



# Transcript – Marianna O’Gorman and guests from Take on Board breakfast, March 2022

Helga Svendsen 0:00

Welcome back, everybody. Thanks, everyone, we could see the questions popping in in the background, which was fabulous. So we've got about probably 20, maybe 25 minutes for questions. So what I will do is I will call on people to ask their own questions, if you can say what board you're on as well, that would be fantastic. So brief intro. Michelle, you are showing the power of getting questions in early over the weekend. So can I call on you to ask the first question today?

Michelle Redfern 0:32

Yes, thank you. So it's interesting, because after hearing you talk, Marianna and then talking with Nicole and Dominique, I'm going to take the liberty of slightly altering my question. So the original question was, what about the significant resistance to clean energy at a federal government level? So I think what I want to alter that to is, there is just from my perspective, as a very consciously incompetent person in this domain, what are we going to do about increasing the appetite for change at all levels, and I'm using Dominic's wise words, we need all levels. So governments of all levels, business, but also the investment who's invested where people are investing? So I use the example of so Hester's 4040 initiative, so big, big superannuation funds, I work in gender equality. So they're saying to organizations achieve gender equality goals, are we basically gonna withdraw funding, or withdraw our investment with a bit of a blunt instrument in a velvet glove? What's happening in terms of climate change, to accelerate the, I guess, the appetite for clean energy, but the appetite for boards and others to really get up, get with the program?

Marianna O'Gorman 1:46

All right, thank you. I think really, in the business community, what I've seen, and only in the last nine months, there's been a dramatic change, and they have gone on board and the investor community, particularly like people are following where the money is, and the investor community is going, I don't want to be investing in something that's unsustainable, not because it's going to hit the planet, although there are those concerns. But because it's not going to be financially sustainable, that's not going to be a good investment in 40 or 50 years time. So investors have realized this, financiers have realized this, which is why the banks don't want to lend to those projects, because they don't think they're very risky. And they don't want to lend to companies that aren't serious

about tackling emissions. And then a lot of the not for profit organizations are taking a pretty active stance to you know, working in sport with a lot of the sports players saying that they want to stand up for climate action. I think that has been in part, you've seen the business community and civil society take a step up, because there has been that gap at the federal level. And people are saying, Okay, well, we're just not going to wait for the federal government to do this, we're just going to take action regardless, because we need to climate proof our business, or we need to climate proof our organization. And we need to attract staff to come and work for us. I think the thing that happens when there's not that federal government spying is that it does push up the prices. And you've seen that in the energy sector, when there's uncertainty, one of the biggest costs safe in new renewable energy projects is the cost of finance, and investors. And so if you you're operating in a risky environment, you know, particularly your equity investors are going to want a very high return. And you financiers put a bit of a premium on that, because there is that regulatory uncertainty. So when you're not sure whether a new coal fired power station is going to be built or not, and it's announced one day, and it's not and then a gas fired power stations announced one day, and then it's not that creates regulatory uncertainty. One of the things we saw two weeks ago was the energy minister announced that they were going to allow companies to pull out of their carbon offset contracts. So up until now, companies have been saying, Alright, I'll produce this amount of offsets. And you can pay me for it. And the federal government has been buying those offsets. And they said, Well, if you want to cancel those contracts and sell them on the private market, where prices have spiked, you can, again, that just created a whole lot of uncertainty in the market. So the prices that have been going up as investors thought we need to be buying offsets because we need to be meeting a net zero targets, then start suddenly started going down. And that uncertainty just creates additional costs for everyone involved in that transition. Yeah, hope that answers the question. How do we kind of get the federal government's to be taking more action and companies, as I said, I think the company's private sector has been taking the action. How do we get the federal government to take this to take more action kind of on the international stage and international policy? I don't know.

Helga Svendsen 4:50

Well, we do have a federal election coming up in the next month or two. That's normally a way of focusing the government's attention on things. Fabulous. Thank you. Marianna. Thank you, Michelle. Next question is from Cynthia, I believe,

Cynthia Brown 5:04

Thanks Helga and thanks Marianna thanks for the short and very action packed presentation. Cynthia Brown from the Brown Family Wine Group here also have a cheering role in the nonprofit sector. Our conversation really was around some of us were a bit, I guess, mind blown by the sense of urgency, which we perhaps hadn't recognized prior to hearing your some of your comments, Mariana and the statistics. And so our question was really around how do we get that level of urgency around the board table? How do we get people's attention on how important or how urgent this is actually?

