

ALTIOREM EXPERT GUIDE

Applying the OODA loop for leadership and company engagement



**OCTOBER
2024**

Authored by

**REBECCA KATZ
PAUL OOSTING**

Edited & Project Managed by
EMMALENE WYSOCKI



Table of Contents

Introduction.....	2
Key insights	3
What is the OODA loop and its relevance to sustainable finance?	4
Using OODA for strategic leadership to strengthen sustainable finance	5
Using OODA for company engagement to strengthen sustainable finance	5
The importance of strategic leadership and company engagement	6
Challenges of the OODA loop	9
Information overload and decision biases	9
Too much effort, money, or resources.....	9
Information can become siloed	9
How to effectively implement the OODA loop	10
Step 1: Define success and set goals	10
Step 2: Observe	10
Step 3: Orient	11
Step 4: Decide	12
Step 5: Act.....	13
Case Studies	15
The case for AGL to transition.....	15
Conclusion	20
Learn more	20
References	21



ALTIOREM

Introduction

As the global demand for climate action rises, financial institutions and professionals are navigating a new paradigm. Stakeholders need to be thinking strategically to navigate these complexities with precision and agility, adopting best-in-class strategic models to facilitate decision-making for a more sustainable future.

Strategic thinking is essential to business success as it enables professionals to adapt to rapidly evolving landscapes. The growth of sustainable finance to combat ESG issues has heightened the need for adaptable strategic models. Stakeholders working towards sustainable finance must leverage strategic frameworks that balance existing capabilities with the flexibility to respond to a rapidly changing landscape.

This guide explores the application of the OODA (Observe, Orient, Decide, Act) loop for strategic leadership and company engagement. By systematically observing market trends, orienting strategies, making informed decisions, and taking decisive actions, the OODA helps organisations navigate the complexities of sustainable finance. *

* This guide is for informational purposes only and does not constitute professional, financial, or investment advice.

