe and the Asia Pacific.



The report’s findings have been wide-ranging and varied. Some companies are already on board, actively reporting on ESG and measuring its effectiveness across their company. Some are not. The Australian companies Orient Capital contacted, likely against a landscape of mining and extractive industries, have been on top of this for some time while UK corporates admitted to being later adopters.

What is coming across loud and clear is the contrast in how much companies are having to report across sectors, and how different the requirements can be from one ratings agency to another. Furthermore, there still lacks a “holy grail” that translates ESG metrics into financial reporting standards. The metrics need to be standardised globally in order to support the effort required by companies to respond to the call.



Evidently, it is important that companies dedicate time to become familiar with ESG topics and to understand how to best shape its importance into corporate messaging. Organisations are faced with the challenge of translating complex business models into an easily digestible ESG strategy, and to align this with the metrics highlighted by ESG rating agencies to ensure it is conceivable for the investor community.

When Orient Capital's research explored this theme, the main suggestions for the best way to help resonate with capital markets, included:

- Review your company against your peer group and sector — what are they doing and how often? Are there any sector-specific metrics you should be adopting?
- Proactively engage with ESG rating agencies — if you want them to understand you, put in the groundwork.
- Expand your annual report to include an ESG / Sustainability section or create a dedicated separate report — consider your sector and investor expectations.
- Expand your in-house intelligence.
- Stay up to date with the ESG emerging trends.

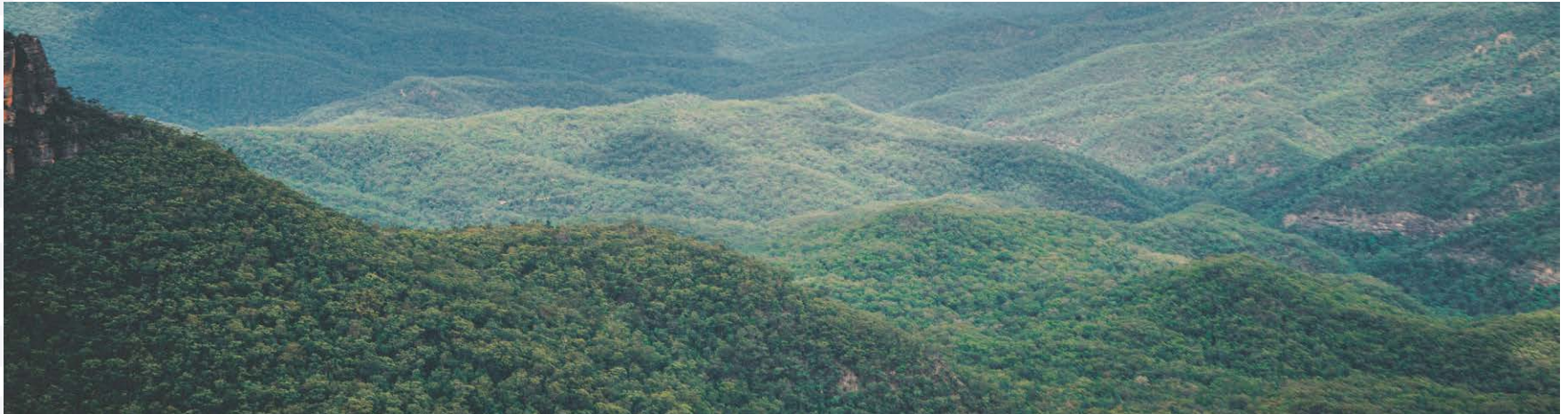
Prior to the COVID-19 global lockdown, Orient Capital predicted that ESG would be a critical consideration for investors and companies, with board diversity and climate change being a strong focus to meet stakeholder expectations and ensure future resilience.

Recent data shows that companies who have invested with an ESG criteria have proven more resilient to the COVID-19 crisis, faring much better financially in 94 per cent of cases. It seems the lesson here is that ESG is back in focus and that investing in sustainable assets brings sustainable long-term returns, even through times of crisis.

