A changing landscape:
Climate change risk disclosures and governance of the ASX50 in 2020

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Key observations for the ASX50 in 2020

- **Widespread voluntary reporting against global frameworks**
- **Majority are disclosing climate change risk in the operating and financial review (OFR)**
- **Majority are undertaking scenario analysis to assess potential implications of climate change risk**
- **Growing number of companies making targets and commitments**
- **Oversight of climate change risk is reflected in governance frameworks**
- **Companies linking executive remuneration and climate change**
- **Industry associations under pressure to align on climate change**
- **Assurance being obtained on climate change disclosures from assurance practitioners**
- **Higher levels of support for climate change resolutions at AGMs**

While many things slowed down due to the pandemic in 2020, focus on climate change and climate change risk disclosures and governance definitely heated up.

Climate change repeatedly hit the headlines, with the bushfires and flooding in Australia, new reports on the risks of climate change to employment and our economy, and a series of foreign governments and companies making commitments to achieving net zero. Amongst this were calls by major global institutional investors for improved and consistent climate change disclosure, major global proxy advisers launching climate voting policies, and Australian regulators continuing to monitor companies in relation to climate change risks and be vocal on climate change risks.

Our analysis shows ASX50 companies generally responded to these developments, with 2020 setting a new base line for climate change disclosures. Reporting against the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) is now the market standard among this group, with the Global Reporting Initiative (GRI) Standards and CDP (formerly the Carbon Disclosure Project) not far behind. Across the OFR and dedicated climate change and sustainability/ESG reports, many companies are providing significant detail on the climate change risks and opportunities they face, including using scenario analysis to assess the potential implications of those risks.

Most ASX50 companies have made measurable targets and commitments, and most disclose how they are tracking against those targets and commitments.

Climate change governance also received significant attention in 2020, with most ASX50 companies having taken steps to embed climate change governance in governance frameworks. Some of these companies have also introduced performance targets for executive remuneration tied to climate change, reviewed industry association memberships for alignment on climate change and obtained assurance from assurance practitioners on their climate change disclosures.

There was, and will continue to be, investor and activist pressure to do more. 2020 saw a spate of shareholder requisitioned resolutions on climate change and 2021 is shaping up to be even more heated. The Australasian Centre for Corporate Responsibility (ACCR) filed its first “Say on Climate” resolution in Australia in early February and since then Santos, Woodside Petroleum, Rio Tinto and Oil Search have adopted the initiative (although we won’t see the results of the advisory shareholder votes on their climate change reports until 2022). In another never-before-seen development for Australia, Rio Tinto's Board supported two climate change resolutions requisitioned by shareholders at its AGM in May, and these resolutions were passed (in each case with 99% of votes cast in favour).

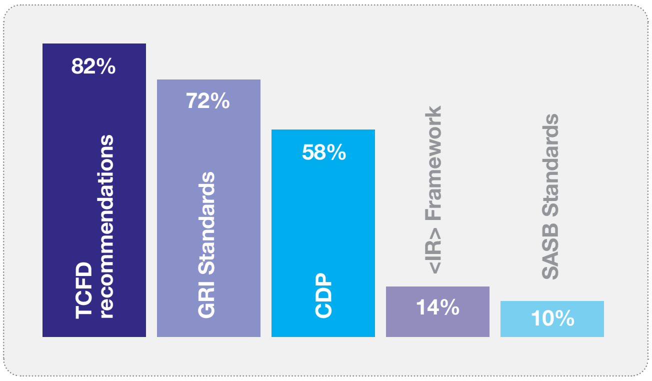
Our key observations of climate change disclosures and governance of the ASX50 in 2020 are set out in this report. We’ve also included some commentary on developments so far in 2021, as well as some predictions for what may lie ahead.

Key observations for 2020

Widespread voluntary reporting against global frameworks

In the relatively short time since their release in June 2017 the recommendations of the TCFD seem to have become the preferred disclosure framework. The majority of the ASX50 companies (82%) reported against the TCFD recommendations in 2020, with a further 4% considering reporting against the TCFD recommendations in future.

The majority also reported in accordance with one or more other voluntary frameworks or standards including the GRI Standards, the CDP, the <IR> Framework of the International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB) Standards.



From the second half of 2020 there has been significant movement towards a single global standard for climate change reporting. As we discuss further below, the International Financial Reporting Standards (IFRS) Foundation is trying to establish an international sustainability reporting standards board. That board would initially focus on climate-related reporting and build on the work of the TCFD, as well as consider a prototype climate-related financial disclosure standard proposed by a collaboration of five global framework- and standard-setters (including the GRI, CDP, IIRC and SASB).

Most include OFR disclosures on climate change risks, but disclosures vary significantly

While the majority of ASX50 companies (82%) are disclosing climate change risk in their OFR, the extent of this disclosure varies significantly. As we discuss below, we may start to see some more consistency going forward as companies refine their disclosures, including to address the results of ASIC's surveillance, APRA's vulnerability assessments and other initiatives.

Majority are undertaking scenario analysis

The majority of ASX50 companies (74%) used scenario analysis to assess the potential implications of climate change risks. A variety of different scenarios were used. Some companies faced questions, including at their 2020 AGMs, on their choice and disclosure of scenarios.

Growing number of targets and commitments

64% of ASX50 companies had made public measurable commitments in relation to climate change. Those that had made measurable commitments and targets generally included some disclosure on how they are tracking against their commitments and targets.

Already in 2021 we're seeing these numbers increase, with Coles Group recently committing to deliver net zero emissions by 2050 and Santos introducing new emissions reduction targets just prior to its AGM in April.

While these percentages may seem impressive, a number of these sorts of targets and commitments have been criticised in the media and other forums, including in shareholder statements accompanying requisitioned resolutions.
The criticism largely focuses on whether the targets and commitments are scientifically backed to achieve the aims of the Paris Agreement.

Oversight of climate change risk is reflected in governance frameworks

The benchmark that directors will be held to in relation to climate change risk is rising. Australian regulators have publicly stated they are monitoring climate change disclosure and recent climate-change related litigation has sought to test the boundaries of liability and change corporate and institutional behaviour in relation to climate risk. Recently published legal opinions also highlight the risks in relation to climate change risk and disclosure for directors, including remarks by The Hon Kenneth Hayne AC QC to the Centre for Policy Development's Business Roundtable on Climate and Sustainability and a series of opinions by barristers Noel Hutley SC and Sebastian Hartford Davis.

Most ASX50 companies have reflected oversight of climate change risk in their governance frameworks. Some examples include expressly referencing responsibility for climate change risk in the Board charter, involving Board risk and audit committees in considering and monitoring climate-related matters, establishing climate change working groups and steering committees and creating executive roles focused on climate change or sustainability matters.

Companies linking executive remuneration to climate change

Shareholder requisitioned resolutions have called for links between executive remuneration and climate change targets for years. Some companies have taken steps to accommodate this. In 2020, 30% of ASX50 companies linked some elements of executive remuneration to climate change measures, with a further 10% linked to sustainability measures.

As with all things remuneration, you can't please everyone. Some proxy advisers objected to such measures on the basis that achieving climate change targets should be part of an executive's "day job" and shouldn't warrant a bonus. It may well be that some shareholders have expressed similar views privately.

The majority of the companies that link executive remuneration to climate change are in the materials, energy, real estate and financials GICS industry sectors. This was consistent with a number of other data points in our analysis, which tended to be skewed towards these sectors. These sectors are significantly represented in the ASX50.

Industry associations coming under pressure to align on climate change

Likewise shareholder requisitioned resolutions at AGMs have been calling for several years for companies to review and report on industry associations' alignment on climate change issues.