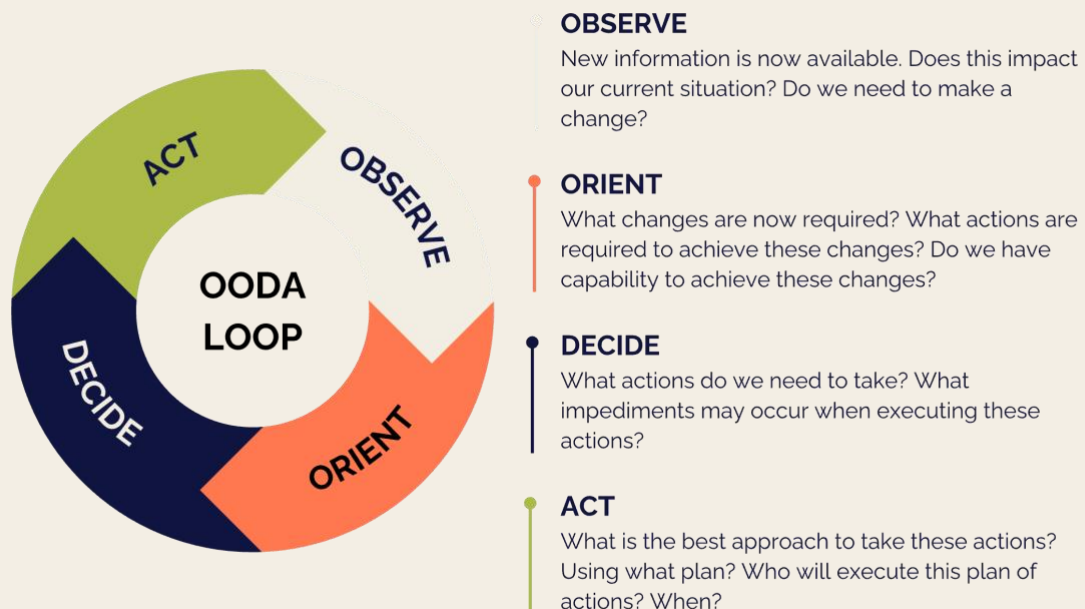
Key insights

1. **Strategic thinking is critical for sustainability:** Applying strategic thinking to environmental and sustainability issues is becoming more critical due to the interconnected nature of ecological systems and the long-term consequences of human activities on the environment.
2. **OODA loop enhances responsiveness:** By continuously cycling through the OODA loop, organisations can enhance their ability to respond to environmental challenges and capitalise effectively on emerging opportunities.
3. **OODA loop fosters collaboration:** The OODA loop fosters a shared language between stakeholders, facilitating collaboration and alignment to achieve sustainability goals.
4. **Adaptability is key in sustainable finance:** Investors should embrace strategic models that balance existing capabilities with the flexibility to adapt to emerging trends, customer demands or inertia and opposition from stakeholders.
5. **Collaborative planning boosts sustainability efforts:** Adopting collaborative strategic planning is a positive outcome, as collaborating with other stakeholders using models like the OODA can enhance the effectiveness of sustainability efforts, such as achieving the UN's SDGs.
6. **Strategic thinking balances goals and finances:** Strategic thinking processes account for competing priorities, resource constraints, and evolving regulatory landscapes, enabling the achievement of sustainability goals while balancing short-term financial objectives.
7. **OODA loop drives success in sustainability:** By integrating the OODA loop into sustainability initiatives, teams set themselves up for impact and success while becoming more adaptable and able to address stakeholders' needs more effectively.

What is the OODA loop and its relevance to sustainable finance?

The **OODA** (Observe, Orient, Decide, Act) loop is a decision-making model and non-linear strategic thinking approach developed by John Boyd. OODA was originally developed to help pilots win during air-to-air combat, but its application is now used in a wide variety of settings, including business and social change. OODA is based on the understanding that reacting faster to changing circumstances than your competition gives you a competitive advantage.

An advantage of the OODA loop lies in its collective approach, building what Boyd called 'implicit guidance'. Individuals within an organisation, or even multiple organisations working collaboratively, can use the framework to achieve shared goals. In the context of sustainable finance, OODA can facilitate the alignment of strategies and actions with the SDGs, ensuring efforts across different entities are coordinated and mutually reinforced to drive greater impact towards sustainability targets.



Observe—This step involves systematic information gathering that enables impact measurement and testing the Theory of Change assumptions. Data is collected from various sources about the commercial context, external ESG factors, or the people involved to fully comprehend the situation at hand and later test the impact of interventions.

Orient—To orient is to interpret the information collected in the observation stage of the process; the context, patterns, significance of events, potential threats, and opportunities are examined at this time. A Theory of Change is developed, setting out the casual chain or logic model of how impact will be achieved.

Decide—Once risks are assessed, the course of action will be decided based on a thorough understanding of the situation. At this point in the process, the risks and benefits of each option are

examined to find the best solution to achieve an objective. A key outcome of the decision-making phase is the alignment of stakeholders to the course of action being proposed.

Act—Now is the time to implement the chosen course of action. Plans will be executed, and resources will be deployed in response to any changes in the environment. In this part of the process, the effectiveness of actions taken is measured to feedback back into the observation phase. Therefore, creating a feedback loop is imperative in influencing subsequent work.

Using OODA for strategic leadership to strengthen sustainable finance

The OODA is a versatile framework that can be applied across various contexts. It is useful in strategic leadership, where it helps leaders integrate sustainability into their business practices and decisions. OODA is effective in this context due to its:

- **Impact and outcomes focus:** most sustainability frameworks focus on measurement and reporting; OODA aligns efforts around goals and objectives.
- **Agility:** allowing leaders to adapt to regulatory changes, market conditions, and stakeholder expectations.
- **Informed decision-making:** facilitating well-informed decisions that balance short-term objectives whilst integrating measures to achieve sustainability goals.
- **Vision and direction:** helping set a clear vision for sustainability goals and ensuring these goals complement the overall business strategy.

Using OODA for company engagement to strengthen sustainable finance

In the finance industry, OODA can also be effective for company engagement through:

- **Stakeholder engagement:** building trust and demonstrating commitment to sustainability through responsive strategies.
- **Aligning with best practices:** ensuring operations align with industry standards and enhancing sustainability performance.
- **Continuous improvement:** promoting ongoing feedback and adaptation keeps sustainability initiatives dynamic and effective. OODA is also effective in handling large transitions and staying ahead of the competition and relevant markets.

The OODA approach emphasises the importance of agility, adaptability and swift but mindful decision-making – especially in sectors that change as rapidly as the finance sector. By cycling and circling back to different stages of this process, companies can gather information, analyse their environment, make informed decisions based on this information and then act. Further, the OODA allows for feedback and iteration, as adjustments can be made based on changing circumstances or new insights, emphasising its non-linearity. At its core, the OODA empowers its users to drive effective change by leveraging information, creativity, and strategic thinking over traditional power dynamics.

The importance of strategic leadership and company engagement

With increasing awareness of climate change, social inequalities, and governance challenges, finance professionals must navigate complex, dynamic environments. Sustainable finance has become a vital mechanism for addressing these global issues, requiring leaders to adopt innovative and strategic approaches.

