Climate risks and TCFD workshop
Day 2

12 October 2021
# Agenda and objectives of the session

<table>
<thead>
<tr>
<th>#</th>
<th>Sessions</th>
<th>Time (CET)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Latest regulatory developments on climate risk</td>
<td></td>
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<tr>
<td>2</td>
<td>Examples of good practices in TCFD</td>
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<tr>
<td>3</td>
<td>Conclusion and next steps</td>
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</tbody>
</table>

- Understanding the landscape of regulatory development in relation to climate risk
- Develop further knowledge on the latest TCFD publications
- Learning what constitutes good practice for TCFD disclosure
Session #1

Latest regulatory developments on climate risk
**Sector impacts and vulnerabilities (1/2)**

Egypt has been vulnerable to climatic changes, resulting in famine and political unrest during periods of drought.

### Sectors

#### Agriculture

1. Increased temperatures
2. Increased drought frequency and duration
3. Changes in rainfall patterns
4. Sea level rise

#### Water Resources

1. Increased temperatures
2. Changes in precipitation
3. Increased drought

#### Tourism

1. Increased temperatures
2. Changing rain patterns
3. Increased flooding
4. Sea level rise

### Stressors

- Increased temperatures
- Increased drought frequency and duration
- Changes in rainfall patterns
- Sea level rise
- Increased variability in Nile River flow
- Increased water demand
- Decreased water availability for irrigation, drinking, and energy generation
- Decreased hydropower supply
- Increased domestic and transboundary water conflict
- Damage to ancient monuments and antiquities
- Potential for coral reef deterioration in the Red Sea
- Increased beach erosion
- Damage to tourism infrastructure

### Risks

- Increased water demand
- Reduced crop yields
- Changing incidence of plant pathogens
- Increased livestock disease and mortality
- Loss of agriculture employment
- Decreased water availability for irrigation, Salt water intrusion
- Loss of arable land
### Sector impacts and vulnerabilities (1/2)

Egypt has been vulnerable to climatic changes, resulting in famine and political unrest during periods of drought.

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Stressors</th>
<th>Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>1. Increased temperatures</td>
<td>■ Increased heat stress</td>
</tr>
<tr>
<td></td>
<td>2. More frequent and/or intense sand storms</td>
<td>■ Increased cardiopulmonary disease</td>
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<tr>
<td></td>
<td>3. Increased drought and flooding</td>
<td>■ Increased injury and mortality from flooding and storms</td>
</tr>
<tr>
<td></td>
<td>4. Sea level rise</td>
<td>■ Potential increase in vector-borne disease</td>
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<tr>
<td></td>
<td></td>
<td>■ Decreased nutrition and food security</td>
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<tr>
<td></td>
<td></td>
<td>■ Reduced water quality and availability</td>
</tr>
<tr>
<td>Coastal Zone</td>
<td>1. Sea level rise</td>
<td>■ Damage to coastal infrastructure</td>
</tr>
<tr>
<td></td>
<td>2. Increased temperature</td>
<td>■ Salt water intrusion</td>
</tr>
<tr>
<td></td>
<td>3. Increasing storms and storm surge</td>
<td>■ Reduced tourism industry</td>
</tr>
<tr>
<td></td>
<td></td>
<td>■ Loss of agriculture and fishery productivity</td>
</tr>
</tbody>
</table>

- 2-3 degrees increase in annual temperatures by 2050 and increased duration of heat waves. 3 cm to 61 cm rise in sea level by 2085.
## Historical climate vs. future climate

Given uncertainties in future flow, there is need to prepare for potential changes in both flood and drought incidence in Egypt.

<table>
<thead>
<tr>
<th>Historical climate</th>
<th>Future climate</th>
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</thead>
<tbody>
<tr>
<td>- Average decrease in total annual precipitation of 6 percent per 30 year-period from 1901-2013, with significantly higher decrease of 22 percent in total annual precipitation from 1983-2013.</td>
<td>- Increase in mean annual temperature of between 2°C to 3°C by 2050, with highest increases in the summer months of July-September and more rapid increases in the interior regions.</td>
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<tr>
<td>- There is evidence of increased frequency and severity of flash flooding in recent years</td>
<td>- Projections for sea level rise in the Nile delta suggest an increase of between 3 cm and 61 cm by 2085 with increases in Alexandria of between 20 cm and 82 cm.</td>
</tr>
<tr>
<td>- 0.5°C per decade increase in average annual temperature from 1983-2013.</td>
<td>- Increased intensity and frequency of dust storms and sandstorms</td>
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<td>- Daily minimum temperatures have increased throughout Egypt, with fewer cool nights and more warm nights since 1960.</td>
<td>- Significant increase in duration of long-lasting heat waves, with likely increase in duration of between 9 to 77 days by 2085.</td>
</tr>
<tr>
<td></td>
<td>- Decrease in duration of long-lasting cold spells, with likely decrease in duration of 3 to 6 days by 2085.</td>
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</table>
Key Trends in Egypt (1/3)

Increased heat and extreme heat conditions will result in significant implications for human and animal health, agriculture, water resources, and ecosystems.

Historical and projected average temperature for Egypt from 1986 to 2099

Projected change in summer days (Tmax>25C)
Key Trends in Egypt (2/3)

Climate change is expected to increase the risk and intensity of water scarcity and drought across the country.

Risk of Coastal Flood

Risks of water scarcity

Most of the country’s population and infrastructure are concentrated in the Nile Delta and along the Mediterranean coast, making the country additionally vulnerable to the impacts of sea level rise, particularly inundation and saltwater intrusion.
Key Trends in Egypt (3/3)
The entire country will be under significant water stress, most acutely occurring in the central and northwestern areas in the 2050s and 2090s

Spatial representation of SPEI across Tunisia for the period 2040 – 2059 under RCP 8.5

Spatial representation of SPEI across Tunisia for the period 2080-2099 under RCP 8.5
Latest regulatory developments (1/3)
MENA and Europe

**MENA region**

- **Egypt**: In January 2020, the Ministry of Finance of the Arab Republic of Egypt announced plan to issue green bonds. In July 2021, the FRA issued resolutions requiring companies listed on the Egyptian Stock Exchange, and companies operating in non-bank financial activities to submit environmental, social, and governance disclosure reports related to sustainability.