In 2020, 40% of ASX50 companies disclosed their approach to industry associations in relation to climate change.

2020 also saw BHP and Origin Energy suspend their membership of the Queensland Resources Council over the Council's "vote Greens last" campaign.

Assurance on climate change disclosures being obtained

52% of ASX50 companies obtained assurance on their climate change disclosures in 2020, such as scope 1 and 2 emissions data. In each case this assurance was provided by one of the big 4 accounting firms.

Higher levels of support for climate change resolutions

Activists continued to make full use of their ability to requisition climate change resolutions at AGMs in 2020. These continued to take the form of a proposed amendment to a company's constitution followed by an advisory resolution contingent on the constitutional amendment being carried.

In 2020, 9 companies received requisitions for climate change resolutions and put them to the AGM. No climate change resolutions were carried in 2020. The average support vote for constitutional amendments among this cohort was just under 8%. But the level of shareholder support for the contingent climate change resolution was much higher – at just over 32%. In particular, the highest shareholder vote in favour of a climate change resolution was just over 50% – if formally put to the meeting, that resolution may well have passed.

The vote on these climate change resolutions sends an important signal to Boards that climate change issues are important to shareholders. It may be partly in response to that sentiment that several Boards in 2021 have begun to support climate change resolutions. We're seeing this in two ways. First, through Boards adopting the "Say on Climate" initiative, and agreeing to give shareholders a vote on their climate change reports at their 2022 AGM. Following the announcement of this, the relevant requisitioned resolution is typically withdrawn. And secondly, through Board support for climate change resolutions that will be put to shareholder vote at the 2021 AGM.

Notes on our dataset for 2020

In reviewing our data for 2020 we looked at annual reports, climate change reports and sustainability/ESG reports released in 2020 and other readily accessible publicly available information for companies that were in the S&P/ASX 50 as at 5 February 2021.

We also used publicly available search databases such as the CDP search function, the GRI search function, the RE100 list of members and the Science Based Targets search function in collecting our data.

All references to 'companies' in this note are inclusive of entities with other corporate structures that are listed on the ASX (e.g. stapled securities).

Acronyms link to the glossary at the back of this report when used for the first time. The glossary also contains links to the relevant websites for further information.

Date

The information in this report is current to 6 May 2021.

Climate change reporting frameworks and standards

2000
GRI Guidelines published

2002
CDP issued first questionnaire

2010
Climate Disclosure Standards Board (CDSB) launched Climate Change Reporting Framework

2011
SASB founded to develop ESG standards for use in US corporate filings

2013
<IR> Framework published

2015
TCFD created by the Financial Stability Board

2016
GRI transitioned from providing guidelines to setting the first global standards for sustainability reporting – the GRI Standards

June 2017
TCFD recommendations published

2018
SASB began to encourage global reporting using SASB disclosure metrics (not just in US corporate filings); in November, SASB published its set of 77 industry-specific standards

January 2021
International Integrated Reporting Council (IIRC) published revisions to the <IR> Framework

TCFD the market standard, and global momentum towards it becoming mandatory

Given TCFD is recommended by ASIC, APRA, the RBA, the ASX Corporate Governance Council, institutional investors such as BlackRock and proxy advisers or governance bodies such as the Australian Council of Superannuation Investors (ACSI), it is not surprising that it has become the market standard for disclosing climate change risks to investors in Australia.

From 2020, signatories to the Principles for Responsible Investing (PRI) initiative were required to report against the TCFD-based governance and strategy indicators. This includes 8 of the ASX50 (or their related entities).

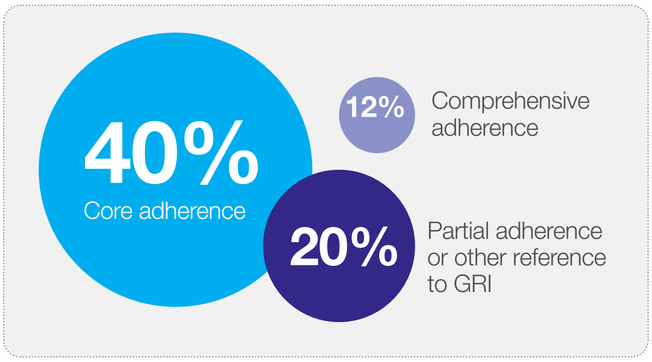
2020 also saw a move towards mandatory reporting based on TCFD. In September of that year NZ announced climate risk reporting in line with TCFD would become mandatory for publicly listed companies and large insurers, banks and investment managers on a "comply or explain" basis. Legislation to effect that announcement is currently before NZ parliament. In December 2020, the UK's Financial Conduct Authority released a policy statement introducing mandatory TCFD disclosure for premium UK listed companies, also on a "comply or explain" basis. Also in December 2020, the Hong Kong Securities and Futures Commission announced financial institutions and listed companies will have to disclose climate risks based on TCFD, by 2025.

GRI Standards and CDP also popular

The GRI's sustainability reporting standards are also receiving widespread support by the ASX50 companies in the data set, with participation in the CDP not far behind.

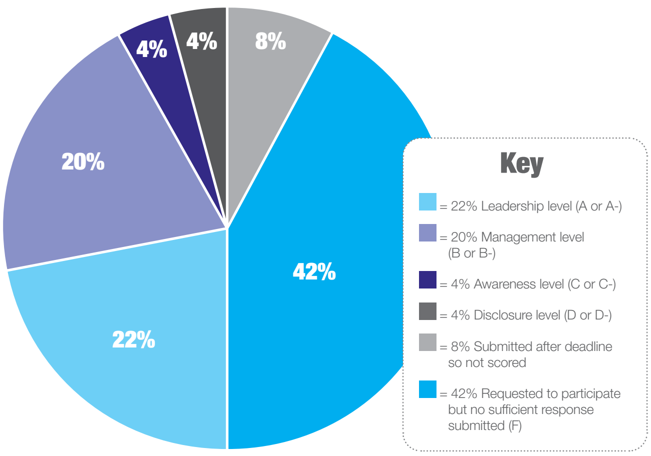
There are two options for preparing a report in accordance with the GRI Standards: Core and Comprehensive. The options reflect the degree to which the GRI Standards have been applied (rather than the quality of the information or the magnitude of the company's impacts). The idea is not that companies will necessarily progress from Core to Comprehensive, but rather that companies can choose which option best meets their reporting needs and the information needs of their stakeholders.

In 2020, the majority of ASX50 companies that reported in accordance with the GRI Standards opted for the Core option



CDP is different again – it provides a forum through which investors and customers can request environmental information from companies (although companies may also independently disclose through CDP). CDP will share companies' responses with the investors and/or customers that requested the response. Companies may choose whether they want their responses to be made available via the CDP website.

CDP also provides a score, from "A" to "D-", or an "F" for companies requested to participate that did not submit sufficient information or a response. Scores are publicly available on the CDP website, regardless of whether the response itself is public or not (with a limited exception for companies responding to a questionnaire for the first time).



<IR> Framework of the IIRC also being applied by some companies

The <IR> Framework connects reporting of sustainability information to reporting on financials and other areas of value. The <IR> Framework is not specific to climate change (or sustainability) but as discussed further below, the IIRC has joined with four of the other framework- and standard- setters to collaborate on comprehensive corporate reporting, including climate change reporting.

> Integrated reporting is a process founded on integrated thinking that results in a periodic integrated report by an organization about value creation over time and related communications regarding aspects of value creation.
>
> IIRC website

According to the IIRC, integrated reporting is consistent with numerous developments in corporate thinking taking place across the world. Its framework, the <IR> Framework, aims to accelerate these individual initiatives. It is a principles based approach that identifies information to be included in an integrated report.

