

Mandatory TCFD based reporting launching in 2020 for PRI Signatories



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The Task Force on Climate-related Financial Disclosure (TCFD) sets out to ensure that companies transparently and consistently disclose their climate related risks. It enables and enforces companies to release material to investors and stakeholders so they have the necessary information to make informed decisions surrounding financial investment (TCFD, 2019 [1]). Furthermore, it allows businesses to identify any material risks they may be exposed themselves against the impending climate change risks.

In 2018 the PRI adopted the TCFD indicators into the reporting framework. To date, reporting has only been voluntary, however from 2020 onwards it will be a mandatory requirement for all PRI signatories (TCFD, 2019 [2]).

480 investors have already disclosed via the voluntary alignment under PRI, which demonstrates a forward thinking and a transparent approach from a substantial number of businesses and highlights the increasing awareness of tackling these climate issues (PRI, 2019 [2]).

How will it affect your organisation?

Organisations who are signatories to PRI and are wanting to stay ahead should begin reporting their TCFD information now on a voluntary basis. Beginning this process early sets businesses up to be ready to report when mandatory requirements come into play next year. Those companies which are already signatories should review their responses to the TCFD questions, and be prepared for further questions which were not answered in previous years.



What indicators are becoming mandatory by PRI for TCFD?

PRI will make climate indicators within SG 01, SG 07 CC and SG 13CC (PRI, 2018, [3]) mandatory from 2020. They must be reported on, but will remain voluntary to disclose. Signatories can therefore either select their responses to be private or public, depending on preference. (PRI, 2019, [2])

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How the TCFD framework works.

There are 4 disclosures required by the TCFD framework.

Governance

Disclose how the organisation oversee and assesses climate change risks and opportunities.

Strategy

Disclose how climate change may risk business strategies and financial planning, and consider how they can overcome these to future proof their business.

Risk Management

Describe how they identify and manage climate related risks and how they integrate climate risks into business risk management.

Metrics and targets

Disclose what metrics are used and what targets are in place to manage risks and opportunities.



Our services

Orbis Advisory and ITP Energised have experience carrying out UN PRI submissions and can provide expertise to align your organisation with the TCFD framework in the run up for mandatory TCFD reporting within the framework as well as help with your UN PRI benchmarking process [4].

Other benchmark reporting platforms such as CDP and GRESB are also aligning the required responses with TCFD. We also have experience of supporting Clients with their CDP and GRESB submissions and can provide expertise to align your organisation [4].

Please contact Rupert Clark Lowes or Harriet Assem if you would like to discuss TCFD or UN PRI, CDP or GRESB.

References:

[1] <https://www.fsb-tcf.org/about/>

[2] <https://www.unpri.org/news-and-press/tcf-based-reporting-to-become-mandatory-for-pri-signatories-in-2020/4116.article>

[3] https://www.unpri.org/Uploads/z/r/r/14.sgclimatechangereporting_718999.pdf

[4] <https://www.orbisadvisory.com/news>