

Press release

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Singaporean company directors to take climate change seriously or risk personal liability, new legal opinion warns

Company directors in Singapore could face personal liability if they fail to take action to address climate change risks, according to a new legal opinion by a team of independent legal counsel.

The legal analysis found that Singaporean directors are obliged to consider climate change impacts as part of their duties to act in the best interests of the company. Therefore, directors could be subject to litigation if they fail to respond to climate risk – particularly where those risks are material to the business.

“Given the seriousness and public concern over climate change, directors of Singapore companies must be aware that they will incur criminal and civil liabilities if they do not inform themselves on how their companies impact or are impacted by climate change and factor these into their decisions as directors” says Mr. Jeffrey Chan Wah Teck SC, Senior Director TSMP Law Corporation, Singapore and lead author of the opinion.

Dr. Ernest Lim, Associate Professor, NUS Law and co-author of the opinion explained: “The legal analysis is based on evidence. As the impacts of climate change on Singapore become more visible and legislative and regulatory responses strengthen, this affects the standards of conduct directors must meet to fulfil their duties. Just last year the Monetary Authority of Singapore issued environmental risk management guidelines, setting out their expectations that directors and senior management of financial institutions should maintain oversight of environmental risk management and be assigned specific responsibilities in this regard. The legal opinion draws on these and other developments to find that climate issues are within directors' responsibilities.”

Mr. Philippe Joubert, senior business executive and Founder and CEO of Earth on Board, said: “The Chan legal opinion makes clear that Singaporean directors, acting in the best interests of their companies, have a duty to respond to climate change risks.”

He added: “Climate change is no longer a risk it is a reality. Ignore it or dismiss it, is a case of negligence for a board, it puts the company in very dangerous waters, and it is economically irresponsible to their investors, socially unacceptable for their stakeholders, and legally dangerous for the directors themselves.”

Commissioned by the Commonwealth Climate and Law Initiative (CCLI), the legal opinion, *Directors' Responsibilities and Climate Change under Singapore Law* is authored by Mr. Jeffrey Chan Wah Teck SC, Senior Director TSMP Law Corporation, Dr. Joseph Chun, Partner, Shook Lin & Bok LLP, Dr. Ernest Lim, Associate Professor, NUS Law, Mr. Peter Doraisamy, Managing Partner and Mr. Gerard Quek, Partner of PDLegal LLC.

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The legal opinion is being launched at a webinar at 1pm SGT on 14th April 2021, co-hosted by the **Law Society of Singapore** and the **EW Barker Centre for Law and Business at the Faculty of Law of the National University of Singapore**. Ms. Ellie Mulholland, CCLI Executive Director (UK) will be facilitating the launch event.

Mr. Dilhan Pillay Sandrasegara, the CEO of Temasek International, will give an introductory keynote, followed by presentations from Dr. Michael Hwang SC, Dr. Ernest Lim, Mr. Jeffrey Chan Wah Teck SC, and Ms. Sarah Barker (Partner, MinterEllison (Australia)). For more information, see <https://www.eventnook.com/event/u71484>.

About the individuals quoted

Mr. Jeffrey Chan Wah Teck SC is Senior Director of TSMP Law Corporation and an Adjunct Professor in the Law Faculty of the National University of Singapore. Mr. Chan has held a number of senior positions in the Singapore Legal Service, including Chief of Staff and Deputy Solicitor-General.

Dr. Ernest Lim is an Associate Professor at NUS Law. An award-winning scholar, he has published widely on comparative corporate law and governance as well as private law. Prior to joining academia, he worked in the New York and Hong Kong offices of Davis Polk & Wardwell where he specialised in global capital market transactions.

Mr. Phillipe Joubert is Founder and CEO of Earth on Board, an ecosystem of recognised global players, to inform and equip Boards of directors about their duties to put sustainability at the centre of the companies' strategy. He sits on the Advisory Board of CCLI and is a trustee to Client Earth. He is sustainability advisor to several CEOs and boards of leading global companies, and is a serving non-executive director. Mr. Joubert was previously President of Alstom Power and Deputy Chief Executive Officer of the Alstom Group. For more information about Earth on Board: www.earthonboard.org.

About the CCLI

The CCLI is a legal research and stakeholder engagement initiative founded by Oxford University Smith School of Enterprise and the Environment, ClientEarth and Accounting for Sustainability (A4S). The CCLI examines the legal basis for directors and trustees to manage and report on climate change-related risk and climate mitigation and our research is at the forefront of the intersection of climate and biodiversity risks under existing companies and securities laws. We also provide practical tools on how to integrate the risks and opportunities of climate change into corporate governance, to minimise the risk of personal liability and maximise efforts of the private sector in the transition to a sustainable economy. We convene conferences and stakeholder events to disseminate these messages and build capacity across the corporate, regulator and civil society ecosystem. Our aim is not to litigate, but to demonstrate that prevailing company laws and fiduciary duties compel action on climate change.

Founded to focus on four Commonwealth countries: Australia, Canada, South Africa, and the United Kingdom, the CCLI has expanded its remit to the United States, Singapore, India, Hong Kong, Japan and Malaysia. The CCLI leverages the inter-disciplinary and cross-jurisdictional perspectives provided by its global experts from academia and the legal, accountancy, business, and scientific communities. In Singapore, the CCLI is collaborating with the EW Barker Centre for Law and Business at the Faculty of Law of the National University of Singapore.

For more information, visit: <https://ccli.ouce.ox.ac.uk/>

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