

CARBON CAPTURE, UTILIZATION & STORAGE
ACCELERATING CCUS TOGETHER
AN INITIATIVE OF THE CLEAN ENERGY MINISTERIAL

Environmental, Social and Governance (ESG) Assessments and CCUS

CEM CCUS Initiative Webinar, in collaboration with Global CCS Institute

Thursday 15 April 2021, 13:00 – 14:00 CET

CLEAN ENERGY MINISTERIAL
Advancing Clean Energy Together

GLOBAL CCS INSTITUTE

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Some Housekeeping Items (continued)

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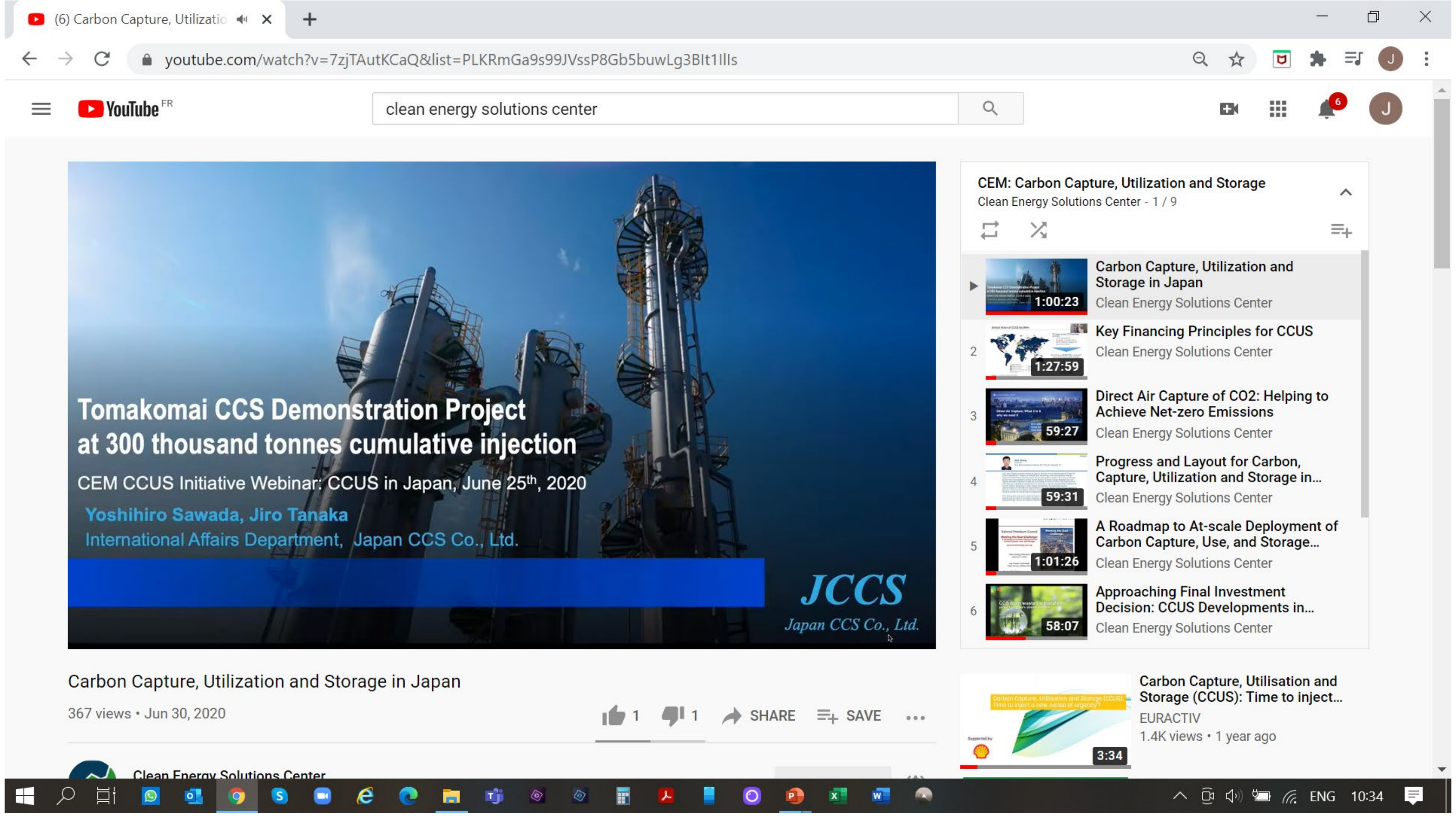

