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Image source: Felipe Santana, Unsplash

Benefits of ESG Reporting

Seminar 2

An ESG Reporting Standard for Australian Community Housing



Michelle Tjondro, SGS Economics and Planning | Dr Ad Hereijgers, RITTERWALD

Acknowledgement of Country

SGS Planning and Economics acknowledges the First Nations Peoples of Australia and on whose Country we live and work.

SGS Planning and Economics acknowledges that the Aboriginal and Torres Strait Islander peoples of Australia are one of the oldest continuing living cultures on Earth, have one of the oldest continuing land tenure systems in the World, and have one of the oldest continuing land use planning and management systems in the World.

We pay our respects to the First Nations Peoples, past and present, and acknowledge their stewardship of Country over thousands of years.

Agenda

1 Welcome

2 The wider ESG context

3 ESG benefits along the value chain

4 Local and global developments, 2023

5 Trends in sustainable finance

Recap: Why an ESG Reporting Standard for Australian community housing?

1. Highlights the materiality and sustainability issues of highest importance to the sector
2. Offers clearer guidance on what and how to report
3. Reduces risk of reporting variation within the sector; boilerplate disclosures
4. Builds a community of practice (including alignment with other jurisdictions)
5. Enables a consistent sector narrative to communicate its ESG credentials and address stakeholder concerns

The wider ESG context

- In Australia: voluntary but increasing disclosures
- Pace of local regulatory change: Aus government [consultation papers](#) on development of climate risk disclosure framework
- Global trends in the evolution of standards:
 - UK and EU lead in climate risk and ESG reporting requirements
 - Emergence of industry and sector specific disclosures - see [GRI Sector Program](#)
 - Harmonisation? Growing international co-ordination, convergence, compatibility of investor-focused and baseline ESG information (e.g. ISSB and GRI collaboration)



Source: RITTERWALD (2022)

Benefits along the value chain

Sustainable capital allocation for the longer term
Attracts diverse capital into affordable housing

Investors

Encourages proactive repurposing of assets to avoid longer-term risks

Assets

ESG applies internally and externally. ESG as basis for sustainable procurement and supply chain optimisation.

Suppliers

Promotes transition to low carbon future
Builds evidence on environmental performance to inform decision making

Environment

Employees

Instils purpose, drives internal alignment on the issues that matter. Wider value of productivity uplift.

Customers

Tenants: improved housing quality, safety, tenant landlord relations
Retail investors: social preference and values driven

Community

Fosters relationships with people and institutions within community.
Tenants supported to participate in society = wider socio-economic benefits

Application 1: Place based impact investing

ESG to inform investment decisions

"Investments made with the intention to yield appropriate risk-adjusted financial returns as well as positive local impact, with a focus on addressing the needs of specific places to enhance local economic resilience, prosperity and sustainable development."

- [*The Good Economy, Impact Investing
Institute and Pensions for Purpose*](#)

- Mobilise more institutional investment to address spatial inequalities
- The financial case: investments in key sectors such as affordable housing delivers risk-adjusted returns in line with institutional investor requirements

Application 2: Supply chain management

ESG as guidance for procurement strategies

'...If a supply chain activity results in the violation of an environmental, product safety, labor or human rights regulation, you'll likely pay twice: the fine for noncompliance and the steep drop in sales and funding for breaching the trust of consumers and investors'

- [Petty \(2016\)](#)

- Improves transparency and traceability of suppliers' activities
- Leading to a more sustainable ecosystem
- Helps to limit regulatory, financial, strategic risks

Application 3: Strengthening the tenant-landlord relationship

ESG to shape the customer experience

‘As a result of the recent Covid-19 experience, landlords and tenants are speaking to each other more than ever before.

Feedback on lived experience is an important tool, as well as pure data collection.’

- [GRESB \(2021\)](#)

Uses of ESG data:

