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A Journey Through the Task Force on Climate-Related Financial Disclosures (TCFDs)

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19 July 2023

Journey

- Introduction
- TCFD Background
- TCFD Progress
- Four Pillars

*Disclaimer – Opinions expressed in this report are those of the presenters and not necessarily those of our employer

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Introduction

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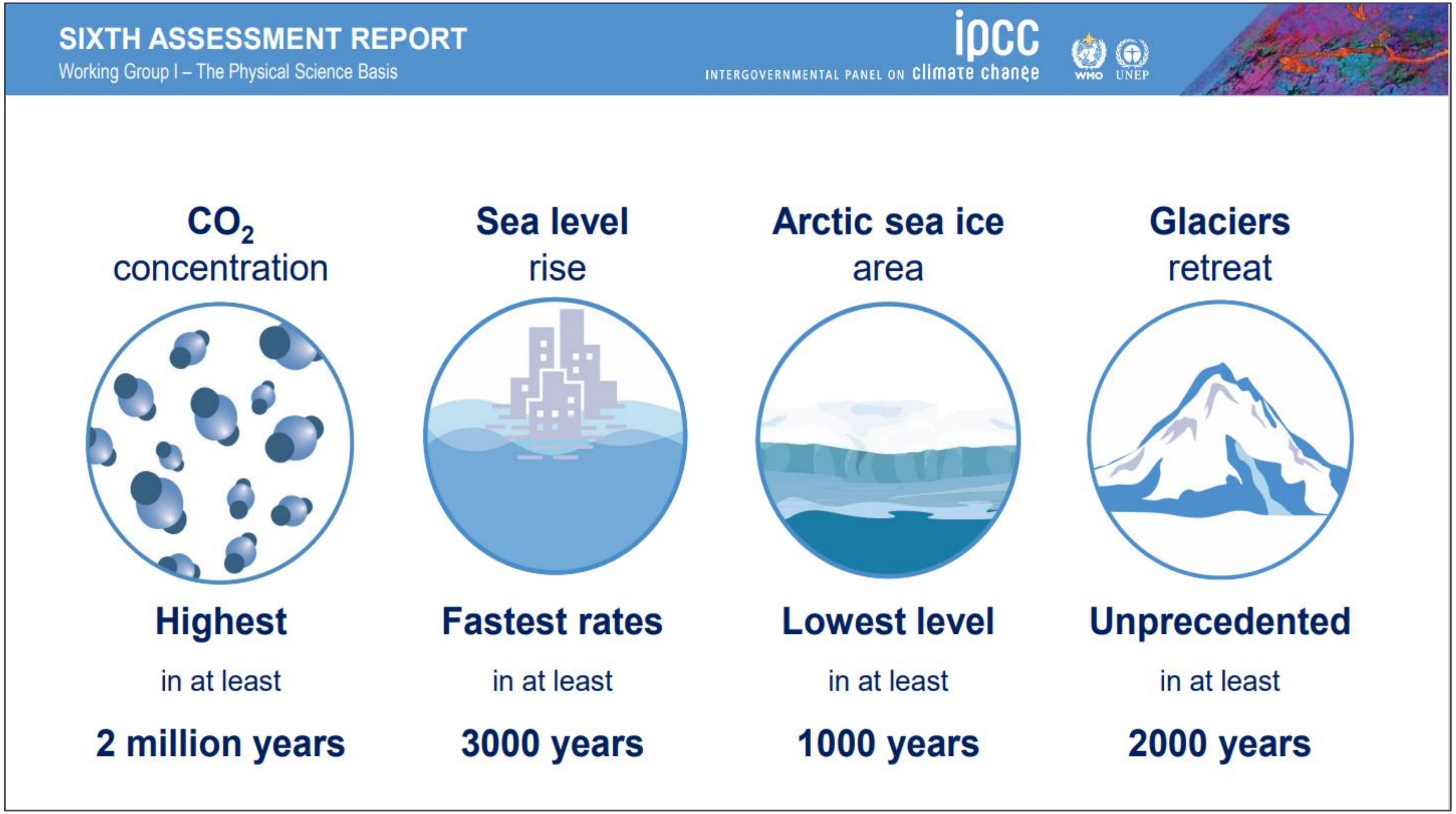
Our impact on the Climate is Unequivocal



Unless there are immediate, rapid, and large-scale reductions in greenhouse gas emissions, limiting warming to 1.5°C will be beyond reach. ~ IPCC

Source: https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_LongerReport.pdf

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Why are climate related financial disclosures important?

- Risk Assessment and Management
- Informed Decision Making
- Regulatory Compliance
- Investor Confidence
- Stakeholder Expectation
- Competitive Advantage

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TCFD Background

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Task Force for climate-related disclosures

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization’s governance around climate-related risks and opportunities	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation’s businesses, strategy and financial planning where such information is material	Disclose how the organisation identifies, assesses, and manages climate-related risks	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material
a) Describe the board’s oversight of climate-related risks and opportunities b) Describe management’s role in assessing and managing climate-related risks and opportunities	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. b) Describe the impact of climate-related risks and opportunities on the company’s businesses, strategy, and financial planning c) Describe the resilience of the company’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	a) Describe the organisation’s processes for identifying and assessing climate-related risks b) Describe the organisation’s processes for managing climate-related risks c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the company’s overall risk management	a) Disclose the metrics used by the company to assess climate-related risks and opportunities in line with its strategy and risk management process b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and related risks c) Describe the targets used by the company to manage climate-related risks and opportunities and performance against targets

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Source: TCFD, October 2021

Which companies in the UK does this apply to?

