Oxford Climate Policy Monitor

2024 Survey

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Policy Tool Name: The Transition Plan Taskforce's Disclosure Framework (October 2023) and related materials published by the Transition Plan Taskforce

3. Source material link(s): https://web.archive.org/web/20240730133154/https:/transitiontaskforce.net/wp-content/uploads/2023/10/TPT_Disclosure-framework-2023.pdf

4. Which of the following governance domains does this policy tool relate to? Select all that apply.

☐ Climate-related disclosure

☑ Transition planning

☐ Public procurement

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6. Select the category which best describes the author/issuer of the policy tool.

☐ Head of state and/or government

☐ Independent regulatory or supervisory body

☐ Legislature

☐ Judiciary

☐ Ministry/Department/Agency

☑ Other (Please describe) The Transition Plan Taskforce ("TPT") was announced by the UK Government at COP26 and was launched by HM Treasury in March 2022 as a group of industry experts tasked with developing guidance for gold standard private sector climate transition plans.

The TPT is co-chaired by Baroness Penn (Treasury Lords Minister) and Amanda Blanc (Group CEO Aviva Plc), and the materials it has published are informed by global engagement with financial institutions, real economy corporates, policymakers, regulators and civil society.

The TPT's structure comprises: (i) a Steering Group (with high-level oversight of the work involving a small number of C-suite representatives from civil society, industry, academia and the private sector, with two co-chairs, a private sector CEO and a UK Government Minister); (ii) a Delivery Group(s) (a broader group of experts who participate in specific delivery groups for different finance sub-sectors and real economy sectors, and other topics, and which includes representatives from companies, financial institutions, regulators, policymakers, civil society, and academia); and (iii) a Secretariat. The drafting of the Disclosure Framework was led by the Disclosure Framework Workstream of the TPT Delivery Group, with input from the wider Delivery Group and Steering Group, the TPT Working Groups on nature, adaptation and just transition, and support from the TPT Secretariat.

The TPT was launched with a two-year mandate ending on 29 February 2024. In January 2024, this was extended to 31 July 2024, with the possibility to extend for another three months.

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7. Status of the policy tool

◉ Approved, in force

○ Approved, not yet in force

○ Other (Please describe)

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9. Year of (planned) entry into force or year of publication

2023

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10. Does the policy tool have an end date?

◉ No

○ Yes

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12. Briefly describe the policy tool's goal and/or purpose:

For example: The policy tool requires publicly listed companies to comply with the recommendations of the Task Force for Climate Related Financial Disclosure or to explain the absence of such disclosures.

The Disclosure Framework is a sector-neutral framework for best-practice transition plan disclosures, which has been published by the Transition Plan Taskforce ("TPT") alongside implementation guidance and sector guidance and related materials. The Disclosure Framework sets out good practice for robust and credible transition plan disclosures.

The Disclosure Framework provides a set of disclosure recommendations that an entity can use as guidance on how to report more effectively on the transition plan-related aspects of IFRS S2, as part of wider sustainability-related disclosures in its general purpose financial reports. The 'Disclosure Recommendations' contained in the Disclosure Framework are designed to encourage more complete, structured, and decision-useful reporting on transition plans across the economy and the 'Disclosure Recommendations' are also designed to enable science-based, standardised and meaningful transition plans.

The Disclosure Framework directly builds on the existing and emerging guidance on climate-related risk disclosures, as provided by the Task Force on Climate-related Financial Disclosures and the International Sustainability Standards Board. The Disclosure Framework draws on the components identified by the Glasgow Financial Alliance for Net Zero of a good transition plan, ensuring the outputs of both initiatives lock together to form an integrated approach to transition planning.

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13. Name the authority(ies) responsible for overseeing implementation and/or enforcement. If not applicable, leave blank.

○ 1.

○ 2.

○ 3.

○ 4.

○ 5.

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25. Which entities are targeted through this policy tool? Select all that apply.

Note: With regard to sectoral actors, in cases where mandatory and voluntary obligations are mixed (e.g., mandatory for one sector, voluntary for another), select "mandatory" as there will be further opportunity to clarify.

	Mandatory	Voluntary	Not targeted
1. Publicly-traded entities	☐	☑	☐
2. Private companies	☐	☑	☐
3. Financial institutions	☐	☑	☐
4. Small and medium-sized enterprises	☐	☑	☐
5. State-owned companies	☐	☐	☑
6. Not-for-profit organizations	☐	☐	☑
7. Government agencies and/or	☐	☐	☑

departments (supranational)			
8. Government agencies and/or departments (national)	☐	☐	☑
9. Government agencies and/or departments (regional - e.g., state, province, region, metropolitan region)	☐	☐	☑
10. Government agencies and/or departments (local - e.g., county, district, municipality, city)	☐	☐	☑
11. Government agencies and/or departments (unspecified)	☐	☐	☑
12. Sectoral actors (e.g., healthcare, defense, utilities, education)	☐	☐	☑
13. Other	☐	☐	☑

28. Can entities for whom compliance with the policy tool is mandatory opt out of the obligation (e.g. comply or explain)?

◉ No

○ Yes

30. Does the policy tool exclusively apply to entities' domestic operations, or does it also apply to entities' operations beyond the jurisdiction?

○ Operations within jurisdiction only

◉ Operations beyond the jurisdiction

○ Not applicable

31. What are the specific obligations and conditions for entities' operations beyond the jurisdiction? Please reference the relevant section/subsection/paragraph of the policy tool.

No specific obligations or conditions apply: the Disclosure Framework does not make provision for entities' operations in any particular geographic area, but is concerned with an organisation's operations (and value chain), wherever located.

32. What are the sanctions for non-compliance? Select all that apply and describe in the text field.

☐ Monetary fine

☐ Restriction on business activities

☐ Voiding or setting aside of contract

☐ Exclusion from government contracts

☐ Award of damages or compensation

☐ Penalty for senior managers

☐ Criminal penalties

☐ Not specified

☑ Not applicable (e.g. in cases of voluntary tools) The Disclosure Framework is designed to be available for voluntary and mandatory use internationally. However, it is not currently mandatory in the UK.

☐ Other

33. Relative to other compliance activities required of entities in this jurisdiction, is the cost of compliance:

○ Below average

○ Average

○ Above average

○ Not applicable

◉ Unknown or prefer not to answer

35. To provide contextual information, give a general assessment of the extent to which regulated entities have made compliance a priority.

○ Below average

○ Average

○ Above average

○ Not applicable

◉ Unknown or prefer not to answer

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37. Have the climate-specific provisions in this instrument ever been enforced?

◉ No (If relevant, explain) The Disclosure Framework is designed to be available for voluntary and mandatory use internationally. However, it is not currently mandatory in the UK and as such has not been enforced.

○ Yes

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39. Are there monitoring systems in place to oversee the implementation and/or enforcement of the policy tool?

◉ No

○ Yes

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41. Does the policy tool recommend or require periodic impact assessments?

○ No

◉ Recommended

○ Required

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42. Select the option that best describes the frequency of periodic impact assessments recommended or required by the policy tool.

○ 0-2 years

○ 2-5 years

○ 5-10 years

○ 10 or more years

◉ Not specified

○ Other

43. Does the policy tool recommend or require periodic reviews?

○ No

◉ Recommended

○ Required

44. Select the option that best describes the frequency of the recommended or required periodic reviews.

○ 0-2 years

○ 2-5 years

○ 5-10 years

○ 10 or more years

○ Not specified

◉ Other The Disclosure Framework recommends that entities update their standalone transition plans periodically, either when there are significant changes to the plan or, at the latest, every three years.

45. Does the policy tool include mechanisms for enhancing policy or regulatory coordination with subnational governments (e.g. vertical coordination mechanisms such as appointing coordinating agencies, forming working groups, etc.)?

◉ No

○ Yes

47. Are there any government initiatives to enhance the capacity of targeted entities to implement or comply with the policy tool (e.g. industry working groups, outreach campaigns, education and training, etc.)?

○ No

◉ Yes

48. Describe initiatives for enhancing the capacity of targeted entities to implement or comply with the policy tool. Reference the relevant section/subsection/paragraph of the policy tool where capacity-building initiatives are established. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

The Disclosure Framework is supported by numerous other materials published by the Transition Plan Taskforce (TPT), including:
i) Implementation guidance:
(1) Explore the Disclosure Recommendations (April 2024) (see https://web.archive.org/web/20240815150348/https:/transitiontaskforce.net/wp-content/uploads/2024/04/Explore-the-Disclosure-Recommendations.pdf);
(2) Guidance on the Transition Planning Cycle (April 2024) (see https://web.archive.org/web/20240808121829/https:/transitiontaskforce.net/the-transition-planning-cycle/);
(3) Legal considerations for transition plan preparers using the TPT Disclosure Framework (October 2023) (see https://web.archive.org/web/20231216052327/https:/transitiontaskforce.net/wp-content/uploads/2023/10/TPT-Legal-considerations-for-transition-plan-preparers.pdf); and
(4) Case studies and examples (see https://web.archive.org/web/20240808122441/https:/transitiontaskforce.net/case-studies/).
ii) Sector guidance:
(1) Sector Summary (April 2024) (see https://web.archive.org/web/20240808122628/https:/transitiontaskforce.net/wp-content/uploads/2024/04/Sector-Summary.pdf);
(2) Asset Managers Sector Guidance (April 2024) (see https://web.archive.org/web/20240808123055/https:/transitiontaskforce.net/wp-content/uploads/2024/04/Asset-Managers.pdf);
(3) Asset Owners Sector Guidance (April 2024) (see https://web.archive.org/web/20240420230136/https:/transitiontaskforce.net/wp-content/uploads/2024/04/Asset-Owners.pdf);
(4) Banks Sector Guidance (April 2024) (see https://web.archive.org/web/20240808124739/https:/transitiontaskforce.net/wp-content/uploads/2024/04/Banks.pdf);

(5) Electric Utilities & Power Generators Sector Guidance (April 2024) (see https://web.archive.org/web/20240420230110/https:/transitiontaskforce.net/wp-content/uploads/2024/04/EUPG.pdf);
(6) Food & Beverage Sector Guidance (April 2024) (see https://web.archive.org/web/20240808131235/https:/transitiontaskforce.net/wp-content/uploads/2024/04/Food-and-Beverage.pdf);
(7) Metals & Mining Sector Guidance (April 2024) (see https://web.archive.org/web/20240808131347/https:/transitiontaskforce.net/wp-content/uploads/2024/04/Metals-and-Mining.pdf); and
(8) Oil & Gas Sector Guidance (April 2024) (see https://web.archive.org/web/20240808132531/https:/transitiontaskforce.net/wp-content/uploads/2024/04/Oil-and-Gas.pdf).
iii) TPT in the Global Landscape
(1) The Transition Plan Disclosure Landscape (see https://web.archive.org/web/20240808132947/https:/transitiontaskforce.net/global-landscape/);
(2) TCFD Recommendations and Guidance – TPT Disclosure Framework Technical Mapping (October 2023) (see https://web.archive.org/web/20240808133725/https:/transitiontaskforce.net/technical-mappings-of-the-tpt-against-major-international-standards/);
(3) IFRS S2 Climate-related Disclosures – TPT Disclosure Framework Technical Mapping (October 2023) (see https://web.archive.org/web/20240815145601/https:/transitiontaskforce.net/wp-content/uploads/2023/10/IFRS-S2-%E2%80%93-TPT-Technical-Mapping.pdf);
(4) TPT Disclosure Framework – European Sustainability Reporting Standards Technical Mapping (October 2023) (see https://web.archive.org/web/20240302064422/https:/transitiontaskforce.net/wp-content/uploads/2023/10/TPT-ESRS-Comparison.pdf);
(5) Opportunities and challenges relating to the use of private sector transition plans in emerging markets and developing economies (April 2024) (see https://web.archive.org/web/20240808135808/https:/transitiontaskforce.net/wp-content/uploads/2024/04/EMDEs.pdf); and
(6) Building momentum for transition plans (see https://web.archive.org/web/20240808140310/https:/transitiontaskforce.net/wp-content/uploads/2023/07/TransitionPlanTaskforce-Update-July2023-FINAL.pdf).
iv) Advisory papers from TPT Working Groups:
(1) Advisory paper from the TPT's Adaptation Working Group: Building Climate-ready Transition Plans (April 2024) (see https://web.archive.org/web/20240420000304/https:/transitiontaskforce.net/wp-content/uploads/2024/04/Adaptation.pdf);
(2) Advisory paper from the TPT's Just Transition Working Group: Putting People at the Heart of Transition Plans (April 2024) (see https://web.archive.org/web/20240808141917/https:/transitiontaskforce.net/wp-content/uploads/2024/04/Just-Transition.pdf);
(3) Advisory paper from the TPT's Nature Working Group: The Future for Nature in Transition Planning (April 2024) (see

https://web.archive.org/web/20240808142112/https:/transitiontaskforce.net/wp-content/uploads/2024/04/The-Future-for-Nature.pdf); and
(4) Advisory paper from the TPT's SME Advisory Group Considerations on SMEs and transition plans (April 2024) (see https://web.archive.org/web/20240808142531/https:/transitiontaskforce.net/wp-content/uploads/2024/04/SMEs.pdf).

