TCFD 101 Training Speaking Notes

Speaking notes to accompany training slides

How to use this document

This document comprises the speaking notes that accompany the slides found in “02. TCFD 101 Training_Slides”. Each slide number and its title are presented on the left-hand side of the table, and their corresponding suggested speaking notes can be found on the right. These are also available in the notes section within the PowerPoint slide itself. Referenced activities can be found in “04. TCFD 101 Training_Worksheet”. Please allow for breaks in-between each section.

Speaking notes and instructions

Slide #No.: Title	**Suggested speaking notes**
Slide 1: Instructions	*[Notes to facilitator: This slide is an introduction for you. You may wish to hide this slide when presenting.]*
Slide 2: Title slide	*[Notes to facilitator: Greetings and introduction to the facilitator.]*
Slide 3: Agenda	*[Notes to facilitator: This agenda may change depending on the sections you plan to deliver.]* Today’s agenda will cover the 6 following topics. For context, we will start by recapping climate change and financial stability, before introducing you to the Task Force on Climate-related Financial Disclosures. We will then explore key themes and topics, as well as examples of good practice against each of the TCFD’s recommended disclosures. To finish, we will then consider some practical next steps that will help build your climate resilience, and share some resources we think you will find helpful.
Slide 4: Objectives	Today’s workshop has a handful of objectives, and by the end of it you should be able to do the following: 1. Understand the potential impacts of climate change on businesses, and the importance of climate-related financial disclosure. 2. Explain why the TCFD was set up and who is expected to disclose against their recommendations. 3. Understand the key elements of climate-related financial disclosure and outline the characteristics of good practice. 4. Identify the initial steps organisations need to take to implement the recommendations of the TCFD.
Slide 5: Housekeeping	*[Notes to facilitator: This slide is for you to set your rules for the workshop. For example, if you want to encourage participation, it is a good idea to set out your expectations.]*
Section 1	
Slide 6: Climate change and financial stability	In this section we will be taking a brief look at climate change and how it poses a financial risk to the financial system and individual companies.
Slide 7: The trajectory of climate change	The science of climate change is certain. According to the Intergovernmental Panel on Climate Change (IPCC)’s sixth assessment report, human activities have unequivocally caused the observed increases in atmospheric greenhouse gas emissions since around 1750, pre-industrial revolution. The amount of carbon dioxide in the atmosphere has increased to over 400 parts per million, an increase that is estimated as nearing 50% higher than pre-industrial levels. This further confirms what Swedish scientist Svante Arrhenius and English engineer Guy Callendar predicted and theorised in 1896 and 1938, respectively: that rising atmospheric carbon dioxide concentrations are directly linked to global temperature by exacerbating the greenhouse effect. As a result, the world is now about 1.2°C warmer than it was in the 19th Century.