Urgency of climate action

Since 1910, global average temperatures have risen significantly, with each decade since 1950 being warmer than the previous one. In Australia specifically, temperature has increased on average by 1.44 ± 0.24 °C since national records began in 1910. This global trend has led to a multitude of negative impacts, such as the endangerment of natural wonders like the Great Barrier Reef and the destruction of coral reefs globally (which puts up to 300 million people at risk of severe floods), the risk of extinction, and actual extinction of numerous species, severe weather such as droughts due to changing rainfall patterns, and coastal erosion from rising sea levels. The latest IPCC report highlights that we have less than a decade to make significant changes to avoid catastrophic climate impacts. While climate solutions will come from governments, organisations, and individuals, financial institutions (FIs) play a crucial role in directing capital towards sustainable projects that reduce emissions and promote environmental resilience. It's therefore imperative that FIs meet regulatory requirements and proactively contribute to global sustainability goals. From a financial standpoint, FIs can protect themselves from potential financial losses and reputational damage by anticipating and addressing ESG risks.

Shifting investor expectations

There is a growing demand from investors for companies to demonstrate their commitment to ESG (environmental, social and governance) principles. According to the Global Sustainable Investment Alliance (GSIA), sustainable investment now accounts for over one-third of total assets under management globally. This shift underscores the need for strategic leadership to align business practices with investor expectations, ensuring long-term profitability and sustainability. Attracting sustainable investment funds by demonstrating a commitment to ESG principles can significantly enhance a company's financial performance.

Regulatory pressure

Governments and regulatory bodies worldwide are implementing stricter regulations to promote sustainable finance. The European Union's Sustainable Finance Disclosure Regulation (SFDR) and the Task Force on Climate-related Financial Disclosures (TCFD) are examples of frameworks pushing companies towards greater transparency and accountability in their sustainability practices. Leaders must strategically engage with these regulations, ensuring compliance while leveraging opportunities for innovation and competitive advantage. Companies can ensure long-term business resilience by aligning with global sustainability trends and regulations.

Positive impact on business performance

Research has shown that investment managers and organisations with strong sustainability scores are more likely to outperform their peers. Strategic leadership that integrates sustainable practices can



ALTIORUM

thus drive financial success and resilience, making a compelling case for immediate action. This approach drives innovation through sustainable business practices and leads to new market opportunities and growth.

Enhancing stakeholder relationships

Effective strategic leadership and engagement enhance relationships with key stakeholders, including customers, employees, suppliers, and the community. Transparency in sustainability efforts builds trust and loyalty, while proactive engagement can lead to collaborative solutions and innovations. Companies that strategically communicate and engage with stakeholders are better positioned to manage risks and seize new opportunities. Building a solid reputation and trust among stakeholders through transparency and proactive engagement is crucial for long-term impact.

Addressing social inequalities

The acute and chronic impacts of climate change are having increasingly severe consequences in the social realm. Pointing to just one of the many climate risks experienced by Australians: floods, [ABC News](#) recently announced that approximately 230,000 households in Australia face a one-in-20 risk of a catastrophic flood each year. In Europe, increased flooding due to heavier rainfall and more frequent heatwaves are [straining public health systems and infrastructure](#), including housing. In the United States (US), US\$ 22 trillion of the housing market is at risk of [extreme damage from climate threats](#). According to economist Jiayi Xu, climate risk can “impact home values, insurance costs, and the overall stability of a housing market.” More worryingly, there is the additional risk that property insurers will withdraw from high-risk areas altogether, leaving some without the means to insure their homes. Low-income and marginalised communities disproportionately experience the adverse effects of climate change, including the [loss of homes and displacement from their communities](#). With each severe weather event, devastating consequences are likely to include loss of life. On average, [21.5 million people are displaced annually due to weather events](#), which is expected to rise sharply in the coming decades.

Strategic leadership in sustainable finance involves addressing these inequalities through inclusive policies and practices. By prioritising social impact, companies can contribute to a more equitable and sustainable future, aligning with global initiatives like the United Nations Sustainable Development Goals (SDGs).

Strategic leadership and company engagement for climate action

The responsibility to preserve our environment rests on everyone’s shoulders. However, financial institutions and professionals yield significant potential for impact due to their structural influence and resource allocation capabilities. Organisations can no longer afford to operate with a short-term mindset if the world is to achieve the SDGs. Strategic leadership and company engagement will allow organisations to anticipate climate risks, model potential scenarios, and develop proactive solutions. By integrating climate considerations into financial planning and decision-making, organisations can safeguard their assets, mitigate losses, and identify opportunities for investment in sustainable technologies and practices. To put it plainly, strategic leadership and company engagement are needed to underpin positive social and environmental impact in an increasingly volatile and rapidly changing environment.

