

Task Force for Climate Related Financial Disclosures

TCFD will become mandatory for companies and LLPs from 6th April 2022 and will apply to accounting periods starting on or after that date.

What is TCFD?

Reporting on risks and opportunities that may arise as a result of climate change by pricing their risks to ensure efficient capital allocations in the context of governance and risk management.



Applies to sectors
with:



£500 million turnover



500+ employees



What makes TCFD different

The TCFD recommendations address governance, risk management, strategy and metrics and targets, and are supported by 11 recommended disclosures.



Scenario analysis and forward looking disclosures



Time horizons



Linking financial and non financial information

Governance: Disclose the boards oversight and managements role of risks and opportunities.

Strategy: Identify short, medium and long term risks and opportunities, impact on business strategy and financial planning and resilience of strategy including a 2°C or lower scenario.

Risk Management: Process for identifying, assessing and managing risks and describe how its integrated to overall strategy.

Metrics and Targets: Disclose metrics and Scope 1, Scope 2 and, if applicable, Scope 3 greenhouse gas (GHG) emissions with related risks and describe targets to Manage climate-related risks and opportunities and performance against targets.

Scenario Analysis:

A scenario is a path leading to a particular outcome allowing central elements of a possible future to be highlighted and draw attention to key factors driving developments.

Principles for effective disclosure:

- Should represent relevant information.
 - Specific and complete.
- Clear, balanced and understandable
 - Consistent over time.
- Comparable among companies within a sector/industry.
 - Reliable, verifiable and objective.
 - Provided on a timely basis.

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