

































Annual report 2021

Australian business
collaborating to
create a low carbon,
prosperous Australia

CLC Member CEOs

			
Graeme Hunt AGL	Matt Halliday Ampol	Rob Wheals APA	Kym Pfitzner Australian Red Cross
			
Edgar Basto BHP	Gert-Jan De Graaff Brisbane Airport	Matt Comyn CBA	Marc Luet Citigroup
			
Steven Cain Coles	Larry Marshall CSIRO	Adam Powick Deloitte	Darren Steinberg Dexus
			
Augustin Honorat ENGIE ANZ	Elizabeth Gaines Fortescue Metals Group	Jeanne Johns Incitec Pivot	Radek Sali Light Warrior
			
Stuart Irvine Lion	Steven Worrall Microsoft Australia	Susan Lloyd-Hurwitz Mirvac Group	Sanjeev Gandhi Orica
			
Alan Joyce Qantas	Carmel Monaghan Ramsay Health Care	Kellie Parker Rio Tinto	Kevin Gallagher Santos
			
Damien Bueno SAP Australia	Peter Allen Scentre Group	Gareth O'Reilly Schneider Electric	Paul Batchelor Talent International
			
Nicole Sparshott Unilever Australasia	Scott Wyatt Viva Energy	Rob Scott Wesfarmers	Chris Ashton Worley

This report has been prepared with input from all of the Members. Additional drafting, project management support and graphic design was provided by Deloitte Touche Tohmatsu.

Members as of 1/11/2021

The Climate Leaders Coalition

The Climate Leaders Coalition was founded in August 2020 with the aim to help Australia's largest companies to accelerate their decarbonisation work. This has been done through a range of activities all built on the principle that by working together and forming linkages across sectors, along value chains and internationally, the task at hand for all members may become a bit easier.

CLC Signatories' Climate Change Statement

Member Commitment

By joining the CLC, members have made the following commitment:

For the viability of our businesses, for the generations after us and for the country we love, we are ambitious for action on climate change. If we act now, we can forge a path to create a future that is low-emissions, positive for our businesses and economy, and inclusive for all Australians. We are committed to playing our part to make that future real. If we don't, our competitiveness is at risk.

We take climate change seriously in our business:

- We support the Paris Agreement and Australia's commitment to it, including the objective to keep global warming to well below 2 degrees above pre-industrial levels;
- We measure the greenhouse gas emissions associated with our environmental footprint and, if not already done, within 12 months of joining will set public emissions targets;
- We work with our suppliers and customers to encourage them to reduce their greenhouse gas emissions; and
- We believe that a responsible and equitable transition to a low emissions economy is an opportunity to improve Australia's prosperity.

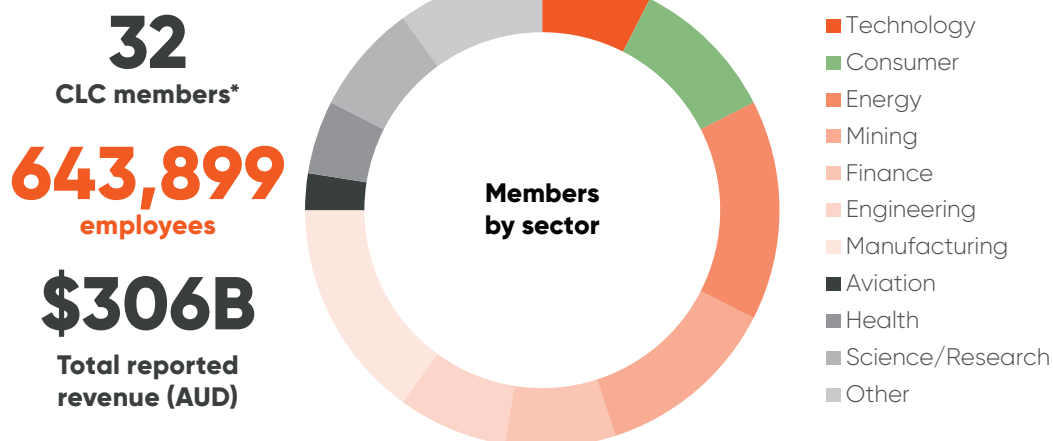
The Year in Review 2021

The 32 members of the Climate Leaders Coalition are many of Australia's largest resources and industrial companies, along with leading companies from the property, consumer goods, finance, technology, research, civil society and advisory sectors. Combining this scale with collaboration is enabling the sharing of best practice and developing solutions beyond their operational boundaries.

