

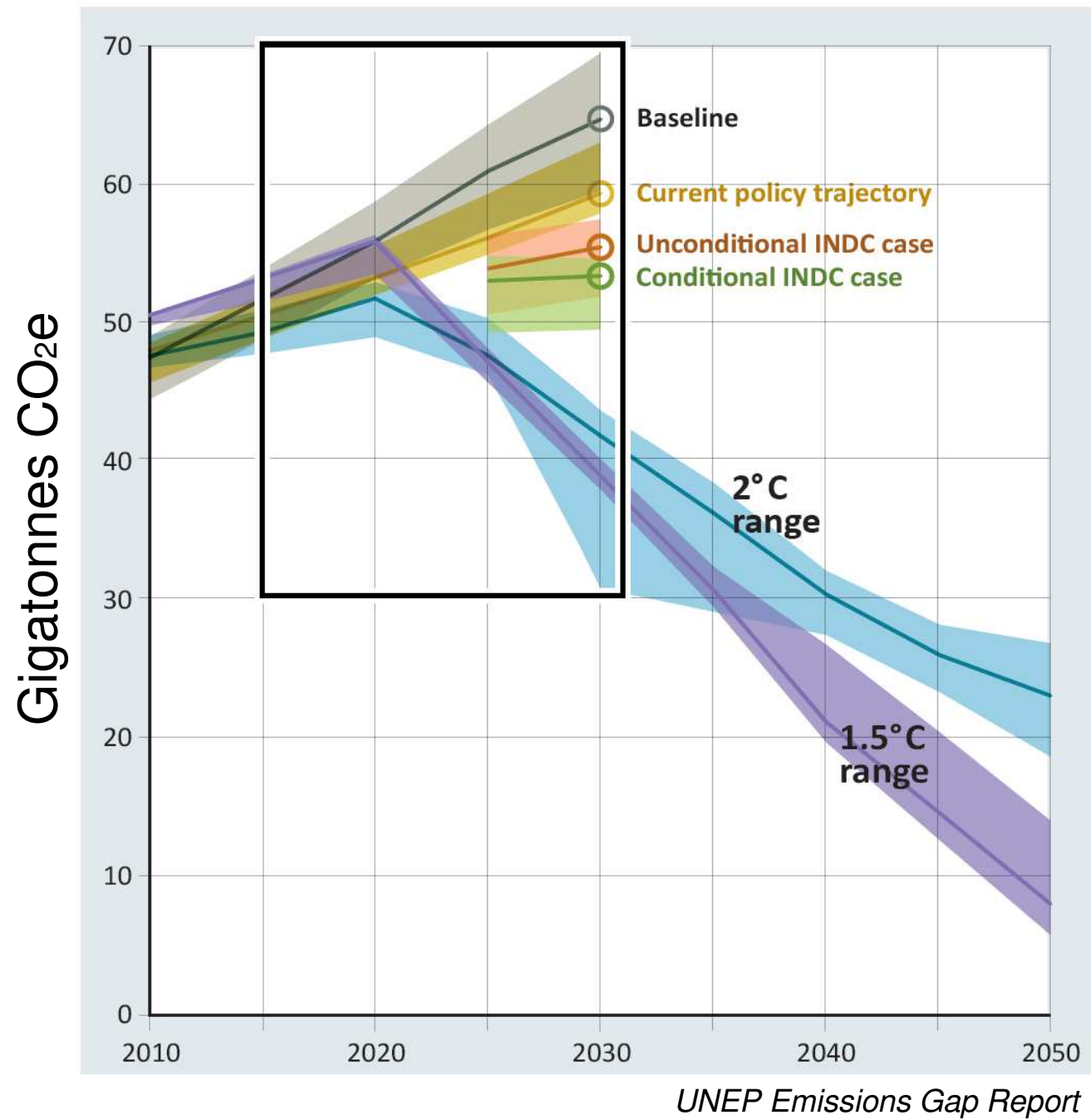


UNEP
FINANCE
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REGIONAL ROUNDTABLE ON **SUSTAINABLE FINANCE** IN LATIN AMERICA AND THE CARIBBEAN