Marianna O'Gorman 5:42

I think, looking at it from the organization's perspective, rather than the planets perspective, is always the best way to focus in directors attention, you know, coming back to those 10 points, one of the risks for your organization for your staff, what are the costs for your staff, because if you look at it through those lens, it's very hard to ignore it, you know, so like, as a wine company, you know, you've probably seen some of your competitors. And now maybe it's the Brown family, I don't know. But I've seen some brands that are out there, you know, saying that the profits will be used to clean up the oceans, sustainable wines that they're saying that they're, you know, clean wines that are produced using renewable electricity, and really trying to market themselves as not only being something enjoyable and tasty, but something that you can have is a guilty pleasure and feel good about it, because it's helping somebody else, too. And then even looking at, you know, some of the climate forecasts and what that means for your wine growing areas where we're seeing, you know, one word or two or three degree means an incredibly dry, right, Australia for the most part, so completely flooding rains in sometimes, but a very dry Australia and what that then means for your crops, how that's going to impact things, and what contribution you want to be playing as, as a board, or your organization to help mitigate that, how you want to be collaborating with all other companies to be looking at some of the things that they're doing so that you're not duplicating efforts, and can kind of share some knowledge on, you know, maybe different varieties that are more drought resistant, I guess that's probably quite competitive, quite competitive. But there would be some things that you could be doing to share that knowledge to kind of prepare your business. So yeah, looking at it from that perspective of what it means to your organization not not as much outwardly focused, I think really does focus directors minds on the gravity and the risks of this challenge.

Helga Svendsen 7:43

Thanks, Cynthia. Thanks, Marianna. And I think the next question, actually, you may well have covered this off actually just in the response that you've just done Mariana? It's an anonymous one. So I'll do it. How do you move the ELT forward? Who are reluctant? So if they're reluctant to embrace climate risks, and don't see the value proposition of including ESG and corporate planning? I mean, you've touched on some of that already around? reiterate the risks reiterate the opportunities. Is there anything else you wanted to add on that? Or is that answer for the last one cover off this one?

Marianna O'Gorman 8:12

I think it is asking those questions at the ELT meeting, like ok, you know, could be like in your recruitment for if you're replacing one of the ELT members, or something like that, and you're going through a recruitment company. Okay. So, you know, we've had a list and why did these people, you know, what did they see as attractive to our company? What didn't they see as attractive to our company? Those kinds of questions about retention and attraction of staff, bringing it back to the

ELT level. So it's not about addressing climate change. It's about addressing a staff problem. And why do staff want to work for us or not? And does that have any linkages to climate change? The KPIs is a big one. If your organization is in the position to pay bonuses, they will follow where the money goes. And that's, that's really, you know, that's about good corporate governance, that if you want to set targets for your organization, need to make sure that those directors that are making decisions in line with those targets are rewarded for the decisions that they're making, that they're not facing a penalty for making decisions that are going to set the business up for the organization up for a more sustainable future, that they're really being incentivized in the right way. And there's not competing priorities. But again, you know, making sure that they're engaging externally so that they're not living in a silo and that they're going to conferences or industry networks, where there is a greater understanding of some of these risks and where other companies are positioned so that they're not behind the eight ball so that they're not hearing it necessarily from you as a director, but you're hearing it from others in the industry.

Helga Svendsen 9:49

Fantastic. Thank you. Great reminder there about compensation, linking it that is often a great incentive, shall we say? All right, Anthea, you're up next. So if I can call on you to say your name, introduce yourself where you're from and the question, Anthea, over to you.

Anthea Rowe 10:08

Okay, thanks. Hi, everyone. My name is Anthea Rowe. I'm calling in from London, Ontario in Canada. And I don't know if I'm the sole Canadian on the call today. And the question I have for you, Marianna and I've seen a few different examples of this is your recommendation for what committee to have the climate action or sustainability commitments built into? I've seen you know it on none. I've seen it in a sustainability innovation and technology committee, I've seen it in risk management, where do you see it be most successful?

