2019 Insurance Conference

Climate-related disclosures

Bill Murphy FCPA
Partner, Sustainability Services
Presenters

Bill Murphy
KPMG
National Leader, Climate Change & Sustainability Services

Susan Jantzi
Sun Life Financial
Director, Corporate Affairs & Sustainability

Margaret Childe
Manulife Investment Management
Director of ESG Research & Integration

Rocky Ieraci
CPP Investment Board
Managing Director & Head of Investment Risk
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

<table>
<thead>
<tr>
<th>Governance</th>
<th>Strategy</th>
<th>Risk Management</th>
<th>Metrics and Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclose the organization’s governance around climate-related risks and opportunities.</td>
<td>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.</td>
<td>Disclose how the organization identifies, assesses, and manages climate-related risks.</td>
<td>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</td>
</tr>
</tbody>
</table>

### Recommended Disclosures

**a.** Describe the board’s oversight of climate-related risks and opportunities.

**b.** Describe management’s role in assessing and managing climate-related risks and opportunities.

### Recommended Disclosures

**a.** Describe the climate-related risks and opportunities the organization has identified over the short-, medium-, and long term.

**b.** Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.

**c.** Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

**a.** Describe the organization’s processes for identifying and assessing climate-related risks.

**b.** Describe the organization’s processes for managing climate-related risks.

**c.** Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.

**a.** Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

**b.** Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

**c.** Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

---

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
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.
Susan Jantzi

Sun Life Financial
Director, Corporate Affairs & Sustainability
Margaret Childe

Manulife Investment Management

Director of ESG Research & Integration
Rocky Ieraci

CPP Investment Board

Managing Director & Head of Investment Risk
Thank you