- **Tunisia**: On October 17th, 2016 the Tunisian parliament unanimously ratified the Paris Agreement and consequently formally adopted its intended nationally determined contribution. Since then, Tunisia has commitments towards the UNFCCC by submitting national communications, its first and second biennial updated reports (BUR) as well as its INDC.

- **Morocco**: In March 2021, the BAM published a directive for credit institutions to improve their management of climate-related and environmental risks. ACAPS implementation of the National Roadmap into the insurance sector, including promoting sustainable insurance (i.e. membership of UN PSI), development of incentive schemes, and other activities.

**Europe**

- **UK**: PRA proposed climate stress test in next exploratory scenario. UK will also make climate disclosures mandatory

- **France**: Bank of France will define stress test parameters

- **Norway**: Norway’s central bank announced need to integrate climate into risk assessment

- **Denmark**: Stress test development

- **EU**
  
  - ECB Guidelines on climate and environmental risks. New guidance on climate risk disclosures
  - First EU-wide pilot exercise on climate risk, whose main objective is to map banks’ exposures to climate risk and provide an insight into the green estimation efforts banks have carried out

- A growing number of jurisdictions have announced plans to mandate climate-related disclosures
### Latest regulatory developments (2/3)
#### Americas and Asia

#### Americas
- **United States**
  - Fed recently joined the NGFS and discussed climate risk in semiannual Financial Stability Report
  - “Climate Change Financial Risk Act” to mandate climate stress testing and “Climate Risk Disclosure Act” to mandate climate-related disclosures introduced in last Congress
  - CFTC report: “Managing Climate Risk in the US Financial System”

- **Canada Bank of Canada** announced intent to develop climate stress tests

#### Asia & Oceania
- **Hong Kong** HK Monetary Authority (HKMA) will begin climate-related stress testing
- **Singapore** Monetary Authority of Singapore (MAS) will begin climate-related stress testing
- **Australia** Australian Prudential Regulatory Authority (APRA) has put forward a tender for climate stress tests on behalf of major banks for top 500 companies in Australia
- **New Zealand** Will require financial institutions disclose their climate risks in alignment with TCFD

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- Climate stress testing has also become a growing consideration for financial supervisors
The Network for Greening the Financial System ("NGFS") is a peer-learning network of central banks and supervisors (with nearly 100 members and observers, including the U.S. Federal Reserve) focused on the financial system’s risks from and impacts on environmental risks and climate change.

Its work covers five work streams considered important for global harmonization on climate risk.

They have issued guidance and reports for central banks and supervisors, and also developed reference climate scenarios.

June 2021 released new climate risk scenarios and May 2021 released a progress report on bridging data gaps.

The Bank for International Settlements (BIS) promotes global monetary and financial stability through international cooperation’s.


April 2021 report on climate-related risk drivers and their transmission channels.

June 2021 Green Swan Conference.
Trends in climate risk disclosure
And regulatory assessment ahead of COP26

Importance of these developments

- Increased collaboration between governments, regulators, financial institutions, modelers and other relevant stakeholders
- Increased importance of understanding vulnerable exposures of financial institutions to climate risks
- Improved availability of guidance for financial institutions for climate risk management
- Development of forward-looking metrics and scenarios to use by financial institutions for identifying and assessing climate risks
- Greater access to platforms for financial institutions to voice their perspectives and challenges

Observed trends

- Increased mandatory disclosures in line with TCFD
- Increased use of climate scenarios
- Enhancement of reference scenarios by institutions for greater specificity
- Greater global uptake, co-ordination and collaboration for climate-related disclosures
- Further efforts for standardizing disclosures and creating baseline frameworks
- Increasing regulatory climate stress test exercises

Climate scenario analysis and mandatory disclosures are expected to increase in prevalence within the global financial system
# Global developments in climate stress testing

## Climate stress testing announcement

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<th>Region</th>
<th>Details</th>
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- EBA announced that it will launch the 2021 EU-wide climate stress test exercise, with the publication of the macroeconomic scenarios on January 29, 2021. Expected results by July 31, 2021. |
| **Australia**| - In September 2021, the Australian Prudential Regulation Authority (APRA) published details of a Climate Vulnerability Assessment (CVA) to assess the nature and extent of the financial risks that large banks in Australia may face due to climate change.  
- Climate risk scenario analysis and stress testing were designed in 2020 and are planned to be conducted in 2021. |
| **UK**       | - PRA and BOE will launch its climate stress test CBES in July 2021; results to be published in May 2022.                                    |
| **Singapore**| - MAS finalised environmental risk management guidelines for Banks, asset manager and insurers in December 2020. MAS proposed Banks should develop tools and metrics to monitor and assess exposures to environmental risk, including through scenario analysis and stress testing. MAS expects the first results by June 2022. |
Session #2 Examples of good practices in TCFD
Good practices Pillar 1: Governance
## Pillar 1: Governance

<table>
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<tr>
<th>Governance</th>
<th>Strategy</th>
<th>Risk Management</th>
<th>Metrics and Targets</th>
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<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>
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</tbody>
</table>

### Recommended Disclosures

- **Governance**
  - 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.

- **Strategy**
  - 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.

- **Risk Management**
  - 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.

- **Metrics and Targets**
  - 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.
Credit Suisse TCFD Report 2020

Credit Suisse highlighted that the TCFD program is sponsored by the Chief Risk and Compliance Officer and outlined the senior management representation in detail.

Responsibilities from the management board have been written down, such as designing a strategy for the new Sustainability, Research & Investment Solutions.

Board’s oversight is explained in a way that they received regular briefings related to climate change; more detailed topics have been mentioned in their report.

Roles and Responsibilities have been lied out very clearly.

Good example for Governance a) and b).

1. https://www.credit-suisse.com/TCFD
Good practices in TCFD: Governance disclosures (2/8)

Credit Suisse TCFD Report 2020¹

- Explained the interlinkages of the board's strategy across their divisions as an additional add on.

¹. https://www.credit-suisse.com/TCFD
Good practices in TCFD: Governance disclosures (3/8)

Eni Annual Report 2020¹

- Roles and Responsibilities are matched to positions and **persons**, which gives an overview of who is represented in different committees, which is beyond what FI’s are currently doing. A good example for Governance a).