Scope		Enforced from accounting period:	First Required disclosure date
Certain UK registered publicly quoted companies and large private companies and LLPs	Large UK companies (>500 employees and £500 million in turnover)	on or after 6 April 2022	On or after April 6, 2023
	Large UK LLPs not traded or banking (>500 emp, >£500m in t/o)		
	UK Public Interest Entities (PIEs) and banking or insurance companies		
	Aim listed (>500 employees)		
	UK registered companies not above (>£500m turnover, >500 emp)		
	Traded and Banking LLPs (>500 emp)		
UK Asset managers	UK-authorised Asset Managers (AUM >£50bn (3 year rolling average)) and Asset Owners (assets >£25bn) incl. Life insurers and FCA regulated pension providers	on or after Jan 2022	Publish by June 2023
	UK-authorised Asset Managers (AUM >£5bn, (3 year rolling average)) and Asset Owners (assets >£5bn)	on or after Jan 2023	Publish by June 2024
UK Pension schemes	occupational pension schemes with more than £5bn of net assets.	Comply from Oct 2021	
	occupational pension schemes with more than £1bn of net assets.	Comply from Oct 2022	

Out of scope:
- Small UK company with less than 500 employees and £500m turnover
- Small Asset Managers <£5 billion (3 year rolling average)

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TCFD Progress

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TCFD progress:

Disclosures

- Positive progress.
- Inconsistency over different disclosure recommendations.
- Resilience of Strategy significantly lower.

Report Type[1]	FY2017 (33)[2]	FY2018 (37)	FY2019 (53)	FY2020 (94)	FY2021 (153)
Financial Filing, Annual Report, or Integrated Report	45%	49%	64%	65%	71%
Sustainability Report	67%	62%	70%	66%	70%
Climate-Specific Report	9%	22%	21%	33%	33%
Other	15%	14%	13%	9%	9%
Average # of Reports per Respondent	1.5	1.6	1.9	2.0	2.1

1 *Respondents could select multiple report types.*
2 *The numbers in parentheses represent the number of respondents reporting for the year.*

Legend: Low to high percentage of responses

Source: Task Force on Climate-related Financial Disclosures – 2022 Status Report.

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Source: Task Force on Climate-related Financial Disclosures – 2022 Status Report.

Current Challenges

Figure B5

Implementation Rating by TCFD Recommendation

Percent of Respondents[1]

Recommendation	Recommended Disclosure	Very Easy	Relatively Easy	Somewhat Difficult	Very Difficult
Governance	a) Board Oversight	13%	59%	24%	2%
	b) Management's Role	13%	57%	26%	3%
Strategy	a) Risks and Opportunities	4%	36%	47%	12%
	b) Impact on Organization	2%	12%	51%	32%
	c) Resilience of Strategy	1%	8%	36%	52%
Risk Management	a) Risk ID and Assessment Processes	4%	44%	41%	9%
	b) Risk Management Processes	4%	36%	49%	10%
	c) Integration into Overall Risk Management	3%	34%	43%	17%
Metrics and Targets	a) Climate-Related Metrics	5%	36%	39%	18%
	b) Scope 1, 2, 3 GHG Emissions	15%	49%	28%	7%
	b) Scope 3 GHG Emissions	4%	18%	28%	43%
	c) Climate-Related Targets	4%	23%	43%	26%

1 The total for each recommended disclosure may be less than 100% because respondents could select "not applicable."

Base size: 206

Legend: Low to high percentage of responses

Challenges

- Strategy and Metrics and Targets are the recommendations companies are finding the most challenging to implement.
- Increasing levels of disclosure year on year despite implementation challenges
- Resilience of strategy seems to be the most difficult
- To be expected as this area is an iterative/ongoing process

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Source: Task Force on Climate-related Financial Disclosures – 2022 Status Report.

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Four Pillar Analysis

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Content of reports

Format

- TCFD disclosures commonly included within the annual report and accounts or published as a separate standalone report (either TCFD specific or sustainability/ ESG report).
- Of the companies reviewed, 60% produced a separate standalone report for 2022.

Content

- Most companies have included information on the following:
  - Net-zero targets, both operational and for **investment** portfolio, **with** interim targets
  - Scenario **results analysis**
  - Scope 1, 2 and 3 emissions.
- The granularity of analysis and length of reports **varied significantly between** companies this is consistent with our review of 2021 reports.

Differences

- 40% of companies changed the style of their TCFD report
- We have not seen any trend in companies taking influence from the leading reports of 2021

30%

Clearly stated any changes made to climate targets.

