

Deloitte.



Chair of the future:  
The role of the Chair  
in the climate transition

2023





*As a Chair of a Board, we are in a privileged position. We do not have the choice to slow play...*

*We must use our role for something that's greater than us. We have the responsibility of not giving up on the people who don't have that opportunity...*

*The Chair of the future will not be somebody who looks like the Chair of today; because that organisation will certainly fail.*

**Ming Long AM**, Chair of Diversity Council of Australia and Non-Executive Director

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# Contents

▶ Foreword	02
▶ Collective profile of interviewees	06
▶ Key findings	
▷ <b>Topic 1</b>   The role of Chairs in steering business to address the climate challenge	08
▷ <b>Topic 2</b>   The skills, capabilities, leadership, experience and governance structures required	10
▷ <b>Topic 3</b>   Key barriers to overcome, internally and externally	12
▶ Insights	14
▶ Seven recommendations	16
▶ Six characteristics of tomorrow's Chair	20
▶ Acknowledgments	22
▶ Glossary of terms	23
▶ Contacts	24

# Foreword



**Tom Imbesi**  
Chair  
Deloitte Australia

Chairs and Board members always tell us how much they value rich perspectives from other leaders, organisations, industries and countries. Whether it's finding out about best practices or learning lessons to accelerate transformation or save time and money, we know actionable insights are highly sought after.

With this in mind it gives me great pleasure to introduce our latest report, *Chair of the future: The role of the Chair in the climate transition*. It summarises perspectives from interviews with 24 Australian Chairs of listed companies or equivalent on the topic that is high on every Board agenda – how to tackle climate change. It was a great honour to spend time with these leaders, who referenced 29 companies across 13 sectors and 4 industries, so we could gather and synthesise their rich perspectives so the entire Chair and Board community can benefit. A huge thanks to each and every Chair for sharing their insights, lessons learned from the past and perspectives on the future. Every conversation was stimulating and enriching, and all contributed to this report.

Creating this report was also a wonderful opportunity to build a global picture of how leaders are managing the climate transition. A cohort of Deloitte Chairs from around the world – including the U.S., Canada, the Netherlands, Germany, Malaysia, Korea, Japan, New Zealand and more – are also interviewing more than 300 Chairs in their respective geographies. Our individual reports will also be ladder up into one global report released later in 2023.

For this Australian report, my fellow Board member Judith Donovan, our Climate Governance Lead Rebekah Cheney and I asked each Chair the same three questions centred on finding out their perspectives on: the role of the Chair in steering business to address the climate challenge; the skills, capabilities, experiences and leadership and governance structures that will be needed; and any key barriers to overcome.

We enjoyed having some really deep, revealing conversations. Before you dive into the details of the report's recommendations and insights I'd like to share my overarching reflections on what we heard.

## Chairs and their leadership teams are aligned on the climate transition

It came as no surprise that Chairs talked of the strong alignment between leadership teams and Boards on the need to transition. However, the role of the Board in driving the change in the future gave a more varied response. Some Board members were happy to let the executive drive the change, whereas the majority were clear that they were going to need to keep the healthy tension between the Board and management and encourage greater change given the speed and scale of the challenge ahead. Most Chairs agreed that the role of the Chair includes communicating with key stakeholders both internally and externally (while being mindful that the CEO stays out in front).

It's now time for the next chapter in the transition journey: making sure that climate strategy is indistinguishable from business strategy.

We heard in our interviews that the best business strategies are ones that have sustainability at their core. This was a clear shift from the last time we asked similar questions about two years ago. Why? Because this shows that the Board recognises that embedding sustainability into company purpose and values is critical for long-term success, and this shapes long-term strategy.

As David Thodey, Chair of Xero, rightly said, *"Business strategy must include sustainability. It's not an either or. It's not an add-on."*

*"It must be a part of the integrated way companies operate and report. If it is seen as optional or separate to the core strategy of the organisation, then it will negatively impact on the performance of the company as you will lose the support of the individuals and communities you serve."*

*"Also, you must proactively engage in the financial implications of executing your sustainability strategy and the ability of the company to execute that strategy. We need realistic and transparent transition plans – this is not easy and will require difficult decisions in achieving the right balance of outcomes through the transition."*

Over the years, I've observed our clients make difficult trade-offs. We're expecting those trade-off decisions to be more complex as the impact of climate change increases, and key stakeholders are more significantly impacted, and the speed of transition accelerates. For example, capital allocation decisions that factor in the full lifecycle costs of our impact on the climate and nature more broadly are becoming front of mind.