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Good practices in TCFD: Governance disclosures (4/8)

Eni Annual Report 2020

THE MAIN SUSTAINABILITY ISSUES ADDRESSED BY THE BOARD IN 2020

- 2020 Financial sustainability strategy and sustainability reporting
- 2019 Sustainability Report: “Eni For”
- Update of the UK Modern Slavery Act statement
- 2019 financial statements, including the consolidated Non-Financial Statement
- The Remuneration Report, including sustainability targets in the definition of performance plans
- 2019 HSE Report
- Four-year and long-term Plan (including non-financial targets)

- Detailed lists of board’s oversights and achievements in one year.

Overview of governance structure and positions linked to climate opportunities and climate risks. A good example for Governance a).
Good practices in TCFD: Governance disclosures (6/8)

HSBC TCFD Update 2020

Management’s role

The GEC and regional and global business executive committees manage our climate ambitions and are advised by our Climate Business Council. An information dashboard is provided to the GEC every quarter to seek to improve our awareness and management of key climate risks. Management responsibilities for climate risk are integrated into the relevant business and functional areas.

Climate risk receives risk management oversight at the Risk Management Meeting of the Group Executive Committee (‘GRMM’) through the ‘Top and emerging risk’ report. In 2020, the Group Risk Executive Committee also reviewed an update on the financial and non-financial risks from climate change. A dedicated Climate Risk Oversight Forum (‘CROF’) is responsible for shaping and overseeing HSBC’s approach to climate risk.

This forum also provides updates to the GRC and GRMM on climate risk matters.

All these forums interact with each other on items that require broader co-ordination, discussion, business or risk engagement.

Roles and responsibilities for managing climate risk are aligned to HSBC’s risk management framework and the three lines of defence model to ensure robust oversight and challenge of our capabilities.

In 2020, the Climate Business Council shaped the Group’s sustainability strategy and climate ambition that was subsequently approved by the Board in October. The CROF defined the Group’s climate risk appetite and risk management approach, which was endorsed by the GRMM and GRC in November and will be considered by the Board in early 2021. All Group risk forums have received updates on the Group’s climate stress testing and scenario approach, and the ESG Steering Committee and the Disclosure Committee have reviewed and approved climate-related disclosures.

In addition, climate risk updates were provided to our principal subsidiaries in the UK, Asia, Singapore and Mexico, as well as to HSBC Insurance and our digital business services and compliance functions.

- Detailed outline for how management roles are involved in assessing and managing climate-related risks and opportunities. A good example for governance b).
Good practices in TCFD: Governance disclosures (7/8)

Eni Annual Report 2018¹

Explanation

- Makes clear linkages between its decarbonisation strategy and corporate governance, showing the importance of interconnectivity of information.

- Specific information is given about how the Board exercise its oversight functions.

- Explanation is given on how the board is supported by various committees.

It shows that climate issues feature prominently at the top. Chair of the Board introduces the annual report by referring to climate change as the “most pressing issue” of our age and explains the Board’s oversight function in this report.

Explains which functions are involved in identifying, assessing, monitoring and reporting on climate-related issues, and ties this back to performance goals at a management level.
Questions

Menti poll

- On a scale from 1-5 how efficient do you find it to match the roles and responsibilities to specific persons in the disclosure? Example (3/8)

- How would you define a good practice for the governance Pillar?
Good practices Pillar 2: Strategy
## Pillar 2: Strategy

### Governance

- Disclose the organization’s governance around climate-related risks and opportunities.

### Strategy

- Disclose how the organization identifies, assesses, and manages climate-related risks.
- 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.
- 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.
- Describe the organization’s processes for identifying and assessing climate-related risks.
- 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.
- Describe the organization’s processes for identifying and assessing climate-related risks.
- Describe the organization’s processes for managing climate-related risks.
- Describe Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
- Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

### 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.

#### 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.
Good practices in TCFD: Strategy disclosures (1/9)

Credit Suisse TCFD Report 2020

- Very good visualization for a) in the strategy pillar to describe the risks involve, which needs to be considered in the business overall risk strategy.

1. https://www.credit-suisse.com/TCFD
Further detail was given to the manifestation of business risks.

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1. https://www.credit-suisse.com/TCFD
Credit Suisse TCFD Report 2020

Credit Suisse has made strong commitments for green and renewables sector

Credit Suisse has a considerable pedigree in the green bond market, underwriting the first ever green bond issuance in 2008 from development funding institutions.

Credit Suisse has long been a supporter of the Green Bond Principles and we are actively seeking to help mobilise more capital toward a "low carbon" economy. In this respect, Credit Suisse and the Climate Bond Initiative (CBI) joined forces in September 2020 and published “Financing Credit In Transitions,” which presents a framework for defining ambitious and credible transition pathways for companies to collectively reduce global emissions in line with the goals of the Paris Agreement. Its aim is to support rapid growth of a transition bond market as part of a larger and liquid climate-related market, and to deliver confidence for investors, chary for banks and credibility for issuers.

Growth in green bond issuance

From 2013 to the end of 2020, we supported the issuance of over USD 45 billion of sustainable debt capital markets products such as green, social, sustainability-linked and transition bonds as well as green certificates of deposits and commercial paper.

These activities include coordinating and underwriting a number of landmark and inaugural deals, including a

Credit Suisse actively supports clean and renewable energy businesses and, by the end of 2020, had been involved in over 150 transactions in this field with a value of more than USD 150 billion since 2010.

USD 1.6 billion

USD 1.6 billion of renewable assets backed warehouse capacity

In 2020, Credit Suisse served as a structuring agent and bookrunner on a number of solar securitizations, notably two totaling USD 297 million, as well as another USD 134.7 million solar securitization. Credit Suisse also served as placement agent for a USD 216 million residential solar portfolio and a portfolio of German transmission infrastructure assets of undisclosed size. In addition, Credit Suisse put in place an additional approximately USD 1.6 billion of renewable asset-backed warehouse capacity.

150 transactions

USD 4.3 billion

USD 4.3 billion of tax equity has been committed to 2D renewable energy opportunities warehouse capacity

Over the past decade, a total of approximately USD 4.3 billion of tax equity has been committed to 2D renewable energy opportunities as a result of the collaboration between our Strategic Transactions Group and our Debt Capital Markets Solutions team. Multiple transactions were closed in 2020, which included Credit Suisse’s inaugural community solar investment.