	According to this landmark IPCC report, climate change is already affecting every region, with clear evidence of changes in extremes such as heatwaves, heavy rain, droughts, and tropical cyclones. Additionally, each of the last four decades have been successively warmer than any decade that preceded it since 1850, and the last 10 years has seen 9 of the hottest years on record. This leaves the planet on a trajectory of continued warming. These images on the screen, from the IPCC report, show the outcomes of scientific simulations on future warming and demonstrates what 1.5°C, 2°C and 4°C warming might look like. Unless emission reduction measures are taken rapidly, the world is likely to exceed 2°C of warming, and if we take a business-as-usual approach and continue to make climate change worse for ourselves, then it is projected that temperature rise could be between 2.4°C and 6.4°C, and would have a truly catastrophic impact on civilisation.
Slide 8: The climate crisis	As such, we are now in a climate crisis. Unless climate action is taken immediately, the impacts of climate change that are already being felt today will worsen. Atmospheric and ocean temperatures will continue to rise, melting the ice sheets and raise sea levels, acidifying oceans, change the hydrological cycle, and cause more frequent and more severe extreme weather events. The impacts this will have are almost incomprehensible. To name but a few: • loss of biodiversity and damage to marine ecosystems; • risk to water supplies and food insecurity caused by drought; • increase in forest fires and heat stress; • changes in seasonality and a wider spread of disease; and, • the flooding of coastal regions. The images on the screen show a few news stories showing how climate change is impacting business and society. To prevent a climate crisis in the future, these risks need to be managed now through ambitious action by governments and businesses.
Slide 9: Climate change is a systemic risk	Due to the complex nature of climate change, the exact outcomes, time horizons and future pathways are uncertain. However, there is a high degree of certainty that physical and transition risks will materialize in the future. These risks will affect households, businesses, and governments, across all industries and geographies. This diagram, from the CRO Forum, demonstrates the range of impacts from climate change across multiple degrees of warming. The particular focus we have today is how climate change poses a major risk to the global economy and individual companies. In his landmark speech “Breaking the tragedy of the horizons” in 2015, Mark Carney warned that climate change has the potential to significantly impact global financial stability. Understanding the impacts of climate change on the economy is difficult. As we have already seen, it is difficult to estimate the exact timing and severity of the impacts of climate change, and there are many challenges and complexities associated with the transition to a low-carbon economy. The magnitude and nature of the future impacts will be determined by actions taken today. Actions therefore need to follow a credible and forward-looking path.
Slide 10: Climate-related risks and opportunities	In addition to risks to the financial system as a whole, climate change also poses a major risk to individual organisations. Taken from the TCFD’s 2017 Final Recommendations Report, this figure summarises the climate-related risks and opportunities to companies. On the left-hand side, risks can largely be categorised into transition and physical risks: • **Transition risks** are those relating to the changes in policy, technology, and market in an effort to transition to a low-carbon, greener economy. Companies who don’t adequately respond to these changes may also be exposed to reputation risks, as consumer expectations change.

	• Physical impacts of climate change can impact business and cause disruptions through extreme weather events or by longer-term disruptions caused by changing weather patterns, rising temperatures and sea levels. However, whilst the potential impacts of climate change pose massive risks and uncertainties, there are also financial opportunities that need to be considered. These can manifest themselves as: • savings in resource efficiency and using lower-emission sources of energy; • the development of low emission goods and services; • access to new markets and public-sector incentives; and, • organisational resilience, to name but a few. Each of the above risks and opportunities can have material financial impacts to organisations, including impacts to income statements through revenues and expenditures, as well as in balance sheet through assets, liabilities, and capital and financing.
Slide 11: Activity 1	In the participant workbook, complete the first activity. Organise the risks and opportunities into the correct categories by adding the numbers into the correct boxes. *[Notes to facilitator: Give the participants at least 5 mins to complete the activity. If they complete the activity earlier, as them think of additional risks under each heading. Once the activity has finished, check everyone has the correct answers.]*
Section 2	
Slide 12: An introduction to the TCFD	Now we understand the context of climate change and its risks and opportunities, we are going to focus on the Task Force on Climate-related Financial Disclosures – the TCFD.
Slide 13: Why focus on disclosure?	As we have already seen, climate change will pose significant risks and opportunities to organisations throughout the economy, whether in the short-, medium- or long-term. These need to be thoroughly considered as part of an organisations strategic planning and risk management processes. Depending on the action or inaction taken by organisations these matters will have financial impact, whether on their position, performance or future outlook. Financial markets are expected to appropriately price risk to ensure efficient capital-allocations, but at the moment climate-related risks are often not fully considered. Disclosure is needed for better decision-making which will enable more stable, resilient markets with less abrupt price adjustments, and to facilitate a smoother transition to a low-carbon economy. Disclosure is incredibly important for investors who will need to consider the risk-return profile of organisations exposed to climate-related risks, to ensure these are correctly priced into valuations. These risks are likely to impact a wide range of asset types over the short-, medium- and long-term, which is of interest to investors seeking to minimise risk exposure and pursue new opportunities. To be able to assess their exposure and effectively allocate capital, investors need relevant, comparable, consistent and decision-useful information about companies and their management of climate-related risks and opportunities. Reporting upon climate-related risks and opportunities not only provides investors with the data they require, but it can also offer organisations external and internal benefits, including cost savings through resource and energy efficiency, improved strategic resilience, and preparedness for new regulations. In 2015, Mark Carney, in his position as chair of the Financial Stability Board, established the TCFD to identify the information needed by investors, lenders and insurances underwriters to appropriately assess and price climate-related risks and opportunities. The TCFD was asked to develop voluntary recommendations on climate-related financial disclosures that would be useful in understanding material risks related to climate change. Chaired by Michael Bloomberg, other members of the TCFD were from organisations representing the private sector, including banks, insurance companies, asset managers, pension funds, large companies, accounting and consulting firms and credit rating agencies.
Slide 14: TCFD recommendations	In 2017, the TCFD released their final report which included recommendations for disclosures on climate-related information. These voluntary recommendations were designed to be applicable to organisations across different sectors and jurisdictions, and focused on the financial impacts of climate-related risks and opportunities.