These materials are described in more detail in the response to Q2.197.

In addition, the Disclosure Framework states that the Transition Plan Taskforce has been tasked to engage with non-UK governments and regulatory networks to support conversations on how to build common baselines and principles for transition planning.

Domain-Specific Questions: Transition Planning Questions

Disclosure of Plans and Targets

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132. Are targeted entities recommended or required to publicly disclose climate-related targets or transition plans?

○ No

◉ Recommended

○ Required

Targets

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135. Does the policy tool recommend or require targeted entities to have or develop climate-related targets?

○ No

◉ Recommended

○ Required

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136. Does the policy tool recommend or require entities to monitor progress in achieving their targets?

○ No

◉ Recommended

○ Required

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137. Describe and reference the section/subsection/paragraph of the policy tool relevant to monitoring progress in achieving targets.

The Disclosure Framework states that entities should report material information about their transition plans within the general purpose financial reports within their wider sustainability-related disclosures, including annual reporting on progress against quantified and timebound metrics and targets. Appendix 1 (Reporting of Transition Plans) provides that in determining “material information” an entity should apply paragraphs 17-19 (and any paragraphs cross-referenced within them) of IFRS S1.

The “Foundations” element of the Disclosure Framework includes a disclosure recommendation (at 1.1(e)) that an entity shall disclose “any short-, medium- and long-term targets and milestones it has set to measure progress, including how short-, medium-, and long-term are defined in the context of transition planning”.

The “Metrics & Targets” element of the Disclosure Framework sets out expectations regarding monitoring progress towards the Strategic Ambition of an entity’s transition plan, and reporting against the relevant metrics and targets:

- Sub-element 4.1 (Governance, business and operational metrics and targets) states “An entity shall disclose information about the governance, engagement, business and operational metrics and targets that it uses in order to drive and monitor progress towards the Strategic Ambition of its transition plan, and report against these metrics and targets on at least an annual basis”, and disclosure recommendations 4.1(c), (d) and (e) provide further detail.

- Sub-element 4.2 (Financial metrics and targets) states “An entity shall disclose information about any financial metrics and targets, relevant to its business, sector, and strategy, that it uses in order to drive and monitor progress towards the Strategic Ambition of its transition plan, and report against these metrics and targets on at least an annual basis”, and disclosure recommendations

4.2(c), (d) and (e) provide further detail.

• Sub-element 4.3 (GHG metrics and targets) states "An entity shall disclose information about the GHG emissions and removals metrics and targets that it uses in order to drive and monitor progress towards the Strategic Ambition of its transition plan, and report against these metrics and targets on at least an annual basis", and disclosure recommendations 4.3(i), (j), (k) and (l) provide further detail.

The "Governance" element of the Disclosure Framework sets out expectations including in relation to Board oversight and reporting and roles, responsibility and accountability. Disclosure recommendation 5.1(f) states that an entity shall disclose information about how the governance body(s) or individual(s) responsible for oversight of the transition plan oversees the setting of targets in the transition plan, and monitors progress towards these targets and the wider strategic ambition of the transition plan. Sub-element 5.2 (Roles, responsibility and accountability) states "An entity shall disclose information about management's role in the governance processes, controls, and procedures used to monitor, manage, and oversee the transition plan, as well as how it is embedded within the entity's wider control, review, and accountability mechanisms", and disclosure recommendation 5.2(b) provides further detail.

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138. Does the policy tool recommend or require targeted entities to publicly report on progress in achieving their targets?

○ No

◉ Recommended

○ Required

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139. What is the recommended or required frequency of progress reports related to the achievement of targets?

◉ Yearly

○ Every two years

○ Every three years

○ Every four years

○ Every five years

○ Every ten years or more

○ Other

○ No prescribed frequency

140. Which of the following targets, or data related to targets, does the policy tool recommend or require entities have or develop? Select all that apply.

	Recommended	Required	No
An absolute emissions reduction target	☑	☐	☐
An intensity-based emissions reduction target	☑	☐	☐
A net zero target	☐	☐	☑
Interim targets (e.g. 2030, 2050)	☑	☐	☐
Targets covering non-carbon GHG emissions	☑	☐	☐
A Scope 3 emissions target	☑	☐	☐
A target derived using a sectoral decarbonization approach	☑	☐	☐
A level of ambition for emissions reductions (e.g. 80% reduction)	☑	☐	☐
A baseline year from which progress is measured	☑	☐	☐
A target timeframe (e.g. by 2040)	☑	☐	☐
Targets for renewable energy procurement	☐	☐	☑
Targets for fossil fuel phase down/phase up	☑	☐	☐
Separate targets for GHG offsets and/or removals	☑	☐	☐
Targets or goals related to climate adaptation	☑	☐	☐
Targets or goals related to nature and biodiversity	☐	☐	☑
Other targets related to sustainability	☐	☐	☑

141. What is the recommended or required scope of emissions for absolute emissions reduction targets? Select all that apply.

☑ Scope 1 emissions

☑ Scope 2 emissions

☐ Scope 3 emissions, relevant or material

☐ Scope 3 emissions, a specified proportion of coverage (Please describe)

☑ Scope 3 emissions, all

☐ Not specified

142. What is the recommended or required scope of emissions for intensity-based reduction targets? Select all that apply.

☑ Scope 1 emissions

☑ Scope 2 emissions

☐ Scope 3 emissions, relevant or material

☐ Scope 3 emissions, a specified proportion of coverage (Please describe)

☑ Scope 3 emissions, all

☐ Not specified

145. What is the recommended or required year for interim targets?

○ 2025-2030

○ 2031-2040

○ 2041-2050

○ Other

◉ Not specified

146. What is the recommended or required level of ambition for interim targets?

○ Reduction between 1-25%

○ Reduction between 26-50%

○ Reduction between 51-75%

○ Reduction of over 76%

○ Other

◉ Not specified

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147. For which of the following non-carbon GHGs are entities recommended or required to develop emissions reduction targets? Select all that apply.

☑ Methane (CH_4)

☑ Nitrous oxide (N_2O)

☑ Hydrofluorocarbons (HFCs)

☑ Perfluorocarbons (PFCs)

☑ Sulphur hexafluoride (SF6)

☐ Nitrogen trifluoride (NF3)

☐ Carbon dioxide equivalent (CO_2e)

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148. For which of the following sectors are entities recommended or required to develop targets derived using a sectoral decarbonization approach? Select all that apply.

☐ Power generation

☐ Industry

☐ Transport Services

☐ Services/Commercial buildings

☐ Other

☑ None specified

149. Does the policy tool recommend or require targets derived using a sectoral decarbonization approach be validated by a third-party?

◉ No

○ Recommended

○ Required

150. What is the recommended or required level of ambition for GHG emissions reductions targets?

○ Reduction between 1-25%

○ Reduction between 26-50%

○ Reduction between 51-75%

○ Reduction between 75-85%

○ Reduction between 85-100%

○ Reduction of more than 100%

◉ Other Not specified

151. What is the recommended or required baseline year from which progress is to be measured?

○ 1990-2000

○ 2001-2005

○ 2006-2010

○ 2011-2015

○ 2016-2020

◉ Other Not specified

152. Are entities recommended or required to disclose the methodologies by which they select baseline years?

◉ No

○ Yes

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153. What is the recommended or required timeframe for targets (e.g. by 2050, 2060)?

○ Between 2030 and 2035

○ Between 2036 and 2040

○ Between 2041 and 2045

○ Between 2046 and 2050

○ Between 2051 and 2060

○ Between 2061 and 2070

○ Other

◉ Not specified

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155. Describe and reference the section/subsection/paragraph of the policy tool relevant to targets for fossil fuel phase down/phase out.

Disclosure recommendations 2.1(b) ("information about any current and anticipated changes relating to the entity's facilities and other physical assets, such as: ... ii. the responsible retirement or phase-out of GHG-intensive assets") and 2.3(a) ("As part of this, an entity shall disclose: a. a brief description of any policy or condition that it uses or plans to use in order to achieve the Strategic Ambition of its transition plan; these may relate, as appropriate, to matters such as: ... ii. phase-out of GHG-intensive asset").

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156. Describe and reference the section/subsection/paragraph of the policy tool relevant to setting separate targets for GHG offsets and/or removals.

GHG offsets: Sub-element 4.4 (carbon credits) states "An entity shall disclose information about how it uses or plans to use carbon credits to achieve the Strategic Ambition of its transition plan, and report on the use of carbon credits on at least an annual basis," and the disclosure recommendation at 4.4 provides further detail. GHG removals: Sub-element 4.3 (GHG metrics and targets) states "An entity shall disclose information about the GHG emissions and removals metrics and targets that it uses in order to drive and monitor progress towards the Strategic Ambition of its transition plan, and report against these metrics and targets on at least an annual basis", and disclosure recommendations 4.3(g) and (m) provide further detail.

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157. Does the policy tool recommend or require any certification standards for the use of offsetting or removals?

○ No

◉ Recommended (Please reference the relevant section/subsection/paragraph of the policy tool related to certification standards for the use of offsets and/or removals) Disclosure recommendations 4.4(c) and (d) state that an entity shall "disclose which third-party scheme(s) has or will verify or certify the carbon credits" and shall "disclose information about which standard or methodology the carbon credits have been or will be certified against". Additionally, Disclosure recommendation 4.3(m)(ii) and (iii) state that an entity "may, where relevant, further disclose information about GHG removals from activities such as land use, land use change, bioenergy, and carbon removal technologies ... ii. include information about which third-party scheme(s) has or will verify or certify the removals iii. include information about which standard the removals have been or will be certified against".

○ Required (Please reference the relevant section/subsection/paragraph of the policy tool related to certification standards for the use of offsets and/or removals)

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158. Does the policy target make any other recommendations or requirements regarding the appropriate use of offsets?

○ No

◉ Yes (Please reference the relevant section/subsection/paragraph of the policy tool related to certification standards for the use of offsets and/or removals) Sub-element 4.4 and the associated disclosure recommendations relate to the use of carbon credits.

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159. Describe and reference the section/subsection/paragraph of the policy tool related to climate adaptation targets.

Disclosure recommendation 2.4(c) in relation to sub-element 2.4 (Financial planning) states an entity "shall disclose qualitative and quantitative information about how it expects implementation of its transition plan to affect its financial performance and cash flows over the short-, medium-, and long-term (e.g. increased revenue from products and services aligned with a low-GHG emissions, climate-resilient economy, and expenses associated with climate adaptation or mitigation)".

162. Describe and reference the section/subsection/paragraph of the policy tool related to setting other targets.

The "Metrics & Targets" element of the Disclosure Framework sets out expectations regarding monitoring progress towards the Strategic Ambition of an entity's transition plan, and reporting against the relevant metrics and targets, including: sub-element 4.1 (Governance, business and operational metrics and targets), sub-element 4.2 (Financial metrics and targets) and sub-element 4.3 (GHG metrics and targets).

Transition Plans

164. Does the policy tool recommend or require targeted entities to have or develop a transition plan?

○ No

◉ Recommended

○ Required

165. Does the policy tool recommend or require any of the following elements or criteria for transition plans? Select all that apply.

	Recommended	Required	Neither recommended nor required
A timeframe for the transition plan (e.g. 10 year plan, 20 year plan, etc.)	☐	☐	☑
Key Performance Indicators (KPIs) for monitoring transition plan implementation	☑	☐	☐
Updates to the transition plan	☑	☐	☐
Third-party verification and/or	☑	☐	☐

audited accuracy of the transition plan			
Identified methodology for scenario analysis	☑	☐	☐

167. Describe the recommended or required Key Performance Indicators (KPIs) and reference the relevant section/subsection/paragraph of the policy tool.

Whilst specific KPIs are not recommended in the Disclosure Framework, the "Metrics & Targets" element of the Disclosure Framework sets out disclosure recommendations about the metrics and targets that an entity is using to drive and monitor progress towards its Strategic Ambition including: sub-element 4.1 (Governance, business and operational metrics and targets), sub-element 4.2 (Financial metrics and targets) and sub-element 4.3 (GHG metrics and targets).

168. Select the option that best describes the recommended or required frequency of updates to transition plans.

◉ 0-2 years

○ 2-5 years

○ 5-10 years

○ 10 or more years

○ Not specified

○ Other

169. Describe the recommended or required updates to transition plans and reference the relevant section/subsection/paragraph of the policy tool.

Appendix 1 (Reporting of Transition Plans) of the Disclosure Framework recommends that entities update their standalone transition plan periodically, either when there are significant changes to the plan or, at the latest, every three years.
In addition to including transition plan disclosures as part of its general purpose financial reports, the TPT regards it as good practice for an entity to periodically publish its transition plan in a single standalone document that sits alongside its general purpose financial reports (see 3. Building capacity and supporting good practice).