Ethical food

Ethical food and sustainable farming

In 2020, Credit Suisse served as the bookrunner on the IPO for an ethical food company disrupting the US food system with its model of conscious capitalism focused on the humane treatment of animals and sustainable farming practices. We also worked with a number of companies in the electric vehicle and mobility industry, including a Chinese smart electric vehicle company on its IPO.

Creating sustainable businesses

In providing merger and acquisitions services we are creating sustainable businesses through transactions. For instance, we advised exclusively on the largest US residential solar merger.

ESG

Energy transition and social impact

In 2020, we worked on a number of ESG, energy transition and social impact Special Purpose Acquisition Corporations (SPACs).

A good example for Strategy b) as it gives a clear overview of their commitments.

1. https://www.credit-suisse.com/TCFD
## Climate-related opportunities

<table>
<thead>
<tr>
<th>#</th>
<th>Type</th>
<th>Climate-Related Opportunity</th>
<th>Horizon*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Markets</td>
<td>Financing: Equity issuance (e.g., through sustainable capital markets transactions, private placements, or SPACs) aligned with the Credit Suisse Sustainable Activities Framework as well as M&amp;A sell-side and buy-side advisory to support the transition of our clients to reach a stronger ESG performance.</td>
<td>ST-LT</td>
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<tr>
<td>2</td>
<td>Markets</td>
<td>Financing: Issuance of green debt financing instruments (private or public debt, structured notes) to fund projects or assets that mitigate climate change by reducing emissions, protect ecosystems, or otherwise have a positive environmental impact.</td>
<td>ST-LT</td>
</tr>
<tr>
<td>3</td>
<td>Markets</td>
<td>Financing: Lending to fund green or climate-related projects (e.g., renewable energy infrastructure, low-carbon public transportation) or technologies that are expected to play an important role in decarbonizing the economy (&quot;green loans&quot;) or offering sustainability-linked loans whose pricing is based on the borrower’s ESG score or overall sustainability achievements.</td>
<td>ST-LT</td>
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<tr>
<td>4</td>
<td>Markets</td>
<td>Financing: Evaluate new property investments also from an ESG perspective with respect to the impact on a property’s current and potential future value as it relates to energy efficiency, public transport connectivity, use of sustainable materials, tenant wellbeing, and community engagement.</td>
<td>ST-LT</td>
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<td>5</td>
<td>Products and Services</td>
<td>Investing: Actively exercise the bank’s rights as shareholder in companies or on behalf of clients by voting at shareholder meetings and actively engaging with investee companies in order to preserve long-term shareholder value, enhance long-term returns, and influence companies’ ESG performance.</td>
<td>ST-LT</td>
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<tr>
<td>6</td>
<td>Products and Services</td>
<td>Investing: Integrate environmental, social, and governance (ESG) criteria along the investment process and consistently and broadly based with the objective to achieve an improved risk-return profile in clients’ investment portfolios and manage portfolios more resilient against financial market shocks resulting from climate risks.</td>
<td>ST-LT</td>
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<tr>
<td>7</td>
<td>Products and Services</td>
<td>Investing: Develop investment strategies premised on the view that a rapid shift in public sentiment and policy-making regarding the climate may lead to a large variation in the fortunes of companies that stand to gain from the resulting transition, and those that will lose.</td>
<td>ST-LT</td>
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<tr>
<td>8</td>
<td>Products and Services</td>
<td>Investing: Expand the product offering to investment strategies that are aligned with the Credit Suisse ESG Investment Framework, which allows clients to make a positive impact on society and the environment without sacrificing returns.</td>
<td>ST-LT</td>
</tr>
<tr>
<td>9</td>
<td>Products and Services</td>
<td>Advice: Provide financial advice and develop financing strategies that enable existing and prospective clients to move towards a low-carbon economy and reach a stronger ESG performance.</td>
<td>ST-LT</td>
</tr>
<tr>
<td>10</td>
<td>Products and Services</td>
<td>Advice: Provide investment advice to enable existing and prospective clients to better understand and manage their exposure to climate risks and enhance their resilience to both physical and transition risk.</td>
<td>ST-LT</td>
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</tbody>
</table>

- Priorities, as well as opportunities, are clear and transparent.

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UNEP Finance Initiative
TCFD – Task Force on climate-related financial disclosures
Good practices in TCFD: Strategy disclosures (5/9)

Eni Annual Report 2020

<table>
<thead>
<tr>
<th>TCFD RECOMMENDATIONS</th>
<th>AR 2020</th>
<th>2020 SUSTAINABILITY REPORT</th>
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<tbody>
<tr>
<td>GOVERNANCE</td>
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<tr>
<td>Disclose the organization’s governance around climate-related risk and opportunities.</td>
<td>a) Oversight by the BoD</td>
<td>✓</td>
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<td>STRATEGY</td>
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<td>Disclose the current 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>a) Climate-related risks and opportunities</td>
<td>✓</td>
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<td>RISK MANAGEMENT</td>
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<tr>
<td>Disclose how the organization identifies, assesses, and manages risks related to climate change.</td>
<td>a) Identification and assessment processes</td>
<td>✓</td>
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<tr>
<td>METRICS &amp; TARGETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disclose the metrics and targets used to assess and manage risks and opportunities related to climate change where such information is material.</td>
<td>a) Metrics used</td>
<td>✓</td>
</tr>
</tbody>
</table>

Great overview that all four pillars will be captured in the upcoming reports.

Good practices in TCFD: Strategy disclosures (6/9)

Eni Annual Report 2020

- Highlight details about GHG Lifecycle scope 1, 2 and 3 emissions in their overall strategy
- Clear and transparent targets
- Linked actions that will contribute to achieving the results
- Mapping of public documents and principles to each of their underlying strategy goals

Eni Annual Report 2020

Good practices in TCFD: Strategy disclosures (7/9)

Sections focus only on the resilience of the companies strategy, which is in line with c) of the strategy pillar.
Good practices in TCFD: Strategy disclosures (8/9)

Sections focus only on the resilience of the companies strategy, which is in line with c) of the strategy pillar.
Good practices in TCFD: Strategy disclosures (9/9)

Commonwealth Bank of Australia “Becoming a simpler, better bank” Annual Report 2018

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The Commonwealth Bank of Australia, an Australian multinational bank, discloses the potential financial opportunities it sees in the low-carbon transition, in terms of sustainable finance, global environmental markets, and products and services.

