

Climate Quantified™

TCFD – As a strategic planning tool for managing climate risk

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Policy makers, financial institutions and corporates are ramping up climate commitments

Climate finance is a rapidly evolving space


Paris aligned target setting for business




SCIENCE BASED TARGETS



RACE TO ZERO



UNFCCC




UN CLIMATE CHANGE CONFERENCE UN 2021

Race to Resilience


Equity-focussed, portfolio transition (1.5°C alignment)

Net-Zero Asset Managers Alliance




THE NET-ZERO ASSET OWNER ALLIANCE

Say on climate



Climate Action 100+


Capital market transition finance (1.5°C alignment)




Financing credible transitions



Climate Transition Pathways



Climate Transition Finance




ICMA

Financial system climate resilience




Coalition for Climate Resilient Investment




NGFS

Central Banks and Supervisors Network for Greening the Financial System



European Commission

Sustainable Finance Taxonomy



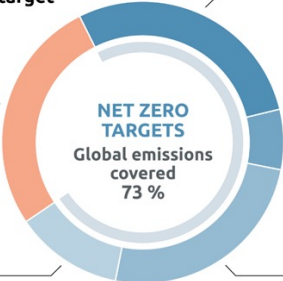
TCFD

TASK FORCE ON CLIMATE RELATED FINANCIAL DISCLOSURES

G F A N Z

Government net zero target setting

Net zero emissions target announcements
agreed in law, as part of an initiative, or under discussion



NET ZERO TARGETS
Global emissions covered 73 %


Other countries with similar net zero announcements 29 %

European Union (EU27) 7 %

China 25 %

United States 12 %

Countries with no net zero target 27 %



Climate Action Tracker


UK Centre for Greening Finance & Investment

CGFI


THE TEAM

To achieve this exciting vision, the CGFI consortium brings together a world-leading, multidisciplinary team. The senior leadership team are all globally recognised experts in their respective fields with a track record of delivering high-impact research, tools, analytics, and information relevant to a range of financial institution needs.

CORE TEAM



CROSS-CUTTING PARTNERS



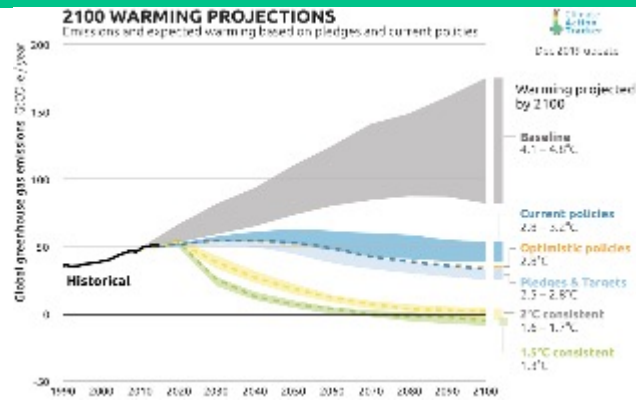
PROFESSIONAL BODIES

INNOVATION HUBS

TCFD is emerging as the de facto standard that regulators look to understand risk

For various reasons, climate related financial disclosure is ever more important

Climate Change is Observable and Fuelled by Industry



Increasing Regulatory Attention

BANK OF ENGLAND

The Bank of England's
climate-related financial
disclosure 2020

June 2020

Climate Change

HM Treasury

A Roadmap towards mandatory
climate-related disclosures

Financial Conduct Authority

Prudential

Financial Markets Foundation for Asia

Financial Markets Foundation for Asia

November 2020

Collective International Multi-Industry Shift



Why are companies encouraged to complete TCFD submissions?

- TCFD helps companies prepare a strategic and prudent response
- Provides guidance based on four core areas for organisations to **demonstrate to investors** how they are managing climate related financial risks and opportunities and how to disclose this information
- Aims to increase the **transparency around climate risks** and encourage organisations to **build long term resilience** into their strategies and processes

What is TCFD?

