

Q&A from Introduction to TCFD Reporting | 27 May 2021
(Training program for Thai listed companies Day 1 of 2)

Thank you for attending the first session of our beginner workshops. Please refer to below questions and corresponding responses that were raised, for your reference and learning.

Q: Pls kindly give an example to do this ESG for automotive company which has all production activities such as injection, paint assembly and etc.

To align with TCFD, CDP has developed sector specific questionnaire for high impact sectors, and Transport OEMS is one of them. This means CDP questionnaire has adjusted the questionnaire to included guidance and questions that is suitable to automobile sector. You can email us at hk.sea@cdp.net for further information.

Q: The disclosure of governance, strategy, Risk management and Metrics and Targets, do they need to be put in the same report?

The TCFD recommends that all disclosures should be reported together in the company's mainstream report.

Q: What is meant by "rapid" transition in the 3.4 degrees scenario?

Thanks for this question. In disorderly scenarios, actions to limit climate change are taken relatively late and are limited by available technologies, with the result that emissions need to be reduced more rapidly. In orderly scenarios, the transition beings at an earlier point and allows more gradual changes.

Q: Can you give some more example of Opportunity - "Resilience"?

- ▼ Participation in renewable energy programs and adoption of energy-efficiency measures
- ▼ Resource substitutes/diversification
- ▼ Cost savings through resource efficiency
- ▼ Access to green and sustainable finance opportunities for climate transition projects
- ▼ Market expansion and new revenue streams through low carbon products and services

Q: How could I research more information on climate related risk in healthcare sector? Or should there be a specific case for healthcare sector shared by TCFD?

Here are some companies from the healthcare sector who responded to CDP: Edwards Lifesciences Corp, DaVita Inc., Mediclinic International.

In the CDP questionnaire, Module C2.3, we ask companies to disclose climate risks that are specific to the company. Their responses are public, while logged in to your CDP account, you can search and view them via this link : <https://www.cdp.net/en/search>

Q: Please share how the CDP disclosure and CDP indices (benchmarking), how this link and benefit to the company

As the CDP questionnaires are fully TCFD-aligned, companies are able to report to financial institutions and other stakeholders on the robustness of their climate strategies through CDP.

CDP questions also provide the fundamentals to developing a TCFD-aligned report and provide the building blocks towards developing a robust climate-related business strategy. More importantly, CDP ensures monitoring of this strategy on an annual basis so companies can better understand their requirements and modify their strategies over a short to long-term horizon, while tracking their progress towards those strategies.

Companies are also benefitting from CDP scores through access to green and sustainable finance. Recent examples of sustainability-linked loans in Asia using CDP climate change disclosure scores include a) Nippon Yusen K.K. (NYK), a global logistics company headquartered in Japan, signed three sustainability-linked loans (SLLs) with a total amount of over US\$850m in 2021 with Shiga Bank, MUFG Bank and Sumitomo Mitsui Bank; and b) Malaren International Sdn. Bhd., a subsidiary of StarHub Group, a major telecommunications company in Singapore, entered into a US\$65m SLL loan facility with CIMB Bank Berhad.

Q: Do TCFD report need to be updated on annual basis? or in what time interval.

Thanks for this question. The TCFD recommends that companies make the recommended disclosures in their mainstream reporting (i.e. in annual financial filings).

Q: Is qualitative analysis and quantitative analysis must be linkage for all?

It is not always necessary to provide both qualitative and quantitative analysis for each of the TCFD-recommended disclosures, but companies should provide both qualitative and quantitative information wherever this is material to its business operations and value chains. The material information will vary with each company.

Q: When a company reports their GHG emission aligned to the TCFD, does it need a 3rd party to certify that reporting?

While companies are not currently required to provide third-party verification for GHG emissions accounting, it is highly recommended to do so in order to ensure transparency in disclosure.

Q: If the company in renewable energy, how can we apply and benefit on CDP, especially if the renewable energy site is outside of Thailand

In the CDP questionnaire, we ask companies to identify their reporting boundary. It can be determined by financial control, operational control or equity share. Therefore, even if your renewable energy site is located outside of Thailand (country boundary) but falls within your reporting boundary, your climate effort would still be recognized.

Q: Will it be a requirement soon for Thailand? Where shall it be, which report apart from Sustainable Report?

Currently, listed companies are required to disclose in compliance with the SEC's 56-1 One Report disclosure regulation. For TCFD, it remains voluntary to be adopted in sustainability reporting.

Q: Surprisingly, Singapore has not adopted CDP & TCFD, do you have any idea?

While Monetary Authority of Singapore does not mandate TCFD, their [guidelines](#) reference the TCFD framework.

To further clarify, the [CDP questionnaire](#) is fully aligned with the TCFD framework to support companies in their thinking when developing their climate strategies and reporting under the TCFD framework.

Q: Could you give us more detail about the Carbon tax and how this is an opportunity for the company?

Thank you for your question. Reduction in emissions will directly link to lower payment in carbon tax and hence translate to cost savings and more resource efficiency.

CDP also recently released a report on Carbon Pricing which you can find [here](#).

Q: Please kindly give an example to select climate scenario that is appropriate for the organization's context 1.5 C or 2.0 C?

TCFD recommends companies to conduct at least two climate-related scenarios so that companies can better evaluate potential risks according to different pathways and formulate strategies accordingly. You could consider using both a 1.5 degree scenario and a 2 degree scenario.

Q: Could you help provide more explanation on the materiality? Particularly on the environmental and social materiality. Thank you.

Please see [this link](#) on TCFD's approach to materiality. Social materiality will be addressed by GRI in their session on 28 May 2021.

Q: We started that 56-1 One Report, so it's fine at this time, right?