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In the 2017 financial year, the company also quantified these opportunities by creating a low-carbon target for 2025, against which it measured progress in the 2018 financial year. This is a further example of how strategy and metrics and targets TCFD disclosures may be interconnected, with the latter shedding light on the effectiveness of the former.

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Global environmental markets

We are aiming to be a market leader in environmental markets, supporting our clients’ transition to a net zero emissions economy. We target clients globally who have a strategy in place to support their transition. We support this transition by providing tailored financing and risk management environmental market solutions to meet client requirements. This includes facilitating liquidity across global environmental markets.

Products and services

Across retail and business lending, investment and insurance, we will continue to explore and develop product and service options which meet emerging customer needs, to help them reduce their exposure and/or build resilience to climate change.

This year we added a new Alliance Partner – Affirmative Investment Management – and the Affirmative Global Bond Fund (the Fund) to the FirstChoice platform. The fund invests in global green bonds and utilises ESG criteria and environmental impact screens: it is the first of its kind available to retail investors in Australia.

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UNEP Finance Initiative
TCFD – Task Force on climate-related financial disclosures
Questions

Menti poll

- On a scale from 1-5, how much of a benefit is it to visualise the strategy in a disclosure?
- How would you express/describe the resilience of the organizations strategy?
Good practices Pillar 3: Risk Management
Pillar 3: Risk Management

Governance
Disclose the organization’s governance around 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.

Risk Management
Disclose how the organization identifies, assesses, and manages climate-related risks.

Metrics and Targets
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

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.

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 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.
Clear disclosure of climate-related risks in the context of traditional banking industry risk categories such as credit risk, market risk, liquidity risk, and operational risk.

Good practices in TCFD: Risk Management disclosures (2/10)

Itau Unibanco Climate Responsibility Report 2021

- Clear disclosure of climate-related factors in the context of traditional banking industry risk categories.

**Good practices in TCFD: Risk Management disclosures (3/10)**

Barclays PLC Climate-related Financial Disclosures 2020 (UK)

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**Enterprise Risk Management Framework**

The ERMF sets the strategic approach for risk management across the firm by defining standards, objectives and responsibilities for all areas of the Group. The ERMF is implemented by frameworks, policies and standards which are mainly aligned to Individual Principal Risks. Within the ERMF, the Group has a Climate Change Standard that corresponds to our latest Climate Change Statement to manage reputation risk, including our exposure to sensitive energy sub-sectors. For Credit, Market, Treasury and capital and Operational risk, the Group published a ‘Climate Change Financial Risk and Operational Risk Policy’ in 2019.

Risks arising from climate change materialise through various channels: 1) the financial services and support we provide to customers who may themselves be exposed to the risks of climate change; 2) the operation of our own infrastructure, business and premises which may be exposed to both transition and physical risk; and 3) through a deterioration perception of Barclays if we do not adequately support a transition away from high-carbon activities and consequent loss of our social licence to operate.

---

<table>
<thead>
<tr>
<th>Governance</th>
<th>Enterprise Risk Management Framework (ERMF)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Climate Change Standard</strong></td>
<td><strong>Climate Change Financial Risk and Operational Risk Policy</strong></td>
</tr>
<tr>
<td>Reputation risk</td>
<td></td>
</tr>
<tr>
<td>Credit risk</td>
<td></td>
</tr>
<tr>
<td>Market risk</td>
<td></td>
</tr>
<tr>
<td>Treasury and capital risk</td>
<td></td>
</tr>
<tr>
<td>Operational risk</td>
<td></td>
</tr>
</tbody>
</table>

**Responsibilities**

- Outline minimum requirements and controls for Reputation risk management relating to client relationships or transactions.
- Outline the expected business conduct in relation to these issues.
- Outline the approach to enhanced due diligence.
- Review individual obligor exposure using Climate Change Lens.
- Consider climate change risk appetite in relevant countries and portfolios.
- Include in ICAAP
- Oversight by Retail and Wholesale Risk Management Committees and Board Risk Committee.
- Assess and identify all risk factors affecting climate change risk.
- Apply stress scenarios, assess stress losses and set risk limits.
- Include in ICAAR
- Oversight by Market Risk Committee and Board Risk Committee.
- Identify exposure to climate change risks.
- Consider key indicators and limits to support risk management.
- Include in ICAAR and ILAAR
- Oversight by Treasury and Capital Risk Committees and Board Risk Committee.
- Integrate climate change across different risk categories e.g. Resilience and Premises.
- Include climate change within risk assessment processes including Strategic Risk Assessment.

**Ownership**

- Global Head of Sustainability and ESG
- Principal Risk Delegate
- Principal Risk Delegate
- Principal Risk Delegate
- Principal Risk Delegate

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- Great example of (a) within pillar, clear lines of responsibility, and frameworks/policy used.

Good practices in TCFD: Risk Management disclosures (4/10)

Piraeus Bank TCFD Report 2020 (Greece)

- Simple, clear disclosure from explaining processes of identifying climate-related risks.

Good practices in TCFD: Risk Management disclosures (5/10)

Nedbank Group TCFD Report 2020 (South Africa)

Example of (b) in pillar, good visualization of climate related risk management process.

Information here follows straight from (a) into (b) with further explanation of management climate-related risks and opportunities.

Good practices in TCFD: Risk Management disclosures (7/11)

Royal Bank of Canada (RBC) 2020 TCFD Report

In line with the TCFD recommendations, RBC identifies climate risk as risks related to the transition to a net-zero economy (transition risks) and the physical impacts of climate change (physical risks). Figure 2, below, provides an overview of climate-related risks and examples of possible impacts to RBC, along with other businesses, and is based on the risk categories identified in the TCFD recommendations.

**Figure 2 – Overview of the associated climate-related risks and examples of possible impacts**

<table>
<thead>
<tr>
<th>Climate-related risks</th>
<th>Transition risk</th>
<th>Physical risk</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Technology</td>
<td>Policy and Legal</td>
</tr>
<tr>
<td></td>
<td>R&amp;D expenditure</td>
<td>Increased operating costs</td>
</tr>
<tr>
<td></td>
<td>Costs to adopt new technology</td>
<td>Stranded assets</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Litigation</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Concise disclosure of assessed risks and possible impacts.

