



TCFD 101

Let's kick-start your climate journey



Manifest
Climate

See Beyond.

Discussion Leaders



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01. Why is the TCFD needed?

02. What is the TCFD?

03. The current state of TCFD





1. Why is the TCFD needed?



Scientific Imperative



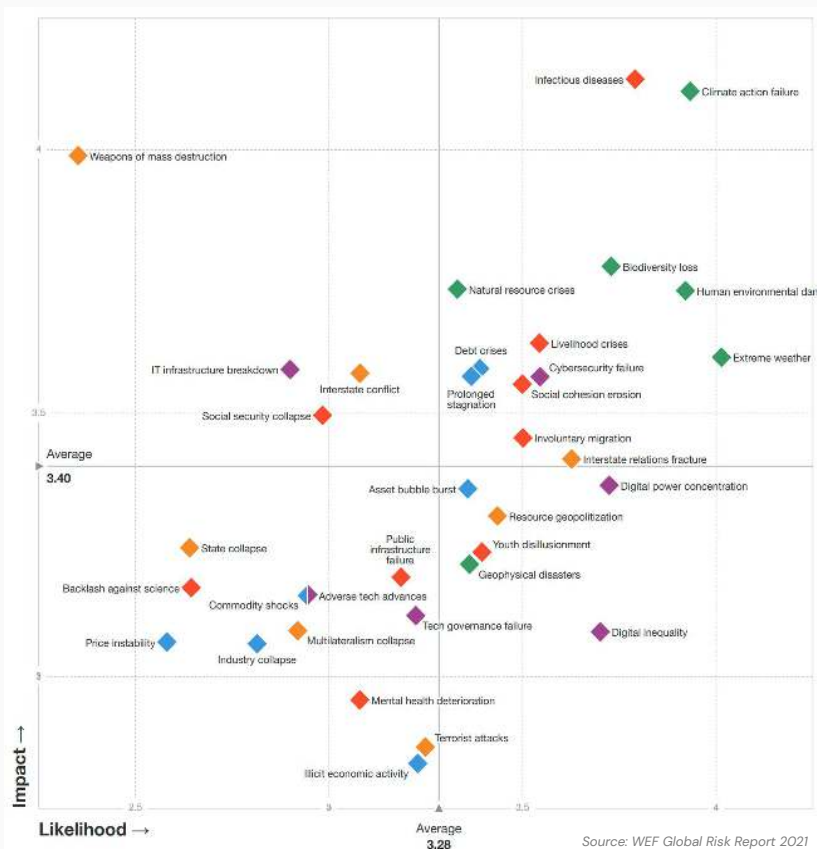
ADAPTATION

The need to deal with increased physical risks will fundamentally change investment thesis of some asset classes while causing disruption across all sectors.

MITIGATION

Climate Goals outlined in Paris Agreement require halving global greenhouse gas emissions this decade and net-zero by mid-century

Economic concern



- UNDP's largest global poll on global warming shows that 64% of the overall participants consider climate change to be an "emergency"
- World Economic Forum's 2021 Global Risks Report puts climate-related risks as top three likeliest and 5 of the top 10 risks by impact

Top Risks by likelihood

- Extreme weather
- Climate action failure
- Human environmental damage
- Infectious diseases
- Biodiversity loss
- Digital power concentration
- Digital inequality
- Interstate relations fracture
- Cybersecurity failure
- Livelihood crises

Top Risks by impact

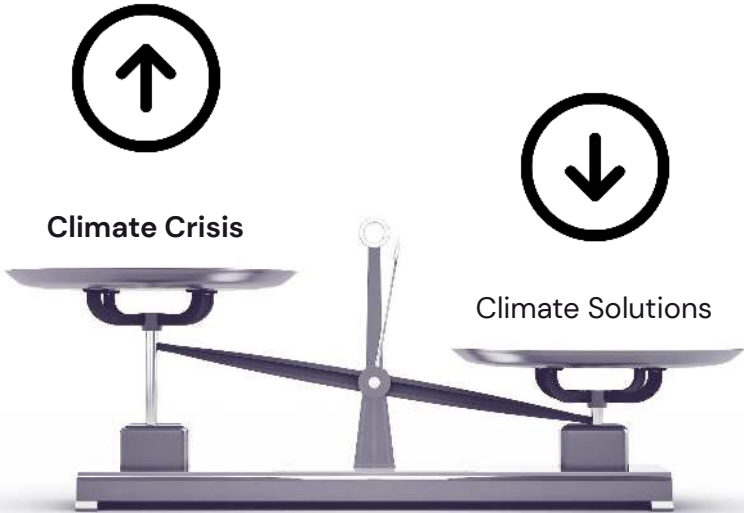
- Infectious diseases
- Climate action failure
- Weapons of mass destruction
- Biodiversity loss
- Natural resource crises
- Human environmental damage
- Livelihood crises
- Extreme weather
- Debt crises
- IT infrastructure breakdown



