

# **Corporate Governance Best Practices for Utilities: Are your organisations up to scratch?**

**Presented by Dr Maria Balatbat  
School of Accounting, Auditing and Taxation**

**PPA Conference 2025**



# Acknowledgement of Country



# Best corporate Governance Practices in Utility

- Director Independence
- Director Skills
- Board Committee Structures and Functions
- Boards have formal documentation and Practices



# Director Independence

- Majority are independent directors
- Appropriate number of directors (usually a minimum of five)
- There are no shareholder agreements or other practices that will limit directors' independent judgment

# Director Skills

- Possesses the complete range of skills
- Matrix approach is used to compile an inventory of director skills



# board composition

The Board seeks to achieve diversity of age, gender, and race/ethnicity and recognizes the importance of Board refreshment to ensure that it benefits from fresh ideas and perspectives. The following tables and charts pertain to the Board nominees and illustrate the Board's continued commitment to diversity of backgrounds for its Board composition and leadership.

**58%**  
are diverse

**50%**  
are women

**25%**  
are people  
of color

**6.4** years  
average  
tenure<sup>(1)</sup>

The following matrix displays the most significant skills and qualifications that each Director nominee possesses. The Governance Committee reviews the composition of the Board as a whole periodically to ensure that the Board maintains a balance of knowledge and experience and to assess the skills and characteristics that the Board may find valuable in the future in light of current and anticipated strategic plans and operating requirements and the long-term interest of stockholders.

Director	Skills, experience, and expertise							Board tenure, diversity, and independence				
	CEO/Senior executive/Leader of significant operations	Science/Technology/Leadership/Research/Academia	Government/Regulatory/Legal/Public policy	Finance/Financial disclosure/Financial accounting	International affairs	Global business/Environmental	Leading business transformation	Tenure <sup>(1)</sup>	Age <sup>(2)</sup>	Gender	Race/Ethnicity	Independent
Wanda M. Austin	*	*	*	*	*	*	*	6.5	68	F	Black/African American	*
John B. Frank	*		*	*	*	*	*	5.6	66	M	White	*
Alice P. Gast		*	*	*	*	*	*	10.5	64	F	White	*
Enrique Hernandez, Jr.	*		*	*	*	*	*	14.5	67	M	Hispanic/Latino	*
Marilyn A. Hewson	*	*	*	*	*	*	*	2.4	69	F	White	*
Jon M. Huntsman Jr.	*		*	*	*	*	*	2.8	63	M	White	*
Charles W. Moorman	*	*	*	*	*	*	*	11.0	71	M	White	*
Dambisa F. Moyo		*	*	*	*	*	*	6.6	54	F	Black/African	*
Debra Reed-Kiagos	*	*	*	*	*	*	*	4.5	66	F	White	*
D. James Umploby III	*	*		*	*	*	*	5.3	65	M	White	*
Cynthia J. Warner	*	*		*	*	*	*	1.0	64	F	White	*
Michael K. Wirth	*	*	*	*	*	*	*	6.3	62	M	White	*
Total/Average	83%	75%	83%	100%	92%	75%	75%	6.4	65	50% Gender Diverse	25% Racially/Ethnically Diverse	92% Independent

(1) Tenure as of May 31, 2023. Jon M. Huntsman Jr. previously served on Chevron's Board from January 2014 to September 2017 but resigned to serve as U.S. Ambassador to Russia. For purposes of calculating tenure going forward, we include only his current term.

(2) As of April 12, 2023.