Good practices in TCFD: Risk Management disclosures (8/10)
Nedbank Group TCFD Report 2020 (South Africa)

- Detailed demonstration of (c) within pillar with climate-related risks integrated holistically.

Goldman Sachs 2019 TCFD Report (USA)

**Business Activities:**

We believe that effective risk management is critical to our success. Accordingly, we have a well-established enterprise risk management (ERM) framework, which is ultimately overseen by our Board. The ERM framework employs a comprehensive, integrated approach to risk management, and it is designed to enable robust risk management processes through which we identify, assess, monitor and manage the risks we assume in conducting our business activities.

- **Firmwide policy guidelines** for carbon-intensive sectors and activities, such as coal-fired power generation, palm oil, and oil & gas are included in our [Environmental Policy Framework](https://www.goldmansachs.com/investor-relations/corporate-governance/sustainability-reporting/tcfd.pdf) (EPF). The EPF was updated in December 2019 to restrict certain carbon-related business activities and to strengthen our work with clients to help them with their climate transition.

- **Upfront business selection** and **due diligence processes** that include 14 key sector and cross-sector [guidelines](https://www.goldmansachs.com/investor-relations/corporate-governance/sustainability-reporting/tcfd.pdf), and worst-case-loss calculations for physical commodities in certain carbon-intensive sectors, complement the EPF. These guidelines and tools are leveraged across the various activities of the firm at the business selection stage and through designated committee review processes. There are escalation mechanisms and protocols undertaken at each stage. Where relevant, we also incorporate extreme weather and flooding event probability into worst-case-loss calculations for certain transactions. See [Environmental and Social Risk Management](https://www.goldmansachs.com/investor-relations/corporate-governance/sustainability-reporting/tcfd.pdf) for more information.

- **Risk Identification and Scenario Design**, which is a periodic process that we undertake to review the materiality of evolving risks in our business activities over a two-year forward-looking horizon, includes the assessment of impact from climate change.

In addition, our ongoing risk monitoring from credit, liquidity, and market risk management teams, mark-to-market portfolio valuations, dynamic hedging, and insurance requirements where relevant, enables overall position management and exposure reduction where potential material risks are identified.

- High-level statements of holistic integration of risk management.

Good practices in TCFD: Risk Management disclosures (10/10)

Lloyds Banking Group Environmental, Social and Governance Report 2020 (UK)

Climate scenario analysis
As the understanding and importance of climate risk progresses, climate scenario analysis is becoming an essential risk management tool. Scenario analysis assists the identification, measurement, and ongoing assessment of climate risks that pose threats over the longer term, and the potential threats to the Group’s strategic objectives.

The complex, forward-looking and long-term nature of climate risks and the inherent uncertainty about future events makes it difficult to assess them using standard risk modelling methodologies. Climate scenario analysis provides a flexible “what-if” style methodological approach that is better suited to exploring the risks that could crystallise in possible future scenarios.

Climate scenario analysis also allows identification of extreme yet plausible risks that challenges the Group’s business model and helps understand the possible range of climate consequences and management actions. Accordingly, such analysis is an iterative process in that the conclusions of an exercise can provide risk insights that in themselves may trigger additional investigation and strategy refinement.

To embed climate scenario analysis, the Group has developed a climate scenario analysis framework to guide the consistent use of this method.

Menti poll

- On a scale from 1-5, how efficient do you find it to cluster the climate-related risks in the context of traditional banking industry risks categories? Like credit risks, market risk, liquidity risk etc.
Good practices Pillar 4: Metrics and Targets
## Pillar 4: Metrics and Targets

### Governance
- Disclose the organization’s governance around 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.

### Risk Management
- Disclose how the organization identifies, assesses, and manages climate-related risks.

### Metrics and Targets
- Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

#### Recommended Disclosures

**Governance**
- 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.

**Strategy**
- 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.

**Risk Management**
- 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.

**Metrics and Targets**
- a) Disclose the metrics used by the organization to assess and manage climate-related risks and opportunities in line with its strategy and risk management processes.
- 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.
Good practices in TCFD: Metrics and Targets disclosures (1/11)

Sumitomo Mitsui Trust Holdings TCFD Report 2020/2021 (Japan)

The Group is striving to reduce its environmental impacts in the form of both inputs such as electricity and gas used for business activities and outputs like CO₂ emitted as a result of those activities. As SuMi TRUST Bank is subject to the Act on the Rational Use of Energy, we calculate the volume of energy consumption and CO₂ emissions at all of our offices across Japan using a common system. Annual emissions in fiscal 2019 came to 31,327 t-CO₂, a 38.1% reduction compared to the peak of 50,605 t-CO₂ recorded in fiscal 2013. The large buildings in the Tokyo metropolitan area that house SuMi TRUST Bank offices are subject to the mandatory reductions in CO₂ emissions prescribed under the Tokyo Metropolitan Ordinance on Environmental Preservation. Even in the second plan period, our reductions far exceeded the mandatory levels.

<table>
<thead>
<tr>
<th>Energy Consumption and CO₂ Emissions (Domestic Offices)</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total energy consumption (heat amount) GJ</td>
<td>846,829</td>
<td>803,370</td>
<td>736,011</td>
<td>688,949</td>
<td>677,157</td>
</tr>
<tr>
<td>Total energy consumption (trade oil equivalent) k</td>
<td>21,848</td>
<td>20,675</td>
<td>18,989</td>
<td>17,774</td>
<td>17,470</td>
</tr>
<tr>
<td>Energy consumption intensity k/m²</td>
<td>0.051</td>
<td>0.049</td>
<td>0.047</td>
<td>0.048</td>
<td>0.047</td>
</tr>
<tr>
<td>Electric power thousand kWh</td>
<td>71,206</td>
<td>66,742</td>
<td>60,444</td>
<td>56,003</td>
<td>54,753</td>
</tr>
<tr>
<td>Utility gas thousand m³</td>
<td>2,153</td>
<td>2,107</td>
<td>1,996</td>
<td>1,869</td>
<td>1,893</td>
</tr>
<tr>
<td>CO₂ emissions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greenhouse gas emissions t-CO₂</td>
<td>43,816</td>
<td>40,633</td>
<td>37,068</td>
<td>33,354</td>
<td>31,327</td>
</tr>
<tr>
<td>Adjusted greenhouse gas emissions t-CO₂</td>
<td>43,470</td>
<td>40,393</td>
<td>36,240</td>
<td>32,864</td>
<td>30,840</td>
</tr>
<tr>
<td>Emissions intensity t-CO₂/m²</td>
<td>0.103</td>
<td>0.098</td>
<td>0.093</td>
<td>0.090</td>
<td>0.085</td>
</tr>
<tr>
<td>Adjusted emissions intensity t-CO₂/m²</td>
<td>0.102</td>
<td>0.097</td>
<td>0.091</td>
<td>0.088</td>
<td>0.084</td>
</tr>
<tr>
<td>Scope 1 emissions t-CO₂</td>
<td>5,002</td>
<td>4,907</td>
<td>4,575</td>
<td>4,362</td>
<td>4,421</td>
</tr>
<tr>
<td>Scope 2 emissions t-CO₂</td>
<td>38,813</td>
<td>35,925</td>
<td>32,493</td>
<td>29,142</td>
<td>26,906</td>
</tr>
</tbody>
</table>