We need to switch these scales

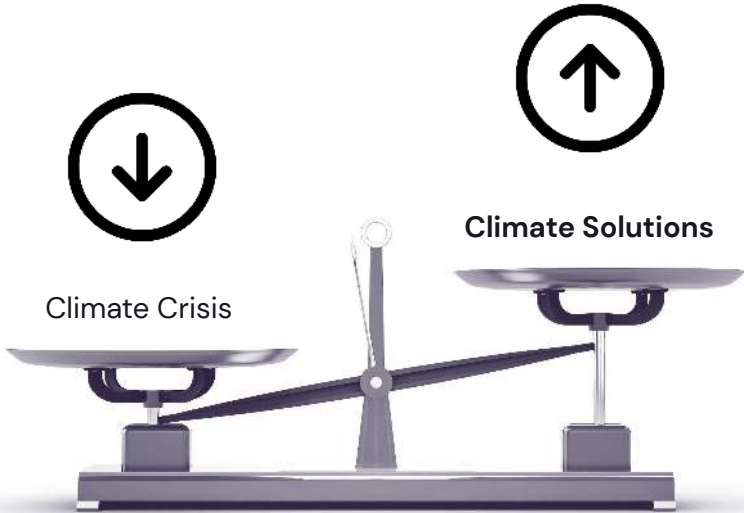
CURRENT STATE

Need to Reduce and Adapt



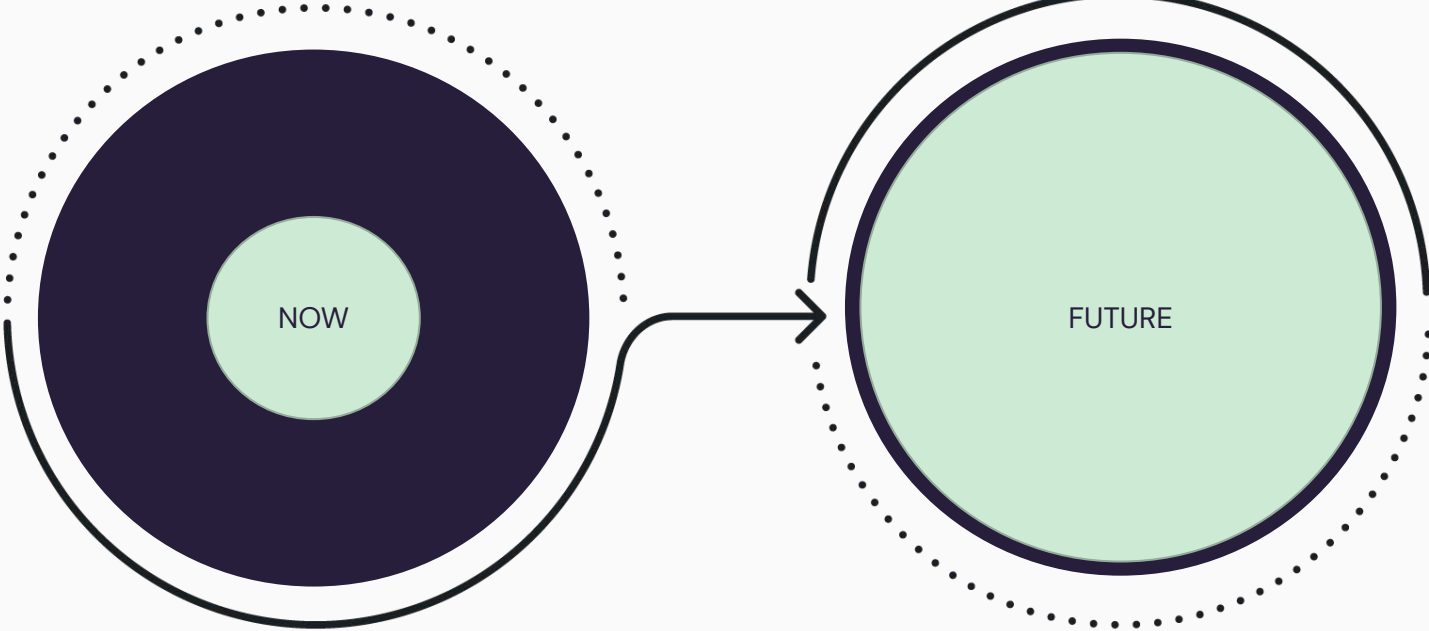
FUTURE STATE

Ability to Reduce and Adapt



Rationale of the TCFD

■ Real Cost ■ Valued Cost



Will your house be left standing? Will your neighbors?



Discussion





2. What is the TCFD?



Where does the TCFD fit?