Importantly, I think Chairs should feel a healthy level of discomfort or tension on this topic. If we don't, we're not pushing hard enough. This discomfort is necessary to lay the foundations we need to make a genuine step change.

## Most Chairs' organisations have climate goals, but anxiety exists about the ability to deliver

I think it is fair to say that all the Chairs we interviewed agreed they have either a business strategy that includes climate goals, or a climate strategy aligned to the business strategy. Both are key. However, we did hear some anxieties around how these climate goals and targets will be met. Some Chairs had more clarity than others, and others acknowledged they will require innovative technology to transform and transition their operations to become net zero.



Likewise, while Scope 1 and 2 emissions are now better understood, the perceived ambiguity around Scope 3 (see the glossary of terms on page 23 for definitions) and its impact on achieving climate targets needs to be unpacked further. For example, we need to think about how we influence those in our value chain to work with us at a pace we feel is realistic to deliver our climate transition targets. This may require companies to work and collaborate differently as they consider their role in supporting others in their value chain who have their own data and reporting challenges.

### **Chairs who take a long-term view add more value today**

The climate transition conversation continues to evolve, and we noticed some critical nuances that are new from a year ago. Most Chairs recognise their stewardship obligation to cast their minds to the long term – beyond three to five years – and this has evolved into a recognition of the ‘systems level’ transformation needed to achieve a successful whole-of-economy transition. I wholeheartedly agree. And, as you would expect, the Chairs of Australia’s high emitters were well placed to give other organisations in other sectors a window into what lies ahead, and we should actively seek to learn from them. One thing is clear, making incremental changes simply isn’t enough to achieve the targets we have set for 2030 and 2050.

### **Not one size fits all, but all must fit sustainability in**

There is no doubt that the climate transition is complex. That is what also makes it interesting. It’s vital that this generation of Chairs sets the next generation of leaders up for success. As one Chair of a high emitter put it, if only we knew what we know today, 10 years ago...

It is more important than ever for Boards to always be looking to the fringes of their organisation’s stakeholders – the outliers, if you like – to identify the risks and opportunities that will likely shape and impact their business environments in the future. This includes taking into account likely future competitors and feedback from customers, including unfiltered customer complaints. Why? Because this feedback may hold the key to understanding what might trigger future climate litigation or provide good insights into where your social licence is moving towards.

Each Chair and their respective organisations have different corporate and sustainability strategies, risks, operating environments and emission types and levels. Compare a high-street retailer to a regional miner, for example. Each Board needs to determine which aspects of the sustainability landscape that they need to be most curious about. It is clear that ‘high emitters’ must have sustainability baked into their corporate strategy to make the change necessary to survive and remain profitable; yet the same is also true for all Australian companies. When we turn challenges into opportunities we can lead from the front in every sector, every industry – we know that every organisation will be impacted by this transition.

Interestingly, we did hear that Chairs aren’t looking for a climate scientist on their Board, but we did witness a growing trend of appointing Chief Sustainability Officers to increase bench strength and focus at the executive level. At Board level, however, the expectation is that all Board members have the right mindset and industry knowledge and bring this to the table. Being curious and constantly learning – and leaning on external experts or sector counterparts – were consistently spoken of as the most critical characteristics to guide the best decisions and improve organisational sustainability.

### **The magic bullet for all Boards: Bringing the outside, in**

The notion of bringing knowledge from outside the organisation into the Boardroom really resonated. It is clear that the role of Chair is to bring the outside in, to look at systems as a whole and engage stakeholders in the context of climate. Board members will bring more value from bringing in their own and other external perspectives on how systems are changing, and how this will impact a business in the long term, than from noticing what their management teams may have missed. The possibilities are endless but essential.

### **At all times, integrity and transparency prevails**

Greenwashing (misleading disclosures that overstate green image) and more frequently greenhushing (understating sustainability efforts to avoid scrutiny) were raised as concerns. In fact, different forms of climate related actions and litigation were raised at various points and while climate litigation was not necessarily front of mind for Chairs, there was an acknowledgement that we can expect to see an increase in class actions in Australia.