- The TCFD is a **voluntary** disclosure initiative founded in 2015, with recommendations report from the Financial Stability Board issues in June 2017
- The FCA is currently undertaking a consultation to make TCFD disclosures **mandatory for premium listed companies by 2022**
- It is supported by institutions representing over £100trn of assets

TCFD develops recommendations in 4 thematic areas that are applicable to organisations across sectors and jurisdictions, promoting transparency and financial stability

Governance

Disclose the organisations governance around climate related risks and opportunities

Strategy

Disclose the actual and potential impacts of climate related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material

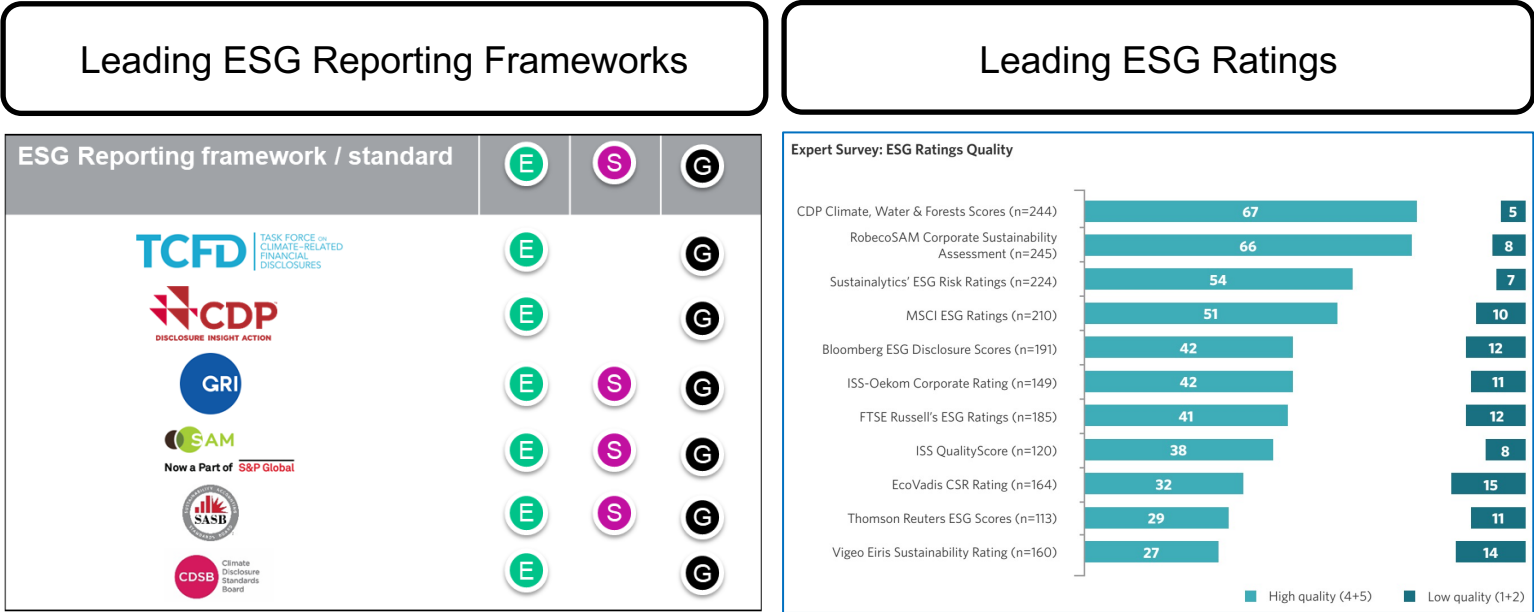
Risk Management

Disclose how the organisation identified, assesses and manages climate related risks

Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate related risks and opportunities where such information is material