STANDARDS



FRAMEWORKS



TCFD

4

PILLARS

11

RECOMMENDATIONS

Sector

GUIDANCE



If the TCFD was a car



Steering for Strategy



Strategy



Strategy

Risk Management

Monitoring Systems for Metrics and Targets



Strategy

Metrics & Targets

Risk Management

The Glovebox for Governance



Strategy

Metrics & Targets

Risk Management

Governance

The TCFD – at-a-glance

| | Recommendation | Recommended Disclosure |
|----------------------------|---|---|
| Governance | Disclose the organization’s governance around climate-related risks and opportunities | <ul style="list-style-type: none">a) Describe the board’s oversight of climate-related risks and opportunitiesb) 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 organization’s businesses, strategy, and financial planning, where such information is material | <ul style="list-style-type: none">a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long termb) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planningc) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario |
| Risk Management | Disclose how the organization identifies, assesses, and manages climate-related risks | <ul style="list-style-type: none">a) Describe the organization’s processes for identifying and assessing climate-related risksb) Describe the organization’s processes for managing climate-related risksc) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management |
| Metrics and Targets | Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material | <ul style="list-style-type: none">a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management processb) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risksc) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets |

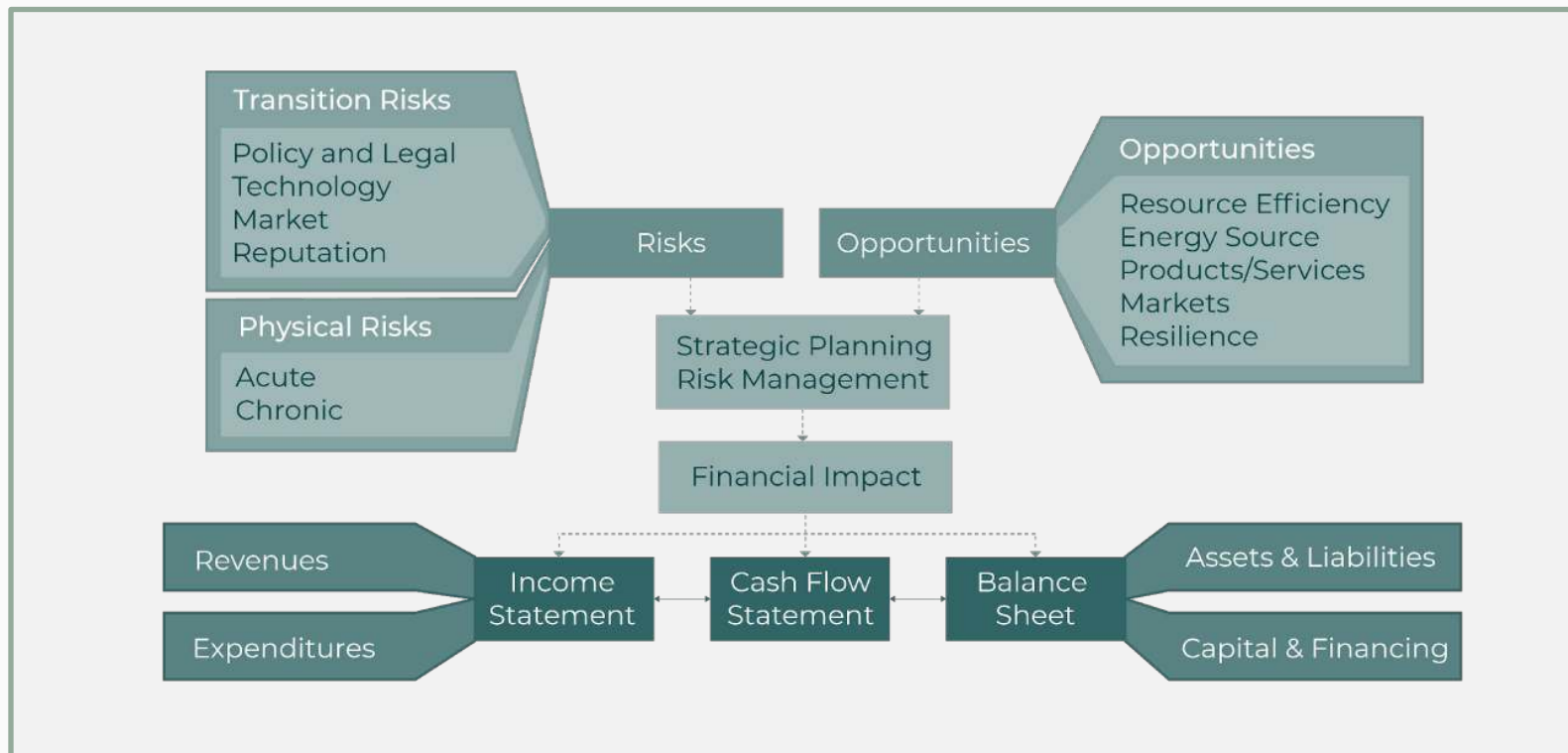


The TCFD – at-a-glance

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| Risk Management | Disclose how the organization identifies, assesses, and manages climate-related risks | <ul style="list-style-type: none">a) Describe the organization’s processes for identifying and assessing climate-related risksb) Describe the organization’s processes for managing climate-related risksc) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management |
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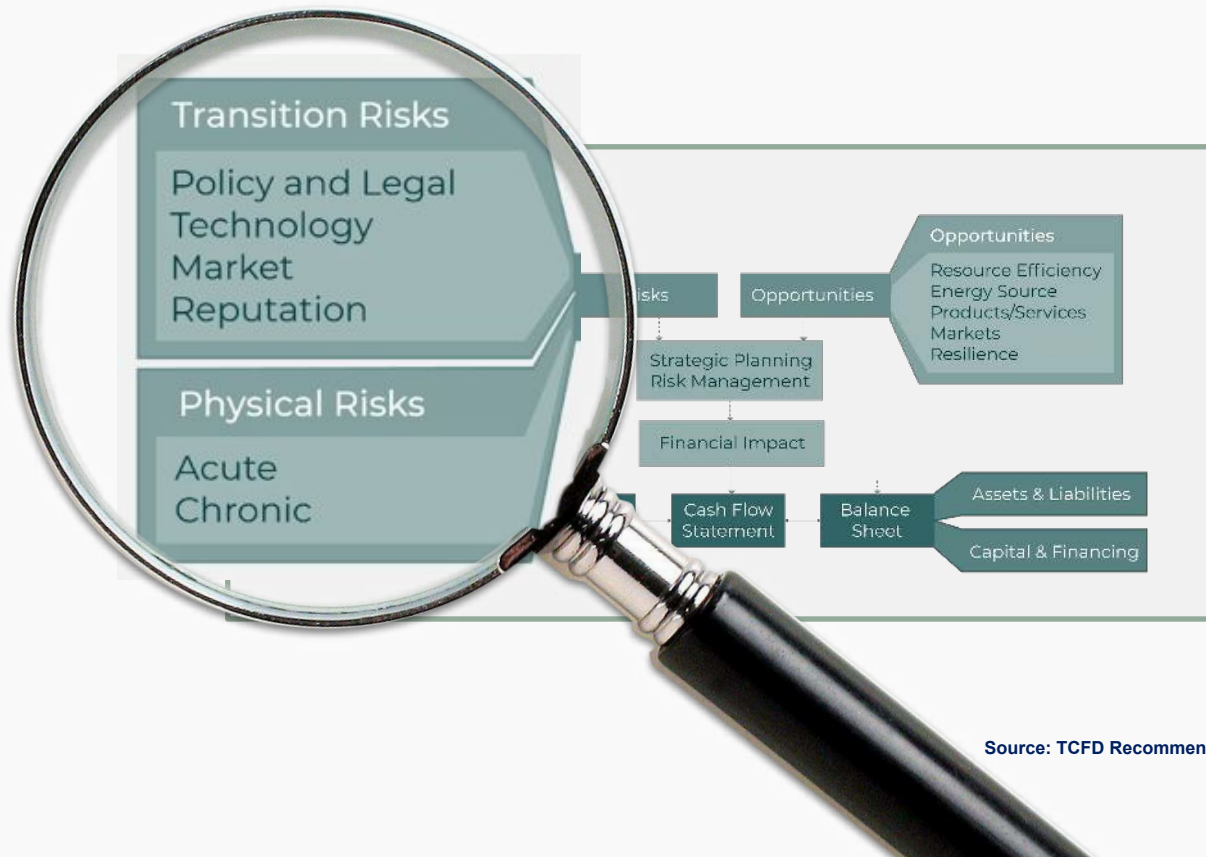
TCFD connects climate and finance



Source: TCFD Recommendations, June 2017



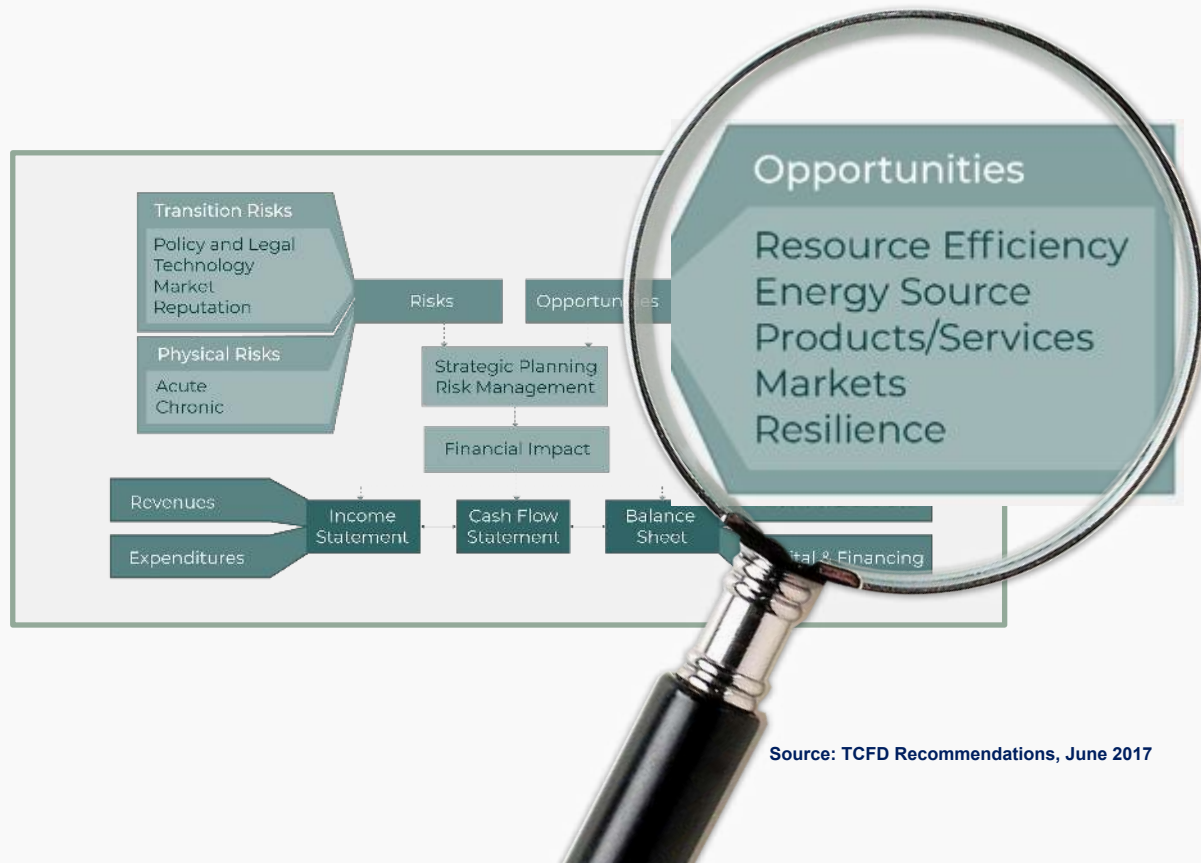
Understand the difference between transition and physical risks



