



# Getting to know and embracing TCFD (The Task Force on Climate-related Financial Disclosures)

Webinar

March 17, 2021

# Introduction



**Wim Bartels**

Partner, KPMG Sustainability,  
KPMG in Netherlands  
TCFD permanent member,  
TCFD advisory group support  
member (scenario analysis  
guidance)



**Paul Flipse**

Partner, Head of Climate Change  
and Sustainability practice  
KPMG in Thailand



**Natthaphong Tantichattanont**

Partner,  
Climate Change  
and Sustainability  
KPMG in Thailand



**Dr. Chumpol Sripraparkorn**

Associate Director,  
Climate Change and  
Sustainability  
KPMG in Thailand





# What is TCFD?

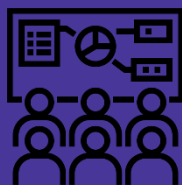


# What is the TCFD?

- G20 commissioned the Financial Stability Board (FSB) to review how the financial sector can best take account of climate-related issues;
- Task Force on Climate-related Financial Disclosures (TCFD) was formed (December 2015) to recommend how corporations should identify, quantify and report climate-related financial risks;
- It is expected that investors will ask for disclosure from non-financial organizations and will also need to disclose their own level of risks in their portfolios;
- Corporations need to provide data to help investors, lenders and insurers build climate-related risks into their decisions.



# Benefit for TCFD disclosure



## Risk assessment

More effectively evaluate climate related risks to your company, its suppliers, and competitors



## Capital allocation

Make better informed decisions on where and when to allocate your capital.



## Strategic planning

Better evaluate risks and exposures over the short, medium, and long term.

# 2020 TCFD Status

**1,500**

Organizations globally

Financial institutions responsible  
for assets of

**\$150 trillion**

**1,340**

Companies globally with

**\$12.6 trillion**

Market capitalization

*Source: 2020 TCFD Status Report*

# Core Elements of Recommended Disclosures

## Core Elements of Recommended Climate-Related Financial Disclosures



### **Governance**

The organization's governance around climate-related risks and opportunities

### **Strategy**

The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

### **Risk Management**

The processes used by the organization to identify, assess, and manage climate-related risks

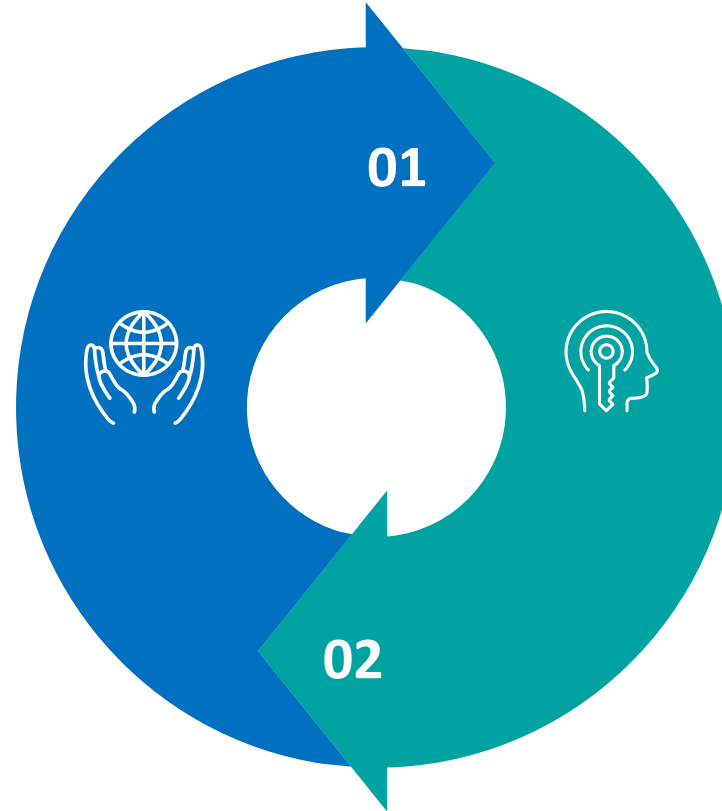
### **Metrics and Targets**

The metrics and targets used to assess and manage relevant climate-related risks and opportunities

# TCFD Element # 1 : Governance

## Board Oversight

Describe board oversight of climate-related risk and opportunity



## Management's Role

Describe management's role in assessing and managing climate-related risk and opportunity



