

CHARTING YOUR ESG PATH

Incorporating climate into your enterprise risk management framework

KRISTEN HAINES

National Head of Technical Accounting

NICK GOOSEN

Director – Governance and Risk Advisory



A photograph of a dense forest with tall, slender trees and a dirt path, overlaid with a dark teal triangle containing text. The forest is lush with green foliage and ferns. The path is made of dirt and fallen leaves. The teal triangle is in the top right corner.

ACKNOWLEDGEMENT OF COUNTRY

AGENDA

- Legislation developments
- Overview – Identified climate risks and opportunities – What Now?
- The Risk Management Process – High-Level
- Integrating Climate-Related Risks Into the Risk Management Framework
- Governance and Accountability
- Develop Climate related Policies and Procedures
- Next steps



Draft Sustainability Reporting legislation released

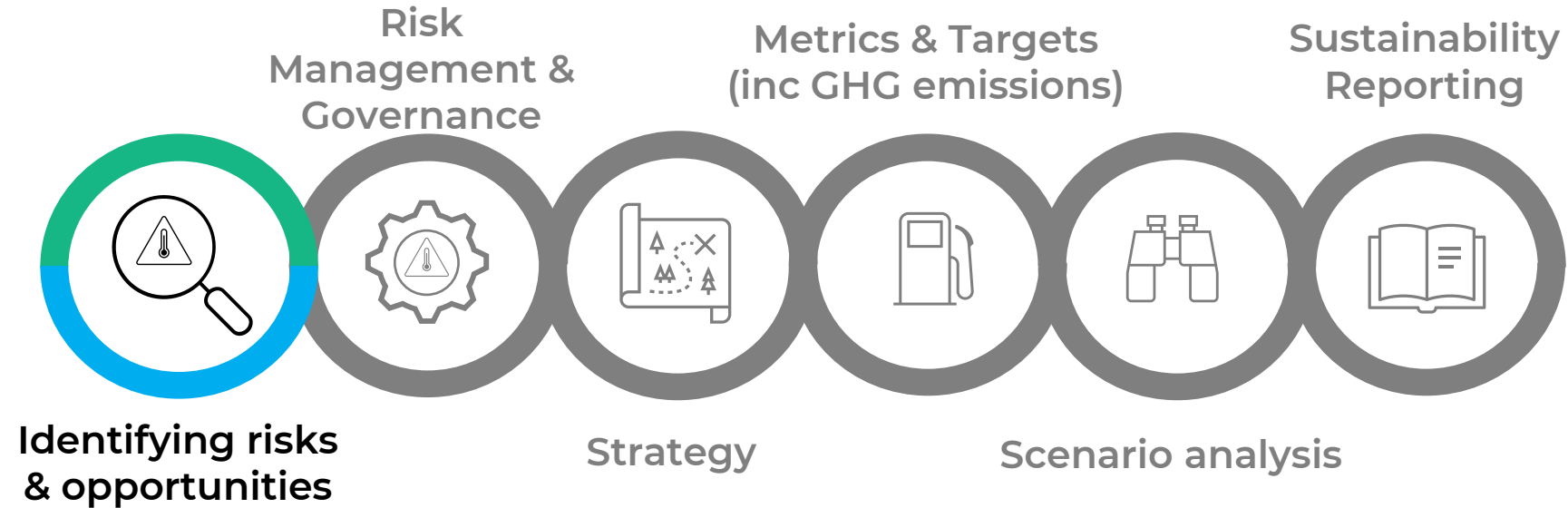
PROPOSED REPORTING THRESHOLDS

| | June 2025 | June 2027 | June 2028 |
|------------------------|--|-----------|--------------------------|
| Employees | 500 | 250 | 100 |
| Assets | \$1b | \$500m | \$25m |
| Revenues | \$500m | \$200m | \$50m |
| NGERs reporters | Controlling Corporations meeting NGERs Publication threshold | | Controlling Corporations |

