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Items for the Action of the Partners in Project Green Executive Management Committee

TO: Chair and Members of the Partners in Project Green Executive Management Committee
Tuesday, June 07, 2022 Meeting

FROM: Darryl Gray, Director, Education and Training

RE: **BRIEFING ON THE TASK FORCE ON CLIMATE RELATED FINANCIAL DISCLOSURES (TFCD)**
Briefing on Financial Disclosures

KEY ISSUE

To provide a briefing on the Task Force on Climate Related Financial Disclosures (TFCD).

RECOMMENDATION

IT IS RECOMMENDED THAT the report summarizing the Task Force on Climate Related Financial Disclosures (TFCD), be received for information.

BACKGROUND

The economic shocks and financial losses caused by extreme weather events together with the risks and opportunities associated with a transition to a low-carbon-economy has led to growing demand for risk assessment and reporting frameworks that allow financial markets to price climate related risks and opportunities correctly. In response to this demand, the TFCD was established in 2015 as a global, industry-led task force that aims to provide a voluntary and consistent framework for companies to use when providing climate-related information to investor, lenders, insurers, and other stakeholders. While the target user for this framework is private-sector industry members, public-sector agencies are increasingly eager to adopt the TCFD recommendations as well.

The intent of this report and accompanying presentation is to provide the EMC with an understanding of key concepts related to TFCD which can inform future Partners in Project Green (PPG) work planning with partners and potentially the development of programs to be delivered for PPG Members and government partners.

RATIONALE

The TCFD recognizes that climate change presents financial risks to the global economy as well as opportunities. Companies and organizations can be impacted by *physical risks* such as extreme weather events, and *transition risks* associated with the necessary transition to a lower-carbon economy that governments around the world have committed to under the Paris Climate Change Agreement. Businesses and organizations that are unprepared for this transition to a low-carbon economy may be negatively impacted as policy and legal contexts change, as technology improves, and as the market and stakeholder demand shifts. A recent report by the Canadian Institute for Climate Choices found that over 880,000 jobs in transition-vulnerable sectors are currently at risk. However, this transition also presents opportunities, such as increased resource and energy efficiency, reduced costs, and potential access to new markets and government incentives.

TFCD recommendations for disclosure are structured around four thematic areas that represent core elements of how organizations operate, including: Governance, Strategy, Risk

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Management, and Metrics and Targets. The intent is to identify key pieces of information required by investors, underwriters, and the like to help them make informed decisions about whether to invest in a company or to insure it. The TCFD recommendations are process-related, so prescriptive targets are not imposed. With respect to Governance, for example, organizations are required to describe the role that management plays in assessing and managing climate-related risks and opportunities.

While the TCFD recommendations were originally intended for the private sector, many of the risks and opportunities apply to the public sector agencies who must also manage revenues, expenditures, and assets and liabilities as part of good governance. Consequently, a growing number of national and local governments have adopted the TCFD's recommendations. For example, Canada recently passed the Canadian Net-Zero Emissions Accountability Act, which includes a requirement for the Minister of Finance to prepare an annual report regarding key measures that the federal public administration has taken to manage its financial risks and opportunities related to climate change.

Relationship to Building the Living City, the TRCA 2013-2022 Strategic Plan

This report supports the following strategy set forth in the TRCA 2013-2022 Strategic Plan:
Strategy 8 – Gather and share the best sustainability knowledge

DETAILS OF WORK TO BE DONE

TRCA will continue to monitor the evolving discourse of climate-related financial disclosure as well as updates made to the recommendations and supporting frameworks offered by the TCFD. TRCA will also remain engaged in partner efforts to implement TCFD recommendations.

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