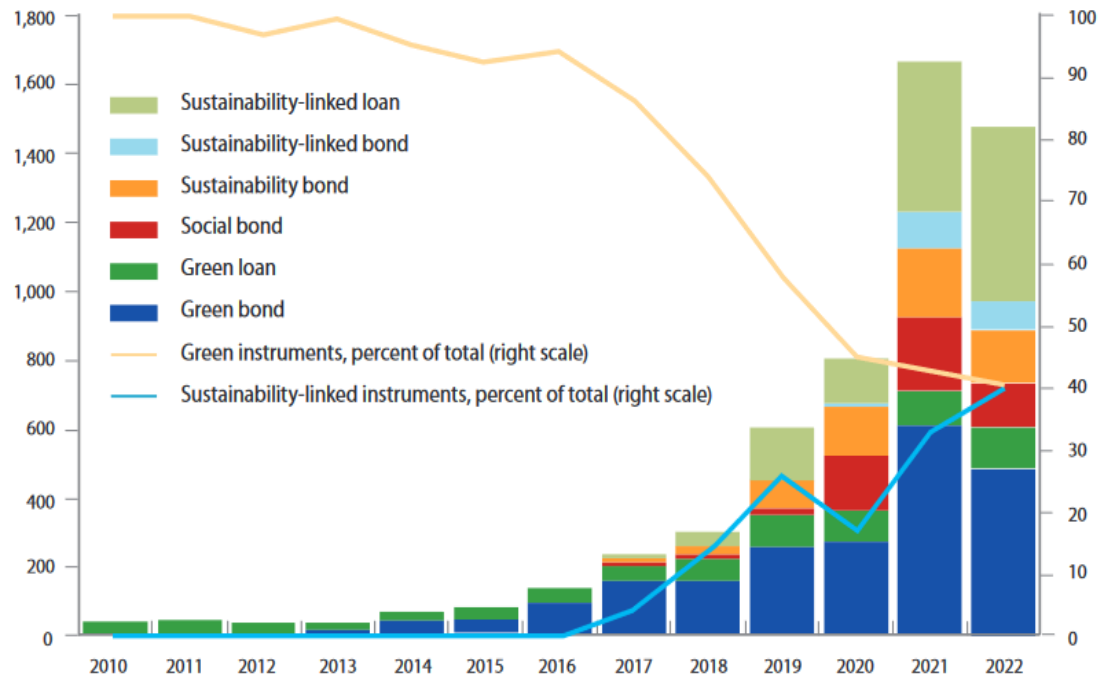
- Comparing year on year performance
- Informing building management decisions
- Setting future targets and monitoring performance
- Encouraging positive tenant behaviours
- Demonstrate CHO efforts in creating better outcomes for tenants

A snapshot of local and global trends in 2023

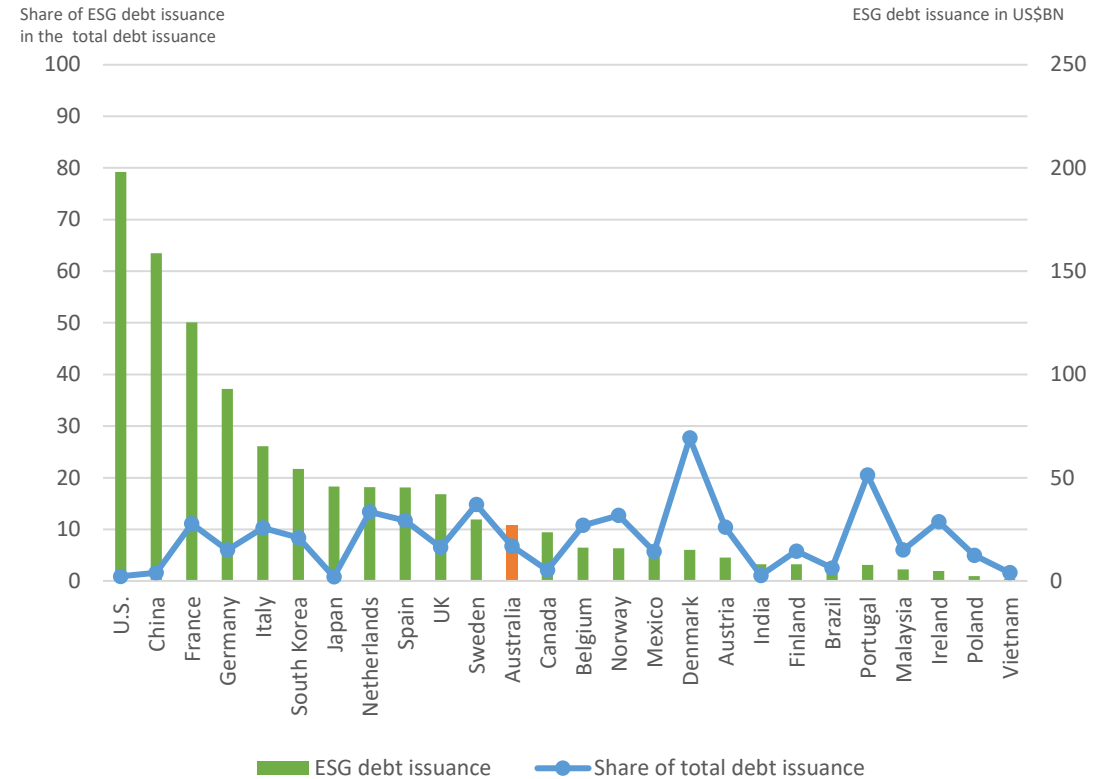
- Australian referendum on an Indigenous Voice to Parliament
- Responses to regulation (e.g. [ACCC environmental and sustainability claims - Draft guidance for business](#))
- Embracing digital corporate reporting
- Certification