The OODA loop (Observe, Orient, Decide, Act) is valuable to financial institutions (FIs) in this context as it provides a structured framework for responding to climate risks effectively. The iterative process of the OODA allows decision makers to anticipate and mitigate the impacts of climate risks, integrate



ALTIOREM

sustainability into their strategic planning, and seize opportunities for positive social and environmental impact.

Challenges of the OODA loop

Information overload and decision biases

The OODA loop thrives on a clear understanding of the situation. Because of the complex nature of sustainable finance and the intricate challenges that come with each ESG issue or SDG goal, information overload can be a significant barrier. One of the most cited challenges from investors and finance professionals is the [inconsistency in reporting ESG data](#) and, therefore, synthesising the data. This challenge makes for poor choices based on incomplete or incomprehensible data. Additionally, cognitive biases can distort the 'Observe' and 'Orient' phases. Confirmation bias, for instance, can lead decision-makers to focus on information that confirms their existing beliefs about climate risk, potentially overlooking crucial data.

Diversity and inclusive cultures are vital to overcoming these challenges alongside practices that can shift and challenge mindsets. Embracing diverse perspectives helps mitigate decision biases and enriches the decision-making process. While AI and data analytics can aid in processing large datasets, the focus should be on fostering an environment where diverse viewpoints are valued and integrated into strategic thinking.

Action is often delayed when information is incomplete, but working in uncertainty is inherent in finance. Investors, by definition, focus on the future and must make decisions amid uncertainty. The OODA loop assists by formalising a process for dealing with uncertainty as new information comes in, expecting new information, having a system for incorporating it, and changing direction as needed. This approach ensures that the need for complete data does not paralyse decision-makers but is instead equipped to adapt and respond dynamically.

Too much effort, money, or resources

Challenges arise in encouraging leaders to adopt a new strategic thinking process due to concerns about the potential time and resources needed for implementation, including training, data acquisition, technology, and lost productivity during the transition. While the OODA can facilitate preparedness and adaptability in an ever-changing sector, change can be overwhelming.

Information can become siloed

Another concern is that in many organisations, information can be siloed across different departments, making the [integration of sustainability into strategic decision-making challenging](#). If relevant parties are not communicating effectively, information will be siloed, making it challenging to gather the data required to effectively carry out the 'Observe' and 'Orient' phases.

How to effectively implement the OODA loop

Using the OODA for strategic leadership or company engagement in sustainable finance practices involves a systematic approach to achieving tangible outcomes. This section details how to implement this model within these contexts and includes practical examples for both strategic leadership within one's own company and engaging other companies.

Step 1: Define success and set goals

Plan for impact, not process: The first step is to define success for your organisation and how that aligns with achieving externally validated goals such as the Paris Climate Agreement and UN Sustainable Development Goals (SDGs). This involves identifying overarching goals and outcomes, serving as a roadmap for your actions. A clear definition will allow for creating a comprehensive trajectory with specific milestones. The key here is to aim for impact and plan to win. That means achieving the outcome linked to the climate target or SDGs, not process and measurement.

Understand stakeholder dynamics: Identify key allies, potential obstacles, the dynamics of stakeholder relationships, and stakeholders' expectations. This understanding helps in formulating strategies to support sustainable initiatives despite potential challenges.

Step 2: Observe

Specify key milestones: Such as adopting a new transition plan or achieving climate-based targets. Assign responsibilities to individuals or teams for the decision-making and execution.

Gather data and insights: Collect data from various high-quality sources – draw on past experiences, decision-making outcomes, and industry benchmarks. Use power mapping to understand the motivations and influence of key stakeholders. Leverage the abilities of different team members and other aligned stakeholders to design a pathway towards achieving your goals.

OODA - **OBSERVE**

Strategic leadership examples:

- Collect data: Gather data on your company's current energy consumption, carbon footprint, and diversity metrics.
- Monitor regulations: Keep track of regulatory incentives for renewable energy adoption and social equity programs.

Company engagement examples:

- ESG performance: Collect data on the ESG performance of the company you wish to engage.
- Environmental impact: Review the environmental impact of the projects being financed.
- Social Issues: Identify existing environmental and social issues, such as poor labour practices in the supply chain or lack of diversity.

Step 3: Orient

Analyse and synthesise information: Orienting involves assessing and synthesising the collected information to better understand the current situation. It involves breaking complex problems into manageable parts (analysis) and combining different elements to form a cohesive strategy (synthesis).

In financial impact and sustainability, a Theory of Change (ToC) is the central metric for communicating and testing the efficacy of activities. As the impact investment fund [Giant Leap](#) puts it, "If you hope to create impact, not having a Theory of Change is like not having a strategy" (note: this is usually a bad strategy).