92%

Clearly demonstrated their progress so far.

46%

Clearly set out path to net-zero.

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Governance

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Governance

The set up of how insurance companies have chosen to govern the challenges with climate change and ESG commitments look relatively similar with boards and committees created to focus on certain topics. The most common groups we have seen from the companies reviewed are:

Group Executive Committee

- Continue to drive sustainability ambition.
- Monitor delivery and plan of ESG goals.

Remuneration Committee

- Engaging with all committees to insure consistent ESG goals and execution.
- Checking climate metric performance is on track

Customer and Sustainability Committee

- Discuss climate related topics
- Review the development of climate ambition goals

Executive Board

- Manage and approve all decisions and operations.
- Including all ESG changes.

Risk Committee

- Manage and monitor all aspects of risk management, including Climate-related risks.
- Some companies are starting to introduce climate-specific risk groups.

Audit Committee

- Reviewing TCFD
- Checking company reports are compliant with any ESG legislation.

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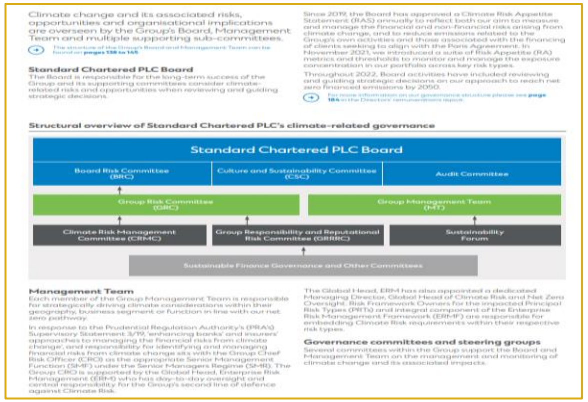
Governance – Good Practice

Governance

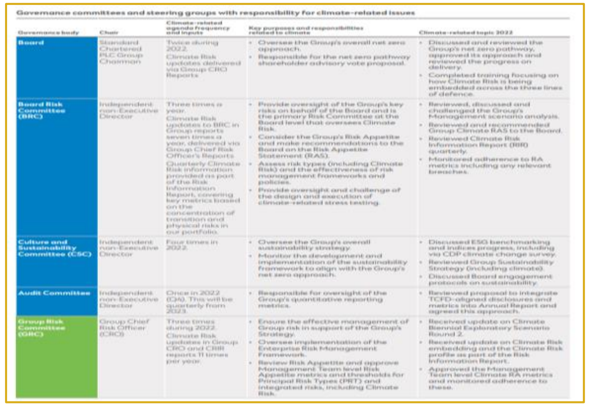
Disclose the organization's governance around climate-related risks and opportunities

a) Describe the board's oversight of climate-related risks and opportunities

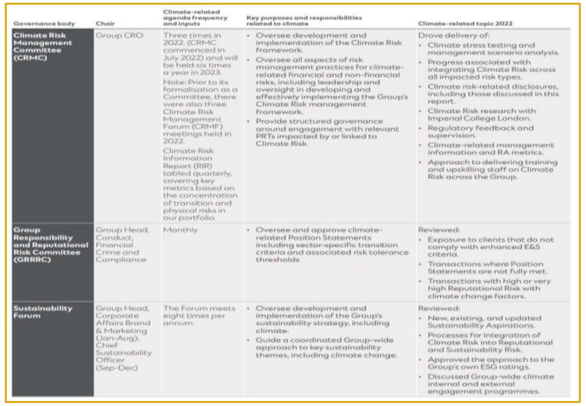
b) Describe management's role in assessing and managing climate-related risks and opportunities



- Clear organogram is disclosed with a detailed description of the Board's accountability of climate-related risks and opportunities and the responsibilities of each committee.
- Board and certain team remuneration/scorecards consider climate-targets.



- Climate Risk updates to BRC in Group reports seven times a year, delivered via Group Chief Risk Officer's Reports Quarterly
- Responsibility for identifying and managing financial risks from climate change sits with the Group Chief Risk Officer (Group CRO). However, there could be a view for a Chief Climate Officer to be appointed and directly answerable to the CEO



- Climate Risk information provided as part of the Risk Information Report, covering key metrics based on the concentration of transition and physical risks in our portfolio
- Description of assessing and managing climate within the business and across three lines of defence

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Source: Standard Chartered Stakeholders and Sustainability report
https://av.sc.com/corp-en/content/docs/annual-report-2022-stakeholders-and-sustainability.pdf

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Strategy

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Strategy

Investment | Structure and Governance
Influence | Operations

Current common strategies in place:

- Scenario analysis on climate risk
- Investment in carbon reducing technology and infrastructure
- Increased transparency in published reports
- Fund enabling colleagues' input on the greening of products
- Influencing customers through product offering
- Appropriate governance to enforce strategy
- Decarbonisation of investment portfolio
- Sustainable investments in renewable energy and green bonds
- Working groups to target individual climate-related elements

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Strategy: Net-Zero Actions

A range of actions to become net-zero in own operations have been proposed including:

Executive remuneration linked to emissions against targets	Electricity from 100% renewable energy sources	Education of employees to reduce operational waste
Updates to travel policies	Car fleet all electric vehicles	Climate risks incorporated in Risk Management framework
Education of pension customers to encourage choice of Paris aligned funds	Purchasing carbon offsets, commonly against estimated home-working emissions	Reduce or eliminate use of paper

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Influence

Reward

- Companies have demonstrated influence through the use of sustainable insurance policies, i.e. offering discounts/rewards for making eco-friendly choices like using an electric vehicle.

