



**CHARTERED SECRETARIES  
AUSTRALIA**

*Leaders in governance*

*August 2008*

## **Business underestimating climate change challenges**

Business appears to be underestimating the challenges of the 'whole-of-economy' change needed to meet the government's climate change agenda, perceiving it only as the introduction of an Emissions Trading Scheme rather than a fundamental change to the way organisations do business.

More worrying still is the fact that business also runs the very real risk of responsibility and accountability for tackling climate falling between the cracks, with neither the board nor senior management seemingly on top of the issue.

According to a survey of company secretaries in the Top 300 companies by Chartered Secretaries Australia (CSA), more than one-third of boards surveyed (36 per cent) do not have climate change on the agenda while almost two-thirds (60 per cent) have not considered what additional skills and competencies they need to oversee the company's response to climate change reforms.

Equally as worrying, three-quarters of boards surveyed (77 per cent) have not defined climate change reform as a project that a dedicated group needs to examine, with less than one-quarter having set up a committee to consider the implications of the proposed reforms on their business.

And while 64 per cent of boards surveyed have climate change reform on the agenda, business appears to be grappling with who in the organisation should have overall responsibility for the function, with responses varying from chief risk officer to the managing director to no-one.

The findings of the survey also suggest that climate change is being seen as a compliance issue and not a whole-of-company strategic risk management issue. Only 45 per cent of respondents say their company will seek, or have sought, assistance from climate change and/or risk management consultancies to prepare for the impact on the business, suggesting that more than half of the companies surveyed may be over-simplifying the issue.

And there's still a long way to go to be ready for the reporting imperatives, with 59 per cent of respondents reporting that their company has not developed and implemented internal and external reporting processes on its management of climate change, such as those sought under Principle 7 of the ASX Corporate Governance Council guidelines.

"Given that the government's climate change agenda is a 'whole-of-economy' change, I'm surprised that so many companies seem to be seeing the transition to a low-carbon economy as more of a compliance issue rather than a far-reaching fundamental change, and opportunity," Mr Sheehy, chief executive of CSA says.

**MEDIA RELEASE**

“Climate change, and its impact on companies, is much broader than compliance. Investors will want to know about companies’ carbon exposure and risk mitigation strategies. For companies to remain competitive in a low-carbon economy means that boards and management need to be investing in new business strategies, and reporting and governance frameworks today. Tomorrow could be too late,” Mr Sheehy says.

*For further information contact Tim Sheehy at Chartered Secretaries Australia on (02) 9223 5744 or 0419 490 594; or Viv Hardy at CallidusPR on (02) 9283 4113 or 0411 208 951.*

***About Chartered Secretaries Australia***

Chartered Secretaries Australia (CSA) is the peak professional body delivering accredited education and the most practical and authoritative training and information on governance, as well as thought leadership in the field.

***MR/2008/8***