Eric Usher

**TCFD and beyond: Assessing,
Disclosing and Managing Climate-
related Risks and Opportunities**



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PARIS AGREEMENT

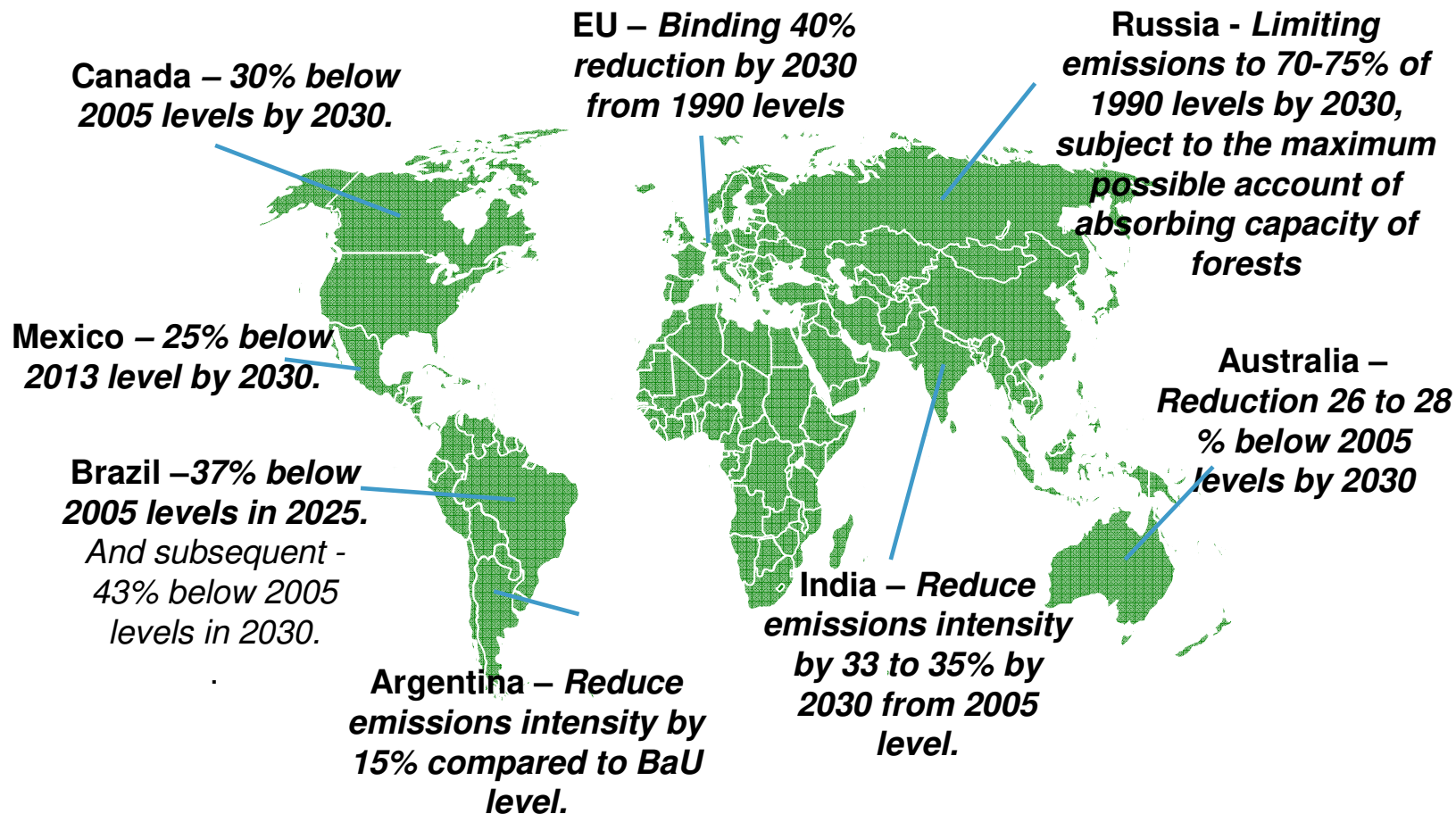
Outcome of UNFCCC COP 21 - decisive international action