170. Describe the recommendation or requirement to undertake third-party verification and/or audited accuracy of the transition plan and reference the relevant section/subsection/paragraph of the policy tool.

Disclosure recommendation 5.2(d) in relation to sub-element 5.2 (Roles, responsibility and accountability) provides that an entity shall disclose 'whether the management body(s) or individual(s) responsible for executive oversight and delivery of the transition plan "uses controls and procedures to support the oversight of the transition plan and ensure the reliability of information disclosed; if so, an entity shall disclose how these controls and procedures are integrated with other internal functions and information about which aspects of the transition plan are subject to external assurance or verification, including the nature of the assurance or verification".'

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171. Regarding the methodology for scenario analysis, does the policy tool recommend or require targeted entities identify and/or take actions to address data limitations?

○ No

◉ Recommended

○ Required

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172. Describe and reference the relevant section/subsection/paragraph of the policy tool where it recommends or requires targeted entities identify and/or take actions to address data limitations.

Sub-element 1.3 (Key assumptions and external factors) provides, in disclosure recommendation 1.3(a)(vi), that "an entity shall disclose: a. the nature of the key assumptions that it uses and external factors on which it depends, and their implications for the achievement of the Strategic Ambition of its transition plan; these may relate to matters such as … vi. Access to counterparty data and reliability of data."

Sub-elements 4.1 (Governance, business and operational metrics and targets), 4.2 (Financial metrics and targets) and 4.3 (GHG metrics and targets) provide, in disclosure recommendations 4.1(e)(iii), 4.2(e)(iii) and 4.3(k)(iii), that an entity, when reporting against metrics used to assess progress towards the targets shall include whether and to what extent (if known) measurements rely on estimated data.

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173. Regarding the methodology for scenario analysis, does the policy tool recommend or require targeted entities disclose data limitations?

◉ No

○ Recommended

○ Required

Monitoring, Oversight, and Implementation

176. Does the policy tool recommend or require entities undertake any of the following with regard to monitoring, oversight, and implementation? Select all that apply.

	Recommended	Required	No
Monitor progress in implementing their transition plan	☑	☐	☐
Develop financial plans for the implementation of their transition plan	☑	☐	☐
Integrate climate-related matters into their financial accounting	☑	☐	☐
Incorporate climate change considerations into their investment decision making and/or asset planning	☑	☐	☐
Incorporate climate change considerations into their capital allocation and/or expenditure plans	☑	☐	☐
Any other mechanisms for enhancing the achievement of targets and/or the implementation of transition plans	☑	☐	☐

177. Describe the obligation to monitor progress in implementing transition plans, referencing the relevant section/subsection/paragraph of the policy tool.

Sub-element 1.1 (Strategic Ambition) includes a disclosure recommendation (1.1(e)) that an entity shall disclose "any short-, medium- and long-term targets and milestones it has set to measure progress, including how short-, medium-, and long-term are defined in the context of transition planning".

The "Metrics & Targets" element of the Disclosure Framework sets out recommendations for disclosure of the metrics and targets that it is using to drive and monitor progress towards its Strategic Ambition, including: sub-element 4.1 (Governance, business and operational metrics and targets), sub-element 4.2 (Financial metrics and targets) and sub-element 4.3 (GHG metrics and targets).

The "Governance" element of the Disclosure Framework sets out expectations including in relation to Board oversight and reporting and roles, responsibility and accountability. Disclosure recommendation 5.1(f) states that an entity shall disclose information about how the governance body(s) or individual(s) responsible for oversight of the transition plan oversees the setting of targets in the transition plan, and monitors progress towards these targets and the wider strategic ambition of the transition plan.

178. Describe the obligation to develop financial plans for the implementation of transition plans, referencing the section/subsection/paragraph of the policy tool.

Disclosure recommendation 2.4(a) in relation to sub-element 2.4 (Financial planning) states an entity "shall disclose information about how the entity is resourcing, and plans to resource, the current and planned activities set out in its transition plan".

179. Describe and reference the section/subsection/paragraph of the policy tool relevant to integrating climate-related matters into financial accounting.

Sub-element 2.4 (Financial planning) recommends that "An entity shall, to the extent the financial effects of its transition plan are separately identifiable, disclose information about the effects of its transition plan on its financial position, financial performance and cash flows over the short-, medium-, and long-term, including information about how it is resourcing or plans to resource its activities in order to achieve the Strategic Ambition of its transition plan" and the disclosure recommendations at 2.4 provide further detail.

180. Describe the obligation to incorporate climate change considerations into investment decision making and asset planning, referencing the relevant section/subsection/paragraph of the policy tool.

Disclosure recommendation 2.4(b) in relation to sub-element 2.4 (Financial planning) states an entity "shall disclose qualitative and quantitative information about how it expects implementation of its transition plan to affect its financial position over the short-, medium-, and long-term, taking into consideration matters such as: i. its investment and disposal plans (e.g. plans for capital expenditure, major acquisitions and divestments, joint ventures, business transformations, innovation, new business areas, investments into research and development for climate solutions, and asset retirements), including plans to which the entity is not contractually committed".

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181. Describe the obligation to incorporate climate change considerations into capital allocation and/or expenditure plans, referencing the relevant section/subsection/paragraph of the policy tool.

Disclosure recommendation 2.4(b) in relation to sub-element 2.4 (Financial planning) states an entity "shall disclose qualitative and quantitative information about how it expects implementation of its transition plan to affect its financial position over the short-, medium-, and long-term, taking into consideration matters such as: i. its investment and disposal plans (e.g. plans for capital expenditure, major acquisitions and divestments, joint ventures, business transformations, innovation, new business areas, investments into research and development for climate solutions, and asset retirements), including plans to which the entity is not contractually committed".

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182. Describe the obligations related to other governance mechanisms for enhancing the achievement of targets and/or implementation of transition plans, referencing the relevant section/subsection/paragraph of the policy tool.

The "Governance" element of the Disclosure Framework contains recommendations that entities disclose certain elements of their governance mechanisms related to the achievement of targets and/or implementation of transition plans, including:

- Sub-element 5.1 (Board oversight and reporting) recommends that "An entity shall disclose information about the governance body(s) (which can include a board, committee, or equivalent body charged with governance) or individual(s) responsible for oversight of the transition plan."
- Sub-element 5.2 (Roles, responsibility and accountability) recommends that "An entity shall disclose information about management's role in the governance processes, controls, and procedures used to monitor, manage, and oversee the transition plan, as well as how it is embedded within the entity's wider control, review, and accountability mechanisms."
- Sub-element 5.3 (Culture) recommends that "An entity shall disclose information about how it aligns or plans to align its culture with the Strategic Ambition of its transition plan."
- Sub-element 5.4 (Incentives and remuneration) recommends that "An entity shall disclose information about how it aligns or plans to align its incentive and remuneration structures with the Strategic Ambition of its transition plan."

• Sub-element 5.5 (Skills, competencies and training) recommends that "An entity shall disclose information about actions it is taking or plans to take to assess, maintain, and build the appropriate skills, competencies, and knowledge across the organisation in order to achieve the Strategic Ambition of its transition plan."

Engagement, Lobbying, and Governance

184. Does the policy tool recommend or require targeted entities align any of the following engagement and/or governance practices with their targets and/or transition plans?

	Recommended	Required	No
Value chain engagement	☑	☐	☐
Investor engagement	☑	☐	☐
Consumer engagement	☐	☐	☑
Policy engagement and lobbying practices	☑	☐	☐
Corporate governance structure for transition and verification	☑	☐	☐
Climate-related financial incentives for employees and board members	☑	☐	☐

185. Does the policy tool recommend or require targeted entities to disclose how they have used due diligence and/or stewardship to achieve their targets and/or implement their transition plans?

○ No

◉ Recommended

○ Required

186. Describe the obligation to the align targets and/or transition plans with value chain engagement, referencing the relevant section/subsection/paragraph of the policy tool.

Sub-element 3.1 (Engagement with value chain) states that "An entity shall disclose information about any engagement activities with other entities in its value chain that it is undertaking or plans to undertake in order to achieve the Strategic Ambition of its transition plan" and the disclosure recommendations at 3.1 provide further detail.

Relatedly, sub-element 1.1 (Strategic Ambition) includes a disclosure recommendation (1.1(b)) that an entity shall disclose "whether and how it has identified, assessed and taken into account the impacts and dependencies of the transition plan on its stakeholders (e.g. its workforce, value chain counterparts, customers), society (e.g. local communities), the economy, and the natural environment, throughout its value chain, that may give rise to sustainability-related risks and opportunities."

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187. Describe the obligation to the align targets and/or transition plans with investor engagement, referencing the relevant section/subsection/paragraph of the policy tool.

Sub-element 5.2 (Roles, responsibility and accountability) disclosure recommendation 5.2(e) states that an entity shall disclose "whether the transition plan is subject to shareholder approval, including through a shareholder vote".

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189. Describe the obligation to the align targets and/or transition plans with policy engagement and lobbying practices, referencing the relevant section/subsection/paragraph of the policy tool.

Sub-element 3.3 (Engagement with government, public sector and civil society) states that "An entity shall disclose information about any direct and indirect engagement activities with the government, regulators, public sector organisations, communities, and civil society that it is undertaking or plans to undertake in order to achieve the Strategic Ambition of its transition plan" and the disclosure recommendations at 3.3 provide further detail.

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190. Describe the obligation to the align targets and/or transition plans with corporate governance structures for transition and verification, referencing the relevant section/subsection/paragraph of the policy tool.

Sub-element 5.2 (Roles, responsibility and accountability) states that "An entity shall disclose information about management's role in the governance processes, controls, and procedures used to monitor, manage, and oversee the transition plan, as well as how it is embedded within the entity's wider control, review, and accountability mechanisms."

Disclosure recommendation 5.2(d) provides that an entity shall disclose 'whether the management body(s) or individual(s) responsible for executive oversight and delivery of the transition plan "uses controls and procedures to support the oversight of the transition plan and ensure the reliability of information disclosed; if so, an entity shall disclose how these controls and procedures are integrated with other internal functions and information about which aspects of the transition plan are subject to external assurance or verification, including the nature of the assurance or verification."'

191. Describe the obligation to the align targets and/or transition plans with climate-related financial incentives for employees and board members, referencing the relevant section/subsection/paragraph of the policy tool.

Sub-element 5.4 (Incentives and remuneration) states that "An entity shall disclose information about how it aligns or plans to align its incentive and remuneration structures with the Strategic Ambition of its transition plan" and the disclosure recommendations at 5.4 provide further detail.

192. Describe and reference the section/subsection/paragraph of the policy tool relevant to the use of due diligence and/or stewardship to achieve targets and/or implement transition plans.

Stewardship: Sub-element 3.1 (Engagement with value chain) includes a disclosure recommendation (3.1(b)) that an entity shall disclose "a description of current and planned engagement activities; for financial services entities this may include engagement and, where relevant, other stewardship activities, with investee companies, loan clients and relevant financial market intermediaries".

Standards, Frameworks, and Guidelines

194. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
IFRS S1	☐	☑	☐
IFRS S2	☐	☑	☐
Task Force on Climate-related Financial Disclosures (TCFD)	☐	☑	☐

CDP (formerly known as Climate Disclosure Project) Technical Note: Reporting on Climate Transition Plans	☐	☐	☑
International Integrated Reporting Framework	☐	☐	☑
Global Reporting Initiative (GRI)	☐	☐	☑
Sustainability Accounting Standards Board (SASB)	☐	☐	☑
Science Based Targets initiative (SBTi)	☐	☑	☐
Science Based Targets initiative (SBTi) Net Zero Standard	☐	☐	☑
European Sustainability Reporting Standards (ESRS)	☐	☑	☐
Other	☐	☑	☐

195. List any other standards, frameworks or guidelines required by or referred to within the policy tool. Please provide a web-archived link to each standard/framework/guideline listed.

The GHG Protocol: https://web.archive.org/web/20240806065307/https:/ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf

Additional Important Information

197. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

The Disclosure Framework is supported by numerous other materials published by the Transition Plan Taskforce (TPT), including:

(i) Implementation guidance

- Explore the Disclosure Recommendations (April 2024): This document steps through the TPT Disclosure Framework and provides guidance on why each 'Element' and 'Sub-Element' is important to users and sets out additional disclosure considerations that preparers may want to take into account when preparing their disclosures.
- Guidance on the Transition Planning Cycle (April 2024): This is an illustrative guide on how to start or continue a transition planning journey. It offers guidance on matters for consideration at each of four, iterative and stylised, stages of the transition planning cycle.
- Legal considerations for transition plan preparers using the TPT Disclosure Framework (October 2023): This guidance considers the implications under English law (or EU law where specified) for entities publishing a transition plan and/or making transition plan disclosures in accordance with the Disclosure Framework by reference to directors' duties and competition law.
- Case studies and examples: Case studies and examples relating to elements of the TPT Disclosure Framework and the Transition Planning Cycle.

