Dear Richard,

Thank you for reaching out to my colleague Joseph Gualtieri to discuss the Singapore-Australia Green Economy Agreement and for inviting CDP to provide feedback on this important initiative. As you mentioned in the call, the GEA cooperative framework is a world first, and we share your opinion that both Singapore and Australia have much to benefit from cooperating to develop greener, more resilience economies.

We are pleased to offer the feedback below from our perspective as a global non-profit that runs the world's environmental disclosure system for companies, cities, states and regions. Founded in 2000 and working with over 600 investors with $110 trillion in assets, CDP pioneered working through capital markets and corporate procurement to motivate companies to disclose their environmental impacts, and to reduce greenhouse gas emissions, safeguard water resources and protect forests. Over 14,000 organisations around the world disclosed data through CDP in 2021, including more than 13,000 companies worth over 64% of global market capitalisation, and over 1,100 cities, states and regions, representing a combined population of over 2.6 billion.

Fully aligned with the recommendations of the Taskforce on Climate-related Financial Disclosure, CDP maintains the largest corporate environmental database globally. CDP scores are used to drive investment and procurement decisions towards a zero-carbon and resilient economy. CDP data powers the global ESG ecosystem and is incorporated into platforms and outlets including Bloomberg, MSCI, DJSI, and Euronext, among others. CDP is also a founding member of the Science Based Targets initiative, the We Mean Business Coalition, the Investor Agenda and the Net Zero Asset Managers initiative.

Please find CDP's full response below. We have focused on the sections of the guidance where we felt that our expertise would be most useful to your team. Additional recommendations for policymakers and regulators to incentivize corporate climate action are captured in the recent briefs The Time for Action is Now and Shaping High Quality Mandatory Disclosure.

Please feel free to get in touch should you wish to follow up on any of our comments. In order to expedite the growth of sustainable finance and facilitate better policy development, CDP is committed to providing governments with access to our environmental database. We would be happy to discuss how DFAT could best leverage CDP's platform, resources, database and experience in environmental reporting. We look forward to further engaging with DFAT on the GEA and in other initiatives.

Yours,

Donald Chan
Managing Director – APAC

How a GEA could boost Australian two-way trade and investment in clean energy, and environmental goods and services exports.

CDP agrees that the GEA provides the opportunity to reduce non-tariff barriers that may stymie the trade of environmental goods and services. We would propose that convergence on regulations and standards would mitigate these barriers and pave the way for growth across sectors, meeting the GEA's goal of boosting two-way trade and investment in clean energy, environmental goods and services exports.

Any trade and investment barriers (especially Non-Tariff Barriers) that are impacting the ability to undertake trade of environmental goods and services with Singapore.

In our view, the gaps between Singapore and Australia's environmental reporting and risk management requirements present a key non-trade barrier. Steps could be taken to further align both parties to disclosure in line with the recommendations of the Taskforce on Climate-related Financial Disclosure (TCFD). Singaporean policy actors have taken steps in this direction, with the Singapore Exchange (SGX) recently announcing its intention to add TCFD-aligned disclosure to its listing requirements. Likewise, the environmental risk guidelines for financial institutions developed by the Monetary Authority of Singapore (MAS), and the associated implementation guide released by the Green Financial Industry Taskforce (GFIT) are closely aligned with the TCFD recommendations. Both the SGX consultation piece on TCFD alignment and the MAS guidelines reference CDP.

Singapore's Green Finance Action Plan[1] outlines the country's commitment to developing a sustainable finance ecosystem and emphasizes the role of ESG data in becoming a regional carbon services hub. Availability of quality ESG data also lies at the centre of Singapore's national development as a global leader in fintech and green fintech especially[2]. Australian companies can better integrate into the increasingly sustainable financial ecosystem of Singapore through provision of data that aligns with the ESG requirements and platforms spearheaded by MAS, SGX, and other policy actors.

TCFD alignment among Australian regulators has occurred more slowly. The listing requirements from ASX were last updated in 2015, before the TCFD recommendations were issued. There is no mandatory disclosure regime in Australia, although ASIC has this authority and investor and industry groups have called on the authorities to institute mandatory reporting requirements. APRA has issued environmental risk management guidelines, which have a disclosure element, that are broadly aligned with both the TCFD recommendations and the guidelines issued by MAS.

