

**Intergovernmental Working Group of Experts on International
Standards of Accounting and Reporting
(ISAR)**

**37th SESSION
2 – 6 November 2020**

Thursday, 5 November 2020

**Agenda item 4. Climate-related financial disclosures in
mainstream entity reporting: Good practices and key
challenges**

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Generally accepted non-financial reporting systems as a basis for TCFD reports

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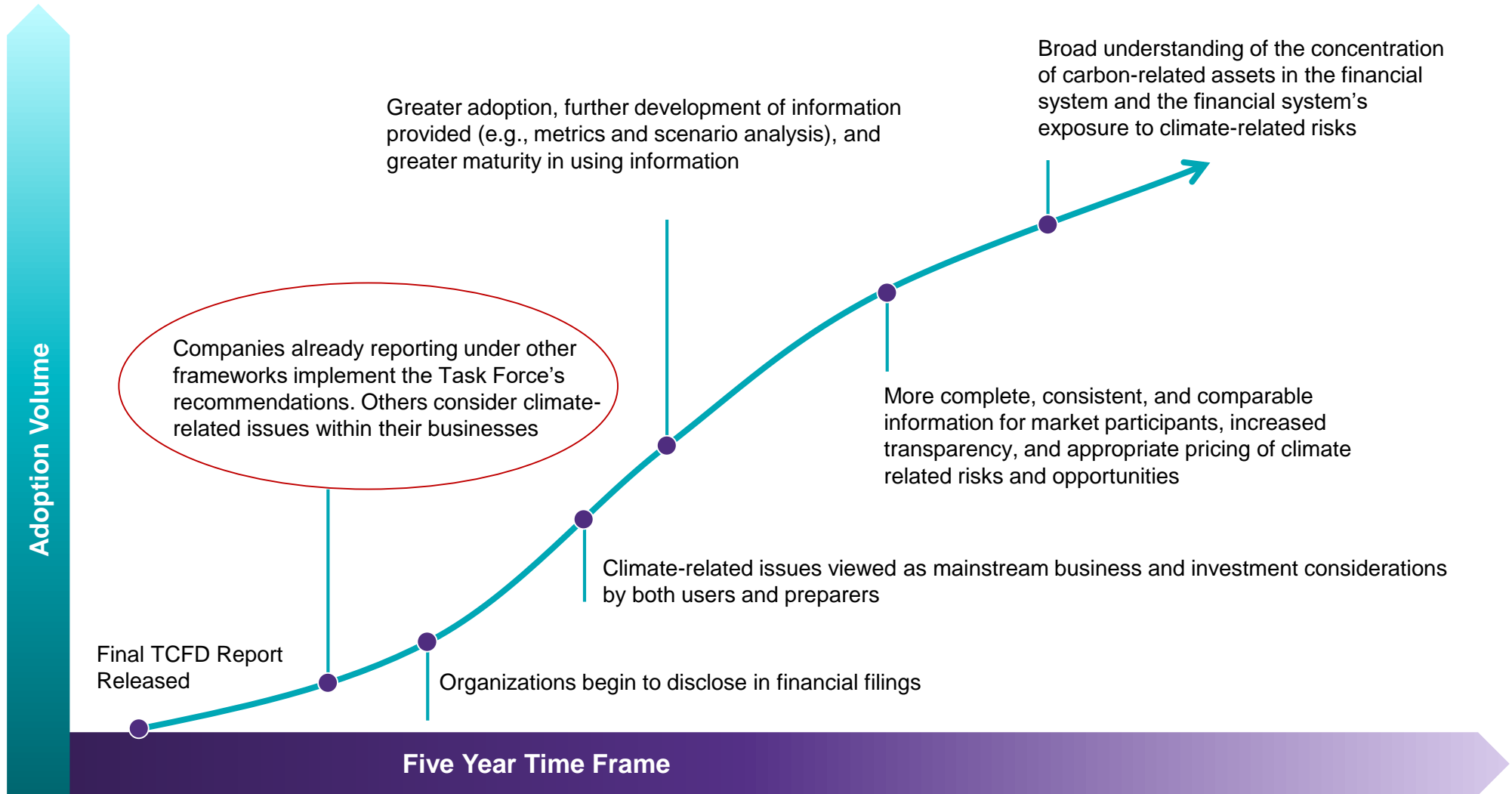
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TCFD Implementation Path



TCFD reporting is a process



Climate Change



The Bank of England's
climate-related financial
disclosure 2020

June 2020

For the first time, the Bank of England is publishing this report on climate-related financial disclosure, setting out its approach to managing the risks from climate change across its entire operations, and the steps taken to improve the Bank's understanding of these risks

Climate risk analysis for financial investments is still in its infancy. As such, there are currently limitations with data and analysis techniques, and big differences between alternative modelling methodologies.



