

MEDIA RELEASE

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Climate Change High on Board Agendas: Study

A climate governance study of Australian directors has revealed a high level of concern about climate-related risks and the need for a more coordinated approach if Australia is to meet its net-zero emissions targets.

Undertaken by the Australian Institute of Company Directors (AICD) in collaboration with advisory and investment firm Pollination, *Climate Governance Study 2024: Moving from vision to action* confirms climate change is considered a core governance issue for boards.

A clear majority (80%) of Australian directors expressed concern about climate-related risks. Notably, of those who reported being most concerned about climate change, 70% also saw opportunities in addressing it. And a third of boards (32%) have reconsidered their organisational strategy in response to climate risk and opportunity.

Sixty per cent of directors said climate governance warranted more board attention.

AICD Managing Director & CEO Mark Rigotti said: "Climate change is no longer just about compliance or reputation, it's now accepted as a key strategic issue, presenting both risks and opportunities for organisations.

"While directors acknowledge the need for substantial investment in climate transitions, they are often pulled in different directions by stakeholders. Particularly for listed companies, navigating different investor expectations and complex new regulation is a key challenge.

"Directors are increasingly wary of what they commit to publicly, given the legal risks, uncertainty around emerging technologies and the fluid policy environment."

The study identifies government policy as both a driver and a drag on corporate climate transitions. Forty-two per cent of directors said policy uncertainty was a barrier to climate governance, and policy was rated as the main barrier across all sectors.

Pollination Managing Director Zoe Whitton said: "Directors are responding fast to new policy and regulator scrutiny, but there's a widely held view that these asks aren't presently adding up. In aggregate directors aren't sure whether to move faster or slower, and they're not getting the clarity they need to decisively invest, collaborate and pursue new strategies.

The Australian Institute of Company Directors is committed to strengthening society through world-class governance. We aim to be the independent and trusted voice of governance, building the capability of a community of leaders for the benefit of society. Our membership of more than 51,000 includes directors and senior leaders from business, government and the not-for-profit sectors

“Alignment among directors, policymakers and investors will be essential to ensure that corporate Australia can realistically pursue net zero in a reasonable timeframe.”

A majority of directors (72%) said they feel somewhat or well prepared for the introduction of the Federal Government's climate reporting regime, with the number rising to 81% for listed members. Amongst NFPs likely to be subject to mandatory disclosure, just 11% consider themselves well prepared, while 43% reported not being prepared.

The Climate Governance Study 2024 provides insights into leading practice among Australian directors and makes recommendations on how to accelerate progress.

Climate Governance Study 2024: Moving from vision to action brings together survey responses from 1057 AICD members, along with insights from interviews and roundtable discussions with primarily ASX 200 company directors.

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