(ii) Sector guidance

- Sector Summary (April 2024): This provides an overview of transition plan guidance for 30 financial and real economy sectors. It is a practical guide to give preparers and users of transition plans a glance of key information and guidance sources. Each of the sectors in this guide has a short 'Sector Summary' which includes recognised decarbonisation levers, metrics and targets, and key sources of guidance for a transition plan in that sector. All information within the Sector Summary was drawn from existing guidance sources.
- Sector Deep Dive Guidance: This guidance provides sector-specific guidance for preparers to interpret the Disclosure Framework for seven sectors. These sectors were chosen given each sector's greenhouse gas emissions, its need for (or its provision of) transition finance in the UK context, and the quality of existing guidance available in the market. The guidance comprises:
  - Asset Managers Sector Guidance (April 2024)
  - Asset Owners Sector Guidance (April 2024)
  - Banks Sector Guidance (April 2024)
  - Electric Utilities & Power Generators Sector Guidance (April 2024)
  - Food & Beverage Sector Guidance (April 2024)
  - Metals & Mining Sector Guidance (April 2024)
  - Oil & Gas Sector Guidance (April 2024)

(iii) TPT in the Global Landscape
- The Transition Plan Disclosure Landscape: Provides an introductory overview of emerging global norms on transition planning, and the interaction with the TPT Disclosure Framework. It covers the following global frameworks: Task Force on Climate-related Financial Disclosures (TCFD), International Sustainability Standards Board (ISSB), Corporate Sustainability Reporting Directive (CSRD), US Securities and Exchange Commission (US SEC) and Glasgow Financial Alliance for Net Zero (GFANZ).
- Technical mapping documents: To support preparers through the process of integrating

content from their transition plan into disclosures aligned with TCFD and recommendations and the ISSB Standards, the TPT has developed two technical mappings. In addition, the TPT has developed a comparison document between the TPT Disclosure Framework and the European Sustainability Reporting Standards (ESRS), to support entities in integrating information from their transition plan when disclosing in line with the ESRS. The technical mapping documents comprise:

- o TCFD Recommendations and Guidance – TPT Disclosure Framework Technical Mapping (October 2023)
- o IFRS S2 Climate-related Disclosures – TPT Disclosure Framework Technical Mapping (October 2023)
- o TPT Disclosure Framework – European Sustainability Reporting Standards Technical Mapping (October 2023)

- • Opportunities and challenges relating to the use of private sector transition plans in emerging markets and developing economies (April 2024): Provides insights and reflections about the opportunities and challenges that may arise with the use of private sector climate transition plans in emerging markets and developing economies.
- • Building momentum for transition plans: Status update from the Transition Plan Taskforce (July 2023): This status update from the TPT gives an overview of the consultation feedback the TPT received on the draft Disclosure Framework released in November 2022. This document informed the final Disclosure Framework, published in October 2023.

(iv) Advisory papers from TPT Working Groups: four reports produced by the just transition, nature, and adaptation working groups of the Transition Plan Taskforce and the TPT Advisory group on SMEs. These are not part of the core suite of Transition Plan Taskforce documents and were produced independently of the TPT Steering Group and Delivery Group. The advisory papers comprise:

- • Advisory paper from the TPT's Adaptation Working Group: Building Climate-ready Transition Plans: Provides a brief for practitioners preparing to develop their entities' climate adaptation and resilience focused disclosures within their transition plan (April 2024).
- • Advisory paper from the TPT's Just Transition Working Group: Putting People at the Heart of Transition Plans (April 2024). It reviews, maps and aggregates just transition metrics from 13 disclosure frameworks relevant to transition planning and assists users in (starting) the reporting on their just transition efforts in a comprehensive and consistent way using existing, accepted, and relevant metrics.
- • Advisory paper from the TPT's Nature Working Group: The Future for Nature in Transition Planning (April 2024). It considers how transition planning could effectively be applied to nature and makes recommendations on the future of nature in transition planning.
- • Advisory paper from the TPT's SME Advisory Group Considerations on SMEs and transition plans (April 2024): This is a paper from the TPT's SME Advisory Group chaired by Bankers for Net Zero. It considers the role of transition plans for SMEs and provides a set of recommendations for preparers and users of SME transition plans.

Policy Tool Name: The non-financial and sustainability information statement ('NFSI') requirements under the Companies Act 2006 and the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008

3. Source material link(s):

https://web.archive.org/web/20240830085223/https://www.legislation.gov.uk/ukpga/2006/46/part/15/chapter/4A

https://web.archive.org/web/20240830085438/https://www.legislation.gov.uk/uksi/2008/1911

4. Which of the following governance domains does this policy tool relate to? Select all that apply.

☑ Climate-related disclosure

☐ Transition planning

☐ Public procurement

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6. Select the category which best describes the author/issuer of the policy tool.

☐ Head of state and/or government

☐ Independent regulatory or supervisory body

☑ Legislature

☐ Judiciary

☐ Ministry/Department/Agency

☐ Other (Please describe)

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7. Status of the policy tool

◉ Approved, in force

○ Approved, not yet in force

○ Other (Please describe)

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9. Year of (planned) entry into force or year of publication

10. Does the policy tool have an end date?

◉ No

○ Yes

12. Briefly describe the policy tool's goal and/or purpose:

For example: The policy tool requires publicly listed companies to comply with the recommendations of the Task Force for Climate Related Financial Disclosure or to explain the absence of such disclosures.

The policy tool requires traded companies, banking companies and insurance companies to report within their Annual Report on (amongst other things) the company's development, performance, and position and the impact of its activity relating to environmental matters, and was originally implemented in accordance with the EU's non-financial reporting directive.

It was also subsequently amended to require large companies and limited partnerships, in addition to the above companies, to make disclosures which are aligned with the recommendations of the Task Force for Climate Related Financial Disclosures.

13. Name the authority(ies) responsible for overseeing implementation and/or enforcement. If not applicable, leave blank.

○ 1.

○ 2.

○ 3.

○ 4.

○ 5.

25. Which entities are targeted through this policy tool? Select all that apply.

Note: With regard to sectoral actors, in cases where mandatory and voluntary obligations are mixed (e.g., mandatory for one sector, voluntary for another), select "mandatory" as there will be further opportunity to clarify.

	Mandatory	Voluntary	Not targeted
1. Publicly-traded entities	☑	☐	☐
2. Private companies	☑	☐	☐
3. Financial institutions	☑	☐	☐
4. Small and medium-sized enterprises	☐	☐	☑
5. State-owned companies	☐	☐	☑
6. Not-for-profit organizations	☐	☐	☑
7. Government agencies and/or departments (supranational)	☐	☐	☑
8. Government agencies and/or departments (national)	☐	☐	☑
9. Government agencies and/or departments (regional - e.g., state, province, region, metropolitan region)	☐	☐	☑
10. Government agencies and/or departments (local - e.g., county, district, municipality, city)	☐	☐	☑
11. Government agencies and/or departments (unspecified)	☐	☐	☑
12. Sectoral actors (e.g., healthcare, defense, utilities, education)	☐	☐	☑
13. Other	☐	☐	☑

27. Describe the threshold criteria to identify entities for whom or instances in which compliance is mandatory.

	Private companies	Financial institutions
Minimum number of employees (Enter min number of full-time employees - FTEs)	500	
Minimum revenue (Enter minimum revenue)	500m	
Minimum assets (Enter minimum assets)		
Minimum contract value (Enter minimum contract value)		
Entity is headquartered in the jurisdiction		
Entities are subjected to disclosure or reporting requirements		

28. Can entities for whom compliance with the policy tool is mandatory opt out of the obligation (e.g. comply or explain)?

○ No

◉ Yes

29. Describe the available opt-out provisions (e.g. "comply or explain"), referencing the relevant section/subsection/paragraph of the policy tool.

Where the directors of a company (or the members of an LLP) in-scope of the policy tool reasonably believe that, having regard or the nature of the company's (or LLP's) business, and the manner in which it is carried on, the whole or a part of a (TCFD-aligned) climate-related financial disclosure is not necessary for an understanding of the company's (or LLP's) business, the directors (or members) may omit the whole or relevant part of that disclosure (see s414CB(4A) of the Companies Act 2006 and s414C(4B) of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) if they provide a clear and reasoned explanation of such reasonable belief.

Additionally, the company is not required to disclose information about impending developments or matters in the course of negotiation if the disclosure would, in the opinion of the directors, be seriously prejudicial to the commercial interests of the company, provided that the non-disclosure does not prevent a fair and balanced understanding of the company's development, performance or position or the impact of the company's activity (see s414CB(9) of the Companies Act and s414C(7) of the LLP Regulations).

30. Does the policy tool exclusively apply to entities' domestic operations, or does it also apply to entities' operations beyond the jurisdiction?

○ Operations within jurisdiction only

◉ Operations beyond the jurisdiction

○ Not applicable

31. What are the specific obligations and conditions for entities' operations beyond the jurisdiction? Please reference the relevant section/subsection/paragraph of the policy tool.

The obligations apply to the entity's (or the entity's group, to the extent it produces a group strategic report) activity, and do not differentiate between domestic or international operations.

32. What are the sanctions for non-compliance? Select all that apply and describe in the text field.

☐ Monetary fine

☐ Restriction on business activities

☐ Voiding or setting aside of contract

☐ Exclusion from government contracts

☐ Award of damages or compensation

☑ Penalty for senior managers a fine is payable upon conviction by directors of the company who approved the report and knew that it did not adhere to the requirements of the legislation or failed to take reasonable steps to secure compliance

☑ Criminal penalties failure to adhere to the requirements of the legislation is an office and a fine is payable upon conviction

☐ Not specified

☐ Not applicable (e.g. in cases of voluntary tools)

☐ Other

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33. Relative to other compliance activities required of entities in this jurisdiction, is the cost of compliance:

○ Below average

○ Average

○ Above average

○ Not applicable

◉ Unknown or prefer not to answer

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35. To provide contextual information, give a general assessment of the extent to which regulated entities have made compliance a priority.

○ Below average

○ Average

○ Above average

○ Not applicable

◉ Unknown or prefer not to answer

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37. Have the climate-specific provisions in this instrument ever been enforced?

◉ No (If relevant, explain)

○ Yes

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39. Are there monitoring systems in place to oversee the implementation and/or enforcement of the policy tool?

○ No

◉ Yes

40. Describe the monitoring systems in place. Please reference the relevant section/subsection/paragraph of the policy tool where monitoring systems are set.

The Financial Reporting Council, which has responsibility for regulating corporate reporting, carries out annual reviews of corporate governance and reporting in the UK, which includes climate reporting and specifically, the NFSI reporting requirements. The annual review serves to highlight areas of improvement and year-on-year trends and progress in corporate (and climate) reporting.

41. Does the policy tool recommend or require periodic impact assessments?

◉ No

○ Recommended

○ Required

43. Does the policy tool recommend or require periodic reviews?

○ No

○ Recommended

◉ Required

44. Select the option that best describes the frequency of the recommended or required periodic reviews.

○ 0-2 years

○ 2-5 years

◉ 5-10 years

○ 10 or more years

○ Not specified

○ Other

45. Does the policy tool include mechanisms for enhancing policy or regulatory coordination with subnational governments (e.g. vertical coordination mechanisms such as appointing coordinating agencies, forming working groups, etc.)?

◉ No

○ Yes

47. Are there any government initiatives to enhance the capacity of targeted entities to implement or comply with the policy tool (e.g. industry working groups, outreach campaigns, education and training, etc.)?

○ No

◉ Yes

48. Describe initiatives for enhancing the capacity of targeted entities to implement or comply with the policy tool. Reference the relevant section/subsection/paragraph of the policy tool where capacity-building initiatives are established. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

In 2019, the European Commission released Guidelines on Non-Financial Reporting to provide companies with practical recommendations on how to better report the impact that their activities are having on the climate as well as the impact of climate change on their business. This guidance is directly applicable to the reporting requirements concerning a company's environmental impacts.

In 2019, the UK's Department for Business, Energy and Industrial Strategy published guidance (https://web.archive.org/web/20240830090740/https://assets.publishing.service.gov.uk/media/5de6acc4e5274a65dc12a33a/Env-reporting-guidance_inc_SECR_31March.pdf) for companies designed to help companies comply with the requirement to report on their environmental impacts, which set out principles for accounting & reporting environmental impacts

In 2022, the Department for Business, Energy and Industrial Strategy published guidance (https://web.archive.org/web/20240830090921/https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1056085/mandatory-climate-related-financial-disclosures-publicly-quoted-private-cos-llps.pdf) for companies which provided 'factual explanation' intended to help companies within scope of the NFSI requirements understand how to meet the new requirements which came into force that year.