The snapshot of the members' collective impacts was gathered from signatories' survey responses and is provided below.

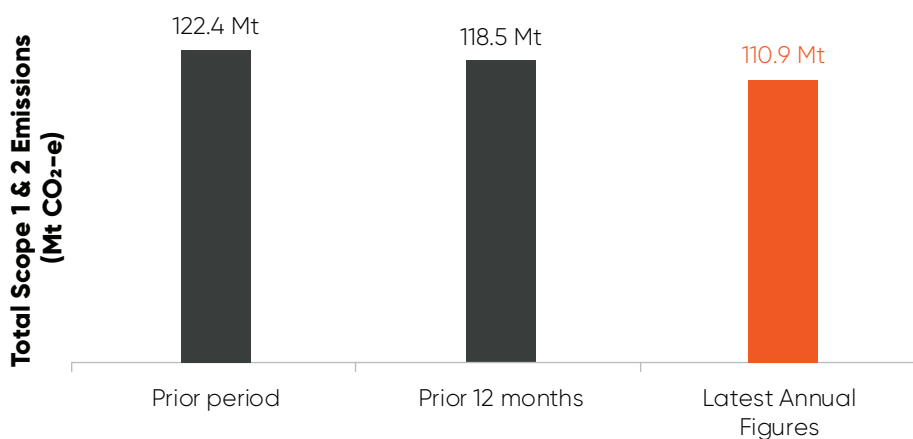
Collectively the members have 632,000 employees and millions of customers, consumers, suppliers and shareholders, whom they want to work with to reach a low carbon future.

CLC Member Snapshot



*30 members at the time of annual report data collection are included in the data presented here

Member Emissions Snapshot



Number of organisations with Scope 1 & 2 emissions trending:



Notes:

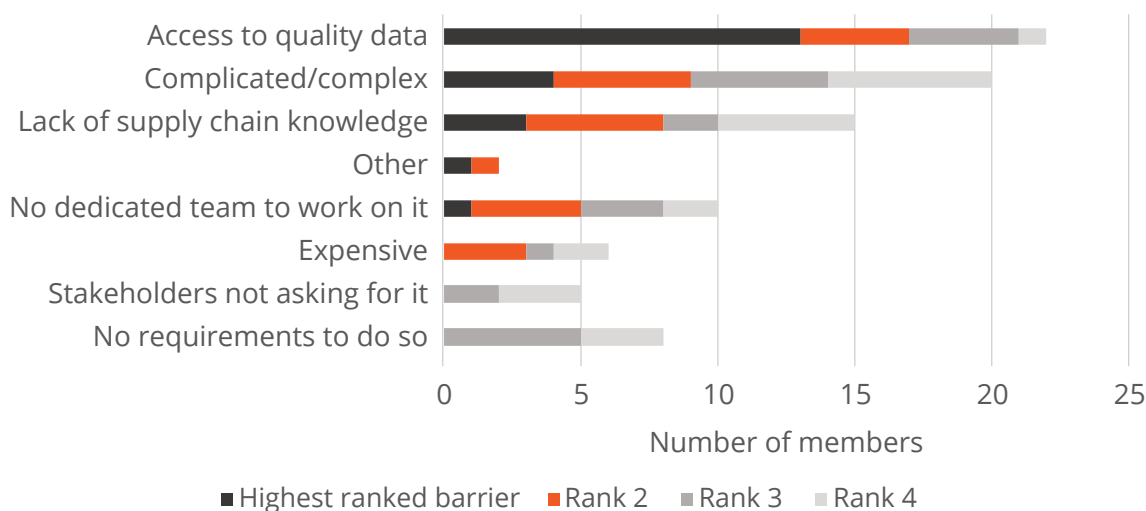
- If the member is Australian headquartered, global figures are provided and if the member has an international HQ, then figures are just for the Australian operations.
- Where figures have been published for FY21 at the time of preparing this report, these have been collated. Where public figures are yet to be released, the figures used have been from the most recent annual public data and the two preceding periods.