Partnerships

- By partnering with industry groups, academic institutions, and NGOs, companies demonstrate their commitment to addressing climate change and share knowledge and resources with customers.
- Customer Education and Awareness programmes provide educational resources and tools to enhance customer understanding of climate change and its risks. One of the companies shares insights, research, and practical guidance on climate-related topics through its website, reports, and digital platforms.
- There's a risk, however that industry groups, partnerships and collaborations could be viewed as anti-competitive, contravening current competition regulation

Corporate

- Insurance companies as an asset owner can exert direct influence on companies through voting rights or disinvestment
- Insurance executives could be posted as Non-executive directors to drive the behaviour, output and direction of companies

Investment Portfolio

	Portfolio level	Split by asset class	Split by industry	Split into physical/ transition
Asset holdings	Aviva, L&G, Allianz	Aviva, L&G, Allianz	L&G, Phoenix, Allianz	Phoenix
Aggregate VaR, NPV impacts or similar or asset value impacts	Aviva, L&G, Allianz, AXA	Aviva, L&G, M&G, Phoenix, Allianz	L&G	Aviva, L&G, Phoenix, AXA
Weighted average carbon intensity	Aviva, L&G, LBG*, AXA, M&G	Aviva, Allianz, Phoenix, M&G, AXA	Aviva, L&G, Allianz	

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Investment actions

Companies agree that investment portfolios represent a major source of climate risk. A range of actions are outlined (including those listed below) to reduce this risk.

- Proxy Voting: Investment firms are leveraging their proxy voting power to influence corporate behaviour on climate-related issues. They vote in favor of climate-friendly resolutions, such as requesting companies to disclose climate-related risks, set emissions reduction targets, or report on sustainability initiatives.
- . Carbon offset projects: Some firms are investing in carbon offset projects as part of their climate risk mitigation strategy. These projects aim to reduce greenhouse gas emissions or remove carbon dioxide from the atmosphere, such as reforestation initiatives or investments in carbon capture and storage technologies
- Green Bonds and Sustainable Financing: Companies are issuing green bonds and engaging in sustainable financing to raise capital for environmentally friendly projects. These financial instruments are specifically ringfenced for investments in areas such as renewable energy, energy efficiency, and sustainable infrastructure.
- Restrictions on new investment in coal and oil, phasing out of existing investment. A number of reports call out thermal coal in particular after the IPCC report recommendations.
- ESG linked loans to stakeholders to assist in the financing of further sustainable projects and investments, the issue of these ESG linked loans has also been shown to attract clients with previously reputable ESG profiles.

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Strategy (incl. Scenario analysis) – Good Practice

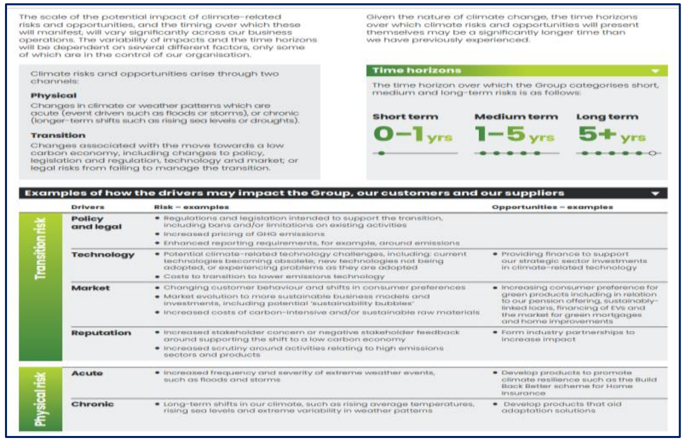
Strategy

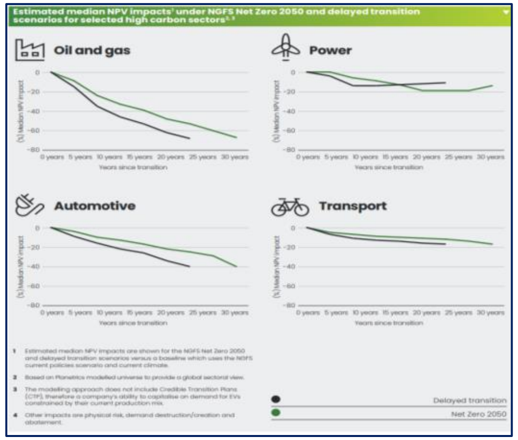
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation’s businesses, strategy and financial planning where such information is material