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AGENDA

1

Welcome & Introductory Remarks

- **Juho Lipponen**
  Coordinator
  CEM CCUS Initiative

- **Ian Havercroft**
  Principal Consultant
  Global CCS Institute

2

Environment, Social and Governance Assessments and CCUS

Presentation by:

- **Ian Havercroft**
  Principal Consultant, Policy, Legal and Regulatory
  Global CCS Institute

3

Panel Discussion and Q&A Session

- **Fiona Wild**
  Vice President, Sustainability and Climate Change
  BHP

- **Mark Sisouw da Zilwa**
  Managing Director, Energy
  ING

- **Eduardo Famini Silva**
  Director, Natural Resources and Energy
  HSBC

- **Ian Havercroft**
  Principal Consultant
  Global CCS Institute

Ian Havercroft
Principal Consultant – Policy, Legal and Regulatory
Global CCS Institute

Ian is the Principal Consultant – Policy, Legal and Regulatory at the Global CCS Institute, and is based in Melbourne, Australia. Ian leads the Institute's work programme and consultancy activities across the policy, legal and regulatory sectors.

Ian was previously an academic at University College London's Faculty of Laws, where he was a Senior Research Fellow in environmental law. He co-founded and managed the UCL Carbon Capture Legal Programme between 2007 and 2010 and has published widely on the topic of CCS law and regulation. In addition to undertaking contracted research for governments and industry, he has also acted as an expert reviewer and adviser to several organisations on CCS policy and legislation, including the International Energy Agency and the IEA Greenhouse Gas R&D Programme.

Ian holds undergraduate and postgraduate degrees in law and was called to the Bar of England and Wales in 2002. He is currently a member of the Advisory Board of Melbourne University's Centre for Resources, Energy and Environmental Law (CREEL).

Fiona Wild
Vice President, Sustainability and Climate Change
BHP

Fiona has over 20 years' experience in multinational oil and gas and resources companies. Born in Liverpool, UK, she holds a degree and PhD in Chemistry from the University of Edinburgh.

Fiona joined BHP in 2010 as Senior Manager, Environment and was appointed to the role of Vice President, Environment and Climate Change in February 2013. In April 2016, Fiona was appointed to a new role as Vice President, Sustainability and Climate Change. Fiona led the development of BHP's Climate Change Portfolio Analysis report, an industry-leading analysis that describes the impact of both an orderly and rapid transition to a low carbon future on the valuation of the company's portfolio.

Fiona holds several Board positions, including Director of IETA, represented BHP at the International Council of Mining and Metals and is Deputy Chair of the Global Carbon Capture and Storage Institute. In December 2015, she was appointed to the Financial Stability Board's Task Force on Climate-related Financial Disclosures, reporting to the G20. The Task Force released its recommendations in June 2017 (www.fsb-tcfd.org).

Mark Sisouw de Zilwa
Managing Director, Energy
ING

Mark Sisouw de Zilwa, Managing Director, Energy – Head Technical team, has worked at ING Bank for 20 years and is heading the Energy technical team supporting ING's conventional and renewable energy financing globally. Mark has worked over 34 years in the Energy industry and worked internationally for Shell and Stork/Jacobs before joining ING bank.

Mark has led ING's Energy Transition Scenario Planning (2017-2019) which is an important risk management tool within ING and his team is currently actively supporting the project financing initiatives on new technology projects in the fields of CCUS, Hydrogen, Electricity Storage, Floating Solar, and recycling technologies.

Mark holds a M.Sc. in Petroleum Engineering from Delft University in The Netherlands.

Eduardo Famini Silva
Director, Natural Resources and Energy
HSBC

Eduardo has over 15 years of experience in the energy sector across roles in strategy consulting, FP&A and investment banking. Eduardo holds a Master in Business Administration from London Business School.