Under the <IR> Framework, any communication claiming to be an integrated report and referencing the <IR> Framework should apply all the relevant requirements in the <IR> Framework except in limited circumstances.

14% of the ASX50 disclosed that they were reporting under the <IR> Framework in 2020.

SASB, CDSB and others not yet as popular in Australia

10% of ASX50 companies disclosed in line with SASB in 2020. This is not unexpected because SASB was initially founded to develop standards for use in US corporate filings. It is only since 2018 that SASB has begun to encourage global reporting in line with its standards.

In 2020, Larry Fink (CEO and Chairman of BlackRock) asked companies to disclose in line with SASB (as well as TCFD). With the support of the world's largest asset manager, SASB may well continue to become more popular. SASB has also recently appointed a senior advisor for Australia, reportedly in response to growing Australian interest.

Likewise the CDSB Framework hasn't yet been adopted by the ASX50 companies, despite being one of the internationally recognised standards referred to in the ASX Corporate Governance Principles and Recommendations.

There are also a number of other frameworks, standards and initiatives adopted by the ASX50. For example, the major banks are all signatories to the Equator Principles and the UN Principles for Responsible Banking. Many companies also use ISO 14001 as a framework to follow to set up an effective environmental management system. And many are signatories to the UN Global Compact.

Many of the ASX50 companies also include disclosure on their mandatory reporting under the Australian NGER Scheme.

Toward a single global standard for climate change reporting

Climate change disclosure is a particularly complex area. This is in part because it is a relatively recent and rapidly evolving area. It is also because in addition to shareholders, there are a variety of other users of climate change information, and therefore a variety of different objectives of climate change disclosure. It doesn't help that there are a number of different voluntary reporting frameworks and standards to choose from.

These features have led to confusion by preparers and users of climate change information. In response, five of the leading global framework- and standard-setters discussed above – ie CDP, CDSB, GRI, IIRC and SASB – have co-published a joint statement of intent to work together towards comprehensive corporate reporting. In December 2020, the group published a prototype climate-related financial disclosure standard.

The International Financial Reporting Standards (IFRS) Foundation has also consulted publicly on ways it might contribute to the development of global sustainability standards by broadening its current remit. Feedback on its 2020 consultation confirmed an urgent need for global sustainability reporting standards and support for the IFRS Foundation to play a role in their development. The Trustees of the IFRS Foundation are working on establishing an international sustainability reporting standards board. The new board would initially focus on climate-related reporting and build upon the well-established work of the TCFD. It would also consider the prototype climate-related financial disclosure standard proposed by the group discussed above.

The IFRS Standards have of course been broadly adopted globally, including in Australia. The work of the Trustees of the IFRS Foundation, together with that of the group of five discussed above, may be the first big milestone towards a single global mandatory climate-related financial disclosure standard.

> We appreciate that disclosure can be cumbersome and that the variety of reporting frameworks creates further complexity for companies. We strongly support moving to a single global standard, which will enable investors to make more informed decisions about how to achieve durable long-term returns… (While the world moves towards a single standard, BlackRock continues to endorse TCFD- and SASB-aligned reporting.)
>
> **Larry Fink, CEO and Chairman of BlackRock, letter to CEOs 2021**

2021 and beyond

We're expecting to see more and better disclosure in line with these global reporting frameworks and standards in 2021 and beyond. We will watch with interest whether any companies early adopt the prototype climate-related financial disclosure standard. Companies with international activities may also need to prepare for mandatory climate change disclosures in other jurisdictions.

We're also watching with interest the work of the new Task Force on Nature-related Financial Disclosure (TNFD), a taskforce set up to build on the work of the TCFD and to cover nature-related risks more broadly. The TNFD expects to deliver a reporting framework by 2023.

OFR disclosures

Majority of the ASX50 are disclosing climate change risk in OFR, but disclosures vary significantly

Since ASIC updated its guidance on climate change related disclosure in Regulatory Guide 247 *Effective disclosure in an operating and financial review* in August 2019, there has been increased focus on how companies address climate change in their OFR. While the majority of ASX50 companies (82%) are disclosing and identifying climate change risk in their OFR, the extent of this disclosure varies significantly.

In some 2020 annual reports, the OFR contained a detailed discussion on climate change running to several pages. In others, disclosure was much more limited. In some cases, the company specifically called out that it did not believe it had a material exposure to climate change risks (eg ASX Limited) or environmental risks.

Unsurprisingly, disclosure tended to be more extensive for companies in the mining, energy, financials and real estate GICS sectors rather than, for example, technology companies.

ASIC surveillance of climate-related risk

> Directors of listed companies should carefully consider the requirements relating to operating and financial review (OFR) disclosures in annual reports under s299(1)(a)(c) of the Corporations Act 2001. ASIC considers that the law requires an OFR to include a discussion of climate risk when it is a material risk that could affect the company's achievement of its financial performance.
>
> **ASIC Commissioner Cathie Armour, February 2021**
> **article**

ASIC has stated that it has been conducting surveillance of a selection of listed companies to assess how they are managing and disclosing climate-related risk. ASIC has said that it considers that while disclosure has improved, ongoing challenges include scenario analysis (in particular, consistency of scenarios and application across companies) and physical risks (including the lack of consistent language in this area).

> We are in the process of following up with many of the companies we considered as part of these reviews. Our aim is to pass on targeted guidance as they commence their next reporting cycle.
>
> **ASIC Commissioner Cathie Armour, February 2021**
> **article**

ASIC is also separately writing to companies to remind them of their statutory obligations if they come to ASIC's attention as potential "laggards".

ASIC has warned that while it intends to adopt a consultative approach as it continues to monitor the development of climate-risk disclosure practices over the coming period, as is always the case, it may consider enforcement action should there be serious disclosure failures.

Scenario analysis

Majority of ASX50 companies are undertaking scenario analysis

TCFD recommends describing the resilience of a company's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

In 2020, the majority of ASX50 companies (74%) used scenario analysis to assess the potential implications of climate change risks. A small number of companies (8%) disclosed that they were aligned with the TCFD recommendations, but either did not include disclosure on, or undertake, scenario analysis.

Variety of scenarios used

Amongst the ASX50, scenarios of 1.5°C and 2°C were most frequently mentioned, or those focusing on below and above 2°C. 'Worst-case' scenarios were also sometimes included, up to a 4°C scenario. Companies used different timing and other parameters, making them difficult to compare.

ACSI argues the October 2018 Intergovernmental Panel on Climate Change (IPCC) report is unequivocal about the importance of limiting warming to 1.5°C. It follows, according to ACSI, that it is increasingly important for companies to update their disclosure to demonstrate resilience in a 1.5°C economy, which could entail a rapid and disruptive transition to reach net zero emissions by 2050. ACSI's recently released climate change policy calls for a range of plausible but divergent scenarios, including a Paris-aligned 1.5°C.

APRA suggests scenarios could include a 2°C or less scenario consistent with the Paris Agreement, as well as a temperature increase in excess of 4°C by 2100 scenario.

Choice and disclosure of scenarios attracting shareholder attention

Scenario analysis is particularly challenging. Not only is it inherently difficult to predict what might happen under any chosen scenario, but there are also decisions to be made about what scenarios to choose and how many.

And companies are facing questions over both their choice of scenarios and disclosure of them. For example, Origin Energy faced questions from shareholders at its 2020 AGM over its emission reduction targets being set based on a 2°C scenario, as well as why its assumptions of oil prices in its financial statements weren't aligned with the climate goals of the Paris Agreement. Origin Energy's auditor was also asked whether a 1.5°C or well-below 2°C scenario was considered when assessing oil price assumptions.

