

Climate Governance

Shai Ganu

Climate-Related Risks, Opportunities, and Financial Impact

Risk of indirect impacts from issues such as policy constraints on emissions, imposition of carbon tax, water restrictions, land use restrictions or incentives, and market demand and supply shifts.

The risks from changes driven from governments and markets.

Transition Risks

- Policy and Legal
- Technology
- Market
- Reputation

Physical Risks

- Acute
- Chronic

Risks

Opportunities

Opportunities

- Resource Efficiency
- Energy Source
- Products/Services
- Markets
- Resilience

Strategic Planning
Risk Management

Financial Impact

Revenues
Expenditures

Income
Statement

Cash Flow
Statement

Balance
Sheet

Assets & Liabilities
Capital & Financing

SGX Consultation Process

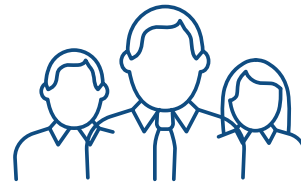
3.
Directors' Training
on Sustainability

4.
Sustainability
Report Timeframe

2.
Sustainability
Report Assurance



5.
Common Set of
Core ESG Metrics



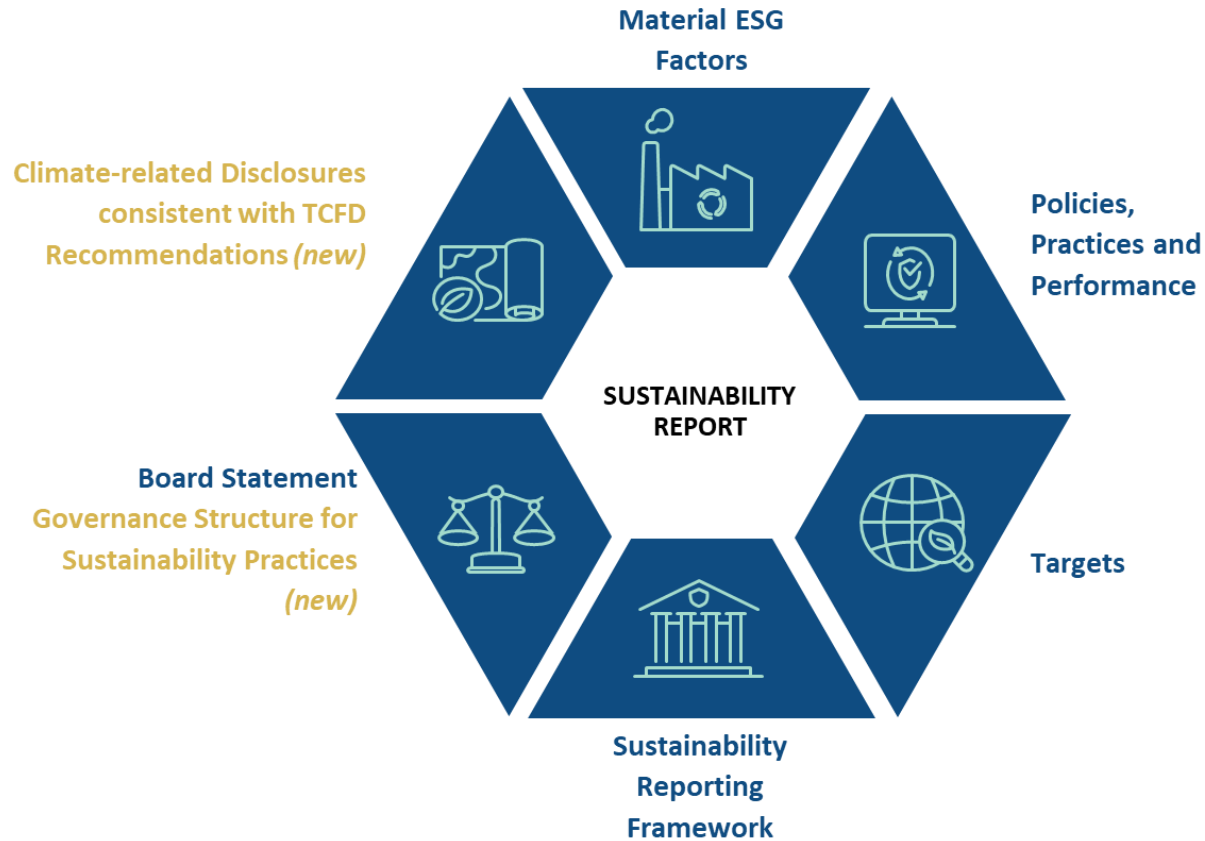
1.
Mandatory Climate
Reporting

6.
Disclosures on
Board Diversity

SGX
Consultation 2021

Source: SGX's Climate and Diversity presentation from September 2022

Mandatory Climate Reporting



Sustainability reports for financial years commencing on or after 1 January 2022

- The sustainability report must describe the sustainability practices with reference to the following primary components:
 - a) material environmental, social and governance (“Material ESG”) factors;
 - b) climate-related disclosures consistent with the recommendations of the TCFD (“Climate-related Disclosures”) - NEW
 - c) policies, practices and performance;
 - d) targets;
 - e) sustainability reporting framework; and
 - f) Board statement and associated governance structure for sustainability practices - NEW

Source: SGX’s Climate and Diversity presentation from September 2022

TCFD Recommendations

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	Disclose how the organization identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Sustainability reports for financial years commencing on or after 1 January 2022

- Disclosure is on a 'comply or explain' basis.
- Disclosures will be mandatory progressively for an issuer in any of the TCFD-identified Industries