This policy fragmentation may put Australian companies at a disadvantage. In 2019, the MAS announced that its Green Investment Program would allocate two billion USD to fund managers

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[1] MAS (2020): Green Finance Action Plan.
[2] MAS (2021): Green FinTech.

for the purpose of investing in climate-related opportunities. A lack of quality climate-related data from Australian companies would complicate access to this opportunity. Similarly, Australian companies that would otherwise qualify for transition funding under a Singaporean taxonomy may lack the experience and internal structures necessary to produce the environmental data required to secure financing.

- **Any suggested changes to, or opportunities for, policy or regulatory settings that could encourage improved collaboration in the clean energy, and green economy sectors.**

Strengthened disclosure standards offer a route toward the diffusion of clean energy. For example, CDP questionnaires contain a number of questions on a company's energy consumption and generation, including questions that indicate the share of renewable or low-carbon energy in the company's energy mix. Companies are also requested to disclose on the Scope 2 emissions associated with energy usage. Stakeholders can use this data to develop an understanding of the energy and emissions profile associated with their investee companies or their suppliers. The data can then be used to allocate funding toward companies that show progress on energy efficiency and the use of renewable energy. This both encourages the uptake of the low-carbon technologies identified in Australia's low emissions technology pathway and creates incentives for companies to minimize their Scope 2 emissions. Disclosure also provides an engagement opportunity for investors and purchasers to engage with their upstream and downstream value chains.

While the comments above refer specifically to Australia's relationship with Singapore, similar circumstances exist with Australia's other trading partners. Four of Australia's top five export markets, comprising nearly two-third of Australian exports, have established net-zero targets[3], and all have put in place mandatory disclosure requirements or announced their intentions to do so[4].

- **How a GEA with Singapore could assist Australia's low emissions technology pathway including for priority technologies (clean hydrogen, low emissions steel and aluminium, energy storage, carbon capture and storage and soil carbon measurement), and in enabling technologies and associated services.**

Growth in sustainable finance could support the emergence and diffusion of the low-emissions technologies identified in Department of Industry, Science, Energy and Resource's 2020 Technology Investment Roadmap, as well as other initiatives designed to support the roll out of clean energy technologies. As sustainable financing will benefit borrowers with a clear transition

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[3] DFAT (2021): Trade and Investment at a glance 2021.

[4] Japan has a mandatory disclosure system in place, while the United Kingdom is set to require disclosure among large corporations from 2025. China has also signaled its intention to require environmental disclosure in the future. The United States and the rest of the G7 endorsed mandatory disclosure in the Group's 2021 communique. Korea and Australia were co-signatories to the communique. See CDP's policy brief Shaping High Quality Mandatory Disclosure (2021).

pathway, companies will be incentivized to adopt these and other low-emissions technologies. This should lead to a growth in opportunities for Australian companies developing or using these technologies.

In addition to sustainable finance, DFAT and other organs of the Australian government can consider the power of green procurement to drive decarbonization across value chains. Governments overseas are already asking firms to consider their supply chain impacts[5]. The recent SGX consultation on mandatory ESG disclosure also noted the growing expectation that issuers will address issues related to value chain impacts in their sustainability reporting[6]. Growing emphasis on accounting for Scope 3 (indirect emissions – required under the proposed draft climate disclosure standard developed by the External Reporting Board in New Zealand[7]; the Science-based Target Initiative's net-zero methodology[8]; and included among the TCFD recommendations – further signal the importance of value chain emissions and impacts.

CDP has developed its Supply Chain Program to assist large purchasing organizations in better understanding and managing the environmental impacts, risks, and opportunities embedded in their value chain[9]. The program allows organizations to use CDP's disclosure platform and questionnaires to gather environmental data from vendors, and to use the platform as a tool for supplier engagement. Among the roughly 200 members of the program include three Australian companies – Telstra, Transurban, and Downer EDI – as well as two government agencies: the American General Services Administration and Japan's Ministry of the Environment. We would be happy to explore with DFAT how the Supply Chain Program could be used to drive decarbonization among value chains that originate from or include Australian entities.

- **Opportunities and challenges to access, or improve access, to green or sustainable finance, or to identify and advance finance options and investor partnerships with Singapore.**

As noted above, Singapore is becoming a world leader in green fintech, and Australian companies would benefit from further integration into Singapore's ESG data landscape. This could improve access to the country's capital market. For example, one component of Singapore's Green Finance Action Plan is the MAS Green Investments Program, under which MAS has committed to allocating 200b USD to asset managers "with a strong green focus"[10]. Australian companies – like all companies – will need to provide environmental data in order to be eligible for inclusion in these funds.