Having joined HSBC in 2012, Eduardo has supported HSBC's energy clients on transformational transactions across mergers & acquisitions, equity and debt raisings, and project financing. As part of his role, Eduardo has advised on numerous energy transition related themes, including in areas such as CCUS, renewable and biofuels, circular economy solutions and hydrogen. Most recently Eduardo has represented HSBC in the CCUS workstream within the Sustainable Markets Initiative, a cross-industry energy transition project sponsored by His Royal Highness The Prince of Wales.

Event co-host:

Juho Lipponen
Coordinator
Clean Energy Ministerial CCUS Initiative

Juho is Coordinator of the Clean Energy Ministerial CCUS Initiative. The Initiative Member governments have joined together to accelerate CCUS. Juho works closely with the co-chairs and all twelve Initiative Members, and is responsible for the day-to-day running of all the activities of the Initiative. Prior to this, between 2010-2018, Juho was Head of Carbon Capture and Storage Unit at the International Energy Agency, and acting Head of Energy Technology Policy Division. Before joining the IEA, Juho held several positions at Eurelectric in Brussels.

Juho holds a M. Sc in political science, economics and constitutional law from University of Turku, Finland. He is based in Paris, France.

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The Clean Energy Ministerial (CEM) is a global process

27 CEM Members

90%

Clean energy investments

75%

Global CO_2 emissions

CLEAN ENERGY MINISTERIAL
Advancing Clean Energy Together

The CEM CCUS Initiative

Lead countries: Norway, Saudi Arabia, the United States and United Kingdom

Participating CEM members: Canada, China, Japan, Mexico, Netherlands, South Africa and United Arab Emirates; in addition, the European Commission is an observer

Industry: oil and gas, cement, steel, …

Financial institutions: private banks, investment firms, multilateral banks (MDBs)

Organizations: Carbon Sequestration Leadership Forum (CSLF), International Energy Agency (IEA), IEA Greenhouse Gas R&D Programme (IEAGHG), Mission Innovation (MI), Global CCS Institute (GCCSI), and Oil and Gas Climate Initiative (OGCI)

CEM CCUS Initiative: accelerating CCUS together by:

1

Actively **including CCUS** within Clean Energy Ministerial agenda and global clean energy discussions.

2

Bringing **together** governments, the private sector and the investment community.

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3

Facilitating identification of both near and longer-term **investment opportunities**.

4

Disseminating **best practice** in CCUS policy, regulation and investment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) ASSESSMENTS AND CCS

IAN HAVERCROFT

SENIOR CONSULTANT – LEGAL AND REGULATORY

GLOBAL CCS INSTITUTE

SCOPE OF THE INSTITUTE'S STUDY

- To consider the significance and the extent of the influence of Environmental, Social and Governance (ESG) ratings in supporting investment in CCS project deployment.

- Addressed five key questions:
  - How does a company's ESG rating impact the company?
  - How does a company's CO_2 footprint or exposure impact its ESG rating?
  - How is CCS considered when the ESG performance of a company with a large CO_2 footprint or exposure is rated?
  - Do the positive impacts of CCS (if any) on a company's ESG rating support the business case for investing in or financing CCS?
  - How does climate litigation and public policy impact corporate risk and ESG ratings?

IMPACT OF ESG RATINGS UPON A COMPANY

- Reporting and scrutiny of ESG factors has emerged as a critical aspect of commercial behaviour in recent years.
- Significant rise in the number of ESG-related schemes – both voluntary and proprietary.
- Definitive shift towards more mandatory forms of reporting – new examples of governments, market regulators, stock exchanges introducing requirements.
- Closer scrutiny of the links between ESG performance, the allocation of capital and an organization’s commercial performance.
- Interest in looking beyond the traditional shareholder primacy model.

THE SIGNIFICANCE OF A CO_2 FOOTPRINT

- Climate has become “front and foremost” in the consideration of ‘E’ ratings.
- The materiality of an organization’s GHG emissions are increasingly considered.
- Rising expectations around more detailed disclosure, particularly the use of voluntary schemes such as the TCFD.
- An important aspect of commercial ratings assessments, however, caution has been expressed as to methodologies employed.

IMPACT OF CCS OPERATIONS

- With an increasing focus upon GHG emissions and the CO_2 footprint, CCS should play a positive role in an ESG assessment:
  - Demonstrating awareness of market and policy risks
  - Directly reduces emissions
  - Provides an opportunity as a low-carbon investment.