1,307 Mt CO₂-e

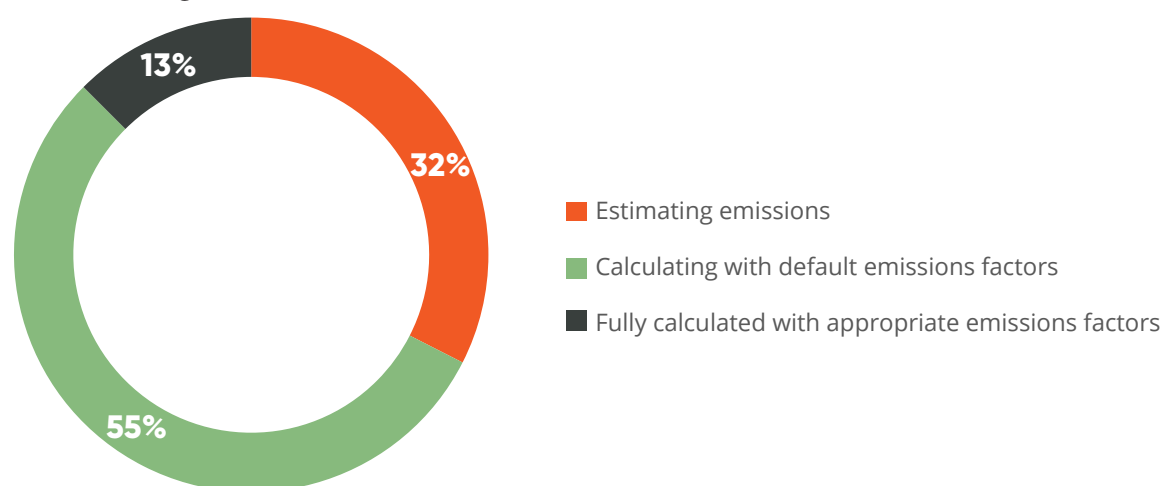
Total CLC member Scope 3 emissions

60% of members currently report Scope 3 emissions

Our members raised these barriers in effectively measuring and reporting their Scope 3 emissions:

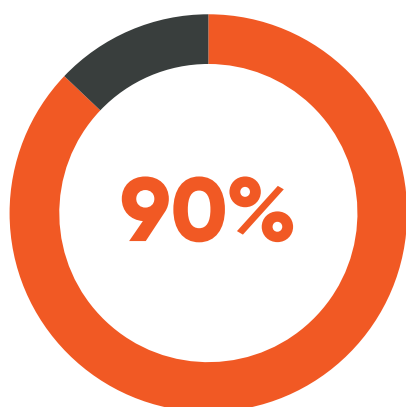


When measuring Scope 3 emissions, our members used the following methodologies to do so:

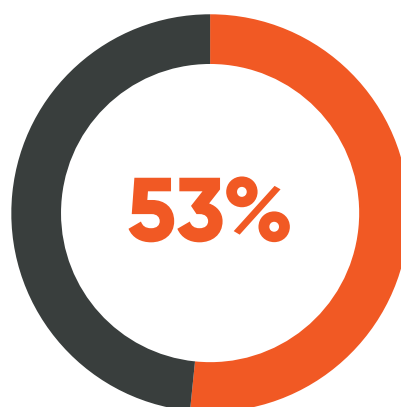


Emissions Targets

CLC members are adopting targets grounded in science that will deliver emissions reductions



of members have
**absolute emissions
reduction** targets



of members have
emissions intensity
targets



CLC Projects

Deep-Dive Projects

During the CLC CEO meetings, six deep-dive projects were conducted, led by relevant CEOs. These deep-dives allow for nominated companies to work together to explore common issues and propose common solutions.

Deep-decarbonisation technologies

This deep-dive focused on the regional transition and sought to find technologies that CLC members could collaborate on to achieve outcomes impossible by any one company. Members proposed current projects they were working on that had scope for collaboration. Members decided to evolve this project into a regionally-focussed decarbonisation project which leverages the need for shared infrastructure and a joint approach to solving problems on a regional basis.

Accessing renewable energy

This deep-dive sought to understand how businesses can effectively access renewable energy and thereby support the decarbonisation of the grid. Sponsors collated a selection of case studies on how they have accessed renewable energy in order to develop a summary of options and advice for other CLC members.

Finance and decarbonisation

This deep-dive sought to discuss the recent trends and barriers towards financing the transition. Members provided global trends that are impacting financial markets, the opportunities the transition enables and the short-term financial risks, and quantitative data on the financial and social impacts of climate change. The information gathered from CLC members helped build a narrative of how companies can benefit from being proactive and fully informed on climate change, and any gaps and common themes across sustainable finance.