	The final recommendations were structured around 4 core elements – Governance, Strategy, Risk Management and Metrics and Targets – and within these core elements are the eleven recommended disclosures and additional guidance. Note how the core elements are represented in the diagram on the slide. The elements and recommendations should not be considered in silos or as separate elements, rather they are interconnected and should be seen together as part of a holistic picture.
Slide 15: How are the TCFD recommendations structured?	How are the TCFD recommendations structured? Each core element is a specific recommendation, which includes recommended disclosures. In total there are eleven recommended disclosures. For each of the recommended disclosures the TCFD have also provided guidance for all sectors, and in some cases, supplemental guidance for certain sectors.
Slide 16: How are the TCFD recommendations structured? (continued)	Here you can see the four core elements and eleven recommended disclosures all together. Other than for governance, each core element has three recommended disclosures. We will go through each of the recommended disclosures in more detail in the deep dive section of this workshop.
Slide 17: Who should disclose?	Who should be disclosing information in line with the TCFD recommendations? All organisations should disclose TCFD aligned information as climate-related risks are non-diversifiable and has the potential to have systemic impacts across all parts of the economy. However, the TCFD provided supplemental guidance for the financial and some non-financial industry groups assessed by the TCFD to have the highest likelihood of climate-related financial impacts . Regardless of whether an industry falls under the TCFD defined financial or non-financial groups, the recommendations can, and should, be used by any organisation to consider financial impacts of climate change.
Slide 18: Where to disclose?	Once you have started to understand what you need to disclose, where should this information be presented? The TCFD recommend that climate-related financial disclosures should be provided in the mainstream annual financial filings/annual report. Most jurisdictions around the world have legal obligations that require companies with public debt or equity to disclose material information in their annual financial filings. In this regard, the TCFD recommendations can be used to help organisations complying more effectively with existing disclosure obligations. Disclosing climate-related information in the mainstream annual financial filing should also ensure that this information is treated with the same rigour and internal controls as used for financial information. It also helps connect climate information to financial information, and allows companies to provide a holistic picture of the entire organisation. It is important to note that if disclosure of the TCFD recommendations is incompatible with national disclosure requirements, then organisations are encouraged to disclose climate-related financial information in other official reports that are issued at least annually and are available to investors. In this case, the relevant climate-related financial information should still be subject to the same internal governance processes as used for financial reporting.
Slide 19: International Sustainability Standards Board (ISSB)	In November 2021, the IFRS Foundation (the international standards body for financial accounting), announced the formation of the International Sustainability Standards Board (ISSB). ISSB's remit will be to develop a global baseline of sustainability disclosure standards and a taxonomy to facilitate digital reporting. Its focus will be on meeting investors and other capital market participants' information needs and will enable organisations to provide comprehensive information about ESG matters to the financial markets.