Greater alignment and progress expected over time

As noted above, ASIC has acknowledged there are ongoing challenges with scenario analysis. In particular, the diversity of scenarios being disclosed against, and how individual scenarios are applied differently by companies in similar industries, locations and circumstances. TCFD's latest status update echoes these observations in relation to its global review.

ASIC's work, together with various other developments such as the work by the industry-led Climate Measurement Standards Initiative (CMSI), the Network for Greening the Financial System (NGFS), and APRA's climate vulnerability assessment of Australia's largest banks (which will be shared with the wider financial services industry to support entities in improving their scenario analysis), are likely to lead to greater alignment and progress of scenario analysis over time.

Reporting format

Mixed formats for reporting TCFD and other climate change disclosures

ASX50 companies reporting in accordance with the reporting frameworks and standards discussed above do so in some cases in the annual report (including the OFR), in other cases in separate sustainability or ESG reports, and in some cases in dedicated climate change reports.

The below graphic shows the number of ASX50 companies which prepared a dedicated climate change report, sustainability report or other form of separate ESG report in 2020.

A small number of ASX50 companies (10) prepared both a sustainability and climate change report.

Minority prepared dedicated climate change reports

Roughly a quarter of the ASX50 prepared a separate dedicated climate change report in 2020. These reports typically involved companies reporting against the TCFD recommendations. The detail in these reports varied, in some cases being quite brief, and others being extremely detailed and thorough.

It won't be surprising to see this statistic increase as companies begin to adopt the "Say on Climate" initiative and prepare to give shareholders a non-binding advisory vote on their climate change reporting.

Majority include climate change reporting in sustainability or ESG reports

70% of the ASX50 prepared a separate sustainability report, and a further 10% a separate ESG or similar report, which included reporting on climate change, as well as other topics such as customers, people and culture, health and safety, environment, community, supply chain, etc.

Commitments and targets

A year for historic commitments

In 2020 the EU, China, Japan and South Korea all made historic commitments to achieve net zero emissions. Together with the US, that means 127 governments, responsible for more than 60% of global emissions, are considering or already implementing commitments to net zero.[1]

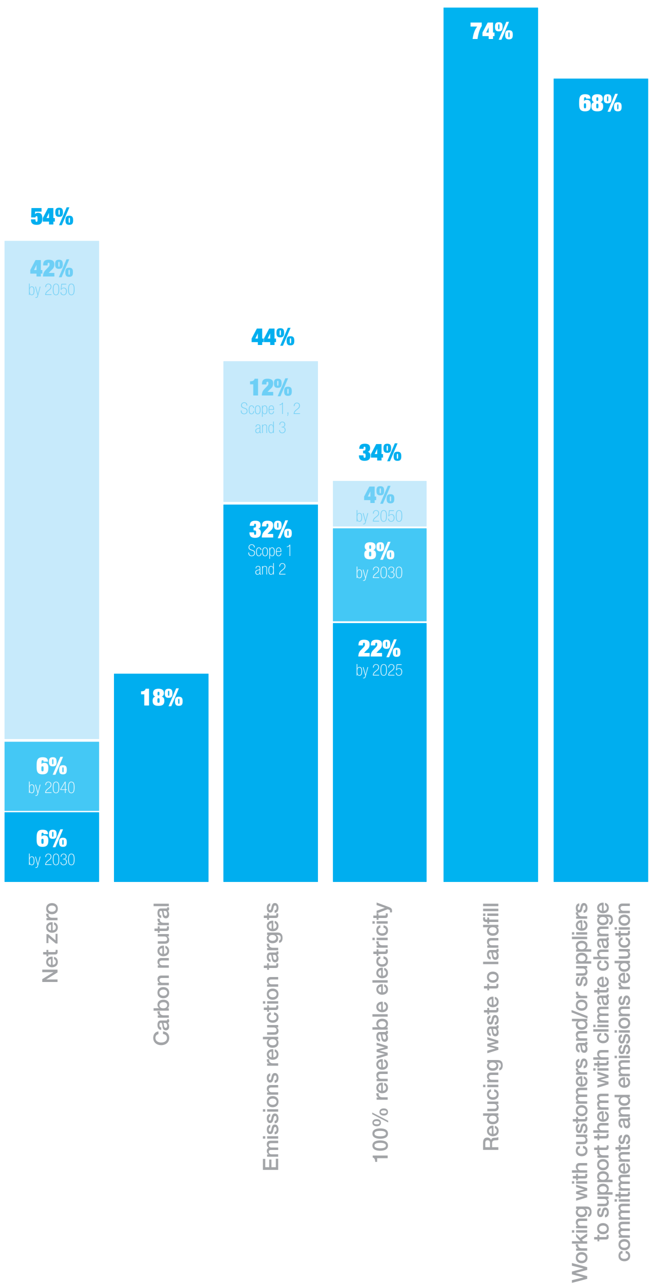
Meanwhile 54% of the ASX50 committed to net zero, either by 2030, 2040 or 2050. A further 12% committed to becoming (or had already become) carbon neutral.

Other common targets included scope 1 and 2 (and in some cases 3) emissions reduction targets, 100% renewable electricity targets aligned with the RE100 initiative, reducing waste to landfill and working with customers and/or suppliers to support them in relation to climate change commitments, targets and overall emissions reduction. We also saw targets around improving data collection, achieving set areas of office space rated at minimum NABERS Energy and NABERS Water ratings, and lots more.

Some of the major banks had also committed to reducing lending to coal mining projects whilst increasing funds for low carbon projects. QBE announced it would phase out direct insurance services for thermal coal companies by 2030 and assess whether oil and gas companies are on a pathway consistent with the Paris Agreement before providing certain insurance from 2030.

> In most cases, APRA envisages that an APRA-regulated institution would choose to work with customers, counterparties and organisations which face higher climate risks, to improve the risk profile of those entities…However, where the institution considers this engagement will not result in the climate risks being adequately addressed, an institution may need to consider mitigation options such as:
>
> a) reflecting the cost of the additional risk through risk-based pricing measures;
> b) applying limits on its exposure to such an entity or sector; or
> c) where the risks cannot be adequately addressed through other measures, considering the institution's ability to continue the relationship.
>
> **Draft Prudential Practice Guide CPG 229 Climate Change Financial Risks**

Some mining companies have also committed large sums to climate change solutions, such as Fortescue Metals Group's commitment of AUD $668 million to establish a renewable power generation project for its Pilbara operations.



[1] Larry Fink's 2021 letter to CEOs

Net zero v carbon neutral

It's important to keep in mind that net zero emissions and carbon neutrality aren't the same thing:

Term	Emissions scope	Definition based on Intergovernmental Panel on Climate Change (IPCC) Special Report 15
Carbon neutrality (or net zero CO_2 emissions)	CO_2 emissions	Net zero carbon dioxide (CO_2) emissions are achieved when CO_2 emissions from human activity are balanced globally by CO_2 removals from human activity over a specified period
Net zero emissions	All greenhouse gas emissions	Net zero emissions are achieved when emissions of greenhouse gases to the atmosphere from human activity are balanced by removals from human activity over a specified period. Where multiple greenhouse gases are involved, the quantification of net zero emissions depends on the climate metric chosen to compare emissions of different gases (such as global warming potential, global temperature change potential, and others, as well as the chosen time horizon)

But companies don't always use these terms in the scientific context described above. More commonly, companies use the term carbon neutral not with the intention of distinguishing the type of emissions, but rather to describe the practice of balancing a company's emissions with an equivalent amount of carbon credits.