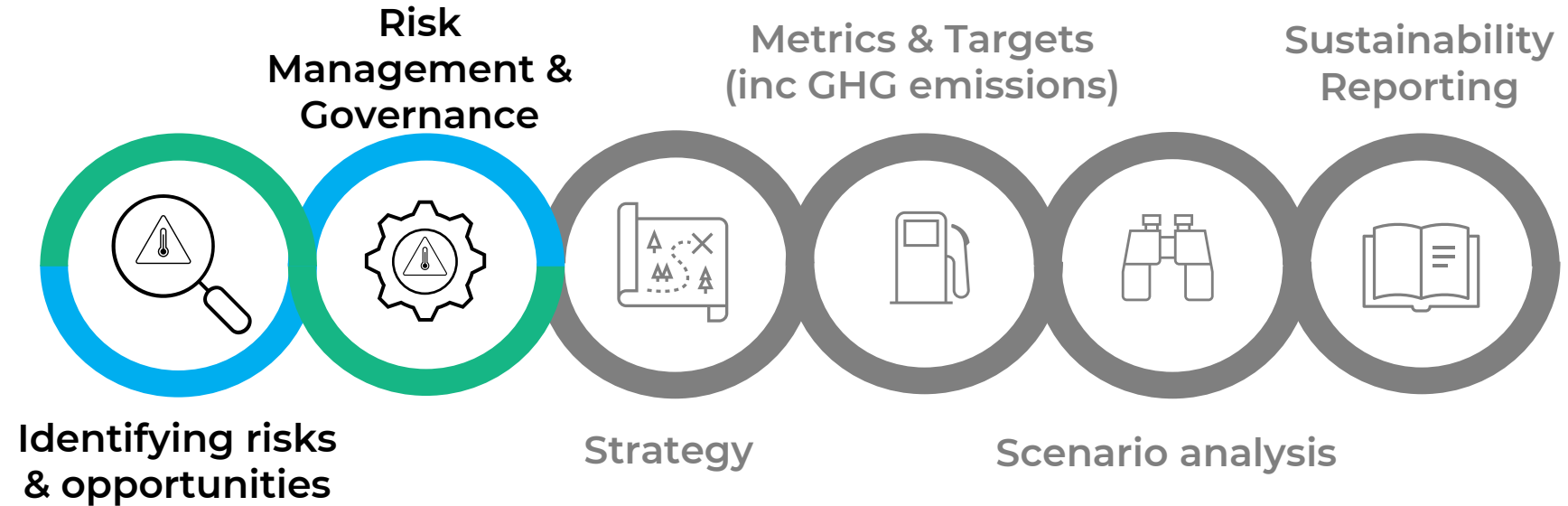
Meet any two of:

- Included in the Annual report and lodged at the same time
- Assurance required staged application from review → full Audit by June 2031 (signed by Financial auditor)
- Smaller companies with no material climate-related risks and opportunities will be able to state that as their sustainability report:
 - Consolidate revenue < \$500 m
 - Consolidated gross assets < \$500 m
 - Less than 250 group employees
 - Not be a registered NGERs corporation
 - Control less than \$5 billion of assets