	It is important to note that these standards will incorporate and build on the TCFD recommendations, and will ensure a standardised approach to reporting by all organisations.
Slide 20: Activity 2	In the workbook, complete activity 2 by using the key words to complete the two paragraphs about climate-related disclosure and the TCFD. *[Notes to facilitator: Give the participants at least 5 mins to complete the activity. Once the activity has finished, check everyone has the correct answers.]*
Section 3	
Slide 21: Key themes and topics	Now lets look at some of the key themes and topics within the TCFD recommendations that require specific focus.
Slide 22: A different lens?	Unlike traditional sustainability or CSR (corporate social responsibility) which is concerned with how companies are impacting on the climate or society, the TCFD ask companies to consider the impact of climate change on their business. This includes the risks and opportunities that we have already looked at. This different lens on climate change may require a change in mind-set within the organisation. It is important to note that these two approaches are distinct, but also overlap. A company's impact on climate can be financially material to the business. For example, a company with high greenhouse gas emissions has a large climatic impact, but the introduction of a carbon tax is suddenly going to be very costly for the company. This is an example of how the impact of a company on the environment can also lead to impacts on the company. Both approaches are important and companies should consider both their impacts and the impacts on them. However, as we have mentioned, the TCFD focus is on the right-hand side.
Slide 23: Alignment versus risk	It is incredibly important to stress the difference between alignment versus risk. Many organisations and companies have started making commitments to align with the Paris Agreement, to limit warming to less than 2°C, actively reducing emissions to become net-zero, and trying to be part of the solution. Whilst it is incredibly important for companies to do, caution must still be taken towards climate risks. Not only is there a very real danger that warming is not limited to 1.5°C or 2°C, but even if it is, the impacts of climate change are already being felt today. As such, companies are still exposed to climate-related risks and will continue to be increasingly into the future. It is important that companies to do not solely focus on Paris-aligned and GHG emission reduction targets because, whilst you will likely be curtailing some transition risks, you will not be fully addressing the future climate-risk elements that you need to be mindful of in the future.
Slide 24: Forward-looking disclosure	A major component of the TCFD recommendations is the requirement for forward-looking disclosure. This is information that considers the future outlook, performance and position of the company. The TCFD recommends that organisations assess their future outlook by conducting a scenario analysis. Scenario analysis is a tool used to inform critical strategic thinking. For example, depending on different warming scenarios there will be a set of assumptions made about the future and how that might impact the organisation. As such, in order to "stress-test" the climate resilience of an organisation's strategy, the TCFD ask organisations to consider different climate pathways, including one of 2°C or lower. By conducting a scenario analysis, organisations can formulate mitigative and adaptive measures to be prepared for a range of different climate futures, which ultimately builds resilience by embracing the future uncertainties and possibilities. It is important to reiterate that scenario analysis is not a prediction of future performance. Instead, if used correctly, can be used to help organisations "bend, and not break" – that is to say, ensure that their strategies, business models, and financial planning is more flexible and robust in the future.
Slide 25: What are climate scenarios?	Companies are asked to consider different scenarios, based on different climate warming trajectories, and the risks associated with them.

	In the graph on the left side of the screen, these trajectories can range from anywhere between 1.5°C to over 4°C. We can see from the graphic on the right side of the screen that each of these trajectories will lead to different outcomes, and therefore companies should consider their exposure to different scenarios. The TCFD recommends that companies look at least two plausible scenarios to compare different outcomes and to be prepared for different severities of risk. The level of risk will depend on the pathway or scenario chosen, but it is important to remember that there will always be some degree of climate-related risk regardless of which scenario is used. The underlying assumptions that are chosen by the company when conducting a scenario analysis is important, and the next slide demonstrates this.
Slide 26: Scenario assumptions	The assumptions organisations make about the future climate trajectories is crucial when completing a scenario analysis. In the table on the screen, we can see the assumptions for both transition and physical risk under both a 1.5°C and 4°C scenario. Generally, transition risks are greater when the transition to a low-carbon economy is rapid. This will see significant changes in the energy mix and associated infrastructure, as well as progressive green regulation and legislation, which will require organisations to move faster. Whereas in warmer scenarios, the impacts from transition risks are minimal as society undertakes a more “business-as-usual” approach. Instead, organisations will have to face the much more extreme physical impacts directly. In either case, a warming world will bring with it inevitable risks and associated costs – and it is up to organisations to prepare to face this the best they can. And additional element to remember, the assumptions will differ depending on the time horizons, and organisations should ensure that scientific understandings underpin the assumptions they use in the analysis.
Slide 27: Completing a scenario analysis	As with reporting against the TCFD recommended disclosures, scenario analysis in itself is also a journey. To begin with, organisations can start with basic narrative scenarios with potential climate implications, and progressively become more sophisticated by using quantitative models. Organisations should note that it is an iterative process, and they should seek to develop and improve their ability to undertake scenario analysis.
Slide 28: Activity 3	Using the assumption in the workbook, consider the future risks that might impact your organisation with different warming potentials, and complete the table. It might be helpful to discuss this with those around you. Remember to think about your organisation specifically. Are there any areas of the business, products and services, or locations of operations that might be more exposed to climate-related risks? *[Notes to facilitator: Give the participants at least 10 mins to complete the activity and encourage group discussion. Once the activity has finished, take time to hear what the participants included in their tables.]*
Section 4	
Slide 29: The TCFD recommendations and examples of good practice	In this section, we will breakdown the TCFD into each of their eleven recommended disclosures, highlight what companies should consider when reporting against them, and provide real-world examples taken from annual mainstream reports to demonstrate how these are and can be reported.
Slide 30: Governance	The governance disclosure requirements are focused on the board’s oversight and management’s role in assessing and managing climate-related risks and opportunities. The governance recommendation includes two recommended disclosures that distinctly differentiate between the board and senior management. Organisations should disclose the role of the board in overseeing climate-related issues. This disclosure is asking organisations to provide information regarding the process and frequency by which the board is informed about climate-related issues, and whether these are issues considered when setting and reviewing strategy and financial plans. Secondly, organisation should disclose, the role of management in assessing and managing climate-related issues, including the organisational structures and the