Uncertainty appeared to be driving a reluctance to report on climate transition progress – or concerns about how things may be interpreted negatively when compared to more progressive or advanced players. I think the Board community needs to tackle the temptation to understate ambitions and targets by consistently advocating for open, honest and clear communication – and recognise that the new mandatory climate and reporting standards could help level the playing field. I think the answer lies in making sure we take the time required to assist management to prepare for timely reporting, strongly backed by substantial evidence, reasonable judgements and transparent disclosure. If you get that right, the authenticity behind the reporting will shine through and your stakeholders are far more likely to go on the journey with your company.

One underlying theme around the role of the Chair and the Board was about clearly and consistently communicating climate transition intentions and progress against targets to stakeholders in an authentic, transparent manner. Anything short of that won’t be accepted and will leave you open to challenge. We have all seen examples of shareholders and employees changing the organisations they invest in and work for as a consequence. The best organisations have clarity about where they are going; they may still be working out how they are going to get there (and how they will fund the transition). Even if they can’t answer all the questions today, the key is to be open and honest about it and continually move forwards.

### **Some closing thoughts**

I have no doubt you will agree from reading this report that the role of the Chair in the climate transition is an active strategic one, certainly not passive. Setting an agenda that invites the Board to be bold, even when it is scary.

The expectation is that the role of Board members will need to become active more quickly as today’s adversity becomes tomorrow’s business as usual. This will perpetuate that healthy tension between external stakeholder demands in the short term and what organisational Boards and leaders are doing now to drive the change we need to see in the mid and long term. After all, I think we all agree that discomfort breeds the transformation we need to see now and in future.

I hope you enjoy this report and would welcome the opportunity to continue the conversation.



**Tom Imbesi**  
Chair  
Deloitte Australia



# Collective profile of interviewees

24 interviews

25% women

700+ years of professional experience

95 active Board roles

4 active Board roles each on average

44 active Chair roles

12 top 100 ASX Chairs

622 years of Board member experience (active and past)

17/29 listed on ASX

Perspectives on 29 organisations...  
...with 588,963 employees

13 sectors across

- ▶ Consumer
- ▶ Energy, resources and mining
- ▶ Financial services
- ▶ Technology, media and telecommunications

4 industries including:

Headquartered in 4 Australian states



# Key findings

## TOPIC 1

The role of Chairs in steering business to address the climate challenge

We heard several key recurring responses to this first main question in the 24 interviews we conducted, and it was pleasing to hear that most Chairs have a clear view about their roles and responsibilities as these relate to the climate transition.

Above all, we heard that the majority of Chairs felt that their role is to constantly think over the **entire climate horizon** – this year, the next few and all the way to their organisation’s respective net zero ambitions. As part of providing this essential ‘helicopter’ vision, most Chairs also saw their roles as actively anticipating changes and helping the rest of the Board get ready to respond to and manage those changes. Being on the front foot, rather than on the back, while remaining focused on a long-term corporate strategy that endures through good times and bad. Some also spoke about their role in reframing threats as opportunities and encouraging the Board and leadership teams to seek out ways to capitalise on necessary change to realise those opportunities.

These responses were also closely aligned to the majority of Chairs agreeing that their role includes bringing external perspectives from **outside the organisation, inside the Boardroom**. Whether this is sharing their individual experience and insights from sitting on other Boards, or actively using their networks to make connections across one or more industries to encourage friendly benchmarking in Australia and overseas, it’s all about informing and accelerating the organisation’s climate transition journey.

Many Chairs also said they feel responsible for succession planning, making sure that new Directors aren’t just focused on the traditional bottom line, but have the **necessary mindset required** to guide an organisation’s financial success as well as its ability to achieve a sound climate transition.

Our interviewees said this is becoming increasingly important. If board members don’t prioritise climate on their agenda, there was the recognition that the longevity of their organisation is at risk.

Some Chairs also touched on their role in instilling what can best be described as a **‘cultural pull’**, which involves encouraging climate to be fully embedded into the leadership team’s and organisation’s purpose and values, so climate becomes part of the very fabric of the company as a whole – always.