Charting your Sustainability Reporting path



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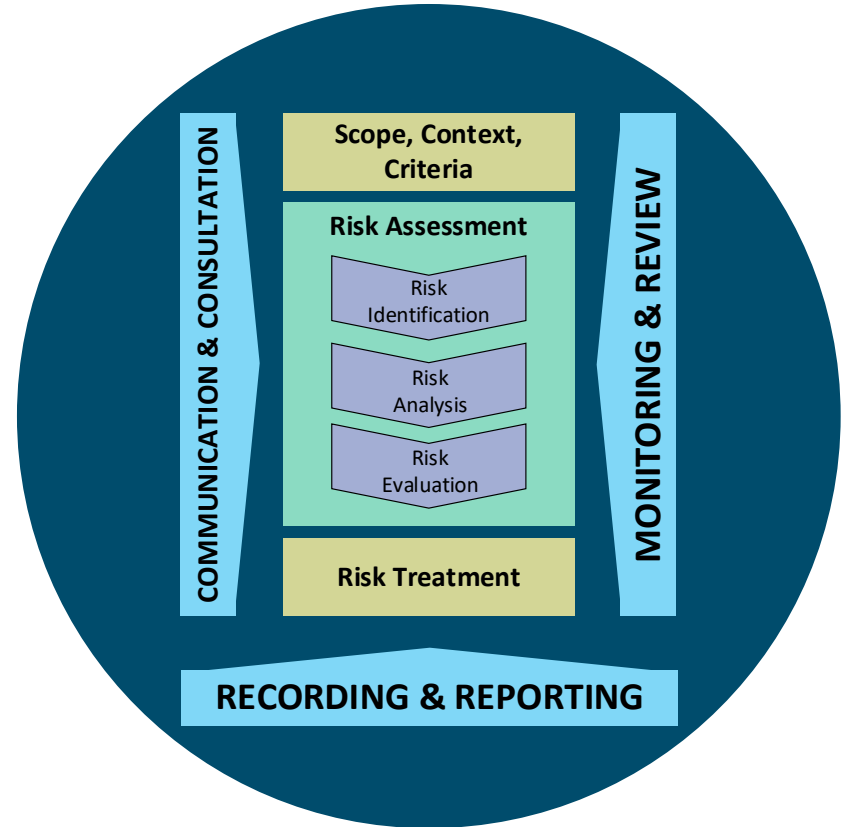
Overview - Identified Climate Risks and Opportunities – What now?

Risk Identification:

- You have conducted a comprehensive assessment of climate-related risks and opportunities. This should have included:
 - Physical risks e.g., extreme weather events, sea-level rise;
 - Transitional risks e.g., policy and regulatory changes, technological advancements; and
 - Liability risks e.g., legal actions related to climate impacts.
- What are the next steps:
 - Integrate the identified risks into your Enterprise Risk Management Framework (“ERMF”) or (“RMF”)

The Risk Management Process – High-Level

- Establish the Scope, Context and Criteria
- Risk Assessment (the next step)
 - Identify the Risk
 - Analyse the Risk
 - Evaluate the Risk
- Risk Treatment
- Monitor and Review by:
 - Recording Risk and Actions – Risk Registers
 - Reporting status/progress to Board & Committees – Governance Structure



Integrating Climate-Related Risks Into the Risk Management Framework

Risk Assessments – (After Risk Identification)

Analysing the Risk

- Understand and determine nature / level of risks:
 - Determine the risk's potential impact (consequence)
 - Determine the likelihood of the event occurring

Evaluate the Risk

- Determine whether the risk is acceptable (Risk Appetite)
 - Confirm impact and likelihood and prioritise risks
 - Rate Risks (Risk Matrix – Impact vs Likelihood)



Example of Risk Matrix – Impact vs Likelihood

Determining the Risk Rating

| IMPACT | | LIKELIHOOD | | | | |
|--------|---------------|------------|----------|----------|-------------|----------------|
| | | 1 | 2 | 3 | 4 | 5 |
| | | UNLIKELY | POSSIBLE | LIKELY | VERY LIKELY | ALMOST CERTAIN |
| 1 | INSIGNIFICANT | Low | Low | Low | Moderate | Moderate |
| 2 | MINOR | Low | Moderate | Moderate | High | High |
| 3 | MODERATE | Low | Moderate | High | High | Extreme |
| 4 | SEVERE | Moderate | High | High | Extreme | Extreme |
| 5 | CATASTROPHIC | Moderate | High | Extreme | Extreme | Extreme |

Governance and Accountability

What is Governance

- The system by which an organisation is controlled and operates, and the mechanisms by which it, and its people, are held to account.
 - Establish clear Governance and Accountability
 - Develop climate related risk policies and procedures



Establishing Clear Governance and Accountability

Governance Structure

- Create a governance structure that includes climate-related oversight and reporting, involving key decision-makers - Board of directors, Audit Committee, Sustainability Committee, ESG/Environmental Committee
 - Decide who will be overall Accountable – Board of Directors
 - Dedicated – To focused on sustainability and climate risk
 - Oversee – Climate-related initiatives and ensure they align with the company's strategic goals
 - Beneficial – Board member with specific climate experience
- Important to Remember
 - Update Board and/or Committee Charters
 - Provide Training to Board / Committee Members



