Governance –

- Company Introduction
- Company structure
- ESG Governance Structure Overview
- Board of Directors role and responsibilities
- Board's key decisions and key impact
- Management's role regarding climate-related risks and opportunities

Financial institutions should establish a governance structure that integrates climate risk management into their overall risk management framework. This includes assigning responsibilities for climate risk management, establishing oversight mechanisms, and ensuring board-level engagement and accountability.

Sustainability Economics is a private firm which focuses on ESG Reporting.

Example - <Client> is a private/public company

Sustainability Economics board includes 11 directors, 10 of whom are independent.

The Board holds 4 regularly scheduled meetings per year during which the Board's committees also meet. The Board meetings and Board's committee meetings are held simultaneously on a regular schedule 4 times a year. In 2019 , the full Board reviewed and discussed aspects of Sustainability Economics climate and sustainability-related strategy. The entire Board examined and deliberated on various factors of climate and sustainability strategy frameworks. These reviews and discussions covered elements of the firm's commitment to supporting the global goal of net zero emissions by 2050 or sooner, including steps Sustainability Economics is taking to help clients prepare their portfolios for a net zero world, as well as Sustainability Economics 's approach to expanding sustainable investment solutions, ongoing ESG integration efforts, and the investment stewardship team's engagement on environmental and social issues. The assessments and deliberations addressed elements of Sustainability Economics commitment of limiting the earth's warming to 1.5 degrees and achieving net zero emission levels by 2050 or earlier. Sustainability Economics has adopted dynamic strategies to expand sustainable investing approaches, integration of the financial stewardship team with environmental and social concerns and ESG amalgamation efforts. Sustainability Economics is actively assisting clients in optimizing their portfolios for a net-zero tomorrow.

<Structure of board of directors; Info graph>

Sustainability Economics serves as board chair. Sustainability Economics is the lead independent director. Board members serving on Sustainability Economics's Board of Directors, likewise, serve on the fund's trustee boards

We believe that efficient corporate governance is indispensable for us to perform on our goals, meet client commitments, and deliver value for stakeholders. Backed by constructive oversight and consistent governance by

Sustainability Economics 's dynamic Board of Directors and management, our dedication towards ethical corporate governance in climate-related and sustainability areas is reflected in our approach and operations.

Sustainability Economics Board of Directors are responsible for setting the comprehensive company policies. These policies, wherever relevant, consider climate-related opportunities and risks.

To evaluate the management's progress in delivering on the Sustainability Economics model for sustainable growth in the long term, Sustainability Economics Board of Directors, consult with senior executives on short term and long-term business strategies. Climate-related concerns are an integral part of the Sustainability Economics holistic business plan and the strategies undertaken by the senior management, that the Board oversees. These concerns can range beyond sustainability, incorporation of ESG indicators into the company's investment operations, as well as sustainable financial management and financial stewardship targets.

Sustainability Economics Board has responsibility for oversight of risk management activities. The Board of Directors of Sustainability Economics is accountable for overseeing risk assessment initiatives.

Corporate governance refers to the set of rules, practices, and processes that ensure an organization operates ethically, transparently, and with accountability to all its stakeholders. For financial institutions, a strong commitment to corporate governance is essential to maintain the trust and confidence of customers, investors, and regulators. These organizations must adhere to strict regulations and guidelines that promote fairness, integrity, and risk management. They also need to establish clear lines of responsibility and decision-making processes to prevent conflicts of interest and ensure compliance with legal and ethical standards. By prioritizing corporate governance, financial institutions can foster a culture of transparency, accountability, and responsible behaviour that benefits not only their stakeholders but also the wider economy.

Major Plans of action

Engage with stakeholders: Financial institutions should engage with stakeholders, including clients, investors, regulators, and civil society, on climate-related issues. This can help build awareness and support for climate action and drive change across the financial system.

Disclose climate-related financial information: Financial institutions should disclose climate-related financial information in their financial statements, annual reports, and other public disclosures, in line with the TCFD recommendations. This includes information on climate-related risks and opportunities, governance, strategy, and risk management.

Support the transition to a low-carbon economy: Financial institutions should support the transition to a low-carbon economy by financing sustainable investments and encouraging companies to reduce their greenhouse gas emissions. This can help mitigate climate-related risks and seize opportunities in the transition to a more sustainable future.

Risk management policies

Identify climate-related risks and opportunities: Financial institutions should identify and assess the potential impacts of climate-related risks and opportunities on their business, operations, and portfolio. This includes physical risks, such as extreme weather events, and transition risks, such as policy and market changes related to the transition to a low-carbon economy.

Establish risk management processes: Financial institutions should establish risk management processes that integrate climate-related risks and opportunities into their overall risk management framework. This includes setting risk appetite and tolerance levels, monitoring and reporting on climate-related risks and opportunities and establishing risk mitigation strategies.