	processes by which management is informed of climate-related issues, and how these issues are monitored. It is important to highlight that the disclosure of the organisation's governance on climate-related risks and opportunities is important to investors as it demonstrates whether climate-related issues receive appropriate attention by the board and by management, as well as providing insight into the governance and risk management contexts in which financial and operating results are achieved.
Slide 31: TotalEnergies	TotalEnergies (formally Total, the French multinational oil and gas company) provide a short and succinct summary of the board oversight of climate-related issues. This includes their role in setting and reviewing the Group's strategic objectives, and the opportunities and risks faced by the organisation. They explicitly state that climate-related risks and opportunities are incorporated into the Group's strategy and investment projects. The disclosure also includes a summary of how the board approve and monitor the Group's climate strategy and GHG emission reduction targets on an annual basis. There is further information about the governance structure, including information about the Strategy & CSR Committee who appear to have responsibility over climate-related issues. Additionally, TotalEnergies include information about how climate-related metrics and criteria is included in the variable portion of senior leadership's compensation. This includes how some GHG emissions have been introduced into the performance criteria.
Slide 32: Swiss Re	This is an extract from Swiss Re's 2020 Financial Report in which they describe the board's oversight of climate-related risks and opportunities, as well as describing management's role in assessing and managing them. In this extract, Swiss Re details the role of Group Risk Management, and how they are responsible for including climate-related risks and sustainability into their risk policy framework, and how this department connects with the Group Chief Underwriting Officer, Group Asset Management, as well as Group Operations in the development and implementation of the Group's Responsible Investment Strategy. Additionally, the organisational diagram depicts Swiss Re's sustainability and climate-related governance structure, which includes the relevant Board Committees and Group Functions. This type of organisational diagram is very useful in demonstrating the information flows from the business level to group level, and the decision-making structure.
Slide 33: Strategy	The second core element of the TCFD recommended disclosures is Strategy. It is important to note that this recommendation isn't about the organisation's climate strategy, rather it is about how climate-related risks and opportunities are likely to impact the organisation-wide business strategy. TCFD asks companies to describe the climate-related risks and opportunities that have been identified over the short-, medium-, and long-term, and the impact of these on the organisation's business, strategy, and financial planning. This might include impacts on products and services, supply- or value-chain, investment into research and development, and operations. Such information is used by investors to inform expectations about the future performance of the organisation. Strategy recommendation C focuses on the resilience of the organisation's strategy and asks organisations to consider different climate-related scenarios by conducting a scenario analysis. This involves assessing the impacts of climate change across different assumptions of global warming pathways. As mentioned earlier in this session, the TCFD does not expect organisations to be able to predict the future, but advocates for stress-testing the organisations exposure to climate-related risk and opportunities. Equipped with this knowledge, organisations are better informed to take mitigating and adaptive measures to minimise the impacts of "climate shocks", and ultimately build resiliency in their business model. It is important to disclose the actual and potential impacts of climate-related risks and opportunities so your organisation can demonstrate its resilience to climate change. By showing that you are using scenario analysis to improve your understanding on potential physical and transition risks, as well as inform your thinking on the business' strategy and financial plans, you provide investors and report users with confidence in your business' longevity.