Even though TCFD is not mandatory for sustainability reporting for now, you might find it useful and helpful in managing climate-related risks to support enterprise risk management and promote business resilience.

Q: I would like to question to SET that if listed companies apply TCFD and disclosure in SD report, are there any beneficial to get higher score for SD assessment?

When a company applies TCFD framework in its sustainability reporting, the company would have governance, strategy, risk management, and metrics & targets in place. This means you would be able to refer to your publicly disclosed information to answers the questions on climate risk management.

Q: If my parent company already participates in CDP and TCFD and include all subsidiary performance, shall we (subsidiary) participate in CDP and TCFD?

If the subsidiary's data is included in the parent organization's response to CDP, the subsidiary would not need to respond. Please see more elaboration in CDP's [FAQs](#).

Q: The carbon price quoted by Pratima this morning in Singapore was 5 Singapore dollars as of 2019 or 5 US dollars?

Singapore's price on carbon is 5 SGD per tCO₂e. For further details on Singapore's carbon tax, please refer [here](#)

Q: How to Implement TCFD Report for renewable energy company? Because our company realizes to value the TCFD report. but renewable energy emits lower greenhouse gas emissions.

Thanks for this question. In many ways energy companies are leading the way on TCFD reporting. I would suggest that you refer to the CDSB's "TCFD Implementation Guide" and the TCFD document "Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures".

Please note the energy-sector guidance on page 52. You can also review the resources available on [tcfdhub.org](#). All of these resources will be linked in the slides that we will share following the workshop.

The TCFD recommendations also asks for information beyond emissions, such as your climate governance and strategies.

Q: Is there any guideline/direction from SET about scope 3 reduction? This scope is still voluntary but huge volume.

The SEC and SET have rolled out a variety of capacity-building programs to support Thai listed companies in reducing and disclosing their carbon footprint.

Earlier, this year, the SEC, in partnership with the TGO, offered a training activity on GHG reductions in all three scopes. Due to a high demand for more training, the SEC plans to make the session available online by the end of this year.

In addition, the SET plans to offer industry group-specific training for sustainability reporting, starting this July onwards. However, the program is designed to focus on disclosure processes and metrics.

Q: How are SBT and PCAF different? Can a company use one other the other?

- ▼ TCFD is an assessment of climate resilience of business operations.
 - ▼ TCFD links with SBTs for the metrics and targets section. SBT is focused on decarbonization of your business model
 - ▼ PCAF - links with financial portfolio emissions and primarily for carbon assessments asset managers, banks and financial investment strategies. It is akin to GHG accounting standard but for the financial sector.
 - ▼ Further, financial services companies that wish to set a science-based target can use PCAF assess their baseline financed emissions and track progress toward their target.
-

Q: There are a lot of TCFD-related statements, How do I get started if I haven't disclosed before?

Please refer to [TCFD Knowledge Hub](#) for the most up to date resources on preparation. You can also consider signing up to their [online learning courses](#) to get acquainted with the various topics.

If you're disclosing to CDP, please also refer to our [TCFD technical note](#) for more insight on how it relates to CDP disclosure and the alignment between CDP and TCFD.

Q: I want to know about how to set science-based targets. Do you have a specific method to recommend? Or a company can just align with the Paris Agreement target.

Please [see this article](#) on the methods provided by the Science-based Targets initiative (SBTi) that is aligned with goals of the Paris Agreement and the level of ambition required based on the latest IPCC report.

You can also get in touch CDP's Commit To Action team that supports companies with queries on SBTi at commit@cdp.net

Q: How often that PTTGC update and disclose information monthly, quarterly, yearly? and could you share your best practice on how to collect information from each BUs?

Please see PTT GC's sustainability reports [here](#).

Q: If we don't receive a request from investors this year, do we still need to complete the questionnaire? Why?

While all TCFD / CDP reporting is today voluntary (except for certain countries / regions), TCFD should also be recognized as a strategy exercise as it fits within your enterprise risk management. Companies can therefore start responding and documenting this internally to prepare for new policy changes / investor requests and for making your business operations more climate resilient.

Please also see [this page](#) on benefits of disclosure.

Q: Is there any fee for joining CDP program?

If you are requested to respond by investors, there is no fee to respond in your first year. In subsequent years, you will be asked to pay an administrative fee to cover the costs of processing and scoring your response. The fee also applies if you choose to submit a CDP reporting without being requested by investors. You can find more information about fees [here](#).

If you do not wish to respond, you can also access our questionnaire, guidance documents, scoring methodology and other resources, which are free and publicly available on our website www.cdp.net

Q: Does a company need to really estimate the impact on the scenario picked, and how strong the evidence need if that so?

Scenario analysis is a strategic planning tool, it is not designed nor intended to predict or forecast the future. Scenario analysis is an exploratory tool used to challenge business as usual thinking and help companies explore critical uncertainties and how they might impact your business. This can help companies develop strategies that will enable their transition.

Scenario analysis can be done in a quantitative or qualitative way. A quantitative scenario means that it is driven by data, be they internal or external data sources. Qualitative scenarios are more narrative based and are lighter on the data needed. For a company that

is new to scenario analysis, a qualitative approach is sensible as it's a useful stepping stone on the journey to developing or exploring more data driven scenarios.

The GESI – CDP Scenario Analysis Toolkit is a set of resources that enables organizations to build the foundations for the development of Climate Related Scenario Analysis in alignment with the recommendations from the Taskforce on Climate-related Financial Disclosures (TCFD). Find out more [here](#).

Q: As a bank, how do we do scenario analysis integrating physical and transitional risks? So we analyse the impacts that might happen without clients who we gave loans, right?

CDP developed a TCFD-aligned questionnaire for financial institutions to specifically address the issue of portfolio level emissions. Please see our technical guidance for financial institutions [here](#).

- End -