Partnerships

The Partnerships deep-dive focused on reviewing members' global partnerships within and external to the CLC, in order to develop partnership designs that can be effectively deployed in the Australian market to progress the transition. CEO sponsors provided case studies of successful partnerships as a basis to design selected partnerships between CLC members to support each other's efforts to decarbonise.

Other CLC Projects

Other CLC Projects

The CLC roadmap

The [Roadmap to 2030](#) provided a positive narrative of how organisations can take action to achieve emissions reductions by 2030 and successfully build the foundations for a thriving future in a low carbon world for Australia.

This Roadmap shared key elements of the transition paths of CLC members to 2030 and what they need to do by 2025 to enable this future. It also identified common themes and cross-sectoral issues for all organisations, highlights case studies to demonstrate ways to accelerate decarbonisation, and provides a template of action for other businesses.

The Roadmap to 2030 highlighted six key messages:



Massive climate-related transitions will occur in the 2020s and organisations need to act now.



Companies need to build the culture and foundations for long term transition.



Australia has an abundance of natural resources that presents enormous opportunities for companies and the country.



Leadership and capability building are critical to enable the change to happen.



It is critical to ensure that a responsible and equitable transition is delivered.



In driving change now, organisations can build resilience and ensure a thriving future.

Examples of climate action over the past year



Reducing emissions through energy efficiency

Many CLC members have used energy efficiency initiatives or programs to reduce their carbon footprint. One such example was provided by Scentre Group:

Scentre Group's focus across 2020 was on the optimisation of asset efficiency, a key strategic pillar of their net zero emissions commitment. Scentre's first initiative under this project was focused on energy optimisation of their building management systems. By centrally analysing big data from multiple sources and their Westfield Living Centres at once, Scentre Group was able to generate energy insights that can be actioned remotely or communicated easily to facilities' teams onsite.



Decarbonisation studies and trials

Decarbonisation studies and trials are an indirect way to reduce emissions that informs more effective emission reduction strategies in the future. Worley provides an example:

Worley developed and published new research in collaboration with Princeton University's Andlinger Center for Energy and the Environment, revealing that continuing to develop and deliver complex energy infrastructure projects the way we do currently, is unlikely to get us to net zero. In fact, it might not even get us half-way.

The paper helps to inform decision-makers in government, industry and the broader community of the key shifts required to transform project delivery to make net-zero a reality by mid-century.



Renewable energy uptake and targets

Ten of the CLC members have highlighted their recent renewable energy procurement through contractual agreements, small-scale solar, or launching industry-scale renewable energy projects to decarbonise their electricity use. BHP is one such example:

BHP achieved significant milestones in progressing their plan to reduce future emissions associated with the use of electricity. Examples of actions taken in FY2021 include:

- Signing a renewable power purchasing agreement (PPA), which is expected to supply up to 50 per cent of electricity needs at the Nickel West Kwinana Refinery
- Working with TransAlta on plans to build two solar farms and a battery storage system to help power the Mt Keith and Leinster operations at Nickel West
- Securing renewable electricity via a PPA to supply approximately half of the electricity needs across Queensland Coal mines from low-emissions sources

Behaviour change

The COVID-19 pandemic had significant impacts on business travel and lifestyles that is reflected in FY2020's emissions. Worley is one example of how COVID-19 affected their emissions profile:

Worley achieved their energy productivity target and also reduced their Scope 1 and Scope 2 emissions by 41% in FY2021. This was in large part due to office closures and travel restrictions due to the COVID-19 pandemic, however, was also due to:

- Reducing overall office space as Worley switched to a distributed working model
- Energy efficiency initiatives in offices
- Switching to renewable energy in 2 major offices; Houston and Perth.

Worley have also implemented new systems and processes to help achieve these targets. These changes include:

- Extending their long-term debt maturity profile with a sustainability linked bond
- Upgrading their energy management software
- Implementing a new corporate framework for energy management
- Updating property leasing criteria to include sustainability.



Networks and knowledge sharing

Education of climate change and the steps that can be taken to mitigate it are crucial to a net-zero economy. Deloitte highlights how they are educating their staff on climate change:

Deloitte is rolling out a new climate learning program for all 330,000 of its people worldwide. A first-of-its-kind among major global organizations, the program was developed jointly with the World Wildlife Fund and aims to inform, challenge and inspire Deloitte people to learn about the impacts of climate change and empower them to confidently navigate their contribution to addressing climate change by making responsible choices at home and at work, and in advising their clients.