Set a Theory of Change: Determine the underlying logic model that enables your activities to deliver certain outputs and how that builds towards achieving the desired outcome. In designing a ToC, look to uncover the drivers that can scale inputs and enable the impact of actions to be greater than the sum of their parts. In ['Seeking Impact' \(2024\)](#), Glynn et al. provide a practical approach to constructing a Theory of Change.

OODA - **ORIENT**



Strategic leadership examples:

- Analyse Data: Identify strategic ESG priorities from the collected data.
- Synthesise information: Use industry best practices and case studies to inform your strategy.

Company engagement examples:

- Benchmarking: Compare the target company's ESG performance against industry leaders.
- Risk and opportunity analysis: Evaluate the risks and opportunities associated with financing sustainable projects.
- Stakeholder expectations: Understand stakeholder expectations regarding sustainable banking practices.

Step 4: Decide

Develop a critical pathway: Based on the orientation stage, map out a critical pathway that outlines key external decision points necessary to achieve defined goals. Break down the process into manageable steps and delegate tasks to streamline execution and mitigate risks.

Establish a well-defined plan: Create a comprehensive plan that includes objectives, approval processes, metrics, and execution tactics. Ensure that the plan allows for continuous refinement based on new intelligence and strategy reassessment.

Foster alignment and trust: Strategic planning should foster alignment and trust within the team. Document proposals, articulate targets, and set clear objectives to promote resilience, learning, and courage despite potential setbacks.

Set SMART goals: Specific, Measurable, Achievable, Relevant, and Time-bound – if you don't already – to align with the SDGs and drive sustainable finance practices. For example, aim for a specific percentage reduction in the target company's carbon footprint within a given timeframe.

OODA - **DECIDE**

Strategic leadership examples:

- Develop roadmap: Create a roadmap for transitioning in the respective ESG areas, including timelines, budget, and milestones.
- Engage stakeholders: Involve stakeholders such as employees, shareholders, and the local community in the decision-making process.

Company engagement examples:

- Engagement strategies: Develop strategies like proposing shareholder resolutions and initiating dialogue with company leadership.
- Set ESG criteria: Establish clear ESG investment criteria and mandates for portfolio selection.

Step 5: Act

Execute the plan: Implement the strategies and tactics you and your teams designed to achieve your goals. Ensure that each action is informed by gathered data and aligned with the overall strategy.

Monitor and adapt: Continuously monitor the outcomes of your actions and be prepared to adapt as necessary. The OODA model is iterative, meaning that observations from the action phase will inform the next cycle of the loop.

Enhance team cohesion: Adopting a decision-making framework like OODA fosters a shared understanding of how issues are approached, enhancing team cohesion. This shared understanding is crucial for effective collaboration and achieving sustainable outcomes.



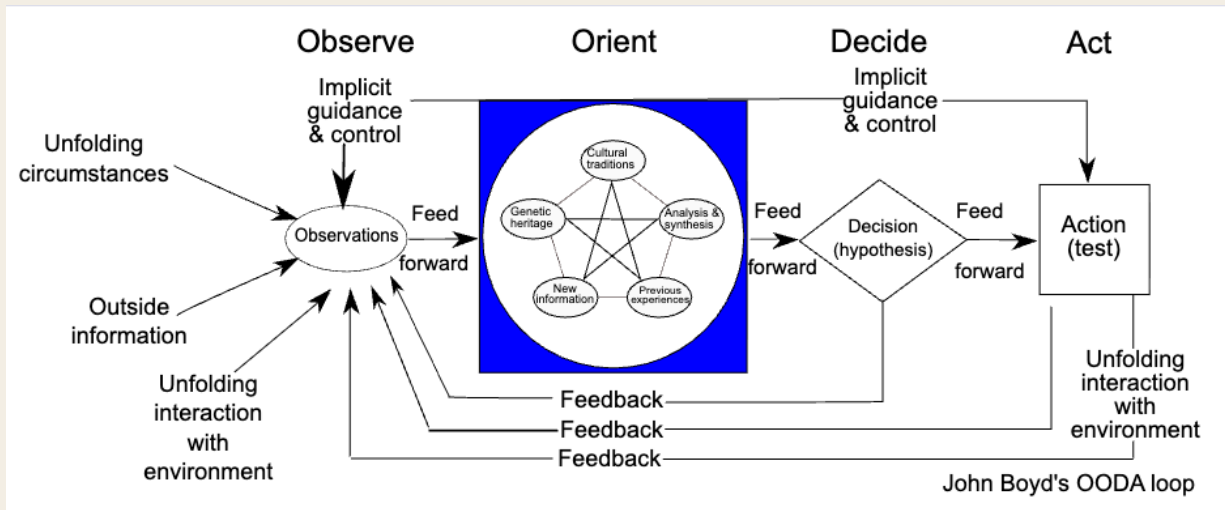
OODA - ACT

Strategic leadership examples:

- Implement programs: Launch diversity and inclusion training programs, set targets for diverse hiring, and establish support networks.
- Monitor and adjust: Continuously monitor carbon reduction efforts and adjust strategies as necessary.

