Recommendations on a prudent approach to climate risk

ROMÂNIA
AUTORITATEA DE SUPRAVEGHERE FINANCIARĂ

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1. Introduction

The scope of these recommendations is to support entities supervised by the Financial Supervisory Authority by providing a first set of information on sustainable finance, in particular on the growing importance of sustainability risks, in a global, European and local context that endeavours to support the financing of environmentally sustainable activities in order to transform real economies into long-term sustainable ones.

The Financial Supervisory Authority intends that these recommendations to represent best practice principles to be applied by supervised entities in the area of sustainability risks in order to implement the legal requirements for organising business and setting an adequate risk management system. The recommendations are addressed to entities supervised by ASF, which are also covered by Article 2 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector: insurance companies, insurance intermediaries, pension fund managers, investment fund managers, investment firms, issuers, financial advisors.

In order to ensure the same level of understanding, the recommendations presented below contain definitions of common terms and key risks in the area of sustainable finance and specifically address the following areas of focus in the activity of supervised entities: (i) governance, (ii) strategy, (iii) risk management, (iv) scenario analysis and stress testing, and (v) transparency. The Financial Supervisory Authority expects supervised entities to consider sustainability risks by integrating them into their business strategies and risk management. Thus, internal processes should be organised appropriately, with entities having the freedom to choose their methods and approaches.

Finally, the Financial Supervisory Authority wishes to emphasise that these recommendations represent a first step in the field of regulation and supervision of activities for the purpose of sustainable finance. Depending on how the subject of green finance evolves on the European or national agenda, there is a possibility of revising the current regulations or even adopting secondary legislation, if necessary in the current context.

2. General context on sustainable finance

According to the report issued by the Intergovernmental Panel on Climate Change (IPCC) in 2014[1], continued emission of greenhouse gases will cause further warming and long-lasting changes in all components of the climate system, increasing the likelihood of severe, pervasive and irreversible impacts for people and ecosystems. A temperature rise of 3-4 degrees Celsius by the end of the century is considered the most likely scenario, while a rise of 5 degrees Celsius with its catastrophic consequences cannot be ruled out. These climate changes would lead to an intensification of extreme weather events such as hurricanes, floods, vegetation fires and rising sea and ocean levels, with negative economic and social impacts.

In the context of the major risks identified due to global warming, on 12 December 2015, 195 states Parties to the United Nations Framework Convention on Climate Change agreed, through the adoption of the Paris[2] Agreement, to limit the increase in global warming to a level well below 2 degrees Celsius, even to make every effort to keep it below 1.5 degrees Celsius, which would have less drastic effects. The European Commission has launched a call to reduce greenhouse gas emissions to zero by 2050, which will require major changes in economies and create significant challenges for some sectors.

Sustainable (or durable) finance plays a key role in meeting the policy objectives of the European Green Deal, launched by the European Commission in 2019, as well as the EU's international climate and sustainability commitments. Sustainable finance thus helps to channel private investment into the transition to a climate-neutral, climate-resilient, resource-efficient and equitable economy. Sustainable finance will also ensure that investments support a sustainable economy and recovery from the impact of the COVID-19 pandemic, with funds allocated to Member States subject to certain requirements being met.

Also, in order to implement the objectives of the European Green Deal, on 29 July 2021, the European Climate Law came into force. This act will ensure that all EU policies contribute to this objective and that all sectors of the economy and society are involved. This makes the target of zero net greenhouse gas emissions by 2050 legally binding, the EU institutions and Member States being required

[1] "Climate Change Synthesis Report", Intergovernmental Panel on Climate Change (IPCC), 2014, https://www.ipcc.ch/report/ar5/syr/

[2] The Paris Agreement on climate change is the first legally binding global agreement. It was signed on 22 April 2016 and ratified by the European Union on 5 October 2016.

to take the necessary measures at EU and national level to achieve it, taking into account the importance of promoting fairness and solidarity between Member States. The law includes measures to monitor progress and adapt actions accordingly, based on the existing systems such as the governance process for Member States' national energy plans and regular reports from the European Environment Agency and the latest scientific evidence on climate change and its impacts. In essence, the Climate Act addresses the way forward to meet the 2050 target.