Accurate reporting of risk and strategy affect valuation and access to capital



Source: 2020 Rate the Raters, Sustainability March 2020



Access to capital to fund new low carbon, climate-adapted infrastructure

Power generation

Electrification of transport

Agricultural adaptation

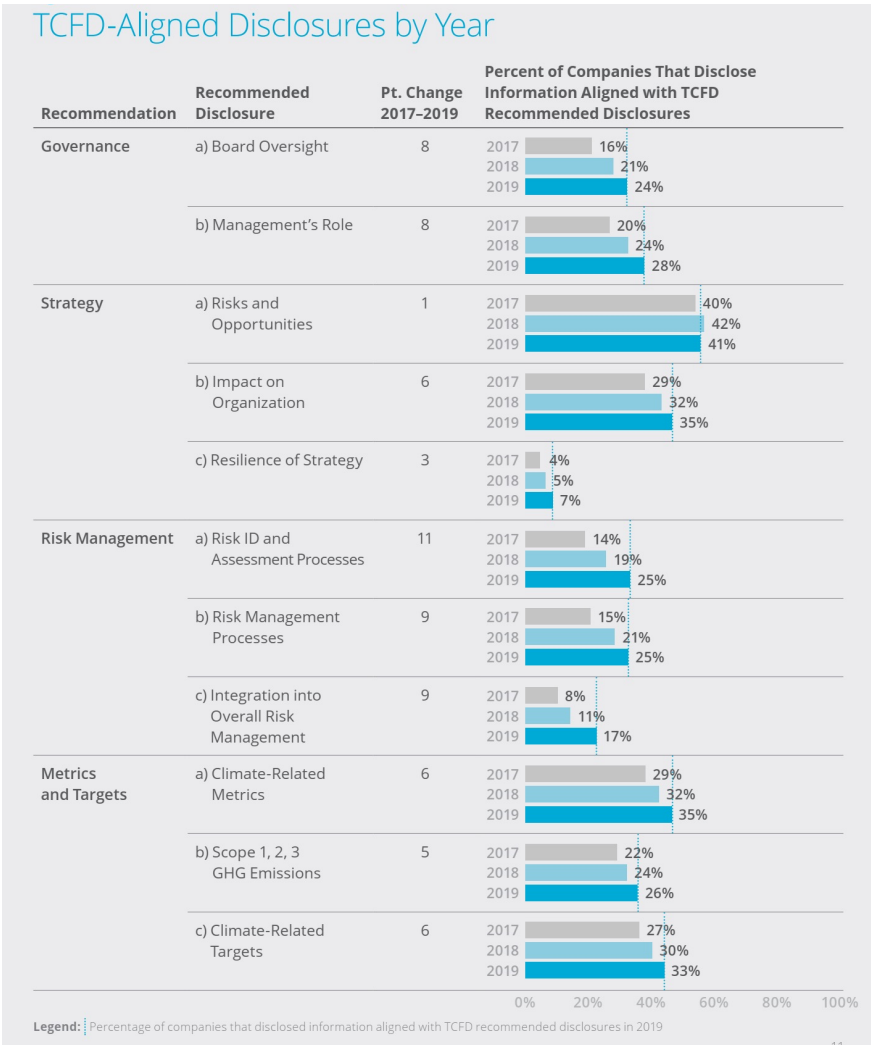
Flood protection

Zero Carbon Humber

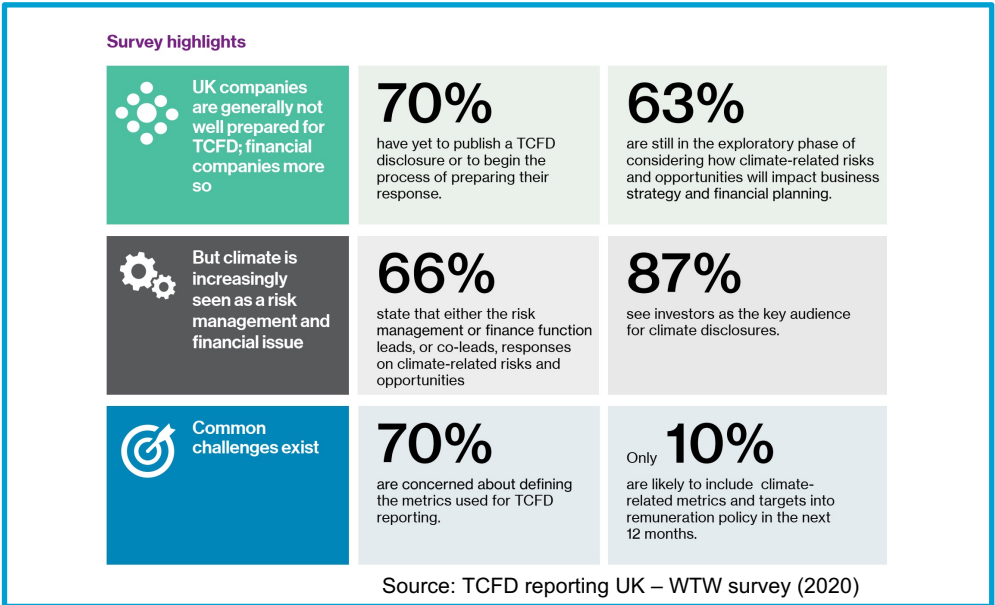
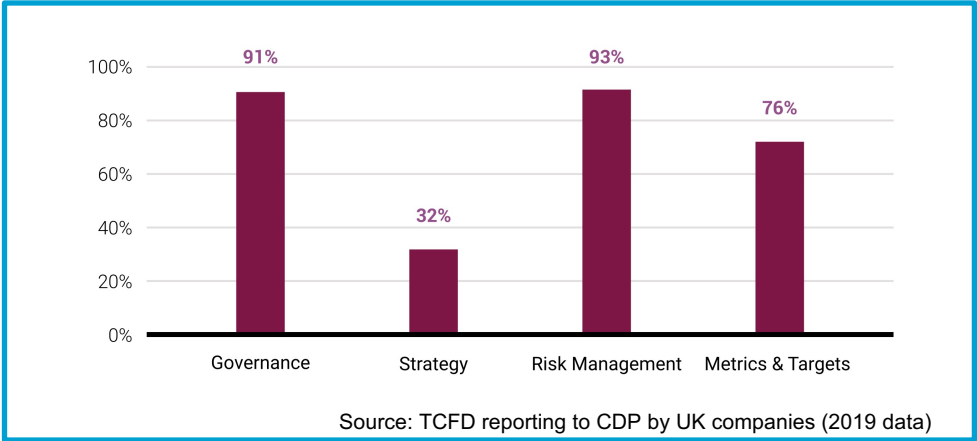
Carbon capture (forests, soil, marine)