Company engagement examples:

- Advocate for change: Encourage companies to set ambitious environmental targets and enhance social policies, such as improving labour conditions and increasing board diversity.
- Monitor progress: Track the companies' responses and progress, adapting engagement strategies based on outcomes and new information.



Source: Image of OODA loop from Wikipedia "[OODA loop](#)", sourced 2024.

Case Studies

The case for AGL to transition

In providing gas and electricity to millions of Australians, until recently, AGL was deeply entrenched in coal-based energy production and pinned as one of the biggest polluters in the country. Despite this, AGL advertised itself as green and environmentally responsible.

In May 2021, Greenpeace ran an investigation which revealed that AGL was in fact Australia's biggest climate polluter – with 85% of their energy coming from burning coal.

Over the course of 18 months, Greenpeace and other supporters and organisations shone a spotlight on AGL's operations and leadership, which mobilised their customers to call for change.

Company engagement actions

May 2021 – Greenpeace investigation released

- Observe: Greenpeace gathered extensive data on AGL's environmental impact, compiling it into a detailed investigative report, "Coal-faced."

May 2021 – Greenpeace parody campaign launches

- Orient: Using insights from their observations, Greenpeace crafted a major digital parody and street poster campaign to publicly criticise AGL.
- Act: Launched the campaign to shift public perception and increase pressure on AGL.

June 2021 – Greenpeace wins against AGL in court

- Observe: Monitored AGL's legal response to their campaign.
- Act: Successfully defended the lawsuit, setting a legal precedent and boosting their campaign.

August 2021 – Ash for Director campaign launches

- Act: Launched the campaign to draw attention to AGL's leadership failings and push for the appointment of climate and ESG experts.

August 2021 – Greenpeace launches campaign to AGL shareholders

- Act: Launched a campaign urging shareholders to support climate-friendly resolutions at the AGM.

August 2021 – ACCR files AGL climate shareholder resolution

Minor note: ACCR filed shareholder resolutions with AGL in 2015, 2019, 2020 – as well as 2021 and were engaging with AGL as early as 2015.

- Observe: Noted ACCR's introduction of a climate-focused shareholder resolution.
- Act: Supported the resolution, enhancing the pressure on AGL.

September 2021 – Climate concerns dominate at AGL's annual general meeting

- Act: Capitalised on the unprecedented investor support (54% for ACCR's resolution) to intensify the campaign's impact.

October 2021 – AGL's biggest customer decarbonises

- Observe: Observed Rio Tinto's decision to decarbonise its operations by 2030.
- Orient: Evaluated the implications for AGL's future coal demand.

December 2021 – Banks campaign

- Act: Launched a public campaign to pressure these banks.

February 2022 – AGL takeover bid

- Act: Publicly backed the takeover bid to amplify pressure on AGL's leadership.

March 2022 – Greenpeace launches campaign opposing AGL's demerger

- Act: Launched the "Too Big to Hide" campaign, using high-visibility tactics to garner public and investor support.

April 2022 – Shareholder campaign

- Act: Engaged with top investors and proxy advisors to secure votes against the demerger.

May 2022 – AGL dumps demerger and leadership team

- Act: The sustained pressure resulted in AGL abandoning the demerger plans and initiating a strategic review, along with significant leadership changes.
- Act: Announced their intention to vote against the demerger, influencing other institutional investors and reinforcing the shareholder push for sustainable practices.

September 2022 – Coal closure brought forward to 2035

- Observe: Monitored AGL's announcement of an accelerated decarbonisation plan.
- Orient: Assessed the impact of this commitment on their campaign goals.

Strategic leadership actions

May 2021 – Greenpeace parody campaign launches

- Orient: They analysed this data to understand the extent of AGL's pollution and its implications on the climate, health, and local communities.

June 2021 – Greenpeace wins against AGL in court

- Orient: Assessed the implications of the lawsuit on their campaign strategy.
- Decide: Decided to defend their right to free expression in court.

June 2021 – AGL announces plan to demerge company

- Observe: Observed AGL's strategic response to the mounting pressure, noting their plan to demerge.

- Orient: Analysed the potential impact of the demerger on AGL's coal operations and public image.

August 2021 – Ash for Director campaign launches

- Decide: Decided to support Ashjaveen Sharif's candidacy to force leadership changes at AGL.

