Regnan submission to 'The Task Force on Climate-related Financial Disclosures Report Consultation' (Phase 2)

12 February 2017

1 All Sector Recommendations and Guidance

The Task Force structured its recommendations around four thematic areas that represent core elements of how organizations operate: governance, strategy, risk management, and metrics and targets (see page 16 of the TCFD report). The Task Force believes it is important to understand the financial and strategic implications associated with climate-related risks and opportunities on organizations as well as the governance and risk management context in which organizations operate.

3 How useful are the Task Force's recommendations and guidance for all sector in preparing disclosures about the potential financial impacts on climate-related risks and opportunities?

Quite useful

3b Please provide more detail on your response in the box below.

We are supportive of the majority of the recommendations and guidance for all sectors and have emphasised below a number of aspects that we especially value and would like to see maintained in the final draft. **Our key recommendations are that:**

- **The application of recommendations content (page 5 of the annex) should be moved into the main guidance (starting section B), in section C or as a separate new section.**
- **More emphasis be placed on timeliness, given constraints currently driving delay.**
- **The (table) guidance for "governance" for all sectors be amended to encourage disclosure of:**
    - **The board's skills relevant to carbon and climate and how the board informs itself about climate and carbon matters to build competency for considering these risks and opportunities.**
    - **Examples of when the board considered climate-related issues and what the outcome of these considerations was.**
- **The table guidance for "strategy" for all sectors be amended to:**
    - **Make clear that disclosure should be of all risks and opportunities that are material at the "inherent risk" level.**
    - **Provide additional guidance to encourage attention to scope 3 and other value chain risks in the core guidance, e.g. at a).**
    - **Specify clear transitional arrangements, such as initial qualitative disclosure, directly in the recommendations and guidance section of the report documents.**
- **Strategy <u>recommendation</u> c) for all sectors be amended to include a timeframe for 2 degrees - specifically 2 degrees C by 2050 consistent with Paris accord.**

- **To enhance investor investor confidence in the assessments, the risk management guidance for all sectors:**
    - **Be extended to encourage disclosure on how the entity informed itself about the risks and opportunities, for example, what information sources were consulted and whether and how experts were used.**
    - **Specifically refer to the challenges of integrating climate change within overall risk management and specify that organisations consider disclosing how they have responded to these challenges.**
- **In the metrics and targets guidance for all sectors, we recommend that the task force:**
    - **Create a distinct scope 3 point separate from the scope 1 and 2 requirement (in a separate sentence in the table guidance) including explicit reference in the guidance to the GHG protocol's *Corporate Value Chain (Scope 3) Accounting and Reporting Standard*.**
    - **Make explicit reference to the need to consider the most appropriate basis (operational, equity, or both) for emissions reporting.**
    - **Make explicit reference to expectations for completeness of emissions estimates.**

Elements of disclosure

We agree that all of the elements – governance, strategy, risk management, and metrics – are needed to achieve decision useful disclosure.

Application of recommendations

We recommend that the guidance on application of the recommendations (page 5 of the annex) be moved into the main guidance (starting section B), in section C or as a separate new section. The current placement is not consistent with the importance we place on these points, such as disclosure in mainstream filings on a timely basis. These points should unambiguously part of the guidance for implementing the recommendations.

'If not why not' basis

We support the application recommendation that "In the case a recommended disclosure is not made, preparers should provide their rationale for omitting the disclosure." And consider that this 'if not why not' application enables setting strong requirements from the outset, such as the recommendation for disclosure in mainstream financial filings. If an entity chooses not to follow this recommendation, it can specify why it has not, and be subject to stakeholder scrutiny on the non-disclosure choice.

Where to disclose

We agree that there is significant value in disclosure being placed in mainstream financial filings, both to promote use, and also elevate the priority of the matters disclosed within reporting entities. We consider that in Australia, there is sufficient flexibility to accommodate this approach.

We anticipate some concern in Australia about disclosing information that is forward looking. In our view, these concerns are overblown and should not be a barrier to disclosure of scenario analysis. Forecasts (e.g. of emissions) are likely to present even greater concern.

Disclosure of scenario analysis is of greater importance than forecasts for our uses. A compromise position on forecasts might be disclosure that forecasts have been undertaken and how they are used internally, without disclosure of what the forecasts are.