Slide 34: Mercury	Mercury, an electricity and gas power company from New Zealand, present their “top five identified climate-related risks and opportunities” clearly and succinctly in a table. This type of table can be helpful when summarising the variety of risks. They provide a description of the issue, the likelihood, impacts to the business, the time periods in which they are expected to occur, estimated financial impacts, the assessment methodologies, and a brief description of management’s response. Mercury covers both transition and physical risks, in additional to two opportunities. It is important that organisations include the definitions used for time horizons and provide specific description of how the risks are likely to impact the business.
Slide 35: Tech Mahindra	An example of how to present scenario analysis can be demonstrated by Tech Mahindra, an Indian multinational technology company. In this extract, they present two scenarios including one that represents a global temperature increase of 2°C, and a second scenario which will see a global temperature rise of 4°C. Tech Mahindra provide the timescales used in the assessment noting that they used 30-year timescales for both scenarios. This is accompanied by the underlying assumptions that were used for both transition and physical risks. In this case, they have used the examples of a carbon price which ranges between $14-700 per tonne of carbon dioxide, and the potential changes in weather patterns within the India sub-continent. They also detail the potential impact on the business and provide further insight into the methodology and data used.
Slide 36: Risk Management	The third core element of the TCFD recommendations, Risk Management, focuses entirely on the processes involved to identify, assess and manage climate-related risks and opportunities. This information provides transparency on how the organisation is integrating these issues into their business, strategy, and financial planning, and enables investors to appropriately evaluate the strength of the organisation’s business model in the context of climate-related risks and opportunities. Organisations should describe the processes used to identify, assess and manage climate-related risks, relative to other financial risks. This might include how these risks have been prioritised, and how decisions are made to mitigate, transfer, accept, or control such risks. Climate change may also be a risk driver that exacerbates existing risks, and therefore organisations should describe how climate change is integrated into the existing enterprise risk management framework.
Slide 37: Banco Davivienda	Banco Davivienda, a Colombian bank, provide a detailed breakdown of how the organisation identifies and assesses climate-related risks in the context of assessing their investment decisions, in particular when reviewing loan applications. There are a number of actions that they have taken including conducting a pilot test specifically to identify physical risks on the mortgage loan portfolio and identifying regulations that could impact high-emitting industries across their portfolio. Within the disclosure, Banco Davivienda provide information on their Social and Environmental Risk Analysis System methodology, referred to as “SARAS”, which includes a description of how climate change is integrated into their risk management process.
Slide 38: AstraZeneca	AstraZeneca have included a table of identified climate-related risks and opportunities. In this extract, we are just showcasing one of several risks identified which is the increased frequency of extreme weather and climate-related natural disasters. Firstly, AstraZeneca describe the potential impact of the risk, which is specific to their business and locations of their operations. In particular they have highlighted that eight sights have been identified as being exposed to increased physical risks in the next 10 years. They have also provided detailed information about how these risks are managed. AstraZeneca note that any climate risks identified will be integrated into the existing risk management processes, including local site and business continuity plans to proactively manage physical climate risks. They then use case study examples of how they responded to hurricane, extreme heat and water scarcity events across operational sites. This is a comprehensive view of how they are managing climate-related risks within their organisation.