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[5] For example, the German Supply Chain Act and the United Kingdom's Environment Bill (both 2021) require due diligence and reporting on supply chains.
[6] See SGX's consultation documents Starting with a Common Set of Core ESG Metrics and Climate and Diversity: The Way Forward (both 2021).
[7] XRB (2021): Climate-related Disclosures - Governance and Risk Management Consultation Document.
[8] SBTi (2021): SBTi Corporate Net-Zero Standard.
[9] For more about the insights that the program can yield, please see CDP's recent report Transparency to Transformation: A Chain Reaction.
[10] MAS (2019): New US$2 billion Investments Programme to Support Growth of Green Finance in Singapore.

In November 2021, MAS announced the launch of Project Greenprint[11], another component of the national Green Finance Action Plan. Project Greenprint is intended to develop a data-rich ESG ecosystem and establish trusted data flows both within Singapore and throughout the region. To this end, MAS is working to establish a sustainable finance marketplace built on a disclosure platform, data repository, and ESG registry through which companies and investors can report and access corporate environmental information. Australian companies with capacity for measuring and managing their environmental profiles would be well positioned to benefit from these opportunities. This access could be established through the development of a mandatory climate reporting regime.

CDP data can provide a common language to assess the sustainability profiles of companies and portfolios, and to facilitate the flow of sustainable finance between Singapore and Australia. For example, CDP data and scores can be used in the creation of sustainability linked-loans (SLLs), in which the repayment terms of a loan are in influenced by the borrower's environmental performance. Common KPIs for SLLs include use of renewable or low-carbon energy and energy efficiency; GHG emissions; water consumption; and biodiversity indicators. CDP's questionnaires generate data that can be used to track progress against these and other KPIs. SLLs using CDP scores to measure company performance are active in Taiwan, Japan, and Malaysia, where Malaren International (a subsidiary of StarHub) has received an SLL from CIMB; this SLL uses Malaren's overall CDP score to assess sustainability performance. In total, there are 8 sustainability-linked financial products using CDP data in APAC as of October 2021.

In Australia, 152 companies responded to CDP's questionnaires in 2021, while 71 companies in Singapore responded. CDP's also has 16 investor signatories in Australia and 3 in Singapore, including GIC. These signatories have access to all CDP responses and many already incorporate CDP data into their investment practices. This coverage indicates the role that CDP data already plays in each country's capital markets. Recognition of this role within the GEA could expand the coverage of CDP data and, in so doing, open up reporting companies to sustainable finance, to the benefit of both borrowers and lenders in Australia and Singapore.

Opportunities and challenges in advancing cooperation on voluntary carbon markets with Singapore and for the South East Asian region.

Countries in South East Asia are making progress on voluntary carbon markets, with Singapore establishing its voluntary carbon exchange, CIX, earlier this year. Authorities in Indonesia, Malaysia, and the Philippines have announced likeminded plans[12]. These developments mirror similar moves globally. As with all markets, the provision of high quality, comparable data will underpin the success of regional carbon markets. Challenges in advancing cooperation on

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[11] MAS (2021): Green FinTech.

[12] The Indonesian president announced new policies on carbon pricing at COP26, while Bursa Malaysia and the Malaysian Finance Ministry have announced the creation an ETS in 2022. Legislation proposed in the Philippines would establish an ETS.

voluntary markets may take the shape of difficulty in consistently measuring and reporting corporations' GHG emissions, and availability of data on such emissions.

DFAT and other stakeholders are invited to use CDP's reporting system facilitate the growth of carbon markets. CDP's climate change questionnaire allows companies to report their Scope 1, 2, and 3 emissions, and our database of corporate disclosures – the world's largest – is well placed to function as a regional repository for emissions data that could inform carbon pricing and associated policies. CDP is already working with Ministry of Science and Technology in Brazil to use data submitted to CDP to establish a national GHG emissions inventory.

CDP's questionnaires allow responding companies to report gross emissions data and to provide details emissions breakdowns. For Scope 1 and Scope 2 emissions, companies can report emissions by type of GHG and by country/region. Responding companies can also break down emissions by business division, business activity, and by facility. With respect to Scope 3 emissions, companies can report across the 15 Scope 3 categories under the GHG Protocol. The granularity of emissions data provides market operators and policy actors with insights into the detailed carbon profile of trading entities and allows the creation of targeted policies and market rules.