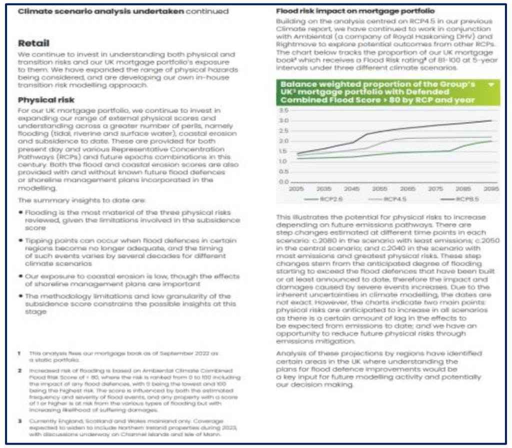
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

b) Describe the impact of climate-related risks and opportunities on the company’s businesses, strategy, and financial planning

c) Describe the resilience of the company’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario







- Climate Risks (physical and transition) and opportunities defined and identified across multiple time horizons.
- Describes the approach to identify and assess climate risks using double materiality
- Describes how climate risk is factored into the financial planning process

- The bank uses three climate scenarios and each of these have their own narrative. The key parameters used in the scenario analysis has also been outlined including carbon pricing and power generation
- Different policy approaches have been considered in the scenario analysis and the response required by the bank in each approach. The resilience of the bank has been tested and quantified through the scenario analysis process. Limitations of the methodology and analysis have been included.

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Source: Lloyds Banking Group
https://www.lloydsbankinggroup.com/assets/pdfs/who-we-are/responsible-business/downloads/2022-reporting/2022-lbg-environmental-sustainability-report.pdf

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Risk Management

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Risk Management

From the reports analysed, companies have established their risk management process as follows:

RISK GOVERNANCE

Insurance companies have set up boards and committees specifically for climate risk.

+

RISK IDENTIFICATION

The boards and committees in place meet regularly to discuss new climate risk developments.

+

RISK FRAMEWORK

Having internal climate modelling software's and resources in place to further educate around identified risk.

=

RISK MANAGMENT

Disclose methods of identifying, assessing, managing and controlling risks

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Risk Management

- Many firms have integrated climate related risks into the existing risk and governance framework to gain a more accurate assessment of how exposed their overall business model is to climate risks

Risk identification	Impacts on mortality/morbidity assumptions	By asset classes held
Risk measurement	Carbon measurements/ targets	Climate scenario testing
Risk mitigation	Active engagement with stakeholders	Exclusions of certain asset classes

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Risk Management – Good Practice

Risk Management

Disclose how the organisation identifies, assesses, and manages climate-related risks

a) Describe the organisation's processes for identifying and assessing climate-related risks

b) Describe the organisation's processes for managing climate-related risks

c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management

Climate-related risk management process	Credit risk	Market risk	Treasury and capital risk	Operational risk
Frequency of assessment	*Annually*	*Quarterly*	*Annually*	*Annually*
Time horizons covered	**S,M,L**	**S,M,L**	**S,M**	**S,M**
Description	The risk of loss to the Group from the failure of clients, customers or counterparties, including sovereigns, to fully honour their obligations to the Group, including the whole and timely payment of principal, interest, collateral and other receivables.	The risk of loss arising from potential adverse changes in the value of the Group's assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities and asset correlations.	Treasury and capital risks are impacted by climate-related risks, primarily in a second order manner and include liquidity risk, capital risk and interest rate risk in the banking book.	The risk of loss to the Group from inadequate or failed processes or systems, human factors or due to external events (for example, extreme weather events) where the root cause is not due to credit or market.
Risk Identification	Identified as part of sovereign, portfolio and obligor credit annual reviews.	Identified by assessing climate-related risk factors across asset classes, sectors and geographies, and aggregating market risk exposures from climate-related risks.	Identified through risk assessment activity across certain industries and asset classes to analyse and assess exposures which may be impacted by climate-related risks.	Confirmed operational risks associated with climate change are included in the Bank's Operational Risk Taxonomy. Climate risk included within the Strategic Risk Assessment process.
Risk Measurement	At Group level measured vis scenario analysis and stress testing. At counterparty level measured using a Credit Risk Materiality Matrix completed for obligor/ obligor groups with elevated exposure to climate change risk. Retail portfolios are monitored through regular reporting of climate metrics and are assessed against mandate triggers where appropriate.	Measured by using adverse multi-asset stress scenarios applied to individual risk factors reflecting climate change risks across sectors, countries and regions.	Measured as part of stress testing and key risk indicator monitoring.	Established reporting on internal and external climate-related risk events to the Operational Risk Committee. Risk tolerances for premises and resilience risks are reviewed so these adequately capture climate-related risk drivers.
Example	A client operating in a carbon intensive sector which does not have an adaptation plan to transition to a low-carbon economy and becomes subject to high carbon tax payment that negatively affects its cash flow.	Climate change may lead to market risk through a disorderly transition to a low-carbon economy or via physical climate events and shifts in supply and demand for financial instruments, which may then impact market prices for susceptible sectors or countries.	Adverse market movements resulting from transition risks such as legislative change, or from Government fiscal responses to sudden physical climate change events may impact the Fair Value of the bank's investments such as those in the Liquid Asset Portfolio. Additionally longer term climate change risks may adversely impact the bank's future revenue through customer behaviour, balance sheet or strategy changes over the longer term in response to climate change risk factors.	An extreme weather event occurs which impacts locations and sites where the Group operates could also prevent employees from accessing the premises, and/or results in a data centre failing.