On scenario analysis, we caution on assuming that disclosure outside financial filings is an easier option that would encourage uptake. We suspect that many corporates would find it unacceptable to put information that is so obviously financial in the public domain in any form unless it met a high standard of reliability. The answer to "where to disclose?" should be dictated by audience, in this case a financial audience requires a financial disclosure. We consider that allowing for qualitative disclosure initially would be an acceptable transitional option – both to preparers and users. If taken up, the TCFD should outline how this transitional option can be applied, i.e. how many years can/should the transitional option reasonably be used?

Time period

We also agree, in principle, with the recommendation that the time period for disclosure should be "as per mainstream financial filings". We note that regulatory timetables will likely also influence disclosure time periods. In Australia, disclosure of scope 1 and 2 emissions is a regulatory requirement for the majority of emitters with a specified year, regardless of the entity's financial year. The TCFD may wish to provide guidance on whether and when deviation from financial periods is acceptable.

Timeliness

Timeliness of emission disclosure is a key concern about current practice. So we welcome the TCFD's emphasis on this. However, we again note that regulatory timetables – driving disclosure delay in Australia – may constrain take up of TCFD guidance on timeliness. Prevalence of CDP as a voluntary disclosure platform is a further source of delay in public disclosure. Given these structures impeding timely disclosure, greater emphasis and more explicit expectations are likely to be needed to shift entrenched practice.

We further note that timely disclosure is likely to be more difficult for some aspects than others. For example, scope 3 emissions estimates may rely on information from external entities. The TCFD could note the overriding priority of timely information and the acceptability of reporting some aspects for a different period or partially estimated to promote the timeliness of the disclosure overall. Where estimation or mixed time periods are used, this should be noted in the disclosure.

Governance

The key differences in governance oversight are likely to be qualitative: 'How cursory or meaningful is the consideration in the busy board agenda?'; 'How well informed?' **To better enable a qualitative assessment of board oversight, we recommend the table guidance be supplemented to encourage disclosure of examples of when the board considered climate-related issues and what the outcome of these considerations was.**

We also recommend the (table) guidance be amended to encourage disclosure of the board's skills relevant to carbon and climate and how the board informs itself about climate and carbon matters to build competency for considering these risks and opportunities.

Strategy

We are strongly supportive of the recommendation that all entities describe the risks and opportunities identified. This is key information that we seek in researching companies for investment purposes. One of the ways we use this information is to compare company disclosed risks to our own assessment, seeking to confirm that the company is aware of all of the risks and opportunities we see as relevant to the entity.

Inherent v residual risk

In our experience of reviewing carbon risk disclosure, some companies exclude items from disclosure of material risks because of focus on "residual risk" - considering the risk to be not material after taking into account the management approach in place. This often drives differences in risk assessment between similar entities and impairs the decision usefulness of the information provided – given our priority in confirming the risk assessment has been comprehensive and matches our understanding of the entity's risk profile. **Accordingly, we recommend that the TCFD be specific that disclosure should be of all risks and opportunities that are material at the "inherent risk" level.**

Risks arising from scope 3 emissions and otherwise in the value chain

In our experience researching and engaging companies, risks outside of legal and operational boundaries are often overlooked and under responded to, including in the context of climate change. Even in the sectors not covered by supplemental guidance, material climate-related risks can arise from scope 3 emissions and otherwise in the value chain, for example, mining and energy services companies and (non-forest product) packaging companies.

To counterbalance this bias toward matters under direct control, we recommend the task force provide additional guidance to encourage attention to scope 3 and other value chain risks in the core guidance, e.g. at strategy section a).

Risk management

Information sources

In our experience researching and engaging with companies, many dismiss climate risks without a thorough, informed assessment being completed. The TCFD guidance on strategy and risk assessment is useful, especially with regards to thoroughness. We would like to see even greater emphasis on an informed assessment, however. **We recommend the guidance be extended to encourage disclosure on how the entity informed itself about the risks and opportunities, for example, what information sources were consulted and whether and how experts were used.**

Integration into overall risk management

Requirement 3c) is valuable and a useful prompt to reporting entities of this good practice expectation. While we agree that such integration with overall risk management is good practice, we caution that climate related risks present particular challenges to traditional risk management practice. Challenges are presented by the evolving state of the climate and our understanding of it; information uncertainty and data gaps; information lag and conservative bias; spatial variability; and diversion from historical trends. **We recommend that the guidance specifically refer to the challenges of integrating climate change within overall risk management and specify that organisations consider disclosing how they have responded to these challenges.**

Metrics and targets

Our key concern in the metrics and target guidance is the risk that scope 3 emissions will be under reported, undermining the decision-usefulness of disclosure. Other concerns relate to the basis and completeness of emissions estimates.

