

Task Force on Climate-related Financial Disclosures

Summary of Key Changes and Clarifications
to the TCFD Report and Annex

June 2017

SUMMARY OF KEY CHANGES AND CLARIFICATIONS

Below is a summary of key changes and clarifications to the Task Force’s report and annex.

<i>Topic</i>	<i>Key Changes and Clarifications</i>
<i>Application of Recommendations</i>	<ul style="list-style-type: none">• Added explanation that the Task Force’s recommendations were developed to apply broadly across sectors and jurisdictions and should not be seen as superseding national disclosure requirements.• Highlighted that organizations should make financial disclosures in accordance with their national disclosure requirements.• Added that if certain elements of the recommendations are incompatible with national disclosure requirements, the Task Force encourages organizations to disclose those elements in other official company reports.
<i>Principle of Materiality and Location of Disclosure</i>	<ul style="list-style-type: none">• Clarified which recommendations are subject to materiality assessment.<ul style="list-style-type: none">• Disclosures related to the Strategy and Metrics and Targets recommendations are subject to materiality assessment.• Disclosures related to Governance and Risk Management recommendations should be included in annual financial filings, independent of an assessment of materiality.

SUMMARY OF KEY CHANGES AND CLARIFICATIONS *(CONTINUED)*

Topic	Key Changes and Clarifications
<i>Principle of Materiality and Location of Disclosure (continued)</i>	<ul style="list-style-type: none">• Defined “financial filings” as follows: <i>Financial filings refer to the annual reporting packages in which organizations are required to deliver their audited financial results under the corporate, compliance, or securities laws of the jurisdictions in which they operate. While reporting requirements differ internationally, financial filings generally contain financial statements and other information such as governance statements and management commentary.</i>• Encourage organizations in the four non-financial groups that have more than one billion U.S. dollar equivalent (USDE) in annual revenue to consider disclosing information related to strategy and metrics and targets in other official company reports when the information is not deemed material and not included in financial filings.• Clarified that “other official company reports” are those that are issued at least annually, widely distributed and available to investors and others, and subject to internal governance processes that are the same or substantially similar to those used for financial reporting.
<i>Financial Impacts</i>	<ul style="list-style-type: none">• Added a section to the annex to address public feedback requesting clearer linking of climate-related risks and opportunities and associated financial impacts.

SUMMARY OF KEY CHANGES AND CLARIFICATIONS *(CONTINUED)*

<i>Topic</i>	<i>Key Changes and Clarifications</i>
<i>Scenario Analysis</i>	<ul style="list-style-type: none">• Simplified recommended disclosure (c) under Strategy (related to scenarios) and the related guidance to focus on resiliency of an organization’s strategy to climate risks and opportunities.• Clarified organizations should consider scenarios with increased physical climate-related risks where such risks are relevant.• Established a threshold for organizations that should consider conducting more robust scenario analysis to assess the resilience of their strategies (organizations with annual revenue greater than 1B USDE in the four non-financial groups).
<i>Remuneration</i>	<ul style="list-style-type: none">• Expanded the guidance on remuneration to all organizations that have identified climate-related risks as material.
<i>Supplemental Guidance</i>	<ul style="list-style-type: none">• For asset owners and asset managers, changed the recommended carbon footprinting metric from GHG emissions associated with investments normalized for every million of the reporting currency invested to a weighted average carbon intensity metric.• For non-financial groups, streamlined the supplemental guidance to reduce redundancy and streamlined non-financial metrics tables by focusing on key metrics, eliminating redundant metrics, and ensuring consistent terminology.

CHANGES TO THE TASK FORCE'S RECOMMENDATIONS

Changes to the recommendations and recommended disclosures are reflected in blue text.

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.
- c) [Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.](#)

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.