Source:  
Chevron 2025  
Proxy  
statement

# Board and Committee Structures and Functions

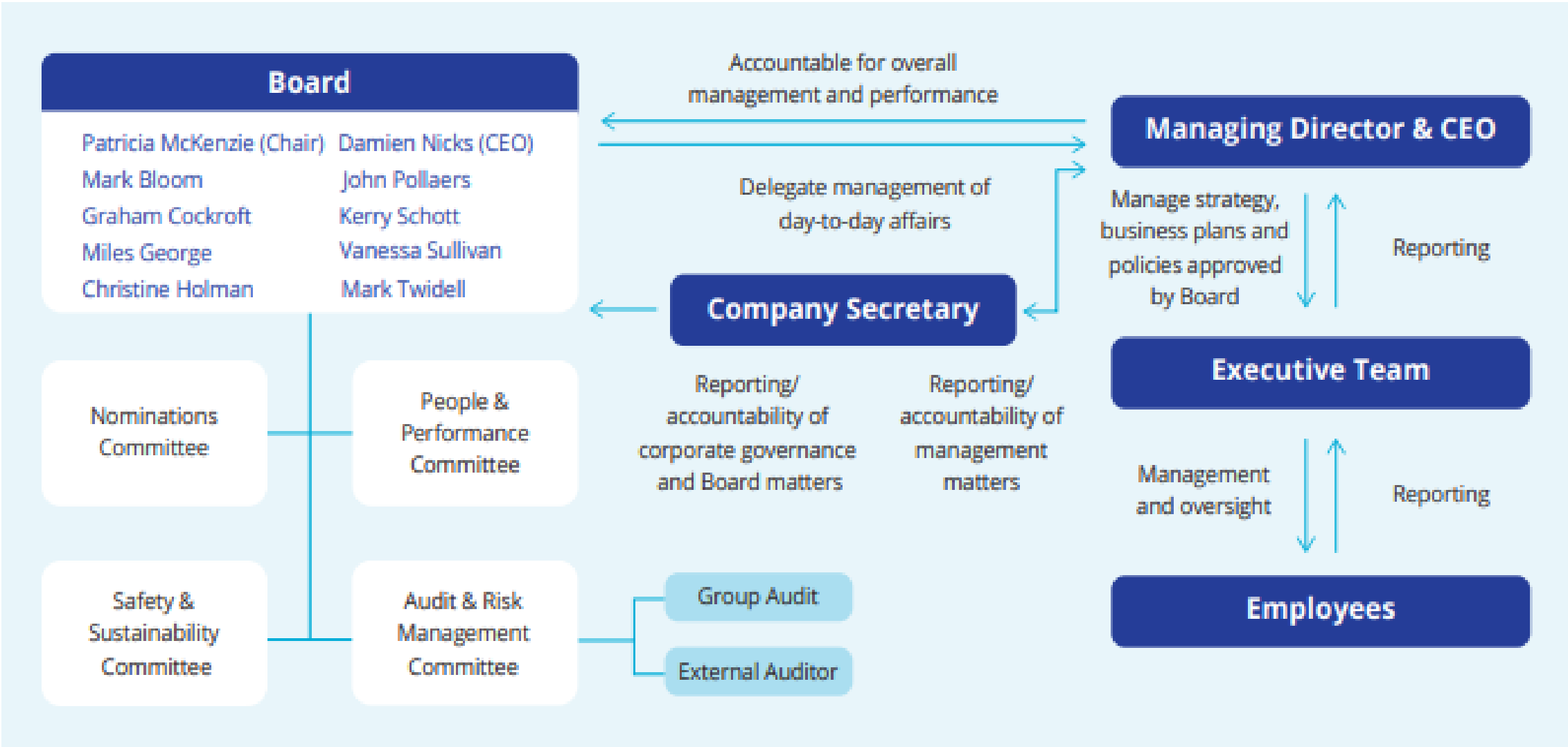
1. Boards are structured to provide oversight of key functions of the utility business
2. Committees are used oversight of key functions
3. Committee members possess the requisite skills to effectively discharge their responsibilities

# Boards have formal documentation and Practices

- Boards have a written mandate
- Committees of Board have a written charter
- Boards have a written Code of Conduct
- Boards provide orientation for new appointees
- Board provides continuing education to broaden skills of all directors



AGL's governance framework is summarised below.



AGL has adopted a number of corporate governance policies and documents. The corporate governance policies and documents referred to in this Corporate Governance Statement are published on the AGL [website](#).

# Key takeaways for Board Discussion



Essential board roles and responsibilities



Key board policies



Habits of an effective board



The importance of committees

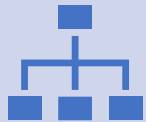


Standard practices to develop board skills

# Questions



Is your organization already adopting best practice in:  
- Director Independence, Director Skills and Various Committees?



Does your organization have a Charter and Code of Conduct?



Does your board have continuing education requirement?