Scope 3 emissions

The TCFD guidance that Scope 3 emissions are sought "where appropriate" is likely to be insufficient to address current under reporting of scope 3 emissions.

Scope 3 emissions are relatively more challenging to estimate than scope 1 and 2. Further, in Australia there is a regulatory requirement for emission disclosure that omits consideration of scope 3. As a result, most do not disclose scope 3 emissions at all and those that do, disclose those sources that are easiest to estimate, rather than those that are most important. Such partial disclosure of scope 3 emissions risks being misleading and undermines comparability. An example is a bank that reports on business related travel and paper consumption, but not on the emissions attributed to lending and investment portfolios. By failing to report on 'financed emissions' a key potential climate risk is not being disclosed to investors and what is reported may tend to create the impression that scope 3 risks are trivial.

Emissions intensive suppliers are another common omission despite the potential for future carbon cost pass through. For many organisations it is not until scope 3 footprint has been undertaken that the scale of risks (and opportunities) are identified.

Our experience in researching and engaging with listed companies on behalf of asset owners and manager suggests that reporting organisations may need additional guidance on what constitutes "appropriate" and we encourage the TCFD to expanding on the expectations for scope 3, both in the general guidance and in the sectoral guidance in a tailored fashion. **We recommend creating a distinct scope 3 point separate from the scope 1 and 2 requirement (in a separate sentence in the table guidance) to give additional emphasis to this important matter. Explicit reference in the guidance to the GHG protocol's *Corporate Value Chain (Scope 3) Accounting and Reporting Standard* is also recommended.**

Basis of reporting

We note that Australian regulatory requirements have led to a near ubiquity of reporting only on an operational control basis, despite the fact that for some an equity basis would be more useful. For many entities, both operation and equity emission views are needed for a thorough analysis of risk and opportunity. We acknowledge the reference to the GHG protocol is relevant to this concern, but may be insufficient to draw attention to this matter.

We recommend the TCFD make reference to the need to consider the most appropriate basis for emissions reporting.

Completeness of emission estimates

It is common for Australian companies to only disclose emissions as calculated for regulatory requirements, which is for emissions from Australian operations only. This may leave substantial emissions undisclosed. We recognise the reference to the GHG protocol and thereby to its guidance on completeness, but are concerned this may be insufficient to prompt attention to this matter.

We recommend the TCFD metrics and targets guidance make explicit reference to expectations for completeness of emissions estimates.

2 Supplemental guidance

3c How useful is the Task Force's supplemental guidance for certain sectors in preparing disclosures about the potential financial impacts f climate-related risks and opportunities? Please see the TCFD Annex for supplemental guidance.

Quite useful

3d Please provide more detail on your response in the box below

Summary for 3d

Our key recommendations for the supplemental sectoral guidance are:

- That the task force include lobbying within the guidance for governance, at least for non-financial sectors covered by the supplemental guidance. Specifically that organisations should describe:
    - How the board and management ensures involvement in carbon policy lobbying minimises reputation risks, including consideration of the activities of trade associations.
    - Private lobbying activity.
    - Who within the organisation is ultimately responsible for climate policy positions.
- The task force revisit the sector groupings and consider having more groupings with less breadth of coverage and resulting in greater similarity of key climate related risks and opportunities faced by the organisations covered.
- The guidance for insurance be amended to draw attention to:
    - The potential impacts on revenue growth as uninsurable risks grow.

- Categories of insurance (beyond property) that are already experiencing adverse impacts from physical impacts of climate change are not, i.e. life, health, and professional indemnity underwriting.

Lobbying

Investors remain concerned that company involvement in political lobbying too often acts against the development of effective regulatory responses to climate change, rather than merely seeking to influence the shape of regulation. Reputation risks arise where such lobbying is done contrary to public statements in support of carbon regulation. Much lobbying occurs via third parties, such as trade organisations, presenting challenges for corporates in maintaining consistent messaging via all channels. Evidence of the level of investor concern and governance expectations to address this concern are set out in the [Global Investor Statement on Corporate Climate Lobbying.].