SETTING A MANDATE FOR CHANGE

A POLICY PERSPECTIVE

THE NSW GOVERNMENT'S ECONOMIC BLUEPRINT FOR A SUSTAINABLE FUTURE



With a population of close to eight million and Australia's largest state economy, the New South Wales (NSW) Government is responsible for driving strong holistic outcomes for both citizens and business. Integral to this is embedding environmental, social and governance into decision-making for the state. For NSW, the key ways in which we are doing this are through addressing climate change and supporting sustainable finance including green bonds and meeting the increasing market demand for investment stewardship.

[The NSW 2040 Economic Blueprint](#) outlines a plan for our State to invest in a positive future with a range of aspirations including producing the nation's first trillion-dollar economy, supporting

healthy, productive people and creating a sustainable environment. For us these goals will all work together to produce enhanced lives and outcomes for our citizens.

The Blueprint identifies climate change as the primary driver for negative impacts on our natural environment and points to the necessary transition that we will make to non-fossil fuel technologies including hydrogen. With the NSW Government committed to achieving net zero emissions by 2050, this position informs the State's trade and investment strategy, working with the local market and international investors to grow the economy with sustainable projects, emerging industries and energy sources.

[Zero Plan Stage 1: 2020-30](#) to fast track emissions reductions over the next decade, supported in part by its Green Investment Strategy, which will be a first for any government in Australia once released. The strategy will support external financing of projects or programmes that deliver net environmental benefits. For NSW this means:

- Diversifying revenue and funding to support public environmental outcomes;
- Building and stewarding markets to grow our environmental goods and services sector;
- Mobilising new partnerships to fund and deliver shared environmental values;
- Attracting new investors and helping our economy align with global trends.
- Establishing Sydney as a world leading carbon services hub by 2030.



The NSW Government is also focused on financial solutions that drive strong ESG outcomes. In 2018, NSW established its [Sustainability Bond Programme](#), the only programme of its kind among federal and semi-government issuers in Australia. The proceeds raised through the programme finance projects that deliver positive environmental and/or social outcomes that align with and contribute towards the United Nations' Sustainable Development Goals.

The programme's inaugural A\$1.8 billion 10-year Green Bond was issued in 2018 and oversubscribed by A\$767 million. In 2019, the programme's first A\$1.8 billion Sustainability Bond

was issued and was oversubscribed by A\$745 million. The Green Bond remains the largest single green bond issued in the Australian dollar market. The proceeds from this issuance have been used to refinance low carbon transport and water infrastructure. This includes the first stage of the A\$7.3 billion Sydney Metro, Australia's first fully automated rail system and its largest urban rail infrastructure project. The contribution this programme has made to financial innovation and sustainable investment has been recognised through several awards including FinanceAsia's best sustainable finance deal.

The Green Bond remains the largest single green bond issued in the Australian dollar market.

The need to place ESG and sustainability criteria at the centre of decision-making has become an increasing focus across the globe and Governments have a chance to lead in this regard. The NSW Government is committed to taking action on climate change and will continue to demonstrate leadership and focus through initiatives like the Green Investment Strategy and Sustainability Bond Programme along the road ahead.

ABOUT THE CONTRIBUTORS



National Australia Bank (NAB)

For almost 160 years, NAB has been helping our customers with their money. Today, we have more than 30,000 people serving 9,000,000 customers at more than 900 locations in Australia, New Zealand and around the world. As Australia's largest business bank, we work with small, medium and large businesses. We're there from the beginning to support them through every stage of the business lifecycle. We fund some of the most important infrastructure in our communities — including schools, hospitals and roads. And we do it in a way that's responsible, inclusive and innovative.



www.nab.com.au

Alison Chan **Director Sustainable Finance:**

Alison joined NAB in 2019, bringing to NAB's Sustainable Finance team 20 years' experience in structuring, risk assessment and execution of innovative transactions in the capital and bank lending markets across multiple jurisdictions. Alison started her career as a banking and finance lawyer with King Wood Mallesons in Sydney and spent 12 years with Clifford Chance in London before bringing her passion for sustainability and ethical practice to banking. Alison's non-executive and pro-bono works include acting as a senior advisor to Climate Bonds Initiative, a well-respected NGO focussed on mobilising the global bond market for climate change solutions. Alison also represents NAB on the International Capital Markets Association's Green Bond Principles and Social Bond Principles' Climate Transition Finance Working Group.