# **ESG Reporting: Risks and Opportunities**

**Presented by Dr Maria Balatbat**

**School of Accounting, Auditing and Taxation**

**PPA Conference 2025**



**UNSW  
Institute for Climate  
Risk & Response**



**You can't manage  
what you can't measure.**








**Sustainability**

**CSR(V1)**

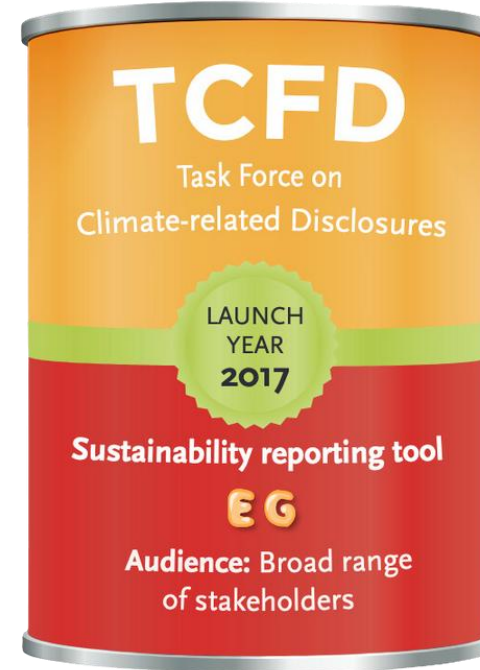
**ESG (V2)**



# **Version 2: ESG Reporting**



# Favourites





# So what is included in ESG management and reporting?



## Our impact on the **world** we live in

- Greenhouse gas emissions
- Energy consumption
- Climate risk
- Environmental impact/ incidents
- Environmental compliance
- Biodiversity
- Waste management
- Water security and management

## Our **commitment** to future generations



## Our **contribution** to the communities we operate in

- Modern slavery
- Sustainable procurement
- Customer engagement
- Health & Safety and wellbeing
- Incident and crisis management
- Diversity and inclusion
- Community investment/contribution
- Indigenous engagement
- Talent retention & attraction

## How we **share** our returns



## Traditional View

- Governance over E&S matters

## More recently

### How we **conduct** ourselves

- Technological innovation & disruption
- Cyber security and data breaches
- Privacy
- ESG Compliance, Governance, code of conduct and ethics
- Ethical behaviour
- Tax strategy
- Bribery and corruption
- Lobbying

## Our **licence** to operate

Source KPMG

# Why is ESG management and reporting so important?



KPMG asked Australian business leaders and ESG experts to look forward and predict ESG business value drivers in 2030

<https://assets.kpmg/content/dam/kpmg/au/pdf/2022/esg-predictions-2030.pdf>

- **Headline from 2030 predictions**  
*'Organisations that transform their business models over the next decade and put ESG front & centre of their operations/ culture, will reap rewards'*

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OVERVIEW UNIVERSAL IMPACTS

## UNIVERSAL IMPACTS

### CONSEQUENCES OF POOR ESG PERFORMANCE

**ESG-ruptcy leads to blacklisting and personal liability**  
Demand for transparent and proven ESG policies and practices will lead to the introduction of mandatory ESG ratings and certification processes, with consistent non-compliances met with severe consequences.



### TECHNOLOGY

**Digital Twins enable a new ESG reality**  
There will be broad uptake of Digital Twin technology, enabling organisations to monitor and adjust their business activities in real-time.



**65%**  
OF INTERNATIONAL DEALMAKERS BELIEVE ESG IS A KEY CONSIDERATION WHEN MAKING INVESTMENTS AND IN MERGERS & ACQUISITIONS (MGA) DECISIONS.

### DATA

**The Great ESG Data Boom**  
An exponential increase in the amount of ESG data will drive accountability and accelerate progress against organisational ESG objectives and the United Nation's Sustainable Development Goals.

### GEOPOLITICS

**New cracks form in the geopolitical landscape**  
Defining a global ESG policy will be fraught with danger for transnational corporations as world governments, trade consortiums and political blocks increasingly assert their influence to progress their individual agendas.



**57%**  
OF CONSUMERS PLEDGED TO SHOP AT STORES WITH A STRONG FAIR TRADE COMMITMENT. FACTORS INCLUDED: NO CHILD LABOR, TACKLING POVERTY AND PROTECTING AGAINST DEFORESTATION.

### CONSUMERS

**The rise (and the fall) of the ESG Cowboy**

As the lucrative nature of successful sustainable business models become apparent, bad actors will attempt to exploit the 'wild ESG west'.

### PRICING



**ESG doesn't come for free and it certainly doesn't grow on trees**

ESG products, services and company valuations will reflect the costly nature of ESG compliance and practices.