We recommend that the TCFD include lobbying within the guidance for governance, at least for non-financial sectors covered by the supplemental guidance. Suggested guidance:

Organisations should describe:

- **How the board and management ensures involvement in carbon policy lobbying minimises reputation risks, including consideration of the activities of trade associations.**
- **Private lobbying activity.**
- **Who within the organisation is ultimately responsible for climate policy positions.**

Sector groupings

We appreciate that there are many ways that sectors can be described and grouped. The sector groupings presented in the guidance are very broad, and would encompass organisations with substantially different risk profiles. Regnan considers setting the guidance at this broad level makes it more challenging to identify the relevant (and irrelevant) aspects and may lead to the guidance being less useful to preparers. For example, the transport sector guidance is focused on emissions from energy/fuel use, including in the illustrative metrics presented which only gives examples relating to reducing direct emissions. This may be unhelpful for transport infrastructure organisations, whose key risks are more likely to be physical and market risks. Market risks, in particular, would benefit from elaboration in the supplemental guidance for this group.

Other groupings that are also, in our view, too broad are:

- Materials and buildings – which includes metals and mining, chemicals, construction materials, capital goods, and real estate management and development.
- Agriculture, Food, and Forest Products – which includes beverages, agriculture, packaged foods and meats, and paper and forest products.

We recommend the task force revisit the sector groupings and consider having more groupings with less breadth of coverage and resulting in greater similarity of key climate related risks and opportunities faced by the organisations covered.

Insurance

We recommend the guidance for insurance be amended to draw attention to:

- The potential impacts on revenue growth as uninsurable risks grow.
- Categories of insurance (beyond property) that are already experiencing adverse impacts from physical impacts of climate change are not, i.e. life, health, and professional indemnity underwriting.

3 Organisational decision making

4a If organisations disclose the recommended information (or information consistent with the Task Force's recommendation), how useful will that information be to your organisation in making decisions (e.g. investment, lending, and insurance underwriting decisions)?

Quite useful

4b Please provide more detail on your response in the box below

There is potential for the information produced to be useful in our decision making. The actual usefulness depends on how genuinely disclosers engage with the additional guidance provided beyond "the recommendations". In our view, it would be possible to comply with "the recommendations" and produce very little useful information. This is a serious risk to the achievement of the task force's aims.

The total collection of information produced by the TCFD on its recommendations is extensive and challenging to interact with, especially given the extent of repetition at different levels of detail and for different user groups. We understand that everything below the top level recommendations (page 16 of the main report) are positioned as "context and suggestions on implementing the recommendations" and "supplemental guidance". We consider different organisations will approach the guidance in substantially different ways. Some will slavishly follow all aspects, risking over-disclosure that clouds the things that matter most. Some will be strategic, applying the guidance selectively. Others may give everything beyond the recommendations scant regard. Regardless of approach, it will be legitimate to claim compliance with the TCFD recommendations.

We recommend revisiting the expression of the guidance making more clear what is core to be "in accordance" with the task force's recommendations, and that what is outside this and entirely optional. **Further we recommend that much of the guidance should be elevated and included in the "in accordance" expectations – including everything in the tables (in annex sections C, D, and E), with the modifications recommended herein.** Failure to elevate this content to the status of recommendation risks failure to achieve the TCFD's aims, including in relation to decision useful information, for reporters and financiers alike.

Materiality

We recommend the task force provide guidance on materiality. Failure to do so risks the achievement of the TCFD aims, including with respect to decision useful information, given it is fundamentally different materiality definitions that are a key factor in current under reporting on climate related risks. Further, financial definitions of materiality typically focus on relatively certain information and past events/performance, while climate change information should be future oriented and address uncertainties.

NB Comments on all sector recommendations and guidance and supplemental guidance submitted at this question due to submission form inflexibility. For ease of comprehension and comparison, we have retained these under the most relevant question.

4 Additional disclosures

5 What other climate-related financial disclosures would you find useful that are not currently included in the Task Force´s recommendations?

No additional areas; only changes to existing, as submitted under other headings.

5 Scenario analysis

6 The Task Force recommends organizations describe how their strategies are likely to perform under various climate-related scenarios, including a 2°C scenario (see page 16 of the TCFD report). How useful is a description of potential performance across a range of scenarios to understanding climate-related impacts on an organization´s businesses, strategy, and financial planning?

Quite useful

7 Please provide more detail on your response. If you selected 'not very useful' or 'not useful at all' please indicate what would be more useful.

A description of potential performance across a range of scenarios is potentially very useful to understanding climate-related impacts on an organization´s businesses, strategy, and financial planning. Increasing the uptake of scenario analysis for climate-related risk and improving the standard of the analysis undertaken is one of the most significant contributions that the task force's recommendations could make, if achieved.

