This is an extract from the 2021 TCFD report: Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures.

1 These impacts may be described in qualitative, quantitative, or a combination of both qualitative and quantitative terms. The Task Force encourages organizations to include quantitative information, where data and methodologies allow.

2 Organizations may agree to meet investor expectations regarding GHG emissions reductions for various reasons, including concerns about access to or the cost of capital if they fail to do so.

3 In interpreting the phrase "2°C or lower," organizations should consider aligning their scenario analysis with Article Two of the 2015 Paris Agreement which commits parties to "holding the increasing in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels."

4 These impacts may be described in qualitative, quantitative, or a combination of both qualitative and quantitative terms. The Task Force encourages organizations to include quantitative information, where data and methodologies allow.

5 Recognizing that the term "carbon-related assets" is not well defined, the Task Force encourages banks to use a consistent definition to support comparability. For purposes of disclosing information on significant concentrations of credit exposure to carbon-related assets under this framework, the Task Force suggests banks define carbon-related assets as those assets tied to the four non-financial groups identified by the Task Force in its 2017 report (see Table 4, p. 56). There may be industries or sub-industries that are appropriate to exclude, such as water utilities and independent power and renewable electricity producer industries. Banks should describe which industries they include.

6 The Task Force expects the application of scenarios as a tool for forward-looking assessments of climate-related risk will evolve over time as scenarios, tools, and data are further developed and refined.

7 Inclusion of a 2°C or lower scenario is intended to serve as an anchor point for all organizations that aligns with current international climate agreements, recognizing that the Paris Agreement currently says "well below 2 degrees."

8 This will help identify the key characteristics that are relevant to assessing long-term strategy (e.g., changes in regulation, technology, and physical impact).

9 In discussing potential qualitative or quantitative financial implications, the Task Force is not asking organizations to provide a financial forecast (for which scenario analysis is not appropriate). Organizations are asked to provide an indication of direction or ranges of potential financial implications, for example, directionally where key financial aspects such as CapEx, R&D, supply chains, or revenue might be headed.