

# TCFD Reporting: Are you prepared?

## The current state in Switzerland

In Switzerland, the details of the legal requirements of climate-related disclosures in accordance with TCFD are currently being worked out and defined. The binding implementation of the TCFD recommendations is expected to take place from 2024 for the 2023 financial year by means of a separate executive order on the counter-proposal to the responsible business initiative. Internationally, there are also increasing efforts to develop disclosure requirements based on TCFD (e.g. EU).

## Background and Target

In 2015, the Financial Stability Board (FSB) established the industry-led Task Force on Climate-related Financial Disclosures (TCFD) to develop climate-related disclosures that could promote more informed investment, credit (or lending), and insurance underwriting decisions and, in turn would enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks.

Investors, lenders, and insurance underwriters need to understand how climate-related issues affect and are likely to affect an organization's future financial performance and position as reflected in its income statement, cash flow statement, and balance sheet.

## Recommendations

The recommendations of the Task Force on Climate-related Financial Disclosures are built on established elements and structures of corporate reporting:



### 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.

### Risks 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 organization's processes for identifying and assessing climate-related risks.

**b.** Describe the organization's processes for managing climate-related risks.

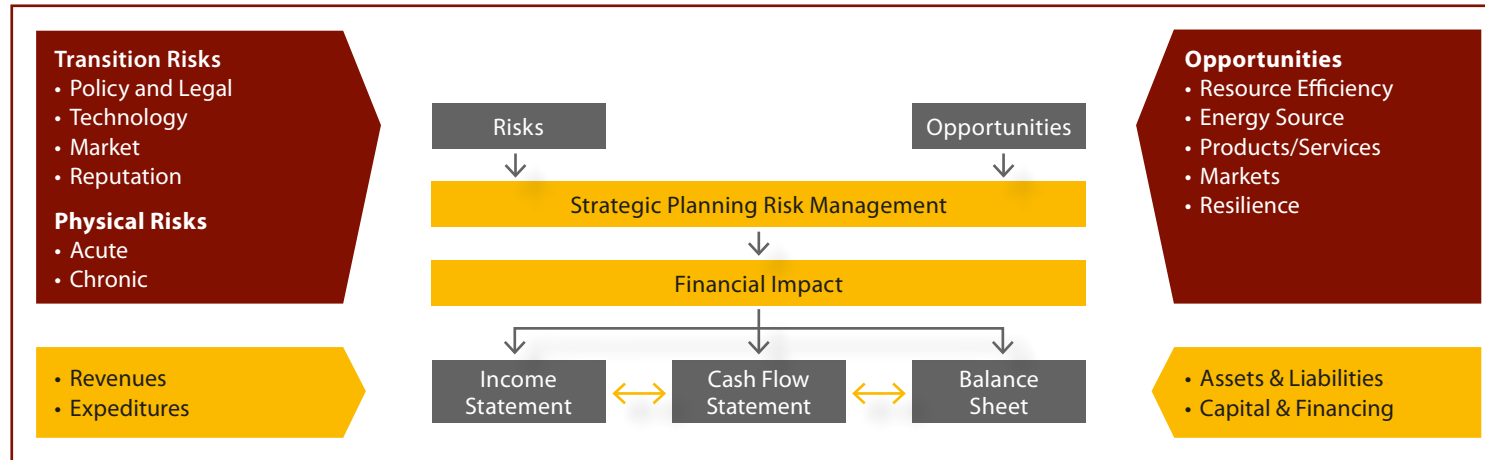
**c.** Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

**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.

## What are the financial impacts of climate-related risks and opportunities?



Adopted from: TCFD, Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures, 2021.

## Which standards and frameworks are aligned with TCFD?

- **GRI Standards** – particularly GRI 102, 103, 201, 305, version 2016
- **CDP Climate Change** Questionnaire (over 25 TCFD-aligned questions)
- **SASB Standards** – guidance and industry-specific standards aligned with TCFD
- **IFRS Foundation** builds upon the TCFD recommendations for the development of an International Sustainability Standard
- Real Estate: **GRESB** – indicators cover the TCFD disclosures; TCFD Reporting Tool is being developed.

## Approach to implementing the TCFD recommendations

- 1** Identify and understand your company-specific climate-related risks and opportunities and its financial impacts.
- 2** Check what qualitative and quantitative information is already available or covered by the reporting standards applied, e.g. mapping with CDP, GRI.
- 3** Perform a GAP-analysis on missing information and data that need to be collected.
- 4** Present the relevant information: as table or regular copy, and references to further information in the annual or sustainability report and in other documents.
- 5** Incremental expansion of the disclosures in the following years: in particular, development of scenario analyses as a central instrument of TCFD, as well as clear linking of financial and non-financial information (keyword: integrated reporting), integration of transition plans into the strategy etc.

### Our Service

We advise and assist you on your next steps of TCFD reporting and work with you to develop an implementation and design concept. You benefit from our many years of expertise in sustainability reporting and strategy-oriented corporate communication.