Develop Climate Related Policies and Procedures

Climate Policy

| | |
|---------------------------------|--|
| Define the Scope and Objectives | Clearly outline what the policy aims to achieve. |
| Conduct Thorough Research | Gather data on the current state of the climate-related issues you are addressing. This could include emission levels, energy consumption patterns, or the state of natural resources. |
| Engage with Stakeholders | Engage with stakeholders through consultations, surveys, or workshops to gain insights, ideas, and to understand their concerns and priorities. |
| Draft the Policy Document | Start drafting the policy, clearly articulating the objectives, scope, and rationale. |
| Review and Revise | Circulate the draft policy among stakeholders and experts for feedback. Be open to constructive criticism and suggestions for improvement. |
| Finalise and Implement | Communicate the policy to relevant stakeholders, explaining its benefits, how it will be implemented and where it will be kept for ease of access. |



Develop Climate-Related Policies and Procedures

Procedure

| | |
|---|---|
| Define the Objective | Clearly outline what the procedure is intended to achieve. |
| Identify Stakeholders | Determine who will be involved in or affected by the procedure. This might include employees, management, suppliers, clients, and regulatory bodies. |
| Gather Information | Research best practices and industry standards related to the procedure. |
| Outline the Steps | Break down the procedure into clear, actionable steps. |
| Allocate Resources and Responsibilities | Assign roles and responsibilities for each step of the procedure and determine what resources are needed. |
| Implement Procedure | Communicate the procedure to relevant stakeholders, explaining its benefits, how it will be implemented and where it will be kept for ease of access. |



How can Moore Australia assist?