Sustainable finance has been an important concern of the European Union in recent times, playing a key role in meeting the policy objectives of the European Green Deal, and is seen as a type of finance that supports the sustainable development of the economy while reducing environmental pressures and taking into account social and governance aspects. Sustainable finance aims to improve the financial sector to support sustainable development in the context of the fight against climate change. It involves financial sector entities taking into account environmental, social and governance (ESG) factors, thus aiming to focus longer-term investments in sustainable economic activities and projects.

There are several legislative initiatives at European level, transposed into national legislation or with direct applicability in Romania, to develop sustainable economies in terms of environmental impact, in line with common efforts to combat climate change[3]. The European Commission's Action Plan on Financing Sustainable Growth and the Development of a Renewed Strategy on Sustainable Finance contains 10 initiatives grouped under three chapters:

a. reorienting capital flows towards a more sustainable economy

b. mainstreaming sustainability into risk management

c. fostering transparency and long-termism

The implementation of the Action Plan has led to the approval of a set of legislative acts creating the necessary framework for the implementation of sustainable finance, among which we mention:

a. Definition of economic activities that can be considered environmentally sustainable - *Regulation (EU) 2020/852 establishing a framework to facilitate sustainable investment (the Taxonomy Regulation).*

b. Introducing transparency requirements by:

[3] https://www.asfromania.ro/ro/a/2243/finan%C8%9Be-sustenabile-%C8%99i-tranzi%C8%9Bia-verde

i. Establishing disclosure requirements for providers and distributors of financial products and services to clients on the impact of sustainability risk on the profitability of investments as well as the impact of investments made on the sustainability of the economy - Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFRD);

ii. Establishing obligations for companies to report reliable and comparable sustainability information needed by investors and other stakeholders - *a proposal for a Directive on Corporate Sustainability Reporting Directive (CSRD), which fully replaces the NFRD (Non-Financial Reporting Directive).*

c. Creation of new benchmarks for low carbon activities: a benchmark for climate transition activities and a dedicated benchmark - *EU Regulation 2019/2089 amending Regulation 2016/1011 on benchmarks.*

In addition to financing mechanisms to support sustainable projects offered through banking and capital markets, the insurance, investment fund and private pension fund sectors have an important role to play in the transition to a green economy, as institutional investors interested in investing their financial assets on medium and long-term.

Financial market participants and financial advisors as well as issuers are required to disclose specific information on their approaches to integrating sustainability risks and considering adverse sustainability impacts.

In June 2021, the European Commission adopted a new Strategy for financing the transition to a sustainable economy, proposing several actions to achieve this goal, such as: extension of the EU taxonomy framework, Ecolabel for certain financial products, identification of insurance protection gap for natural catastrophes, integration of ESG risks into credit ratings, amendments to the Solvency II Directive to integrate sustainability risks in the governance of insurance risks, etc. In the context of the new strategy, the European Commission has also proposed to establish a legal framework for European green bonds through a new regulation (European Green Bond Standard - EUGBS, a draft currently under negotiation).

The structural shift of the economy towards a higher value-added and climate-sustainable economy represents a significant challenge for the Romanian economy and the financial sector, with both opportunities and costs that can be significant in the long term. In the context of the transition to a green economy, the pace of which should be as uniform as possible across Europe so as not to cause negative effects that could structurally unbalance economies, the lack of action to combat climate change may have a high impact.

There are multiple concerns at national level to facilitate the transition to a green economy and to support sustainable finance of sustainable economic projects. Thus, a working group to support green finance has been set up within the National Committee for Macroprudential Oversight, composed of representatives of the relevant ministries, the Presidential Administration, the National Bank of Romania, the Financial Supervisory Authority, credit institutions, international financiers (EBRD, European Investment Bank, World Bank), the private sector and industry associations. Following the activities of the working group[4], the Macro-prudential Oversight Committee issued CNSM Recommendation no. /R/6/2021[5] on supporting green finance addressed to the Government, the National Bank of Romania and the Financial Supervisory Authority and containing several packages of proposed measures covering three areas:

a.) sustainable increase of access to finance for projects related to the climate change agenda;

b.) supporting the structural shift of the economy towards a higher value-added economy;

c.) improving transparency, reporting and availability of climate change related information, as well as raising awareness of climate change impacts in society and within the financial system.

