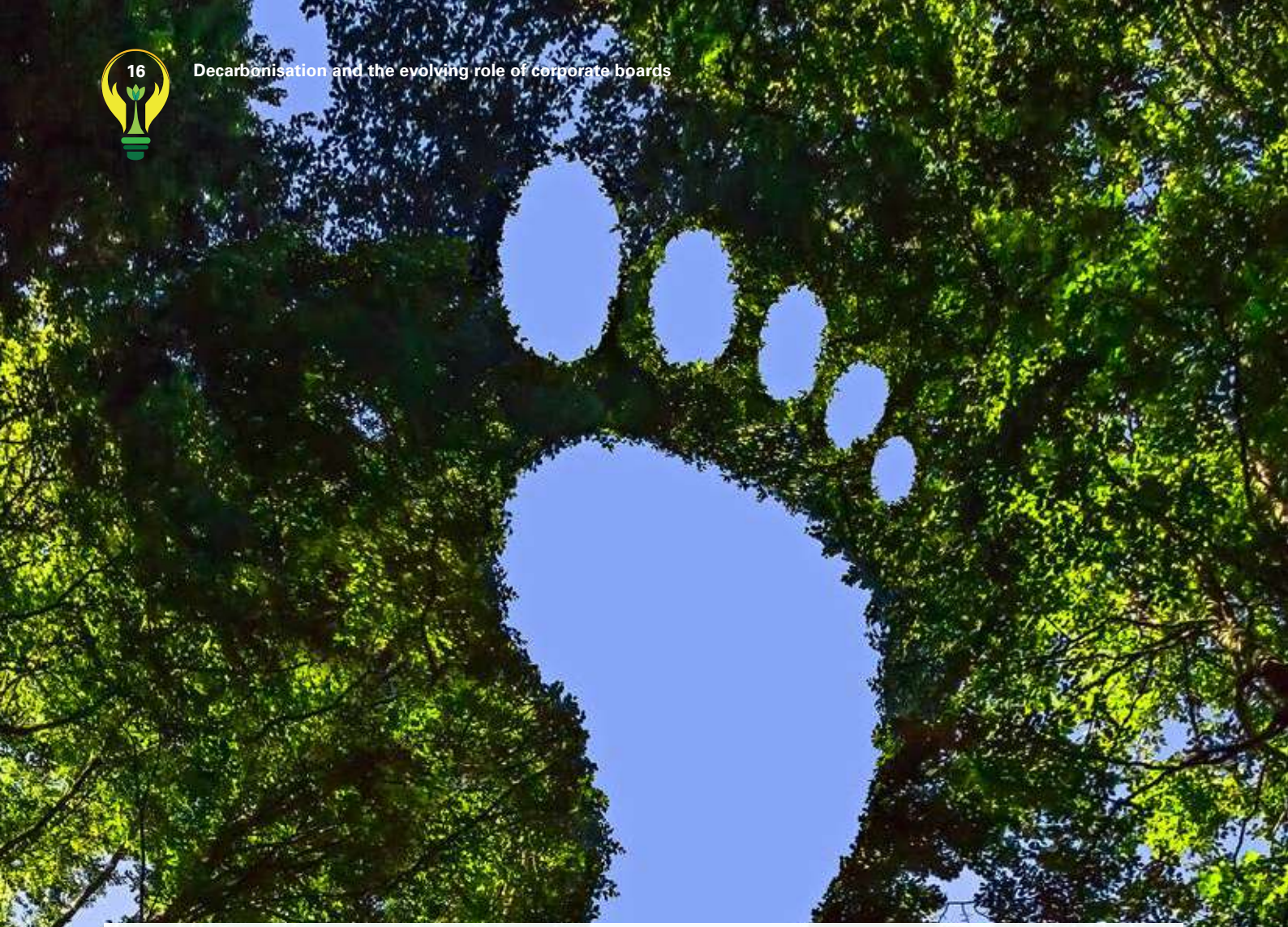

Board roles - some questions that need facing

1. What skills would boards need to deal with the climate challenges effectively?
2. Who should be on the boards of the energy organisations?
3. How should boards be structured to effectively steer the energy transition and climate agenda?
4. How should boards evolve a strategic view on the complex and dynamic situation related to climate?
5. What is a 'whole system view'? How can boards take a 'whole system view' in responding to climate change?
6. 'Science based targets' – how would it work in a corporate set-up?
7. What should be the board's role in defining the organisation's energy transition roadmap?
8. How can boards ensure urgent climate actions? How should boards incentivise executives for driving energy transition and climate resilience of the business?
9. How will boards deal with the dichotomy of short-term and long-term preservation with respect to climate actions?
10. How should board's conflicts on climate (including with executive leadership) be resolved?

