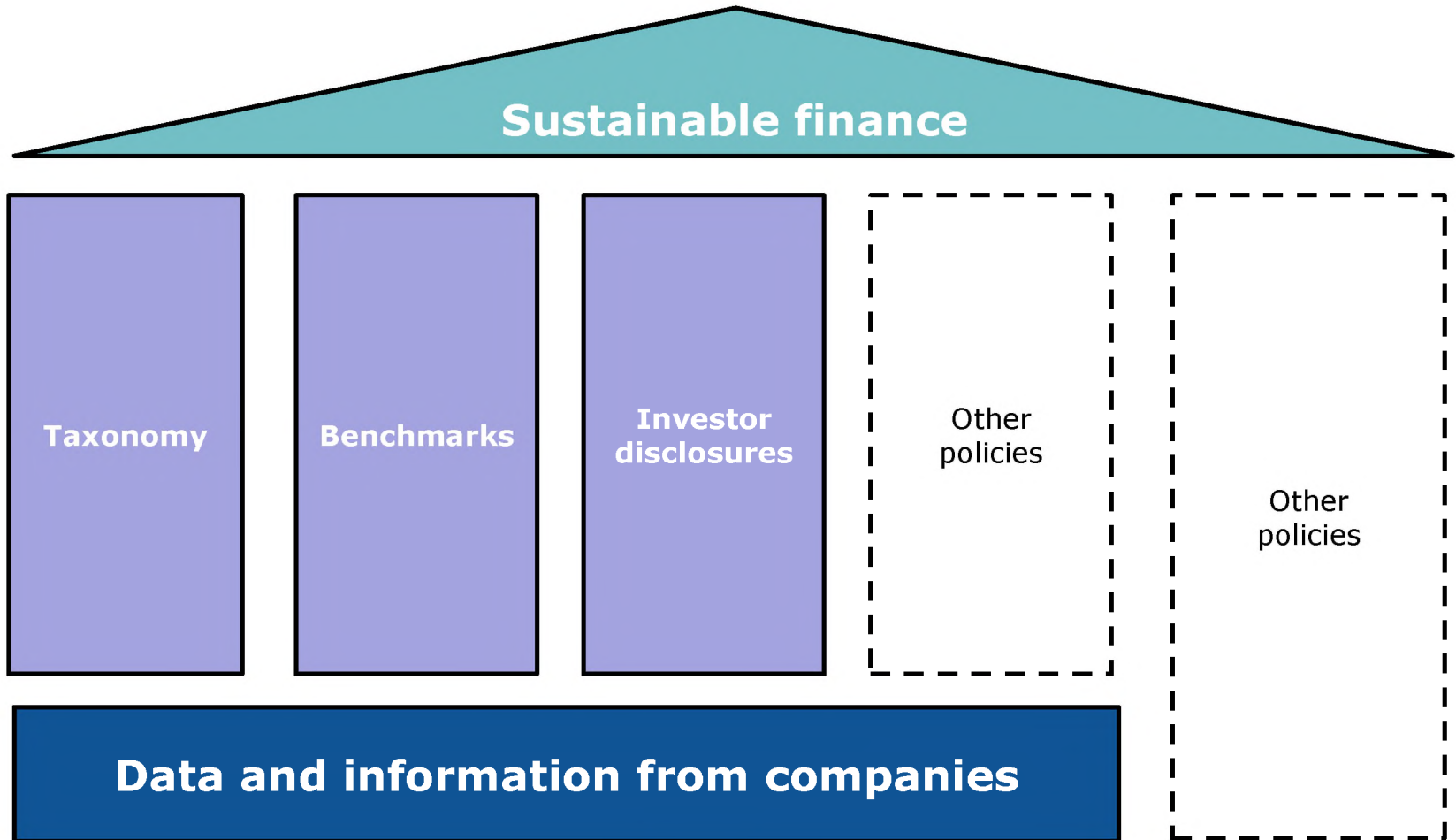




Guidelines for companies on how to report climate-related information

Accompanying the
Non-Financial Reporting Directive

Sustainable finance requires good climate reporting



Current company climate reporting is inadequate

Only 14 of the 89 companies (approximately 16%) devote attention to the TCFD recommendations and apply them to some extent.

Dutch Authority for Financial Markets, December 2018

TCFD Status Report 2019

“The Task Force [...] is concerned that not enough companies are disclosing decision-useful climate-related financial information.”
Only around 25% of companies disclose information aligned with more than five of the 11 TCFD recommended disclosures.

Only 50% of a sample of 105 large companies specified clearly what their climate policy has been designed to achieve and how.

Alliance for Corporate Transparency, 2018

Key features of the guidelines on climate reporting

- Consistent with Non-Financial Reporting Directive.
- Supplement to general guidelines on non-financial reporting published in 2017, which still apply.
- Integrate TCFD recommendations.
- Based on proposals from the Technical Expert Group on Sustainable Finance.
- Target audience: the +/- 6,000 listed companies, banks and insurance companies under the scope of the Non-Financial Reporting Directive.
- Not legally binding.