Companies are not really able to demonstrate resilience of their business to climate risk

Scenario analysis is in its infancy suggesting that physical and transition risks are not yet fully reported

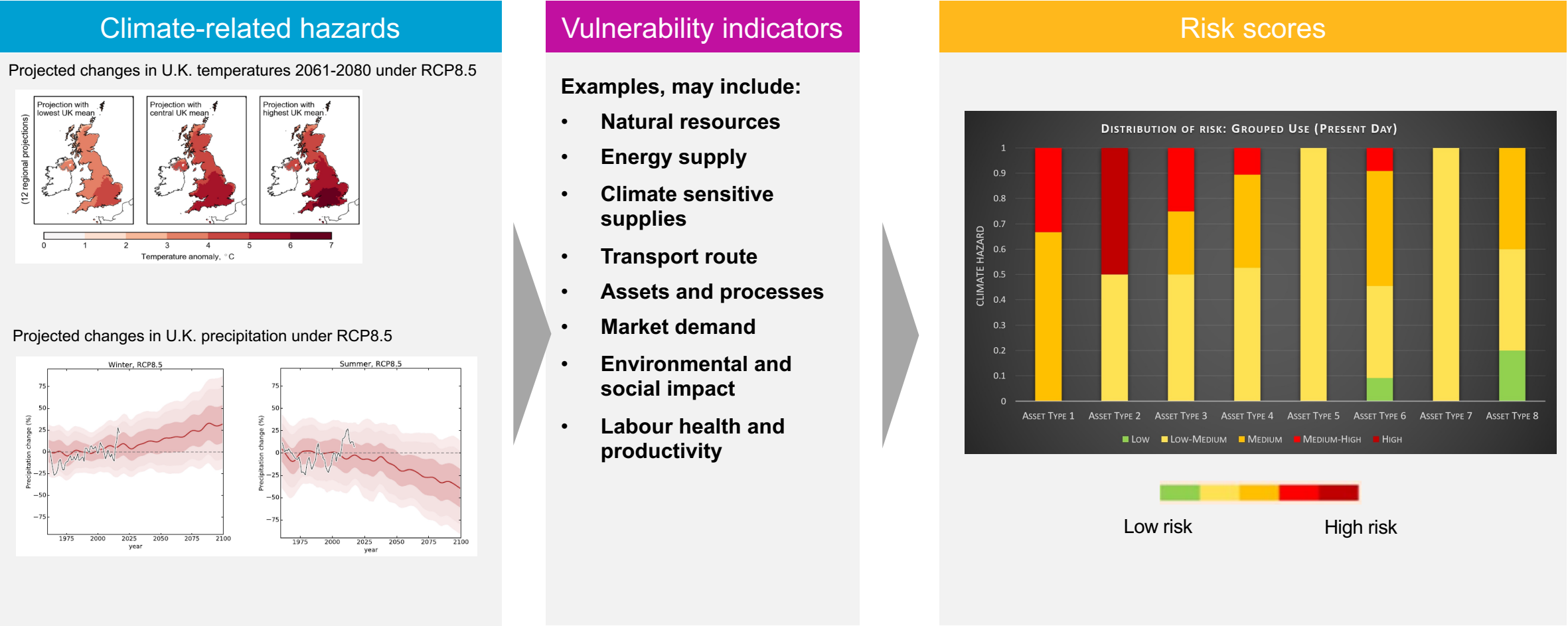


Source: TCFD 2020 status report



Best practice is when climate risk assessment shapes business strategy

Illustration: Data analytics outputs



Willis Research Network: Applying Science to client needs

We work with over 60 research institutions, who can independently validate our risk assessments