The *Task Force on Climate-Related Financial Disclosure (TCFD),* established in 2015 by the Financial Stability Board (FSB), has issued recommendations to develop climate-related financial disclosures for companies, banks and investors and to provide information to stakeholders. These are structured around four thematic areas, which are key elements of how organisations operate: governance, strategy, risk management, and metrics and targets.

a. *Governance* - information on the organisation's governance of climate-related risks and opportunities (describe the board's oversight of climate-related risks and opportunities; describe management's role in assessing and managing risks and opportunities).

b. *Strategy* - information on the current and potential impacts of climate-related risks and opportunities on the organisation's business, strategy and financial planning

[4] http://www.cnsmro.ro/publicatii/studii-si-analize/grupul-de-lucru-cnsm-pentru-sprijinirea-finantarii-verzi/
[5] http://www.cnsmro.ro/politica-macroprudentiala/lista-recomandarilor-2021/

(describe the climate-related risks and opportunities the organization has identified over the short, medium and long term; describe the impact of climate-related risks and opportunities on the organization’s business, strategy and organisation planning; describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios).

c. *Risk management* - information on how the organisation identifies, assesses and manages climate-related risks (describe the organization’s processes for identifying and assessing climate-related risks; describe the organization’s processes for managing climate-related risks; describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization’s overall risk management).

d. *Metrics and targets* - presentation of metrics and targets used to assess and manage climate-related risks and opportunities (disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk-management process; describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets).

3. Glossary

Climate change mitigation - the process of keeping global average temperature increase well below 2°C and continuing efforts to limit global warming to 1.5°C above pre-industrial levels, as required by the Paris Agreement.

Greenwashing - the process of conveying a false impression or providing misleading information about how a company's products are more environmentally sound. Greenwashing is considered an unsubstantiated claim to deceive consumers or investors into believing that a company's products or manufacturing process are environmentally friendly. Greenwashing is used by companies both to increase sales and to gain access to financing.

Circular economy - an economic system in which the value of products, materials and other resources in the economy is maintained for as long as possible, increasing the efficiency of their use in production and consumption and thereby reducing negative environmental impacts. The ultimate goal of a circular economy is to minimise waste and hazardous substances released into the environment at all stages of the life cycle of products and services, including through the waste hierarchy.

Waste hierarchy - applied as an order of priorities in waste prevention and waste management legislation and policy[6]:

- prevention;
- preparing for reuse;
- recycling;
- other recovery, e.g. energy recovery; and
- disposal.

Sustainability factors - environmental, social and governance issues, such as respect for human rights or anti-corruption and anti-bribery issues.

Green finance[7] - financing investments that provide environmental benefits in the broader context of environmentally sustainable development. Green finance involves efforts to internalise environmental externalities and adjust risk perceptions to incentivise green investments and reduce environmentally harmful ones. Green finance covers a wide range of financial institutions and asset classes and includes both public and private finance. Green finance involves the effective management of environmental risks throughout the financial system.

[6] DIRECTIVE 2008/98/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
[7] GFSG definition

Sustainable finance - integrating environmental, social or governance (ESG[8]) criteria into financial services and supporting sustainable economic growth.

Sustainable investment:

- investment in an economic activity that contributes to an environmental objective, measured for example by key indicators on the efficient use of energy resources, renewable energy, raw materials, water and land, on waste generation and greenhouse gas emissions, and on the effects on biodiversity and the circular economy; or
- investment in an economic activity that contributes to a social objective, in particular an investment that contributes to combating inequality or that promotes social cohesion, social inclusion and labour relations; or
- investments in human capital or in economically or socially disadvantaged communities, provided that such investments do not significantly harm any of these objectives and that the companies invested in to follow good governance practices, in particular with regard to sound management structures, labour relations, remuneration of relevant staff and tax compliance.

Green equity investment - Investments in companies and projects involving green capital. This type of investment is most often made through investments in indexes or equity funds built on green criteria. In recent years, many indexes have been developed to identify and track the performance of green sectors, companies and investments. While index providers are relatively transparent about their methodologies for identifying green companies for their indexes, the methods for delimiting "green" used by green equity funds are often complex and contested. Thus, labels and certification schemes have been developed to certify the greenness of funds. Overall, the methodologies used to delimit "green" are highly heterogeneous in the listed green equity segment and need to be harmonised.