- **70% of CEO's experiencing increased demand for ESG reporting** from investors (*KPMG Australia 2021 CEO survey*)
- By 2025, two-thirds of Global 2000 **Boards will require trust initiative** - data security, privacy, ethical execution
- **Big data analytics** will grow, focused on monitoring E2E supply chains, demonstrating accountability & balancing ESG objectives



# Example – AGL Energy Ltd Annual Report (pp13-14)

<div>  <b>Embracing ESG</b> </div> <div> <p>Embracing ESG means thinking about the responsibilities we have to our people, customers, investors, communities and the environment in which we operate.</p> </div>					
<div>  <b>Decarbonisation and portfolio transition</b> </div>	<div>  <b>Safety and environment</b> </div>	<div>  <b>Gender equality and representation</b> </div>	<div>  <b>Reconciliation (procurement and recruitment)</b> </div>	<div>  <b>Community acceptance and social value</b> </div>	<div>  <b>Affordability</b> </div>
<b>Focus</b> <p>Progressing our renewable and firming pipeline and connecting every customer to a sustainable future to drive the energy transition, including by supporting our customers to decarbonise through business and home electrification products and services.</p>	<b>Focus</b> <p>Driving a culture of safety performance and environmental compliance through proactive risk management, reporting and training, we're empowering every employee to prioritise safety and environmental protection in all aspects of our operations.</p>	<b>Focus</b> <p>Achieving gender diversity and equality at all levels of our organisation to deliver our 40:40:20 vision for gender equality.</p>	<b>Focus</b> <p>Creating employment and supplier opportunities for Aboriginal and Torres Strait Islander people to meet our First Nations suppliers target and advance our First Nations recruitment strategy.</p>	<b>Focus</b> <p>Maximising the social impact of our community investment with clear site-specific community investment plans to better align to our social licence priorities, and developing regional strategic partnerships to improve community acceptance of our projects, reputation and social licence.</p>	<b>Focus</b> <p>Improving the way we identify and support customers experiencing vulnerability, including delivering on our commitments made through the Customer Support Program to help our customers who need it most.</p>
<b>Progress</b> <ul style="list-style-type: none"> <li>We launched our second Climate Transition Action Plan (CTAP), building on our decarbonisation commitments.</li> <li>We exceeded our target to reduce our annual Scope 1 and 2 greenhouse gas emissions by 17% by FY24 compared to FY19 baseline, achieving a 29.1% reduction.</li> <li>We've expanded our development pipeline of renewable and firming assets to 9.6 GW.</li> <li>Construction of the 500 MW /1,000 MWh Liddell Battery continues, targeted to commence operations in 2026.</li> <li>We are actively investing to support customers to transition away from natural gas, through electrification and fuel switching, and advocating for policies that drive electrification.</li> <li>We expanded Electrify Now, enabling customers to connect with trusted installers and received direct quotes for electrification opportunities. We have had over 500,000 visits to the platform since May 2024.</li> <li>We launched AGL Battery Rewards energy plan and partnered with Plenti to offer eligible customers discounted finance rates for residential solar batteries.</li> <li>We are supporting our customers to switch to EVs by acquiring Every's ChargePoint Management System and partnering with PLUS ES, with 153 public EV chargers delivered across Sydney.</li> </ul>	<b>Progress</b> <ul style="list-style-type: none"> <li>The number of recordable injuries and the associated Total Injury Frequency Rate (TIFR) for employees and contractors decreased from 3.5 to 2.0.</li> <li>We have continued our focus on safety and hazard awareness across our workforce, resulting in a 12% increase in HSE conversations.</li> <li>Strategic programs of work have focused on advanced leadership capability through targeted training, strengthened governance for psychosocial and physical health, enhanced risk visibility with real time data and analytics, and embedded operational risk management into standard practices.</li> <li>Increased environmental awareness together with improved plant maintenance and reliability led to an 18% decrease in Environmental Regulatory Reportable Incidents.</li> <li>We developed Integrated Weed Management Plans for each of our operational sites to drive effective management of locally identified weeds.