Trends in sustainable finance

Global sustainable debt issuance by Instrument (as of 31 December 2022)
(Billions of United States dollars)

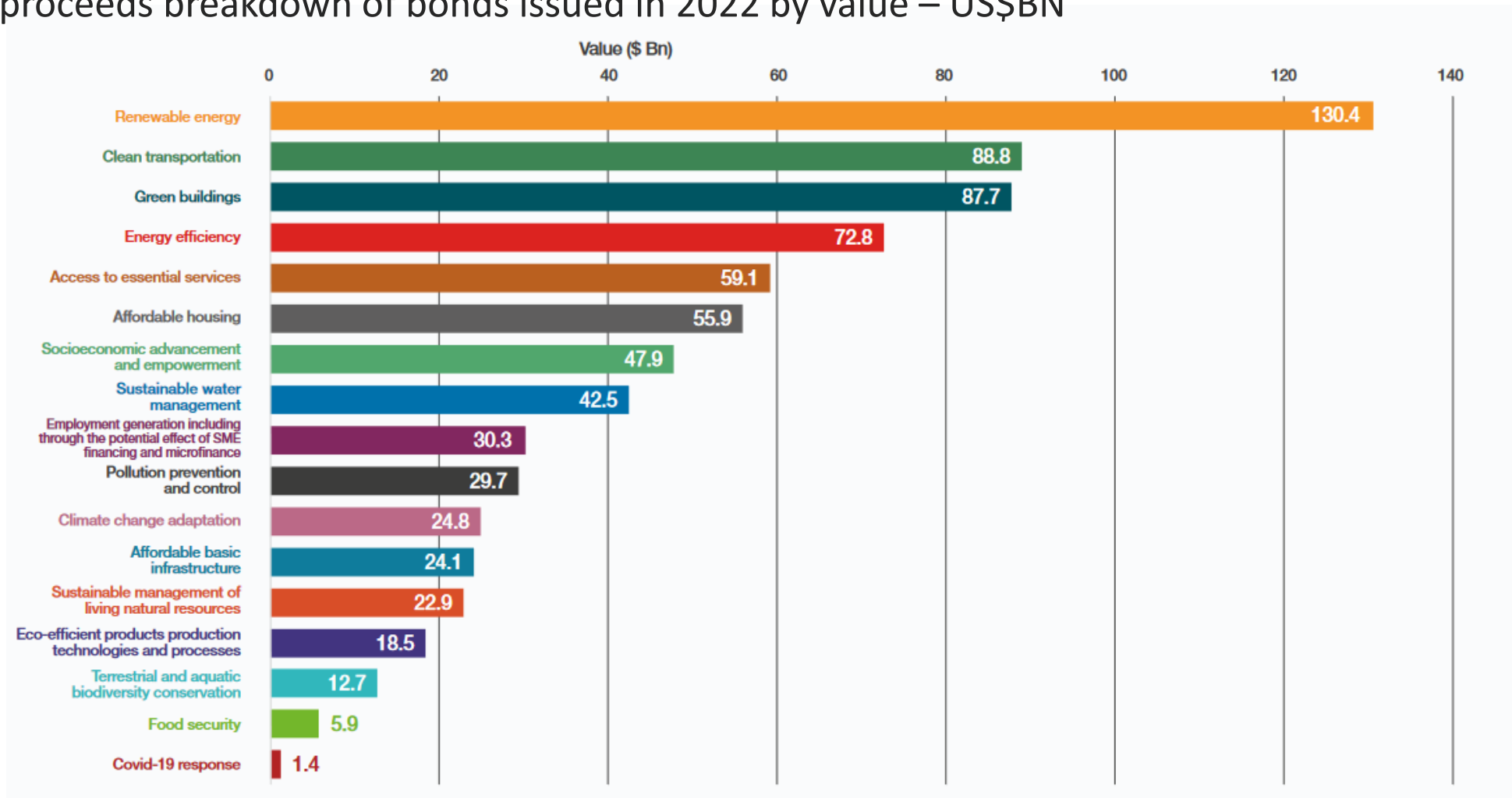


ESG debt issuance in 2022 in US\$BN



Trends in global sustainable finance

Use of proceeds breakdown of bonds issued in 2022 by value – US\$Bn



Sign up today: <https://www.communityhousing.com.au/adopting-or-supporting-the-esg-standard/>

Adopters



Supporters



Interested in finding out more?

Michelle Tjondro

Associate

MTjondro@sgsep.com.au

Dr Ad Hereijgers

Director Business Development

ad.hereijgers@ritterwald.nl

Thank you for attending today's seminar.