- Technology has received little direct attention within ratings schemes to-date.

- Potential to contribute to an organization's rating, where reported as part of efforts to address GHG emissions.

A BUSINESS CASE FOR INVESTING IN CCS

- The link between investment and ESG ratings is becoming clearer.
- Considerable potential offered by CCS to address the critical climate element of many rating assessments.
- More widespread deployment of the technology may encourage greater review and ratings performance.
- Improvement in ratings performance alone, however, is unlikely to drive investment – ultimately one aspect of an organization's wider investment strategy.

IMPACT OF CLIMATE LITIGATION

- New and emerging consideration for companies and investors alike, with several noteworthy examples of litigation underway.

- Largely unaddressed by ratings, however, clearly the subject of ‘controversy’ factors.

- All parties interviewed accepted that is remained a largely unexplored area, but:
  - “likely to be very significant going forward”
  - “bubbling under the surface”
  - “Proposed threat or ongoing litigation would likely weigh upon a particular company’s scoring”.

CONCLUSIONS

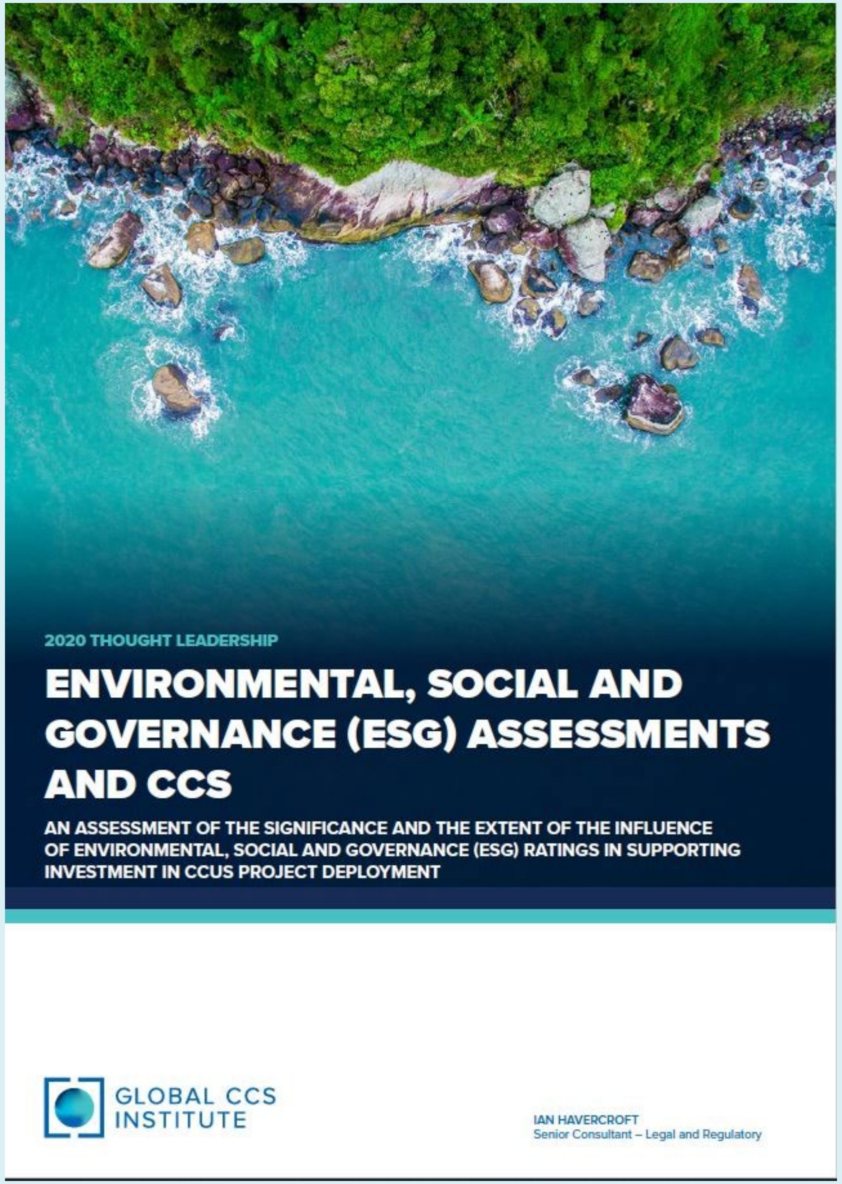
- ESG ratings playing an increasingly significant role, with investors, companies and the public actively considering performance.

