

Enhancing climate-related and environmental disclosure in Romania

Workshop, 10 March 2021

Workshop Panel



Anthony Miller
Coordinator, UN Sustainable Stock
Exchanges Initiative



Remus Danila
Public Relations and Investor Relations,
Bucharest Stock Exchange



Valentas Neviera
Head of Sustainability, Ignitis Group



Nontokozo Khumalo
Corporate Engagement Manager,
CDSB



Michael Zimonyi
Policy & External Affairs Director, CDSB



Francesca Recanati
Environmental Specialist
(Technical Manager), CDSB

Introduction to Bucharest Stock Exchange ESG Strategy

Remus Danila

Increasing investor interest

Improving market
classification

Higher retail
participation

More investor friendly
environment /
improved regulations

New products and
services

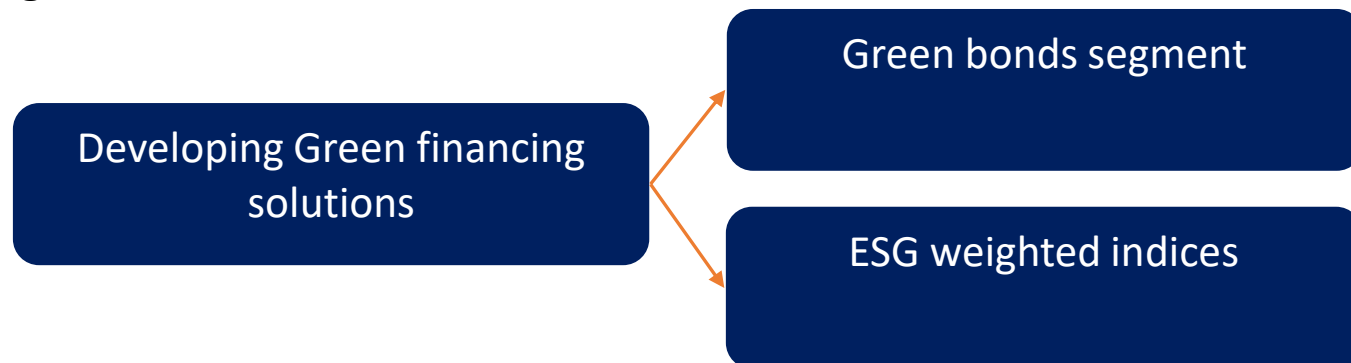
Enhanced
communication and
reporting



Stage 1 - Ongoing



Stage 2 – 2021 / 2022





The scope of ESG standards implementation goes far beyond capital markets investor demand

- political and regulatory requirements driven by the goals set under the Paris agreement
- consumer demand for more sustainable products and services
- ESG related demands from a diverse range of stakeholders: banks, employees, customers & suppliers

Implementation of an ESG strategy at corporate level seems to become a necessity and, possibly, a significant difference maker for long term success.

Introduction to CDSB

Nontokozi Khumalo, Corporate Engagement Manager

To provide **decision-useful environmental information** to markets via the mainstream corporate report

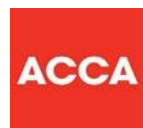
Board



THE °CLIMATE GROUP



Examples of Technical Working Group members



The CDSB Framework

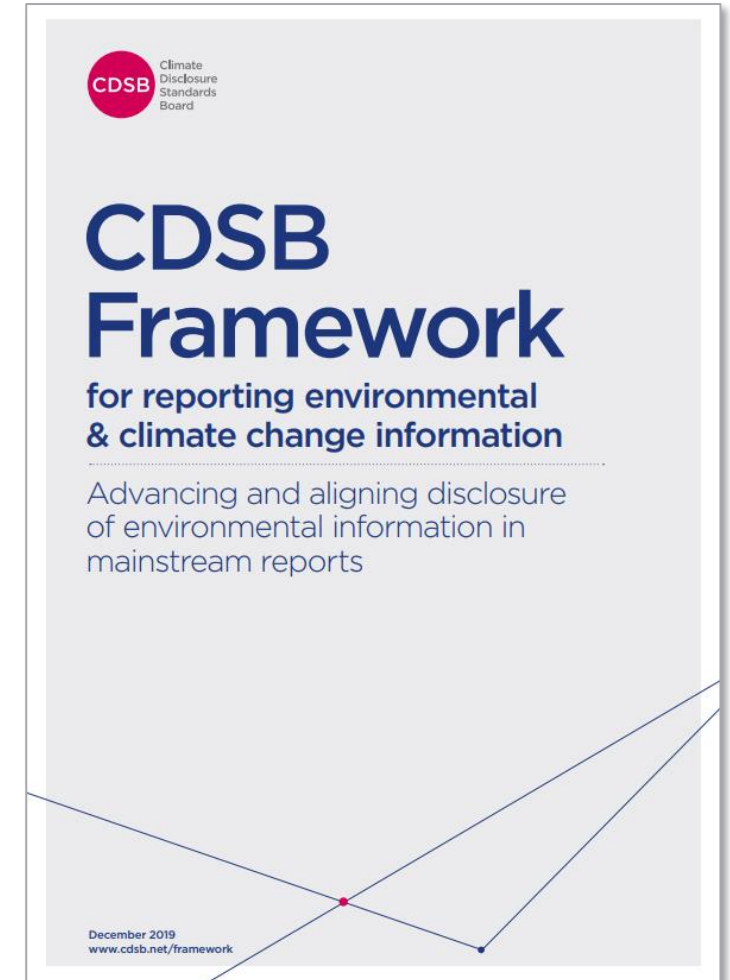
The guiding principles are designed to ensure that **environmental information** shall be:

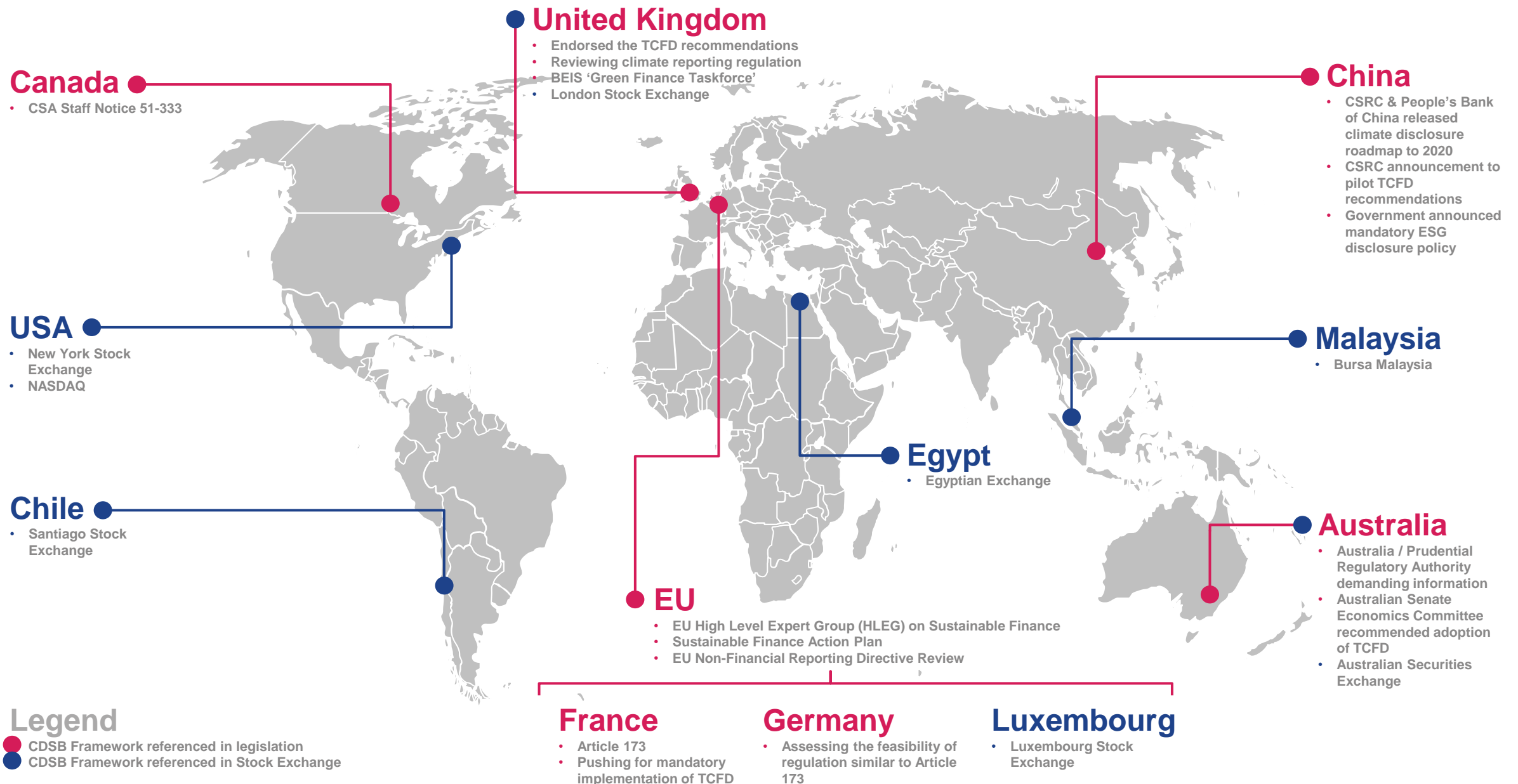
- P1** Prepared applying the principles of relevance and materiality
- P2** Faithfully represented
- P3** Connected with other information
- P4** Consistent and comparable
- P5** Clear and understandable
- P6** Be verifiable
- P7** Be forward-looking

Reporting Requirements

REQ-01 Governance	REQ-07 Organisational boundary
REQ-02 Management’s environmental policies, strategy and targets	REQ-08 Reporting policies
REQ-03 Risks and opportunities	REQ-09 Reporting period
REQ-04 Sources of environmental impact	REQ-10 Restatements
REQ-05 Performance and comparative analysis	REQ-11 Conformance
REQ-06 Outlook	REQ-12 Assurance

www.cdsb.net/Framework





Workshop interaction

Feel free to interrupt us to ask questions, share your views and experiences

- You can use chat function to make comments or ask questions or raise your hand to speak (remember to unmute yourself);
- If you are not speaking, please remain on mute;
- Slides and recording will be sent to participants after the event.