The Financial Reporting Council also produces and regularly updates guidance to the Strategic Report (https://web.archive.org/web/20240830091216/https://media.frc.org.uk/documents/Strategic_Report_Guidance.pdf) (of which the NFSI statement forms a part) which includes guidance on how to satisfy the NFSI requirement. Lastly, as set out above, the Financial Reporting Council also carries out annual reviews of corporate governance and reporting in the UK, which includes climate reporting and specifically, the NFSI reporting requirements. The annual review provides commentary in relation to TCFD reporting, and serves to highlight areas of improvement and year-on-year trends and progress in corporate (and climate) reporting.

Domain-Specific Questions: Disclosure Questions

What is being disclosed?

52. Are targeted entities recommended or required to disclose any of the following climate-related information? Select all that apply.

	Recommended	Required	Neither recommended nor required
1. Greenhouse gas (GHG) emissions	☐	☐	☑
2. GHG emissions offsets or removals	☐	☐	☑
3. GHG emissions reduction targets	☐	☐	☑
4. Other climate-related targets	☐	☐	☑
5. Physical climate risk	☐	☑	☐
6. Transition risk	☐	☑	☐
7. Transition plan	☐	☐	☑

Disclosure of Physical Risk

86. What types of physical risk must be disclosed?

☑ To company

☑ To society (double materiality)

87. What is the materiality standard for the disclosure of physical risk?

◉ Self-assessed material risk

○ Externally-defined material risk

○ Other (Describe)

88. Are entities recommended or required to disclose the results of climate risk-related stress tests that are related to physical climate risk?

◉ No

○ Recommended

○ Required

89. Are entities recommended or required to disclose their methodology for scenario analysis with relation to physical risk?

○ No

◉ Recommended

○ Required

90. Are risk assessments of physical risk recommended or required to be third-party verified?

◉ No

○ Recommended

○ Required

Disclosure of Transition Risk

92. What types of transition risk must be disclosed? Select all that apply

☑ Risks that societal transitions may pose to the disclosing entity

☐ Risks that the disclosing entity's transition may pose to society (double materiality)

93. What is the materiality standard for the disclosure of transition risk?

◉ Self-assessed material risk

○ Externally-defined material risk

○ Other (Describe)

94. Are entities recommended or required to disclose the results of climate-related risk stress tests that are related to transition risk?

◉ No

○ Recommended

○ Required

95. Are transition risk assessments recommended or required to be third-party verified?

◉ No

○ Recommended

○ Required

96. Are entities recommended or required to disclose their methodology for scenario analysis related to transition risk?

○ No

◉ Recommended

○ Required

Other disclosures

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105. Are targeted entities recommended or required to disclose any other climate-related information? Select all that apply.

	Required	Recommended	Neither recommended nor required
1. Climate-related opportunities	☑	☐	☐
2. Remuneration based on achieving climate-related goals	☐	☐	☑
3. Taxonomies	☐	☐	☑
4. Capital allocation and/or expenditure plans (in the context of climate change)	☐	☐	☑
5. Due diligence	☐	☐	☑
6. Assumptions and Dependencies	☐	☐	☑
7. Data limitations of scenario analyses	☐	☐	☑
8. Financial implications of climate-related matters (e.g., integration of climate-related disclosures into financial accounting standards)	☐	☐	☑
9. Stewardship (e.g., whether stewardship codes are in place, how entities vote in	☐	☐	☑

shareholder meetings, etc.)			
10. ESG methodologies and criteria (in the case of service providers)	☐	☐	☑
11. Asset planning or ownership in the context of climate change	☐	☐	☑
12. Sectoral investment policies	☐	☐	☑
13. Climate-related lobbying and/or policy engagement	☐	☐	☑
14. Locked-in emissions or information on emissive assets with long lifespans	☐	☐	☑
15. Dirty asset divestiture	☐	☐	☑
16. Nature-related impacts	☐	☐	☑
17. Just transition indicators	☐	☐	☑

106. Is third-party verification of climate-related opportunities recommended or required?

◉ No

○ Recommended

○ Required

Standards, Frameworks, and Guidelines

125. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
1. IFRS S1	☐	☐	☑
2. IFRS S2	☐	☐	☐
3. Task Force on Climate-related Financial Disclosures (TCFD)	☐	☑	☐
4. GHG Protocol Corporate Accounting and Reporting Standard	☐	☐	☑
5. GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard	☐	☐	☑
6. CDP (formerly known as Climate Disclosure Project) reporting framework	☐	☐	☑
7. International Integrated Reporting Framework	☐	☐	☑
8. Global Reporting Initiative (GRI)	☐	☐	☑
9. Sustainability Accounting Standards Board (SASB)	☐	☐	☑
10. European Sustainability Reporting Standards (ESRS)	☐	☐	☑
11. Taskforce on Nature-related Financial Disclosures (TNFD)	☐	☐	☑
12. Partnership for Carbon Accounting Financials (PCAF)	☐	☐	☑
13. Glasgow Financial Alliance for Net Zero (GFANZ)	☐	☐	☑
14. Other	☐	☐	☑

Additional Important Information

128. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

Additional Important Information

197. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

None

Policy Tool Name: The Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021

3. Source material link(s):
https://web.archive.org/web/20240830094350/https://www.legislation.gov.uk/uksi/2021/839

https://web.archive.org/web/20240830094511/https://assets.publishing.service.gov.uk/media/60ffdd3c8fa8f50431ca8122/statutory-guidance-final-revised.pdf

4. Which of the following governance domains does this policy tool relate to? Select all that apply.

☑ Climate-related disclosure

☐ Transition planning

☐ Public procurement

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6. Select the category which best describes the author/issuer of the policy tool.

☐ Head of state and/or government

☐ Independent regulatory or supervisory body

☑ Legislature

☐ Judiciary

☐ Ministry/Department/Agency

☐ Other (Please describe)

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7. Status of the policy tool

◉ Approved, in force

○ Approved, not yet in force

○ Other (Please describe)

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9. Year of (planned) entry into force or year of publication

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10. Does the policy tool have an end date?

◉ No

○ Yes

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12. Briefly describe the policy tool's goal and/or purpose:

For example: The policy tool requires publicly listed companies to comply with the recommendations of the Task Force for Climate Related Financial Disclosure or to explain the absence of such disclosures.

<u>The policy tool requires trustees of certain occupational pension schemes, including trustees of authorized master pension schemes, of authorized collective money purchase schemes, and of occupational pension schemes with assets over £1 billion to report in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).</u>

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13. Name the authority(ies) responsible for overseeing implementation and/or enforcement. If not applicable, leave blank.

◉ 1. <u>The Pensions Regulator</u>

○ 2.

○ 3.

○ 4.

○ 5.

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15. To provide contextual information, rate the capacity of The Pensions Regulator to undertake the policy tool's implementation and/or enforcement.

○ 0- No Capacity (Please explain)

○ 1- Low Capacity (Please explain)

○ 2- Medium Capacity (Please explain)

◉ 3- High Capacity (Please explain) The Pensions Regulator (TPR) is the statutory regulator of work-based pensions, protecting members of pension schemes and promoting their good administration by ensuring that people responsible for providing access to and managing work-based pensions fulfil their obligations. It has a solid regulatory and enforcement capacity though targeted supervision of schemes deemed to pose the greatest risk to members' benefits or the integrity of the pension system and has the authority to take enforcement actions, such as imposing fines and directing scheme, trustees to make improvements.

○ Prefer not to answer

○ Not Applicable

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25. Which entities are targeted through this policy tool? Select all that apply.

Note: With regard to sectoral actors, in cases where mandatory and voluntary obligations are mixed (e.g., mandatory for one sector, voluntary for another), select "mandatory" as there will be further opportunity to clarify.

	Mandatory	Voluntary	Not targeted
1. Publicly-traded entities	☐	☐	☑
2. Private companies	☐	☐	☑
3. Financial institutions	☐	☐	☑
4. Small and medium-sized enterprises	☐	☐	☑
5. State-owned companies	☐	☐	☑
6. Not-for-profit organizations	☐	☐	☑
7. Government agencies and/or departments (supranational)	☐	☐	☑
8. Government agencies and/or departments (national)	☐	☐	☑
9. Government agencies and/or departments (regional - e.g., state, province, region, metropolitan region)	☐	☐	☑
10. Government agencies and/or departments (local -	☐	☐	☑

e.g., county, district, municipality, city)			
11. Government agencies and/or departments (unspecified)	☐	☐	☑
12. Sectoral actors (e.g., healthcare, defense, utilities, education)	☐	☐	☑
13. Other	☑	☐	☐

13. Other Text:Trustees of certain occupational pension schemes

27. Describe the threshold criteria to identify entities for whom or instances in which compliance is mandatory.

	Other
Minimum number of employees (Enter min number of full-time employees - FTEs)	
Minimum revenue (Enter minimum revenue)	
Minimum assets (Enter minimum assets)	Relevant assets of £1 bn or more. Obligations cease if scheme assets drop below £500 million, but commence again if in a subsequent scheme year assets are £1 bn or greater.
Minimum contract value (Enter minimum contract value)	
Entity is headquartered in the jurisdiction	
Entities are subjected to disclosure or reporting requirements	An occupational pension scheme which is either an authorized master trust scheme or an authorized collective money purchase scheme (for the latter, compliance is mandatory irrespective of asset thresholds)

28. Can entities for whom compliance with the policy tool is mandatory opt out of the obligation (e.g. comply or explain)?

◉ No

○ Yes

30. Does the policy tool exclusively apply to entities' domestic operations, or does it also apply to entities' operations beyond the jurisdiction?

○ Operations within jurisdiction only

◉ Operations beyond the jurisdiction

○ Not applicable

31. What are the specific obligations and conditions for entities' operations beyond the jurisdiction? Please reference the relevant section/subsection/paragraph of the policy tool.

The obligations apply to the entity's activities, and do not differentiate between domestic or international operations.

32. What are the sanctions for non-compliance? Select all that apply and describe in the text field.

☑ Monetary fine The Pensions Regulator has the power to issue a compliance notice directing steps that the entity must take or refrain from taking in order to comply with the regulations, and requiring information relating to steps the entity has taken to ensure compliance. If an entity fails to abide by such a compliance notice, or otherwise contravenes a provision of the regulations, the Pensions Regulator will issue a penalty notice. The amount of the penalty will be determined by the Pensions Regulator, but will be no more than £5000 if issued to a person, or £50,000 is issued to a body corporate.

☐ Restriction on business activities

☐ Voiding or setting aside of contract

☐ Exclusion from government contracts

☐ Award of damages or compensation

☐ Penalty for senior managers

☐ Criminal penalties

☐ Not specified

☐ Not applicable (e.g. in cases of voluntary tools)

☐ Other

33. Relative to other compliance activities required of entities in this jurisdiction, is the cost of compliance:

○ Below average

○ Average

○ Above average

○ Not applicable

◉ Unknown or prefer not to answer

35. To provide contextual information, give a general assessment of the extent to which regulated entities have made compliance a priority.

○ Below average

○ Average

○ Above average

○ Not applicable

◉ Unknown or prefer not to answer

37. Have the climate-specific provisions in this instrument ever been enforced?

○ No (If relevant, explain)

◉ Yes

38. Briefly note one to two exemplary cases of enforcement. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

In 2023, TPR fined the ExxonMobil Pension Plan £5,000 for failing to publish their report on time (it was published 6 days late).

https://web.archive.org/web/20240821171226/https://www.thepensionsregulator.gov.uk/en/media-hub/press-releases/2023-press-releases/first-climate-change-reporting-fine-issued-by-tpr-as-use-of-powers-continues

39. Are there monitoring systems in place to oversee the implementation and/or enforcement of the policy tool?

○ No

◉ Yes

40. Describe the monitoring systems in place. Please reference the relevant section/subsection/paragraph of the policy tool where monitoring systems are set.

Monitoring systems are not specified in the statutory regulations, but TPR has chosen to review climate-related reports published by schemes in tranche one to share emerging good practice and areas for improvement in each of the reporting topics (governance, strategy, scenario analysis, risk management, metrics and targets). It subsequently produced a similar report reviewing climate-related disclosures by occupational pension schemes in the second year of the regulations being in force. It is likely that further reviews will take place as pension schemes continues to adapt to the relatively new regulatory requirements and market practice evolves.

See the following:

Tranche 1 review:
https://web.archive.org/web/20240821172419/https://www.thepensionsregulator.gov.uk/en/document-library/research-and-analysis/review-of-climate-related-disclosures

Year 2 review:
https://web.archive.org/web/20240821172619/https://www.thepensionsregulator.gov.uk/en/document-library/research-and-analysis/review-of-climate-related-disclosures-year-2

41. Does the policy tool recommend or require periodic impact assessments?

◉ No

○ Recommended

○ Required

43. Does the policy tool recommend or require periodic reviews?

◉ No

○ Recommended

○ Required

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45. Does the policy tool include mechanisms for enhancing policy or regulatory coordination with subnational governments (e.g. vertical coordination mechanisms such as appointing coordinating agencies, forming working groups, etc.)?