- Climate change related performance is an intrinsic element of many ratings schemes.

- Growing expectation for companies to both disclose their performance and in a manner that is readily accessible.

- CCS remains largely unaddressed by many schemes, but more widespread scrutiny of emissions reduction activities, greater deployment and financial commitment, may change this position.

- Thought Leadership report published in October 2020
- Available now in the Publications section on the Institute's website



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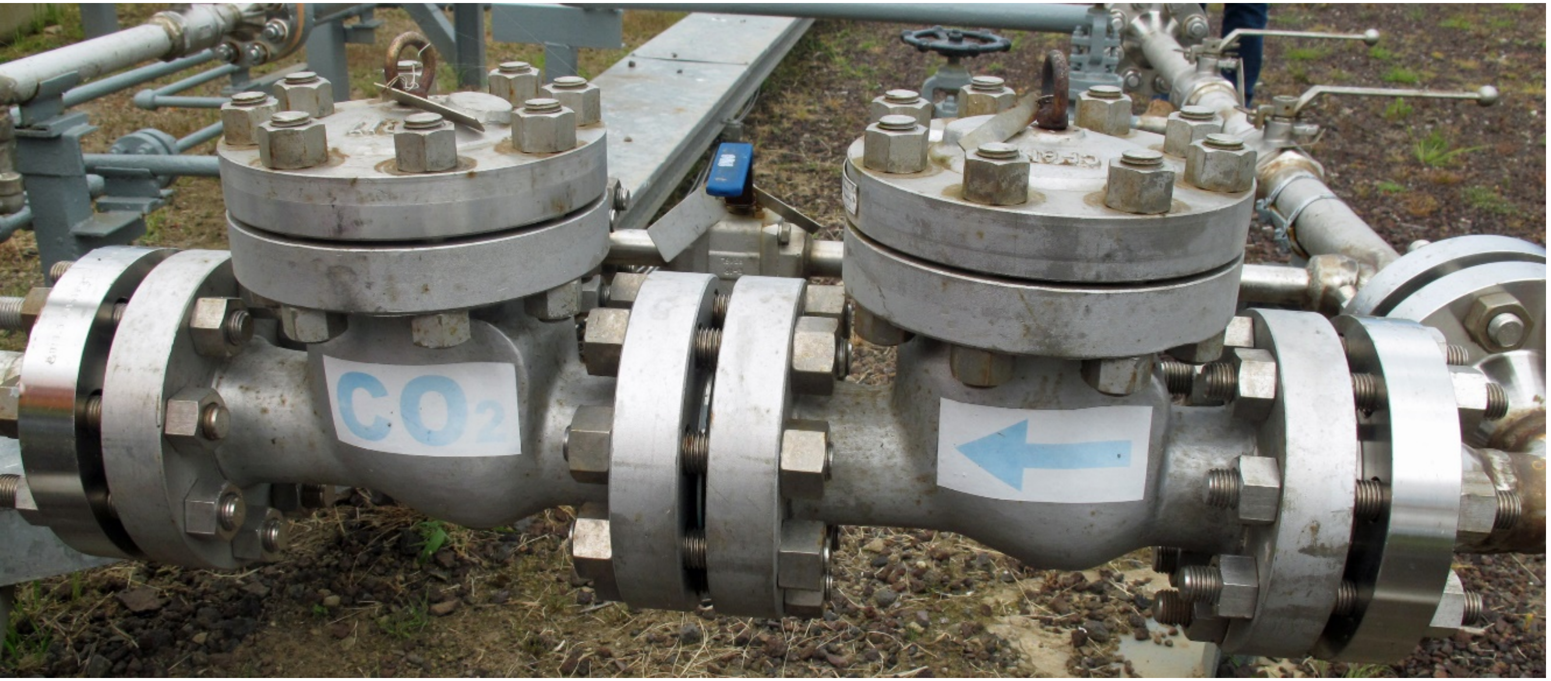

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