

TCFD-aligned disclosure

UK government and public sector adoption

Overview: The Four Pillars

Core elements pillars

Recommendations

Recommended disclosures

Governance

Disclose the organisation's governance around climate related risks and opportunities

a) Describe the board's oversight of climaterelated risks and opportunities

b) Describe management's role in assessing and managing 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

- a) Describe the climaterelated risks and opportunities the organisation has identified over the short, medium, and long term
- b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning
- c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Risk Management

Disclose how the organisation identifies, assesses and manages climate-related risks

- a) Describe the organisation's processes for identifying and assessing climate-related risks
- b) Describe the organisation's processes for managing climaterelated risks
- c) Describe how processes for identifying, assessing, and managing climaterelated risks are integrated into the organisation's overall risk management

Metrics and Targets

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

- a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process
- b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks
- c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets



UK Public Sector Reporting

Government Financial Reporting Purpose



Statements of accounts and accompanying narrative report



Accountability



Transparency









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

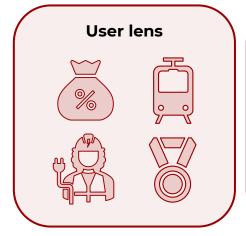


Management information



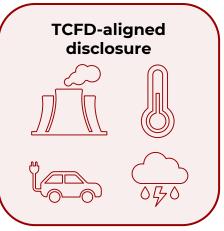
Public record

UK Public Sector Reporting









Upholding 'best practice' and maintaining paceAligns with developments by standard setters

- Comparability to the private sector and internationally
- Consistency across the public sector (i.e. Public Corporations, voluntary adopters)
- Provides clarity and direction to preparers

Management Information

Quality

- Decision useful information for departments
- Prompts better stewardship and governance
- Potential consolidation across sector
- Improved processes for managing climate-related risks
- Improved asset management

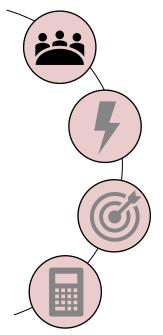
Wider benefits

- Signals support for the TCFD framework
 - Signalling to the public the government is managing public sector climate-related risks
- Potential benefit for sovereign bond markets





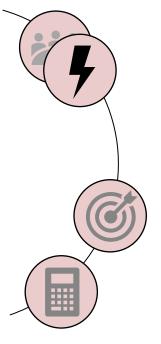




Governance

- 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.

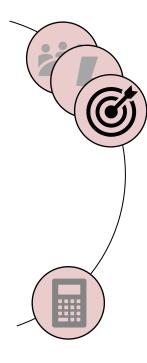




Risk Management

- Recommended disclosures on identifying, assessing, managing and integrating climaterelated risks.
- Opportunity to incorporates 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).

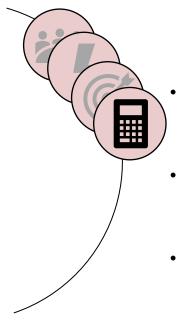




Metrics and Targets

- 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.





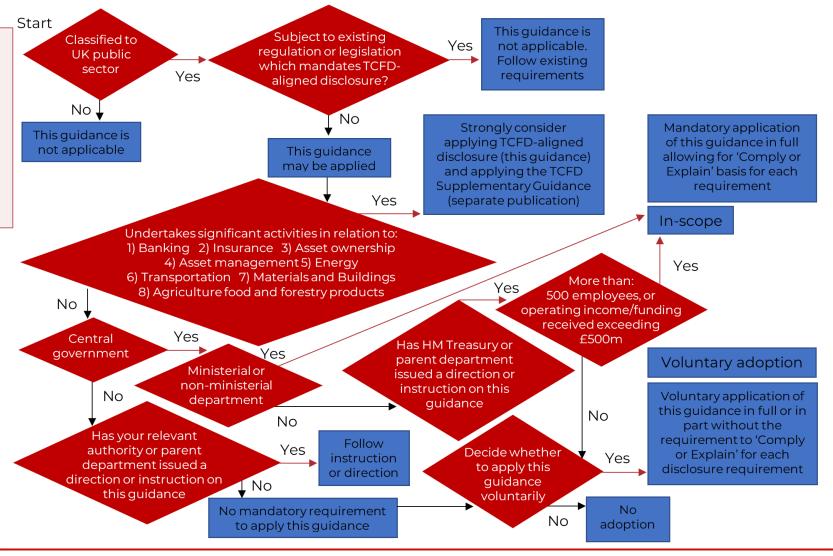
Strategy

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 inscope

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