Marianna O'Gorman 10:43

Yeah, that's an interesting one, I think it really depends on the size of your organization and the area that you're playing in, you know, like, if you were a multibillion energy generator, that has, you know, a sizeable board and you know, listed on the ASX, then I think you'd probably be needing your own committee that deals with this. But, you know, in other areas, you don't want it to get to separate from being incorporated into everything else. So you know, you people and safety committee are gonna be looking at things like your KPIs. And you want people that are talking about KPIs in that committee, and not kind of separate from that committee. And same with your risk management, or risk committee is going to have your risk register. And you want people that are actively talking about, well, what climate risks need to be on that risk register. And also, particularly with the financial accounts, talking with your auditors, talking with your exec about the assumptions that sit behind those accounts. Because I think that's, that's really one of the most important things

if the assumptions that are sitting behind it aren't taking in the latest science, and they're kind of not taking in some of those costs of carbon that I talked about, that are costs to the business, and they're not actually being realized in your accounts, well, then you're going to be comparing investment decisions that might look, you know, comparable, but really, one is a much higher cost than the other, and you're not going to be making informed decisions. So I think there's certainly a place for it in order and risk. But I haven't been on enough boards to tell you what the perfect governance structure is yet.

Helga Svendsen 12:22

But I think it's as you said at the start about it's tailoring it for that. And the only thing I would add there is just in terms of real nuts and bolts, make sure ESG issues in however they are getting together climate, whatever is on the actual board calendar or on if it's incorporated into risk, make sure it's on the risk calendar of issues, make sure it's actually on the agenda, so that you don't just get caught up in financial risk the whole time, even though kind of can be a financial risk as well, making sure that those other things are covered off if it doesn't have its own committee. And I can see there's some awesome stuff happening over in the chat as well. Who's next, Carol? Carol, again, if I need you to introduce yourself and introduce your question, just so you know, we've got about probably seven or eight minutes left of questions. If we don't get through all of them. Mariana, if you've got some time after this, we will do the additional questions because as people know, comes out on a podcast later, so we probably won't get through them all. Anyway, Carol, where are you? If I can call on you?

Carole McElligott 13:19

Right now? Hi, I'm Carol. I'm undertaking some research, governance research for not for profits. But anyway, my question is, what are the climate change milestones that need to be put in place in the strategy set by the board? And what do you mean by that, Carol? Just the approach. So we know we've got to the board knows they've got a problem here. But how are they going to manage that problem? You know, over the next two years, three years, five years? 20 years?

Marianna O'Gorman 13:50

Yeah, okay, I think it's a good place to start is, is looking at what your organization to be in 2030. And a bit of scenario analysis, what you think your competitors are going to be doing in 2030, or, you know, the customers you serve are going to be doing in 2030. And looking at a scenario that is an economy that's radically different to the one that we have today. So really thinking outside the box of how quickly these things will change. You know, that we might all be driving around in electric cars by 2030, or other things like that. We might be generating our own energy, but thinking of kind of a radically changed world, what you want your place to be and where you think other people will be in it and then kind of working back backwards from there as to well how are you going to get there? And what are the risks and opportunities most importantly, those opportunities because I

think we're quite quite quick to to notice what some of those risks are. But not step back particularly those that aren't saying the energy industry but might be more you're not for profits and social services organizations and look at some of the opportunities like I've I've heard Um, you know, as I said, domestic violence is a big part of natural disasters. And we saw a research during COVID, that that was the case, as well. I've heard some of the state health departments when they were contacting people and saying, you know, you need to quarantine, you've tested positive, they also asked them, Do you have a safe place to quarantine? And so for the first time ever, I think a lot of people would have been asked that question that have never been asked by the public health authorities, are they safe, and probably never gone to a service before, but there was, yeah, an opportunity for an intervention point at that stage to identify where these people were living and who they were living with. And whether they were safe in their homes out of you know, these terrible lock downs, there were things that we can do differently. It's the same with you know, your evacuation centers, they could provide intervention points where people that are suffering from mental health's or you know, at risk of abuse, kind of come and be part of the community. And we can start to look at ways that we can be helping them recover, as well.

Helga Svendsen 16:04

Thank you. Thanks for the question. Thanks, Marianna. Certainly not going to come to you next. Leanne, can I call on you to introduce yourself and ask the question?

Leanne Robinson 16:15

Yeah, thank you. So I'm Leanne Robinson. And I'm in Melbourne on Wurundjeri land, and I'm on the board of the cerebral palsy support network. And I guess I just, you know, so much of what you talked about Mariana it just really resonated with me in terms of like things that I think we need to be really thinking about, you know, in a different way, especially, you know, in the not for profit sector, you know, around how we can look to a future proof, some of our services, but something that stood out was just that need for training and resources. And whether you have any recommendations, you know, really for the not for profit sector, or, you know, health or care support service organizations, around experts that could really make this sort of training very relevant for the sector.