John McClusky **Head of London Branch**

In July 2017 John was appointed to lead NAB's UK operation which has responsibility for numerous global lines of business operating in the United Kingdom and Europe. He is a member of National Australia Bank's Corporate & Institutional Bank leadership team.

Prior to relocating to the UK, John was a member of NAB's Capital Financing leadership team as General Manager and Head of NAB Income & Investment Solutions located in Australia. John previously worked for both NAB and Deutsche Bank for extensive periods in North America and across Asia. He has approximately 25 years of financial markets experience across capital markets and all major onshore and offshore investor segments.

PwC

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 157 countries with more than 276,000 people who are committed to delivering quality in assurance, advisory and tax services. Our purpose is rooted in what the firm was founded to do - to build trust between a company and its stakeholders, helping capital markets and the economy to function. It sums up our role beyond generating profit, to how we contribute to society more broadly. And it guides how we work with clients and run ourselves as a business, including championing transparency and making a positive impact on communities wherever we work.

Emma Cox **Head of Purpose, PwC UK**

Emma is Head of Purpose for our UK firm and leads our Sustainability & Climate Change practice, with a team of over 100 UK based sustainability and climate change experts advising public and private sector clients in the UK and internationally on sustainability, development, urbanisation and climate change related issues.

An engineer and accountant by training, she previously set up our structuring services practice and was Head of People for our Advisory business. In addition to her Head of Purpose role, Emma has oversight of our internal corporate sustainability team, is a Trustee of the PwC foundation and was a founder member of PwC's Diversity council.



www.pwc.com.au

Wallace Rosenberg **Purpose Client Lead, PwC UK**

Wallace is the UK Purpose Lead for PwC's services in advising clients on their purpose. He helps organisations define, articulate, embed and measure purpose, helping them to drive success in both commercial and societal objectives. This builds on 10+ years experience as a global strategy consultant, supporting leadership teams with their decision-making around complex problems.

For much of the last 3 years Wallace has provided in-house strategy support for the PwC UK Executive Board, looking at issues such as the firm's workforce of the future, technology strategy and key revenue growth priorities at a time of significant disruption to the professional services industry. During this time he supported the Board extensively on developing, articulating and embedding PwC's own purpose journey.

BHP

BHP is a world-leading resources company headquartered in Melbourne, Australia. Our corporate purpose is to bring people and resources together to build a better world. We are among the world's top producers of major commodities, including iron ore and copper. For more than 130 years, BHP has sought to operate a safe, sustainable and productive business that makes a positive contribution to society. As a major producer of natural resources, we have a responsibility to shape the future in a way that creates prosperity for shareholders, our communities and society for the long-term. That is why sustainability is one of BHP's core values and why we put the wellbeing of our people, the community and the environment at the centre of everything we do. As the world shifts to a decarbonised future, demand for our products will continue to grow and in order to maintain our sustainability commitments, we keep our asset portfolio simple, with an increased focus on commodities that will shape a greener world and continue to underpin economic growth.

BHP

www.bhp.com



Principles for Responsible Investment



www.unpri.org

The Principles for Responsible Investment (PRI) works to galvanise the actions of the global investment community in order to create a sustainable financial system which can ultimately deliver on this vision for a better future. Our modus operandi is responsible investment.