We especially value:

- **The recognition of the need for scenarios to "have strong internal logic", "challenge conventional wisdom and simplistic assumptions about the future" and "explore alternatives that will significantly alter the basis for business-as-usual assumptions".**
- **The suggestion of disclosure of the sensitivity of the results to key assumptions.**
- **The benefits of monitoring "signposts" "to gauge the emergence or change of different transition pathways and the implications for" the organization.**

These are key deficiencies in much of what has been undertaken to date. **Accordingly, we recommend the task force give greater prominence to this guidance, at a minimum including each of these matters in the guidance Strategy section c) for all sectors (in the table).**

We note that with expanded disclosure of climate scenarios comes a need for capacity building within the financial community to be able to critically assess the analysis presented. Whilst noting that this is outside the specific terms of reference for the TCFD it should be considered a key enabler for disclosures to be effectively factored into the investment decision making process.

Scenario analysis – reference scenario

As noted above, we are supportive of the TCFD's encouragement of two degree scenario analysis for all. However the decision usefulness of this information may be impaired by lack of comparability unless some effort to standardise scenarios is made.

We consider a more standardised reference scenario would be of assistance to preparers also, in reducing the effort of undertaking scenario analysis. This could save considerable effort potentially implied by currently proposed guidance for certain non-financial organisations that they describe "any adjustments/differences from publicly available 2°C scenarios" given the number of such scenarios (per the main report p60: "2°C scenarios that presently meet these criteria include: IEA 2DS, IEA 450, Deep Decarbonisation Pathways Project, and International Renewable Energy Agency). It also avoids anticipated concerns of disclosers about the implications of adopting different assumptions to competitors (risking either unfavourable comparisons or criticism for relatively unchallenging assumptions).

At a minimum, the Strategy recommendation c) should be clarified to include a timeframe for 2 degrees, specifically 2 degrees C by 2050 consistent with Paris accord. We consider a fully fleshed out scenario (e.g. specifying one of those listed at p60 of the main report) would not risk overly narrowing thinking. Many of the key analytical choices – those involved in downscaling the scenario to the entity level - would remain open and provide a spur to challenge thinking.

Transitional measures for scenario analysis

We appreciate that scenario analysis (especially including carbon and climate) will be relatively new for many reporters and are accepting of the need for providing transitional measures and a pathway to full adoption.

As noted above, we caution on relying on disclosure outside financial filings as a key transitional measure. We suspect that many corporates would find it unacceptable to put information that is so obviously financial in the public domain in any form unless it met a high standard of reliability.

Qualitative disclosure initially would be an acceptable transitional option – in our view, to both preparers and users. If taken up, the TCFD should outline how this transitional option can be applied, i.e. how many years can the transitional option be used?

We note that the reference to qualitative disclosure being permissible sits outside core guidance (p30 of main report) and recommend that transitional arrangements, including qualitative disclosure, be directly addressed in the in the recommendations and guidance section of the report documents.

8 The Task Force recognizes that there are challenges around disclosing sufficient information to allow a better understanding of the robustness of an organization´s strategy and financial plans under different plausible climate-related scenarios. Some challenges may arise from unfamiliarity

with scenario methodologies and metrics, insufficient practice standards, or cost. What do you view as effective measures to address potential challenges around conducting scenario analysis and disclosing the recommended information?

Please rank up to three most effective factors that apply. Please rank by dragging from left to right ***where "1" is your top factor****.*

Further work by trade groups and disclosure users on critical elements to be disclosed is needed to help overcome concerns that some information may be commercially sensitive	
Reduce the cost of conducting and disclosing scenario analysis	3
Additional methodologies and tools should be developed for use by organisations to enable more effective scenario analysis	1
Allow a year or two to phase-in scenario analysis and related disclosures	
Establish better practice standards around conducting and disclosing scenario analyses so that there are clearer rules of the road	2
We do not anticipate difficulties	
Other (please specify)	
Not applicable	

9 Please provide more detail on your first choice in the box below

More effective tools would increase comparability but also begin to address efficiency concerns and also serve a role in helping to effectively build capacity within organisations.