▶ *“Sustainability perspectives are increasingly interwoven with the purpose of the company. As it’s a fast-moving area, it requires real commitment to stay ahead of the issues.”*

**Scott Perkins**, Chair of Woolworths and Origin Energy

▶ *“Boards have a cultural responsibility to address issues such as sustainability. But it has to be something that your team does because they believe in it, and they see it adding value to the future. None of these things work if you don’t embed them into the real fabric and culture of the management team.”*

**John Mullen**, Chair of Telstra and Brambles

▶ *“Boards bring a diversity of experience across different sectors, which is not readily available to management, who, through their industry associations, have a pretty good idea of what their industry is doing. The Board has a good idea of what the corporate community is doing as a whole.”*

**Anonymous**

▶ *“Courageous leaders lean into things: because they care less about just the six-month reporting and short-term outcomes. They are more forward-thinking, legacy thinking.”*

**Ming Long AM**, Chair of Diversity Council of Australia and Non-Executive Director

▶ *“Our climate strategy is our survival strategy. Addressing climate change is a critical part of our business strategy as we don’t have a plan B if this doesn’t work.”*

**Anonymous**



# Key findings

## TOPIC 2

### The skills, capabilities, leadership, experience and governance structures required

When reflecting on what must be true to guide and drive an organisation along its climate transition journey, every Chair we interviewed agreed that having a **sustainability mindset** and overseeing the leadership team to deliver on its delivery, is critical to long-lasting success.

Many Chairs agreed that incorporating climate strategy into overall business strategy is key, and some felt that their organisations were well on their way to doing this, with others recognising at some level that the two were becoming more entwined.

Strategy aside, most Chairs enjoyed discussing what they believe the **main characteristics** are of the most respected and effective Chairs. We heard a long shopping list of inspirational, desirable characteristics and here are the most repeated ones – curiosity, humility, value alignment, ability to challenge mainstream thinking, and diverse thinking.

With these fine characteristics comes the need for Chairs to be able to harness the Board's existing knowledge by exchanging insights and experience with competitors – those who historically Board members would never have contemplated engaging with. As one Chair noted, often organisations get very protective about their intellectual property, but this is a universal problem that we must share. On his Boards, they have been reaching out to some of their partner organisations at Board level to share thinking and collaborate for good.

Many Chairs commented on the establishment of new governance structures to provide sufficient time for the board to focus on climate – the most common being a Sustainability Committee. For a number of others, while sustainability is included in the risk and compliance committee, the opportunity arising from the transition is considered as part of the full board from a strategic perspective.

One organisation established a sustainability sub-committee that focused solely on long term growth opportunities and left the compliance aspects with the audit and risk committee.

▶ *"You want people who are going to be philosophically aligned but not necessarily domain experts in this space."*

**Michael Ullmer AO**, Chair of Lendlease

▶ *"I think if it's not embedded in the company's strategy, then it's probably going to be an initiative that will potentially lose momentum because people change. Boards change, management changes. But if it's really embedded in the strategy and there's a bottom-up plan, then it's much more likely to endure."*

**Rebecca McGrath**, Chair of OZ Minerals

▶ *"This is about opportunity, it's not about a threat. You have to approach it with the mindset of: your business is going to change, so how are you going to capitalise on this? We're thinking about the sorts of skills we're going to need on the Board in 5 and 10 years' time because the skills we have now aren't the right skills anymore, that's the world."*

**Keith Spence**, Chair of Santos

▶ *"All Directors need genuine curiosity in how sustainability concerns feature in the strategy of the company."*

**Scott Perkins**, Chair of Woolworths and Origin Energy

Tarndanya, Kurna Country / Sellicks Beach, Adelaide, South Australia.



# Key findings

## TOPIC 3

### Key barriers to overcome, internally and externally

When reflecting on internal and external barriers, we heard a variety of responses across the 24 interviews we conducted. Some related to an entire industry, others to concerns about backlash from stakeholders and the increasing trend towards greenhushing.

Chairs agreed that the best way to overcome external challenges – no matter how large or small – was through **constant, open and transparent communication**. Reporting first and foremost on climate transition targets, and clearly explaining what the organisation is or will be doing to deliver on those targets, is key to building trust while moving along the climate transition journey. **Mandatory climate reporting** was, therefore, recognised as important for consistency and comparability.

We also heard notes of caution and concern from some Chairs about the speed at which mandatory climate and sustainability reporting is expected to be implemented; while the need for consistency to drive comparability is clear, the challenge is real and will require strong cohesive collaboration by industries and their assurance providers.

Stakeholders – especially shareholders but also employees and the market more broadly – demand honesty and regular communication from today's companies. No doubt, it is a healthy challenge for Chairs and Boards everywhere. More broadly, we are seeing those actors who think they are safe by saying little or nothing being called out.

