

TalkingPoints

Samsung SDI's experience of publishing a TCFD report

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The Financial Stability Board formed the Task Force on Climate-related Financial Disclosures (TCFD) to help companies understand what type of insights financial markets need to inform better decisions. Without the right information, investors may incorrectly price or value assets, leading to a misallocation of capital. This document is a Q&A with Samsung SDI about its TCFD Report. Samsung SDI is not an affiliate of S&P Global or its divisions. Whang Li, Senior Professional at Samsung SDI provides his personal perspectives on the road to publishing a TCFD report.

Why did you decide to publish a TCFD report?

The most important trigger was the requests from overseas investors and various clients of ours on climate change related risks. In addition, as our battery business for electric vehicles (ESS) is tightly linked to the policies on climate change, we wanted to properly identify risk and opportunity factors through this project.

What groups were involved?

Upon the start of the project, we organized a designated task force comprised of front line staffs from the energy department, greenhouse department, and headquarters.

What were some of the major steps involved in creating the TCFD report?

We believe corporate Greenhouse Gas (GHG) risk management is more critical than ever as the international community continue to tighten GHG policies. In addition, clients, investor and other various stakeholders increasingly demand relevant information and disclosure.

Accordingly, we took on this project to timely identify GHG related risk and opportunity factors and incorporate them into our future operational strategies.

What TCFD insights have been most valuable to your business?

We believe the assessment of financial risk and opportunity factors will help us set the direction for mid- to long-term GHG strategies. We especially plan to utilize TCFD analysis in setting the course of action for mid- to long-term renewable energy expansion schemes.

Has TCFD helped you make different decisions?

We believe it will help both the management and relevant workforces within the company properly revisit/re-establish the strategic direction we want to pursue on GHG reduction, and the contributions we will strive to make to accomplish the 2 degree scenario set forth by the international community.

What was the most challenging aspect of your TCFD journey?

As we were the first to undertake this project in Korea, it was difficult to look for benchmark cases within a similar industry sector. Hence, it was a hard to know what level of analysis was needed to proceed with the overall project.

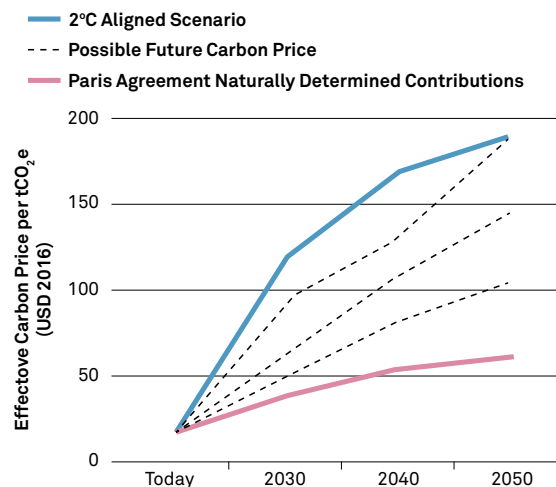
Have you engaged many company employees in your TCFD findings?

With reference to the assessment result, we plan on making improvements from an organizational perspective. In order to work on GHG strategies that can work effectively with business operational strategies incorporated, we have established a designated 'GHG management function' within the planning team that will be responsible for all GHG related works firm-wide. While we have placed specialists in such a function, we also plan on making more organizational changes on a bigger division and factory level, if we see such changes are needed.

Full report:
Samsung SDI Sustainability Report 2019

By clicking this link, you will be leaving S&P Global and directed to a third party website.

Global Average Carbon Price Scenario Analysis to Meet the 2°C Paris Agreement Goal



Source: IEA and IRENA (2017); Trucost Analysis. Data as of Jun. 2017

What has been the market response to your report? For example, have you received any useful feedback from investors, non-governmental organizations (NGOs), or customers?

It has not been too long since we announced the assessment results through our sustainability report in June 2020, so there has not been direct feedback from our investors or customers yet. However, because the TCFD assessment results are directly linked to what the investors are demanding today, we believe such results will play a critical role in responding to relevant stakeholders and the assessment of Samsung SDI's enterprise value from an environmental, social, and governance (ESG) perspective.

Risk Analysis Outcomes

Risk	Expected Impact	Risk Impact			Assessment Basis	
		Short-term (0-1 year)	Medium-term (1-5 years)	Long-term (5 years & beyond)		
Transition Risk	Policy	Increasing climate-related policy and regulatory risks	Low	Low	High	Samsung SDI GHG emission prospects and future regional carbon prices based on climate change scenarios*
	Market	Low impact of climate change on the financial status of major customers	Low	Low	Low	Financial impact assessments on customer industries and major customers*
	Technology	Low risk in consideration of low-carbon product and service offerings and R&D investments	Low	Low	Low	Ratio of sales in low-carbon related industries, ratio of investments in R&D on low-carbon technology*
Physical Risk	Precipitation and Inundation	Risks of floods due to increases in average global temperature	Low	Low	Low	Risk impact assessments made in consideration of the regional proportion of business negotiations**
	Heat Wave	Rising expenses to maintain the operational conditions of manufacturing	Low	Low	Medium	Risk impact assessments made in consideration of the regional proportion of business negotiations**

* Analytical tool: S&P Trucost ** Analytical tool: Think Hazard index

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