Scope of calculations: Offices of SuMi TRUST Bank in Japan subject to the Act on the Rational Use of Energy. Group companies, including Sumitomo Mitsui Trust Asset Management, are tenants in some office buildings.
Calculation methods: Pursuant to the methods prescribed under the Act on the Rational Use of Energy, some figures may not add up due to rounding.

- Clear statement of metrics used in assessing climate-related risks, disclosure of 5-year historic data makes it easier to identify trends.

Good practices in TCFD: Metrics and Targets disclosures (2/11)

National Bank TCFD Report 2020 (Canada)

Metrics Used to Assess Climate-related Risks and Opportunities

Financing Activities

Exposure to non-renewable energy is an important metric when it comes to identifying climate-related risks and opportunities. As of July 31, 2020, non-renewable energy accounted for only 4.8% of the loan portfolio’s total exposure, compared to 71% as of January 31, 2014. The chart on the right represents the loan portfolio’s exposure to renewable and non-renewable energy as a percentage of our total credit risk exposure.

- Visualisation of key climate-related metrics can improve stakeholder confidence as well as identify trends.

https://www.nbc.ca/content/dam/bnc/a-propos-de-nous/responsabilite-sociale/pdf/2020-tcfd-report.pdf
Good practices in TCFD: Metrics and Targets disclosures (3/11)

DBS Sustainability Report 2020 (Singapore)

<table>
<thead>
<tr>
<th>Energy</th>
<th>2020</th>
<th>Singapore</th>
<th>Hong Kong</th>
<th>China</th>
<th>Taiwan</th>
<th>India</th>
<th>Indonesia</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total energy consumption (MWh)</td>
<td>58,987</td>
<td>10,216</td>
<td>4,116</td>
<td>7,678</td>
<td>6,419</td>
<td>11,091</td>
<td>98,507</td>
<td></td>
</tr>
<tr>
<td>(a) From non-renewables (MWh)</td>
<td>58,516</td>
<td>10,216</td>
<td>4,116</td>
<td>7,609</td>
<td>6,411</td>
<td>11,083</td>
<td>97,921</td>
<td></td>
</tr>
<tr>
<td>(b) From renewable production (MWh)</td>
<td>471</td>
<td>0</td>
<td>0</td>
<td>69</td>
<td>6</td>
<td>38</td>
<td>585</td>
<td></td>
</tr>
<tr>
<td>Purchased Renewable Energy Certificates (MWh)</td>
<td>5,694</td>
<td>10,019</td>
<td>3,581</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>20,104</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Emissions</th>
<th>2020</th>
<th>Singapore</th>
<th>Hong Kong</th>
<th>China</th>
<th>Taiwan</th>
<th>India</th>
<th>Indonesia</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total emissions (CO2e)</td>
<td>23,958</td>
<td>7,484</td>
<td>2,594</td>
<td>3,874</td>
<td>6,660</td>
<td>9,054</td>
<td>54,724</td>
<td></td>
</tr>
<tr>
<td>(a) Scope 1 emissions (CO2e)</td>
<td>230</td>
<td>230</td>
<td>88</td>
<td>1</td>
<td>98</td>
<td>278</td>
<td>602</td>
<td></td>
</tr>
<tr>
<td>(b) Scope 2 emissions (CO2e)</td>
<td>16,948</td>
<td>6,807</td>
<td>2,600</td>
<td>3,486</td>
<td>6,169</td>
<td>6,778</td>
<td>40,724</td>
<td></td>
</tr>
<tr>
<td>i. Gross (location-based)</td>
<td>14,222</td>
<td>881</td>
<td>231</td>
<td>386</td>
<td>1,402</td>
<td>1,998</td>
<td>29,721</td>
<td></td>
</tr>
<tr>
<td>ii. Net (market-based)</td>
<td>2,726</td>
<td>2,726</td>
<td>454</td>
<td>71</td>
<td>17,71</td>
<td>13,64</td>
<td>6,20</td>
<td></td>
</tr>
<tr>
<td>(c) Scope 3 emissions (CO2e)</td>
<td>9,111</td>
<td>861</td>
<td>231</td>
<td>386</td>
<td>1,402</td>
<td>1,998</td>
<td>12,008</td>
<td></td>
</tr>
<tr>
<td>Emission intensity by revenue (CO2e x $100 million)</td>
<td>2.56</td>
<td>2.55</td>
<td>4.63</td>
<td>7.35</td>
<td>17.71</td>
<td>13.64</td>
<td>6.20</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Water</th>
<th>2020</th>
<th>Singapore</th>
<th>Hong Kong</th>
<th>China</th>
<th>Taiwan</th>
<th>India</th>
<th>Indonesia</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total water consumption (m³)</td>
<td>46,337</td>
<td>8,124</td>
<td>6,556</td>
<td>45,059</td>
<td>20,285</td>
<td>47,625</td>
<td>174,896</td>
<td></td>
</tr>
<tr>
<td>Municipal water consumption from water stressed regions (m³)</td>
<td>0</td>
<td>0</td>
<td>3,966</td>
<td>0</td>
<td>10,035</td>
<td>3,318</td>
<td>26,319</td>
<td></td>
</tr>
<tr>
<td>Municipal water consumption from non-water stressed regions (m³)</td>
<td>46,337</td>
<td>8,124</td>
<td>2,988</td>
<td>45,069</td>
<td>1,252</td>
<td>34,344</td>
<td>139,104</td>
<td></td>
</tr>
<tr>
<td>Well water consumption from water stressed regions (m³)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>615</td>
<td>615</td>
<td></td>
</tr>
<tr>
<td>Well water consumption from non-water stressed regions (m³)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>8,859</td>
<td>8,859</td>
<td></td>
</tr>
</tbody>
</table>

- Emissions metrics disclosed surrounded by water and energy metrics enable a stronger analysis of a bank’s environmental practices.