6 Metrics and targets

10a The Task Force is recommending that organisations disclose the metrics they use to assess climate-related risks and opportunities in line with their strategy and risk management process. For certain sectors, the report provides some illustrative examples of metrics to help organisations consider the types of metrics they might want to consider. How useful are the illustrative examples of metrics and targets? For illustrative examples see the following pages in the TCFD Annex

- **Energy group (pages 54-58)**
- **Transportation group (pages 66-70)**

- **Materials and buildings group (pages 78-82)**
- **Agriculture, food and forest products group (pages 91-94)**

Neither/nor

10b Please provide more detail on your response in the box below

While the metrics examples are clearly presented as illustrative only, they will, no doubt, serve as an important anchor point in discloser and user considerations.

We consider the current list is not sufficiently well adapted to the task of communicating/monitoring risk and opportunity given its likely use in practice.

We have concerns about the water metrics especially, which are focused on resource efficiency, yet include no water intensity of output metrics e.g. water cost per dollar revenue generated. Further, water access and security are typically more material than efficiency (interactions are acknowledged). While this is recognised in the guidance, the metrics presented are not sufficiently well adapted to providing insight on this question, given water rights complexities. For example, measures such as "The percent withdrawn in high-water-stress areas" don't strongly enough correlate with the identified risk of "increased cost of supply, impacts to operations and increased regulation/reduced access to water withdrawal".

A further key deficiency is that lack of adaptation/resilience metrics for agriculture, food and forest (beyond low carbon/water R&D and investments), despite the fact that the commentary acknowledges the materiality of physical climate change impacts for this sector.

We see a critical need for metrics that help monitor how an organisation is keeping pace with the rate of transition in the broader economy or relative to peers. For example, in banking, the emissions intensity of lending could be compared to that of peers or that implied by the bank's market share in the economies in which the exposures occur (bank customers' emissions v average emissions).

Overall, we consider the illustrative metrics require further work before being included in the final recommendations and guidance document, to provide a sufficiently comprehensive list of metrics well adapted to risk and opportunity communication and monitoring.

7 Carbon-related assets in the financial sector

11 Part of the Task Force's remit is to develop climate-related disclosures that would enable investors to understand better the concentration of carbon-related assets in the financial sector.

Beyond the metrics included in the Task Force's guidance, and supplemental guidance, what other metrics could be used to measure carbon-related assets in the financial sector?

The Task Force is recommending that organisations provide key metrics used to measure and manage climate-related risks and opportunities. For example, the Task Force recommends that asset owners (including insurance companies) and asset managers report normalised greenhouse

gas emissions (GHG) associated with investments they hold (for each fund, product and strategy) using available data (see Annex pages 35 and 41).**

12 Please describe your views on the feasibility of implementing the above recommendation.

NA

8 Greenhouse gas emissions (GHG) associated with investments

13a How useful would the disclosure of GHG emissions associated with investments be for economic decision making purposed (e.g. investing decisions)?

Neither/nor

13b Please provide more detail on your response in the box below

This information is a starting point for understanding and prioritising risks but given such footprinting activities rarely examine lifecycle emissions this is an imperfect indicator of actual risk. Further, emissions are a highly imperfect indicator of the associated regulatory or market risks they may give rise to, especially over shorter time frames. This measure also fails to provide insights into the potential risks from the physical impacts of climate change, which may be more significant.

Assuming strong disclosure of governance and risk management approach and resulting investment philosophy, emissions disclosure may provide a useful tool in tracking performance against stated objectives depending on the nature of the strategy e.g. decarbonising the portfolio.

9 Remuneration

14 Which types of organisations should describe how performance and remuneration take climate-related issues into consideration? Please select all that apply:

The Energy Group as recommended by the Task Force

Other non-financial sector organisations (please specify) **ALL**

Financial sector organisations (please specify) **ALL**

None

We consider any organisation with material transition and physical risks should describe how performance metrics and remuneration take climate-related issues into consideration. We note the item is not a requirement to link remuneration to climate risks and opportunities, just to "consider describing" what linkage exists. Given this, **we recommend performance metric/remuneration linkage be included in the general guidance for all sectors, and disclosure recommended for all entities with material climate-related risks and opportunities.**

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10 Anything else

19 What additional feedback would you like to provide the Task Force on the recommendations?

Implementation

We consider all disclosers will be seeking good practice examples as they commence efforts to adopt the recommendations. The task force could play a role in providing a repository and or developing samples of effective implementation of the recommendations.

Assurability

While not calling for any assurance expectations to be set by the TCFD, **we recommend the TCFD give consideration to the assurability of the recommended disclosures**, given the ability to obtain assurance may be a precursor for some organisations being willing to disclose – especially forward looking information.