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Media release

Industry heavyweights come together to forge pathways towards a decarbonised future

Some of Australian industry's biggest companies are supporting a new initiative that will see them work together to better understand pathways to achieving net zero emissions in supply chains.

BHP, Woodside, BlueScope Steel, BP Australia, Orica, APA Group, Australian Gas Infrastructure Group and Wesfarmers Chemicals, Energy and Fertilisers – which together represent 14 per cent of Australian industrial emissions – have signed on to the Australian Industry Energy Transitions Initiative.

They are joined by National Australia Bank, Schneider Electric and AustralianSuper, who represent the broader system of investments, services, products and knowledge that will be key to supporting industry action towards net-zero supply chains.

Independent, not-for-profit bodies ClimateWorks Australia and Climate-KIC Australia are conveners of the Australian Industry ETI, in collaboration with the Energy Transitions Commission.

It has been developed with the generous support of philanthropic donations, company contributions and funding from the Australian Government, through the Australian Renewable Energy Agency. It is supported by the Australian Industry Group and the Australian Industry Greenhouse Network, with research partners including CSIRO and the Rocky Mountain Institute.

The initiative aims to set Australian industry up for a success in a decarbonised global economy, by harnessing industry knowledge to develop pathways and actions that can accelerate emissions reductions across whole supply chains – in sectors where abatement has traditionally faced structural challenges.

Specifically, it will focus on opportunities across five supply chains which collectively contribute more than a quarter of Australia's annual greenhouse gas emissions and generate exports worth around \$160 billion. These include steel, aluminium, liquified natural gas, other metals (such as lithium, copper and nickel) and chemicals (including explosives and fertiliser).

The Australian Industry ETI is chaired by Simon McKeon AO, Chancellor of Monash University, former CSIRO Chairman and former Australian of the Year. He said collaboration, experimentation and shared knowledge would all sit at the heart of the initiative's work.

"We know that we can find solutions more quickly, and start implementing them, if we're encouraging collaborative learning and knowledge sharing, especially when it comes to new technology," Mr McKeon said.

"This initiative provides a platform to generate knowledge and test action through on-the-ground projects that support industry to realise the opportunities of a decarbonising global economy."

As global efforts to reduce emissions to net zero by 2050 continue and become more urgent, there is an increasing awareness that companies must understand their broader supply chains and help shape the decarbonisation approach across them.

Supply chains embody the highly complex and interconnected nature of the global economy, and include finance, investment and customer decisions, as well as operations such as the extraction of

raw materials, processing and distribution. Tackling these complex systems presents additional challenges to industry.

The Australian Industry ETI is a collaborative effort to collectively learn, develop research and find actions that move broader industry sectors toward net zero emissions in supply chains.

“Emissions aren’t contained within national borders and aren’t confined to what happens within a company’s four walls. That’s why a supply chain approach is vital,” said ClimateWorks CEO Anna Skarbek.

“Globally, many countries and businesses are already moving to decarbonise supply chains in heavy industry sectors. There are huge opportunities for Australian businesses if they take a proactive approach to getting into this race.”

“The good news is that the Energy Transitions Commission and others have shown that technologies can eliminate the emissions from our heavy industry supply chains. Better understanding these opportunities for Australian industry will be a key focus of the initiative.

“We’re pleased to be working with Australian industry participants to develop pathways and actions to support net zero emissions across critical supply chains of the economy.”

In addition to considering opportunities across the Australian economy, the Australian Industry ETI will also have a particular focus on Western Australia.

“With mining and heavy industries driving the economy in Western Australia, focusing some of our effort there will really demonstrate what is achievable nation-wide,” said Chris Lee, CEO of Climate-KIC Australia.

“Taking a systems approach and joining up players within and across supply chains will help move past barriers that individual companies face when reducing emissions as well as support the realisation of new opportunities.”

ARENA CEO Darren Miller welcomed the initiative’s role in uniting some of Australia’s big players in industry towards a common goal of reducing emissions.

“Accelerating the uptake of renewable energy for the industrial sector is a critical part in Australia meeting its long term emissions reductions commitments,” he said. “A fast transition to renewables and alternative fuels will also help industry meet market needs as a global demand for low carbon products grows, which will produce lower energy costs and continue to support jobs in the sector.”

The Australian Industry ETI’s identification of supply chain opportunities will complement the work of other emissions reduction initiatives and programs, including the federal Technology Investment Roadmap, and international collaborations for clean energy and industry transitions.