Many Chairs also said they felt it was their legacy to drum the importance of 'constant communication' into the way their organisations interact with their people and within and across the ecosystems in which they operate. There will always be organisations who do a better job of telling their stories and those will ultimately outpace those who haven't crafted succinct, compelling narratives around their commitment to net zero – provided that those stories are backed by data, authentic action from leadership and align to purpose.

Ultimately, the Chair and every Board member needs to champion change and push for making sure it gets profiled with the right audiences in the right way.

Most Chairs we interviewed told us that they see themselves, and the rest of their Board, as an important entity that holds leadership teams accountable with regard to making sure the right **capital allocation** is made to achieve the organisation's climate transition. This includes considering investment in the latest technology to help organisations transform their operations and continue to take steps towards a net zero future.

Last but not least, about half of the Chairs spoke of an aversion to single-mindedness; that is, making sure that the leaders in their organisation know that financial return is not the only thing

that matters anymore. Graeme Liebelt, Chair of Amcor, reflected that it used to be easier in the Boardroom. *"I am oversimplifying of course, but we were essentially following the framework of: make as much money as you can within the law and look after your reputation. Now, we're still very focused on financial targets – that's the nature of Amcor. But we are increasingly concentrating on organic growth and innovation on the one hand, and sustainability and carbon on the other. Much of this involves much broader stakeholder engagement."*

► *"There's a lot of goodwill in the world. Everyone wants to do the right thing, but you just need to get the balance right."*

**Gary Smith**, Chair of Flight Centre

► *"There's not a single solution here. It's going to require every little lever that we can pull and every company, no matter how small, is going to play a role in this. Your customers and communities are starting to look at this now. So, if you don't respond to this, I think your business has a real serious risk of failing."*

**Keith Spence**, Chair of Santos

► *"When we think about Australia moving towards being a green energy supplier to our trading partners in Asia, there are some barriers that have not been spoken about a lot. We need to ask ourselves what are the impacts on the land, First Nations people, the environment and biodiversity. We potentially have a whole lot of issues about how we are treating the land."*

**Penny Bingham-Hall**, Chair of Vocus and Climate Governance Initiative

► *"Whether it's at the Board level or if it's at the operator level, you have to listen to the stakeholders; because in the end, they're either with you, or if they go against you, you have a problem. You have to stay relevant to the community in which you operate."*

**(William) Peter Day**, Chair of Alumina

► *"It's not a good look if you are doing a capital raise and your backyard is not tidy."*

**Sarah Zeljko**, Chair of Energy Queensland and Stockyard Beef

► *"You have to trust your management team. And if you don't trust them, you have to change them. As we see the speed and the scale of the change that is coming, the Board, and particularly the Chair, need to be clear that there has to be that proportion of time in which management feels deeply supported. Because otherwise, they're just not going to be able to keep up with the extent of the change."*

**Michael Carapiet**, Chair of LINK Group



# Insights

## Nurture a culture of climate awareness and knowledge through capabilities and leadership

- ▶ *"I think a lot of Australian Boards have put their 2050 target out there knowing they'll be dead and buried by the time it comes around; so it's someone else's problem. And shareholders are starting to understand that and saying that having a 2050 target is one thing, but unless you have (and can articulate) a credible pathway to net zero, we're going to start voting against you. And in my mind, that will be a game changer."*

**Anonymous**

## Embrace a sustainability mindset by always bringing a conversation about the future

- ▶ *"The role of the Chair is very much around bringing the outside in, looking at stakeholder management and systems as a whole. We [Board members] are moving around freely across industries and sectors, wearing different guises, and the greatest value we can bring to our management teams is to bring those perspectives in rather than look and see what you've missed down there. We have four priority areas: reducing our own climate impact, supporting the net zero transition, partnering with experts to advance our own thinking and then integrating and lifting our own capability. That's what we are focusing on in our shop and then our appetite is to collaborate with others who have that same focus in their own shop; they might be different pillars, but they're aligned."*

**Christine McLoughlin AM**, Chair of Suncorp

## Treat mandatory climate reporting as an additional way to achieve competitive advantage

- ▶ *"Everyone should look at their business and say, 'Where are the opportunities for us in global warming and net zero emissions, and how do we take advantage of those opportunities?' And that's really what we've done."*

**John Grill AO**, Chair of Worley

- ▶ *"We have seen people being attracted to roles – on the same salary or lower – to work for a company that is looking to change the world to a sustainable world. It is a great attractor of talent!"*

