

Australian exporters are being asked to meet higher levels of environmental and social performance

It is possible to be competitive, profitable and good for the planet. Here's how.

By Brooke Anderson and Robert Holgate

Exporters are sometimes likened to the canary in the coal mine. They are often the first to feel the global winds of change – fluctuations in foreign exchange rates, the impacts of war and disruptions to supply chains and now international climate change policy.

Many of Australia's key overseas markets and trading partners have, or are in the process of introducing significant changes to who they do business with and on what terms they do business based on their decarbonisation policies.

In October 2023, the European Parliament enacted the Carbon Border Adjustment Mechanism (CBAM) which lays down obligations for importers to report on the direct and indirect emissions embedded within their products. Following the EU's announcement, other markets including the US, are now considering adopting their own CBAMs. A similar scheme is in the making in Canada.

Around the world we see developed and developing countries introducing decarbonisation policies to fit within their country's target emissions range.

Given a significant amount of Australia's commodity exports are currently heading to markets and countries who are committed to achieving net-zero emissions, there will be increasing pressure placed on Australian exporters to remain competitive by meeting independently verifiable and globally recognised environmental standards – for their products, services, and their business operations.



SUSTAINABLE DEVELOPMENT GOALS



But it's not just higher standards of environmental performance which exporters are facing. Trading partners are increasingly looking at the impact businesses including exporters are having on local communities.

For example, the degree to which Australian companies are committed to local economic development through the establishment of local partnerships and supply chains, investing in physical infrastructure and skills transfer; and implementing extended producer responsibility policies and programs.

Increasingly we are seeing governments and overseas buyers and international partners asking businesses to describe the long-term, positive impact they intend to have on the communities in which they operate.

According to B Lab AANZ, the global not for profit (NFP) responsible for transforming the global economy to benefit all people, communities, and the planet, the shift is already underway towards stakeholder governance and impact management.

"More and more we are seeing businesses of all sizes considering the impact of their decisions on stakeholders including their employees, customers, suppliers, shareholders, community and the environment, and to seeking to achieve an overall positive impact on society and the environment whilst generating profits" says Brooke Anderson, a B Consultant with Yellow Edge, a Canberra company focused on shaping human potential.

There are many reasons for the shift - consumer choices, business values and behaviour, countries updating legal structures and requirements, the flow of capital investment etc.

What is clear however is if Australian exporters want to continue to be globally competitive, they need to be demonstrating that they are having a positive impact on people and the planet – not just their shareholders.

Those Australian exporters who have intentionally designed and built their businesses to meet ambitious social and environmental standards, as well as higher levels of accountability, and transparency will have the edge over their competitors and will be better positioned to capitalise on the multitude of opportunities net zero offers.

Examples of Australian exporters who are already using business as a force for good, setting and meeting higher standards of social and environmental performance include:

Case study 1. Outland Denim

Outland Denim's business model provides stable employment, a living wage, holistic support, and a safe workplace for women who have experienced human trafficking, exploitation, or abuse. The company minimises their environmental impact through the use of responsibly sourced and manufactured raw materials.

Case study 2. Australian Ethical

Australian Ethical's financial advice and services address social and environmental problems head on by focusing their investments on renewables and energy efficiency, healthcare, and medical breakthroughs, increasing global connectivity such as innovative technology, and on sustainability solutions.

Case study 3. Who gives a crap

Who gives a crap produces sustainably conscious toilet paper, tissues, paper towels and other products and donates 50% of their profits to a series of WASH (water, sanitation, hygiene) non-profit partners globally.

Case study 4. Aspen Medical

Aspen Medical, the ACT and Australian Exporter of the Year in 2018 and global provider of healthcare solutions to remote, challenging, or under-resourced locations looks to benchmark, continuously improve, and publicly report on their impact including their employee giving and matching initiatives, their charitable endeavours and corporate social responsibility programs.

To be globally competitive and relevant, exporters must be switched onto and accountable to ongoing issues of global importance, such as the climate emergency; the urgent international movement for social justice, reduced inequalities, and racial equity; ongoing public health and economic fallout of the COVID-19 pandemic etc.

“Imagine swimming in the ocean and you notice a large wave heading towards you, you can choose to duck down and avoid getting dumped on or you can start swimming to try and get ahead of the wave and eventually ride it into shore,” says Brooke Anderson.

To help exporters go about meeting higher standards of performance in their business ACT TradeStart and Yellow Edge have partnered with B Lab AANZ, the NFP organisation behind the global B Corp movement to bring the Business for Good Program – a business impact improvement and innovation program to the ACT.

The Business for Good ACT Program works with exporters and potential exporters to identify and measure their social and environmental impact and to accelerate their business’ sustainability journey.

“The ability to measure and report against globally recognised environmental and social standards will be crucial for exporting companies into the future as overseas markets and customers mandate things like carbon reporting.”

“With the right tools and support from partners like Yellow Edge and B Lab AANZ, we believe that ACT exporters can have more of a positive social and environmental impact, be more resilient and stronger performers in global markets” says Robert Holgate, ACT TradeStart Advisor.

For more on The Business for Good Program ACT [click here](#).

References

- EU regulation - Final CBAM Implementing Regulation for the transitional period
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- How B Corps are making the future of fashion traceable and transparent? (bcorporation.com.au)
- If money makes the world go round, meet three B Corps making it better. (bcorporation.com.au)
- What does it look like to go beyond business as usual? These six B Corps show us how. (bcorporation.com.au)



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