Global trends in ESG guidance and regulatory requirements

Anthony Miller, UN Sustainable Stock Exchanges Initiative

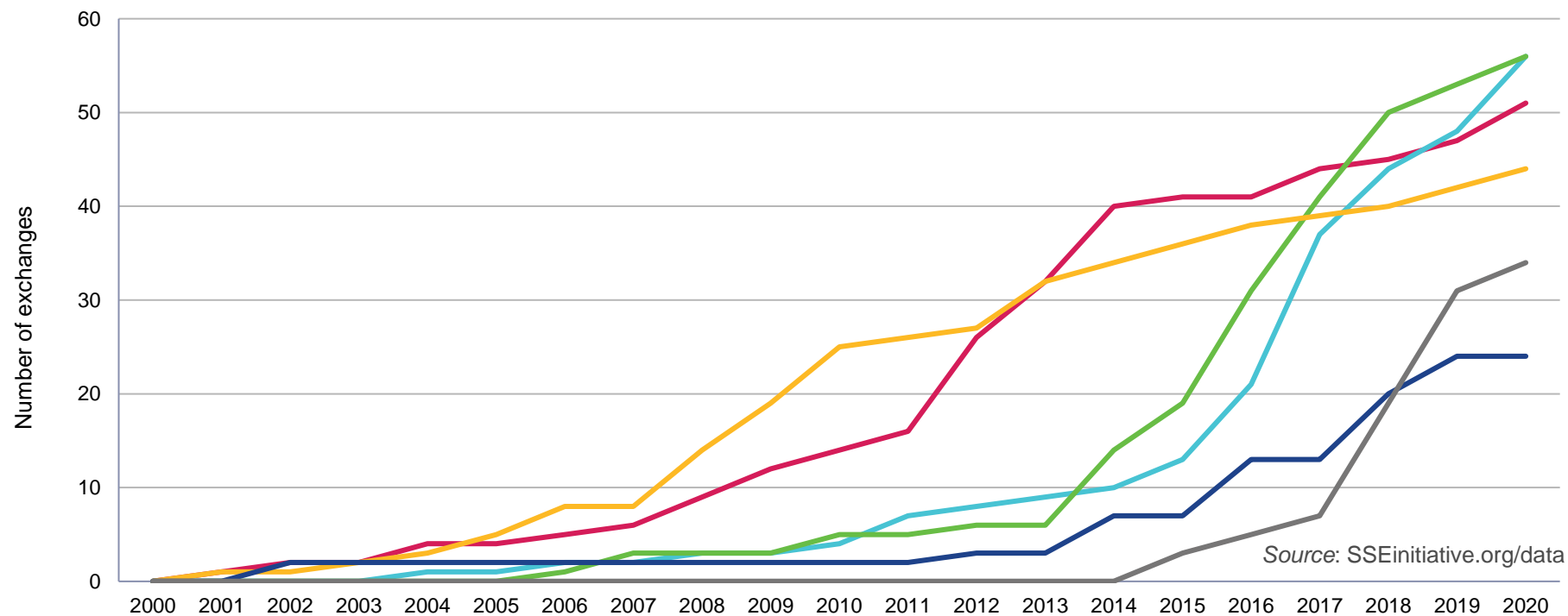
Global context



SUSTAINABLE DEVELOPMENT GOALS

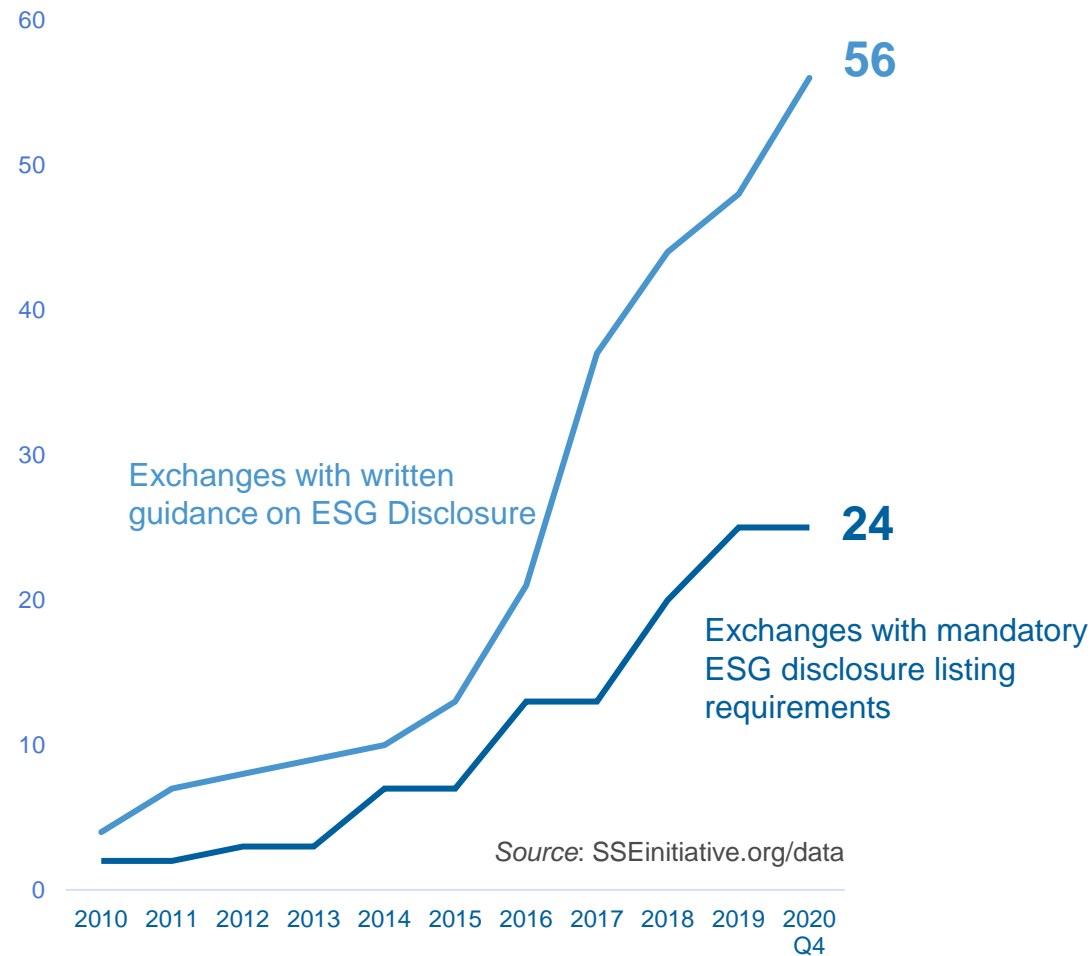


ESG disclosure now mainstream



- Exchanges with sustainability reports
- Exchanges training on ESG topics
- Exchanges with mandatory ESG listing requirements
- Exchanges providing written guidance on ESG reporting
- Exchanges whose markets are covered by an ESG index
- Exchanges with ESG bond segments

ESG disclosure now mainstream



Key takeaway messages



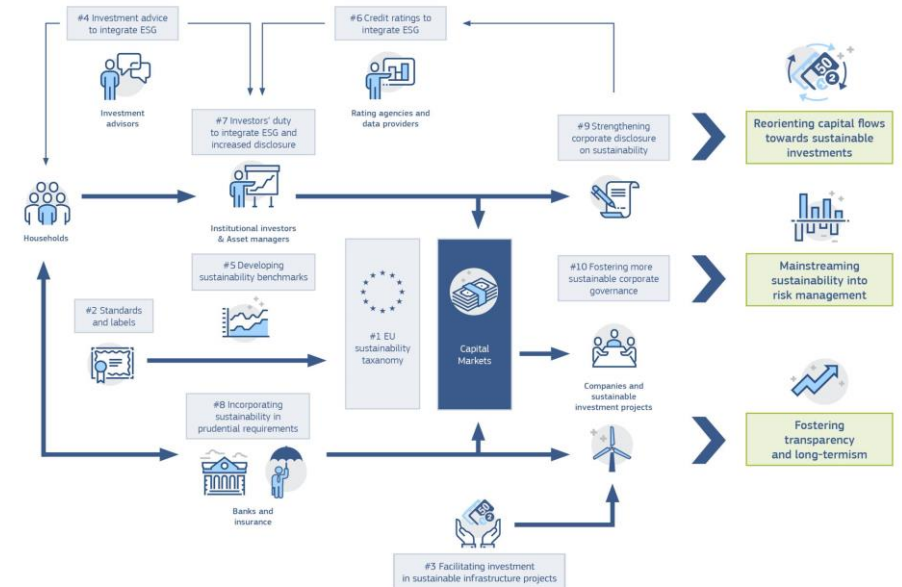
- ▶ Stock exchanges and policy makers recognize the **new policy environment** and are increasingly integrating ESG into their products and services.
- ▶ Today, ESG disclosure is a **market expectation** around the world.
- ▶ By 2030, it is likely to be mandatory in most markets.

Recent developments in reporting

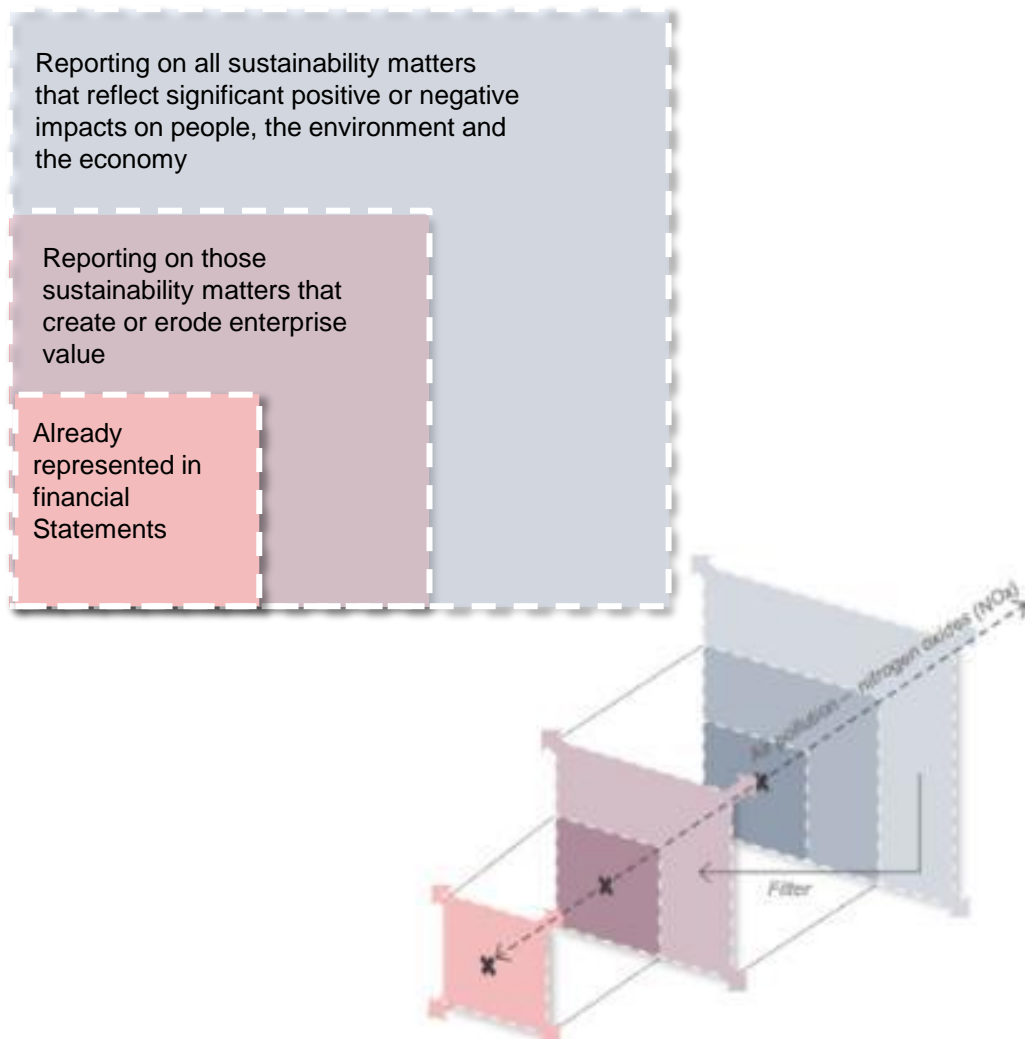
Michael Zimonyi, Policy & External Affairs Director

Update on EU policy developments on non-financial reporting and beyond

- 11th Dec 2019 : European Green Deal published, including review of the **Non-Financial Reporting Directive (NFRD)**;
- **Early March 2021**: European Financial Reporting Advisory Group (EFRAG) to publish final recommendations on the development of **EU Non-Financial Reporting Standards** ;
- 21st April 2021 : Publication of renewed sustainable finance strategy, including NFRD review and proposals on sustainable corporate governance (**directors' duties and due diligence obligations**);
- January 2022 : Companies expected to **report on taxonomy alignment** with climate-related objectives (first disclosures expected in 2023 on reporting year 2022)



Comprehensive corporate reporting



Developments

The independent sustainability standard-setters, together with the integrated reporting framework provider, are collaborating **to present their frameworks and standards as a coordinated solution**

The IASB Conceptual Framework can be used with minimal adaptations to meet the conditions required for **sustainability reporting standards**

There is a necessity for a **dynamic materiality** to meet the needs of a fast moving landscape act as a filter on non-financial information to reflect both enterprise value creation and financially material impacts.