Source: TCFD Recommendations, June 2017



Don't forget opportunities



Source: TCFD Recommendations, June 2017



METRICS AND TARGETS





● METRICS AND TARGETS

● RISK MANAGEMENT

● STRATEGY

● GOVERNANCE



Discussion

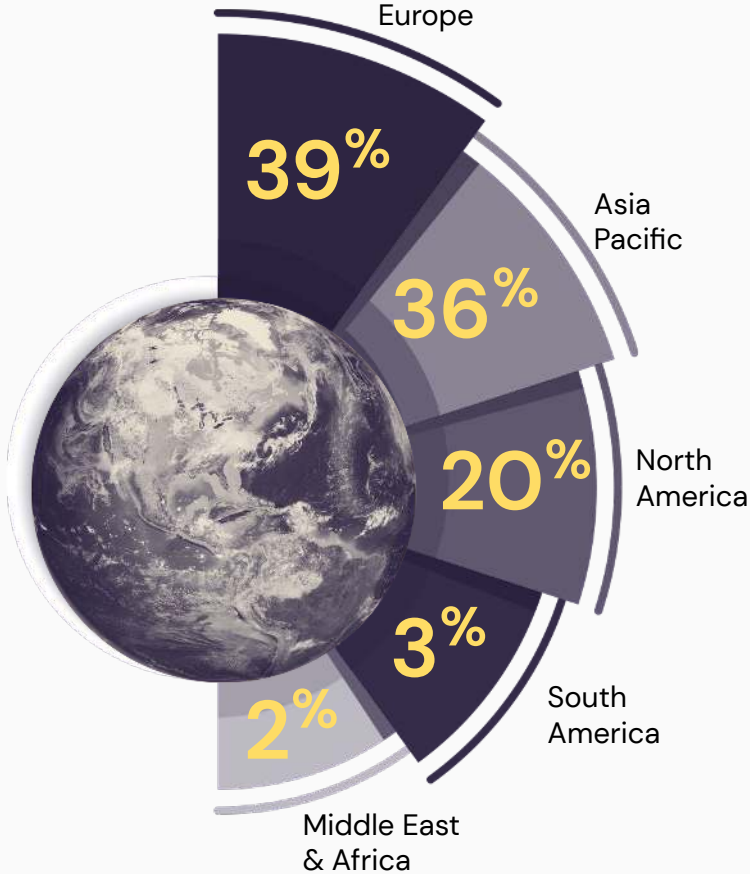




3. The current state of TCFD



TCFD supporters from around the world



Total Supporting Countries: 88

Top Five Countries by Number of Supporters

| | |
|----------------|-----|
| Japan | 310 |
| United Kingdom | 219 |
| United States | 219 |
| Australia | 76 |
| Canada | 67 |

Total Supporting Organizations: 2,200


Investors, reporting initiatives lining up behind TCFD

REPORTING FRAMEWORKS



INVESTORS



A group of approximately 15 G7 Finance Ministers are posed on the wide stone steps of a grand, classical building. The building features a row of five large, arched windows on the upper level. The scene is captured in a dark, monochromatic style, likely a black and white photograph with a dark overlay. The ministers are dressed in formal business attire, including suits and dresses. They are arranged in a loose formation across the steps, some standing on the ground level and others on the stairs. The overall atmosphere is formal and official.

“We support moving towards mandatory climate-related financial disclosures that provide consistent and decision-useful information for market participants and that are based on the Task Force on Climate-related Financial Disclosures (TCFD) framework”

TCFD endorsed by G7 Finance Ministers in June 2021

Source for quote:

<https://www.canada.ca/en/departement-finance/programs/international-trade-finance-policy/g7-finance-ministers-central-bank-governors-communique.html>

Regulatory Push for TCFD

Canadian government mandates TCFD reporting for Crown Agencies

UK makes TCFD mandatory for premium listed companies on LSE

Switzerland to make TCFD mandatory for 2024

Ontario Securities Commission currently reviewing recommendation for TCFD requirement

SEC currently consulting on TCFD, expects draft regulations in fall

New Zealand makes TCFD mandatory for financial institutions



TCFD – Where to Start?