Agriculture, Food and
Forest Products

Energy

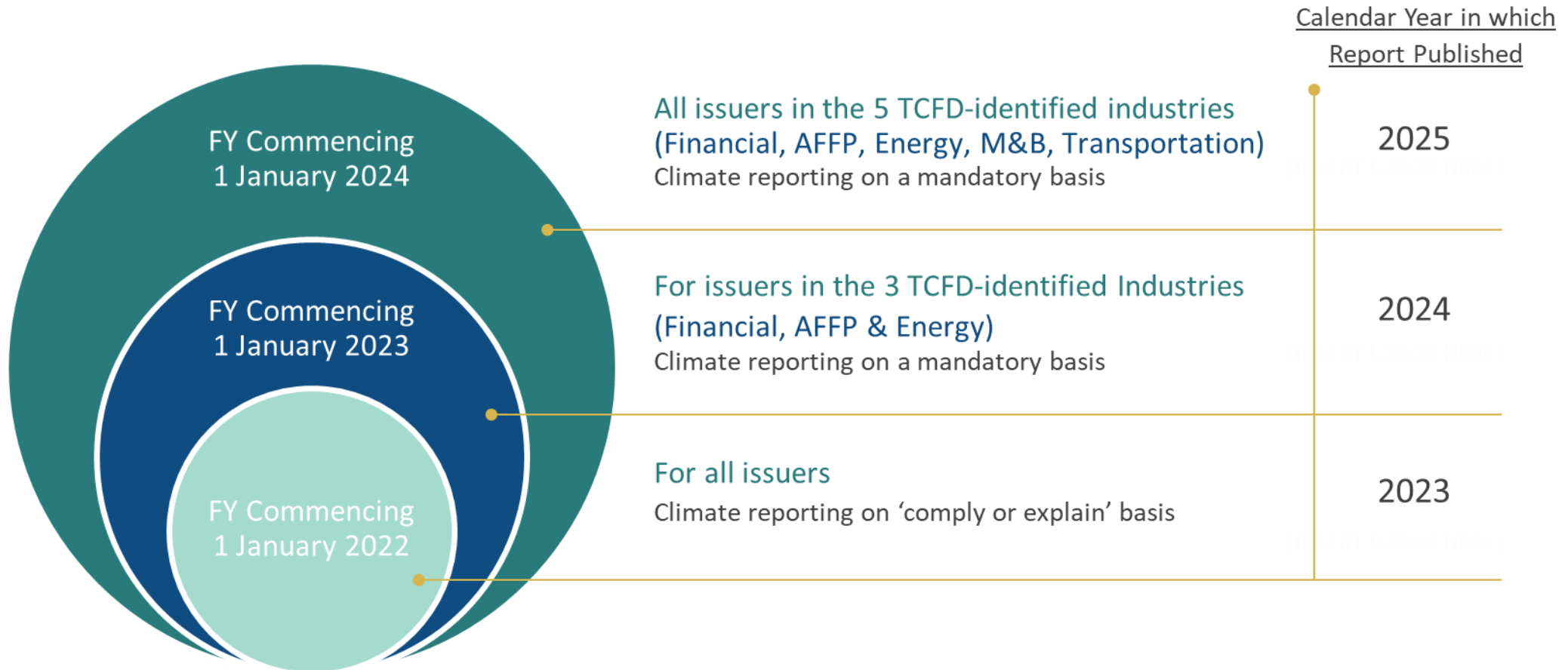
Materials and Buildings

Transportation

Financial

Source: SGX's Climate and Diversity presentation from September 2022

Roadmap towards Mandatory Climate Reporting



Source: SGX's Climate and Diversity presentation from September 2022

Key Governance Developments

#	Element	Previously	Changes from 1 Jan 2022
1	Assurance of Sustainability Reports	<ul style="list-style-type: none"> Voluntary 	<ul style="list-style-type: none"> Sustainability reporting process <u>must</u> be subject to internal review. Companies may additionally commission an independent external assurance on the sustainability report
2	Directors' Training on Sustainability	<ul style="list-style-type: none"> Training for first time directors does not include a specific component on sustainability 	<ul style="list-style-type: none"> All directors undergo one-time training on sustainability matters Companies to confirm that all directors have completed training in their first sustainability report for FY commencing on or after 1 January 2022
3	Sustainability Report Timeframe	<ul style="list-style-type: none"> In annual report – within 4 months from FY-end Sustainability report within 5 months from FY-end, with summary in annual report. 	<ul style="list-style-type: none"> Must issue a sustainability report no later than 4 months after the end of the financial year; or If company has conducted external assurance on the sustainability report, no later than 5 months after the end of the financial year in which case a summary should be included in the annual report.

Source: SGX's Climate and Diversity presentation from September 2022

Common set of ESG metrics

- SGX’s “Starting with a common set of Core ESG metrics” proposes a list of 27 core metrics for Singapore issuers

Environmental considerations	Social considerations	Governance considerations
1. Absolute Greenhouse Gas (GHG) emissions	8. Current employees by gender	20. Board independence
2. GHG emission intensity	9. New hires and turnover by gender	21. Women on the board
3. Total energy consumption	10. Current employees by age groups	22. Women in the management team