The **TCFD recommendations** have been embraced by the market as the way to help investors and others understand how reporting organisations assess climate-related risks and opportunities.

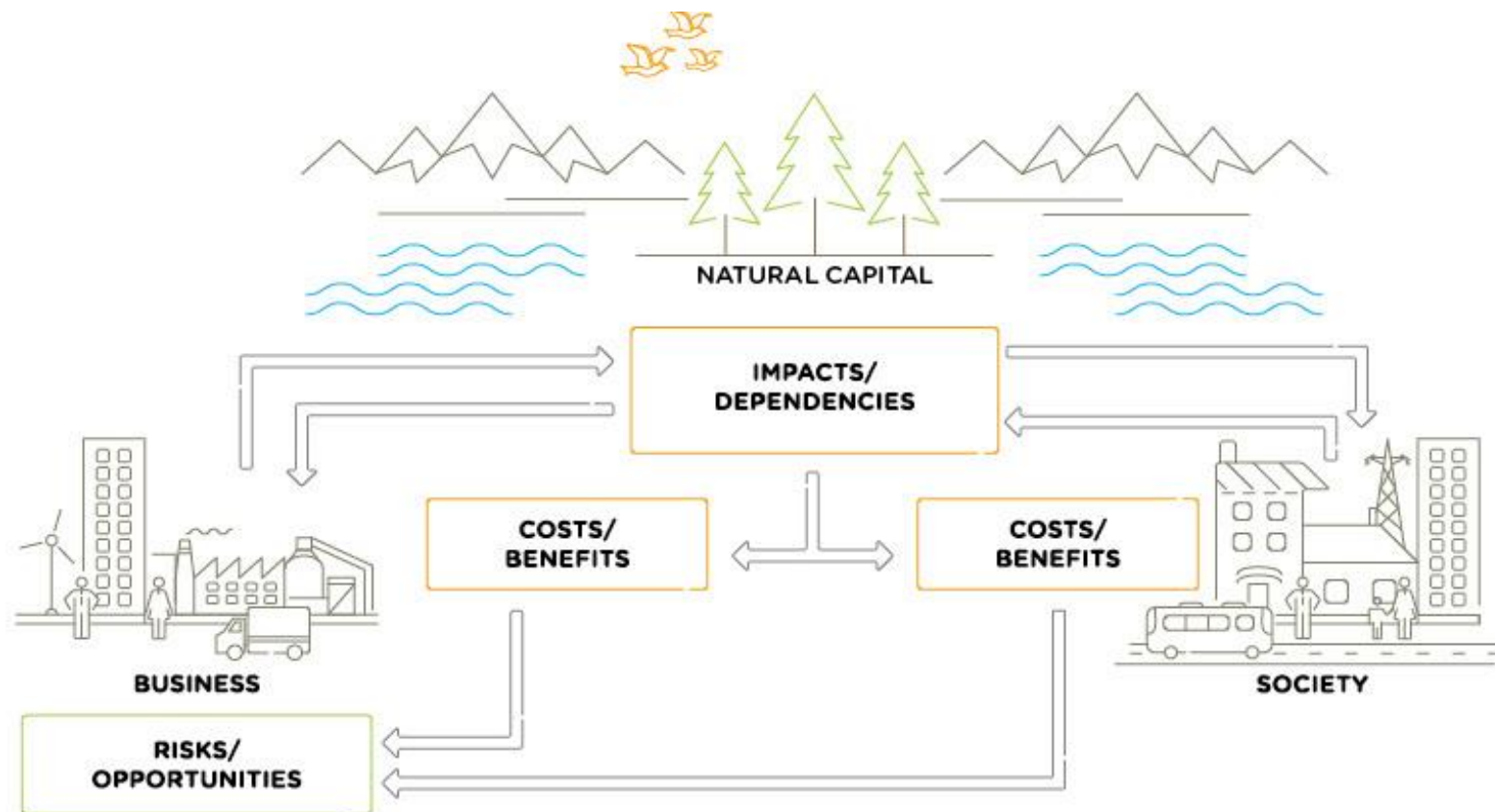
Mainstream authorities join in on ESG



What is driving climate-related and environmental financial reporting?

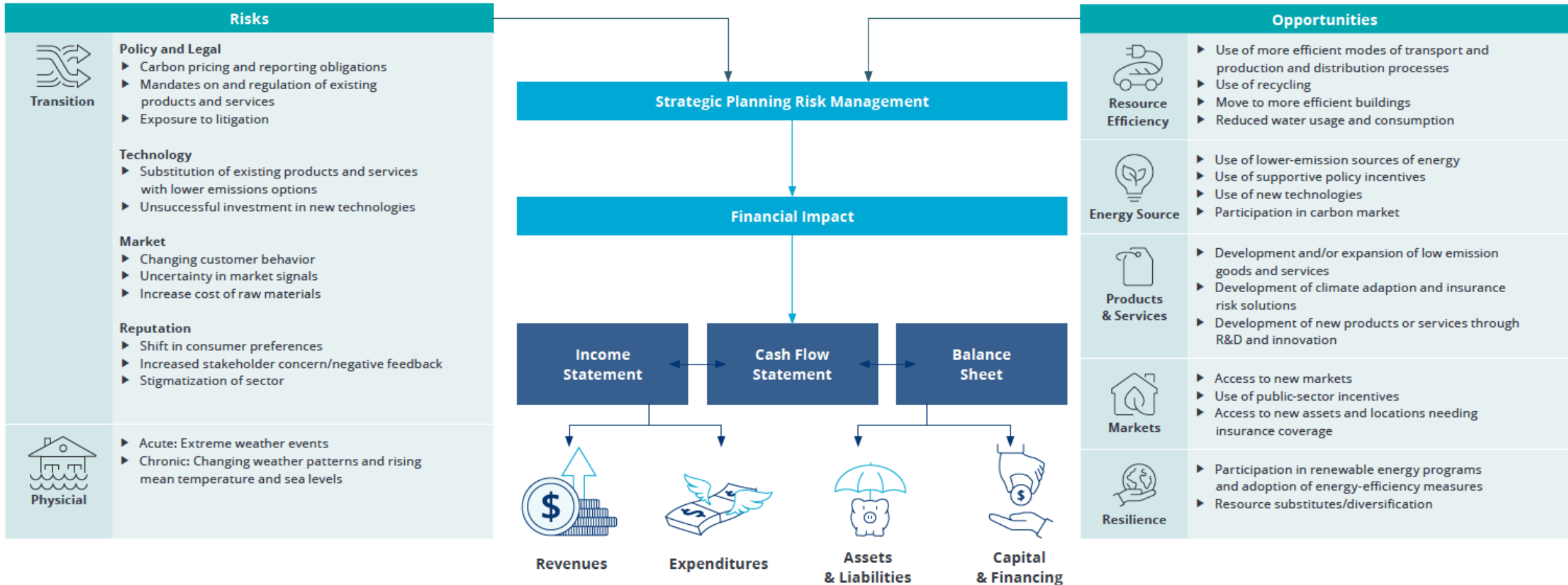


Business depends on natural capital



Source: Natural Capital Protocol

Environmental risks are financial risks



Financial impacts

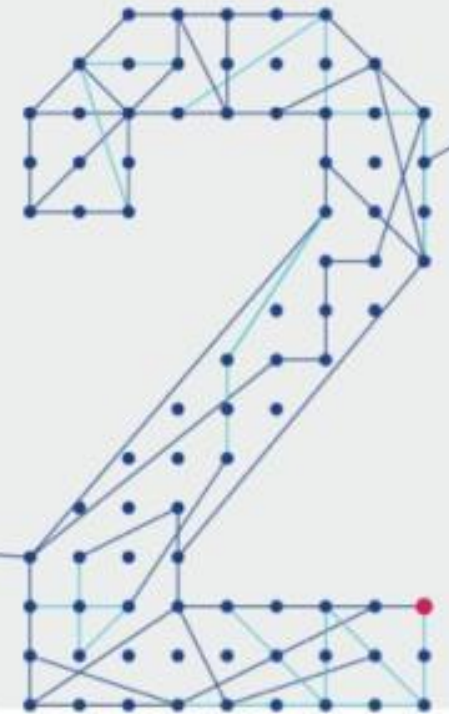
- asset impairment;
- changes in the useful life of assets;
- changes in the fair valuation of assets due to climate-related and emerging risks;
- increased costs and/or reduced demand for products and services affecting impairment calculations and/or requiring recognition of provisions for onerous contracts;
- potential provisions and contingent liabilities arising from fines and penalties; and
- changes in expected credit losses for loans and other financial assets.

Evidence of Financial Impact

Groups and Industries		Revenues	Expenditures	Assets and Liabilities	Capital and Financing
Financial	Banks	■		■	
	Insurers	■	■	■	
	Asset Owners	■		■	
	Asset Managers	■		■	
Energy	Oil and Gas	■	■	■	■
	Coal		■	■	■
	Electric Utilities	■	■		■
Transportation	Air Freight		■		■
	Passenger Air Transportation		■		■
	Maritime Transportation		■		■
	Rail Transportation		■		■
	Trucking Services		■		■
	Automobiles and Components	■	■		■
Materials and Buildings	Metals and Mining		■		■
	Chemicals	■	■		■
	Construction Materials	■	■		■
	Capital Goods	■	■		■
	Real Estate Management and Development	■	■	■	■
Ag, Food, and Forest	Beverages		■		■
	Agriculture	■	■	■	■
	Packaged Foods and Meats		■	■	■
	Paper and Forest Products	■	■	■	■

Source: Task Force on Climate-related Financial Disclosure, Final Report (2017)

Frameworks and tools for management and disclosure



FSB Task Force on Climate-related Financial Disclosures



Mark Carney (L) and Michael Bloomberg (R) Image credit: Bloomberg

“In the future, disclosure will move into the mainstream, and it is reasonable to expect that more authorities will mandate it.”

— Mark Carney, Former Chair of FSB, Governor of the Bank of England.

“Increasing transparency makes markets more efficient, and economies more stable and resilient.”

— Michael R. Bloomberg, Chair, TCFD.