◉ No

○ Yes

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47. Are there any government initiatives to enhance the capacity of targeted entities to implement or comply with the policy tool (e.g. industry working groups, outreach campaigns, education and training, etc.)?

○ No

◉ Yes

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48. Describe initiatives for enhancing the capacity of targeted entities to implement or comply with the policy tool. Reference the relevant section/subsection/paragraph of the policy tool where capacity-building initiatives are established. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

In October 2022, the Department for Work & Pensions issued statutory guidance for trustees of occupational schemes on governance and reporting of climate change risk: https://web.archive.org/web/20240821173714/https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1085852/governance-reporting-climate-change-risk-occ-schemes.pdf

TPR has also issued its own guidance (which it specifies must be read in conjunction with the DWP's guidance): https://web.archive.org/web/20240821173912/https://www.thepensionsregulator.gov.uk/en/document-library/scheme-management-detailed-guidance/funding-and-investment-detailed-guidance/climate-related-governance-and-reporting

Domain-Specific Questions: Disclosure Questions

What is being disclosed?

52. Are targeted entities recommended or required to disclose any of the following climate-related information? Select all that apply.

	Recommended	Required	Neither recommended nor required
1. Greenhouse gas (GHG) emissions	☐	☑	☐
2. GHG emissions offsets or removals	☐	☐	☑
3. GHG emissions reduction targets	☐	☐	☑
4. Other climate-related targets	☐	☑	☐
5. Physical climate risk	☐	☑	☐
6. Transition risk	☐	☑	☐
7. Transition plan	☐	☐	☑

Disclosure of Greenhouse Gas (GHG) Emissions

54. Which GHG emissions must be disclosed? Select all that apply.

☑ Carbon dioxide (CO_2)

☑ Methane (CH_4)

☑ Nitrous oxide (N_2O)

☑ Hydrofluorocarbons (HFCs)

☑ Perfluorocarbons (PFCs)

☑ Sulphur hexafluoride (SF6)

☑ Nitrogen trifluoride (NF3)

☐ Carbon dioxide equivalent (CO_2e)

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55. Are entities recommended or required to disclose gross emissions?

◉ No

○ Recommended

○ Required

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56. Are entities recommended or required to disclose net emissions?

◉ No

○ Recommended

○ Required

---

57. What Scope of emissions must be disclosed? Select all that apply.

☑ Scope 1 emissions

☑ Scope 2 emissions

☐ Scope 3 emissions, relevant or material

☐ Scope 3 emissions, a specified proportion of coverage (Please describe)

☑ Scope 3 emissions, all

☐ Not specified

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58. Are entities recommended or required to discloseGHG emissionsaccounting methodologies or standards?

GHG emissions

59. Does the policy tool recommend or require the GHG inventory be third-party verified?

◉ No

○ Recommended

○ Required

60. If necessary, provide additional clarification to the above responses aboutgreenhouse gas (GHG) emissions disclosure.

The policy tool requires the entity to "obtain the scope 1, scope 2 and scope 3 greenhouse gas emissions attributable to the scheme's assets" and include the metric calculated in their report, but it is not specified whether these emissions should be gross or net.

Additionally, the policy tool requires trustees to select a minimum of:

(a) one absolute emissions metric (a metric which gives the total greenhouse gas emissions attributable to the scheme's assets),

(b) one emissions intensity metric (a metric which gives the total greenhouse gas emissions attributable to the scheme's assets per unit of currency),

(ba) one portfolio alignment metric (a metric which gives the alignment of the scheme's assets with the climate change goal of limiting the increase in the global average temperature to 1.5 degrees Celsius above pre-industrial levels), and

(c) one additional climate change metric (metric relating to climate change which is not an absolute emissions metric or an emissions intensity metric or a portfolio alignment metric),

to calculate in relation to the scheme's assets.

The scope 1, 2 and 3 emissions obtained are then used to calculate the elected absolute emissions metric and selected emissions intensity metric, and these must be disclosed in the report. The regulations further stipulate that a target must be set in relation to at least one of these chosen metrics. This means that, while, as indicated above, information on GHG emissions and 'other climate-related information' must be disclosed, the exact metric is not dictated in the regulations.

Disclosure of other climate-related targets

84. Which of the following other climate-related targets does the policy tool recommend or require entities disclose? Select all that apply.

☐ Targets for renewable energy procurement (Please reference the section/subsection/paragraph of the policy tool relevant to renewable energy procurement targets)

☐ Targets for fossil fuel phase down/phase out (Please reference the section/subsection/paragraph of the policy tool relevant to fossil fuel phase down/phase out)

☐ Targets or goals related to climate adaptation (Please reference the section/subsection/paragraph of the policy tool relevant to climate adaptation)

☐ Targets or goals related to nature and/or biodiversity (Please reference the section/subsection/paragraph of the policy tool relevant to nature and/or biodiversity)

☐ Targets or goals related to just transition (Please reference the section/subsection/paragraph of the policy tool relevant to just transition)

☑ Other targets (Please reference the section/subsection/paragraph of the policy tool relevant to other targets) As described earlier, the policy tool requires trustees to select a minimum of:
▢ (a) one absolute emissions metric (a metric which gives the total greenhouse gas emissions attributable to the scheme's assets),
▢ (b) one emissions intensity metric (a metric which gives the total greenhouse gas emissions attributable to the scheme's assets per unit of currency),
▢ (ba) one portfolio alignment metric (a metric which gives the alignment of the scheme's assets with the climate change goal of limiting the increase in the global average temperature to 1.5 degrees Celsius above pre-industrial levels), and
▢ (c) one additional climate change metric (metric relating to climate change which is not an absolute emissions metric or an emissions intensity metric or a portfolio alignment metric),
▢ to calculate in relation to the scheme's assets.
▢ The regulations further stipulate that a target must be set in relation to at least one of these chosen metrics, but entities are free to choose which to focus on and the exact metric to use.

Disclosure of Physical Risk

86. What types of physical risk must be disclosed?

☑ To company

☐ To society (double materiality)

87. What is the materiality standard for the disclosure of physical risk?

◉ Self-assessed material risk

○ Externally-defined material risk

○ Other (Describe)

88. Are entities recommended or required to disclose the results of climate risk-related stress tests that are related to physical climate risk?

◉ No

○ Recommended

○ Required

89. Are entities recommended or required to disclose their methodology for scenario analysis with relation to physical risk?

○ No

○ Recommended

◉ Required

90. Are risk assessments of physical risk recommended or required to be third-party verified?

◉ No

○ Recommended

○ Required

Disclosure of Transition Risk

92. What types of transition risk must be disclosed? Select all that apply

☑ Risks that societal transitions may pose to the disclosing entity

☐ Risks that the disclosing entity's transition may pose to society (double materiality)

93. What is the materiality standard for the disclosure of transition risk?

◉ Self-assessed material risk

○ Externally-defined material risk

○ Other (Describe)

94. Are entities recommended or required to disclose the results of climate-related risk stress tests that are related to transition risk?

◉ No

○ Recommended

○ Required

95. Are transition risk assessments recommended or required to be third-party verified?

◉ No

○ Recommended

○ Required

96. Are entities recommended or required to disclose their methodology for scenario analysis related to transition risk?

○ No

○ Recommended

◉ Required

Other disclosures

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105. Are targeted entities recommended or required to disclose any other climate-related information? Select all that apply.

	Required	Recommended	Neither recommended nor required
1. Climate-related opportunities	☑	☐	☐
2. Remuneration based on achieving climate-related goals	☐	☐	☑
3. Taxonomies	☐	☐	☑
4. Capital allocation and/or expenditure plans (in the context of climate change)	☐	☐	☑
5. Due diligence	☐	☐	☑
6. Assumptions and Dependencies	☑	☐	☐
7. Data limitations of scenario analyses	☐	☐	☑
8. Financial implications of climate-related matters (e.g., integration of climate-related disclosures into financial accounting standards)	☑	☐	☐
9. Stewardship (e.g., whether stewardship codes are in place, how entities vote in	☑	☐	☐

shareholder meetings, etc.)			
10. ESG methodologies and criteria (in the case of service providers)	☐	☐	☑
11. Asset planning or ownership in the context of climate change	☐	☐	☑
12. Sectoral investment policies	☐	☐	☑
13. Climate-related lobbying and/or policy engagement	☐	☐	☑
14. Locked-in emissions or information on emissive assets with long lifespans	☐	☐	☑
15. Dirty asset divestiture	☐	☐	☑
16. Nature-related impacts	☐	☐	☑
17. Just transition indicators	☐	☐	☑

106. Is third-party verification of climate-related opportunities recommended or required?

◉ No

○ Recommended

○ Required

111. Describe and reference the section/subsection/paragraph of the policy tool relevant to assumptions and dependencies disclosures.

Paragraph 93 of the DWP's guidance released in October 2022 (link included in our response to question 2.3) sets out the requirement that trustees should disclose "the key assumptions for the scenarios used and the key limitations of the modelling (for example, material simplifications or known under/over estimations)."

113. Describe and reference the section/subsection/paragraph of the policy tool relevant to disclosures regarding the financial implications of climate-related matters.

Part 2 of the Schedule (para 27(f)) requires disclosure of "the impact of the climate-related risks and opportunities assessed in accordance with paragraph 5 on the scheme's investment strategy and, where the scheme has a funding strategy, the impact of those risks and opportunities on the funding strategy".
(Note para 5 just requires trustees to, "on an ongoing basis, assess the impact of the climate-related risks and opportunities which they have identified on the scheme's investment strategy and where the scheme has a funding strategy, the funding strategy".)

114. Describe and reference the section/subsection/paragraph of the policy tool relevant to stewardship-related disclosures.

Paragraph 115 of the DWP's guidance released in October 2022 sets out the requirement that trustees should disclose information on how, if at all, they have used stewardship to help manage climate-related risks to the scheme, which also makes reference to the supplemental guidance of the TCFD.

Standards, Frameworks, and Guidelines

125. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
1. IFRS S1	☐	☐	☑
2. IFRS S2	☐	☐	☑
3. Task Force on Climate-related Financial Disclosures (TCFD)	☑	☐	☐
4. GHG Protocol Corporate Accounting and Reporting Standard	☑	☐	☐
5. GHG Protocol Corporate Value Chain	☑	☐	☐

(Scope 3) Accounting and Reporting Standard			
6. CDP (formerly known as Climate Disclosure Project) reporting framework	☐	☐	☑
7. International Integrated Reporting Framework	☐	☐	☑
8. Global Reporting Initiative (GRI)	☐	☐	☑
9. Sustainability Accounting Standards Board (SASB)	☐	☐	☑
10. European Sustainability Reporting Standards (ESRS)	☐	☐	☑
11. Taskforce on Nature-related Financial Disclosures (TNFD)	☐	☐	☑
12. Partnership for Carbon Accounting Financials (PCAF)	☐	☑	☐
13. Glasgow Financial Alliance for Net Zero (GFANZ)	☐	☐	☑
14. Other	☐	☐	☑

Additional Important Information

128. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

Additional Important Information

197. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

None

Policy Tool Name: The PRA's Supervisory Statement SS3/19

3. Source material link(s):
https://web.archive.org/web/20240822184118/https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/letter/2022/october/managing-climate-related-financial-risks.pdf?la=en&hash=D0D7E6F305C448D503EA385E20E0683E734696A0

https://web.archive.org/web/20240822184232/https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/supervisory-statement/2019/ss319

https://web.archive.org/web/20240822184440/https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/letter/2020/managing-the-financial-risks-from-climate-change.pdf

4. Which of the following governance domains does this policy tool relate to? Select all that apply.

☑ Climate-related disclosure

☐ Transition planning

☐ Public procurement

---

6. Select the category which best describes the author/issuer of the policy tool.

☐ Head of state and/or government

☑ Independent regulatory or supervisory body

☐ Legislature

☐ Judiciary

☐ Ministry/Department/Agency

☐ Other (Please describe)

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7. Status of the policy tool

◉ Approved, in force

○ Approved, not yet in force

○ Other (Please describe)

9. Year of (planned) entry into force or year of publication

10. Does the policy tool have an end date?

◉ No

○ Yes

12. Briefly describe the policy tool's goal and/or purpose:

For example: The policy tool requires publicly listed companies to comply with the recommendations of the Task Force for Climate Related Financial Disclosure or to explain the absence of such disclosures.

The policy tool sets out the Prudential regulation Authority's (PRA) expectation that banks and insurance firms should manage the financial risks from climate change, in terms of governance, risk management, scenario analysis and disclosure. The expectations are discussed in the original 2019 supervisory statement (SS3/19) and subsequent communications from the PRA. In particular, the expectation has been set that firms should have fully embedded their approaches to managing climate-related financial risks by the end of 2021, and the PRA sets its expectation that firms engage with wider initiatives on climate-related financial disclosures, including them considering engaging with the TCFD and other initiatives in developing their approach.

13. Name the authority(ies) responsible for overseeing implementation and/or enforcement. If not applicable, leave blank.