Born from the United Nations, PRI set out on its mission back in 2006 with great ambitions and a handful of founding investors. Fast forward to today and PRI has more than 3,000 signatories who together represent over US \$90 trillion in assets under management (AUM). This powerful collective now speaks for more than half of the world's institutional assets.

Fiona Reynolds CEO

As CEO, Fiona Reynolds is responsible to the board for the PRI's global operations which includes more than 1350 signatories representing over US\$45 trillion in assets under management, across 50 countries.

Fiona has more than 20 years' experience in the pension sector working in particular with the Australian Government and has played a key role in advocating pension policy change on behalf of working Australians.

Fiona has a particular interest in retirement outcomes for women. Prior to joining PRI, Fiona

spent seven years as the Chief Executive Officer at the Australian Institute of Superannuation Trustees ("AIST") an association for Australian asset owners. Fiona has formerly been a Director of AUSfund, Industry Funds Credit Control, Australia for UNHCR and the National Network of Women in Super.

In September 2012 she was named by the Australian Financial Review as one of Australia's top 100 women of influence for her work in public policy. Fiona also serves on the Councils of the International Integrated Reporting.

Aberdeen Standard Investments

Aberdeen Standard Investments is the UK's largest 'active' investment manager and one of the largest globally, with investment teams in over 20 countries globally, including Australia and throughout Asia. By being 'active' ASI does not just track share market indices, rather it recognises that there are mispriced risks, including ESG risks, which need to be considered when analysing companies and industries. With origins tracing back to 1825 ASI can rightly be considered a long-term investor.

Bill Hartnett ESG Stewardship Director

Bill Hartnett is ESG Stewardship Director at Aberdeen Standard Investments where he is responsible for leading and developing Aberdeen Standard Investment's ESG integration and stewardship initiatives globally. This involves a direct company engagement and voting program as well as collaborating on ESG issues across the firm's entire global investment platform. Bill joined Aberdeen Standard Investments in April 2019 from leading Australian superannuation fund, Local Government Super, where he was Head of Responsible investment from 2010. As part of this role Bill was a Director on the Board of industry associations ACSI Ltd (2013-19) and IGCC (2011-19). Prior to that, between 2005 and 2010, Bill was Managing Director Asia Pacific for pioneer ESG research firm, Innovest (acquired by MSCI ESG Research). Prior to that, Bill worked at Australian



www.aberdeenstandard.com

financial services and banking companies, Challenger Ltd and Westpac Bank in various analytical, product and marketing roles, including specific involvement in ESG and responsible investment since 1999.

Bill graduated with a Bachelor of Economics (with double majors in economics and sociology) from Macquarie University in 1994. Bill also graduated with a Masters of Environmental Management degree from the University of New South Wales in 2005 (for which he received the EIA Australia and New Zealand prize for Academic achievement). Bill received a Graduate Diploma in Organisational Leadership from the University of Melbourne in 2017 as part of a Master's program. Bill has Australian and Norwegian and Danish heritage.

Orient Capital / Link Group

Orient Capital is a global leader in shareholder identification analysis, equity market intelligence, proxy solicitation, webcasting, investor communication and shareholder management technology. A wholly-owned, but independent subsidiary of Link Group, which connects millions of people with their assets including equities, pension and superannuation, investments, property and other financial assets by partnering with thousands of financial market participants to deliver services, solutions and technology platforms that enhance the user experience and make scaled administration simple. Globally, Orient Capital supports over 1,800 issuers to underpin their investor relations programme, delivering over 1,000 shareholder analyses every month.



www.orientcap.com

Alison Owers

CEO, EMEA Orient Capital & Director, D.F. King Ltd

Alison joined Orient Capital (OC) in June 2010, bringing a wealth of investor relations and analytical experience to the group. She has been instrumental in building the brand of OC in the UK & EMEA, from forging partnerships with advisers and brokers, to helping to develop a wide range of IR focused solutions which help support the many IR professionals she and her team works with. Since 2014, she has also managed the in-house OC, D.F. King team, which supports transactional M&A, AGM proxy solicitation, governance and DCM projects. Alison joined OC from FTSE100,

Capita Group where for 7 years she was Managing Director of the Capita IR Services business. Prior to that Alison managed the UK client reporting team at Dresdner Kleinwort Wasserstein focusing on shareholder analytics for UK large/mid cap companies. Alison has a French and German Languages degree from Kingston University, London. She is a Board Member of the UK IR Society and currently chairs their Membership Committee. She is also an active member of DIRK, the SA IR Society and MEIRA.