Green bonds - fixed income financial instruments that are used to finance projects that have positive environmental and/or climate benefits.

Climate risks are classified into:

- **Physical risk** - represents the risk of materialisation of adverse impacts directly following the effects of global warming. It is generated by the increased frequency and severity of extreme weather events such as landslides, floods or fires.

[8] Environmental, Social and Governance

Non-financial companies are exposed to this risk due to potential negative effects on assets, production processes or markets. **The financial sector** is exposed both indirectly, through loans or financing to companies at risk, and directly, in the case of insurers.

- **Transition risk** arising from how the economy is transitioning to a low-carbon economy. This includes, in particular, **regulatory risks**, which may impose additional restrictions or costs on polluting or emission-intensive companies. Transition risk also stems from **reputational risks** for polluting or greenhouse gas-intensive companies, for example changing consumer or financier perceptions, which can lead to difficulties in sales or access to finance.

- **Liability risk** - the insurable risk of damage from climate-related risks covered by liability insurance policies, as well as the risk of direct legal action against insurance companies (or other financial companies) as a result of their failure to manage climate risks. The Task Force on Climate-related Financial Disclosures (TFCD), the Network of Central Banks and Supervisors on Greening the Financial System, the Bank for International Settlements, the International Monetary Fund, the World Bank and the IAIS consider this risk to be a climate risk alongside physical and transition risks.

Taxonomy - system of classifying elements of a group (e.g. economic activities) into different categories according to some criteria.

EU Taxonomy Regulation 2020/852 sets out criteria according to which economic activities can be classified as green.

ESG Factors (*Environmental, Social and Governance*) - environmental, social or governance matters that may have a positive or negative impact on the financial performance of an entity. These include:

- ***Environmental* -** refer to the impact, negative or positive, that an entity has on the environment, e.g. pollution or greenhouse gas emissions, and include:
  - climate change mitigation;
  - climate change adaptation;
  - protecting biodiversity;
  - sustainable use and protection of water and marine resources;
  - transition to a circular economy, avoidance of wastes and recycling;
  - pollution prevention and control;
  - protecting healthy ecosystems;
  - sustainable land use.

- ***Social factors* -** refers to how an entity relates to employees, customers or the communities in which it operates and include:
  - Compliance with recognised labour standards (no child labour, forced labour or discrimination);
  - Compliance with occupational safety and health;
  - Adequate remuneration, fair working conditions, diversity and opportunities for training and development;
  - Trade union rights and freedom of assembly;
  - Ensuring product safety, including health protection;
  - Application of the same requirements to supply chain entities;
  - Inclusive projects and taking into account the interests of communities and social minorities.
- ***Governance factors* -** refers to the way an entity is run and includes elements such as management compensation, internal control, transparency or audit and include:
  - Fiscal honesty;
  - Anti-corruption measures;
  - Sustainability management by the Board of Directors;
  - Board remuneration based on sustainability criteria;
  - Facilitation of whistleblowing;
  - Guarantee of employee rights;
  - Guarantee of data protection;
  - Disclosure of information.

Sustainability risks are ESG events or conditions which, if they materialise, have or may have a significant actual or potential adverse impact on the assets, profitability or balance sheet position, or reputation of a supervised entity.

4. Recommendations for the entities supervised by the ASF

Recommendation 1 - Address sustainability risks as factors with the potential to exacerbate other types of risks

The Financial Supervisory Authority considers sustainability risks as already existing risk factors and taken into account in internal risk management processes. This approach addresses the multiple difficulties that would arise from attempts to segregate sustainability risks. Ultimately, they can have a significant impact on all other types of existing risks, as a contributing factor to their materialisation. Below we would like to give some hypothetical examples where sustainability risks may aggravate other existing risks:

Credit or counterparty risk - a trading partner whose business model is severely affected by the failure to properly implement ESG policies.

Market risk - the fluctuation in the market value of issuers that do not demonstrate sustainable management or that do not take into account the transition to a sustainable economy, reflected in the calculation of the asset value of a private pension fund, an investment fund, an insurance contract with resources invested in such companies, etc. A sudden change in investor perception (which may also be driven by legislative initiatives) could lead to a decline in the value of those assets. In addition, sustainability is primarily supported by access to finance. It is very likely that in the medium to long term such entities will no longer be able to obtain financing at reasonable costs, leading to a deterioration of the business model and profitability and possibly even to exit from the market for companies that do not adapt their policies.