August 2021 – Greenpeace launches campaign to AGL shareholders

- Decide: Formulated a strategy to engage AGL shareholders directly.

December 2021 – Banks campaign

- Decide: Decided to target Australia's big four banks to cut financial support for AGL.

February 2022 – AGL takeover bid

- Observe: Monitored the takeover bid by Mike Cannon-Brookes and Brookfield.
- Decide: Decided to support the takeover as a means to alter AGL's strategy.

March 2022 – Greenpeace launches campaign opposing AGL's demerger

- Decide: Determined to oppose AGL's demerger plans.

April 2022 – Shareholder campaign

- Decide: Strategised to rally shareholder opposition to the demerger.

May 2022 – AGL dumps demerger and leadership team

- Observe: HESTA monitored the demerger plans and their potential impact on climate goals.
- Orient: HESTA analysed the implications of the demerger on long-term sustainable investments and member priorities (exact dates unknown).
- Decide: HESTA decided to publicly oppose the demerger, aligning with its commitment to climate action.

November 2022 – AGL gets new leaders for a new era

- Act: The campaign's success was evident as new independent directors with a focus on accelerating coal closure joined AGL's board.

The impact

Corporate governance and shareholder activism

- **Impact on governance:** The resignation of AGL's CEO, chairman, and two directors in May 2022 highlighted the influence of shareholder activism on corporate governance. This shift underscores the increasing power of investors in holding companies accountable for their environmental practices.
- **Board composition:** The appointment of new independent directors in November 2022, focused on accelerating coal closures, exemplifies the growing demand for climate-competent leadership within the boardroom.
- **Financial reassessment:** AGL's strategic review, initiated in response to shareholder pressure, reflects a broader trend of companies reassessing their business models to align with



ALTIORUM

sustainable practices. This reassessment impacts investment decisions and corporate strategies across the finance industry.

Shareholder influence and market dynamics

- **Climate resolutions:** The significant support (54%) for the ACCR's climate-focused resolution in September 2021 demonstrates the power of shareholder resolutions in driving corporate environmental policies. This success encourages other investors to leverage shareholder proposals to influence corporate behaviour.
- **Institutional investor engagement:** The campaign catalysed broader shareholder focus on climate issues, with institutional investors publicly supporting climate resolutions. This trend indicates a shift in investor priorities towards sustainability.
- **Share Price Decline:** The campaign's pressure on AGL contributed to a decline in its share price, highlighting the financial risks associated with poor environmental practices. This case illustrates the market's responsiveness to environmental activism and the importance of integrating ESG factors into investment decisions.

Environmental commitments and financial implications

- **Investment in renewables:** AGL's commitment to invest \$12 billion in new renewable energy projects by 2035 demonstrates the financial shift towards sustainable energy investments. This move aligns with global trends in green finance and impacts capital allocation within the finance industry.
- **Reduced coal dependence:** The early closure of AGL's Loy Yang A power station reflects the financial viability and necessity of transitioning from coal to renewable energy, influencing energy sector investments.
- **Impact on major customers:** Rio Tinto's decision to decarbonise its operations by 2030, influenced by the campaign, underscores the interconnectedness of corporate environmental strategies and financial performance. This decision affected AGL's coal demand, illustrating how customer commitments to sustainability can impact supplier financials.

Legal and regulatory precedents

- **Freedom of expression:** The legal victory against AGL in June 2021 set a precedent for freedom of expression in environmental advocacy. This outcome supports the finance industry's ability to engage in and support activist campaigns without legal repercussions.
- **Regulatory impact:** The campaign's success in influencing AGL's policies and leadership changes may inspire regulatory bodies to implement stricter ESG reporting requirements, impacting compliance and reporting practices in the finance industry.

Public awareness and financial risk management

- **Enhanced ESG integration:** High-profile campaigns and public demonstrations increased awareness of AGL's environmental impact, driving investor demand for improved ESG integration in financial analysis and decision-making.
- **Risk management:** The case underscores the importance of managing environmental risks as part of broader financial risk management. Companies are increasingly expected to address ESG issues proactively to mitigate financial risks.



ALTIOREM

Conclusion

Strategic thinking and decision-making are imperative if individuals and organisations want to effectively navigate the evolving landscape of the finance sector. Embracing models like the OODA loop can facilitate informed decision making amidst complex challenges to drive impactful sustainability strategies. As demonstrated in Greenpeace's and HESTA's responses to the AGL demerger, strategic planning, collaboration, and concerted action can catalyse meaningful change towards a more sustainable future. By embracing strategic thinking, stakeholders can address immediate environmental and social challenges and contribute to building resilient and sustainable economies for generations to come.