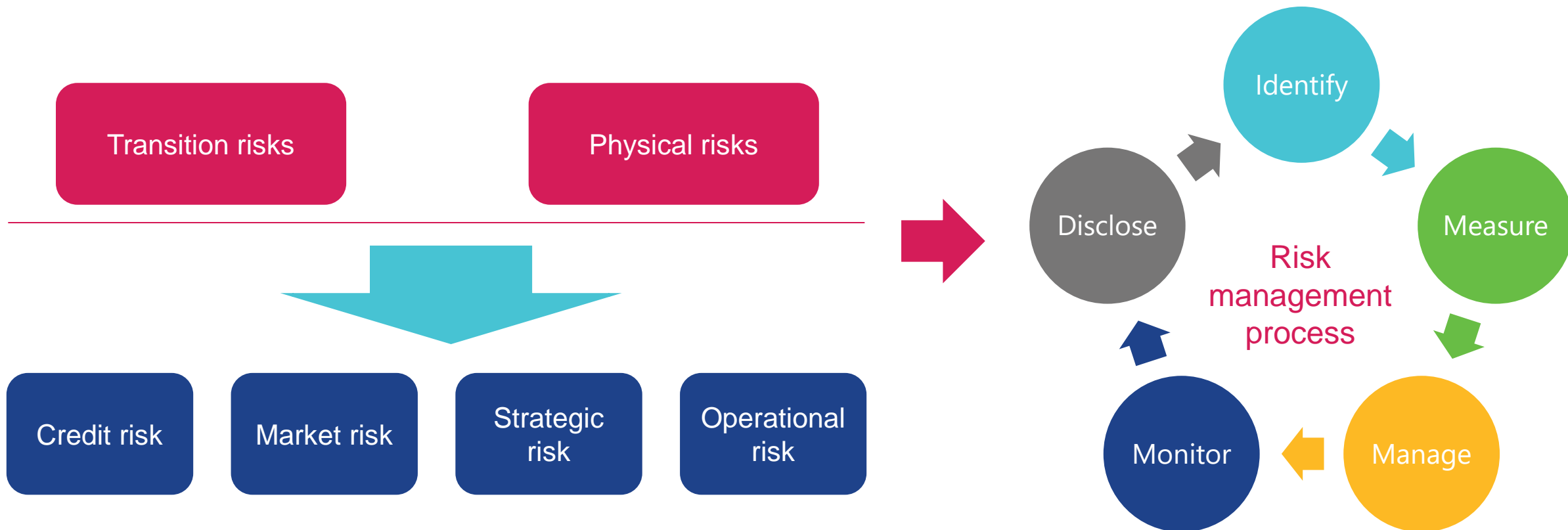
TCFD recommendations

- Voluntary
- Report climate-related financial disclosures in the annual financial filings (mainstream report)
- Financial sector & high risk non-financial sectors
- Transition risks & physical risks (and opportunities)
- Scenario analysis & forward-looking information
- Short-term, medium-term & long-term
- Qualitative & quantitative disclosures



Governance	Strategy	Risk Management	Metrics and Targets
<p>Disclose the organization’s governance around climate-related risks and opportunities.</p>	<p>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.</p>	<p>Disclose how the organization identifies, assesses, and manages climate-related risks.</p>	<p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>
<p>a) Describe the board’s oversight of climate-related risks and opportunities.</p> <p>b) Describe management’s role in assessing and managing risks and opportunities.</p>	<p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p> <p>b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.</p> <p>c) Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>a) Describe the organization’s processes for identifying and assessing climate-related risks.</p> <p>b) Describe the organization’s processes for managing climate-related risks.</p> <p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.</p>	<p>a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p> <p>b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p> <p>c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>

Embedding environmental risks



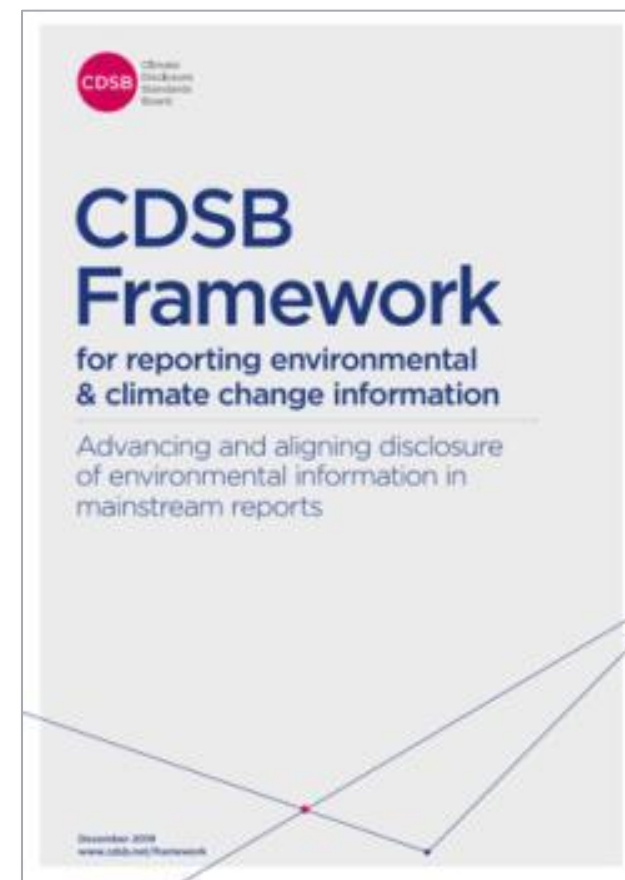
The CDSB Framework

The guiding principles are designed to ensure that **environmental information** shall be:

- P1** Prepared applying the principles of relevance and materiality
- P2** Faithfully represented
- P3** Connected with other information
- P4** Consistent and comparable
- P5** Clear and understandable
- P6** Be verifiable
- P7** Be forward-looking

Reporting Requirements

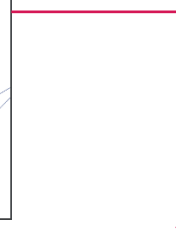
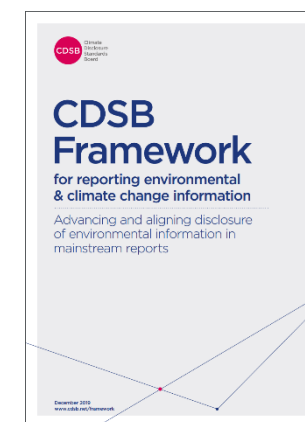
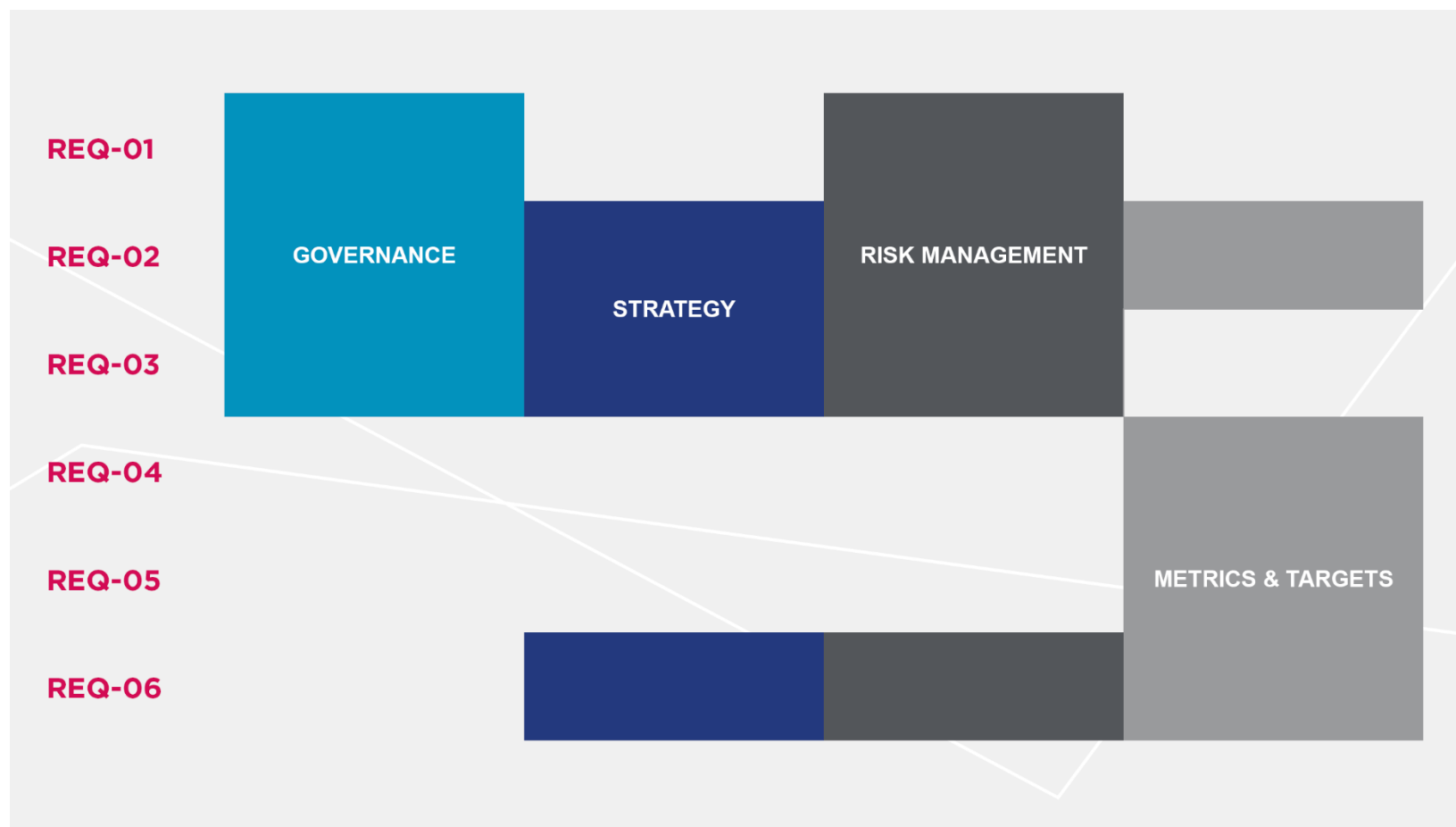
REQ-01 Governance	REQ-07 Organisational boundary
REQ-02 Management’s environmental policies, strategy and targets	REQ-08 Reporting policies
REQ-03 Risks and opportunities	REQ-09 Reporting period
REQ-04 Sources of environmental impact	REQ-10 Restatements
REQ-05 Performance and comparative analysis	REQ-11 Conformance
REQ-06 Outlook	REQ-12 Assurance



cdsb.net/Framework

The CDSB Framework

Mapping of the CDSB Framework to the TCFD Recommendations



From climate to natural capital – the CDSB Water Guidance

Francesca Recanati, Environmental Specialist, CDSB



The CDSB Framework for reporting environmental & climate change information



Climate Guidance

2020



Water Guidance

2021



Land-use and Biodiversity

2022



Future guides

Water and business

- **US\$ 4.2 tln** is the annual economic activity of major world cities at risk due to water-stress ([World Bank](#));
- **US\$ 301 bln** is the total potential financial risks reported by companies reporting to [CDP in 2020](#); and
- **25%** of investments by Dutch financial institutions is dependent on freshwater ecosystems (~€ 350bln; [DNB](#))

Water is an essential resource for business

- Direct inputs into operations
- Energy (e.g. hydropower, cooling)
- Agriculture
- Tourism
- Recipient of effluents

The CDSB Water Guidance

- supports companies
 1. in reporting **material** water-related information in the mainstream report;
 2. in providing decision-useful water-related information for **investors**;
- adds a layer of practical detail to the CDSB Framework by drawing **water-specific** challenges and **reporting elements** from existing water-specific reporting standards and frameworks; and
- is **aligned with TCFD** recommendations and other global standards



www.cdsb.net/WaterConsultation

Content overview and tools

REQ-01 to REQ-06 of the CDSB Framework

- Detailed reporting suggestions and guidance to compliment the CDSB Framework requirements;
- Disclosure checklists;
- References to useful external resources; and
- Examples of good practice from corporate mainstream reports