Liquidity risk - hypothetically, after the materialisation of severe weather events that may affect people's assets (e.g. floods, earthquakes, severe droughts, storms, etc.), affected people, in addition to using their insurance contracts, may liquidate their holdings in financial assets, which may lead to chain asset sales and put pressure on the liquidity of both institutional investors (such as investment funds, insurance companies) and the financial market.

Operational risk - extreme weather events may operationally affect the normal conduct of business of supervised entities.

Specific insurance risks - there is the possibility of insurance risk concentration materialising simultaneously as a result of climatic incidents and business interruption claims. These risks should be adequately reflected in technical reserves or risk premiums, as some insurers may be affected by sustainability risks on both assets and liabilities.

Strategic risks - may relate to investment portfolios with large exposures to economic sectors or issuers that are not sustainable (conduct polluting activities, etc.).

Reputational risks - associated with investments in issuers that are ESG-influenced and may come to negative public attention as a result of incidents triggered by inadequate internal policies in terms of sustainability.

Recommendation 2 - Review the strategy with reference to short, medium and long term business plans and programmes of activities including sustainability risks

In order to manage sustainability risks (and possibly, where applicable, emerging opportunities), supervised entities should either develop their sustainability strategies or adapt existing ones to take into account current trends in the transition towards environmentally sustainable economies. Where entities use certain external standards or choose to follow certain recommendations, these should be reflected in their strategies and internal organisational principles.

To this end, strategy review processes with reference to business plans and programmes of activities should take into account several relevant aspects, such as:

- What are the areas exposed to physical risk? Is the risk material? Should the activity exposed to this risk continue, be mitigated or adapted? Is it necessary to analyse sustainability risks in all areas of activity and in all processes in terms of materiality or is it sufficient to focus on identified exposed areas? Are medium- or long-term impact assessments needed to inform decisions? Examples would be: real estate investments in flood-affected areas, investments in drought-affected areas, introduction or exclusion of risks in insurance contracts, etc.

- Which areas of activity are at risk of transition? Is the risk material? Should the activity exposed to this risk continue, be mitigated or adapted? Are there trading partners that may be affected by these risks and could these also spill over to the entity? Can methods be identified to mitigate these risks?

- Are business model revisions needed that take into account physical and transition risks in the context of increasing awareness and investor appetite for sustainability? Are there any targets or goals to be set in this respect?

Is there a need for a broader range of sustainable investments in portfolios that can be presented to clients?

- Is dedicated staff needed to meet legal requirements or revised strategy?

Recommendation 3 - Review risk policies to include sustainability risks

The risk policy should be revised to include sustainability risks. To this end, the review process should consider several relevant issues, such as:

- Could there be an impact on solvency, liquidity ratios or regulatory requirements in the event that sustainability risks (in the form of the types of risks that have already been identified as material) materialize?

- What risk analyses are appropriate and what are the implications of their results? Depending on the complexity of the activity, quantitative approaches such as scenario analyses and stress tests are preferred.

- What types of risks are affected by sustainability risks at the entity level? Have these been included in the determination of risk appetite and related limits? Are certain concentrations relevant in terms of sustainability risks by geography area, issuers or business sector?

- Are there significant concentrations? For example: a portfolio exposed to the same risk region (insurance portfolio, investment portfolio, etc.)

- How should transition risk be managed over time? Should it be addressed from the beginning? Can it be adapted along the way? Are there ways to protect against risk?

- Can improvements be made to the process of identifying, assessing, mitigating, managing and reporting sustainability risks?

In some segments of the financial market, such requirements have already been introduced in the European legislation, see Commission Delegated Regulation (EU) 2021/1255 of 21 April 2021 amending Delegated Regulation (EU) no. 231/2013 as regards sustainability risks and sustainability factors to be taken into account by Alternative Investment Fund Managers and Commission Delegated Directive (EU) 2021/1270 of 21 April 2021 amending Directive 2010/43/EU as regards sustainability risks and sustainability factors to be taken into account for Undertakings for Collective Investment in Transferable Securities (UCITS).

Sustainability risks should be explicitly taken into account in the actuarial function of insurance companies (and in the future of private pension payment providers), playing a role in determining the appropriate level of technical reserves and underwriting costs. The actuarial function should have a good understanding of these risks, including the novel elements that may arise.

