



HM Treasury

# TCFD-aligned disclosure

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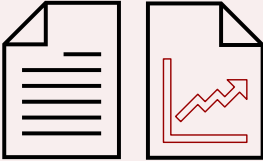
UK government and public sector  
adoption

# Overview: The Four Pillars



# UK Public Sector Reporting


## Government Financial Reporting Purpose



*Statements of accounts and accompanying narrative report*



Accountability



Transparency



Management information



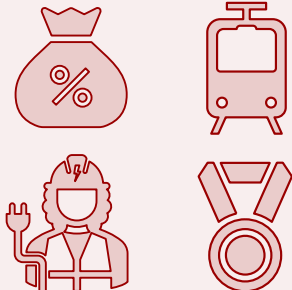
Public record




*Give electors, local taxpayers, members of the authority, employees and interested parties, clear information about authority's finances.*

# UK Public Sector Reporting


**User lens**



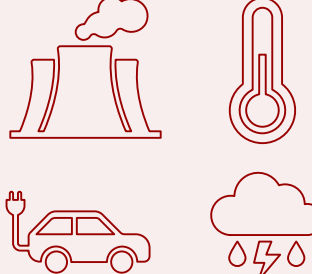
**Integrated reporting**



**Reporting purpose**



**TCFD-aligned disclosure**

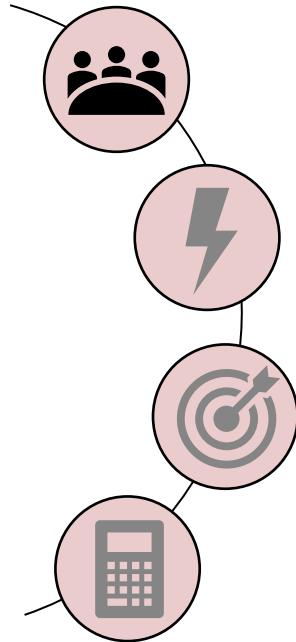


<b>Quality</b>	<ul style="list-style-type: none"> <li>• Upholding ‘best practice’ and maintaining pace</li> <li>• Aligns with developments by standard setters</li> <li>• Comparability to the private sector and internationally</li> <li>• Consistency across the public sector (i.e. Public Corporations, voluntary adopters)</li> <li>• Provides clarity and direction to preparers</li> </ul>
<b>Management Information</b>	<ul style="list-style-type: none"> <li>• Decision useful information for departments</li> <li>• Prompts better stewardship and governance</li> <li>• Potential consolidation across sector</li> <li>• Improved processes for managing climate-related risks</li> <li>• Improved asset management</li> </ul>
<b>Wider benefits</b>	<ul style="list-style-type: none"> <li>• Signals support for the TCFD framework</li> <li>• Signalling to the public the government is managing public sector climate-related risks</li> <li>• Potential benefit for sovereign bond markets</li> </ul>

# TCFD-aligned disclosure requirements



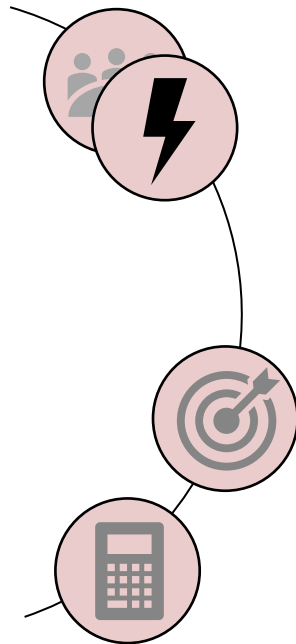
# TCFD-aligned disclosure requirements



## Governance

- Recommended disclosures on the **Board's oversight** and **management's role** on climate-related issues.
- High-level qualitative disclosures usually addressed first. Used to identify key information/process owners, advocate implementation.
- **Comply or explain** basis for disclosures – build up capacity with disclosures maturing over time.
- **TCFD Compliance Statement** – section introduction detailing which disclosures have been complied with and explaining any non-compliance.

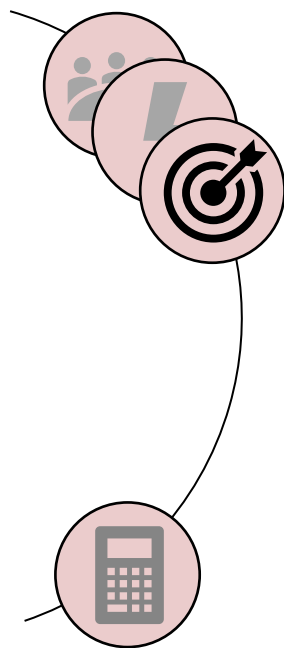
# TCFD-aligned disclosure requirements



## Risk Management

- Recommended disclosures on **identifying, assessing, managing** and **integrating** climate-related risks.
- Opportunity to incorporate and cross-reference to existing risk reporting (on principal risks) in public sector annual reports – addressed further in Strategy pillar.
- Process information for users to assess capability and performance.
- Articulate rationale where climate is not a principal risk (or significant component).