◉ 1. Prudential Regulation Authority

○ 2.

○ 3.

○ 4.

○ 5.

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15. To provide contextual information, rate the capacity of Prudential Regulation Authority to undertake the policy tool's implementation and/or enforcement.

○ 0- No Capacity (Please explain)

○ 1- Low Capacity (Please explain)

○ 2- Medium Capacity (Please explain)

◉ 3- High Capacity (Please explain) The PRA is a key financial regulatory body in the United Kingdom, responsible for overseeing and ensuring the safety and soundness of financial institutions such as banks, building societies, credit unions, insurers, and major investment firms. The PRA is part of the Bank of England and works alongside the Financial Conduct Authority (FCA), which focuses more on consumer protection and market integrity. It has strong regulatory and enforcement capacity, supported by a well-defined and rigorous regulatory framework, specialized expertise across finance, risk management, and regulation, and proactive supervision. It effectively sets and enforces high prudential standards, adapts to emerging risks, and has significant powers to ensure compliance and manage financial crises.

○ Prefer not to answer

○ Not Applicable

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25. Which entities are targeted through this policy tool? Select all that apply.

Note: With regard to sectoral actors, in cases where mandatory and voluntary obligations are mixed (e.g., mandatory for one sector, voluntary for another), select "mandatory" as there will be further opportunity to clarify.

	Mandatory	Voluntary	Not targeted
1. Publicly-traded entities	☐	☐	☑
2. Private companies	☐	☐	☑
3. Financial institutions	☑	☐	☐
4. Small and medium-sized enterprises	☐	☐	☑
5. State-owned companies	☐	☐	☑
6. Not-for-profit organizations	☐	☐	☑
7. Government agencies and/or	☐	☐	☑

departments (supranational)			
8. Government agencies and/or departments (national)	☐	☐	☑
9. Government agencies and/or departments (regional - e.g., state, province, region, metropolitan region)	☐	☐	☑
10. Government agencies and/or departments (local - e.g., county, district, municipality, city)	☐	☐	☑
11. Government agencies and/or departments (unspecified)	☐	☐	☑
12. Sectoral actors (e.g., healthcare, defense, utilities, education)	☑	☐	☐
13. Other	☐	☐	☑

26. In cases where entities are targeted by sector, identify the sector to which the policy tool applies.

	Mandatory	Voluntary	Not applicable
All sectors	☐	☐	☑
Agriculture, forestry, and fishing	☐	☐	☑
Mining and quarrying	☐	☐	☑
Manufacturing	☐	☐	☑
Electricity, gas, steam, and air conditioning supply	☐	☐	☑
Water supply; sewerage; waste management and remediation activities	☐	☐	☑
Construction	☐	☐	☑
Wholesale and retail trade: repair of motor vehicles and motorcycles	☐	☐	☑

Transportation and storage	☐	☐	☑
Accommodation and food service activities	☐	☐	☑
Information and communication	☐	☐	☑
Financial and insurance activities	☑	☐	☐
Real estate activities	☐	☐	☑
Professional, scientific and technical activities	☐	☐	☑
Administrative and support service activities	☐	☐	☑
Public administration and defense; compulsory social security	☐	☐	☑
Education	☐	☐	☑
Human health and social work activities	☐	☐	☑
Arts, entertainment and recreation	☐	☐	☑
Other service activities	☐	☐	☑
Activities of households as employers; undifferentiated goods-and services-producing activities of households for own use	☐	☐	☑
Activities of extraterritorial organizations and bodies	☐	☐	☑

27. Describe the threshold criteria to identify entities for whom or instances in which compliance is mandatory.

	Financial institutions	Sectoral actors (e.g. healthcare, defense, utilities, education)
Minimum number of employees (Enter min number of full-time employees - FTEs)		

Minimum revenue (Enter minimum revenue)		
Minimum assets (Enter minimum assets)		
Minimum contract value (Enter minimum contract value)		
Entity is headquartered in the jurisdiction		
Entities are subjected to disclosure or reporting requirements	• all UK insurance and reinsurance firms and groups, i.e. those within the scope of Solvency II including the Society of Lloyd's and managing agents ('Solvency II firms') and non-Solvency II firms; • banks, building societies, and Prudential Regulation Authority (PRA) designated investment firms	• all UK insurance and reinsurance firms and groups, i.e. those within the scope of Solvency II including the Society of Lloyd's and managing agents ('Solvency II firms') and non-Solvency II firms; • banks, building societies, and Prudential Regulation Authority (PRA) designated investment firms

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28. Can entities for whom compliance with the policy tool is mandatory opt out of the obligation (e.g. comply or explain)?

◉ No

○ Yes

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30. Does the policy tool exclusively apply to entities' domestic operations, or does it also apply to entities' operations beyond the jurisdiction?

○ Operations within jurisdiction only

◉ Operations beyond the jurisdiction

○ Not applicable

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31. What are the specific obligations and conditions for entities' operations beyond the jurisdiction? Please reference the relevant section/subsection/paragraph of the policy tool.

The expectations apply to the entity and its activities, and do not differentiate between domestic or international operations.

32. What are the sanctions for non-compliance? Select all that apply and describe in the text field.

☐ Monetary fine

☐ Restriction on business activities

☐ Voiding or setting aside of contract

☐ Exclusion from government contracts

☐ Award of damages or compensation

☐ Penalty for senior managers

☐ Criminal penalties

☑ Not specified

☐ Not applicable (e.g. in cases of voluntary tools)

☑ Other The PRA's letter of 21 October 2022 setting out thematic feedback on the PRA's supervision of climate-related financial risk (link at Q2.3 above) says that "Firms judged not to have made sufficient progress in embedding our expectations should expect to be asked to provide a roadmap explaining how they intend to overcome the gaps. Supervisors will determine whether additional steps need to be taken to ensure risks are adequately being addressed and, if deemed appropriate, we may exercise the use of our wider supervisory toolkit". The supervisory toolkit includes powers of enforcement such as the ability to issue financial penalties, public censure against a firm or individual in breach of rules, or prohibitions on an individual working in the financial services sector – but the PRA will take a proportionate approach to application of its supervisory powers.

33. Relative to other compliance activities required of entities in this jurisdiction, is the cost of compliance:

○ Below average

○ Average

○ Above average

○ Not applicable

◉ Unknown or prefer not to answer

35. To provide contextual information, give a general assessment of the extent to which regulated entities have made compliance a priority.

○ Below average

○ Average

○ Above average

○ Not applicable

◉ Unknown or prefer not to answer

37. Have the climate-specific provisions in this instrument ever been enforced?

◉ No (If relevant, explain)

○ Yes

39. Are there monitoring systems in place to oversee the implementation and/or enforcement of the policy tool?

○ No

◉ Yes

40. Describe the monitoring systems in place. Please reference the relevant section/subsection/paragraph of the policy tool where monitoring systems are set.

The SS3/19, at 3.1, says that "The PRA intends to embed the measurement and monitoring of these expectations into its existing supervisory framework", however it is not clear whether/how this has been done.

41. Does the policy tool recommend or require periodic impact assessments?

◉ No

○ Recommended

○ Required

43. Does the policy tool recommend or require periodic reviews?

◉ No

○ Recommended

○ Required

45. Does the policy tool include mechanisms for enhancing policy or regulatory coordination with subnational governments (e.g. vertical coordination mechanisms such as appointing coordinating agencies, forming working groups, etc.)?

◉ No

○ Yes

47. Are there any government initiatives to enhance the capacity of targeted entities to implement or comply with the policy tool (e.g. industry working groups, outreach campaigns, education and training, etc.)?

○ No

◉ Yes

48. Describe initiatives for enhancing the capacity of targeted entities to implement or comply with the policy tool. Reference the relevant section/subsection/paragraph of the policy tool where capacity-building initiatives are established. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

Annex C of the PRA's letter of 21 October 2022 setting out thematic feedback on the PRA's supervision of climate-related financial risk (link at Q2.3 above) is dedicated to "resources to assist firms in embedding the SS3/19 expectations. These are:
1. Supervisory Statement 3/19:
https://web.archive.org/web/20240830101641/https://www.bankofengland.co.uk/prudential-regulation/publication/2019/enhancing-banks-and-insurers-approaches-to-managing-the-financial-risks-from-climate-change-ss
2. Letter to CEOs of all PRA-regulated firms following up on SS3/19 (July 2020):

https://web.archive.org/web/20240830101746/https://www.bankofengland.co.uk/prudential-regulation/letter/2020/managing-the-financial-risks-from-climate-change
3. PRA Climate Change Adaptation Report 2021:
https://web.archive.org/web/20240830102024/https://www.bankofengland.co.uk/prudential-regulation/publication/2021/october/climate-change-adaptation-report-2021
4. Results of the 2021 Climate Biennial Exploratory Scenario:
https://web.archive.org/web/20240830102154/https://www.bankofengland.co.uk/stress-testing/2022/results-of-the-2021-climate-biennial-exploratory-scenario
5. Climate Financial Risk Forum guides:
https://web.archive.org/web/20240830102448/https://www.bankofengland.co.uk/climate-change/climate-financial-risk-forum
In particular:
• Climate Data and Metrics (October 2021):
https://web.archive.org/web/20240830102752/https://www.fca.org.uk/publication/corporate/climate-financial-risk-forum-guide-2021-data-metrics.pdf
• Scenario Analysis (October 2021):
https://web.archive.org/web/20240830102954/https://www.fca.org.uk/publication/corporate/climate-financial-risk-forum-guide-2021-scenario-analysis.pdf

6. NGFS scenarios portal, including their most recent “Phase 3” scenarios:
https://web.archive.org/web/20240830103144/https://www.ngfs.net/ngfs-scenarios-portal/
7. BCBS principles for the effective management and supervision of climate risk:
https://web.archive.org/web/20240830103351/https://www.bis.org/bcbs/publ/d532.htm
8. SIF/IAIS paper on the supervision of climate risks in the insurance sector:
https://web.archive.org/web/20240830103603/https://sustainableinsuranceforum.org/publication/application-paper-on-the-supervision-of-climate-related-risks-in-the-insurance-sector/
9. PRA framework for assessing financial impacts of physical climate change:
https://web.archive.org/web/20240830103911/https://www.bankofengland.co.uk/prudential-regulation/publication/2019/a-framework-for-assessing-financial-impacts-of-physical-climate-change
10. International Actuarial Association paper on the importance of climate risks for actuaries:
https://web.archive.org/web/20240830104047/https://www.actuaries.org/iaa/IAA/Publications/Papers/Climate_Issues/IAA/Publications/Climate_Issues.aspx
11. Joint Forum on Actuarial Regulation paper on the science of climate change:

https://web.archive.org/web/20240830104247/https://media.frc.org.uk/documents/FRC_JFAR_Climate_Change_Deep_Dive_June_2022.pdf

What is being disclosed?

52. Are targeted entities recommended or required to disclose any of the following climate-related information? Select all that apply.

	Recommended	Required	Neither recommended nor required
1. Greenhouse gas (GHG) emissions	☑	☐	☐
2. GHG emissions offsets or removals	☐	☐	☑
3. GHG emissions reduction targets	☑	☐	☐
4. Other climate-related targets	☑	☐	☐
5. Physical climate risk	☑	☐	☐
6. Transition risk	☑	☐	☐
7. Transition plan	☑	☐	☐

Disclosure of Greenhouse Gas (GHG) Emissions

54. Which GHG emissions must be disclosed? Select all that apply.

☑ Carbon dioxide (CO_2)

☑ Methane (CH_4)

☑ Nitrous oxide (N_2O)

☑ Hydrofluorocarbons (HFCs)

☑ Perfluorocarbons (PFCs)

☑ Sulphur hexafluoride (SF6)

☑ Nitrogen trifluoride (NF3)

☐ Carbon dioxide equivalent (CO_2e)

55. Are entities recommended or required to disclose gross emissions?

○ No

◉ Recommended

○ Required

56. Are entities recommended or required to disclose net emissions?

◉ No

○ Recommended

○ Required

57. What Scope of emissions must be disclosed? Select all that apply.

☑ Scope 1 emissions

☑ Scope 2 emissions

☑ Scope 3 emissions, relevant or material

☐ Scope 3 emissions, a specified proportion of coverage (Please describe)

☑ Scope 3 emissions, all

☐ Not specified

58. Are entities recommended or required to discloseGHG emissionsaccounting methodologies or standards?

GHG emissions

59. Does the policy tool recommend or require the GHG inventory be third-party verified?

◉ No

○ Recommended

○ Required

60. If necessary, provide additional clarification to the above responses aboutgreenhouse gas (GHG) emissions disclosure.

Regarding Scope 3 emissions, the policy tool says "The disclosure of Scope 3 GHG emissions is subject to materiality; however, the Task Force encourages organizations to disclose such emissions."