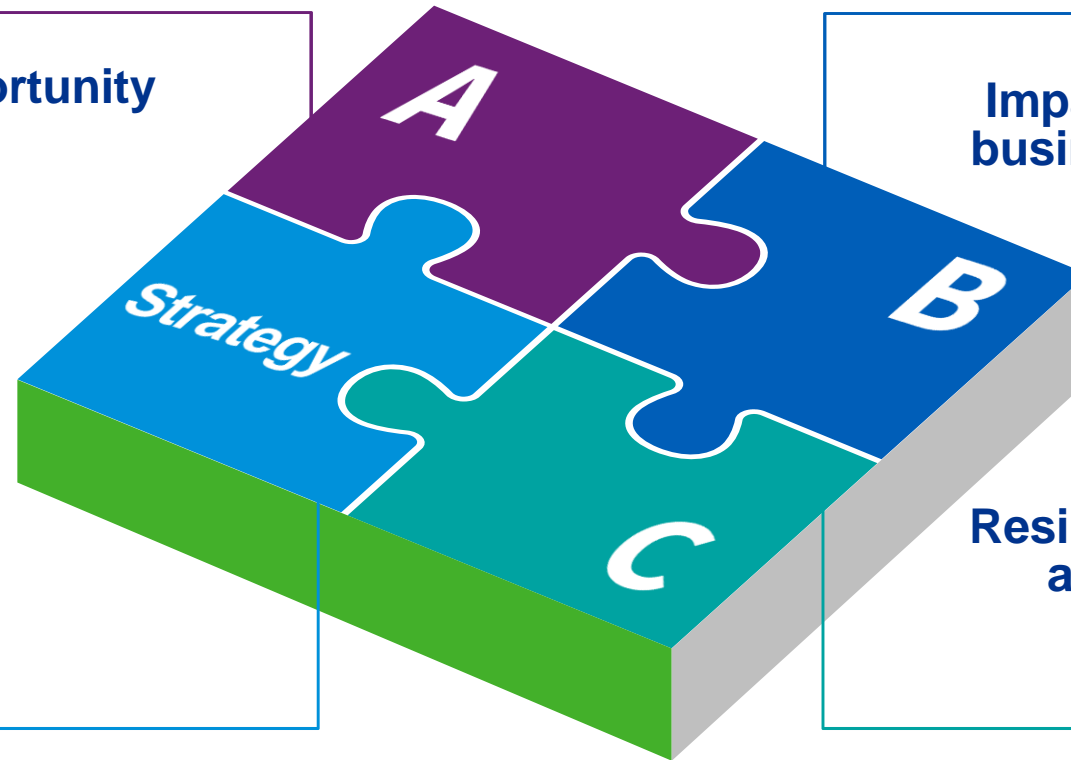
# TCFD Element # 2 : Strategy



**Risk and Opportunity**



**Impact of climate-related to business, strategy, financial**



**Strategy**

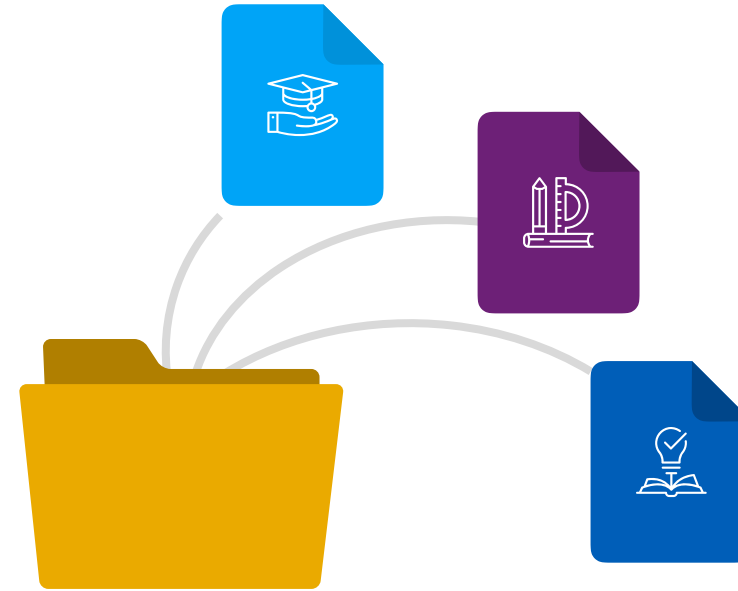


**Resilience of organization taken account of 2 degree or lower scenario**



# TCFD Element #3 : Risk Management

- ◆ **Identifying and assessing climate-related risk**
- ◆ **Managing climate-related risk**
- ◆ **How organization integrate risks into overall risk management**