Credit risk

Definition

The risk of loss to the Group from the failure of clients, customers or counterparties, including sovereigns, to fully honour their obligations to the Group, including the whole and timely payment of principal, interest, collateral and other receivables.

Climate risk identification

Risk identification is driven by assessing sectors' susceptibility to climate risk. Sectors are categorised into elevated, moderate and low risk. These sectors have been identified through the analysis of Barclays Industrial Classifications by portfolio, informed by results of scenario analysis exercises (see Scenario analysis section on pages 23-29).

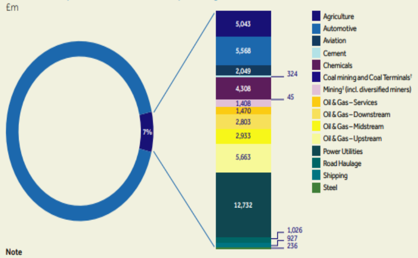
To assist determining the level of the potential credit risk arising from climate change for Sovereigns with material exposure, Risk Factors are reviewed, minimum annually.

Across corporate and industrial sectors, elevated risk sectors are those with high exposure to both physical and transition risks of climate change. These are defined in the Climate Change Financial Risk and Operational Risk Policy and apply across the Group. This assessment is updated on an annual basis.

Each climate-related risk in elevated sectors is assessed by risk drivers and impacts. Risk drivers and impacts were designed internally and are based on rating agencies' climate change assessments, recommendations of the TCFD and our involvement in UNEP FI's TCFD Banking Pilot Project Phase II.

Elevated risk exposure breakdown (2021) as percentage of total loans & advances and loan commitments

£m



Note

Elevated risk exposure as % of Total Loans & Advances and Loan Commitments. Total Loans & Advances and Loan Commitments amount to £707,162m.

† Coal Mining and Coal Terminals relates to one client predominantly engaged in metallurgical coal mining.

‡ Diversified miners with minority interests in thermal coal mining are included in this category.

Elevated risk sector	*Drivers of risk*
Aviation	More stringent air emission and carbon regulations, requiring high levels of capital investment and Research & Development (R&D) expenditure.
Automotive	Policy pressure to cut emissions to meet regional emission requirements, requiring high levels of capital investment and R&D expenditure. Phase out of fossil fuel vehicles and introduction of low emission zones in city centres.
Cement	Being one of the hard to abate sectors, policy pressure to cut emissions requires high levels of capital investment and R&D expenditure.
Coal Mining and Coal Terminals†	Reduction in demand of thermal coal, as utilities transition away from fossil fuel. More stringent air emissions, resulting in higher levels of capital investment.
Chemicals	Increasing environmental regulation, including carbon regulations. The increasing efforts to eliminate single-use plastics and improve recycling to prevent marine pollution could also impact demand for products used in plastic manufacture.
Mining‡ (incl. diversified miners)	Rising costs as a result of tighter environmental regulations and increasing water stress.
Oil & Gas	Policy pressure to cut emissions, exposure to carbon taxes and overall increasing environmental regulation of operations and restrictions on access to new resources. Over time, falling demand for fossil fuels.
Power Utilities	Policy pressure to cut emissions, leading to increased capital expenditure costs, plus potential exposure to carbon taxes.
Agriculture	Evolving taxation on emissions may impact production methods, supply chain and farm viability. Reduced demand for meat and dairy as a consequence of shifts in consumer behaviour. Volatile weather conditions and extreme weather events may impact farm credit quality.
Shipping	Policy pressure to cut emissions, requiring higher levels of capital investment.
Steel	Being an energy-intensive sector, the sector is exposed to the policy pressure to cut emissions and evolving air pollution regulation.
Road Haulage	Policy pressure to cut emissions, requiring high levels of capital investment.

- Climate risk is identified as a principal risk that cuts across many risks such as credit, market, operational and treasury and capital risk
- A consistent risk approach is outlined by the ERMF. This includes using the same identification timelines, setting a risk appetite and then implementing risk controls
- Future policies have been taken into consideration when determining the drivers of risks, this has been incorporated into the banks' scenario analysis

- The bank has included a third climate risk category in addition to physical and transitional risks called connected risk, this is to ensure that climate risks that affect both transitional and physical risks are also assessed when they have connected variables

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Source: Barclays https://home.barclays/content/dam/home-barclays/documents/investor-relations/reports-and-events/annual-reports/2021/Barclays-TCFD-Report-2021.pdf

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Metrics & Targets

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Scope 1, 2 & 3 Emissions

Scope 1 Emissions: Companies have been taking steps to reduce their direct emissions from owned or controlled sources. Many organisations have implemented energy efficiency measures, upgraded equipment, and adopted cleaner technologies to decrease their on-site fuel combustion emissions.