Other industry leaders are invited to join the project by contacting ClimateWorks Australia or Climate-KIC Australia. Updates will be available online at www.energytransitionsinitiative.org

Other companies in active discussion with the initiative operate across steel, aluminium, other key metals, chemicals, LNG, finance and superannuation.

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Quotes attributable to Australian Industry ETI participants

Hannah McCaughey, Group Executive Transformation & Technology, APA Group:

“APA is proud to support this industry initiative. Working together to unlock new technologies is fundamental to Australia’s low carbon future and will support the economic recovery.”

Ian Hansen, CEO, Wesfarmers Chemicals, Energy and Fertilisers (WesCEF):

“Decarbonisation is a critical challenge for our generation, and industry collaboration will be essential in working through this challenge. The team at WesCEF are excited about contributing and being part of this initiative.”

Ben Wilson, CEO, Australian Gas Infrastructure Group:

“Australian Gas Infrastructure Group (AGIG) is proud to support and be part of the Australian Industry Energy Transition Initiative working alongside other key industry participants. As highlighted in Gas Vision 2050, the gas sector shares a common vision for a low carbon future enabled by renewable hydrogen and other renewable sources. AGIG is investing in the long-term interests of all of our customers and the environment, and have already invested in a number of innovative hydrogen projects across Australia.

“Such projects include Hydrogen Park South Australia (HyP SA), which will commence blending green hydrogen at volumes of up to 5% into a section of our Adelaide gas network this year; Hydrogen Park Gladstone which builds upon HyP SA with a blend of up to 10% across the entire city of Gladstone; developing detailed plans to introduce hydrogen into gas networks in both Victoria and South Australia through the Australian Hydrogen Centre; and assessing how hydrogen can be introduced into the AGIG-operated Dampier to Bunbury natural gas pipeline in WA.”

Frédéric Baudry, President, BP Australia, SVP Fuels & Low Carbon Solutions, Asia Pacific:

“BP has set an ambition to become a net zero company by 2050 or sooner, and to help the world get to net zero. Reliable and affordable energy is no longer enough. It must also be cleaner.

“In Australia we are reducing carbon in our operations and growing our low carbon businesses, products and services. We are also actively engaging countries, cities and corporations around the world to help them decarbonise. We are especially excited to be partnering with the Australian Industry Energy Transitions Initiative to progress a net zero Australia by 2050.”

David Gall, Group Executive, Corporate and Institutional Banking, National Australia Bank:

“We’re delighted to be working with fellow industry participants to develop pathways and actions to support net zero emissions for heavy industry. This forms a key part of NAB’s broader commitment to the UN Principles for Responsible Banking. The impacts of climate change and climate-related policy are having a growing effect on our own business and the customers we support. Our customers and their communities are showing leadership, and we continue to work side by side with them over the transition journey. NAB is making long-term business decisions focused on resilient and sustainable principles.”

Christopher Davis, Chief Financial Officer, Orica:

“It’s now more important than ever that we work together with our customers and peers, to accelerate action and play a role in moving the industry towards a decarbonised future.

“Supply chains in this sector can be incredibly complex and historically difficult to abate, so it’s crucial we bring together companies occupying different parts of the supply chain to work collaboratively and develop tangible, informed actions to help us move towards this goal.”

Gareth O’Reilly, President Pacific Zone, Schneider Electric:

“We’re excited to bring our energy management and digital expertise to the Energy Transitions Initiative.

“The technology is available today to help heavy industry reach their sustainability and carbon emissions goals. We’re looking forward to working with these companies to help develop solutions that will work for them and their specific needs.”

Andrew Gray, Director, ESG & Stewardship, AustralianSuper:

“An effective low carbon economic transition is necessary to manage the investment risks from climate change and is therefore important for AustralianSuper to deliver the best investment outcomes for our members.

“We undertake comprehensive engagement with the companies in which we invest to encourage and support the necessary business transition to achieve this. We are therefore excited to join the Australian Industry Energy Transitions Initiative to work alongside some of Australian industry’s biggest companies, including those in which we are directly invested, to identify the pathways they have to net zero emissions.

“Joining the initiative is a tangible action to progress our company engagement that seeks business transition to net zero emissions, and develop our knowledge to inform better investment decisions, so that we can deliver the best retirement outcomes for AustralianSuper members as the low carbon economic transition occurs.”