

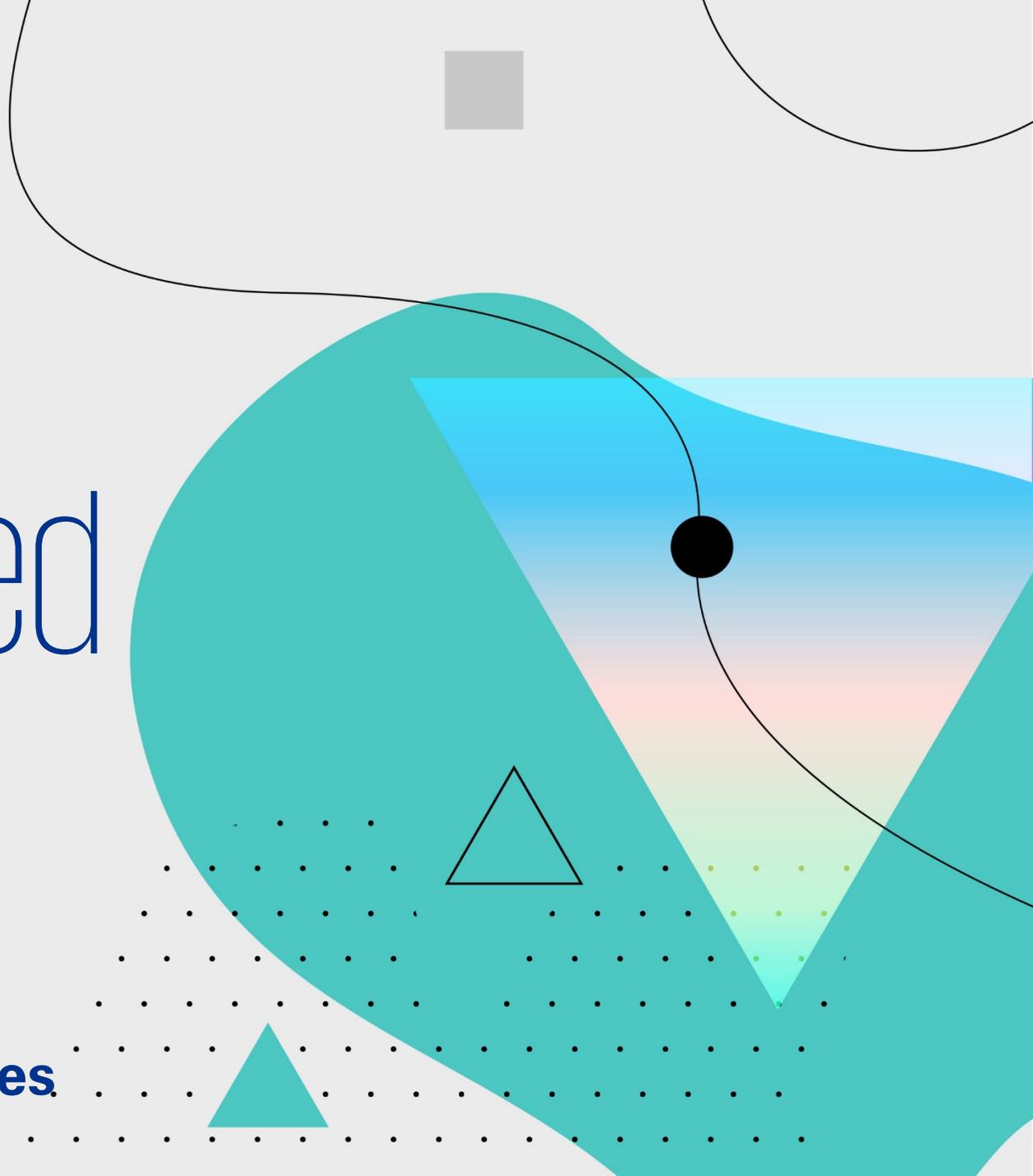


**2019 Insurance Conference**

# Climate-related disclosures

**Bill Murphy FCPA**

**Partner, Sustainability Services**



# Presenters



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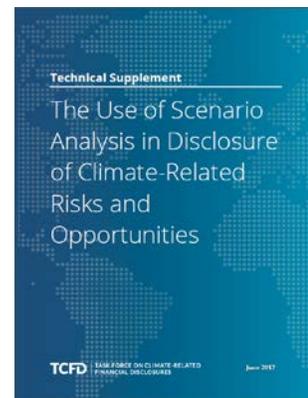


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# Task Force on Climate-related Financial Disclosures (TCFD)

## Context

- The Financial Stability Board (FSB) was asked to review how the financial sector can take account of climate-related issues
- The FSB established the Task Force on Climate-related Financial Disclosures (TCFD) to develop recommendations for more effective climate-related disclosures that could:
  - ❑ Promote more informed investment, credit, and insurance underwriting decisions
  - ❑ Improve stakeholder understanding of the concentrations of carbon-related assets and exposures to climate-related risks
- Globally, close 900 organizations support the TCFD publically, including substantial support among Canadian financial intermediaries



## Industry Led and Geographically Diverse Task Force

The Task Force's 31 international members, led by Michael Bloomberg, include providers of capital, insurers, large non-financial companies, accounting and consulting firms, and credit rating agencies.