Learn more

[Mastering Campaign Strategic Thinking](#) by Paul Oosting

This is an online video and content course which takes you through OODA alongside other impact frameworks, including tutorials and resources you can put into immediate use.

[Master OODA loops](#) by Paul Oosting

This is a free email course introducing OODA with practical examples and case studies.

[OODA Loop- Engage for Impact Game \(Instructions\)](#) and [OODA Loop- Engage for Impact \(Action and Challenge Cards\)](#) by Rachel Alembakis

This set of materials is an interactive game that helps participants practice applying the OODA Loop to adapt stewardship strategies, respond to shifting risks and priorities, map allies, and make decisive actions in dynamic market conditions.

References

ABC News (2024). [Coastal property owners warned of growing extreme weather risks as insurance costs soar](#). Retrieved 18 April 2024.

Centre for Climate Engagement (2024). [Leadership insight: Theories of change for corporate climate action](#). Retrieved 8 July 2024.

Deutsche Bank (2012). [Sustainable investing: Establishing long-term value and performance](#). Retrieved 9 May 2024. AltioREM: <https://altioREM.org/research/sustainable-investing-establishing-long-term-value-and-performance/>

Federal Reserve Bank of New York & US Impact Investing Alliance (2021). [Impact in place: Emerging sources of community investment capital and strategies to direct it at scale](#). Retrieved 1 March 2024. AltioREM: <https://altioREM.org/research/impact-in-place-emerging-sources-of-community-investment-capital-and-strategies-to-direct-it-at-scale/>

Fortune (2024). [\\$22 trillion worth of the housing market – or 44% of all homes in the U.S. – is at risk of severe or extreme damage from environmental threats](#). Retrieved 18 April 2024.

Harshine Ramalu (2024). [Understanding the surge in extreme weather events and the climate connection](#). Retrieved 1 May 2024.

Intergovernmental Panel on Climate Change (IGCC) (2023). [Climate change 2023 synthesis report](#). Retrieved 8 July 2024. AltioREM: <https://altioREM.org/research/climate-change-2023-synthesis-report/>

Kim R van Daalen, Prof Cathryn Tonne, Prof Jan C Semenza, Prof Joacim Rocklöv, Prof Anil Markandya, Niheer Dasandi, Prof Slava Jankin, Hicham Achebak, Joan Ballester, Hannah Bechara et al. (2024). [The 2024 Europe report of the Lancet Countdown on health and climate change: unprecedented warming demands unprecedented action](#). Retrieved 19 June 2024.

NSW Government (2023). [Australian climate change observations](#). Retrieved 18 April 2024.

Paul Phillips & Luiz Moutinho (2018). [Contemporary issues in strategic management](#). Retrieved 11 March 2024.

Pollination (2024). [Nature-positive strategy: Practical guidance for corporates](#). Retrieved 1 April 2024. AltioREM: <https://altioREM.org/research/nature-positive-strategy-practical-guidance-for-corporates/>

Portfolio Earth (2020). [Bankrolling extinction: The banking sector's role in the global biodiversity crisis](#). Retrieved 14 June 2024. AltioREM: <https://altioREM.org/research/bankrolling-extinction-the-banking-sectors-role-in-the-global-biodiversity-crisis/>

Samuel Kurian, Georgie Reid & Maxwell Sutton (2023). [Climate change and financial risk](#). Retrieved 8 April 2024.



ALTIOREM

The Investment Integrated Project (TIIP) (2024). **System-level investing: Case studies of investors leading the way**. Retrieved 16 July 2024. AltioREM: <https://altioREM.org/research/system-level-investing-case-studies-of-investors-leading-the-way/>

US Department of defense (2021). **Department of defense climate risk analysis**. Retrieved 1 April 2024.

Vera Palea & Federico Drogo (2020). **Carbon emissions and the cost of debt in the eurozone: The role of public policies, climate-related disclosure and corporate governance**. Retrieved 10 April 2024.

Visual Paradigm (2024). **What is OODA loop?** Retrieved 12 May 2024.

World Economic Forum & PricewaterhouseCoopers (PwC) (2020). **Nature risk rising: Why the crisis engulfing nature matters for business and the economy**. Retrieved 10 April 2024. AltioREM: <https://altioREM.org/research/nature-risk-rising-why-the-crisis-engulfing-nature-matters-for-business-and-the-economy/>

World Food Program USA (2023). **The 8 countries most affected by climate change**. Retrieved 2 April 2024.

WWF Australia (2024). **Effects of global warming**. Retrieved 18 April 2024.

Zurich (2022). **There could be 1.2 billion climate refugees by 2050. Here's what you need to know**. Retrieved 2 June 2024.