Understand
climate-related
risks and
opportunities

Set climate
ambitions and
define high-level
climate strategy



Define
climate-related
metrics



Estimate
climate-related
financial
impacts



Set targets
aligned with
climate ambition



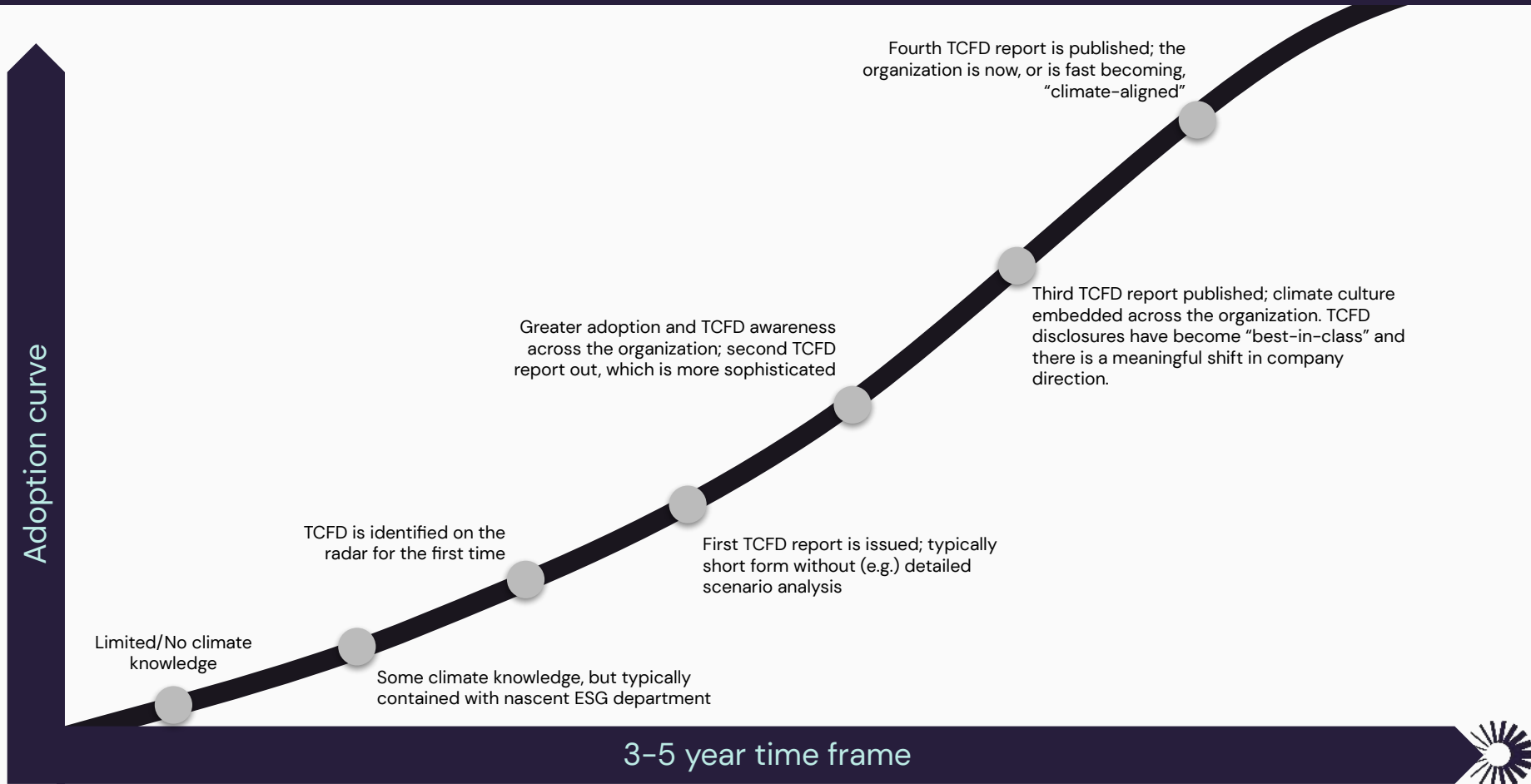
Articulate
transition
planning as part
of climate
strategy