</li> <li>We introduced Cultural Heritage Management Plans for all operational sites and proposed projects, and conducted a comprehensive audit of our existing approach to cultural heritage management.</li> <li>We completed the subsurface decommissioning of all 144 wells at the Camden Gas Project, and the rehabilitation of the Rosalind Park Gas Plant.</li> </ul>	<b>Progress</b> <ul style="list-style-type: none"> <li>The average gender pay gap for total remuneration reduced by 1.3 percentage points from March 2024 to 24.7% in March 2025, and female hiring rates increased by three percentage points to 42%.</li> <li>Progress was achieved in FY25 through targeted initiatives aimed at increasing female representation across AGL's workforce and leadership pipeline. However, meeting the 40:40:20 Vision across AGL continues to be challenging.</li> <li>We were the first energy company to join Respect &amp; Protect, reinforcing our commitment to preventing gender-based violence and preventing our products from being weaponised by perpetrators.</li> <li>We continued to deliver on our inclusion strategy across capability development, talent management, early careers programs, and employee engagement. This includes our ongoing Women Rising and Male Allies programs.</li> <li>We partnered with Tradewomen Australia on initiatives focused on increasing gender balance at our operational sites.</li> <li>We continued our active involvement in the Champions of Change Energy Group.</li> </ul>	<b>Progress</b> <ul style="list-style-type: none"> <li>We purchased \$13.27 million of goods and services from First Nations owned businesses, a 123% increase on last year's First Nations spend, and an achievement of 337% of our two-year Reconciliation Action Plan target.</li> <li>We established the AGL First Nations Employee Network, aimed at fostering connection, support, and advocacy, and our inaugural First Nations employee gathering in May 2025 on Worimi Country.</li> <li>The number of self-identifying First Nations employees increased from 39 to 43.</li> <li>83% of our employees have completed Cultural Capability training since November 2023, building deeper understanding and respect across our workforce.</li> <li>We launched a partnership with the Jumbunna Institute for Indigenous Education and Research at UTS, focusing on understanding the experiences of our First Nations employees, to inform future actions to further enhance our workplace culture and inclusivity.</li> </ul>	<b>Progress</b> <ul style="list-style-type: none"> <li>We invested \$6.0 million in the communities in which we operate through a structured program of community investment.</li> <li>We are continuing the consolidation of our community investment into long-term partnerships that address our social impact priorities (community resilience, climate action, cost-of-living, and First Nations empowerment).</li> <li>We funded the installation of a solar battery system for the Upper Hunter Show, and the provision of 12-month EV subscriptions and EV charging units for OzHarvest's Sydney Warehouse and the Gunaikurn Land and Water Aboriginal Corporation in Gippsland, Victoria.</li> <li>We updated our Community Engagement Policy and Standard to align with best practice industry guidelines, including strengthening our approach to engagement with First Nations people to deliver a consistent, respectful, and culturally informed approach across all our projects and operations.</li> <li>We are developing Benefit Sharing Guidelines to define a consistent and equitable approach for supporting communities hosting our energy transition projects across the country.</li> </ul>	<b>Progress</b> <ul style="list-style-type: none"> <li>We have completed delivery of our two-year, \$90 million Customer Support Package, including providing \$76 million in payment matching and debt relief for customers experiencing vulnerability, proactively engaging with ~500k customers to offer energy affordability checks, and deploying 272 free solar and battery systems for eligible low-income households.</li> <li>We have delivered enhanced energy literacy and accessibility through targeted initiatives supporting culturally and linguistically diverse and First Nations customers.</li> <li>In July 2025 we acquired a Virtual Power Plant in South Australia (SAVPP) comprising distributed rooftop solar and around 7,000 home batteries installed on social and community housing, delivering discounted energy prices to customers who are part of this program.</li> <li>In FY25 the AGL Peak Energy Rewards program grew by 76%, compared to FY24. This program helps educate and engage customers on their energy usage and in FY25 delivered an estimated \$3 million in financial rewards for participation in demand response events.</li> </ul>