4. Energy consumption intensity	11. New hires and turnover by age	23. Anti-corruption disclosures
5. Total water consumption	12. Total turnover	24. Anti-corruption training for employees
6. Water consumption intensity	13. Total number of employees	25. List of relevant certifications
7. Total waste generated	14. Average training hours per employee	26. Alignment with frameworks and disclosure practices
	15. Average training hours per employee by gender	27. Assurance of sustainability report
	16. Fatalities	
	17. High-consequence injuries	
	18. Recordable injuries	
	19. Recordable work-related ill health cases	

Principles of Climate Governance

1. Climate Accountability

The board should take responsibility for ensuring the company's long-term resilience to climate risks.

2. Subject Command

The board should be properly informed about climate-related risks and opportunities and able to make relevant decisions.

3. Board Structure

The board should implement the right board and committee structures to ensure that climate risks and opportunities are understood, managed and reported.

4. Materiality Assessment

The board should ensure that management fully identifies climate-related risks in the short, medium and long-term, assess their materiality, and takes appropriate action according to the materiality of the risks.

5. Strategic Integration

The board should ensure that management factors material climate-related risks and opportunities into the company's strategy, risk management process and investment decisions.

6. Incentivization

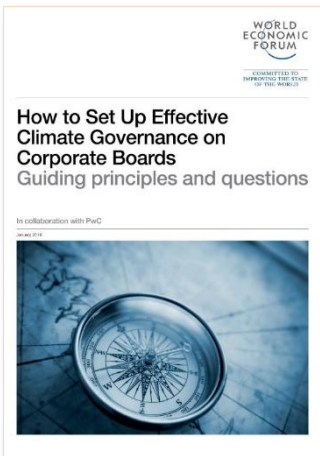
The board should align executives' incentives with the long-term success of the business. This may include climate-related targets in executive incentive schemes.

7. Reporting and Disclosure

The board should ensure that the company discloses its material climate-related risks, opportunities and strategic decisions to all stakeholders – especially investors and regulators. These disclosures should be included in financial reporting.

8. Exchange

The board should stay informed on current best practice in climate governance by maintaining dialogue with peers, policy-makers, investors and others.