# TCFD-aligned disclosure requirements

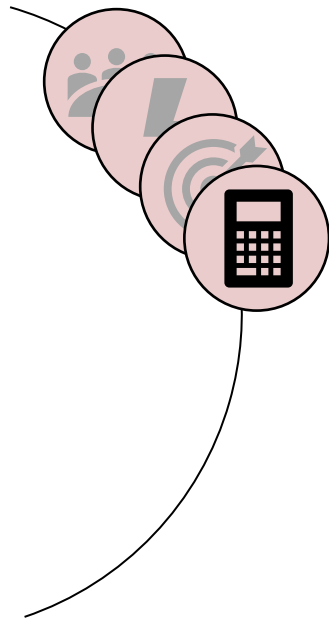


## Metrics and Targets

- Recommended disclosures on **metrics and targets used by the organisation**, as well as **emissions reporting**.
- Quantitative focus which incorporates existing cross-sector sustainability and environmental reporting frameworks.
- Scope 1 (direct) and Scope 2 (indirect energy) Greenhouse Gas (GHG) emissions mandatory for all. Scope 3 (supply chain), where appropriate.
- Other cross-industry metrics include:
  - assets/activities vulnerable to transition/physical risks/opportunities,
  - capital deployed towards climate-related issues, etc.
- Mandatory where climate is deemed a principal risk.



# TCFD-aligned disclosure requirements



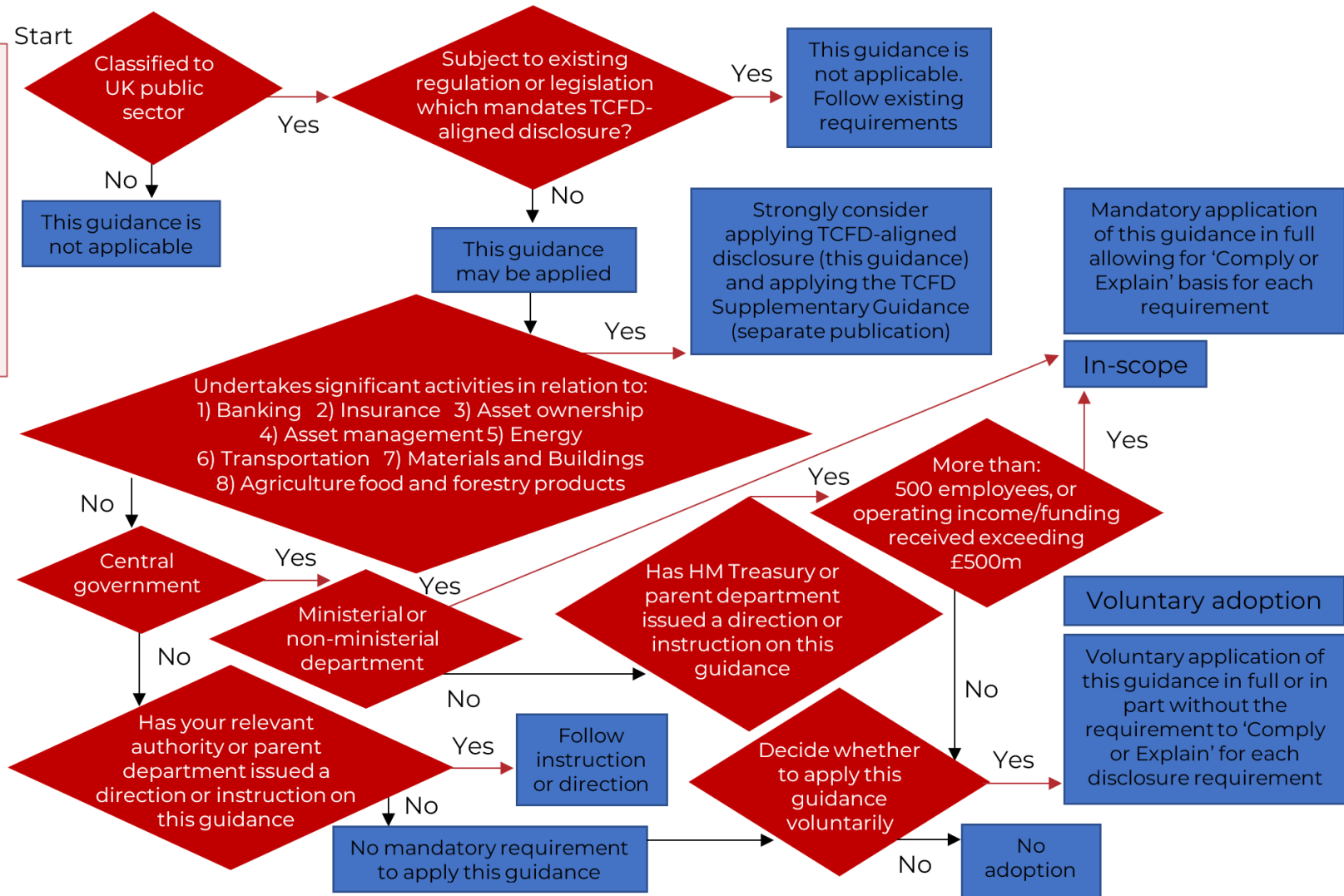
## Strategy

- Recommended disclosures on **climate-related risks and opportunities, time horizons, and their impacts**. Only mandatory where climate is a principal risk.
- Qualitative and quantitative disclosures incorporating impacts on strategy extending to cover policy-setting and regulatory roles, where appropriate.
- **Climate scenario analysis** refer to the upcoming *Exposure Draft publication for details*



# Annex 1 – Determining whether an organisation is in-scope

Decision tree for organisations to determine whether they are in scope, and whether they can apply this guidance



# Annex 2 – Determining the minimum reporting requirements

Decision tree for in-scope reporting entities to determine the minimum requirements