Taking into account the principle of proportionality, internal risk management models, including scenario analyses and stress tests used within supervised entities should include sustainability factors. Different scenarios for the transition to a green economy can also be considered, taking into account the European targets in this respect.

Supervised entities may use ESG ratings to assess the sustainability of their investment portfolios and, where possible, to better assess sustainability risks. These ratings already exist in the financial markets and are offered by various companies.

The risk management system should also clearly set out the actions required to manage the risks identified and the intervals at which reviews are required.

Insurance companies should also consider sustainability risks identified as material in the *Own Risk and Solvency Assessment (ORSA)*.

Recommendation 4 - Implement a climate governance policy

In this regard, it is recommended that the senior management:

- Develops an appropriate understanding of all sustainability risks that may be material to the entity, including physical and transition risks, their characteristics and potential impact on the business, depending on the nature, size and complexity of its business, and the nature and range of services and activities;

- Allocates responsibility for managing these sustainability risks within the entity and monitor how they are mitigated;

- Establishes remuneration systems that also take into account the management of sustainability risks by assessing exposure to market risk, liquidity risk, sustainability risks, operational risk, etc. Examples would be: introducing a variable component linked to ESG factors, i.e. a clawback agreement;

- Establishes or includes in their policies the management of conflicts of interest that may arise as a result of integrating sustainability risks into their processes and systems and their internal controls, including those arising from remuneration or personal transactions of relevant staff;

- Co-opts members with expertise in sustainability risk management in the executive management and supervisory bodies;
- Entities may adhere to international[9] best practices or principles on climate governance, an example of which is the Climate Governance Initiative that is taking place within the World Economic Forum.

Recommendation 5 - Include sustainability risks in the entity's internal processes and policies, according to the nature, size and complexity of the business and the nature and range of services and activities carried out by the organisation

There should be a review of policies and processes relating to the quality and reliability of data used and to determine how sustainability risks are integrated into existing processes for: analytical work, investment decisions, portfolio management, underwriting, risk management and control, compliance function, internal audit function, etc.

Particular importance should be attached to the inclusion of sustainability risks in business continuity plans.

Recommendation 6 - Ensure transparency and public communication on addressing sustainability factors

Improved transparency on sustainability factors is promoted at European level through the applicable sustainability legislative packages. Taking into account the principle of proportionality, supervised entities should develop good public communication on how they address sustainability risks in their business.

[9] https://www3.weforum.org/docs/WEF_Creating_effective_climate_governance_on_corporate_boards.pdf

5. Final considerations

In order to support supervised entities, the Financial Supervisory Authority has created a web section where all applicable legislative acts as well as those under negotiation at European level are published. The section also includes other references to guidelines, analyses and standards on sustainable finance. The content will be regularly updated to include new developments as they emerge.

It can be accessed at the following link:

https://www.asfromania.ro/ro/a/2243/finan%C8%9Be-sustenabile-%C8%99i-tranzi%C8%9Bia-verde

The entities to which this recommendation is addressed shall inform the Financial Supervisory Authority of the steps they have taken to implement these recommendations by filling in the form in the Annex.

The reporting template will be emailed to raportari.sustenabilitate@asfromania.ro by 30.06.2022. The Financial Supervisory Authority will publish a centralised and anonymous report on how the recommendations were implemented.

Annex: Reporting template

Name of entity	
Identification number in the ASF Register:	
Type of entity:	
Recommendations:	
Recommendation 1 - Address sustainability risks as factors with the potential to exacerbate other types of risks	
Action taken:	
Recommendation 2 - Review the strategy with reference to short, medium and long term business plans and programmes of activities including sustainability risks	
Action taken:	
Recommendation 3 - Review risk policies to include sustainability risks	
Action taken:	
Recommendation 4 - Implement a climate governance policy	
Action taken:	
Recommendation 5 - Include sustainability risks in the entity's internal processes and policies, according to the nature, size and complexity of the business and the nature and range of services and activities carried out by the organisation	
Action taken:	
Recommendation 6 - Ensure transparency and public communication on addressing sustainability factors	
Action taken:	
Any findings, identification of other risks or negative influences on sustainability factors and the transition to a green economy made by entities:	