- **Goal to limit temperature increase to** ‘well below 2°C’, with ambition to limit increase to 1.5°C above pre-industrial levels
- **Regular review and enhancement of ambition:** Countries expected to produce new commitments by 2020, every 5 years thereafter
- **Role of finance explicitly mentioned:** by “making finance flows consistent with a pathway towards low greenhouse gas emissions and climate resilient development.”
- International mechanisms to promote **climate-friendly finance**, technology transfer and adaptation to climate change impacts
- Framework for **Nationally Determined Contributions (NDC)**



THE GLOBAL RESPONSE TO CC

>160 NDCs submitted, representing 189 countries, responsible for 98.8% of global emissions



Sources: WRI CAIT Climate Data Explorer & C2ES/UNEP Finance Initiative



FINANCE SECTOR RESPONSE

1. Identify the risks and opportunities
2. Act on them





- Established by Financial Stability Board at request of G20
- Mandate: Develop voluntary, **climate-related financial disclosures useful to investors, lenders and insurance underwriters** to assess and price climate-related risks and opportunities
- Four recommendations on climate-related financial disclosures

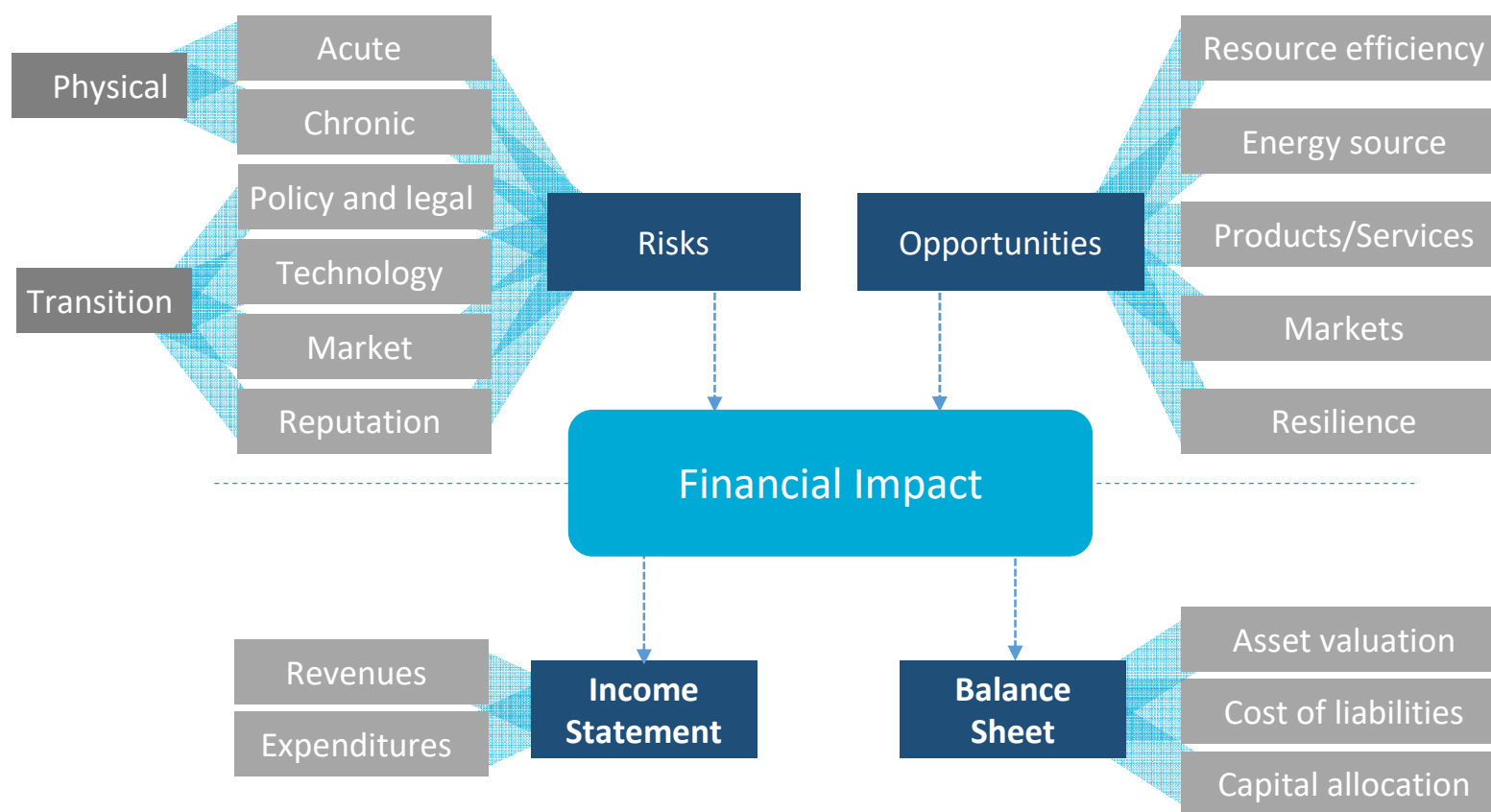




TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES

What's new..

- Disclosure in annual financial filings
- FI as both users and issuers
- Transition Risk
- Transition Opportunity



TCFD Recommendations

Core Elements of Recommended Climate-Related Financial Disclosures



Governance

The organization's governance around climate-related risks and opportunities

Strategy

The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Risk Management

The processes used by the organization to identify, assess, and manage climate-related risks

Metrics and Targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities

Figure 7

Recommendations and Supporting Recommended Disclosures

Governance	Strategy	Risk Management	Metrics and Targets
<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>
Recommended Disclosures	Recommended Disclosures	Recommended Disclosures	Recommended Disclosures
<p>a) Describe the board's oversight of climate-related risks and opportunities.</p>	<p>a) <u>Describe the climate-related risks and opportunities</u> the organization has identified over the short, medium, and long term.</p>	<p>a) Describe the organization's processes for identifying and assessing climate-related risks.</p>	<p>a) <u>Disclose the metrics used by</u> the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>