Specific priorities for boards of energy organisations

The energy sector continues to power the world on the back of fossil fuels. With ~ 70 percent[20] of carbon emissions being attributable—directly or indirectly to the energy sector, there is an enormous amount of pressure on traditional energy organisations to transform rapidly. In the past year, corporate boards have often witnessed turmoil on account of judicial and investor activism. Valuations of global corporations that deliver much of the energy in the world today have taken large hits, especially in 2020. The recent tightening of energy supplies and prices have, however, pointed to the criticality of the energy sector in keeping the world going.

The energy sector cannot be an adversary in fighting climate change; it has to be an ally. Energy delivery networks will remain central to climate response and decarbonisation, be it through Renewables, Electric Vehicles, Green Hydrogen or just to ensure that the lights are on or back up again quickly post a weather event. The sector has to be co-opted in switching rapidly to low carbon delivery systems. This is a challenge because the chain from production, transmission, storage and consumption of low carbon energy tends to be very different from fossil fuel based systems. That challenge has to be acknowledged and met squarely.

Energy companies have to walk a tight rope, simultaneously meeting increasing demand with changing resource portfolios while ensuring affordability. There will be costs and challenges from the pace of the transition and especially the large scale systemic changes that are required. Delivery systems need 'hardening' to minimize the impacts and disruptions from more frequent and intense climate events. These present risks, but as we have previously mentioned, also present opportunity. Irrespective, this remains a key obligation that the energy system has to gear up for.

Boards have to steer the energy organisations in meeting the demands of climate change. This includes taking a strategic view of asset portfolios, ensuring reliability and resilience of delivery systems, etc. Along with providing the necessary steering and governance to corporate actions within energy organisations, ***boards may have to assume an external role in engaging with policy makers, regulators, civil society, and the wider stakeholder community.*** This is not a role they have typically played in the past but, given the nature of the challenges of climate change and the centrality of energy organisations in dealing with them for an orderly and effective energy transformation, this may indeed be the need of the hour.

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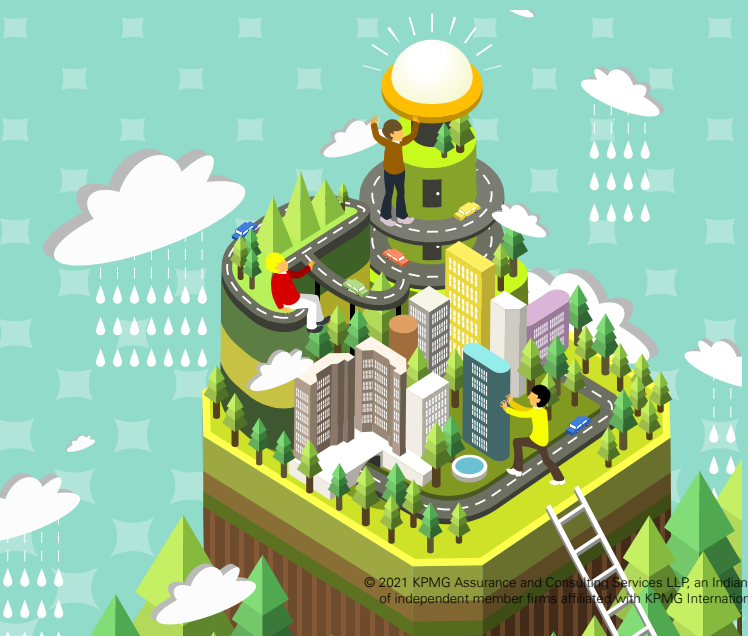

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Business Team:

1. Aanchal Behl
2. Anish De
3. Anusha Rajagopalan
4. Anvesha Thakker
5. Kriti Jha
6. Paritosh Moghe
7. Prathmesh Raichura
8. Regina Mayor
9. Reshma Pai
10. Ritesh Tiwari
11. Ruchika Chawla
12. Santosh Kamath

Markets Team:

1. Angeeta Baweja
2. Anupriya Rajput
3. Deboleena Thakur
4. Sameer Hattangadi

KPMG in India contact:

Anish De
Global Sector Head – Power and Utilities,
KPMG and National Head – Energy, Natural Resources and Chemicals
M: +91 98104 53776
E: anishde@kpmg.com

home.kpmg/in

#KPMG josh

Follow us on:
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KPMG Assurance and Consulting Services LLP, Lodha Excelus, Apollo Mills Compound, NM Joshi Marg, Mahalaxmi, Mumbai - 400 011 Phone: +91 22 3989 6000, Fax: +91 22 3983 6000.