**Penny Bingham-Hall**, Chair of Vocus and the Climate Governance Initiative Advisory Committee

## Integrate climate and business strategies, then use this as an opportunity to champion innovation

- ▶ *"We have an 'innovation fund' whereby if we find something appropriate, we will invest in it. As long as it's relevant to our business and can assist in the execution strategy, then we'll put money behind the idea. So, if there's an opportunity that's developing, that is climate related, it would fall into that innovation bucket."*

**Tom Pockett**, Chair of IAG

## Pursue long-term climate goals while considering short-term trade-offs

- ▶ *"The Board has an important role in keeping climate on the agenda even when times are tough. You can stop the marketing budget tomorrow, and nothing changes for a while. You have a problem if climate falls into the same bucket. It needs to stay on the agenda and the Board needs to keep people focused on it."*

**John Mullen**, Chair of Telstra and Brambles



# Seven recommendations

## 1 | Move beyond a compliance mentality and embed sustainability

A company's sustainability strategy must be embedded into the overall corporate business strategy, which then must guide and direct all decision-making. Treating mandatory reporting as an opportunity to further embed sustainability across the business will be key to leading, rather than following, others on the climate transition journey.

- ▶ *"I think if it's not embedded in the company's strategy, then it's probably going to be an initiative that will potentially lose momentum because people change. Boards change, management changes. But if it's really embedded in the strategy and there's a bottom-up plan, then it's much more likely to endure."*

**Rebecca McGrath**, Chair of OZ Minerals

## 2 | Enable effective capital allocation

A key strategic corporate issue for Chairs is making sure management teams allocate sufficient resources and capabilities to address the climate transition. In addition, stakeholder expectations around the cost of the climate transition and capital allocation need to be constantly managed through open and transparent communication. For example, investors need to be informed about the impact on their investments' returns while these are being decarbonised.

- ▶ *"People are reluctant to have the difficult conversation about how much you are prepared to invest or commit, recognising that it's not free. There is a cost and someone has to bear that cost."*

**Jake Klein**, Chair of Evolution Mining

## 3 | Make sure curiosity trumps mastery

Take a concerted interest in how climate will be applicable to the particular circumstances of which you are Chair. This could mean taking a deep dive into what is relevant for your particular business as it relates to climate or understanding the systems level impact and how that will translate into industry and operational impact on the organisations you advise. This is incumbent over deep climate knowledge.

- ▶ *"We all must consider what the right climate/decarbonisation journey is for the organisations we are involved in – every journey will be different. There is no one right model for everyone. Engaging the whole organisation in addressing these challenges is very important."*

**David Thodey AO**, Chair of Xero

## 4 | Identify tomorrow's requirements today

Chairs and Boards need to keep the executive focused on delivering on the strategy in the immediate, medium and long term to ensure objectives are met. This includes pinpointing successors with the right mindset, knowledge, expertise and curiosity needed for the here and now and also in 5, 10 or 25 years' time.

- ▶ *"It is incumbent on all of us to understand the implications of climate change as it applies to our particular businesses. I ask, is this person able to bring a conversation about the future or not?"*

**Christine McLoughlin AM**, Chair of Suncorp

- ▶ *"If we want to be successful as a Chair, if we want to have more Board roles, if we want to attract the best people in our organisations, we need to care about this because if we don't, then we're not relevant for Boards of the future."*

**Ming Long AM**, Chair of Diversity Council of Australia and Non-Executive Director

## 5 | Be the agent of change in shaping strategy suitable to deal with constant uncertainty

Look to the future – and sideways across industries – for both risk and opportunity while preserving the best interests of your stakeholders, community and business.

- ▶ *"To stay relevant, it is incumbent on all Board Directors to stay up to speed with what is happening around climate governance, and the risks and opportunities that climate change will bring. They need to make sure that they can fully contribute to the Board on these topics."*

**Penny Bingham-Hall**, Chair of Vocus and the Climate Governance Initiative Advisory Committee



*The Board plays a really vital role in encouraging the CEO and the organisation to focus on transition, on anticipating change and getting ready for it and putting things in place that take a long time to put in place.*

**Keith Spence**, Chair of Santos



## 6 | Consider the smallest outliers who may have the biggest influence

The key to mainstream views of the future may be waiting in the wings; minority viewpoints should be sought out and handled transparently. By listening to those stakeholders with less mainstream views you will be in a good position to identify the risks and opportunities that will shape and impact the environment in which your company operates in the future. For example, fringe ideas may help you in predicting consumer needs or exposure to climate litigation.

