## Progress

# National business leaders debate urgent climate risk adjustments

Over 200 heads of industry and sustainability-focused organisations met at Parliament House in Canberra on the 19th and 20th of May to push forward discussion on how business and government can urgently re-calibrate to the evolving risks – and opportunities - of climate change.

The 9th National Business Leaders Forum on Sustainable Development brought to attention that global indicators of climate change risk are tracking beyond the Intergovernmental Panel on Climate Change's worst case extrapolations. These indicators include faster-than-expected melting of the Arctic and Greenland ice sheets and rates of increase in emissions

Professor Tim Flannery delivered a stark summary of the latest trends and the shortened timeframe for the action needed over the next 5 to 10 years to back-pedal on business-as-usual settings and pull carbon out of the atmosphere to avoid dangerous climate scenarios. He appealed to business leaders and government to enact their responsibilities immediately.

### Risk exposure heightens

Australia's escalating CO<sub>2</sub> emissions rates in particular - rising faster than those of most other countries – stood out in discussions. In a global economy trying to rapidly build in climate change mitigation, Australia stands relatively unprepared for carbon risk impacts to its industry, society and environment after a decade of deliberation.

'Higher levels of risk to business include physical impacts, regulatory change, competitive risks, changing markets, investment, changes to the price of energy, energy infrastructure, litigation and shareholder activism. All sectors will be affected,' the Forum's briefing paper warns.<sup>1</sup>

According to the outline, Australian business – across most sectors – is significantly underestimating the level of risk associated with climate change, and needs to re-calibrate it. 'The size of the emissions reduction task for business in Australia looks greater than most are contemplating.'

Foreshadowing more aggressive emissions cut targets, such as those already advocated in advanced reporting by Professor Ross Garnaut, the Forum paper highlights that 'business should plan for much faster and deeper emissions reductions, and more stringent emissions caps, than have been assumed.'

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Chief of World Vision Australia, Dr Tim Costello, however, highlighted that business must also consider the emerging opportunities under a trading regime, particularly where solutions to a global problem require expertise partnerships with poorer nations. 'International carbon offset programs are becoming a powerful investment opportunity in reducing poverty,' he said. The advent of such 'climate opportunities' for Australia and the broader challenge of social equity in a



Giving the Forum's Keynote address, Prime Minister Kevin Rudd committed to Australian leadership on climate and environment priorities. Nancy Morrison

#### **Upgrading regulation**

Delegates discussed how regulatory settings have hindered business response to the key signals around climate change risk. According to the conference paper, 'Australian regulatory frameworks are piecemeal and do not provide adequate

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carbon constrained society were explored by panel sessions.

But with the national emission trading scheme (NETS) to launch in 2010, and some compliance measures requiring adherence next financial year, there is a lot of catching-up needed across business. Price Waterhouse Coopers' Carbon Countdown business survey<sup>2</sup> conducted in January revealed that only 22 per cent of business leaders said they had responded to climate change risks, and only 2 per cent have actually implemented a strategic response.

guidance of the magnitude of actions that will be required to reduce the carbon signature of the Australian economy'.

'In addition, the economy is not restructuring fast enough because climate change related targets in Australia are fewer and mostly of lesser strength than those operating elsewhere.'

Federal Minister for Climate Change and Water, Penny Wong, speaking in the session on exploring a new national sustainability vision, said the new government was committed to further developing policy and regulatory measures that both addressed climate risk directly

Forum overview paper: 'An Urgent Business Task: Re-calibrating the Risk from Climate Change' at http://www.webls.info/weblease/clientimages/nblf/Recalibrating\_the\_Risk\_from\_Climate\_Chage.pdf
Price Waterhouse Coopers (2008) 'Carbon countdown: survey of executive opinion on climate change in Australia'. http://www.pwc.com/Extweb/onlineforms.nsf/docid/0EDACFFBA83712AB852573DB000F55FF

and provided adequate incentive for business proactivity.