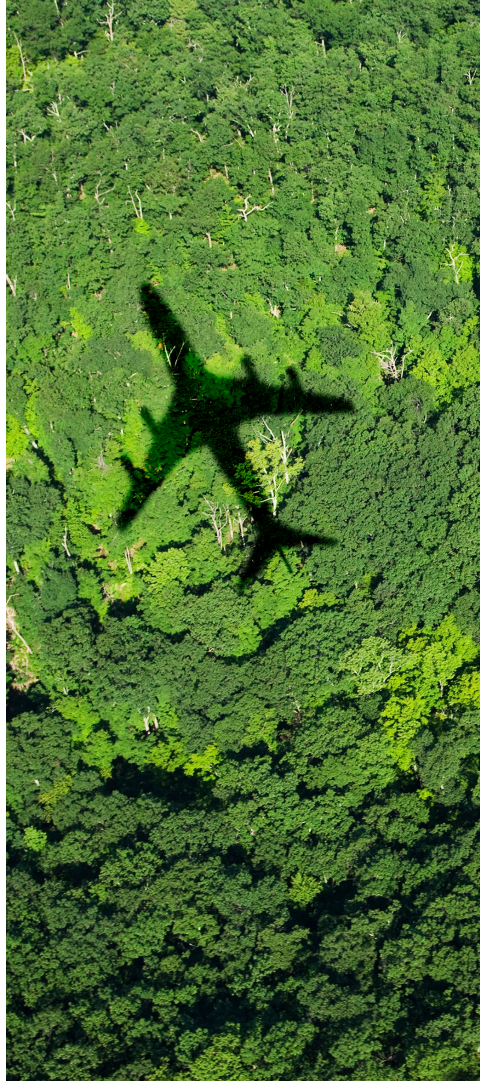


Integrate identified risks and opportunities into the current ERMF

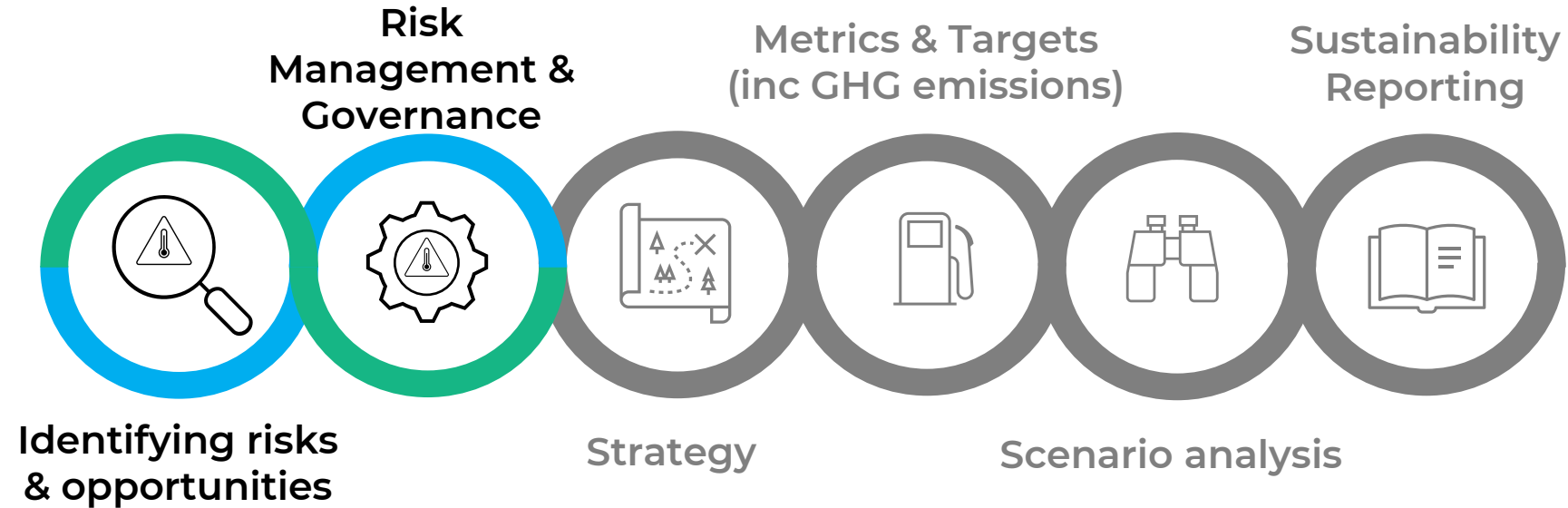
- Assist with analysing and evaluation of identified risks
- Develop climate related policies and procedures
- Update current ERMF, including Risk Registers and Risk Appetite Statement
- Update Board and Committee Charters to include climate related risks, roles and responsibilities etc.
- Assist in developing a Risk Management Framework – if not in place

Key Takeaways

- Analyse and evaluate identified climate related risks and opportunities
- Update the current Enterprise Risk Management Framework, including Risk Registers and Risk Appetite Statement
- Ensure climate related risks, opportunities and treatment action plans are reported and monitored by Board of Directors and/or other Committees
- Ensure to involve the right people in the above processes
- Get started or keep going on your ESG journey

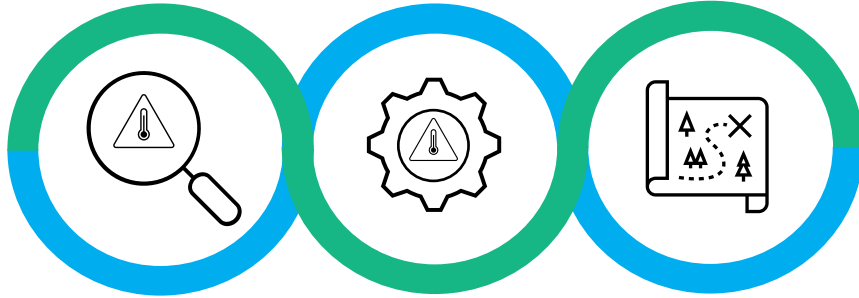


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Risk Management & Governance



**Identifying risks
& opportunities**

Strategy

Next Webinar

In conjunction with:

Work»
forClimate

How to develop strategies address your
climate risks and opportunities

Mid – April – look for Invite coming soon

QUESTIONS?

Kristen.haines@moore-australia.com.au

nick.goosen@moore-Australia.com.au

MOORE AUSTRALIA

www.moore-australia.com.au