Scope 1

- Direct GHG emissions, e.g. from facilities and vehicles

Scope 2 Emissions: Companies have been focusing on reducing their indirect emissions from purchased electricity, heat, or steam. This involves shifting to renewable energy sources, such as solar or wind power, and purchasing renewable energy certificates (RECs) to offset their electricity consumption..

Scope 2

- Indirect emissions from the purchase of electricity and energy

Many companies are now placing increased emphasis on understanding and addressing scope 3 emissions, which can involve measures like sustainable sourcing, transportation efficiency, and product lifecycle analysis..

Scope 3

- Emissions that the company is indirectly responsible for, e.g; through supply chain.

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Scope 3 Emissions

Those leading the way in terms of scope 3 implementation and disclosures are:

Setting specific scope 3 goals and targets	Engaging with third parties to develop scope 3 frameworks	Identifying key challenges
Setting up teams to review progress	Making sure they include all covered emissions within their calculations	Setting out a clear approach
Providing emissions training for staff	Building scope 3 into their scenario models	Being honest about where they need to improve

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Scope 3 Emissions

Based of TCFD reports reviewed:

Very satisfied
Satisfied
Unsatisfied
Very unsatisfied

Company	Rating	Calculate and report their scope 3 emissions	Report on scope 3 management	Set scope 3 targets	Actively trying to reduce scope 3 emissions	Reviewed their progress
Company 1	4	Very satisfied	Unsatisfied	Very satisfied	Satisfied	Satisfied
Company 2	5	Very satisfied	Very satisfied	Very satisfied	Very satisfied	Very satisfied
Company 3	2	Satisfied	Very unsatisfied	Very unsatisfied	Very unsatisfied	Very unsatisfied
Company 4	3	Very satisfied	Very satisfied	Satisfied	Very satisfied	Very unsatisfied
Company 5	5	Very satisfied	Very satisfied	Very satisfied	Very satisfied	Very satisfied
Company 6	5	Very satisfied	Very satisfied	Very satisfied	Very satisfied	Very satisfied
Company 7	4	Very satisfied	Unsatisfied	Very satisfied	Very satisfied	Very satisfied
Company 8	1	Satisfied	Very unsatisfied	Very unsatisfied	Very unsatisfied	Very unsatisfied
Company 9	3	Very satisfied	Unsatisfied	Very satisfied	Very unsatisfied	Unsatisfied
Company 10	2	Very satisfied	Satisfied	Very satisfied	Very satisfied	Unsatisfied
Company 11	3	Very satisfied	Unsatisfied	Very satisfied	Satisfied	Satisfied

This is our opinion on how well the above companies have reported on scope 3 based of the 2022 TCFD reports read. Looking at how easy it was to find, and the clarity and detail of report scope 3 content.

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Net Zero Targets 2021

Interim investment targets generally relate to carbon intensity – the exact metrics vary between companies. These targets relate to proprietary assets or a subset of assets where a company has full investment

2025

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- **25% Reduction** – Allianz, Aviva, Phoenix, Zurich and Prudential
- **20% Reduction** - AXA
- **18.5%** Reduction - L&G

OPERATIONS

- **Net Zero** - Phoenix
- **20% Reduction** - AXA
- **50% Reduction** – Zurich

2029

INVESTMENT

No Investment targets set out for 2029

OPERATIONS

- **70% Reduction** – Zurich(*)

2030

INVESTMENT

- **50% Reduction** – Phoenix, LBG, L&G, M&G, DLG, AXA and Royal London
- **60% Reduction** - Aviva

OPERATIONS

- **Net Zero** – Aviva, LBG, L&G, M&G, Munich Re, Royal London(**)
- **50% Reduction** - RSA
- **25% Reduction** – Prudential

2040

INVESTMENT

Net Zero – Aviva, AXA

OPERATIONS

No operational targets set out for 2040

2050

INVESTMENT

- **Net Zero** - Phoenix, M&G, Zurich, Prudential, L&G, LBG, Royal London, Allianz, AIG, Canada Life and Munich Re

OPERATIONS

- **Net Zero** – Prudential, Allianz, AXA, AIG, Canada Life, DLG and RSA

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(*) Zurich – subsequent media release states they are aiming for net zero by 2030
(**) Royal London net zero by 2030 (scope 1&2 only), scope 3 target not stated in report

Net Zero Targets 2022

Interim investment targets generally relate to carbon intensity – the exact metrics vary between companies. These targets relate to proprietary assets or a subset of assets where a company has full investment

2025

INVESTMENT

- **25% Reduction** – Allianz, Aviva, Phoenix, Zurich and Prudential
- **20% Reduction** - AXA
- **18.5%** Reduction - L&G

OPERATIONS

- **Net Zero** - Phoenix
- **20% Reduction** - AXA
- **50% Reduction** – Zurich, Allianz

2029

INVESTMENT

No Investment targets set out for 2029

OPERATIONS

70% Reduction – Zurich(*)

2030

INVESTMENT

- **50% Reduction** – Phoenix, LBG, L&G, M&G, DLG, AXA and Royal London
- **60% Reduction** - Aviva