Absolute targets v intensity targets

Absolute targets refer to the total amount of emissions being emitted, relative to a historical baseline – for example, a target to reduce greenhouse gas emissions by 50% from a 2020 baseline by 2025.

Intensity targets are targets set relative to some sort of productivity or economic output. If the productivity or economic output increase over the period, intensity targets may in fact allow an increase in absolute greenhouse gas emissions.

Absolute targets are slightly more common, with 28% of ASX50 companies having made absolute targets, 16% intensity targets, and 10% a combination of both.

Intensity targets for scope 1 and scope 2 emissions are only eligible when they lead to absolute emission reduction targets...or when they are modeled using an approved sector pathway applicable to companies' business activities.

Science Based Targets initiative, April 2021 criteria and recommendations

Scope 1, 2 and 3 emissions targets

Scope 1 refers to all direct greenhouse gas emissions.

Scope 2 refers to indirect greenhouse gas emissions from consumption of purchased electricity, heat, or steam.

Scope 3 refers to other indirect emissions not covered in Scope 2 that occur in the value chain of the reporting company, including both upstream and downstream emissions.

Annex to TCFD recommendations

Scope 1 and 2 emissions reduction targets were much more common than scope 3. This is unsurprising given the challenges involved in effectively tracking and managing scope 3 emissions.

Scope 3 emissions are also not required to be reported under Australia's NGER Scheme. Notwithstanding this, 12% of the ASX50 have scope 3 emissions reduction targets and a further 10% are committed to setting scope 3 emissions reduction targets in future.

Science Based Targets

Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement. This includes limiting global warming to well below 2°C above pre-industrial levels and aiming to limit warming to 1.5°C. The Science Based Target initiative is a collaboration between CDP, the UN Global Compact, the World Resources Institute and the World Wide Fund for Nature. It provides a verification process that ensures targets are meeting Paris Agreement standards.

In 2020, 4 ASX50 companies had set Science Based Targets, with a further 4 committed to setting Science Based Targets in future. The majority of these companies have opted for a target aligned with a 1.5°C scenario.

Science Based Targets aligned with **1.5°C: 3**	Science Based Targets aligned with **2°C: 1**
Committed to Science Based Targets aligned with **1.5°C: 3**	Committed to Science Based Targets but alignment **unclear: 1**

Targets criticised for falling short

Companies aren't just facing criticism if they fail to set targets, they're also facing it if their targets aren't considered sufficient. In particular, activists have been critical of companies whose targets are seen to fall short of the reduction required to meet the Paris Agreement's aim of 1.5°C, according to the methodology of the Science Based Targets initiative. These criticisms may be aired in the media, on activist websites, in shareholder statements in relation to requisitioned resolutions or at AGMs.

Global scrutiny of some of the ASX50 has also increased with the release in March 2021 of the first set of assessments against the Climate Action 100+ Net-Zero Company Benchmark. The first set of assessments includes 159 global focus list companies (the world's largest emitters), including 7 of the ASX50. The assessments are based on the companies' publicly disclosed information. In the first set of assessments, none of the ASX50 companies were assessed as being aligned with the Paris Agreement in terms of scope 3 emissions targets.

Tracking progress against commitments and targets

ASX50 companies that set measurable targets and commitments generally included disclosure on how they were tracking against those commitments and targets in 2020. It was common to do this either in the annual report or separate climate change or sustainability/ESG report, and typically this involved disclosure of scope 1 and 2 emissions. Some companies made their disclosure more digestible to stakeholders by including graphics and/or tables linking the data to progress against each target.

It appears the Federal Government wants to see more transparency on progress towards commitments and targets, with Energy Minister Angus Taylor writing to chief executives of the ASX200 in February this year to remind them of the commitment to transparency and accountability that comes with making ambitious commitments to reducing emissions. The Clean Energy Regulator has released a consultation paper and draft guidelines in relation to a Corporate Emissions Reduction Transparency Report which will show voluntary emissions and energy targets of companies reporting under the NGER Scheme, progress towards those targets and evidence including reported scope 1 and 2 emissions. The first report will be published in 2022. Despite the emphasis on the voluntary nature of the report, companies that have made public commitments to targets will be listed as having not reported any progress towards their goal if they do not participate.

Trends set to continue through 2021

Already in 2021 we're seeing more targets and commitments being made, with Coles Group in March committing to deliver net zero greenhouse gas emissions by 2050, power its entire group with 100% renewable electricity by the end of FY25 and cut its combined scope 1 and 2 greenhouse gas emissions by more than 75% by the end of FY30 (from a FY20 baseline).

Similarly Santos in April 2021 (the day before its AGM) released its 2021 climate change report, introducing new emissions reduction targets, committing to reduce its scope 1 and 2 emissions by 26-30% by 2030, and to net zero by 2040.

As evidenced by the proposed Corporate Emissions Reduction Transparency Report and the third iteration of the Noel Hutley SC and Sebastian Hartford David opinion discussed further below, focus is also now turning to whether companies are meeting their commitments, and promptly disclosing any upsets or delays along the way.

Climate change risk governance frameworks

Directors responsible for considering, disclosing and acting on climate change risk

In October 2016, barristers Noel Hutley SC and Sebastian Hartford Davis released a landmark legal opinion that under Australian law, company directors *can*, and in some cases *should*, be considering the impact on their business of climate change risks. They indicated that company directors who fail to consider climate change risks now could be found liable for breaching their duty to act with reasonable care and diligence in the future.

In March 2019, the barristers updated their opinion to reflect the significant developments that had taken place since October 2016. That included a profound and accelerating shift in the way Australian regulators, firms and the public perceive climate risk, acute interest in these issues from investor groups, and developments in the state of scientific knowledge. In their opinion, these matters elevate the standard of care that will be expected of a reasonable director.

The barristers' opinions were given weight by a speech by The Hon Mr Kenneth Hayne AC QC at the Centre for Policy Development's Business Roundtable on Climate and Sustainability in November 2019. It was observed that:

- the directors' duty to act in good faith in the best interests of the company requires directors to take account of, and report publicly on, climate-related risks and issues relevant to the company; and
- ASIC, APRA and the RBA clearly consider climate-related issues to be significant.

> Company directors who consider climate change risks actively, disclose them properly and respond appropriately will reduce their exposure to liability. But as time passes, the benchmark is rising.
>
> **Supplementary Memorandum of Opinion, Noel Hutley SC and Sebastian Hartford David, 26 March 2019**

On 23 April 2021, Noel Hutley SC and Sebastian Hartford Davis further updated their opinion, providing that it is no longer safe to assume that directors adequately discharge their duties simply by considering and disclosing climate-related trends and risks. They say directors of listed companies in relevant sectors must also take reasonable steps to see that positive action is being taken: to identify and manage risks, to design and implement strategies, to select and use appropriate standards, to make accurate assessments and disclosures, and to deliver on their company's public commitments and targets.

A significant additional observation made by the barristers was that disclosing entities and their directors may be exposed to liability for misleading or deceptive conduct (and other breaches of law) if they do not have reasonable grounds to support the express and implied representations contained within climate change commitments.

As we have written elsewhere, ASIC has a strong track record in prosecuting directors for breaches of their statutory duty to act with reasonable care in the context of disclosure failures and we think the barristers' opinions could readily materialise in litigation brought by regulators (or activists) against Boards for inaccurate climate-related disclosure, as further discussed below.