Slide 39: Metrics & Targets	Under the forth core element of the TCFD recommendations, organisations are asked to disclose the metrics used by the organisation in assessing climate-related risks and opportunities in line with its strategy and risk management processes. These should include considerations of which performance metrics are used to assess and manage climate-related risks and opportunities, and whether the company measures climate-related opportunities, such as revenue from low–carbon products and services. It is important to disclose metrics and targets used to assess and manage the relevant climate-related risks and opportunities to communicating performance trends and to give investors insight into the relationship between the organisation's strategy, business model, and the climate-related metrics and targets. Organisations should also disclose the Scope 1, 2, and 3 greenhouse gas emissions, in absolute terms, with data from previous years to demonstrate performance and emissions trajectories. Finally, the TCFD recommend organisations describe the targets used to monitor and manage climate-related risks and opportunities. When setting targets it is important to include interim milestones for progress and a baseline in which to compare performance. Furthermore, to add credibility to the targets and improve the confidence of investors, you should ensure that your targets are science-based, and/or have been validated by external parties, frameworks, or standards – such as the Science-Based Targets Initiative (SBTi).
Slide 40: AXA	AXA – a French multinational insurance firm – present their emissions data. Total CO2 emissions have been disaggregated into Scope, 1, 2, and emissions, as well as by business activity; in this case power consumption, their vehicle fleet, and by business travel via airplane and train. Not only do they provide this years emissions data, but they also provide at least two years prior data, thus providing the reader insight into performance trends. In this extract, AXA's total CO2 emissions have more than halved from the previous year. It is also important to note that AXA reference their performance directly against their 2019-2025 targets, which again provides the reader with more insight into their performance trends.
Slide 41: Landsec	Landsec, the UK's largest commercial property development and investment company, present this table of their key climate-related financial metrics. Using BREEAM as an external indicator, Landsec present their value of certified assets, how much of their portfolio this represents, as well as their absolute and proportional rental income. Furthermore, Landsec disclose their capital expenditure in low-carbon equipment and products, as well as their avoided energy consumption costs, amongst others. They also provide last years performance as well as a percentage change between the two financial years, enabling comparability amongst the two for the report user. The TCFD ask companies to provide financial metrics, and we are starting to see organisations providing this data.
Slide 42: Activity 4	In the workbook, take a look at the three extracts from Allianz, Eni and Unilever. Analyse these examples and complete the table with three strengths and three areas that the disclosure can be improved. The workbook includes a reminder of the four core elements of the TCFD to help you in your assessment. *[Notes to facilitator: Give the participants at least 15 mins to complete the activity and encourage group discussion. Once the activity has finished, take 10-15 mins to discuss the opinions of the group.]*
Section 5	
Slide 43: Section 5: Practical next steps	When getting started with the TCFD recommendations, it is important to lay the groundwork and ensure that internal processes are adequately set up. This may require small or large changes within the organisation. In this section of the session we will be thinking about some of the practical steps we can take to embed climate-related risks and opportunities into the business.
Slide 44: Iterative and phased approach	In their final recommendations in 2017, the TCFD noted that it might take up to 5 years for the TCFD recommendations to be embedded into the market. This timeline can also be applied at company-level. There is no expectation that organisations will be able to

	implement all the recommendations immediately, and therefore organisations should take an iterative and phased approach towards addressing climate issues. For example, the company may wish to focus on specific elements of the TCFD first that are easier to implement. Some organisations start by identifying climate-related risks, whilst others start by focusing on how to embed climate change into the existing risk management framework. This example from Commonwealth Bank of Australia (CBA), and it shows the phased approach that they have taken, and how they have communicated this in their annual reports. In the climate section of the report, CBA describe the different phases and the planned work for each financial year. Some years they are not able to complete the work, and the activities are moved into the later phases. What is particularly good about this example is that CBA are being transparent and clear about the actions they are taking, and intend to do so in the future.
Slide 45: Creating a roadmap	This iterative and phased approach will require a roadmap or timeline for implementation. Organisations should consider the amount of time it will take to complete specific elements of the TCFD and plan how they intend to address this. Many organisations have created implementation roadmaps/plans as it helps structure the company's time and resources. Common elements of a roadmap include: • Creating an internal working group; • Completing a gap analysis of the company's existing processes and disclosure; • Conducting a scenario analysis, which in itself will take time to develop and run; and • Integrating climate change into the strategic and financial decision-making processes within the company. The roadmap should include key milestones and tasks should be assigned to roles within the company, which leads us to the next stage which is to set up an internal working group or TCFD team.
Slide 46: Creating a TCFD team	In order to get a holistic picture of climate-related risks and opportunities, and the impacts they bring, you should consider forming an internal working group or "team". The most successful approaches taken by organisations have been where these issues are tackled across the organisation, rather than in just one department. Various organisations have taken different approaches. This might be "top down" where senior leadership direct the conversation, or "bottom-up" where the different functions come together to develop a plan. In either approach, you will need a climate "champion" which is someone preferably in senior leadership, or even on the Board, who understands the importance of this issue and can set the tone from the top, and lead on setting and approving the strategy. It is also key to get other functions and departments on board. Different professionals have expertise and perspectives that can improve the organisations overall approach to climate risk. If you have different divisions within the company, it might also be prudent to include representatives who understand each of the business units. This ensures that all elements of the business are considered during this process.
Slide 47: Leveraging existing work	In many cases, companies are not starting from zero and there is existing climate-related work within the company that can be leveraged. Company's may conduct a gap analysis of existing processes and disclosures, which might include the following questions: • Are you capturing climate-related data already? How can this data be used for the purpose of TCFD reporting? • Do you use other reporting frameworks? The four global sustainability reporting organisations, CDSB, CDP, GRI, and the VRF (IIRC and SASB) came together in 2019 as part of the Better Alignment project to demonstrate the how each of the standards aligns under the umbrella of the TCFD. By mapping your existing reporting using these resources, you will undoubtably see that you are already disclosing some TCFD-aligned information. Also think about the internal processes that are already in place: • Does the board have a delegated sustainability/CSR committee that can include climate-related risks and opportunities to its oversight mandate? • What is your existing risk management processes? How can they be adapted to include climate-related risks?