Influences



Complements



The ISSB's proposed Exposure Draft S2 Climate-related Disclosures, built on the 11 TCFD recommendations. The ISSB requirements fall under the same 4 pillars of the TCFD.

**Nov 2021, COP26 announced launch of ISSB**  
Seeks to establish a global baseline for sustainability reporting. Applies the financial materiality concept.

**Mar 2022, IFRS and GRI announced MoU**  
A collaboration agreement to coordinate their work programmes and standard-setting activities. GRI applies the impact materiality concept.



A not-for-profit, public interest organisation established to develop enforceable and globally accepted accounting and sustainability disclosure standards.

Consolidated



Established



A not-for-profit organisation that runs a leading global framework for environmental reporting.

Consolidated



**VALUE  
REPORTING  
FOUNDATION**

Consolidated

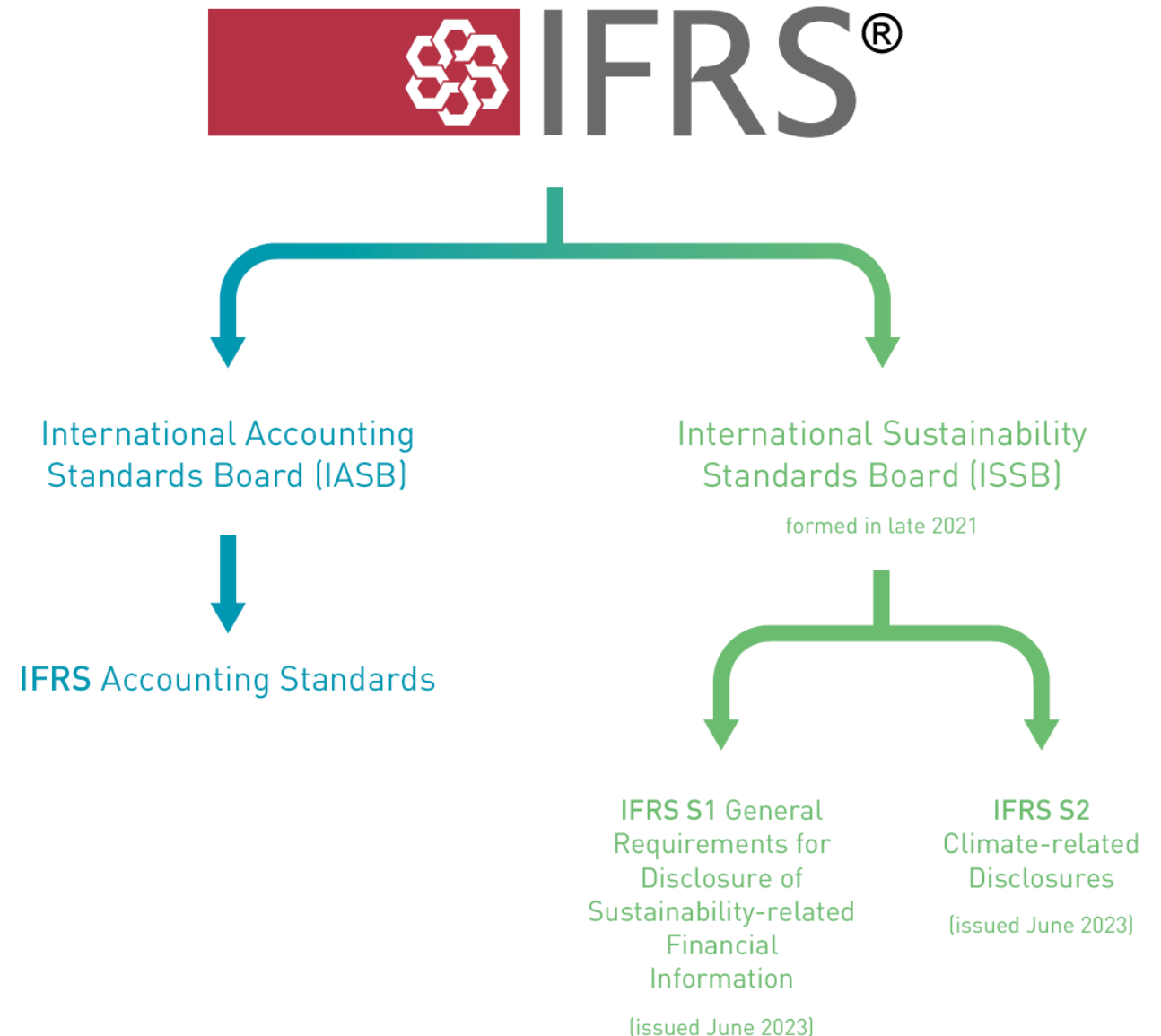


**INTEGRATED  
REPORTING**

**Aug 2022, IFRS Foundation assumed responsibility for SASB Standards**  
ISSB committed to building on the SASB Standards and embedding its industry-based approach to standards development.

The purpose of the ISSB:

- **Empower capital market** participants with the right information to support better economic and investment decision-making.
- Develop market-informed standards that:  
**enable companies to disclose decision-useful, comparable information;** and consolidate the ‘alphabet soup’ of voluntary sustainability-reporting initiatives.



# Issued its inaugural IFRS Sustainability Disclosure Standards in June 2023

## **IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information**

provides a set of disclosure requirements designed to enable companies to communicate to investors about the **sustainability-related risks and opportunities they face over the short, medium and long term.**

**IFRS S2 Climate-related Disclosures** sets out specific climate-related disclosure requirements for a company to disclose information about its **climate-related risks and opportunities.** IFRS S2 builds on the requirements set out in IFRS S1 and fully integrates the TCFD recommendations.

