

NAVIGATING TCFD

A Three-Year Routemap for Action

The recommendations of the Taskforce for Climate-related Financial Disclosures (TCFD), headed by Mark Carney and Michael Bloomberg, set a new standard when it comes to climate change management and disclosure. Governments and organisations have been quick to endorse the ambitious and far-reaching recommendations, and there has already been widespread uptake by organisations and investors alike.

This briefing note sets out Corporate Citizenship's **Three-Year Routemap** for integrating the TCFD recommendations, developed in consultation with a broad range of clients, other companies and key agencies. A framework for action is presented comprising a set of practical steps that can be taken over a three-year period.

The TCFD Recommendations

In line with normal business management, recommended disclosures cover 4 areas:



Disclose the degree of **Board-level oversight** of climate-related issues, and how climate-related responsibilities are assigned to management positions and committees

Use **climate-related scenarios** (2°C or lower) to test the resilience of an organisation's strategy to physical and transition risks over the short, medium and long-term

Describe how climate-related risks are **identified, assessed and managed** – and how this is integrated into overall corporate risk management processes

Develop **company-specific metrics and targets** to assess, manage and disclose climate-related risks

All four elements need to be disclosed in **financial reporting for investors**

How are companies putting TCFD into practice?

Standard Chartered – international banking

- Publicly committed to supporting the TCFD recommendations.
- Joined a UNEP FI banking sector initiative to strengthen assessment and disclosure of climate-related risks and opportunities.
- Introduced technical standards for coal-fired power plants & put restrictions on new coal mining clients and projects.
- Developing an approach, in conjunction with the University of Oxford, for assessing energy utility clients' power generation assets against a range of climate scenarios.
- Committed to funding and facilitating £4bn toward clean technology between 2016 and 2020.

Landsec – commercial property development

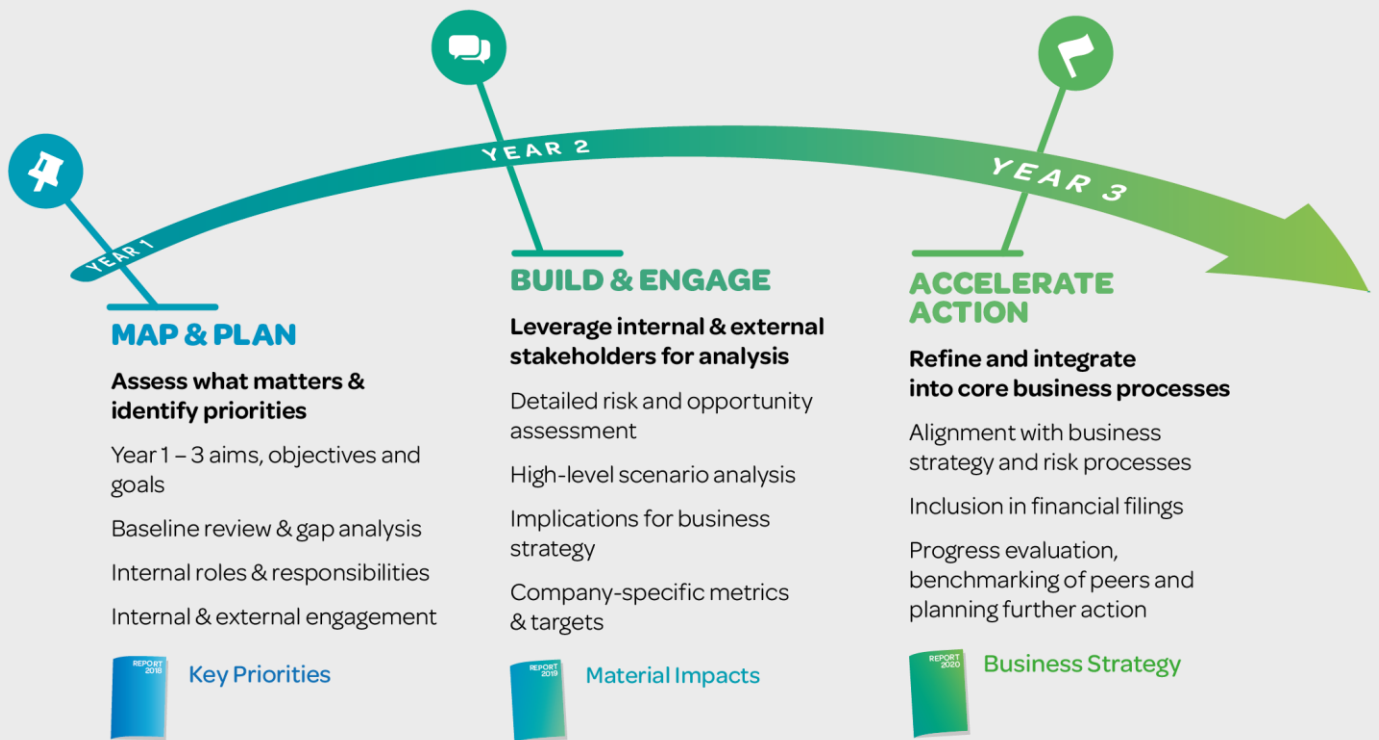
- Publicly committed to supporting the TCFD recommendations.
- Conducted gap analysis against four areas of disclosure.
- Built an internal team, including Insurance, Finance, Risk, Asset Management, Investor Relations and Sustainability.
- Commissioned a study to assess climate impacts up to and beyond 2030 under 2, 3 and 4°C warming scenarios – including risks from coastal flooding and higher cooling costs.
- Implemented internal engagement and training on climate risk.

Principles for implementing the TCFD Recommendations

Corporate Citizenship and the Climate Disclosure Standards Board (CDSB) co-hosted an event exploring the implications of the TCFD on company reporting. Some key principles for action emerged from the discussions:

- **DO** have a pragmatic approach to TCFD. Businesses should identify priorities and map concrete and achievable steps over a (e.g.) 3-year timescale.
- **DO** plan and undertake meaningful engagement, internally (across business functions) and externally (with key stakeholders and investors). This is critical to ensure climate analysis is mainstreamed and integrated into core business processes.
- **DON'T** start from scratch. Seek to build on work that's already been done – using existing scenarios and tools to develop the risk approach in line with TCFD recommendations.

Three-Year Routemap for Action



How Corporate Citizenship can help

Corporate Citizenship has over 20 years' experience advising companies on corporate governance, stakeholder engagement, environmental strategy, and reporting. We work with clients to develop an integrated approach to managing sustainability risks and opportunities in order to protect, build and enhance long-term value creation.

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