



Quick Brief

A news update from the NBI on its programmes, business leadership and issues on sustainable development.

30 June 2017

Final Recommendations of the Task Force on Climate-Related Financial Disclosures: June 2017

The Financial Stability Board¹ has established an industry-led task force: the Task Force on Climate Related Financial Disclosures (Task Force) to develop voluntary, and consistent corporate climate-related disclosure recommendations that will assist investors, lenders and insurance underwriters to appropriately assess and price climate-related risks and opportunities.

The Task Force's recommendations will catalyse a united effort to improve disclosure across sectors and regions. It is an important step in enabling market forces to support a smooth transition to a low-carbon economy by identifying the information needed to appropriately assess and price climate-related risks and opportunities.

The **final report** from the Task Force reflects input from both industry and the public, received throughout 2016 and 2017. The Task Force has structured its widely adoptable recommendations around the following four core areas:

- Governance;
- Strategy;
- Risk management; and
- Metric and targets.

These recommended disclosures should be included in Corporates' financial reports and the recommendations include practical and illustrative methods on how to do so.

First and foremost, the Task Force's recommendations do apply to financial-sector organisations and there is specific supplementary guidance for disclosures from the finance sector. There is also specific guidance for non-financial sectors that are potentially most affected by climate change, namely; materials and buildings, energy, transportation and

agriculture, food and forest related products. The report also includes practical examples of how climate-related metrics can be applied to financial categories such as revenues and expenditure.

Within the strategy focus area, the Task Force recommends that the long term resilience of an organisation can be measured by the strategies that it implements to address potential climate-related risks and opportunities. The Task Force specifically mentions addressing future climate-related risks through a forward-looking scenario development process, undertaken at company level. This process includes formulating a business scenario that is based on an emissions trajectory that gives the highest likelihood of limiting the average global temperature increase to 2° C.

The consideration of climate-related business scenarios is important for investors and other stakeholders to understand the vulnerability of an organisation to a low carbon transition. The NBI will be providing exclusive support to its member companies in conceptualising and implementing this climate scenario development process.

View the full Task Force report, along with an executive summary, [here](#).

Should you have any further questions, please do not hesitate to contact [Naseema Elias](#).

¹The Financial Stability Board (FSB) is an international body that monitors and makes recommendations about the global financial system. The FSB, working through its members, seeks to strengthen financial systems and increase the stability of international financial markets.

Business Action for Sustainable Growth

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