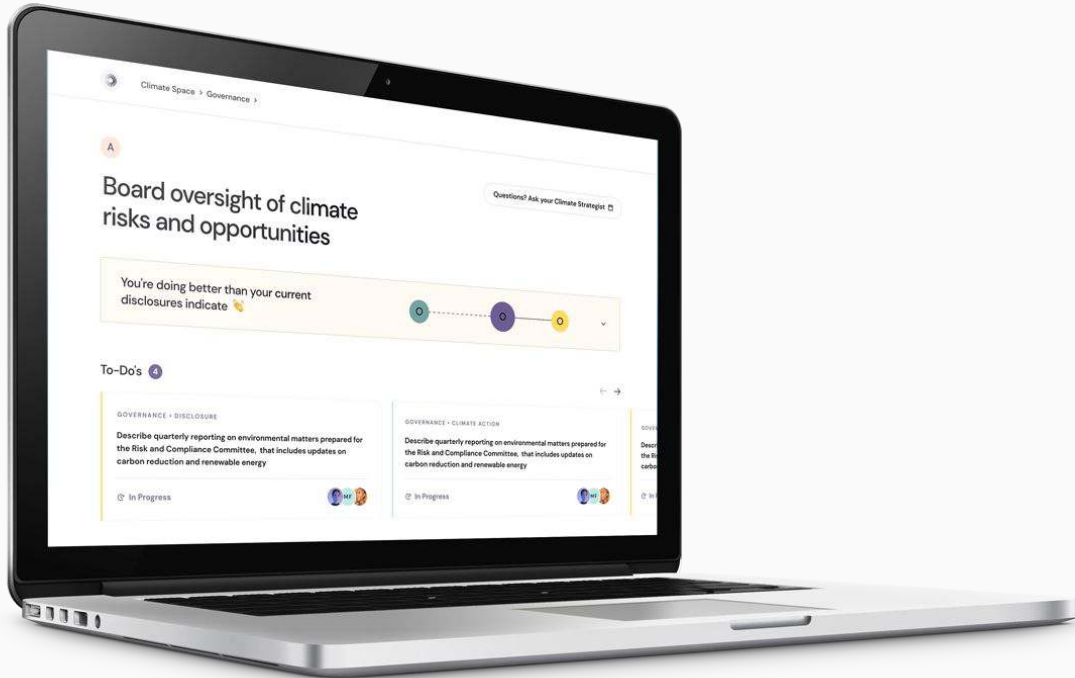


Report and
disclose



TCFD Adoption Curve – It's a Journey!





In a review of disclosure leaders in the Manifest Climate database:

- Companies reported on 34% less than what they were actually doing
- The largest gap between action and disclosure was in governance
- Companies in their first year of disclosure had the biggest gap

Why does this happen?

- Treating climate as a siloed issue
- Not recognizing actions because not specifically named 'climate'
- Not starting with governance--jumping to metrics/targets



Our SaaS Platform

The screenshot displays a user interface for a SaaS platform. At the top, a dark navigation bar contains a logo on the left and menu items: Home, Climate Profile, Market Intel, Learn, and Company Name (FL) with a dropdown arrow. The main content area features a large header with a cityscape background, a personalized greeting "Hello, Michelle", and a detailed analysis of climate-related disclosures. The analysis text states that Example Co.'s reporting has "minimal coverage" of TCFD recommendations and provides a link to "See full analysis". A circular diagram to the right of the text shows a path from a green circle to a purple circle, with a callout box labeled "Your Climate Profile please you here". Below the header is a "Trends & Insights" section with a grid of four cards: "September Roundup" (Monthly Report), "Insurers are starting to manage climate risk in their portfolios" (Market Intel), "Success of climate change talks rests on finance, UN chief says" (Blog), and "Success change t on financ says" (Featured). The "View and download the assessment reports" section shows two cards for the "2021 TCFD Maturity Assessment", one for the "Executive Summary" and one for the "Full Report". The "Learning Centre" section at the bottom features three video thumbnails with titles like "Internal Climate Readiness" and "How to use your Climate Knowledge".

I. TCFD Maturity

II. Market Intelligence

III. Learning Centre





2021 Climate Profile

View and download the assessment reports

2021 TCFD Maturity Assessment
Executive Summary



2021 TCFD Maturity Assessment
Full Report



✓ Your climate profile is complete!

Governance

How does your organization identify, assess and manage climate risk and opportunity?

[View](#)

Risk Management

Which types of risks has your organization assessed for strategic, operational, and financial impact?

[View](#)

Strategy

To what extent does your board oversee climate-related impacts in your strategic and financial planning?

[View](#)

Metrics and Targets

How comprehensive and operationally integrated are your organization's climate risk and opportunity KPIs, metrics, and targets?

[View](#)

Useful Resources

BEST IN CLASS EXAMPLE

TCFD Best practices example

BEST IN CLASS EXAMPLE

2021 Questionnaire Guide

TCFD Index

The TCFD Index maps your organization's climate-related disclosure across all reports into one reference table. Your organization can use this index to support your efforts to migrate your TCFD-aligned disclosure to your regulatory reports.

