

Climate Alliance Newsletter

December 2018

Welcome to the December edition of the Climate Alliance Newsletter.

We have just finished a very successful whirlwind week, where Dr Paul Fisher presented to a large number of people representing a cross section of Australian business and Government. We counted up a total of 22 separate briefings to a broad range of organisations – from banks, through to professional associations and regulators. Paul also presented at the Agriculture Institute annual conference.

Climate Alliance invited Dr Fisher to Australia again because of the amazing progress that has been made in the EU and the UK over the last twelve months.

The focus of his briefings was to report on the progress on these three areas:

[TCFD](#)
[HLEG](#)
[Green Finance UK](#)

Even during the week he returned to the UK, more announcements were made! A summary of the work by these three groups can be found on our website under [Sustainable Finance](#).

2018 NATIONAL CONFERENCE



At our National Conferences in Melbourne and Sydney, Paul was ably supported by Theo Comino of AGL and Judith Fox of the Australian Shareholders' Association. The conference summary plus photos can be found [here](#).

Theo spoke about AGL's approach to managing the transition to decarbonise the power generation industry. In many ways,

AGL's challenges will need to be addressed by all businesses currently operating coal fired power plants.

Judith spoke about the challenges retail investors face in trying to assess the risk their investments face from climate change.

None of this would have been possible without the active support of the host organisations that secured Paul's briefings and the generous sponsors that supported the conferences and Leadership Awards.



Thank you to our sponsors:



OUR FINDINGS

During our travels, we found the following:

- A number of Australian companies have already made considerable effort to start reporting according to the guidelines of the TCFD framework.
- Notwithstanding the poor leadership from our Federal Government, many businesses are pursuing business strategies in order to gain a competitive advantage from this disruption.
- Although this issue has generally received little attention in Australia, our regulators are very interested in developments and are likely to adopt a number of the approaches being taken by the EU and the UK.

The TCFD was established due to concern for the viability of the UK insurance industry's investments and its recommendations primarily address the finance industry. However, an attractive aspect of the approach is that it can be applied to any industry – or Government.

The risks and opportunities presented by climate change will impact many aspects of business operations everywhere. For many years, Climate Alliance has promoted the idea that climate change risks should be treated like any other business risks and the opportunities should be addressed by the business.

The Board Risk Committee and the CRO normally assume responsibility for financial, legal, reputational risks a company needs to manage. Risks resulting from climate change should be included in their portfolio. In this way, the risk can be

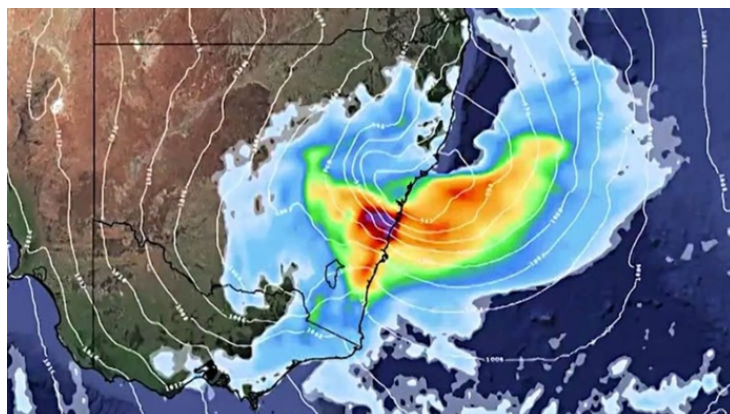
included on the risk register and treated in the same manner as other risks.

Opportunities should be addressed the same way. For example, if a coal fired power generator identifies an opportunity to reduce production costs by generating power through wind turbines instead of coal, the business should manage the opportunity.

This means that the responsibility to address the climate change issue should not rest with Sustainability Managers, CSR or ESG functions in companies. To-date much of the heavy lifting has been very effectively carried out by these executives. However, I suspect that over the coming years, there will be a transition of responsibilities.

Other functions in organisation that may also be impacted by climate change include:

- Supply chain management. Companies are operating with long supply chains and applying a “just in time” approach to inventory management. The frequency of disruptions will increase with climate change – as will their impact.
- Business continuity. Similarly, carrying out business operations in some geographies is already being impacted by increasingly severe storms. Adelaide, Brisbane and Sydney have suffered their impact in the recent past.



Sydney, 28 November 2018 - a taste of things to come

- Fiduciary duties of directors. If directors fail to take heed of these risks, they could face serious consequences. Legal opinions in a number of jurisdictions have clearly stated the legal obligations of company directors.
- Property management. Companies deciding where to locate new operations need to be mindful of publicly available data that will enable them to use “big data” to analyse the risks associated with a particular location.

In our opinion, all businesses will be impacted by climate change in some way. The sooner this risk and/or opportunity makes it the mainstream of business operations – the better!

Climate Alliance 2018 Leadership Award Winners



The winners of the 2018 Leadership Awards are:

[Bank Australia Limited](#) (sponsored by Fujitsu)

[Fiona Simson](#), President, National farmers' Federation (sponsored by Ashurst)

[Sanjeev Gupta](#), Executive Chairman and CEO, GFG Alliance (sponsored by Ashurst)

[ShineHub Pty Limited](#) (sponsored by Energy Queensland)

[Carlton & United Breweries](#) (sponsored by Fujitsu)

More details of the winners plus photos of the award ceremonies can be found [here](#).