CDSB reporting requirements

REQ-01 Governance

REQ-02 Management's environmental policies, strategy and targets

REQ-03 Risks and opportunities

REQ-04 Sources of environmental impact

REQ-05 Performance and comparative analysis

REQ-06 Outlook

Content overview - alignment

	CDSB Framework					
	REQ-01	REQ-02	REQ-03	REQ-04	REQ-05	REQ-06
TCFD	- Governance (a, b) - Risk Management (a, b, c)	- Governance (b) - Strategy (b) - Risk Management (a, b, c) - Metrics and Targets (a, c)	- Governance (b) - Strategy (a, b, c) - Risk Management (a, b, c)	- Metrics and Targets (a, b)	- Metrics and Targets (a, b)	- Strategy (a, b, c) - Risk Management (c) - Metrics and Targets (a)
CDP Water Security Questionnaire	- W1.4; -W3.3a; W3.3e; -W6.2; W6.2a; W6.2b; W6.2c; W6.3; W6.4; W6.4a; W6.5; W6.5a;	- W1.1; W1.2; W1.2b; W1.4a; W1.4c;W1.4d; - module W.2; - W3.3b; W3.3c; W3.3d; - W4.2; W4.2a; W4.2b; W4.2c; W4.3a; - W5.1a; - W6.1; W6.1a; - W7.1; W7.4; - W8.1; W8.1a; W8.1b; W8.1c; - module W9	- W1.2d; - module W.2; - W3.3a; W3.3b; W3.3c; W3.3d; W3.3e; - W4.1; W4.1a; W4.1b; W4.1c; W4.2; W4.2a; W4.3; W4.3a; W4.3b; - W7.2;	- W1.2b; W1.2d; W1.2h; W1.2i; - W5.1;	- W5.1; -W8.1a; W8.1b;	- W.4.3a; -W7.3; W7.3a; W7.3b;
GRI 303 - water and effluents	- REQ. 303-1 (c, d)	- REQ. 303-1 (a, b, c, d) - REQ. 303-2	REQ. 303-1 (a)	- REQ. 303-1 (a, b) - REQ. 303-3 - REQ. 303-4 - REQ. 303-5	REQ. 303-1 (a)	REQ. 303-1 (b)
SASB⁴² (FB: Food and Beverage, FM)	- Standard Application Guidance - 5.0	- Standard Application Guidance - 5.0	Standard Application Guidance - 5.0	- FB-AG-140a.1 - FB-AG-140a.3 - FM-EP-140a.2	FB-AG-140a.2	



The timeline



The state of EU environmental disclosure in 2020



CDSB conducted a detailed review of 50 EU companies' reports

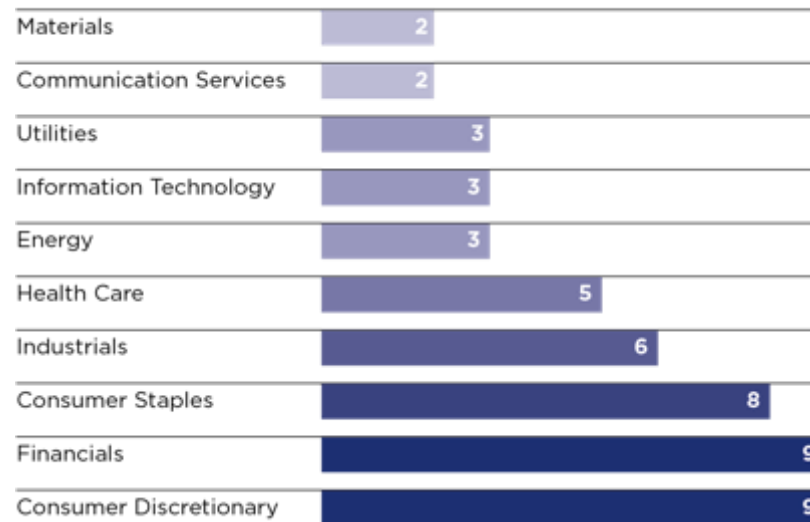
US\$ 3.5 trillion market capitalisation

Manual review of reports in detail

NFRD content categories and TCFD

Mainstream reports

Distribution of company sample by jurisdiction



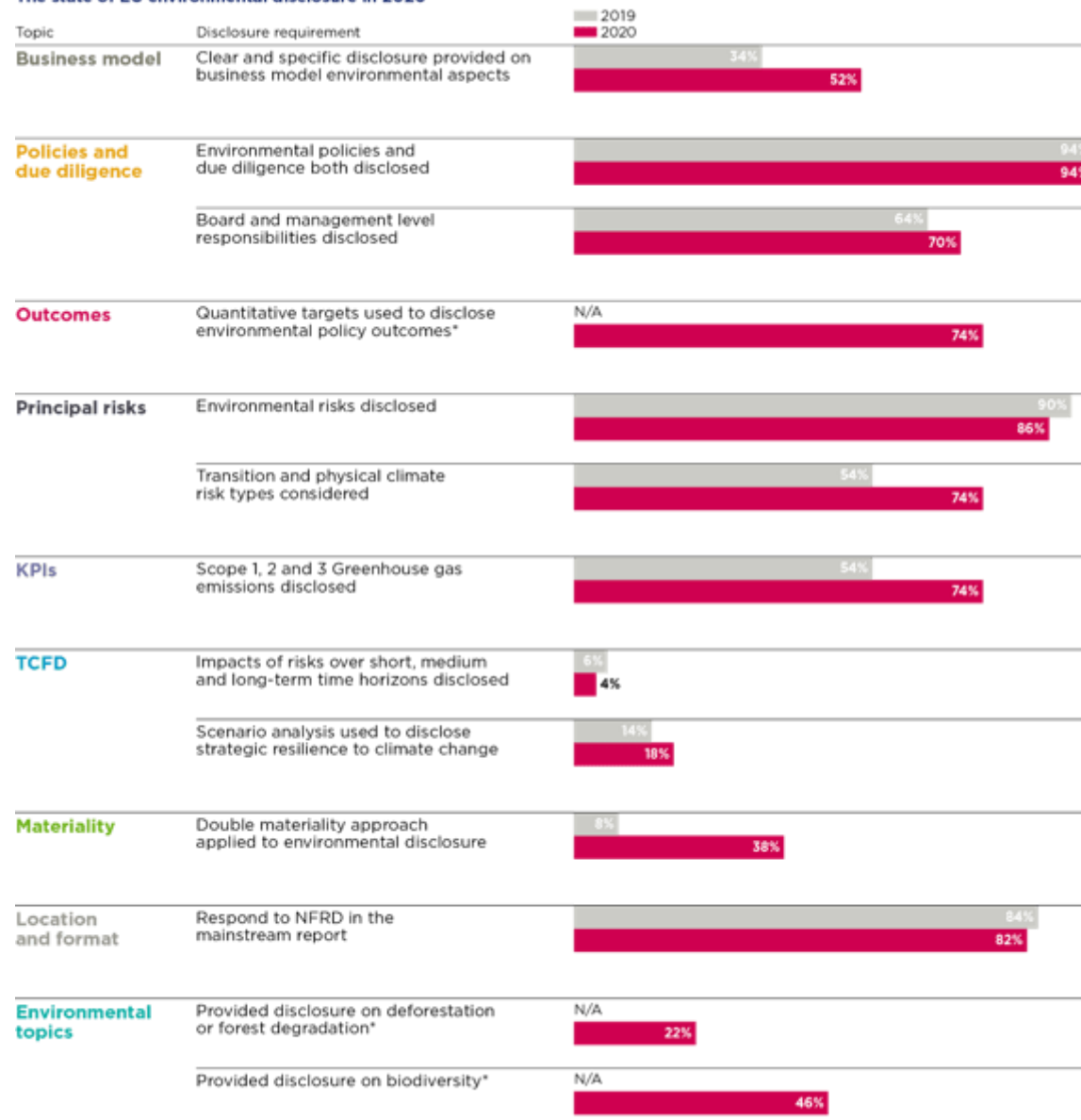
Sample distribution by industry sector



Findings summary

- Some aspects of disclosure have improved, but other aspects of disclosure have not progressed since 2019;
- Key gaps remain on TCFD aligned risk disclosure, use of scenario analysis and disclosure on topics beyond climate;
- Information on policies and risks relating to deforestation and forest degradation or biodiversity not commonly provided;
- Overall improvements are still required to completeness, coherence and clear application of materiality to support informed investor decision-making.

The state of EU environmental disclosure in 2020



*Aspect first assessed in 2020, therefore 2019 data unavailable

Recommendations for companies

1. Accompany policies with **specific and measurable commitments** which can then be used to structure non-financial disclosures and provide transparent progress updates;
2. Disclose information on environment and climate risks in a **business-specific** manner, clarifying **impacts and time horizons**
3. **Focus disclosure of performance indicators** in the mainstream report on those which are used to measure progress on environment and climate policies and that are **linked to material risks**
4. **Adopt the TCFD recommended disclosures** in full, in particular integrating information into the mainstream report where it is deemed material
5. **Clarify the materiality** of environmental and climate-related issues to the business, explaining how mainstream, and wider sustainability reporting if appropriate, is informed by this; and
6. Disclose environmental and climate-related **information deemed to be financially material in the mainstream report**, to ensure it is available to an investor audience and can be considered holistically alongside overall strategic and financial performance.

Practical implementation



Case study – Ignitis Group

Valentas Neviera, Head of Sustainability, Ignitis Group



Aligning disclosures with stakeholder expectations: our experience

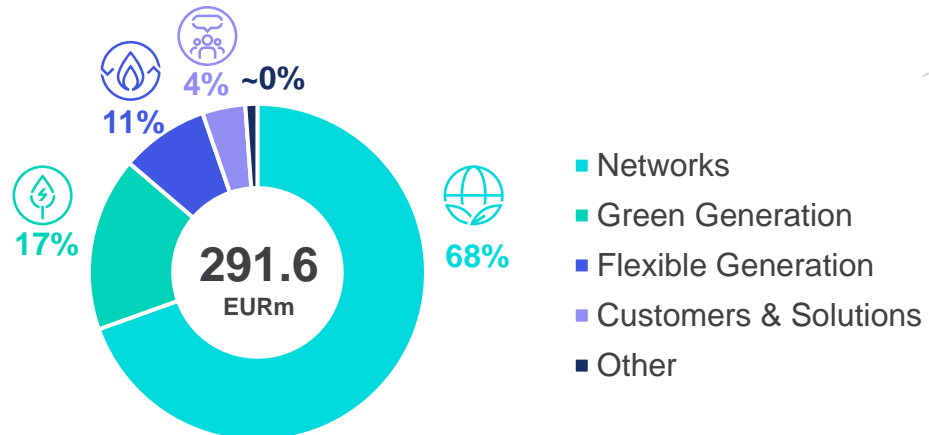
Valentas Neviera | Head of Sustainability