| TCFD Recommended Disclosures | Related disclosures found in Example Co.'s regulatory and voluntary reports |
|------------------------------|--|
| Governance A | <ul style="list-style-type: none"> • CSR Report (page 6) • 2020 CDP Response (sections C1.1a, C1.1b, C1.2a) |
| Governance B | <ul style="list-style-type: none"> • CSR Report (page 6) • 2020 CDP Response (sections C1.2, C1.2a, C2.2) |
| Strategy A | <ul style="list-style-type: none"> • Annual Information Form (page 21) • 2020 CDP Response (sections C2.1a, C2.1b, C3.1d) |
| Strategy B | <ul style="list-style-type: none"> • 2020 CDP Response (sections C2.3a, C2.4a, C3.1a, C3.1b, C3.1d, C3.1e) |
| Strategy C | <ul style="list-style-type: none"> • No disclosure found |
| Risk Management A | <ul style="list-style-type: none"> • CSR Report (page 8) |
| Risk Management B | <ul style="list-style-type: none"> • Annual Report (page 11) • Management Information Circular (page 39) • CSR Report (pages 5) |
| Risk Management C | <ul style="list-style-type: none"> • 2020 CDP Response (section C2.2) |
| Metrics and Targets A | <ul style="list-style-type: none"> • Annual Information Form (page 10) • Management Information Circular (page 39) • Reducing our Carbon Footprint 30% by 2030, Third Edition (page 3) |
| Metrics and Targets B | <ul style="list-style-type: none"> • CSR Report (page 8) • SASB (page 2) • 2020 CDP Response (sections C6.1, C6.3, C6.5, C6.10) |
| Metrics and Targets C | <ul style="list-style-type: none"> • Annual Report (pages 5, 10, 11) • Management Information Circular (page 39) |

Market Intelligence

Governance

Coming out of a banner proxy season for climate resolutions, it's clear that big investors can exercise significant influence when they are willing to vote against companies failing to address climate risk – but some shareholders remain nervous of such public confrontations.

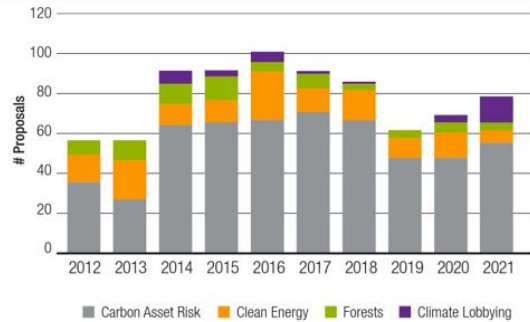
Investors will benefit if they get portfolio companies to move swiftly to build climate resilience and transition to net zero, as they will be less likely to suffer financial losses from climate risk and more likely to see improved returns from their embrace of climate opportunities.

Read in full: ['Despite successes, some investors are reluctant to use shareholder votes to push climate action'](#)

Regulation & Markets

Countries are racing to implement new rules and guidance for their financial institutions, with the expectation that

Types of climate change proposals, US



Source: [Proxy Preview](#)

ASSOCIATED TOPICS

Climate Action, Climate Policy & Targets, Investors

See other actions related to Governance on [page xx](#).

Do the financial authorities within your jurisdiction view international coordination as important to better understand jurisdictions' practices and to enable a more common approach among financial authorities that supports consistent, high quality implementation of TCFD

Important
8.0%

My Peer



Climate-related metrics

Absolute and intensity-based **Scope 1, 2 and 3 GHG emissions (CO₂e)**

Shadow/internal **carbon price (\$)**

Amount of senior management **remuneration** impacted by climate considerations (**% or \$**)

Proportion of assets and/or operating, investing, or financing activities

- **materially exposed to physical risks (%)**
- **materially exposed to transition risks (%)**
- **aligned toward climate-related opportunities (%)**

Amount of **expenditure or capital investment** deployed toward climate risks/opps (**\$**)



Climate-related financial impacts

Impact of any material climate-related risks or opportunities on **financial performance** (e.g. costs, profitability, operating cash flow, impairment)

Impact of any material climate-related risks or opportunities on **financial position** (e.g. assets and liabilities)



Questions



Top 10 Takeaways



#1 Focus on the process

TCFD is asking for the disclosure of the process of identifying your climate-related risks and opportunities – you don't have to have all the answers – TCFD is looking for the story of how climate is being considered.



#2 It's about risk and opportunity

TCFD is promoting an updated business strategy to address risks but to also help seize opportunities. This is about more than risk.



#3 Show me the money value

Not everything needs to be quantified, but the discussion of impacts should be linked to how it affects the business.



#4 Metrics tail shouldn't wag the dog

Don't worry about getting the metrics and targets "correct" – it can be something that develops along with the strategy and framework.



#5 Scenarios don't have to be scary

Scenario analysis can be high level and qualitative and still be effective for TCFD implementation. It's about how your organization fits into a climate-adjusted future.



#6 You've likely already started

Most well-run organizations are further ahead than they might think. You probably have about 40% of this stuff already, it's just not called "climate change."



#7 Tell your story

The use of disclosure information is evolving. Readers don't necessarily know what they are looking for and there are few "right answers." This is your chance to create your narrative.



#8 Disclosure shouldn't drive strategy

Having a climate strategy will help with smart and useful disclosure, but disclosure in and of itself is not sufficient.



#9 TCFD works internally too

Don't be afraid to use the TCFD framework to do internal work – you don't have to report it all publicly at once.



#10 Get started

Don't let perfection be the enemy of getting started. Focus on a few key issues and aim to improve your TCFD implementation over time.

Thank You.

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