Finance

Sustainable finance is key to supporting low-emission innovations and allowing industry and residents to leverage these technologies. The Commonwealth Bank with Queensland Airport is one of six CLC members advancing or taking advantage of this finance:

CBA structured the first sustainability-linked loan in the Australian market linked solely to carbon emissions reductions for Queensland Airports, the operator of the Gold Coast Airport.

50% of the \$150m loan is subject to margin discounts (or premiums), dependent on the airport's carbon emissions performance.

APPENDIX A

CLC signatory data 2021



Member	Scope 1 & 2 Emissions (ktCO ₂ -e) ^{1,2}			Scope 3 Emissions (ktCO ₂ -e) ^{1,2}	Targets		Number of Employees	Total reported revenue (A\$m)
	Latest annual figure	Prior 12 months	Prior period	Latest annual figure	Absolute emissions reduction target	Emissions intensity target		
AGL	40,800.0	42,741.0	43,248.0	25,300.0	Y	Y	4,398	10,942
Ampol	798.7	904.2	950.7	41,116.1	Y	Y	8,127	15,434
Australian Red Cross	3.9	5.2	6.3	-	N	N	2,175	364
BHP	16,200.0	15,900.0	15,500.0	402,500.0	Y	N	80,000	81,100
Brisbane Airport	30.5	42.5	39.9	716.9	Y	N	300	447
CBA	104.3	116.1	86.4	47.6	Y	N	46,189	24,156
Citigroup	3.1	3.5	-	-	Y	N	1,377	-
Coles	1578.1	1615.3	1,616.8	266.9	Y	N	120,000	38,562
CSIRO	98.0	105.0	109.0	-	Y	N	5,000	1,418
Deloitte	3.6	7.0	5.4	1.4	Y	Y	10,000	2,310
Dexus	101.0	125.4	137.8	20.3	Y	Y	559	1377.5
Fortescue Metals Group	2,010.0	2,071.3	1,856.3	252,168.2	Y	N	10,000	29,839
Incitec Pivot	3412.0	3961.2	3776.2	6278.0	Y	N	5000	4348.5
Light Warrior	0.042	0.019	-	-	Y	N	13	-
Lion	62.0	91.5	98.3	354.4	Y	Y	3,957	1,960

¹ If Australian headquartered, global figures provided and if there is an international HQ, then figures are just for the Australian operations.

² Where figures have been published for FY21, data has been reported for FY21, FY20 and FY19. Where FY21 public data is yet to be released, the most recent public data and two prior periods have been used, i.e. FY20, FY19 and FY18.

Member	Scope 1 & 2 Emissions (ktCO ₂ -e) ^{1,2}			Scope 3 Emissions (ktCO ₂ -e) ^{1,2}	Targets		Number of Employees	Total reported revenue (A\$m)
	Latest annual figure	Prior 12 months	Prior period	Latest annual figure	Absolute emissions reduction target	Emissions intensity target		
Microsoft Australia ³	-	-	-	-	Y	Y		
Mirvac Group	190	52.0	84.7	10.4	Y	Y	1,416	2,379
Orica	2,112.0	2,334.0	2,504.0	4,155.0	Y	Y	13,000	5,611
Qantas	3,704.7	9,360.5	12,406.2	218.3	Y	N	28,957	5,934
Ramsay Health Care	272.6	271.7	282.2	-	N	Y	88,298	13,332
Rio Tinto	31,500.0	31,500.0	32,600.0	519,400.0	Y	Y	44,333	1,080
Santos	5,000.0	3,850.0	3,730.0	24,300.0	Y	Y	2,722	5,087
SAP Australia	0.7	1.0	1.2	10.0	Y	N	1,504	1,148
Scentre Group	237.8	272.1	282.3	77.5	Y	Y	2,424	2,385
Schneider Electric ³	-	-	-	-	Y	Y	-	-
Talent International ⁴	-	-	-	-	N	N	350	750
Unilever Australasia	38.6	38.5	40.2	-	Y	Y	882	1,154
Viva Energy ⁵	1,282.6	1,430.8	1,392.6	-	Y	Y	1,400	12,410
Wesfarmers	1,475.6	1,620.5	1,557.7	30,284.9	Y	Y	114,000	33,491
Worley	60.6	114.2	81.4	7.9	Y	N	47,700	8,774
Total:	110,910	118,535	122,394	1,307,234	27	16	643,899	305,793

³ No AU data available

⁴ Development of emissions reporting is currently in progress

⁵ Target announced November 24, 2021