Ignitis Group – creating an **Energy Smart** world

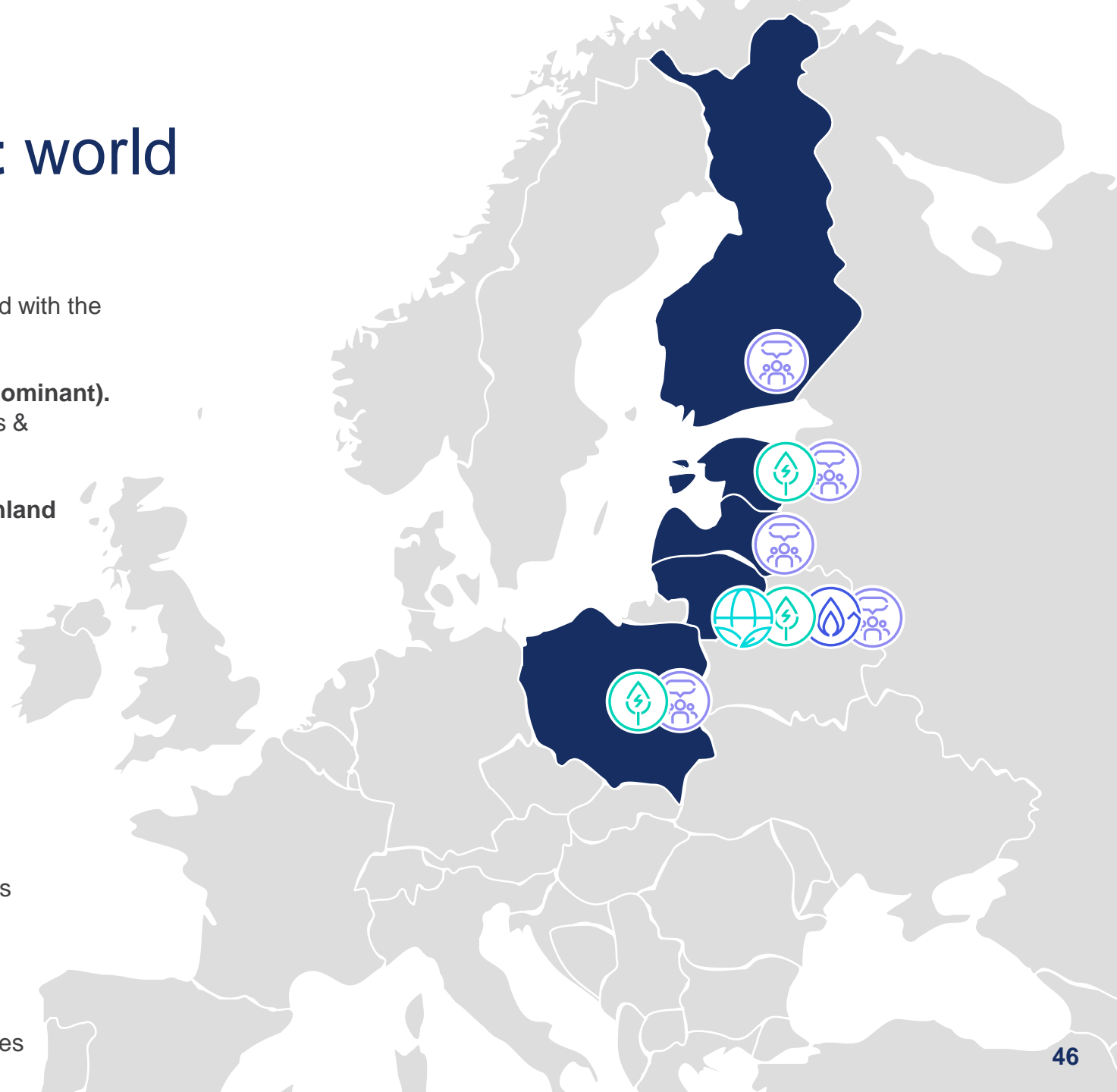
- One of the **largest energy groups** in the Baltics
- Committed to become **net CO₂ neutral**. No coal. No nuclear. Aligned with the fundamental **ESG** principles
- Main businesses – **Green Generation and Networks (electricity dominant)**. Also engaged in complementary Flexible Generation and Customers & Solutions businesses
- Core focus is on home markets – **Baltic countries, Poland and Finland**

Adjusted EBITDA 2020



- Networks
- Green Generation
- Flexible Generation
- Customers & Solutions
- Other

■ Ignitis Group activities



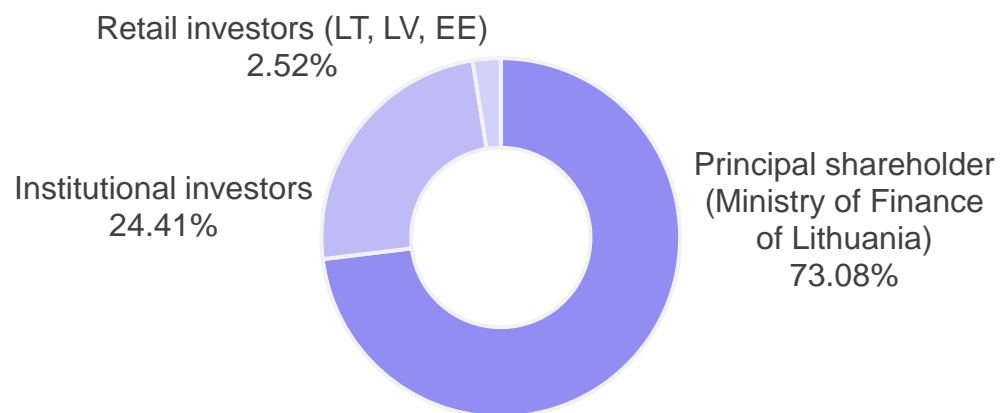
Largest ever IPO in the Baltics

EUR 450 million solely new shares offer



London
Stock Exchange

Shareholder structure after IPO



It all starts with the
strategy



✧ ignitis

Transformed to lead the energy transition across the region





ENSURING

resilience and flexibility
of the energy system

ENABLING

energy transition and
evolution

GROWING RENEWABLES

to meet regional energy
commitments

CREATING A SUSTAINABLE FUTURE

No coal. No nuclear.
Becoming CO₂ neutral.
ESG principles driven

CAPTURING GROWTH OPPORTUNITIES

and developing innovative solutions
to make life easier and more energy smart



How we manage
sustainability

The main elements of sustainability management



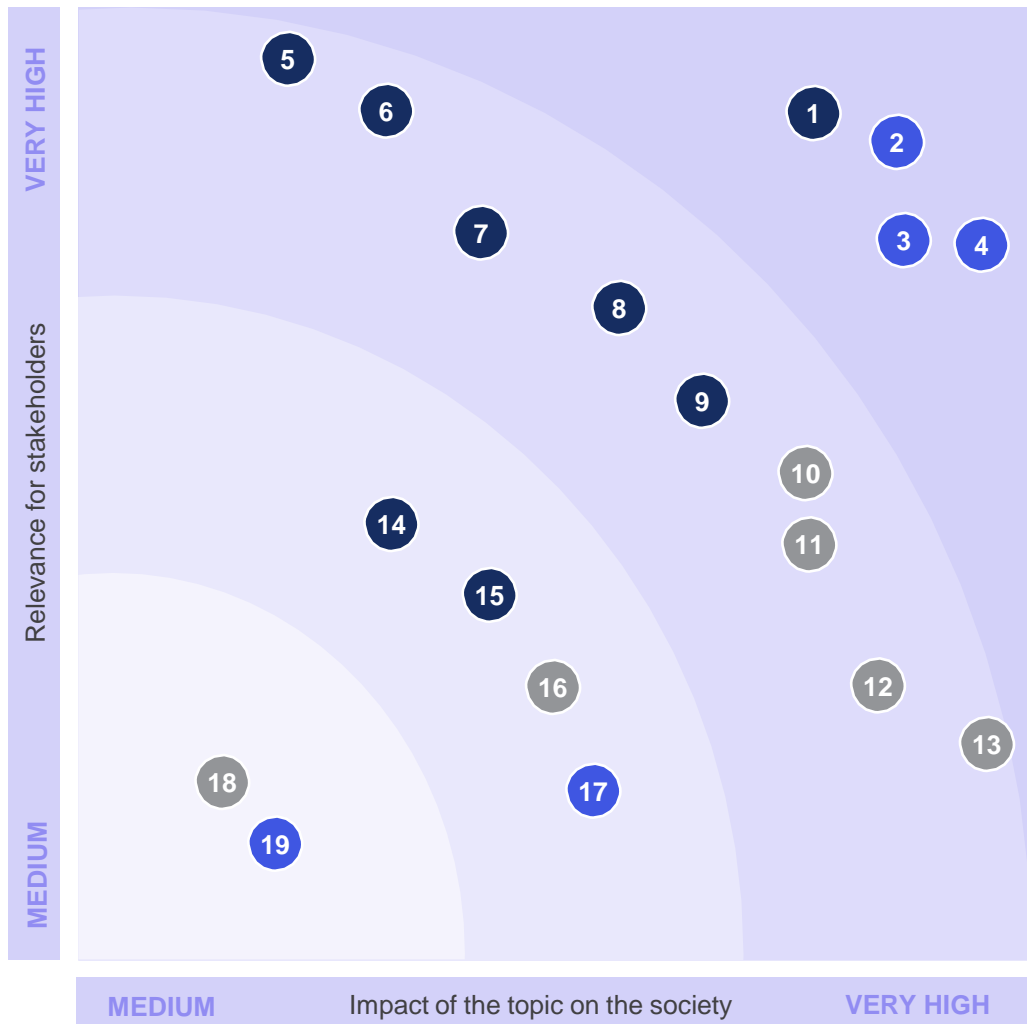
Disclosure topics guided by materiality to stakeholders

Material topic	Employees	Communities	Shareholders and investors	Ministry of Finance of Lithuania	Clients	Associations, NGOs	Media
Climate impact and GHG emissions							
Competent employees today and in the future							
Diversity, equal opportunities, human rights							
Diverting waste from landfill (CHP)							
Emissions to land, water and air (other than GHG)							
Energy consumption in own operations							
Energy efficiency (for customers and society)							
Engagement for societal development							
Ensuring access to energy for all							
Ethics, anti-corruption and transparency							
Impact on local communities and community relations							
Impacts on biodiversity and ecosystems							
Labour relations, employee engagement and welfare							
Materials efficiency and waste management							
Occupational health and safety							
Responsible and sustainable supply chain							
Stable and secure energy system							
Sustainable energy services & solutions							
Sustainable financial instruments							

Darker colour indicates higher relevance

Supplementing stakeholder views with the business perspective

Materiality matrix



Environmental topics

- 1 Climate impact and GHG emissions
- 5 Energy efficiency (for customers and society)
- 6 Sustainable energy services & solutions
- 7 Diverting waste from landfill (CHP)
- 8 Impacts on biodiversity and ecosystems
- 9 Emissions to land, water, and air (other than GHG)
- 14 Energy consumption in own operations
- 15 Materials efficiency and waste management








Social topics

- 10 Occupational health and safety
- 11 Impact on local communities and community relations
- 12 Labor relations, employee engagement and welfare
- 13 Competent employees today and in the future
- 16 Diversity, equal opportunities, human rights
- 18 Engagement for societal development

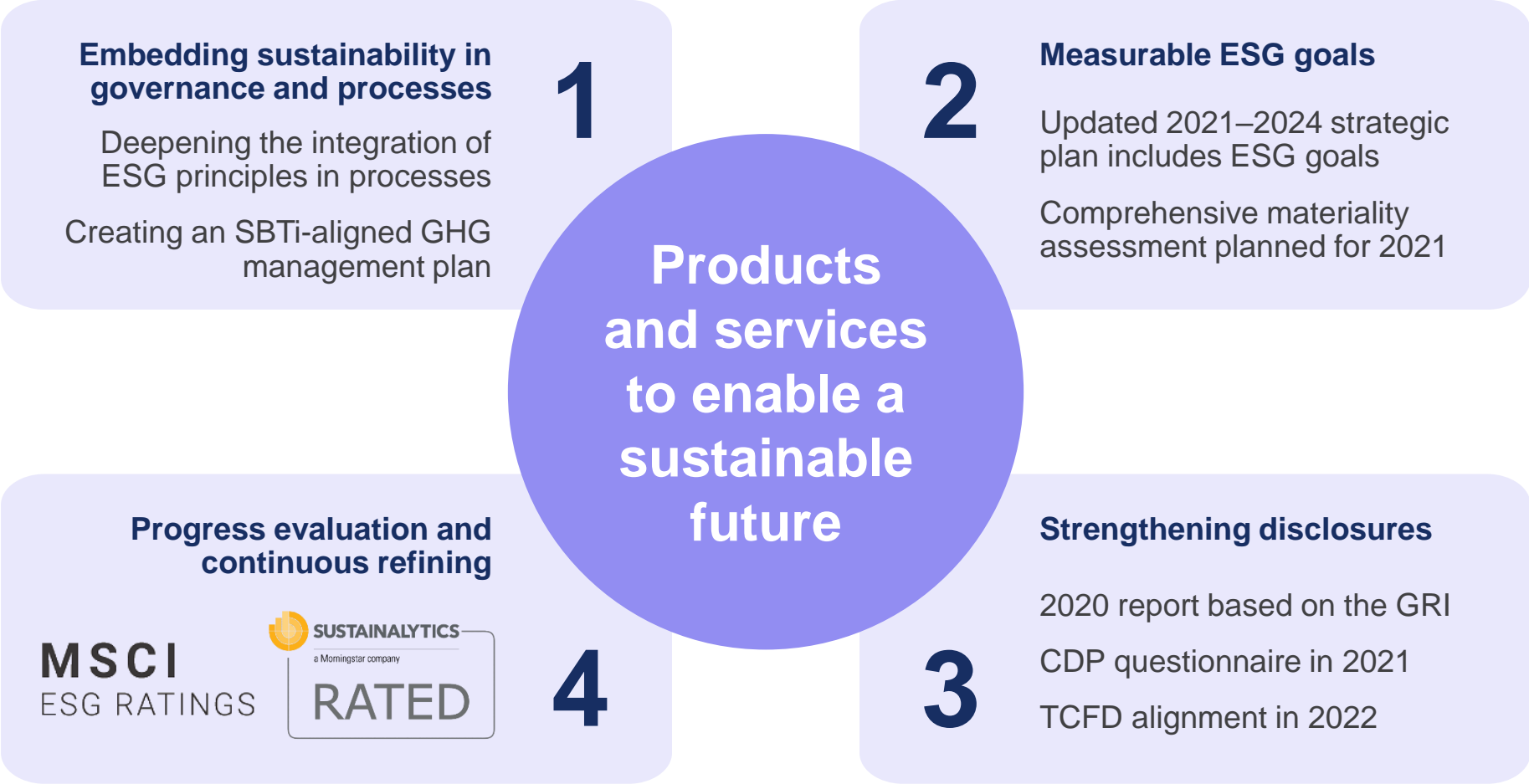
Governance (economic) topics

- 2 Stable and secure energy system
- 3 Ensuring access to energy for all
- 4 Ethics, anti-corruption and transparency
- 17 Responsible and sustainable supply chain
- 19 Sustainable financial instruments