Concise example of (b) within pillar; visualisation, tabulation, explanation of emissions metrics and priorities disclosure.

Good practices in TCFD: Metrics and Targets disclosures (5/11)

Nedbank Group TCFD Report 2020 (South Africa)

Deeper explanation of current state of Scope 1, Scope 2 and Scope 3 emissions.

Good practices in TCFD: Metrics and Targets disclosures (6/11)

Royal Bank of Canada (RBC) 2020 TCFD Report

- Demonstration of historical data, and future targets for emissions and power mix.

Disclosure of Scope 1, Scope 2 and Scope 3 with accompanying carbon intensity.

Good practices in TCFD: Metrics and Targets disclosures (8/11)

Standard Life Aberdeen Investments 2020 TCFD Report (UK)

<table>
<thead>
<tr>
<th>Year</th>
<th>Scope 1</th>
<th>Scope 2</th>
<th>Scope 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>32,218 tCO2e</td>
<td>6%</td>
<td>2%</td>
</tr>
<tr>
<td>2018</td>
<td>Electricity</td>
<td>21%</td>
<td>Dist. Heating</td>
</tr>
<tr>
<td>2018</td>
<td>Flights</td>
<td>68%</td>
<td>Transmission distribution</td>
</tr>
<tr>
<td>2019</td>
<td>19,669 tCO2e</td>
<td>6%</td>
<td>2%</td>
</tr>
<tr>
<td>2019</td>
<td>Electricity</td>
<td>24%</td>
<td>Dist. Heating</td>
</tr>
<tr>
<td>2019</td>
<td>Flights and rail</td>
<td>65%</td>
<td>Transmission and distribution</td>
</tr>
<tr>
<td>2020</td>
<td>14,433 tCO2e</td>
<td>7%</td>
<td>1%</td>
</tr>
<tr>
<td>2020</td>
<td>Electricity</td>
<td>24%</td>
<td>Flights and rail</td>
</tr>
<tr>
<td>2020</td>
<td>Working from home</td>
<td>55%</td>
<td>Transmission and distribution</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Targets and pledges</th>
<th>Scope</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>50% reduction in operational emissions by 2025</td>
<td>Scopes 1 and 2 and Scope 3</td>
<td>55% reduction</td>
</tr>
<tr>
<td>Energy reduction</td>
<td>Scopes 1 and 2</td>
<td>42% reduction</td>
</tr>
<tr>
<td>50% reduction in tCO2e/FTE by 2030</td>
<td>Scopes 1 and 2</td>
<td>50%</td>
</tr>
<tr>
<td>Carbon neutral</td>
<td>Scopes 1 and 2 and Scope 3</td>
<td>Achieved as of 2020</td>
</tr>
<tr>
<td>100% renewable electricity</td>
<td>For locations where we procure</td>
<td>96%</td>
</tr>
</tbody>
</table>

Example of (c) within pillar; statement of targets, where they are applicable, and their current status.

Good practices in TCFD: Metrics and Targets disclosures (9/11)

UBS Sustainability Report 2020 (Switzerland)

Environmental performance & 2025 targets

- **Greenhouse gas (GHG) footprint**
  - 2020: 82%
  - 2025 target: 100%

- **Electricity from renewable sources**
  - 2020: 20%
  - 2025 target: 100%

- **Paper from sustainable sources**
  - 2020: 82%
  - 2025 target: 100%

- **Waste & recycling print**
  - 2020: 52%
  - 2025 target: 52% recycling ratio

- **Net zero**
  - for GHG scope 1 and 2 emissions
  - 2020: 82%
  - 2025 target: 100%

- **Zero waste to landfill**
  - 2020: 20%
  - 2025 target: 52% recycling ratio

Nicely presented climate-related key performance indicators with accompanying targets.

Good example of (c) within pillar; concise disclosure of environmental impacts, targets and progress towards those targets with stated baseline.

Good practices in TCFD: Metrics and Targets disclosures (11/11)

Proposed Guidance on Climate-related Metrics, Targets, and Transition Plans (June 2021)

Example climate ambition: Our firm commits to reducing net scope 1 and 2 emissions — as defined by the GHG Protocol — to zero by 2050, with an interim target to cut scope 1 and 2 emissions by 50% relative to a 2015 baseline by 2030. We are working with suppliers to reduce scope 3 emissions.

Clearly articulated climate ambition, scope and extent of emissions covered, methodology, baseline, and an interim target.

Based on recognized metrics

Baseline

Quantified target

Interim targets

Designed in consideration of an organization’s strategy and forecasting and informed notably by scenario analysis and climate science

Questions

Menti poll

- Would you prefer a table or bar charts to disclose your scope 1, 2 and 3 emissions?
- On a scale from 1-5, how important is it for you to link the current scope 1, 2 and 3 emissions to the company’s overall target in the disclosure?
Session #3

Conclusion and next steps
Next steps

Day 1
- Webinar on TCFD news and progression

Day 2
- Webinar on regulatory support to the banking sector

Day 3
- Open discussion

- Understanding physical and transition risks
- Building Climate resilience
- Introduction to TCFD
- Conducting climate risk analysis
Discussion questions

- How is your institution using the insights of climate risk analysis? What are ways you would like to use this information in the future?

- Who “owns” climate risk at your institution? What departments are involved in working on this issue?

- What outstanding questions do you have about the UNEP FI transition and physical risk methodologies?
Thank you for your attention!

If you have any questions about today’s content our UNEP FI’s TCFD Programs, please do not hesitate to reach out!

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UNEP FI
David Carlin@un.org