Source: WEF and CGI Climate Governance Principles and Guiding Questions

Useful Resources for Directors

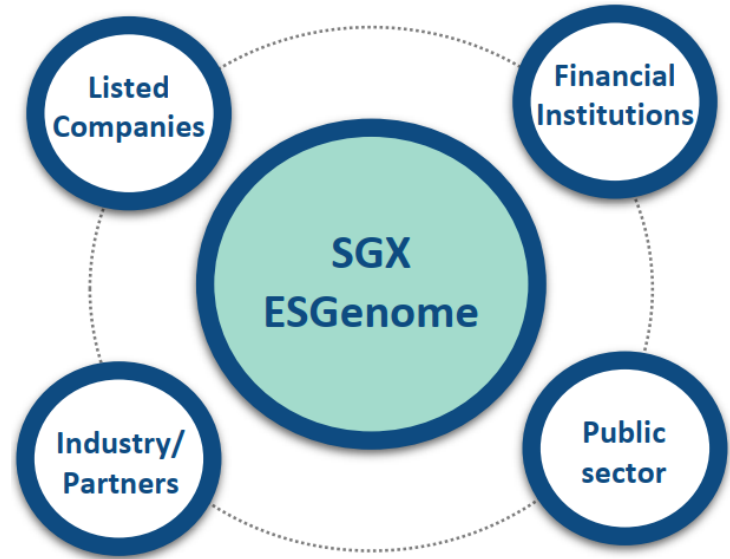


Climate Governance Singapore

- Tue 6th Sep 3:00pm - 4:30pm (+08)**
ASEAN Climate Governance Network's Conversations on Climate Governance Session 6 - Climate Change and Accessing the Capital Market
Happening on 6th September 2022, ASEAN Climate Governance Network's Conversations on Climate Governance final series -
- Wed 7th Sep 9:00am - 10:30am (CET)**
Rising to the ESG Challenge: Routes Towards Effective Governance
Boards Impact Forum, together with INSEAD Corporate Governance Centre and BCG, are delighted to host a Webinar and Digital Dialogue on ...
- Tue 20th Sep 1:00pm - 2:30pm (BST)**
Launch Event of Chapter Zero Ukraine & Caucasus
Join us at a webinar on the occasion of the launch of Chapter Zero Ukraine & Caucasus, where we explore the journey to overcoming ...
Chapter-Launch
- Wed 21st Sep 9:30am - 5:30pm (HKT)**
HKIoD Directors' Conference 2022 - launch of CGI Hong Kong
Official launch of the CGI Hong Kong Chapter. A whole day forum on 21 September 2022 created and held by The Hong Kong Institute of ...
HKCCI • HKIoD • Hong Kong • Chapter-Launch
- Wed 21st Sep 8:30am - 10:00am (BST)**
Climate and ESG reporting: An update for the board
Join us for a reminder of the current climate and ESG reporting requirements with observations on reporting best practice. Some of the key ...
Chapter-Event
- Wed 21st Sep 12:30pm - 1:30pm (BST)**
Route to Net Zero: Preparing your board for the journey to Net Zero
Please note due to high demand, this webinar is a repeat of the event held in June 2022. In this session, experts from the Carbon Trust ...
Chapter-Event
- Thu 22nd Sep 8:30am - 10:00am (BST)**
Digital for Good - Driving Sustainable Business with Net Zero Technology
This discussion will explore the role of technology in the Net Zero transformation, looking at the opportunities and challenges it offers. ...
Chapter-Event
- Thu 22nd Sep 11:00am - 12:00pm (EDT)**
The Chairperson's Guide to a Just Transition
Deloitte, in association with the World Economic Forum and the Climate Governance Initiative, has prepared the briefing paper, The ...
CGI-event
- Wed 28th Sep 12:00pm (NZDT)**
Director lens on the energy sector, Chapter Zero New Zealand's September webinar
Energy accounts for 40% of Aotearoa's total greenhouse gas emissions. This means the energy sector is a central player in the transition ...
Chapter-Event
- Tue 4th Oct 8:30am - 9:30am (BST)**
The Role of the ESG Committee
ESG is for many companies a business imperative. In this webinar, with Deloitte, we will explore the role of the ESG committee, typical ...
Chapter-Event

Primer on Climate Change: Directors' Duties and Disclosure Obligations

In support of the Principles for Effective Climate Governance
2nd edition, July 2022



thank
you