Marianna O'Gorman 17:02

No, unfortunately, I don't know anybody in the not for profit sector that's kind of doing that targeted training. That's why I think that collaboration is really important, you know, talking to other organizations in your sector, about what they're doing and what their plans are, to try and whether there are chances to not duplicate. And to share resources is really important. As of this year, I've just started working with boards trying to do exactly that. So look at what they're what the risks and opportunities are in their sector and trying to tailor it towards specific sectors.

Helga Svendsen 17:45

I'll have a bit of a hunt around after this and see what we can find as well, then we always do a follow up email. And I've been there's all sorts of amazing stuff happening in the chat. We'll include some of those are looking already. People are starting to provide some of the stuff over in the chat. So we'll see if we can find some others. But there's also some stuff being provided give vivia actually provide some good stuff. And I think the Institute of community directors also has a bit on ESG and climate risk as well, I think but I'll check on that and see if I can provide it afterwards. Thanks, Leanne. Thanks, Marianna. I've had a nomination for the next question. So Kat, can I call on you to ask your question, introduce yourself and ask your question.

Katrina Bullock 18:26

Hi, I'm Kat from Greenpeace Australia Pacific. At cop 26. A lot of the different standard setting organizations around the world came together and formed the international sustainability standards board or the issb, including the people who can make the tcfid that every second company in Australia is using. I'm just wondering now that they've released a prototype, but they think the standards should be that's not actually a standard yet. Have you seen organizations starting to pick that up and use it instead of the tcfid? Or is it still very much something that's on the backburner?

Marianna O'Gorman 18:56

Um, no, I haven't seen any using it yet. But I think where we will start to see that is probably towards the end of this year, you know, because then they would have had a year with that resource in place. And the kind of corporate reports and annual reports will start to get updated and start to use some new standards, I think, yeah. Awesome.

Helga Svendsen 19:19

Thank you all. We might squeeze in one more than I've just said it might be the last one. But we're going to squeeze in one more. Elaine, can you ask? Introduce yourself and ask your question? Thank you.

Elaine Gillespie 19:30

Thank you Helga. I'm on a couple of boards, the Victorian skills authority Advisory Board and the industry advisory board for health and community services. And my question is, what can we learn from the ways that we worked during COVID to improve climate sustainability targets?

Marianna O'Gorman 19:55

Yeah, I think what we saw during COVID was the government's you know the previous things that we can never have. Do we just completely went out the window. And when there was a sense of urgency and our shared goal towards protecting people, we could do absolutely anything, nothing was off limits. We need that same sense of urgency and recognition of the threat, which is a lot worse than the threat of COVID. The threat to you know, our homes to life's to the economy is far greater than what we saw during COVID. We need that same sense of urgency. I guess people just don't recognize it, because, well, I don't know why they don't recognize it. And certainly why governments don't recognize it. I think, you know, most of the people have lived through the Queensland and New South Wales floods. And the people that live through the black sand bushfires, there's very few Australians that haven't been touched by natural disasters recently. And so I think people are unfortunately, starting to recognize this this huge threat, we learned that we can rapidly take action and completely change systems of governance and laws and what we thought we should be doing and how our society operates. If there's political will.

Helga Svendsen 21:07

Yes, indeed, we can do it if needs be. I've just popped over there. I know there is a couple of other questions Marianna and I will cover them post event and there'll be on the podcast. Firstly, Marianna, oh my god. Awesome. Thank you so much for sharing such practical wisdom, and tips, and also for tailoring it so beautifully to the audience we have here in the room. I have learned an enormous amount I can see little applause happy everywhere. Actually, just for fun. Can we take ourselves off mute for just a moment and do an actual round of applause? You'll feel stupid.

Thank you, yay. And in fact, on that if people can just pop over in the chat, What's one word that sums up the conversation that we've had today? discombobulating beautiful important, thank you. Mobilizing? I like that. Excellent, serious, vital, can see all of them. Insightful action. A whole bunch of stuff coming up there. Oh, another insightful. Timely. Most definitely fun. Not the topic, the event things accessible, energizing, all sorts of stuff over there. So thank you. That's certainly how I found it. I said to Marianna in one of the breaks. Oh my gosh, I just love getting people together. So thank you all for being here at the first event for 2022. Oh, a couple of announcements. The next take on board events. And next one is already set for Tuesday, the 3rd of May if you want to come along. There's a link there. The book club Take on board book club. We're doing Dare to Lead next time. If it's on your reading list, come along to our book club also in May, and of course, the podcast. Thank you. There ends our first session for 2022, thank you all love your work, go out there and get climate and climate risk on the agenda.