## United Kingdom

Announced in August it “has been a strong supporter of the ISSB since its launch” and will be based on the ISSB standards.

## Australia

Plans to require as early as 2024 and will “be aligned as far as practicable with the final standards developed by the ISSB”.

## Hong Kong

Hong Kong Stock Exchange (HKEX) has proposed making climate related disclosures mandatory for all issuers, requiring ISSB reporting from 1 January 2024.

## New Zealand

Already mandatory for certain large entities and are based heavily on the TCFD framework, which now falls under the ISSB.

**Which jurisdictions are affected by incoming mandatory climate disclosures?**

## Singapore

Announced in July it will require public companies to report on climate using the ISSB standard beginning in FY2025, and FY2027 for large private companies.





# Company directors need to understand what they're disclosing

2024 amendments to *Corporations Act 2001* set out new responsibilities for company directors.



Treasury Laws Amendment (Financial  
Market Infrastructure and Other  
Measures) Act 2024

No. 87, 2024

An Act to amend the law relating to corporations,  
and for related purposes

The mandatory climate-related financial disclosure or “sustainability report” comprises:

- A climate statement
- Notes to the climate statement
- **Directors’ declaration that the contents are in accordance with the Corporations Act and comply with AASB S2.** For years 1-3, directors can declare that the entity has taken reasonable steps to comply.

# AASB S2 doesn't explicitly require good climate governance...

6. an entity shall disclose information about:
  - (a) the governance body(s)... responsible for oversight of climate-related risks and opportunities...[including:
    - i) how responsibilities are reflected in policies]
    - ii) how the body or individual determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities.
    - [iii) how and how often the body is informed
    - iv) how the governance body accounts for climate risk in overseeing strategy, major transactions, risk management
    - v) How it oversees climate target-setting and monitoring]
7.
  - (a) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities..

AASB S2 sets out expectations of *where* good climate governance should be visible but *doesn't define it*.

# ...but forward-looking statements put directors on the hook

Forward-looking statements include:

- Results of scenario analysis
- Anticipated effects on a company's business model and value chain
- Expected changes to a company's business model, including resource allocation
- How a company expects its finances to change over time
- A company's climate resilience strategy, transition plan and targets
- **“A statement relating to climate that is about the future** in a sustainability report or accompanying auditor’s report, made for the purpose of complying with the sustainability standards” (ASIC)

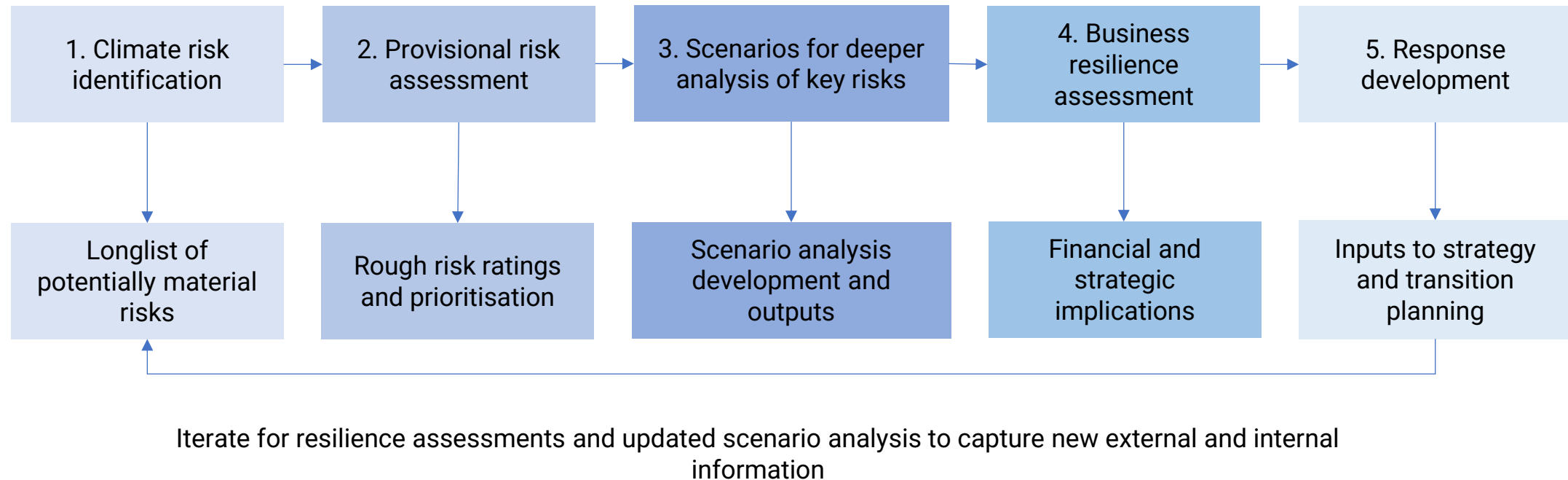
# Defining good climate governance is a work in progress