# TCFD Element #4 : Metrics and Target

**Metrics used to assess  
risk and opportunity**



**GHG emission (Scope 1-3)**

**Target used to manage  
risk and opportunity**

*Metrics and Target*

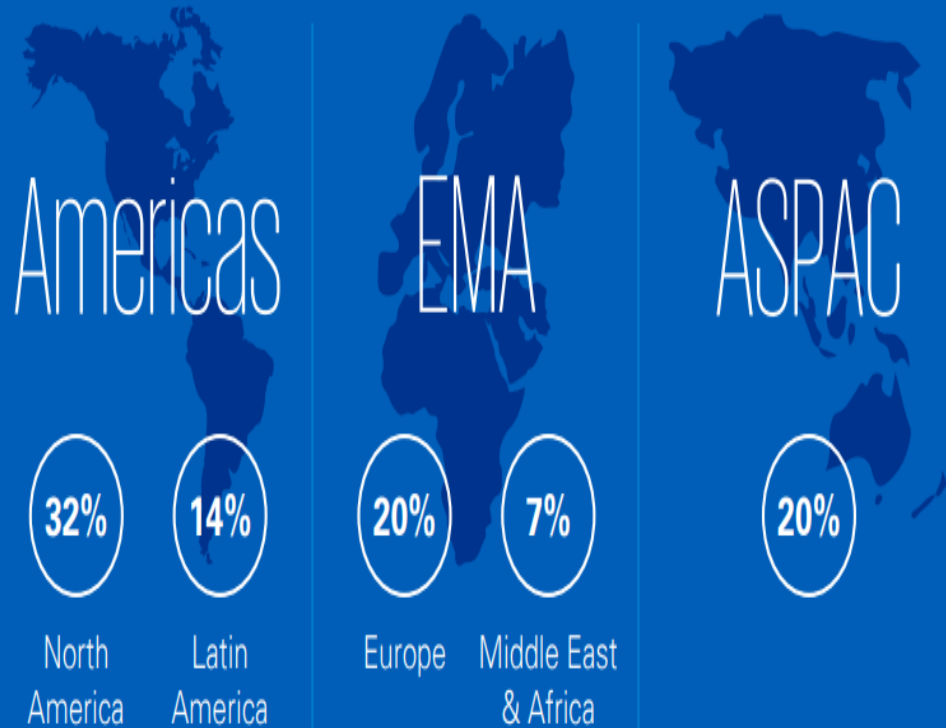


# Panel discussion key challenges in TCFD implementation

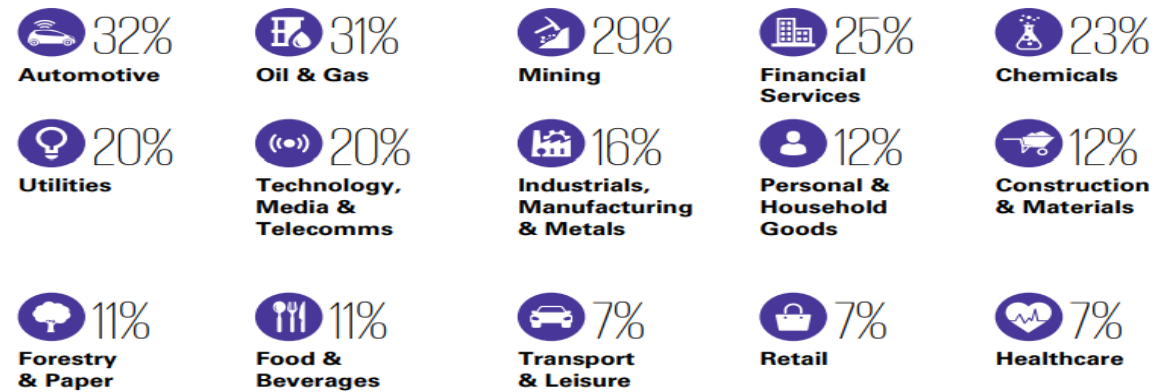