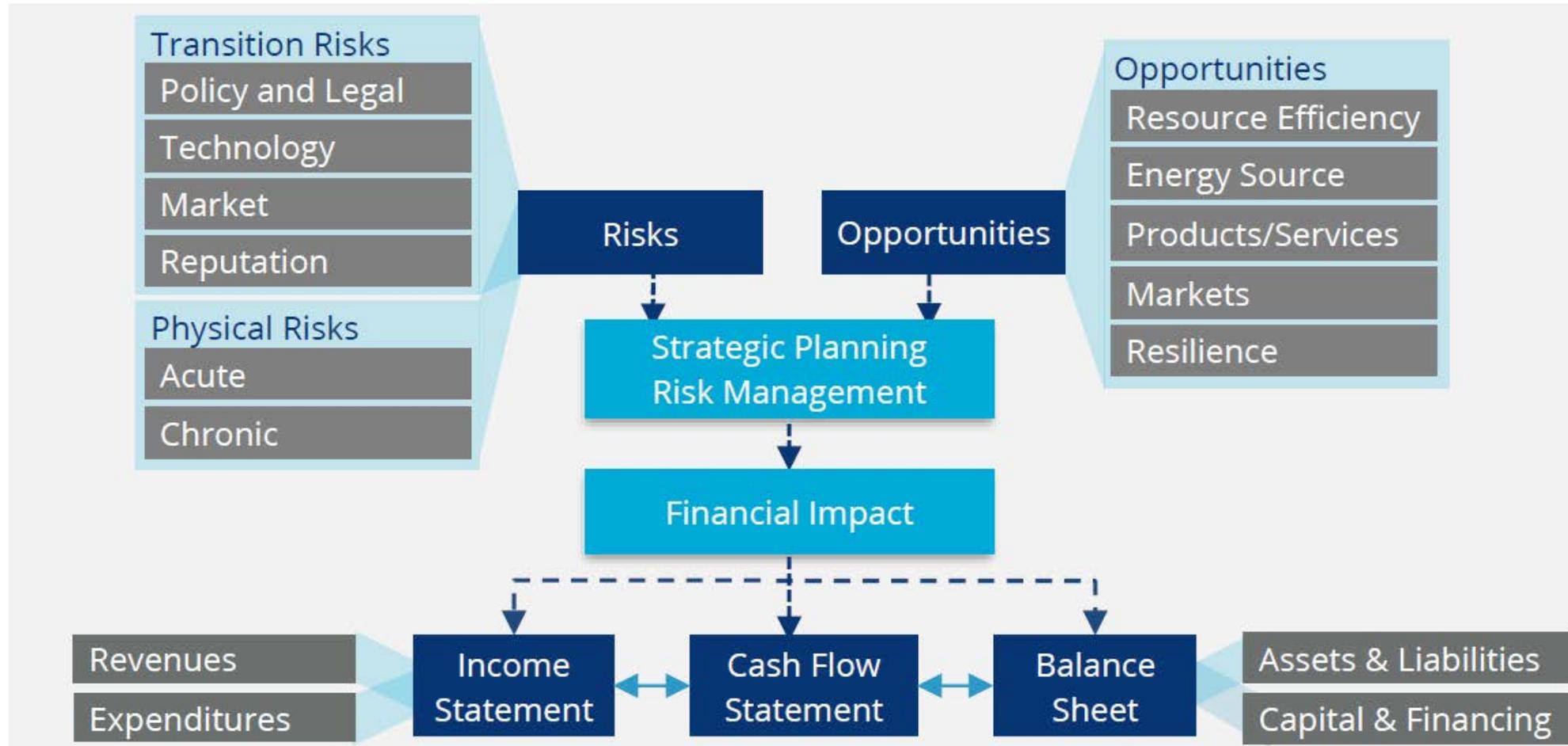
# TCFD recommendations overview

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

Source: TCFD, Final Report "Recommendations of the Task Force on Climate-related Financial Disclosures", June 2017

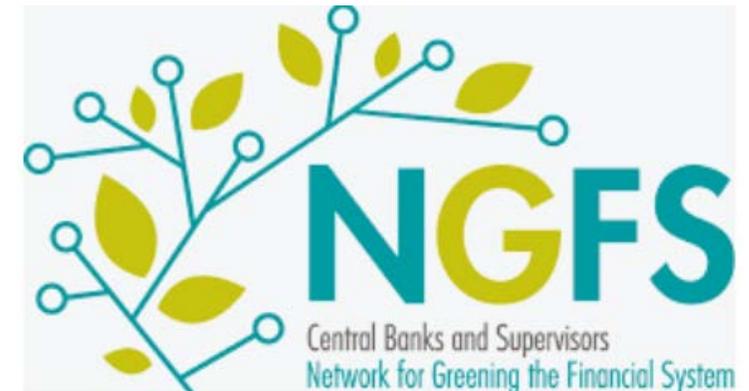
# Climate-related risks & opportunities

TCFD is focused on financial impact of climate-related risks and opportunities on an organization, rather than the impact of an organization on the environment.



Source: TCFD, Final Report "Recommendations of the Task Force on Climate-related Financial Disclosures", June 2017

# Regulatory developments and expectations



# Industry support and thought leadership

## Regulators

### Office of the Superintendent of Financial Institutions (OSFI)

OSFI has set out their [expectations](#) on climate change, which asks insurers to quantify their exposure, develop strategic approaches to transition to fewer carbon-linked assets, and include stress analyses and their responses to it in their ORSA.

### Network for Greening the Financial System (NGFS)

The Bank of Canada [joined](#) the NGFS, whose members' cover supervision of 2/3 of the global systemically important banks and insurers. The NGFS [recommends](#) integrating climate-related risks into financial stability monitoring and NGFS micro-supervision, amongst others.

## Sustainability Organizations

### United Nations Environment Programme Finance Initiative (UNEP FI)

UNEP FI, together with 16 of the world's leading banks, developed a [project](#) to further develop transition and physical assessment models and metrics to enable scenario-based, forward-looking assessment and disclosure of climate-related risks and opportunities.



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# Panel Discussion





# Thank you



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