



Task Force on Climate-Related Financial Disclosures

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IFRS Advisory Council Meeting, London
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Background to Task Force

- G20 April communique:
“We ask the FSB to convene public- and private- sector participants to review how the financial sector can take account of climate-related issues.”
- 24 September: FSB public-private sector meeting on financial stability implications
- 9 November: FSB published a [proposal](#) to the G20 for the creation of an industry-led disclosure task force on climate-related risks
- 4 December: FSB announced establishment of an industry-led Task Force on Climate-related Financial Disclosures under the chairmanship of Michael R. Bloomberg

Development of TCFD

- 21 January: Initial Task Force members announced. Balance between preparers and users of financial disclosures. Members from financial and non-financial companies across a range of countries and relevant areas of expertise
- Based (broadly) on the precedent of the Enhanced Disclosure Task Force
- Four Vice Chairs: Denise Pavarina, Managing Officer, Bradesco; Graeme Pitkethly, Chief Financial Officer, Unilever; Christian Thimann, Group Head of Strategy, Sustainability and Public Affairs, AXA; and Yeo Lian Sim, Special Adviser, Singapore Exchange
- Members of the Task Force will act in a personal capacity
- 8/9 February: First Task Force meeting

Mandate of TCFD

- Develop voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to lenders, insurers, investors and other stakeholders
- Consider the physical, liability and transition risks associated with climate change and what constitutes effective financial disclosures in this area
- Take account of the work of other groups related to effective disclosure
- Set of recommendations for consistent, comparable, reliable, clear and efficient climate-related disclosures

Two stage process

- First stage: determine the scope and high-level objectives for work. To be completed by end-March
- Second stage: focused on delivering specific recommendations for voluntary disclosure principles and leading practices, if appropriate. Expected to complete work by end-2016 and will publicly consult on content .
Membership may expand from current 22 to around 30
- As part of its work the Task Force will conduct public outreach. Website launched www.fsb-tcfd.org, and Twitter @FSB_TCFD

Risks to financial sector resilience

Set out in November report

- **Physical risks:** Most immediately for insurers, but also extending more widely
- **Liability risks:** Potential legal liabilities, over long horizon – carbon extractors and emitters, and insurers and others exposed to them
- **Transition risks:** Transition to low-carbon economy. Abruptness of market changes could affect financial stability

Need for more consistency

- 400 disclosure schemes on climate or sustainability
- Industry, NGOs, national or international
- Scope varies – greenhouse gas, wider climate risks, environmental, social
- Need to encourage consistent disclosures, wide take-up
- Build on existing initiatives. Most don't address financial risks of climate change

Potential types of disclosure

- To be decided by the Task Force
- Quantitative and qualitative
- Could include:
 - Carbon footprints
 - Exposures to physical and legal risks
 - Strategies to manage transition and other risks

Next steps

- Good first meeting and outreach 8/9 February
- Continuing outreach over coming months to include public consultation
- Next meeting in March
- Report to FSB end-March
- See website www.fsb-tcfd.org for more information