- ▶ [‘The Chairperson’s Guide to Climate Integrity: Earning and Enhancing Trust through the Sustainability Transition’](#) report by the World Economic Forum in collaboration with Deloitte covers this recommendation in more detail.

## 7 | Bring a systems thinking lens

Shift mindset away from linear to circular, focusing on where long-term value can be created in climate change. Read the [All systems go: Transforming Australia’s economy to grow](#) to find out more.

- ▶ *“The Chairs of the future need to combine the strengths of today’s Boardroom leaders with new skills and a systems level mindset that helps them confidently navigate a business world dealing with a whole-of-economy transition.”*

**John Grill AO**, Chair of Worley

*I’ve tried to be very clear that we’re not trying to adopt a high moral ground or do anything for altruistic purposes. This is simply a sensible strategic commercial response to a changing environment.*

**Philip Chronican**, Chair of National Australia Bank



# Six characteristics of tomorrow's Chair

**1** ▶ **ARDENT**  
 Take the stewardship role seriously and look enthusiastically to the future to find the opportunities arising from transition.

**2** ▶ **CURIOUS**  
 Every Board member must bring diverse perspectives to help tackle the most complex issues of our time, like taking on climate change.

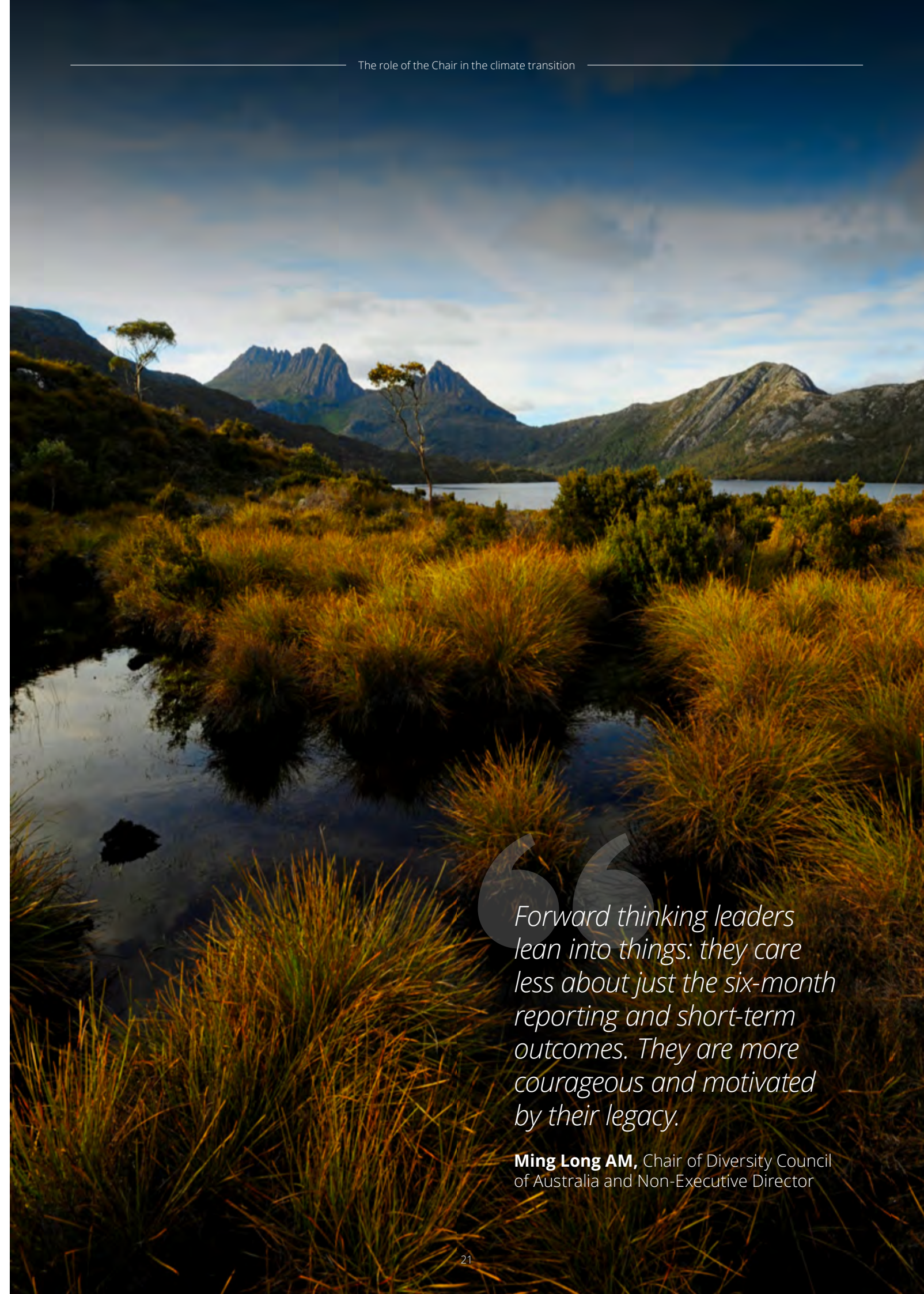
**3** ▶ **INCLUSIVE**  
 Champion diversity and inclusion, as it will enable companies to look to the future, which will support risk management and encourage investment in innovation.