OPERATIONS

- **Net Zero** – Allianz, Aviva, LBG, L&G, Munich Re, Royal London(**), Zurich
- **50% Reduction** - RSA
- **25% Reduction** – Prudential
- **46% Reduction** – DLG (***), M&G

2040

INVESTMENT

- **Net Zero –** Aviva, AXA

OPERATIONS

No operational targets set out for 2040

2050

INVESTMENT

- **Net Zero** - Phoenix, M&G, Zurich, Prudential, L&G, LBG, Royal London,, AIG, Canada Life and Munich Re

OPERATIONS

- **Net Zero** –M&G, Prudential, AXA, AIG, Canada Life, DLG and RSA

(*) Zurich – subsequent media release states they are aiming for net zero by 2030
(**) Royal London net zero by 2030 (scope 1&2 only), scope 3 target not stated in report
(***) DLG 46% Reduction refers to Scope 1 and 2 emissions only

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Metrics and Targets – Good Practice

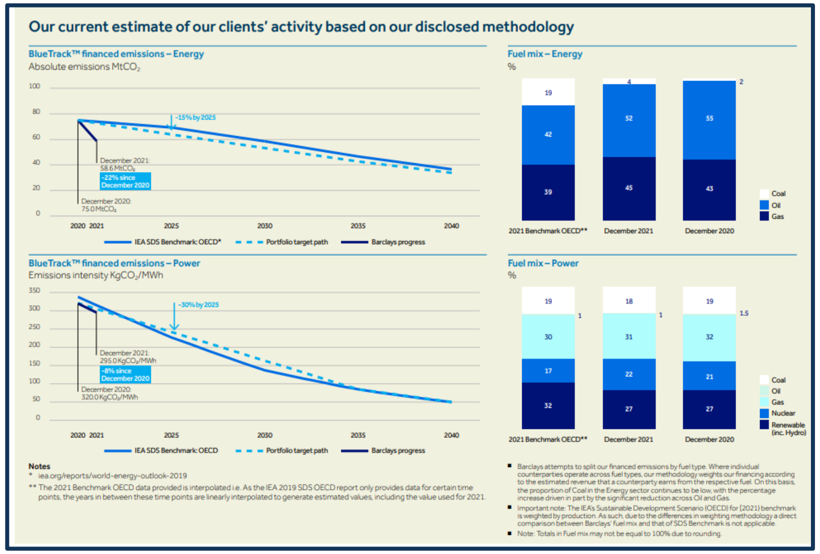
Metrics and Targets

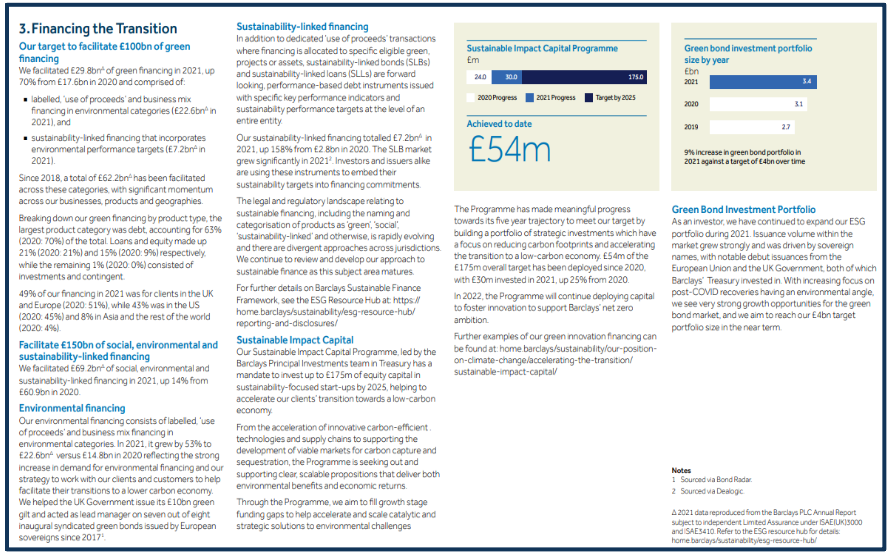
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

a) Disclose the metrics used by the company to assess climate-related risks and opportunities in line with its strategy and risk management process

b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and related risks

c) Describe the targets used by the company to manage climate-related risks and opportunities and performance against targets





- Scope 1,2 & 3 emissions have been calculated using the GHG Protocol standard. The calculations have also been assured by a third party
- Financed emissions have been highlighted as the material source of emissions by the bank and have this disclosed with clear graphic to show exposures across credit portfolios and capital markets. Metrics have also been introduced across regions and products for the bank and a dashboard is monitoring progress
- The bank has made targets for their Sustainable Impact Capital Programme and introduce interim targets to ensure that the progress is being made

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Source: Barclays https://home.barclays/content/dam/home-barclays/documents/investor-relations/reports-and-events/annual-reports/2021/Barclays-TCFD-Report-2021.pdf

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Recap

19 July 2023

Recap

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Questions

Comments

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