# KPMG survey of sustainability reporting 2020

## Disclosures in line with TCFD recommendations: N100 by region

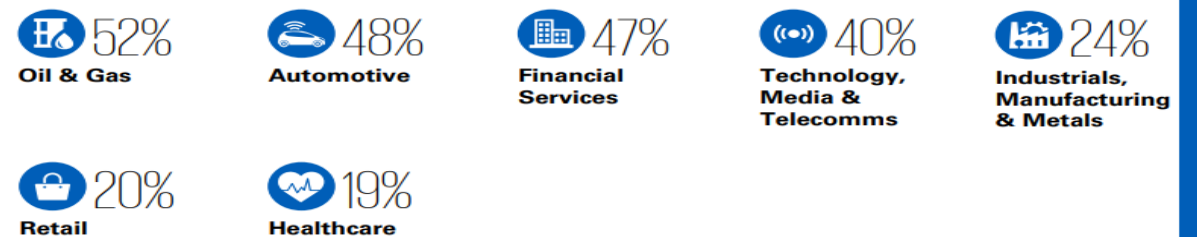


## Disclosures in line with TCFD recommendations: N100 by sector



Base: 5,200 N100 companies  
Source: KPMG Survey of Sustainability Reporting 2020

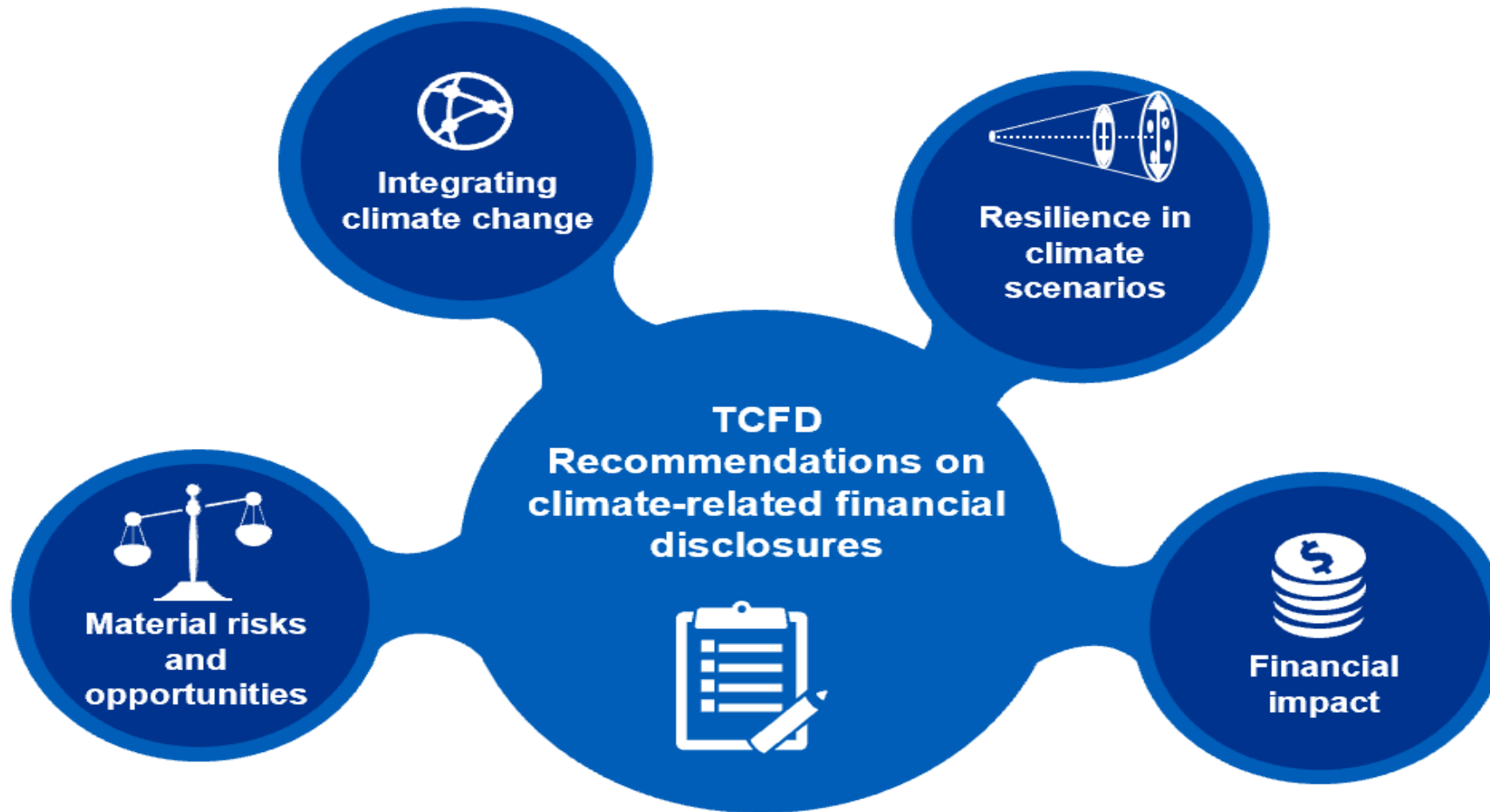
## Disclosures in line with TCFD recommendations: G250 by sector