Slide 48: Climate governance	Getting the senior leadership involved in this process is incredibly important. As we have already noted, it would be ideal to find a “Climate Champion” in senior leadership, C-Suite or Board-level, who understands the importance of these issues and can help embed climate change into the organisation-wide governance and risk management processes. Although the TCFD have a specific requirement for governance disclosures, setting up effective governance structures is important for all elements of the TCFD. Without senior leadership “buy-in”, it will be difficult for the company to complete all the elements of the TCFD recommendations and disclose this information in the annual report. There is some guidance to help develop robust climate governance within companies. For example, in January 2019, the World Economic Forum in collaboration with PwC developed guiding principles and questions in the paper How to Set Up Effective Climate Governance on Corporate Boards to facilitate the development of effective climate governance on corporate boards. These principles and questions are designed as a foundational framework to enhance discussions on the climate competency of directors.
Slide 49: Incorporating climate into risk management frameworks	In additional to the embedding climate change into governance structures and processes, organisations should also consider how to incorporate climate change into risk management frameworks. Climate-related risks have previously been considered as something unlikely and abstract. However, they are now being viewed as tangible and more likely. The unique and systemic nature of climate change may require specialist attention, but ultimately it should be seen as a financial risk and therefore should be treated like any other risk. Therefore, organisations should consider how they will include climate change into their existing risk management processes. The usual steps in this risk management framework should be applied to climate risk management, but they may need to be adapted to capture its global, systemic nature. There are some special considerations that climate change brings. For example, the effects of climate change are going to differ depending on the local, regional and global scales. Organisations also need to consider the longer-term nature of climate change, which might be different to the time horizons used for strategy setting and risk identification processes. It is also important to note that climate change is in itself a risk, but it is also a risk multiplier – meaning that it might impact existing risks. All these considerations mean that organisations need to really consider how climate change is viewed and embedded in risk management processes.
Slide 50: Activity 5	In the workbook complete the table to set out your TCFD implementation roadmap, including the key activities, what actions need to be taken and the required resources to complete the stage. Think about your organisation and the elements you can tackle immediately and what elements will need time to embed. *[Notes to facilitator: Give the participants at least 10 mins to complete the activity and encourage group discussion. Once the activity has finished, take 10 mins to hear what the participants included in their tables.]*
Section 6	
Slide 51: Reflection and next steps	Finally, we are going to present some additional tools, resources, and guidance that can help you on your TCFD journey.
Slide 52: Activity 6	Complete the workbook by stating what steps you plan to take to start or enhance your organisations approach and implementation of the TCFD recommendations. *[Notes to facilitator: Give the participants at least 5 mins to complete the activity.]*
Slide 53: Have we reached the objectives?	At the beginning of the session we outlined the training objectives. Have we completed them? In the workbook, tick the objects that you have met, and indicate the areas that you need to revise. *[Notes to facilitator: This activity should take 1 min to compete.]*
Slide 54: Thank you	