



Climate Change Resilience Engagement

Focus:

ASX-listed companies with high exposure to climate change are targeted for engagement in Regnan's climate change resilience initiative, which commenced as a focussed engagement thematic in 2013. Engagement draws on detailed analysis of extreme weather impacts on company operations, products, markets, and supply chains.

Regnan research revealed deficits in corporate responses to current climate conditions, with numerous entities experiencing financially material impacts over the last decade from events consistent with climate change projections. Some trigger events (such as the Queensland Floods in 2010-11), and long-term drying in southern and eastern regions of Australia, have been explicitly linked to climate change by scientific bodies.

Scope:

Engagement to date has covered stocks in the agriculture, resources, transport, and insurance sectors.

Progress:

Engagement has revealed that organisational preparedness varies widely from explicit acknowledgement of climate change risks and implemented responses tailored to specific exposures on one end of the spectrum, to lack of awareness / active denial on the other.

Regnan's engagement on climate resilience has been effective in raising investor concerns on climate adaptation with boards and executives of the most exposed stocks in Australia, already achieving substantial wins. For example, engagement with an agricultural supplier has led to greater strategic integration of climate change risks in the company's product and service strategies, providing scope for the company to better manage risks, while realising market differentiation benefits.

Regnan is deepening stock-level engagement on climate change resilience, and extending coverage to additional companies and industries.

Given the extent of climate change already 'locked in' by historical emissions, we see engagement on adaptation as being a critical complement to our abatement-focussed greenhouse engagement. Regnan's advanced climate change engagement is enabled by deep in-house research capabilities on climate change in the Regnan team, including detailed analysis of climate impacts since 2007. For further information, contact Chris Fayers (chris.fayers@regnan.com) or Alison George (alison.george@regnan.com).