**4** ▶ **COURAGEOUS**  
 Make assertive but empathetic, brave decisions that consider the trade-offs and how they impact all stakeholders including investors.

**5** ▶ **RESILIENT**  
 Remain consistent under pressure; protect management against growing shocks through careful scenario planning, and simultaneously embrace opportunities to reinforce resilience.

**6** ▶ **HUMBLE**  
 Acknowledge when to draw on external experts or fellow Board directors to inform the best decisions.

Nupulana Country / Cradle Mountain National Park, Tasmania.



*Forward thinking leaders lean into things: they care less about just the six-month reporting and short-term outcomes. They are more courageous and motivated by their legacy.*

**Ming Long AM**, Chair of Diversity Council of Australia and Non-Executive Director



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- |                         |                      |
|-------------------------|----------------------|
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| John Michael Grill AO   | Gary Warwick Smith   |
| Jake Klein              | Keith William Spence |
| Graeme Richard Liebelt  | David Thodey AO      |
| Ming Long AM            | Michael Ullmer AO    |
| Rebecca McGrath         | Sarah Zeljko         |
| Christine McLoughlin AM |                      |

# Glossary of terms

<b>GHG emissions</b>	Greenhouse gas (GHG) emissions is a disclosure classified as Scope 1, Scope 2 and Scope 3 GHG emissions. Scope 1 refers to emissions that a company makes directly. Scope 2 refers to indirect emissions from the generation of purchased energy consumed by the company. Scope 3 refers to all other indirect emissions that occur in the company's value chain.
<b>Mandatory sustainability and climate reporting</b>	In June 2023, the International Sustainability Standards Board (ISSB) released its first two standards: IFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information" and IFRS S2 "Climate-related Disclosures". It is anticipated that these standards will become mandatory for many Australian companies from FY25 with a focus on IFRS S2 initially. More information can be found <a href="#">here</a> .
<b>Net zero</b>	According to <a href="#">Oxford Net Zero</a> , net zero refers to a state in which the greenhouse gases going into the atmosphere are balanced by removal out of the atmosphere. The term net zero is important because – for CO2 at least – this is the state at which global warming stops. The <a href="#">Paris Agreement</a> underlines the need for net zero. It requires nations to "achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century".
<b>Scope 1 greenhouse gas emissions</b>	Direct greenhouse gas emissions that occur from sources that are owned or controlled by an entity.
<b>Scope 2 greenhouse gas emissions</b>	Indirect greenhouse gas emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by an entity.
<b>Scope 3 greenhouse gas emissions</b>	Indirect greenhouse gas emissions (not included in Scope 2) that occur in the value chain of an entity, including both upstream and downstream emissions.
<b>Sustainability</b>	In 1987, the <a href="#">United Nations Brundtland Commission</a> defined sustainability as "meeting the needs of the present without compromising the ability of future generations to meet their own needs."
<b>Systems thinking</b>	Systems thinking is a way of making sense of the complexity of the world by looking at it in terms of wholes and relationships rather than by splitting it down into its parts.



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*Making climate transitions decisions can be really hard and we need to have empathy when we push management in circumstances when they are clearly doing their best in making good short-term trade-offs and making good progress towards targets.*

**Rebecca McGrath**, Chair of OZ Minerals



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