Structure of guidelines

5 reporting areas of the Non-Financial Reporting Directive

Business
model

Policies

Outcomes

Risks

Indicators

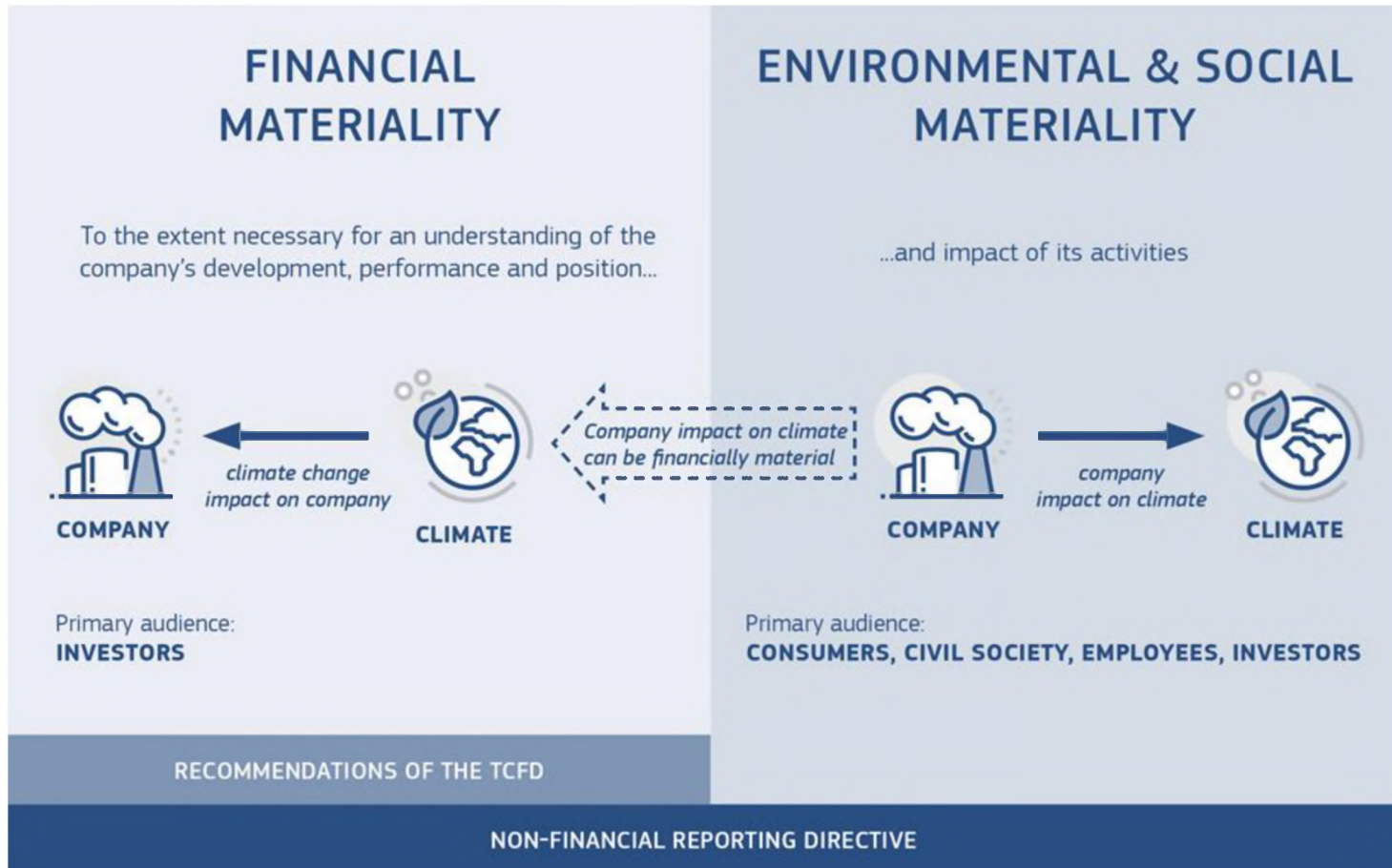
13 recommended disclosures and 10 KPIs
indicating which ones are TCFD recommended disclosures

Further guidance
+ specific further guidance for banks and insurance companies

Mapping the Non-Financial Reporting Directive and the TCFD

TCFD Recommended Disclosures		NFRD Elements				
		Business Model	Policies and Due Diligence Processes	Outcomes	Principal Risks and Their Management	Key Performance Indicators
Governance	a) Board's oversight		■			
	b) Management's role		■			
Strategy	a) Climate-related risks and opportunities				■	
	b) Impact of climate-related risks and opportunities	■				
	c) Resilience of the organization's strategy	■				
Risk Mgmt.	a) Processes for identifying and assessing				■	
	b) Processes for managing				■	
	c) Integration into overall risk management				■	
Metrics & Targets	a) Metrics used to assess					■
	b) GHG emissions			■		
	c) Targets			■		

Climate reporting and the double materiality perspective





Q & A

TCFD recommendations

Figure 2

Recommendations and Supporting Recommended Disclosures

4 areas

Governance

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

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.

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.

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.

Risk Management

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

Recommended Disclosures

- 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

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

Recommended Disclosures

- 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.

11
recommended
disclosures