Generally accepted non-financial reporting systems



Mappings to TCFD

5. Alignment of Recommended Disclosures with Other Frameworks

Governance Recommended Disclosures		
a)	G20/OECD Principles of Corporate Governance	5.a.4, 5.a.9, 6.a, 6.d.1, 6.d.2, 6.d.3, 6.d.4, 6.d.7, 6.e.2, 6.f
	CDP Climate Change Questionnaire 2017	CC1.1a
	GRI 102: General Disclosures	102-18, 102-19, 102-20, 102-26, 102-27, 102-29, 102-31, 102-32
	CDSB Climate Change Reporting Framework	4.16, 4.17
	CDSB Framework for Reporting Environmental Information & Natural Capital	REQ-03
	International Integrated Reporting Framework	3.4, 3.41, 4.8, 4.9
b)	GRI 102: General Disclosures	102-29, 102-31, 102-32
	CDP Climate Change Questionnaire 2017	CC1.1, CC1.1a, CC1.2, CC1.2a, CC2.2, CC2.2a, CC2.2b

Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures

Mappings to TCFD

Mapping of CDP, CDSB, GRI, IIRC and SASB frameworks and standards to the TCFD recommended disclosures

Legend - Alignment to TCFD



CDP 2019				
Recommended Disclosures (TCFD Framework)	Related code/ paragraph	Description	Omissions and/or content difference(s)	Level of alignment
Governance a. Describe the board's oversight of climate-related risks and opportunities.	C1.1b	C1 Governance – Board oversight (C1.1b) Provide further details on the board's oversight of climate-related issues.	Omissions None.	Full
	F4.2b	F4 Governance – Board oversight (F4.2b) Provide further details on the board's oversight of forests-related issues.	Content difference(s) None.	
	W6.2b	W6 Governance – Board oversight (W6.2b) Provide further details on the board's oversight of water-related issues.		
Governance b. Describe management's role in assessing and managing climate-related risks and opportunities.	C1.2	C1 Governance – Management responsibility (C1.2) Below board-level, provide the highest-level management position(s) or committee(s) with responsibility for climate-related issues.	Omissions None.	Full
	C1.2a	(C1.2a) Describe where in the organisational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored.	Content difference(s) None.	
	F4.3	F4 Governance – Management responsibility (F4.3) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues.		
	W6.3	W6 Governance; Management responsibility (W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues.		

Corporate Reporting Dialogue: Driving Alignment in Climate-related Reporting: Year One of the Better Alignment Project

Basis for analysis

- In Russia, the most common reporting systems are GRI and CDP, GCI begins its journey. There are few examples of companies starting publication of reports based on TCFD recommendations.
- Therefore, it is important to analyse applicability of the GRI and CDP reporting systems existing in Russian companies for the initial stage of TCFD reporting development. The other question is the possibilities of using GCIs for this purpose.
- 2 cases were studied based on published non-financial reports (not TCFD):
 - Mining and metals company preparing reports in accordance with GRI Standards (comprehensive option) and GCI (2018),
 - Utilities company preparing reports in accordance with GRI Standards (core option + some disclosures not required for a core option) and CDP (2019).



Case 1

	Compliance of Sustainability report (GRI comprehensive option) with TCFD
Ga	Reasonable (GRI 102)
Gb	Partial (GRI 102)
Sa	Partial (GRI 102)
Sb	Partial (GRI 102)
Sc	Partial (GRI 102)
Ra	Partial (GRI 102)
Rb	Partial (GRI 102)
Rc	No information
<u>Ma</u>	<u>Partial (GRI 302, GRI 305, GCI A.3.1, B.5.1, B.5.2)</u>
<u>Mb</u>	<u>Partial (GRI 305, GCI B.3.1, B.3.2)</u>
<u>Mc</u>	<u>Partial (GRI 305)</u>

Case 2

	Compliance of Annual report (GRI core option*) with TCFD	Compliance of CDP report with TCFD
Ga	Reasonable (GRI 102)	Reasonable
Gb	Partial (GRI 102)	Partial
Sa	Partial (GRI 102)	Partial
Sb	Partial (GRI 102)	Reasonable
Sc	No information	Partial
Ra	Partial (GRI 102)	Reasonable
Rb	Partial (GRI 102)	Partial
Rc	Partial (GRI 102)	Partial
<u>Ma</u>	<u>Reasonable (GRI 302, GRI 305)</u>	<u>Reasonable</u>
<u>Mb</u>	<u>Partial (GRI 305)</u>	<u>Reasonable</u>
<u>Mc</u>	<u>Reasonable (GRI 305)</u>	<u>Reasonable</u>

* Core option + some disclosures not required for a core option

Conclusions

- The practice of Russian companies confirms the possibility of using high-quality reports prepared in accordance with GRI and CDP at the initial stage of TCFD reporting
- The GCI system, focused on the global expansion of the range of companies that prepare non-financial (ESG) reports by using a minimum set of basic indicators, can contribute to progress in the development of TCFD reporting practice in terms of calculating and disclosing metrics.
- In turn, in the future, solving more complex tasks related to TCFD Reporting (scenario analysis, financial estimates) will contribute to improving the quality of reporting in accordance with GRI and CDP





Thank you for your attention!

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