> It is foreseeable that a company (and its directors) could be found to have engaged in misleading or deceptive conduct or other breaches of the law by not having had reasonable grounds to support the express and implied representations contained within its net zero commitment.
>
> **Further Supplementary Memorandum of Opinion, Noel Hutley SC and Sebastian Hartford David, 23 April 2021**

Litigation risk for companies and directors who aren't seen as meeting legal standards

In November 2020, Retail Employees Superannuation Trust (Rest) settled a claim brought by one of its pension fund members, which built upon the barristers' opinion. In *Mark McVeigh v Retail Employees Superannuation Pty Ltd*, Mr McVeigh alleged that the superannuation fund violated its corporate law and trustee obligations to provide information relating to climate change business risks, plans to address those risks, and otherwise breached its duty to act with due care, skill and diligence.

Rest settled the claim by agreeing to align its portfolio to net zero by 2050, report against the TCFD, and encourage investee companies to also disclose against the TCFD. The fund also agreed to conduct scenario analysis to inform its investment strategy and asset allocation, disclose its portfolio holdings, conduct due diligence and monitoring of investment managers and their approach to climate risk, and actively consider all climate change related shareholder resolutions of investee companies.

Directors also at risk of not being re-elected where companies fall short on managing climate change risk

As well as the litigation risk directors face if they fail to consider climate change risks, ACSI has warned it may recommend votes against director elections at companies that fall short on managing their climate-related risks, applying the indicators set out in its policy. According to ACSI, such recommendations would only occur from 2022, and only following extensive engagement. They would also focus on the individual directors most accountable for oversight of climate change-related risks, for example chairs of the Board, chairs of the Board risk committee or chairs of the Board sustainability committee or similar. ACSI has also said it will initially focus on ASX200 companies in climate exposed sectors including energy, utilities, transport and materials.

Oversight of climate change risk is reflected in governance frameworks

Most ASX50 companies have reflected oversight of climate change risk to some extent in their governance frameworks. Examples include expressly referencing responsibility for climate change risk in the Board charter, involving Board risk and audit committees in considering and monitoring climate-related matters and establishing working groups or new roles focused on climate change or sustainability matters.

Board charters refer to climate change

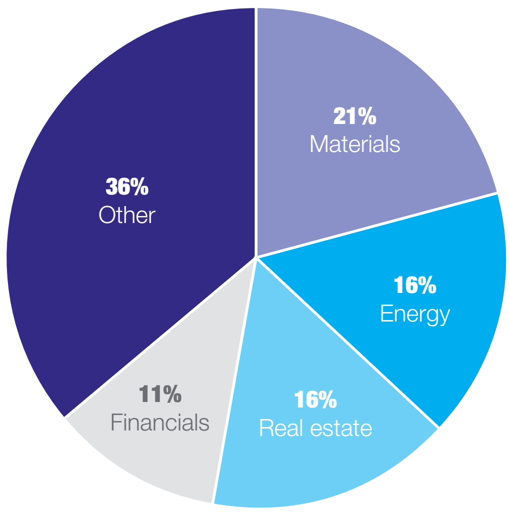
60% of ASX50 companies referred to sustainability/ESG concepts in their Board charters, with 12% of those referring specifically to climate change. These were typically in the context of Board responsibilities. For example, some Board charters state that the Board is responsible for approving climate-related disclosures, or for reviewing and considering the potential impacts of risks relating to climate change on strategy and business.

In its recently released draft CPG 229, APRA sets out the roles that a prudent Board of an APRA-regulated institution is likely to undertake in overseeing the management of climate risks. This includes (among other things) ensuring an appropriate understanding of, and opportunity to discuss, climate risk at the Board and sub-committee levels, which may include appropriate training for Board members.

Board risk and audit committee involvement

The Board risk committee is the most common Board sub-committee mentioned with responsibility for climate change risks, in some cases jointly with another sub-committee (such as the audit committee). This was the case for 68% of the ASX50.

38% of ASX50 companies had a dedicated sustainability/ESG Board sub-committee. The majority of these (64%) are part of the materials, energy, real estate and financials GICS sectors.



Working groups, steering committees and executive roles

Some ASX50 companies have established climate change working groups and steering committees to assist companies with climate change risk.

In some cases, executive roles have also been created to provide leadership on ESG, sustainability and climate change matters. For example, Santos' executive committee includes a role dedicated to leadership of Santos' ESG governance, including sustainability and climate change.

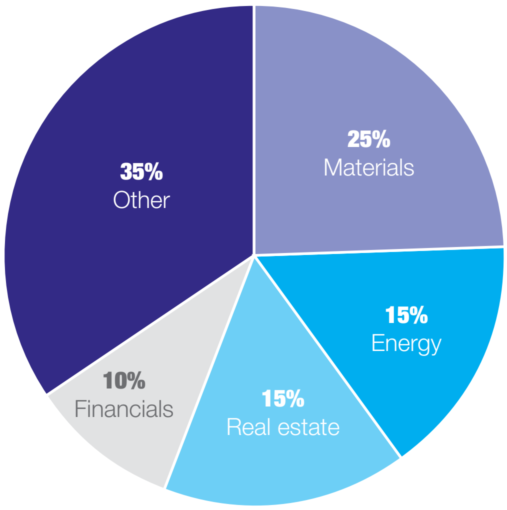
> A prudent board of an APRA-regulated institution is, in overseeing the management of climate risks, likely to undertake the following roles:
> …
> (b) setting clear roles and responsibilities of senior management in the management of climate risks, and holding senior management to account for these responsibilities.
>
> **Draft CPG 229**

Draft CPG 229 goes on to set out what an APRA-regulated institution's senior management would typically be responsible for, including ensuring that adequate resources, skills and expertise are allocated to the management of climate risks, including through training and capacity building amongst senior staff.

Link with executive remuneration

Just over half had performance targets tied to climate change, sustainability or ESG concepts

In 2020, 30% of ASX50 companies had performance targets for executive remuneration specifically tied to climate change, with a further 10% tied to broader sustainability concepts. A breakdown by GICS sector of those ASX50 companies that had performance targets tied to climate change or sustainability is below:



> Integrating relevant ESG factors into executive remuneration is in a way, the next frontier for thinking about how companies can take ESG factors seriously and how investors can play a part in that.
>
> **Rob Lake, director of responsible investment at Principles for Responsible Investment (PRI), November 2012**

Balancing exercise

The use of non-financial targets, such as climate change metrics, continues to draw a mixed response from shareholders. An example of this is AGL, which received a first strike against its remuneration report (53.5%) after it announced that climate metrics would account for 33% of its long-term incentive grants for 2020-21. This move was criticised by ISS, which stated it considered that reducing emissions is part of normal business and should not be a basis for paying significant bonuses. ISS also noted that the use of climate metrics in this manner is, in its view, inconsistent with shareholder expectations and market practice. CGI Glass Lewis on the other hand supported the inclusion of carbon metrics in the long-term bonus scheme (although it recommended voting against the remuneration report for other reasons).

AGL's experience doesn't appear to have perturbed Boards – already in 2021 Rio Tinto has announced it has approved revisions to how it includes climate change in the short-term incentive plans of senior executives. Safety and ESG matters including climate change will be assigned an explicit performance weighting of 35%, although 20% of that relates to safety. Rio Tinto faced questions at its 2021 AGM over why the environmental weighting was only 5%. This was in the context of receiving a first strike on its Remuneration Report.

Industry associations

Background to industry association reviews

Back in September 2017, shareholders requisitioned a climate change resolution at BHP's AGM requesting BHP to review and report on its direct and indirect public policy advocacy on energy and climate change. As part of that resolution, BHP was requested to terminate membership of an industry association where it demonstrated a pattern of manifest inconsistency with BHP's policy positions over an extended period.

