

# Better Business Reporting Climate governance

With climate change coined as the key theme at the *World Economic Forum Annual Meeting 2020* in Davos, it is no longer a topic reserved for scientists and governments, but one that companies must address in order to stay in the game as the economy transition to a low carbon path.

With the call for action comes the demand for better disclosures on climate change actions. Investors, regulators and other stakeholders are challenging companies to demonstrate an integrated, strategic approach to addressing climate-change risks and opportunities. As the most prominent custodian of a corporation, **the Board will be responsible for exerting effective climate governance and make appropriate decisions for the long-term resilience of their organisations.**

## Why Climate Governance

Climate change poses a potential strategic risk to companies, and the Board has the duty to identify and manage it in the same way as any other strategic risk.

Effective climate governance structure enables:

- Proper assessment of climate-related risks and opportunities
- Appropriate strategic decisions on how to manage those risks and opportunities
- Setting and reporting on relevant goals and targets

Failing to identify, assess, deal with or disclose material climate risks is a potential failure of corporate governance, and may lead to:

- Exposure to possible legal action if the Board fail to identify, respond to or disclose material climate risks.
- High risk for directors of companies that operate in sectors that are especially vulnerable to climate risks, e.g. energy; transportation; agriculture, food and forest products; materials and buildings and financial services.

### February 2017

Flooding brought by sudden heavy rainfall caused **significant property damages** in California

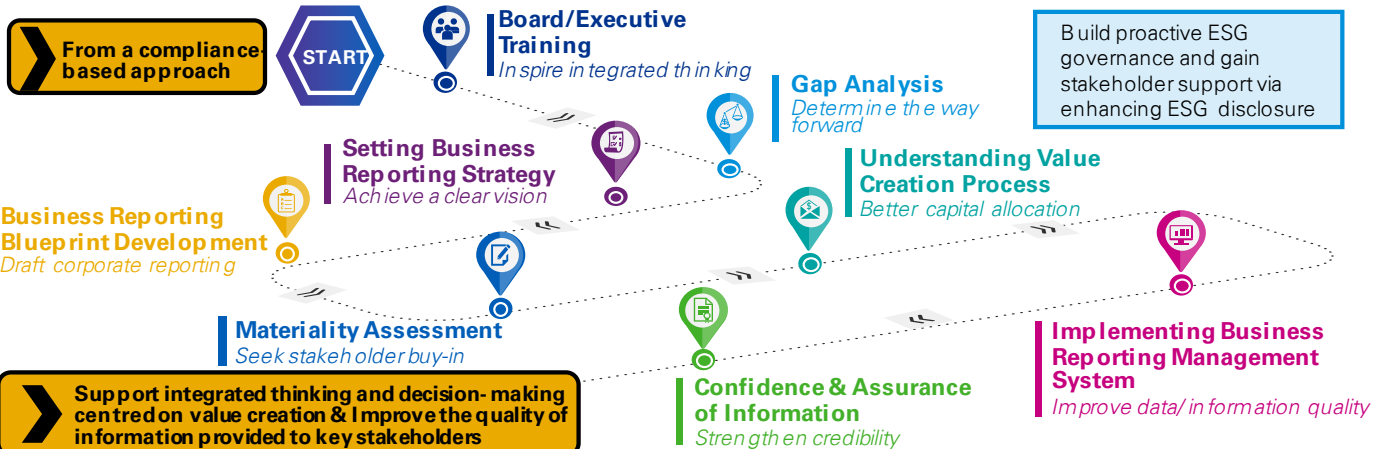
### September 2018

**Severe business disruption and property damages** in Southeast Asian countries caused by Typhoon Mangkhut

### Jan 2019

Frequent wildfire due to vulnerable infrastructure and climate change contributed to **PG&E's bankruptcy**

## Key milestones for Better Business Reporting

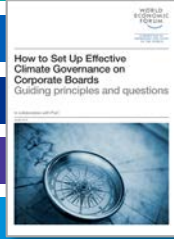


How we can help:	✓ Board/Executive Training	✓ Gap Analysis	✓ Setting Business Reporting Strategy	✓ Materiality Assessment
	✓ Understanding Value Creation Process	✓ Business Reporting Blueprint Development	✓ Confidence & Assurance of Information	✓ Implementing Business Reporting Management System






# Applying the WEF Climate Governance Principles

To help the Board steer climate risks and opportunities, WEF released the **“How to Set Up Effective Climate Governance on Corporate Boards: Guiding principles and questions”** guide in 2019 and highlighted 8 principles for Boards to consider:

-  Principle 1: Climate accountability on Boards
-  Principle 2: Command of the subject
-  Principle 3: Board structure
-  Principle 4: Material risk and opportunity assessment
-  Principle 5: Strategic integration
-  Principle 6: Incentivization
-  Principle 7: Reporting and disclosure
-  Principle 8: Exchange



# Questions for Companies

-  Is the topic of climate change currently part of the Boardroom agenda?
-  Are there clearly defined ownership and responsibility for climate change issues within the company?
-  Is the Board equipped and presented with the right information on the topic to understand the possible climate risks and opportunities?
-  How stakeholder expectations are being addressed, and how do they shape the company's strategy or management decisions?
-  Can existing reporting reflect the climate risks and opportunities faced by the company, and their impact on the company to stakeholders?

## How we can help

- Inform the Board/Executives with the necessary climate change information for making relevant decisions.



- Review existing governance for identifying climate related risks and opportunities, and provide recommendations for improvements

- Identify potential climate risks and opportunities with reference to industry trends and peers



- Assess existing risk management framework and provide recommendations for improvements where appropriate

- Evaluate maturity level of internal processes, risk prioritisation, and related disclosures against TCFD



- Assess the current processes and data quality for identifying and reporting climate-related risks

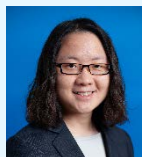
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