When the necessity for an 'emergency, war footing' and incremental step change for climate action was raised and then applauded by delegates, Minister Wong argued that after only six months, policy was already evolving based on the best available advice and the balancing of priorities for Australia.

Prime Minister Kevin Rudd delivered the Keynote address at the Forum dinner. He acknowledged recent scientific confirmation in *Nature*<sup>3</sup> of the rapid effects of climate change (also see page 29), and outlined Labor's progress on climate imperatives since coming to office. He reiterated that further initiatives would be implemented alongside the NETS to help business address risk exposure, and to ensure Australia shows leadership on sustainability measures.

Mr Rudd signalled that a detailed review of internal sustainability alignment had commenced as part of bringing federal processes up to speed. Having just received a taskforce report on government's energy, water and waste related 'footprint', he said, 'I can say that we are a long, long way behind, but we have already started work.'

Ahead of the annual Corporate Responsibility Index Awards presented at



The 2007 CRI Awards were presented at the 9th Business Leaders Forum on Sustainable Development. Nancy Morision

the dinner, the Prime Minister also announced that Awards' host organisation, the St James Ethics Centre, would receive \$2 million support for its efforts to help Australian companies to continue to be world leaders in corporate social responsibility commitments

#### Leadership – science and business

During day two of the Forum, a panel session chaired by Minister for Environment, Heritage and the Arts, Peter Garrett, discussed the need for better scientific literacy in leadership to help inform robust decision-making, particularly around environmental management priorities. These affect human well-being, ecosystem services to the economy and social stability.

Professor David Lindenmayer from the Fenner School for Environment and Society at the Australian National University summarised the opinions of some of the nation's experts on priority environmental management actions and the remaining 'big questions' in Australia. Developed out of the specially convened Carrington Meeting in NSW during 2006, these recommendations have now been collated for government and business leaders, and presented in the forthcoming book *Ten Commitments: Reshaping the Lucky Country's Environment.*<sup>4</sup>

Other themes explored at the Forum included the pitfalls of 'greenwash' for companies, global collaboration avenues, carbon abatement in the built environment, finance industry adaptation and preparation for the NETS. Key recommendations from the conference have been prepared for submission to government.

#### James Porteous

Ecos magazine is an annual Partner of the National Business Leaders Forum on Sustainable Development.

#### More information:

The 9th National Business Leaders Forum on Sustainable Development, www.nblf.com.au

Note: The online version of this article has been modified from the print edition.

- Rosenzweig C et al. (2008) Attributing physical and biological impacts to anthropogenic climate change. Nature 453, 353–357.
- 4 Published by CSIRO Publishing, http://www.publish.csiro.au

## The CRI rewards dedication by change leaders



Members of Country Energy, which won the Best Progress category.

Nancy Morrison

This year's 5th annual Corporate Responsibility Index Awards lauded a growing commitment by company leaders to open and dedicated reporting of their sustainability challenges.

Speaking at the presentations

held during the National Business Leaders Forum on Sustainable Development, Dr Simon Longstaff, Executive Director of the St James Ethics Centre, which hosts the Awards in Australia, said a change of overall winner at the top of the table (ANZ) and a wider range of local companies registering for the voluntary index process represented a maturation of business commitments to sustainability measures.

#### Results for the 2007 Index:

- Best New Entrant –
   mecu Limited
- Best Progress Country Energy
- Leadership ANZ
- Best Performance EnergyAustralia

According to the St James Ethics Centre, Australian company participants in the Index are now quoted as being at the forefront of international performance.

The federal government, through Treasury, has just commissioned the St James Ethics Centre to undertake a three-year project to expand responsible business practice nationally.

George Maltabrow, Managing Director of Energy Australia, which this year won Best Performance, said, 'The hallmark of excellent performance by a company is not just the results it achieves, but how it achieves them. The CRI is our independent measure of how we're going about providing support to our community and minimising our environmental footprint. It pushes us to improve our performance every year.'

#### More information:

The Corporate Responsibility Index, www.corporate-responsibility.com.au

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