Choosing the reporting frameworks based on stakeholder needs

	 VKC <small>Valdymo koordinavimo centras</small>	 Nasdaq	 GRI	 SASB <small>SUSTAINABILITY ACCOUNTING STANDARDS BOARD</small>	 TCFD	 SCIENCE BASED TARGETS <small>DRIVING AMBITIOUS CORPORATE CLIMATE ACTION</small>	 CDP
Principal shareholder (Ministry of Finance)	✓		✓				
Shareholders, investors		✓	✓	✓	✓		✓
Clients, Employees, Partners	✓		✓			✓	
Communities, Associations, NGOs, Media			✓			✓	✓

Iteration to drive sustainability





Thank you

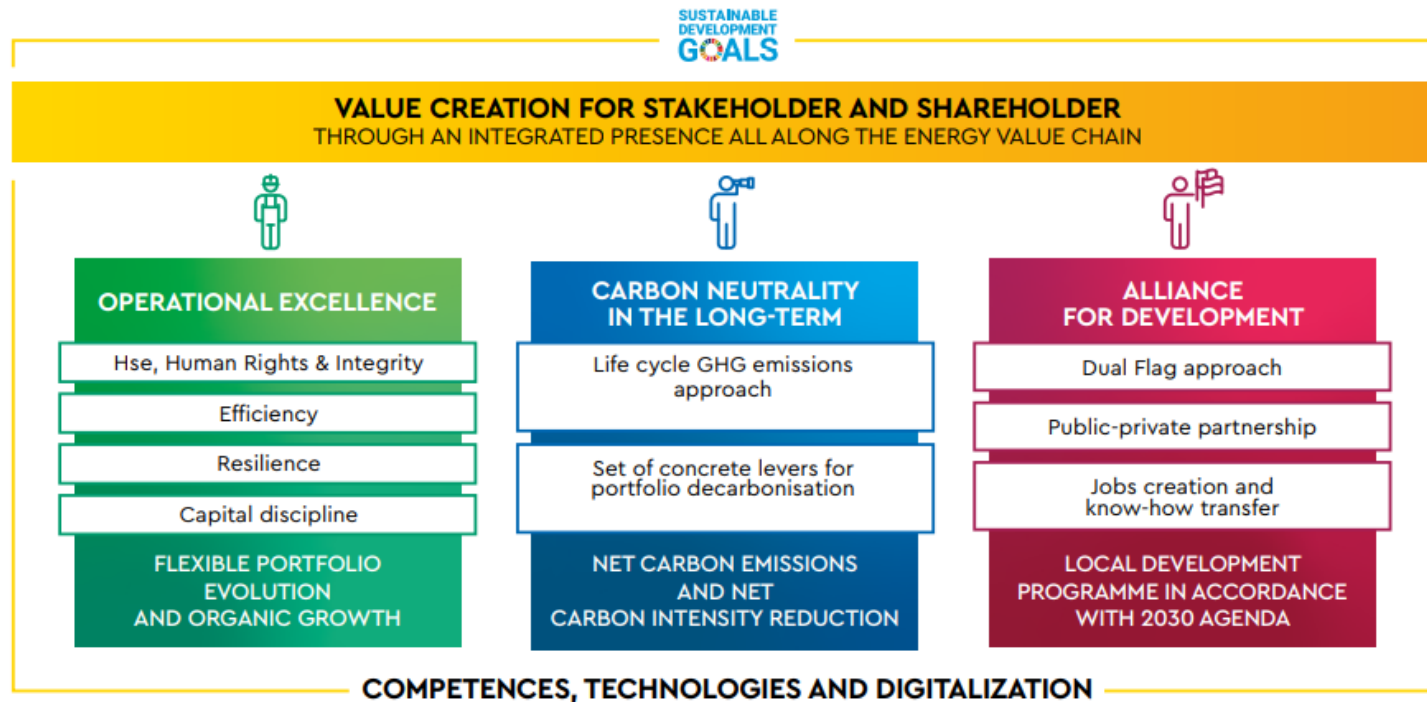
Business model: Eni

Eni's business model is focused on **creating value for its stakeholders and shareholders** through a strong **presence along the whole value chain**. Eni, as an integrated energy company, contributes, directly or indirectly, to achieve the **goals of Sustainable Development (SDGs)** of the UN 2030 Agenda, supporting a socially equal energy transition responding through concrete, quick and economically sustainable answers to the challenge of combating climate

change and giving access to the energy resources in an efficient and sustainable way, overall. To manage this effectively, Eni integrates organically its industrial plan with the principles of environmental and social sustainability, enlarging its actions along three directives:

1. **operational excellence,**
2. **carbon neutrality in the long term,**
3. **alliance for development.**

Eni includes a business model description at the start of the annual report which is cross-referenced in the non-financial statement. The description highlights the company's aim to play a role in the transition to a low carbon future and how goals are aligned to SDGs and combatting climate change.



Refer to p.4 of [Eni Annual Report 2019](#)

Principal Risks: Vinci

Climate change and increasing scarcity of resources

Climate change has made extreme climate events more frequent and more severe, making environmental risks more significant for the Group's activities. These risks include:

- "storms", a general term that includes weather events causing high winds and precipitation (rain, snow and hail);
- wide variations in temperature (heat or cold waves);
- flooding, from rivers overflowing their banks, run-off from heavy precipitation, or rising sea levels, which can cause landslides and exacerbate erosion;
- rockslides or other ground movements, such as the expansion and contraction of clay, which can affect buildings and infrastructure.

At the same time that the natural climate balance is changing, certain raw materials (minerals, rare metals, fossil fuels) are becoming more scarce, and regions subject to water stress are expanding. The Group's activities depend on the availability of these resources. Their increasing scarcity has a direct impact on the Group's ability to obtain the materials it needs for its projects and concessions.

Identifying risks

- Damage to installations and equipment
- Deterioration in health and safety conditions for employees
- Financial impact resulting from increased expenses necessary to maintain or repair damaged infrastructure and equipment, operating losses and construction delays
- Increasing scarcity of resources, expansion of regions subject to water stress
- Financial impact resulting from possible increases in the cost of certain materials
- Impacts on the Group's image and reputation in the event of deficient quality of service, such as substandard work or missed delivery deadlines

Risk management procedures

- Prior identification of the risks affecting the specific area and implementation of technical facilities to mitigate extreme weather events (cofferdams, pumps, retention basins, cooling equipment, etc.)
- Establishing a business continuity plan (BCP) for certain assets (e.g. Kansai International Airport in Japan)
- Emergency procedures, in cooperation with local actors, to respond to extreme climate events (inclement weather work stoppages for employees, equipment removal, etc.) and cooperation with local officials to implement appropriate emergency and work resumption measures
- Managing unplanned events with the appropriate insurance company departments
- Implementing ecologically designed solutions to reduce the use of certain raw materials and to reuse or recycle construction materials after demolition in a circular economy approach
- Identifying project sites facing water stress so as to adapt construction and operation methods
- Reducing water consumption and development of solutions to reuse water at certain sites

In Vinci's Annual Report 2019 climate change is disclosed as a risk factor with a helpful description of impacts and risk management procedures.

Refer to p.184 of [Vinci Annual Report](#)

Metrics and Targets: Banco Santander

Target

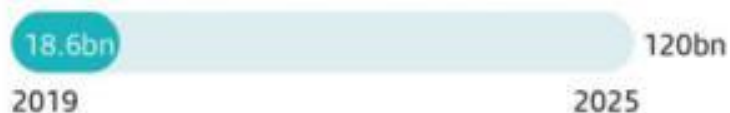
We believe that we can support our customers by helping them make the transition to the green economy. So we aim to raise or facilitate the mobilization of 120Bn euros between 2019 and 2025, and 220Bn euros between 2019 and 2030 in green finance to help tackle climate change.^A

A. Includes Santander overall contribution to green finance: project finance, syndicated loans, green bonds, capital finance, export finance, advisory, structuring and other products to help our clients in the transition to a low carbon economy. Commitment from 2019 to 2030 is 220Bn.

Progress

Green finance

Raised or facilitated



A. SCIB's contribution to green finance target includes: Project Finance (lending): 5Bn; Project Finance (advisory): 6.1bn; Green bonds (DCM): 1.9bn; Export Finance (ECA): 0.3bn; M&A: 3bn; Equity Capital Markets: 2.2bn. This information was obtained from public sources, such as lead tables from Dialogic or TXF. All roles undertaken by Banco Santander in the same project are accounted for. Other aspects related to sustainable finance in a social manner, such as financial inclusion or entrepreneurship, are not included.