In an ASX release regarding the resolution, BHP noted that it did review its alignment with, and membership of, industry associations, and committed to making public the outcomes of that review for 2017.

Despite the constitutional amendment not passing, and therefore the climate change resolution not being put to members, BHP published its first industry associations review in December 2017. It repeated this exercise in 2018 and 2019.

In August 2020 BHP published a set of climate-related expectations for industry associations including that their advocacy should be directed toward emissions reduction targets set by national governments which increase in ambition over time (with a focus on achieving net zero global emissions by 2050).

Other companies are following suit

In 2020, 40% of companies (including BHP) have disclosed their approach to industry associations in relation to climate change.

This includes Origin Energy who, together with BHP, suspended its membership from the Queensland Resources Council after it ran a partisan advertising campaign ahead of the Queensland State election in October 2020 against political parties proposing decarbonisation strategies.

Notwithstanding this, some Origin Energy shareholders (comprising 25% of the proxy and direct votes) still voted in favour of a climate change resolution recommending that the Board review the advocacy activities undertaken by Origin Energy's industry associations relating to a 'gas-led' recovery from COVID-19.

Shareholders critical where disclosure not seen as backed by action

Rio Tinto sets out its approach to industry associations on its website. It provides that memberships are annually reviewed and if significant differences on climate-related policy and advocacy are identified, consideration is given to suspending membership. It notes that its preference is not to leave the industry association but to work from within and influence the industry association to ensure their policy positions and advocacy are consistent with the Paris Agreement goals.

Shareholders have nevertheless recently requisitioned a climate change resolution requesting that Rio Tinto "enhance" its annual review of industry associations and suspend membership where an industry association's record of advocacy is, on balance, inconsistent with the Paris Agreement goals. In particular, the ACCR noted in the shareholder statement accompanying the resolution that Rio Tinto did not suspend its membership from the Queensland Resources Council as BHP and Origin Energy did.

On the basis that Rio Tinto's current approach is substantially consistent with this resolution, the Board supported the resolution. At Rio Tinto's AGM on 6 May 2021, the resolution passed. It will be interesting to see whether Rio Tinto makes any changes to its review process as a result.

> Where companies are members of industry associations that advocate on climate change, we expect companies to regularly compare their views with those of the industry associations and disclose the results. We expect disclosure of any material policy differences (on an issue-by-issue basis) and how the company intends to respond to these differences.
>
> **ACSI Governance Guidelines**

Assurance on climate change data

External assurance in accordance with ASAE 3000

Back in 2018, the Australian Accounting Standards Board and Auditing and Assurance Standards Board issued joint guidance on climate-related and other emerging risks disclosures. That guidance makes clear that auditors have an important role to play in considering and understanding the implications of climate-related risk as part of the audit process. And in addition, external assurance may be sought on climate-related disclosures outside the annual report, for example in a sustainability or climate change report.

> If climate-related risk has a significant impact on the entity, the auditor is expected to consider whether the financial statements, appropriately reflect this in accordance with the applicable financial reporting framework. This information would then be audited under the Australian Auditing Standards (ASAs).
>
> …
>
> If climate-related disclosures are made outside the annual report (e.g. in a sustainability report) and external assurance is sought on this information, ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information would usually be the applicable standard to use.
>
> **AASB and AUASB joint guidance on climate-related and other emerging risks disclosures**

Companies are obtaining assurance on their climate change reporting

Our analysis shows 52% of ASX50 companies are obtaining external assurance on their climate change data, such as scope 1 and 2 emissions.

The type of data over which assurance is sought varies. Generally it involves assurance over emissions data, whether in the annual report or a separate climate change or sustainability/ ESG report.

Going forward

We are expecting to see increased adoption of external climate change data assurance, in Australia and internationally. The UK is proving to be an early adopter in the climate change disclosures space, with (as noted above) UK premium listed companies required to state in their annual reports going forward whether disclosures are consistent with TCFD recommendations, or explain why not. Some commentators expect it won't be long before the UK goes the next step and introduces mandatory external assurance over TCFD disclosures.

Climate change resolutions

Unsupported by Boards in 2020

ASX50 companies received 11 shareholder-requisitioned climate change resolutions in 2020. None of these were supported or endorsed by Boards. This meant it was still necessary for a constitutional amendment resolution to be carried before the contingent advisory climate change resolution could be formally put to the meeting.

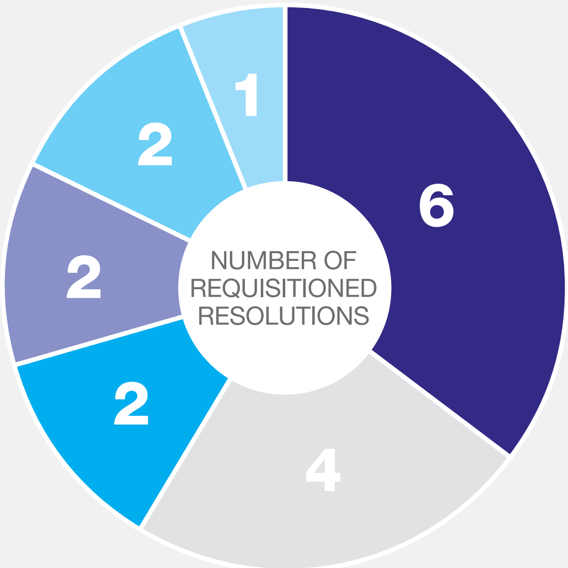
Rising shareholder support

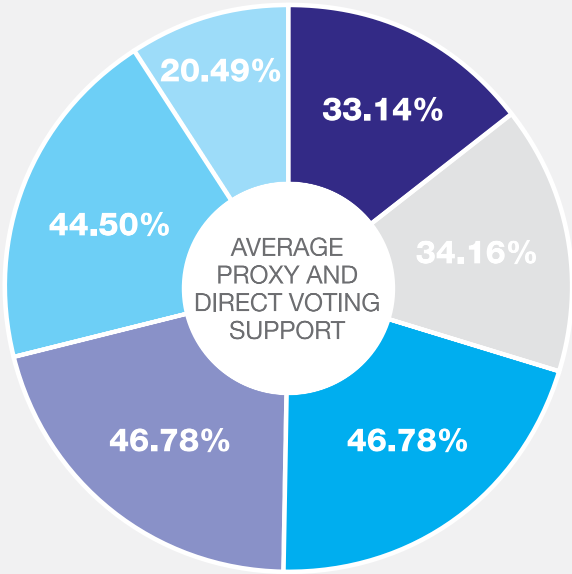
None of the constitutional amendment resolutions were carried, which meant the climate change resolutions were never formally put to the meeting. Nevertheless proxy and direct voting support for these resolutions increased significantly from 2019, with the highest proxy and direct vote in favour of a climate change resolution being 50.2%.

There were also 2 world heritage protection resolutions, one of which was subsequently withdrawn. Interestingly, proxy and direct voting support for the remaining resolution was much lower, at just under 7%.

Focus on 6 key topics

Requisitioned climate change resolutions centred around 6 topics. In some cases a number of these topics were bundled together into one resolution. Average proxy and direct voting support was highest for the resolutions calling for disclosure of how capital expenditure is aligned with the Paris Agreement, and how the remuneration policy will incentivise progress against climate change targets.





6 key topics

- Targets consistent with Paris Agreement
- Industry associations consistent with Paris Agreement
- Capital expenditure alignment with Paris Agreement
- Remuneration policy
- Lobbying consistent with Paris Agreement
- Coal-fired power station closure

“Say on Climate” initiative has landed in Australia

So far in 2021 Santos, Woodside (and Oil Search, though it’s not in the ASX50) have received “Say on Climate” resolutions, which have subsequently been withdrawn because the companies have agreed to adopt the “Say on Climate” initiative. Rio Tinto adopted the initiative before it received a “Say on Climate” resolution.

