



The growing importance of ESG in the resources and exploration sector

QEC TECH SUMMIT 2022

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Defining ESG

Environmental

- Energy
- Waste
- Pollution
- Conservation (flora and fauna)
- Rehabilitation


Social

- Relationships & wellbeing
- Employees
- Supplier & Customer alignment
- Communities
- Other stakeholders

Governance

- Fiduciary duty
- Ethics and values
- Objectives and Strategy
- Risk Management
- Compliance
- Diversity
- Policies & processes
- Transparency & accountability

Not a “tick and flick”

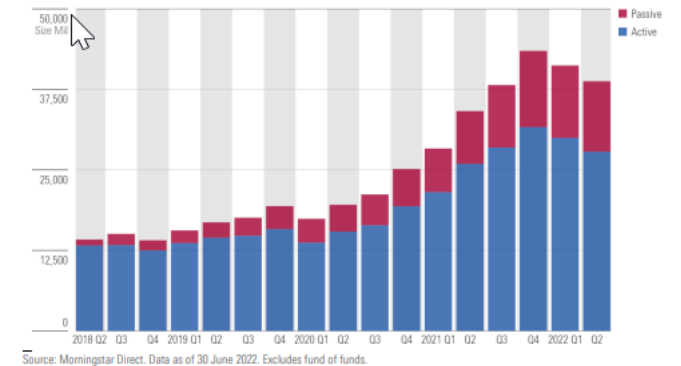
- Communities & People
 - Valued member of community
 - Environmental stewardship
 - Operational sustainability
 - Greater focus on biodiversity and natural capital
 - Climate change
 - Regulation
 - Growing focus on Scope 3 emissions
 - Science based net-zero targets becoming the norm
 - Employees
 - Alignment of values
 - Staff engagement
 - Employer of choice
 - Attract talent
 - Customers & Suppliers
 - Value alignment
 - Responsible sourcing initiatives
 - Regulation
 - Exists across E, S & G
 - Global trend is an increase in regulation!
 - Shareholders
 - Alignment
 - Performance
 - Accessing capital
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Capital market trends

- ECM demanding Sustainably Responsible Investments (SRI's)
 - December 2021, global sustainable ETF assets under management, that publicly set ESG investment objectives amounted to more than US\$[2.7 trillion](#) (*Harvard Business Review*);
 - Around 64% of Australians surveyed at start of 2022 said they expect their financial advisers to know about responsible and ethical investment options. (IFA, 2022)
- Lenders – Green bonds / sustainability linked loans
- Insurers
- M & A
- Focus areas:
 - Frameworks (UN SDG's, SASB, ASX, GRI, IIRC, SSE, MCA)
 - Accountability,
 - Transparency,
 - Trust
 - Measurable/quantifiable targets

Aggregate Fund Size

Exhibit 4 Aggregate Fund Size of Australasian Sustainable Investments (AUD, Mil)



Challenges and opportunities

| Challenges | Opportunities |
|--|---|
| Increasing regulation | Embed into organisation culture |
| Numerous and complex ESG frameworks | Real staff and stakeholder engagement |
| No one size fits all | Create trust and goodwill with stakeholders |
| Greenwashing | Move early, start the learning process |
| Measures & reporting | Customer differentiator |
| ESG ratings & negative screening (Funds) | Capital market differentiator |
| Dynamic – not set and forget | No need to “re-invent wheel”; most are already delivering on and meeting ESG expectations |
| Time and cost | |

QEC initiative

QEC ESG working group, comprising a diverse representation of QEC members, formed at the start of the year

Purpose:

- Develop framework that provides QEC members (explorers) support and assistance in navigating the complex landscape of ESG standards metrics and disclosure.
- A guide only, not intended prescriptive. Specific needs and requirements will vary subject to specific situation, location, commodity etc.
- Simple and user friendly

Framework:


1. Factsheets

- Purpose, importance and relevance
- Relevant frameworks

2. Toolbox

- Measures and focus areas that may be relevant to QEC members
- Case studies / examples

Next steps:

- Complete framework and seek feedback
 - Develop communication and role-out strategy (in parallel with QE Connect development)
 - Continuous improvement
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Questions



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