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AIRA Releases Findings on Rapidly Evolving ESG Expectations of Investors CLIMATE CHANGE RECOGNISED AS TOP ESG ISSUE

The Australasian Investor Relations Association (AIRA) today released the results of a member perception survey on investor expectations of ESG disclosure. The research showed that within listed entities, ESG issues are increasingly directly managed by C-suite executives and discussed in the boardroom, and that climate change is top of the agenda.

Conducted in June 2022 in partnership with Brunswick Group, a global critical issues firm, the research consisted of an online survey of 60 investor relations, sustainability, and ESG professionals from ASX200 and NZX50 companies. "Today's investors clearly expect ESG considerations to be an integral part of corporate strategy," AIRA's CEO, Ian Matheson said, "With the rapid evolution of ESG expectations, there is also a need and an opportunity to educate investors on the practical sector-specific challenges that companies are facing."

"ESG issues are increasingly dominating the headlines for publicly listed companies, often damaging corporate reputation and shareholder value," said Rory Macpherson, Partner at Brunswick Group, "Companies that put in place strong governance, transparent disclosure, and consistent engagement programmes will minimise risks of a negative event, as well as differentiate themselves from peers and create a stronger investment proposition."

Some key findings from the survey include:

- Climate change was recognised as the top ESG issue with companies focused on actions to reduce corporate emissions. Beyond core operational challenges related to supply chain, demand, and competition; respondents noted that climate change was the most pressing ESG issue for their company in the coming financial year. In addition, 78% of respondents said that carbon emissions reduction was the key ESG priority in the next five years.
- TCFD most widely adopted ESG reporting framework. 97% of respondents indicated that their companies have adopted globally recognised ESG reporting frameworks – with 68% indicating their company used more than one framework. 87% of companies surveyed used the Task Force on Climate-Related Financial Disclosures (TCFD) framework, 50% the Global Reporting Initiative's (GRI) standards, and 37% Sustainability Accounting Standards Board's (SASB) standards.
- Close to 30% of companies yet to announce goal of Net Zero by 2050. Though a majority respondents indicated that their companies have made public commitments to Net Zero by 2050 or earlier, three in ten (29%) indicated that their companies had not yet done so.
- Gap remains in investor understanding of market and sector specific challenges. Respondents revealed that many investors did not fully understand the ESG measurement challenges and metrics unique to each sector and market. 43% of respondents indicated that investors only somewhat understood or did not understand the practical challenges facing companies in relation to ESG issues.

End.

For more information, please contact:

Ian Matheson
Chief Executive Officer, AIRA
M: 0419 444 731
E: ian.matheson@australasianir.com.au

Rory Macpherson
Partner, Brunswick Group
M: 0474 551 604
E: rmacpherson@brunswickgroup.com

Media Release



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About AIRA

The Australasian Investor Relations Association (AIRA) was established in 2001 to advance the awareness of and best practice in investor relations in Australia and New Zealand and thereby improve the relationship between listed entities and the investment community. The Association's 160 corporate members now represent over A\$1.2 trillion of market capitalisation, over 80% of the total market capitalisation of companies listed on ASX.

About Brunswick Group

Brunswick is a strategic advisory firm focused on critical issues and critical stakeholders. Our purpose is to help our clients play their role in the world successfully. We advise on critical issues and critical stakeholders at the centre of business, politics, and society, and help our clients – the leaders of large, complex organizations – understand and navigate these interconnected worlds. Brunswick is one firm globally, operating as a single profit centre. This allows us to respond seamlessly and effectively to clients' needs wherever they are in the world.

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