- World Economic Forum principles, 2019
- Supported by Climate Governance Initiative hubs (AICD in Australia)
- Principles 1-3 set the stage for the rest



# Risk analysis is the core of the IFRS S2 disclosure

Getting it right requires an iterative process to refine your entity's risk definitions and understanding





# Climate-related risks affect different parts of your business model and value chain, differently

## 1. Risk identification






- a) Across the business model and value chain, what are the critical functions and cost/value drivers?
- b) How could climate change and decarbonisation affect these?
- c) What are relevant geographic/jurisdictional differences in impact?
- d) How could they change across short-/medium-/long-term timeframes aligned with business strategy?

# 1.b) Consider range of climate-related risks and opportunities

## Examples of Climate-Related Risks

 <b>Physical Risks</b>	<b>Acute</b> <ul style="list-style-type: none"><li>Increased severity of extreme weather events such as cyclones and floods</li></ul>
	<b>Chronic</b> <ul style="list-style-type: none"><li>Changing weather patterns and rising mean temperature and sea levels</li></ul>
 <b>Transition Risks</b>	<b>Policy and Legal</b> <ul style="list-style-type: none"><li>Increased pricing of GHG emissions</li><li>Enhanced emissions-reporting, obligations</li><li>Mandates on and regulation of existing products and services</li><li>Exposure to litigation</li></ul>
	<b>Technology</b> <ul style="list-style-type: none"><li>Substitution of existing products and services with lower emissions options</li><li>Unsuccessful investment in new technologies</li><li>Costs to transition to lower emissions technology</li></ul>
	<b>Market</b> <ul style="list-style-type: none"><li>Changing customer behavior</li><li>Uncertainty in market signals</li><li>Increased cost of raw materials</li></ul>
	<b>Reputation</b> <ul style="list-style-type: none"><li>Shifts in consumer preferences</li><li>Stigmatization of sector</li><li>Increased stakeholder concern or negative stakeholder feedback</li></ul>

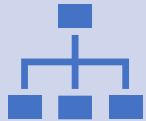
## Examples of Climate-Related Opportunities

 <b>Resource Efficiency</b>	<ul style="list-style-type: none"><li>Use of more efficient modes of transport and production and distribution processes</li><li>Use of recycling</li><li>Move to more efficient buildings</li><li>Reduced water usage and consumption</li></ul>
 <b>Energy Source</b>	<ul style="list-style-type: none"><li>Use of lower-emission sources of energy</li><li>Use of supportive policy incentives</li><li>Use of new technologies</li><li>Participation in carbon market</li></ul>
 <b>Products &amp; Services</b>	<ul style="list-style-type: none"><li>Development and/or expansion of low emission goods and services</li><li>Development of climate adaption and insurance risk solutions</li><li>Development of new products or services through R&amp;D and innovation</li></ul>
 <b>Markets</b>	<ul style="list-style-type: none"><li>Access to new markets</li><li>Use of public-sector incentives</li><li>Access to new assets and locations needing insurance coverage</li></ul>
 <b>Resilience</b>	<ul style="list-style-type: none"><li>Participation in renewable energy programs and adoption of energy-efficiency measures</li><li>Resource substitutes/diversification</li></ul>

# Questions



Is your organization already reporting some climate change disclosures?



If so, what frameworks are you using? (GRI, TCFD, SDG, SASB)



Is your country likely to adopt the International Sustainability Standards Board requirements?

# References:

- <https://www.governanceinstitute.com.au/resources/>
- <https://www.asx.com.au/documents/asx-compliance/cgc-principles-and-recommendations-fourth-edn.pdf>
- <https://kpmg.com/au/en/home/industries/power-utilities.html>
- <https://sasb.ifrs.org/standards/download/>
- <https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/>



# Thank you

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