Base: 250 N100 companies  
Source: KPMG Survey of Sustainability Reporting 2020



# Key challenges posed by the TCFD



# Key Challenges



## Integrating climate change

- ☐ Board and Management buy in
- ☐ Making climate-related issues an integral part of strategy, financial planning, and risk management
- ☐ Integrating climate-related aspects into board oversight processes and management activities

# Key Challenges



## Material risks and opportunities

- ❑ Prioritizing material physical and transitional climate-related risks for organizations' business models
- ❑ Identifying solutions to decarbonize value chains and benefit from relevant climate-related opportunities

# Climate-related risks and opportunities

## Transition risks

Policy & Legal  
Technology  
Market  
Reputation

## Physical risks

**Acute** - event-driven, including increased severity of extreme weather events, such as cyclones, hurricanes, or floods

**Chronic** - longer-term shifts in climate patterns

## Opportunities

Resource efficiency  
Energy source  
Product and services  
Markets  
Resilience

# Key Challenges



## Resilience in climate scenarios

- ❑ Developing climate scenarios accounting for main driving forces that are most relevant to an organization's business model
- ❑ Assessing resilience to material physical and transitional climate risks and opportunities in climate scenarios



# Key Challenges



## TCFD recommendations 2020

Recommended Disclosure	Philips's disclosure
<ul style="list-style-type: none"> <li>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</li> <li>a) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</li> <li>a) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</li> </ul>	<p>Philips has assessed climate change as a major threat to society and human health. According to research from the Potsdam Institute for Climate Impact research, over 4% of global CO2 emissions are caused by the Healthcare sector, thereby making climate change also very relevant for our customers – posing both a risk and an opportunity to our business. Our Green and Circular Products and Solutions portfolio and our innovations address the challenges related to the transition to a low-carbon economy.</p> <p>In 2020, Philips achieved its target to become carbon-neutral in its operations. Through our ambition to reduce CO2 emissions in our entire value chain in line with a 1.5 °C global warming scenario (based on Science Based Targets) we are reducing our exposure to transition risks, like changing legislation and carbon pricing. We will continue more extensive risk assessments to provide more insights into transition risks.</p> <p>We developed a 2- and a 4-degrees global warming scenario in 2020 and assessed the impact on our supply chain, our own operations and our customers. We believe that our exposure to short-term physical risks at our sites is limited as supported by our assessment. The impact on our value chain is still being assessed for the medium and long term. The impact on our customers, both healthcare providers and consumers, can be significant.</p>

