

# SUSTAINABLE INVESTMENT INSIGHTS: TCFD EDITION

## 1 YEAR ON



### What is the Task Force on Climate-Related Financial Disclosures?

Set up by the Financial Stability Board (FSB), the TCFD seeks to develop recommendations for voluntary climate-related financial disclosures that are consistent, comparable, reliable, clear, and efficient, and provide decision-useful information to lenders, insurers, and investors.

#### Why is this important? [LINK](#)

Better access to data will enhance how climate-related risks are assessed, priced, and managed.

Companies can more effectively measure and evaluate their own risks and those of their suppliers and competitors.

Investors will make better informed decisions on where and how they want to allocate their capital.

Lenders, insurers and underwriters will be better able to evaluate their risks and exposures over the short, medium, and long-term.

The TCFD represents an opportunity to bring climate-related financial reporting to a mainstream audience.

### Core Elements of Recommended Climate-Related Financial Disclosures [LINK](#)

- Governance:** The organisation's governance around climate-related risks and opportunities.
- Strategy:** The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.
- Risk Management:** The processes used by the organisation to identify, assess and manage climate-related risks.
- Metrics and Targets:** The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

### TCFD in Action



As of April 2018, more than 275 companies, with a combined market capitalization of more than \$6.6 trillion, have publicly expressed support for the TCFD recommendations. The companies include more than 160 financial firms — responsible for assets of over \$86.2 trillion. [LINK](#)

#### Government and regulatory support includes [LINK](#)

**UK Government** Established the Green Finance Taskforce to develop recommendations for the UK government on green finance

**Sweden and France** Committed to implement TCFD recommendations

**UK-China Pilot Project** to inform direction of China's environmental disclosure guidelines

**Canadian Provincial Securities Regulators** Currently examining TCFD recommendations

**EU HLEG** High-level expert group on sustainable finance endorsed TCFD recommendations

**Australian Government** Updating existing rules and codes to accommodate TCFD recommendation

**Great work has been done in this space, as an industry-led initiative. The TCFD represents an opportunity to bring climate-related financial reporting to a mainstream audience.**

Research by CDP and Marsh & McLennan Companies' Global Risk Centre in their "Reporting Climate Resilience" paper [LINK](#) looks at the barriers to implementing TCFD for companies and is the initial output of a significant project that has identified that companies are struggling with three key challenges:

1. Securing leadership support for a wider approach to climate risks
2. Overcoming siloed risk-management processes
3. Limited experience with climate change scenario analyses.

WBCSD published the "CEO Guide to climate-related financial disclosures" [LINK](#)

PRI published "Implementing the task force on climate-related financial disclosures (TCFD) recommendations" [LINK](#) as a guide for asset owners.

A4S has examples of annual reports [LINK](#) by businesses that have started to embed the TCFD recommendations, hosted on its website

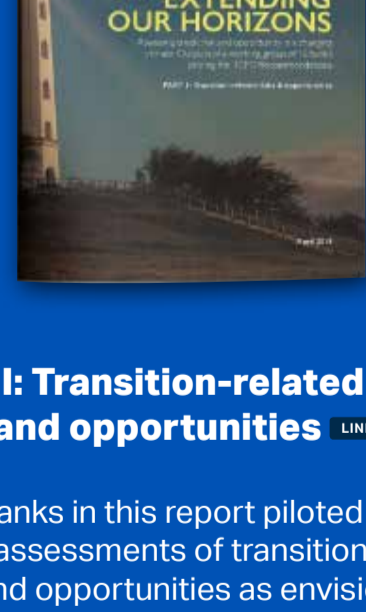
The TCFD Knowledge Hub [LINK](#), powered by CDSB, compiles a list of resources you need to understand and implement the TCFD recommendations.

### UNEP FI and TCFD



**UNEP FI, together with 16 of the world's leading banks,** is working on implementing the recommendations set out by the Financial Stability Board's **Task Force on Climate-related Financial Disclosures (TCFD)**.

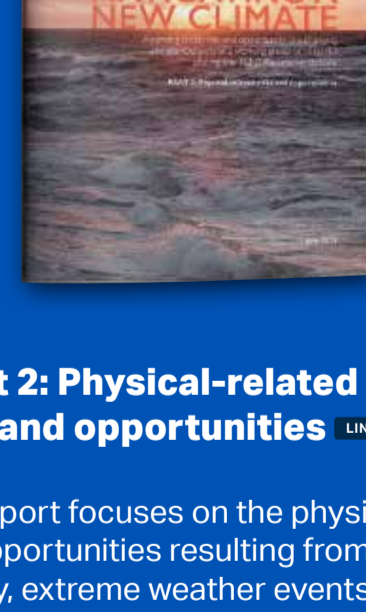
This pilot project is a pioneering initiative to **develop scenarios, models and metrics to enable scenario-based, forward-looking assessment and disclosure of climate-related risks and opportunities.** [LINK](#)



**Part 1: Transition-related risks and opportunities** [LINK](#)

The 16 banks in this report piloted scenario-based assessments of transition-related risks and opportunities as envisioned by the TCFD Recommendations. This report focuses on the risks and opportunities associated with the transition to a low-carbon economy. It is the first in a two-part series publishing both the transition risk and physical risk assessment methodologies developed through the Working Group's collaboration.

**Published: April 2018**



**Part 2: Physical-related risks and opportunities** [LINK](#)

This report focuses on the physical risks and opportunities resulting from climate variability, extreme weather events and long-term shifts in climate patterns. It constitutes the second in a two-part series publishing both the physical risk and transition risk assessment methodologies developed through the Working Group's collaboration.

**Published: July 2018**

### Pilot project on implementing the TCFD recommendations for investors

UNEP FI, together with thirteen of the world's leading investors, is also working on developing guidelines towards a first set of climate-related investor disclosures in alignment with the recommendations of the Financial Stability Board's (FSB) Task Force on Climate-Related Financial Disclosures (TCFD). [LINK](#)

- The published scenarios, models and metrics will contribute to a harmonized industry-wide approach to the TCFD's recommendations as investors worldwide will be able to adopt and build upon them. The TCFD Investor Pilot Project Report is expected to be published by the end of 2018.



### Sustainable Investment Forum North America

Want to find out more about what investors and banks are doing about TCFD? Join Climate Action and UNEP-FI at the **Sustainable Investment Forum North America** on the **26th of September 2018** during Climate Week NYC.

The Forum, held in partnership with UNEP-FI, will welcome over 300 attendees representing asset owners and managers, banks, development institutions, NGOs and policy makers. A dynamic mix of panel discussions, insight presentations, case studies and enhanced networking opportunities will build knowledge and foster collaboration on how best to accelerate sustainable investment.

For more information visit:  
[Northamerica.sustainableinvestmentforum.org](http://Northamerica.sustainableinvestmentforum.org)  
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