The “Say on Climate” resolutions call for annual disclosure of emissions, a strategy to reduce emissions, and an annual vote on that strategy at the AGM. So far Rio Tinto, Santos, Woodside and Oil Search have committed to providing shareholders with a non-binding vote on their climate change strategies at their 2022 AGMs. The non-binding vote will be similar to the non-binding vote on remuneration reports (before the two strikes rule was introduced) – they will have no formal effect, however will enable companies to gauge investor support for their climate change strategies. The ACCR has also provided voting guidelines for consultation in advance of the 2022 AGMs, which set out the criteria the ACCR considers must be met for shareholders to vote in favour of a company's climate change strategy.

In its statements accompanying the “Say on Climate” resolutions, the ACCR has said it intends to make similar requisitions to a number of Australian-listed companies in 2021. In its recently launched updated climate change policy, ACSI supports an investor “Say on Climate”, calling on climate exposed companies to adopt an advisory investor vote on climate reporting at AGMs in 2022.

Looking abroad, the Investor Forum in the UK, whose members include BlackRock, Schroders and UBS (and which collectively manages more than 20 trillion pounds in assets) has backed calls for the “Say on Climate” initiative to become mandatory – that is, for an annual non-binding climate change vote at AGMs. Its call comes as the UK is preparing to host the next round of global climate talks in Scotland in November. A group of UK pension funds and United Nations climate envoy Mark Carney, the former governor of the Bank of England, have also backed the principle of an annual vote.

Board supported climate change resolutions

We are also seeing another dramatic shift in 2021 – Board support for climate change resolutions. In advance of its 2021 AGM Rio Tinto’s Board indicated support for two climate change resolutions as non-binding advisory resolutions (including one in relation to industry associations as noted above). This was said to be on the basis that Rio Tinto’s current approach is substantially consistent with the proposed resolutions. The resolutions related to disclosure of targets for scope 1 and 2 greenhouse gas emissions aligned with the climate goals of the Paris Agreement, as well as approach to industry associations. Because the Board supported the resolutions, the constitutional amendment resolution was not required and was withdrawn. At its AGM on 6 May 2021, these resolutions were passed as ordinary resolutions, with 99% of votes in favour.

For more information about 2020 AGM trends, see our report, ‘Deep dive into ASX 200 AGMs in 2020’.

Glossary

<IR> Framework: the international integrated reporting framework developed by the IIRC

ACCR: the Australasian Centre for Corporate Responsibility, a research and shareholder advocacy organisation

ACSI: the Australian Council of Superannuation Investors, which represents 36 Australian and foreign super and institutional investors with combined assets of more than $1 trillion

APRA: the Australian Prudential Regulation Authority

ASIC: the Australian Securities and Investments Commission

CDP: formerly the Carbon Disclosure Project, CDP is a not-for-profit charity that runs a global environmental disclosure system. Companies report by completing CDP's questionnaires in one or more of the following areas: climate change, forests and water security

CDSB: the Climate Disclosure Standards Board is an international consortium of business and environmental NGOs that has developed a framework for reporting environmental and climate change information in mainstream corporate reports

CGI Glass Lewis: a proxy advisory services company

CMSI: the Climate Measurement Standards Initiative, which has produced a guide on scenario analysis of climate-related physical risk for buildings and infrastructure. CMSI is an industry-led collaboration between insurers, banks, scientists, regulators, reporting standard professionals, service providers and supporting parties

Climate Action 100+ Net Zero Company Benchmark: Climate Action 100+ is a coalition of investors with over $52 trillion in assets under management. The Net-Zero Company Benchmark outlines metrics that create accountability for companies, and transparency and comparability for shareholders on greenhouse gas emissions, greenhouse gas targets, improved climate governance, and climate-related financial disclosures

Equator Principles: the Equator Principles is a risk management framework for financial institutions, to assist in determining, assessing and managing environmental and social risk. The Equator Principles are managed, administered and developed by the Equator Principles Association, an unincorporated association of member financial institutions formed in July 2010

Financial Stability Board: an international body of industry and government representatives established after the 2009 G20 summit to monitor and make recommendations about the global financial system

GRI: the Global Reporting Initiative was founded in 1997 following public outcry over the environmental damage of the Exxon Valdez oil spill. Its roots lie in the non-profit organisations CERES and the Tellus Institute (with involvement of the UN Environment Program)

IFRS: International Financial Reporting Standards developed by the IFRS Foundation. The IFRS Foundation is a not-for-profit, public interest organisation established to develop a set of globally accepted accounting standards – the IFRS Standards. IFRS Standards are set by the IFRS Foundation's standard-setting body, the International Accounting Standards Board. Most jurisdictions around the world (including Australia) require compliance with the IFRS Standards for all or most companies

IIRC: the International Integrated Reporting Council, a global coalition of regulators, investors, companies, standard setters, the accounting profession, academia and NGOs

IPCC: the Intergovernmental Panel on Climate Change, the United Nations body for assessing the science related to climate change

ISO 14001: a standard developed by the International Organization for Standardization that maps out a framework a company can follow to set up an effective environmental management system

ISS: Institutional Shareholder Services, a proxy advisory firm

NABERS: the National Australian Built Environment Rating System for buildings. NABERS provides a rating from one to six stars for buildings efficiency across energy, water, waste and indoor environment

NGER Scheme: a scheme established by the *National Greenhouse and Energy Reporting Act 2007* (Cth) that provides a national framework for disclosing, among other things, greenhouse gas emissions, energy production and consumption

NGFS: the Network for Greening the Financial System, which has produced a guide to scenario analysis for central banks and supervisors. The NGFS launched at the Paris One Planet Summit on 12 December 2017 and is a group of Central Banks and Supervisors willing to share best practices and contribute to the development of environment and climate risk management in the financial sector

OFR: operating and financial review – that is, the part of the directors' report in the annual report that contains information shareholders would reasonably require to make an informed assessment of the company's operations, financial position, business strategies and prospects for future financial years

PRI: the Principles for Responsible Investment, the world's leading proponent of responsible investment. The PRI is independent and supported by the United Nations

RBA: the Reserve Bank of Australia

RE100: RE100 is a global corporate renewable energy initiative bringing together companies that are committed to 100% renewable electricity

SASB: the Sustainability Accounting Standards Board is an independent non-profit organisation that sets industry-specific standards to guide companies on how to disclose financially material sustainability information to investors

SDGs: the 17 Sustainable Development Goals of the 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in September 2015

Ten Principles: the Ten Principles of the UN Global Compact are derived from various international declarations and conventions and relate to human rights, labour, environment and anti-corruption

TCFD: the Task Force on Climate-related Financial Disclosures is a set of voluntary, consistent disclosure recommendations regarding climate-related financial risks established by the Financial Stability Board in 2015 and published in 2017

TNFD: the Task Force on Nature-related Financial Disclosures, established through an informal working group comprising 74 financial institutions, regulators, corporates and others, with assets under management of over US$8 trillion. A steering committee leads the informal working group which is co-ordinated by the founding TNFD partners – Global Canopy, the United Nations Development Programme, the United Nations Environment Programme Finance Initiative and the World Wide Fund for Nature

UN Global Compact: the UN Global Compact is a voluntary initiative based on CEO commitments. To join the UN Global Compact a company must commit to implementing the Ten Principles of the UN Global Compact, take action in support of the SDGs and report annually on progress

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