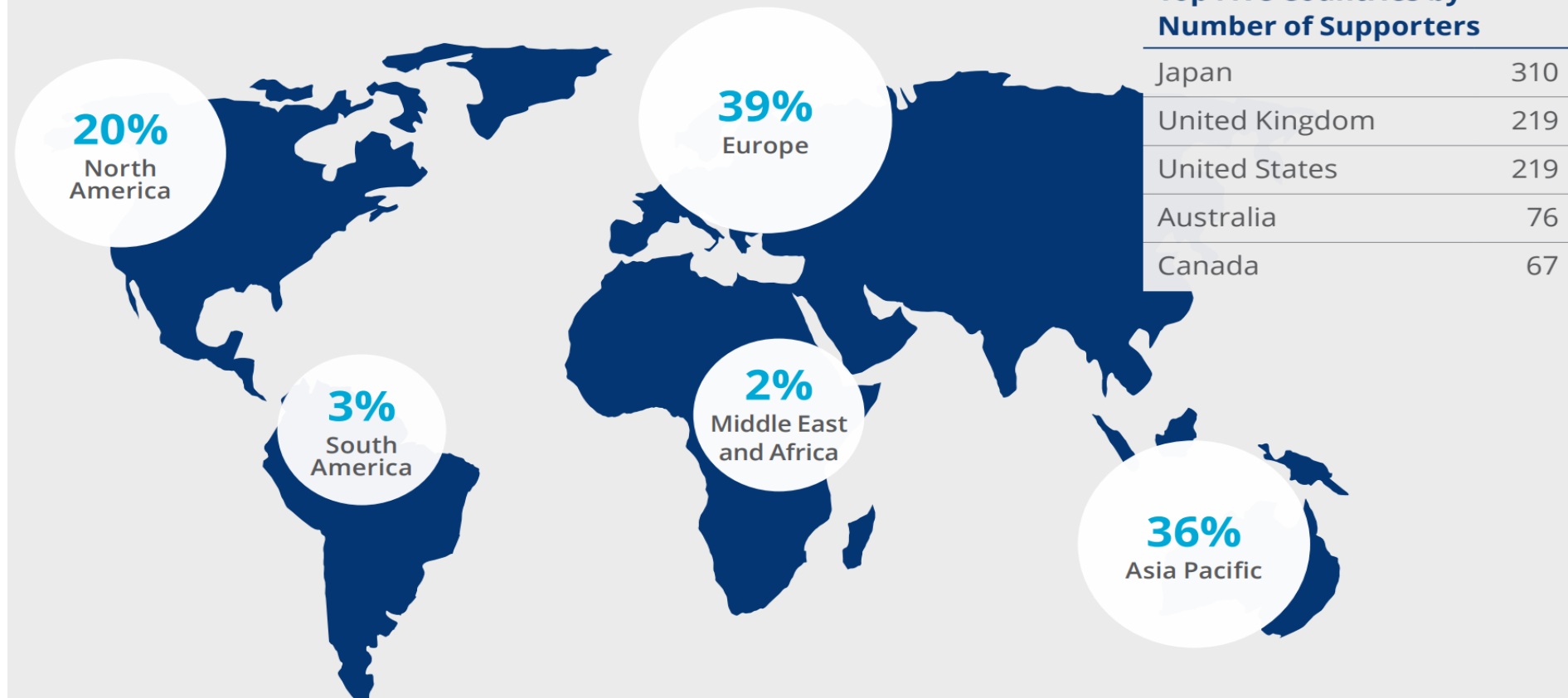
# Key Challenges



## Financial impact

- ❑ Measuring the financial impact of climate-related opportunities and physical and transition risks on the business model
- ❑ Simulating financial impact on balance sheet and income statement and adapting financial planning to climate scenarios

# Geographic Distribution of TCFD Supporters



# Your feedback is important for us





Q&A







## Contact



**Paul Flipse**

Partner, Head of Climate Change and Sustainability  
KPMG in Thailand  
Email: [pflipse@kpmg.co.th](mailto:pflipse@kpmg.co.th)



**Natthaphong Tantichattanont**

Partner, Climate Change and Sustainability  
KPMG in Thailand  
Email: [natthaphong@kpmg.co.th](mailto:natthaphong@kpmg.co.th)



**Chumpol Sripraparkorn**

Associate Director, Climate Change and Sustainability  
KPMG in Thailand  
Email: [chumpols@kpmg.co.th](mailto:chumpols@kpmg.co.th)

**KPMG Phoomchai Audit Ltd.**

48<sup>th</sup> Floor, Empire Tower  
1 South Sathorn, Yannawa  
Bangkok, Thailand  
Phone: (66) 2677 2000  
Fax: (66) 2677 2222



**Twitter:** @KPMG\_TH

**LinkedIn:** [linkedin.com/company/kpmg-thailand](https://www.linkedin.com/company/kpmg-thailand)

**Facebook:** [facebook.com/KPMGinThailand](https://www.facebook.com/KPMGinThailand)

**YouTube:** [youtube.com/kpmginthailand](https://www.youtube.com/kpmginthailand)

**home.kpmg/th** **Instagram:** [instagram.com/kpmgthailand/](https://www.instagram.com/kpmgthailand/)

©2021 KPMG Phoomchai Audit Ltd., a Thai limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.