<p>b) Describe management's role in assessing and managing climate-related risks and opportunities.</p>	<p>b) <u>Describe the impact of climate-related risks and opportunities</u> on the organization's businesses, strategy, and financial planning.</p>	<p>b) Describe the organization's processes for managing climate-related risks.</p>	<p>b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>
	<p>c) <u>Describe the resilience of the organization's strategy</u>, taking into consideration different <u>climate-related scenarios</u>, including a 2°C or lower scenario.</p>	<p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</p>	<p>c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>

UNEP FI TCFD Pilot Project



Mike Bloomberg ✓

@MikeBloomberg

Following



You can only manage what you can measure
—11 top banks will pilot our [@FSB_TCFD](#)
[#climaterisk](#) disclosures w/ [@UNEP_FI](#)



Carney Draws Bank Support for Climate Risk Reporting Ca...

Eleven major banks including Barclays Plc, Citigroup Inc. and UBS AG said they'll seek ways to address the financial risks of global warming, after Bank of England Governor Mark Carney
[bloomberg.com](#)

4:08 PM - 11 Jul 2017



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ANZ
Barclays
Bradesco
Citi
DNB
Itaú
National Australia
Bank
Rabobank
Royal Bank of Canada
Santander
Standard Chartered
TD Bank Group
UBS

- Group of 13 first-mover banks
- **Pilot** an agreed-on **subset of recommendations** and jointly address implementation challenges
- Jointly develop **scenarios, models, indicators, and methodologies**, + conduct other research as needed
- **Compile scenarios, models, methods, and tools**, and other research and develop case studies



Why are UNEP FI members piloting TCFD?

- **Publicly signal** finance sector support for climate risk transparency
- **Pro-actively pilot disclosure** in line with FSB recommendations
- Help **shape harmonization** of climate-risk disclosure in finance
- Collaborate to develop **expertise** and benefit from **joint problem-solving**, sharing of experiences, insights in real time.



2. Taking Action (Decarbonization)

The PDC is a leadership coalition of 29 investors mobilizing financial markets to drive economic decarbonization



Caisse des Dépôts, France
\$149bn AUM

Reduce real-estate portfolio
energy consumption 38% by
2030, and listed equities
carbon footprint
20% by 2020.

ABP, Netherlands
\$408bn AUM

Reduce listed
equities carbon
footprint 25% by
2020.



THANK YOU

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