Establish a climate risk management framework: Financial institutions should establish a governance structure that integrates climate risk management into their overall risk management framework. This includes assigning responsibilities for climate risk management, establishing risk appetite and tolerance, and monitoring climate-related risks.

Annual Budgets

Sustainability Economics has set aside the annual budget of 10.0 which help in achieving the low carbon economy transition

Oversee major expenditures, acquisitions, and divestitures

Conduct due diligence: Financial institutions should conduct due diligence to assess the climate-related risks and opportunities associated with major expenditures, acquisitions, and divestitures. This can include assessing the potential impact of climate change on the investment, such as the physical risks associated with a property, or the transition risks associated with a fossil fuel asset.

Consider climate risk in investment decision-making: Financial institutions should consider climate risk as a key factor in investment decision-making. This can include establishing a minimum threshold for climate risk assessment and integrating climate risk into investment analysis and valuations.

Set clear criteria for investment: Financial institutions should set clear criteria for investment decisions that consider climate-related risks and opportunities. This can include setting minimum standards for environmental, social, and governance (ESG) factors and incorporating climate risk into investment guidelines.

Develop divestment strategies: Divestment strategies consider the potential financial impacts of climate-related risks and opportunities. This can include setting targets for reducing exposure to high-carbon assets and developing plans for divesting from these assets.

Business Plans

Develop a climate strategy: Financial institutions should develop a climate strategy that integrates climate-related risks and opportunities into their business plans. This can include setting climate-related goals, identifying priority areas for action, and establishing targets and timelines for implementation.

Integrate climate risk into business planning: Financial institutions should integrate climate risk into their business planning processes to ensure that climate-related risks and opportunities are considered in all strategic decisions. This can include assessing the potential impact of climate change on the business model and identifying opportunities to leverage new technologies and business models to transition to a low-carbon economy.

Align products and services with climate goals: Financial institutions should align their products and services with climate-related goals and risk management strategies. This can include developing new financial products and services that support the transition to a low-carbon economy, such as green bonds, climate bonds, and sustainable investment funds

<Source – Client; Infograph on Board Organizational Structure>

Risk Commitee - The Risk Committee of the Board of Directors ("Risk Committee") assists the Board in overseeing, identifying, and reviewing enterprise, fiduciary, and other risks, including those related to climate and other sustainability risks, that could have a material impact on the firm's performance. It also advises the Board in regulating, detecting, and evaluating enterprise, regulatory, and other potential risks that may have a major influence on the firm's performance, as well as factors integrated with climate and affiliated sustainability issues

Audit Committee- Audit committee can play a key role in ensuring that the organization's climate-related risks and opportunities are appropriately disclosed

Sustainability Steering Committee - The Sustainability Steering Committee can monitor climate-related issues by overseeing the implementation of the organization's sustainability strategy, setting sustainability targets, and ensuring that appropriate metrics are in place to track progress

<Management Oversight; Source – Client>

Sustainability Economics senior management oversees progress towards Sustainability Economics strategic objectives, including climate- and sustainability-related objectives. Exhibit G.1 provides an overview of the management committees that share responsibility for management of various climate and other sustainability-related risks and opportunities. Senior management at Sustainability Economics is accountable for ensuring consistent progress toward Sustainability Economics 's operational goals, which include climate and sustainability associated targets.

<Reference – Blackrock>

Committee	**Board 1**	**<Description of Board 1>**
<Description of Committee>	**Board 2**	**<Description of Board 2>**
	Board 3	**<Description of Board 3>**
	Board 4	**<Description of Board 4>**

Team	Sustainability- Related Responsibilities	Management Reporting Line
Sustainability-Focused Teams		
Team 1	creates guidelines, goals, checkpoints, and objectives for employees to improve productivity while also providing support and motivation	The reporting lines are indicative of the ownership of different departments and functions. Reporting lines segregate the business functions with the operations, and according to the reporting lines, the regulatory requirements are disseminated.
Team 2	creates guidelines, goals, checkpoints, and objectives for employees to improve productivity while also providing support and motivation	The reporting lines are indicative of the ownership of different departments and functions. Reporting lines segregate the business functions with the operations, and according to the reporting lines, the regulatory requirements are disseminated.
Sustainability Integrated into Broader Functional Responsibilities		

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Team 2	creates guidelines, goals, checkpoints, and objectives for employees to improve productivity while also providing support and motivation	The reporting lines are indicative of the ownership of different departments and functions. Reporting lines segregate the business functions with the operations, and according to the reporting lines, the regulatory requirements are disseminated.

Reference <State Street>

Management Group

Committee

Committee 1	**Committee 2**	**Committee 3**	**Committee 4**

<The names of the committees are client-specific; Source - Client>

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