NSW Government

At more than half-a-trillion dollars, NSW is Australia's largest state economy and has the highest population of any state in Australia with roughly 7.95 million residents. NSW has a diversified, service driven economy and is one of only two states with a triple-A credit rating. This rating was given because of the state's strong, stable economy and financial management. NSW has a strong institutional framework and a diverse economy and is focused on investing in areas where it is most needed in order to strengthen its economy further.



www.nsw.gov.au



Australia–United Kingdom Chamber of Commerce

www.australiachamber.co.uk

Catherine Woo **CEO**

Catherine joined the Chamber as CEO in 2016, bringing with her almost a decade of experience in international economic development and industry-government partnerships. During her time with the Chamber, Catherine has delivered a comprehensive rebrand and strategic redirection of the Chamber to grow its commercial focus, thought leadership programme and influence in providing a voice for business on bilateral trade, policy and business issues.

Prior to joining the Chamber, Catherine held leadership roles working at the intersection of government and industry including most recently as Investment Director for the Victorian Government's London office where she led its regional trade and investment strategy and team across the UK, Europe and Israel.

Catherine is a regular commentator for the Australian and UK media and has been a featured speaker at events for the FT, Mobile World Congress and the University of Oxford. Catherine holds a First Class Bachelor of Arts and Bachelor of Laws from the University of Melbourne.

Hannah Bretherton **Member Engagement & Project Manager**

As the Chamber's Member Engagement & Project Manager, Hannah is responsible for looking after the Chamber's Members, connecting them across the network for business development and providing advice and support to meet their market goals.

Hannah leads several projects for the Chamber including its Trade Policy Committee on the Australia-UK FTA, the Business Insight publication series and strategic communications, marketing and events.

Hannah began her career in the office of former Australian Foreign Minister Bob Carr, has worked as a policy researcher for the Australia-China Relations Institute and China Matters and was previously a policy advisor in the NSW Government Department of Premier & Cabinet. Hannah is passionate about gender equality and is the Founder of a workplace diversity & inclusion consultancy called the 3:30 Project.

Australia–United Kingdom Chamber of Commerce

About the Australia—United Kingdom Chamber of Commerce

The Australia-United Kingdom Chamber of Commerce is the UK's leading membership organisation connecting the business community and professionals with interests in both Australia and the United Kingdom.

With a diverse membership and network as well as trusted partnerships across the Australian and British Governments, we are the platform for industry to access and influence Australian—UK business intelligence, audiences and trade opportunities.

If you would like to find out more about the Chamber's activities please visit our website or contact the Chamber's friendly team at hello@australiachamber.co.uk

www.australiachamber.co.uk

**This report was designed by, and produced
in partnership with, Insignis**

About the Business Insight Series

This Impact 2020 report is the inaugural edition of our new Business Insight Series which examines industry trends, invites thought leadership, provides market insights and highlights exceptional examples of business activity across our Membership.

Purpose-Driven Profit is the first of our Impact 2020 series which focuses on the growing recognition that businesses exist not simply to deliver shareholder returns but to improve outcomes across the economy, environment and society.

Stay tuned for the next report in our Impact 2020 series which forms part of the Chamber's broader ESG agenda, a focus area we are engaging closely on with our Members. If you would like to be involved in the Impact series or find out more about our focus on ESG please reach out to Catherine or Hannah at hello@australiachamber.co.uk

INSIGNIS

www.insignismedia.com