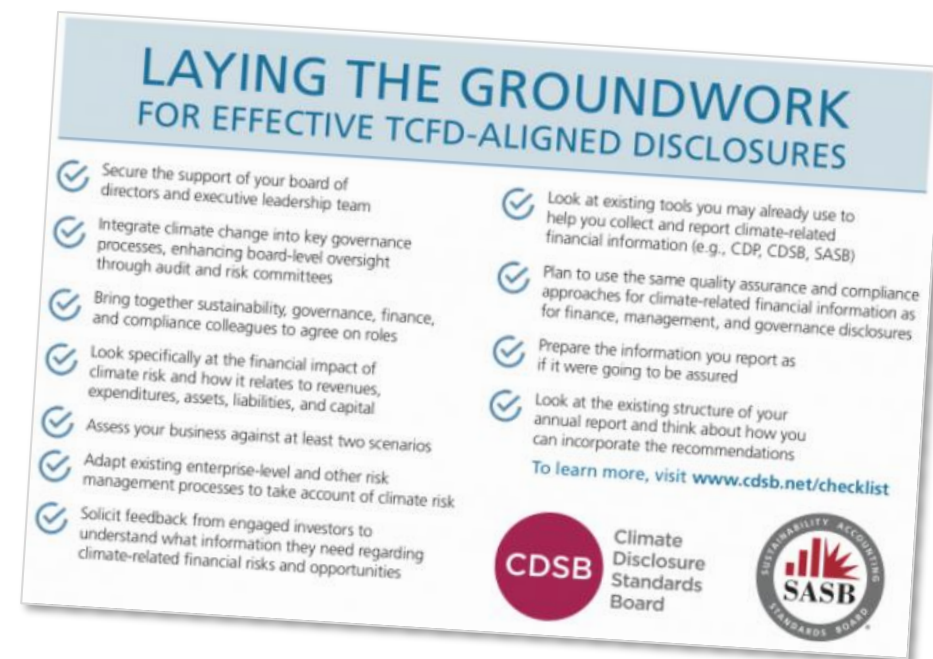
To evidence the outcomes of its policies, Banco Santander clearly discloses quantitative targets and performance in a consistent manner against each of its policy commitments in the Annual Report 2019 for example Green Financing Activities

Refer to pg. 72 of [Banco Santander's Annual Report 2019](#)

Tips for effective disclosure and resources

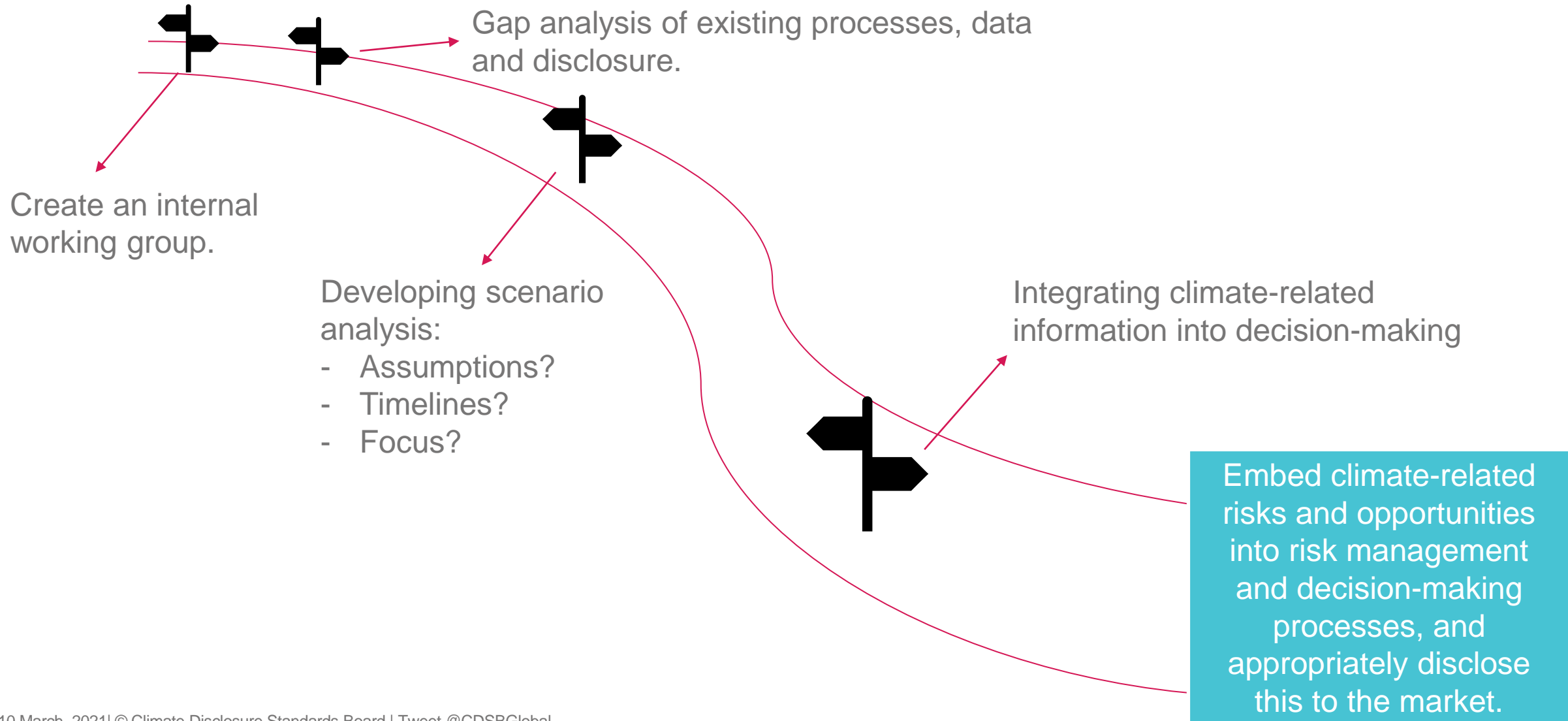
Checklist for success

- ✓ Secure the support of your board of directors and executive leadership team
- ✓ Bring together sustainability, governance, finance, and compliance colleagues to agree on roles
- ✓ Adapt existing enterprise-level and other risk management processes to take account of climate risk
- ✓ Look at existing tools you may already use to help you collect and report climate-related financial information (e.g., CDP, CDSB, SASB)
- ✓ Look at the existing structure of your annual report and think about how you can incorporate the recommendations



Creating a roadmap

Example



Where to start

Phase 1: Foundation for TCFD Disclosures

The Task Force encourages companies to disclose information related to its Governance and Risk Management recommendations to provide investors and others with the context in which financial and operating results are achieved. The Task Force views such information as the foundation for effective climate-related financial disclosure.

Governance

- a Board's oversight of climate-related issues.
- b Management's role in assessing and managing climate-related issues.

Risk Management

- a Processes for identifying and assessing climate-related risks.
- b Processes for managing climate-related risks.
- c How these processes are integrated into overall risk management.

Source: TCFD Status Report 2020

Iterative and phased approach

Example: Commonwealth Bank of Australia

Annual Report 2018

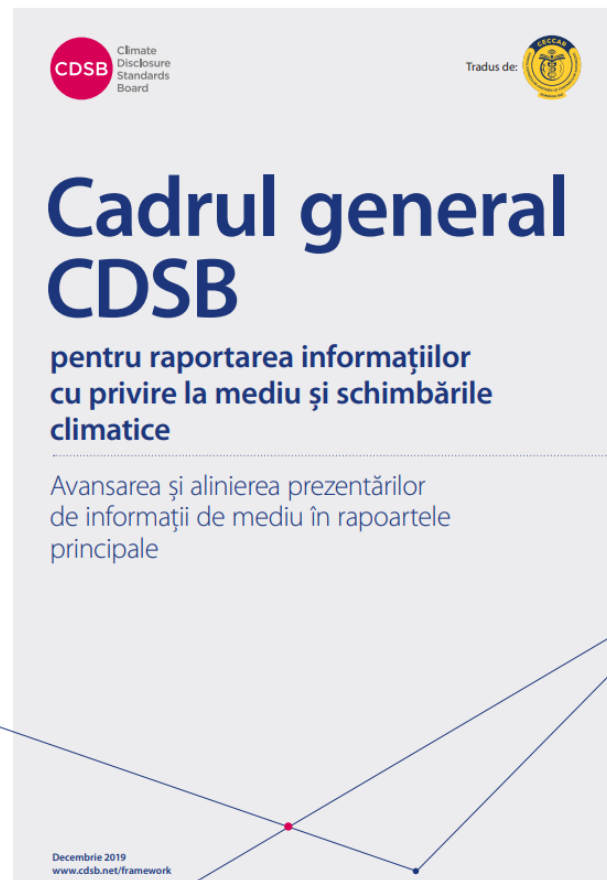
We are taking a **phased approach** to identifying and managing climate risk. That means we are focusing on having the right policies in place, understanding risk, developing and implementing strategic responses, building internal and customer capability, and contributing to economy-wide initiatives.

	Phase 1 Policy, due diligence, governance	Phase 2 Analysis of portfolio risks and opportunities	Phase 3 Extending scenario analysis, strategic responses, capability building
	Pre-FY18	FY18	FY19-20
Governance	<ul style="list-style-type: none"> Climate Policy Position Statement⁽¹⁾ Environment Policy⁽²⁾ Equator Principles III signatory⁽³⁾ ESG Lending Commitments⁽⁴⁾ Responsible Investing Framework⁽⁵⁾ 	<ul style="list-style-type: none"> The Board governs climate risks and opportunities through the Risk Management Framework⁽⁷⁾ 	<ul style="list-style-type: none"> Review our Climate Policy Position Statement Update Responsible Investing Framework Update investment-related ESG risk management policies
Strategy	<ul style="list-style-type: none"> Commitment to support the objectives of the Paris Agreement 	<ul style="list-style-type: none"> Climate scenario analysis: <ol style="list-style-type: none"> Business lending – transition risks FirstChoice Australian Share Fund – transition risks Retail (home lending) and insurance – physical risks Portfolio-level strategic responses 	<ul style="list-style-type: none"> Climate scenario analysis: <ol style="list-style-type: none"> Business lending – physical risks Retail (home lending) and insurance – transition risks Investment portfolios – transition and physical risks Further develop portfolio-level strategic responses Client engagement

Annual Report 2019

	Phase 1-2 Policy, due diligence, governance, analysis of portfolio risks and opportunities	Phase 3 Extending scenario analysis, strategic responses, capability building	Phase 4 Embedding climate considerations into strategy, business and risk management processes
	Pre-FY19	FY19	FY20-21
Governance	<ul style="list-style-type: none"> Climate Policy Position Statement¹ Group Environment Policy¹ Equator Principles III Report¹ ESG Lending Commitments¹ Responsible Investing Framework¹ The Board governs climate risks and opportunities through the Risk Management Framework² 	<ul style="list-style-type: none"> Developed a Group Environmental and Social Policy with updated climate commitments, including: <ul style="list-style-type: none"> – continuing to reduce our exposures to thermal coal mining and coal fired power generation, with a view to exiting the sectors by 2030, subject to Australia having a secure energy platform – supporting the development of existing and emerging technologies that enable an accelerated transition to a low carbon future 	<ul style="list-style-type: none"> Review the Group Environmental and Social Policy to ensure alignment with the rapidly evolving nature of environmental and social issues Review the Group Risk Appetite Statement Review of climate-related roles and responsibilities
Strategy	<ul style="list-style-type: none"> Commitment to support the objectives of the Paris Agreement Climate scenario analysis: <ul style="list-style-type: none"> – Business lending: transition risks – FirstChoice Australian Share Fund: transition risks – Retail (home lending) and insurance: physical risks Portfolio-level strategic responses 	<ul style="list-style-type: none"> Climate scenario analysis: <ul style="list-style-type: none"> – Agribusiness lending: physical risks Portfolio-level strategic responses Client engagement 	<ul style="list-style-type: none"> Climate scenario analysis: <ul style="list-style-type: none"> – Business lending: physical risks for other key portfolios – Retail (home lending) and insurance: transition risks – Investment portfolios: transition and physical risks Further develop strategic responses Client and customer engagement

Resources in Romanian



Translation published by Corpul Expertilor Contabili si Contabililor Autorizati din Romania (CECCAR).

Download the publications
cdsb.net/romania

Resources

cdsb.net/publications



tcfddhub.org



CDSB company support programme



Access to experts

Access regular support from experts in climate and environmental mainstream disclosure.



Disclosure feedback

Improve climate and environmental disclosure using CDSB feedback.



Policy briefings

Understand the policy context and improve preparedness for regulation and application.



Workshops

Learn from peers and experts through country and region-specific workshops.



Resources

Obtain resources directly post-launch and notifications on upcoming publications.



Internal support

Receive tailored briefings for reporting teams focused on sustainability and/or finance functions.

Questions or comments?

Contacts

Nontokozi Khumalo

Corporate Engagement Manager
nontokozi.khumalo@cdsb.net

Michael Zimonyi

Policy and External Affairs Director
michael.zimonyi@cdsb.net

Francesca Recanati

Environmental Specialist
francesca.recanati@cdsb.net

Anthony Miller

Coordinator, UN SSE Initiative
anthony.miller@unctad.org

Remus Danila

Public Relations and Investor Relations, Bucharest
Stock Exchange
remus.danila@bvb.ro



With the contribution of the
LIFE Programme of the
European Union.