Disclosure of Greenhouse Gas (GHG) Emissions Reduction Targets

67. Which of the following targets, or data related to targets, does the policy tool request entities disclose? Select any of the following which apply:

	Recommended	Required	Neither recommended nor required
An absolute emissions reduction target	☐	☐	☑
An intensity-based emissions reduction target	☐	☐	☑
A net zero target	☐	☐	☑
Targets covering non-carbon GHG emissions	☐	☐	☑
A Scope 3 emissions target	☐	☐	☑
A target derived using a sectoral decarbonization approach	☐	☐	☑
Interim targets	☐	☐	☑
A target timeframe (e.g. by 2040)	☐	☐	☑

A baseline year from which progress is measured	☐	☐	☑
A level of ambition for emissions reductions (e.g. 80% reduction)	☐	☐	☑

68. Does the policy tool recommend or require entities to disclose their progress in achieving their emissions reductions targets?

○ No

◉ Recommended

○ Required

69. What is the recommended or required frequency of progress reports regarding the achievement of emissions reductions targets?

○ Yearly

○ Every two years

○ Every three years

○ Every four years

○ Every five years

○ Every ten years or more

○ Other

◉ No prescribed frequency

Disclosure of other climate-related targets

84. Which of the following other climate-related targets does the policy tool recommend or require entities disclose? Select all that apply.

☐ Targets for renewable energy procurement (Please reference the section/subsection/paragraph of the policy tool relevant to renewable energy procurement targets)

☐ Targets for fossil fuel phase down/phase out (Please reference the section/subsection/paragraph of the policy tool relevant to fossil fuel phase down/phase out)

☐ Targets or goals related to climate adaptation (Please reference the section/subsection/paragraph of the policy tool relevant to climate adaptation)

☐ Targets or goals related to nature and/or biodiversity (Please reference the section/subsection/paragraph of the policy tool relevant to nature and/or biodiversity)

☐ Targets or goals related to just transition (Please reference the section/subsection/paragraph of the policy tool relevant to just transition)

☑ Other targets (Please reference the section/subsection/paragraph of the policy tool relevant to other targets) The policy tool expects firms and banks to consider disclosing in line with TCFD recommendations. The October 2021 update to the TCFD recommendations specifies on p22 that “Organizations should describe their key climate-related targets such as those related to GHG emissions, water usage, energy usage, etc., in line with the cross-industry, climate-related metric categories in Table A2.1” and the categories set out in that Table A2.1 on p79-80 (in addition to GHG emissions as shown in questionnaire above) include transition risks physical risks, climate-related opportunities, capital deployment, internal carbon process, and remuneration.

Disclosure of Physical Risk

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86. What types of physical risk must be disclosed?

☑ To company

☐ To society (double materiality)

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87. What is the materiality standard for the disclosure of physical risk?

◉ Self-assessed material risk

○ Externally-defined material risk

○ Other (Describe)

88. Are entities recommended or required to disclose the results of climate risk-related stress tests that are related to physical climate risk?

◉ No

○ Recommended

○ Required

89. Are entities recommended or required to disclose their methodology for scenario analysis with relation to physical risk?

○ No

◉ Recommended

○ Required

90. Are risk assessments of physical risk recommended or required to be third-party verified?

◉ No

○ Recommended

○ Required

Disclosure of Transition Risk

92. What types of transition risk must be disclosed? Select all that apply

☑ Risks that societal transitions may pose to the disclosing entity

☐ Risks that the disclosing entity's transition may pose to society (double materiality)

93. What is the materiality standard for the disclosure of transition risk?

◉ Self-assessed material risk

○ Externally-defined material risk

○ Other (Describe)

94. Are entities recommended or required to disclose the results of climate-related risk stress tests that are related to transition risk?

◉ No

○ Recommended

○ Required

95. Are transition risk assessments recommended or required to be third-party verified?

◉ No

○ Recommended

○ Required

96. Are entities recommended or required to disclose their methodology for scenario analysis related to transition risk?

○ No

◉ Recommended

○ Required

Disclosure of Transition Plans

98. What is the recommended or required frequency of transition plan disclosures?

○ Yearly

○ Every two years

○ Every three years

○ Every four years

○ Every five years

○ Every ten years or more

○ Other

◉ Not specified

99. Does the policy tool recommend or require audited accuracy and/or third-party verification of the transition plan?

◉ No

○ Recommended

○ Required

100. Does the policy tool recommend or require entities to disclose progress in implementing transition plans?

◉ No

○ Recommended

○ Required

102. Does the policy tool recommend or require targeted entities to disclose their financial plans for implementing transition plans?

◉ No

○ Recommended

○ Required

103. Does the policy tool recommend or require targeted entities to disclose their methodology for scenario analysis related to transition planning?

◉ No

○ Recommended

○ Required

Other disclosures

105. Are targeted entities recommended or required to disclose any other climate-related information? Select all that apply.

	Required	Recommended	Neither recommended nor required
1. Climate-related opportunities	☑	☐	☐
2. Remuneration based on achieving climate-related goals	☑	☐	☐
3. Taxonomies	☐	☐	☑
4. Capital allocation and/or expenditure plans (in the context of climate change)	☑	☐	☐
5. Due diligence	☐	☐	☑
6. Assumptions and Dependencies	☐	☐	☑
7. Data limitations of scenario analyses	☐	☐	☑
8. Financial implications of climate-related matters (e.g., integration of climate-related disclosures into financial accounting standards)	☐	☐	☑

9. Stewardship (e.g., whether stewardship codes are in place, how entities vote in shareholder meetings, etc.)	☐	☐	☑
10. ESG methodologies and criteria (in the case of service providers)	☐	☐	☑
11. Asset planning or ownership in the context of climate change	☐	☐	☑
12. Sectoral investment policies	☐	☐	☑
13. Climate-related lobbying and/or policy engagement	☐	☐	☑
14. Locked-in emissions or information on emissive assets with long lifespans	☐	☐	☑
15. Dirty asset divestiture	☐	☐	☑
16. Nature-related impacts	☐	☐	☑
17. Just transition indicators	☐	☐	☑

106. Is third-party verification of climate-related opportunities recommended or required?

◉ No

○ Recommended

○ Required

107. Describe and reference the section/subsection/paragraph of the policy tool relevant to disclosures regarding remuneration based on achieving climate-related goals.

The policy tool expects firms and banks to consider disclosing in line with TCFD recommendations. The October 2021 update to the TCFD recommendations specifies on p22 that “Organizations should describe their key climate-related targets such as those related to GHG emissions, water usage, energy usage, etc., in line with the cross-industry, climate-related metric categories in Table A2.1" and the categories set out in that Table A2.1 on p79-80 includes remuneration. This is the proportion of executive management remuneration linked to climate considerations, and should be given as a percentage weighting, description, or amount in reporting currency.

109. Describe and reference the section/subsection/paragraph of the policy tool relevant to capital allocation and/or expenditure plans disclosures.

The policy tool expects firms and banks to consider disclosing in line with TCFD recommendations. The October 2021 update to the TCFD recommendations specifies on p22 that "Organizations should describe their key climate-related targets such as those related to GHG emissions, water usage, energy usage, etc., in line with the cross-industry, climate-related metric categories in Table A2.1" and the categories set out in that Table A2.1 on p79-80 includes Capital Deployment. This means the amount of capital expenditure, financing, or investment deployed towards climate-related risks and opportunities, and should be given in the reporting currency.

Standards, Frameworks, and Guidelines

125. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
1. IFRS S1	☐	☐	☑
2. IFRS S2	☐	☐	☑
3. Task Force on Climate-related Financial Disclosures (TCFD)	☑	☐	☐
4. GHG Protocol Corporate Accounting and Reporting Standard	☐	☑	☐
5. GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard	☐	☑	☐

6. CDP (formerly known as Climate Disclosure Project) reporting framework	☐	☐	☑
7. International Integrated Reporting Framework	☐	☐	☑
8. Global Reporting Initiative (GRI)	☐	☐	☑
9. Sustainability Accounting Standards Board (SASB)	☐	☑	☐
10. European Sustainability Reporting Standards (ESRS)	☐	☐	☑
11. Taskforce on Nature-related Financial Disclosures (TNFD)	☐	☐	☑
12. Partnership for Carbon Accounting Financials (PCAF)	☐	☑	☐
13. Glasgow Financial Alliance for Net Zero (GFANZ)	☐	☐	☑
14. Other	☐	☐	☑

Additional Important Information

128. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

Additional Important Information

197. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

None

Policy Tool Name: The Energy Savings Opportunity Scheme Regulations 2014

3. Source material link(s):
https://web.archive.org/web/20240830105354/https://www.legislation.gov.uk/uksi/2014/1643

4. Which of the following governance domains does this policy tool relate to? Select all that apply.

☑ Climate-related disclosure

☐ Transition planning

☐ Public procurement

6. Select the category which best describes the author/issuer of the policy tool.

☐ Head of state and/or government

☐ Independent regulatory or supervisory body

☑ Legislature

☐ Judiciary

☐ Ministry/Department/Agency

☐ Other (Please describe)

7. Status of the policy tool

◉ Approved, in force

○ Approved, not yet in force

○ Other (Please describe)

9. Year of (planned) entry into force or year of publication

10. Does the policy tool have an end date?

◉ No

○ Yes

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12. Briefly describe the policy tool's goal and/or purpose:

For example: The policy tool requires publicly listed companies to comply with the recommendations of the Task Force for Climate Related Financial Disclosure or to explain the absence of such disclosures.

The Energy Savings Opportunity Scheme applies to large undertakings and groups containing large undertakings in the UK, and requires them to monitor and report on their energy consumption, carry out audits aimed at energy saving and efficiency, and implement energy reduction measures.

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13. Name the authority(ies) responsible for overseeing implementation and/or enforcement. If not applicable, leave blank.

◉ 1. UK Environment Agency, in respect of undertakings in England

◉ 2. The Secretary of State for Energy Security and Net Zero

◉ 3. The Natural Resources Body, in respect of companies in Wales

◉ 4. The Northern Ireland Environment Agency, for Northern Ireland

◉ 5. The Scottish Environment Protection Agency (SEPA), for Scotland

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15. To provide contextual information, rate the capacity of UK Environment Agency, in respect of undertakings in England to undertake the policy tool's implementation and/or enforcement.

○ 0- No Capacity (Please explain)

○ 1- Low Capacity (Please explain)

○ 2- Medium Capacity (Please explain)

○ 3- High Capacity (Please explain)

◉ Prefer not to answer

○ Not Applicable

16. To provide contextual information, rate the capacity of The Secretary of State for Energy Security and Net Zero to undertake the policy tool's implementation and/or enforcement.

○ 0- No Capacity (Please explain)

○ 1- Low Capacity (Please explain)

○ 2- Medium Capacity (Please explain)

○ 3- High Capacity (Please explain)

◉ Prefer not to answer

○ Not Applicable

17. To provide contextual information, rate the capacity of The Natural Resources Body, in respect of companies in Wales to undertake the policy tool's implementation and/or enforcement.

○ 0- No Capacity (Please explain)

○ 1- Low Capacity (Please explain)

○ 2- Medium Capacity (Please explain)

○ 3- High Capacity (Please explain)

◉ Prefer not to answer

○ Not Applicable

18. To provide contextual information, rate the capacity of The Northern Ireland Environment Agency, for Northern Ireland to undertake the policy tool's implementation and/or enforcement.

○ 0- No Capacity (Please explain)

○ 1- Low Capacity (Please explain)

○ 2- Medium Capacity (Please explain)

○ 3- High Capacity (Please explain)

◉ Prefer not to answer

○ Not Applicable

19. To provide contextual information, rate the capacity of The Scottish Environment Protection Agency (SEPA), for Scotland to undertake the policy tool's implementation and/or enforcement.

○ 0- No Capacity (Please explain)

○ 1- Low Capacity (Please explain)

○ 2- Medium Capacity (Please explain)

○ 3- High Capacity (Please explain)

◉ Prefer not to answer

○ Not Applicable

25. Which entities are targeted through this policy tool? Select all that apply.

Note: With regard to sectoral actors, in cases where mandatory and voluntary obligations are mixed (e.g., mandatory for one sector, voluntary for another), select "mandatory" as there will be further opportunity to clarify.

	Mandatory	Voluntary	Not targeted
1. Publicly-traded entities	☑	☐	☐
2. Private companies	☑	☐	☐
3. Financial institutions	☐	☐	☑
4. Small and medium-sized enterprises	☐	☐	☑
5. State-owned companies	☐	☐	☑
6. Not-for-profit organizations	☐	☐	☑
7. Government agencies and/or departments (supranational)	☐	☐	☑
8. Government agencies and/or departments (national)	☐	☐	☑
9. Government agencies and/or departments (regional - e.g., state, province,	☐	☐	☑

region, metropolitan region)			
10. Government agencies and/or departments (local - e.g., county, district, municipality, city)	☐	☐	☑
11. Government agencies and/or departments (unspecified)	☐	☐	☑
12. Sectoral actors (e.g., healthcare, defense, utilities, education)	☐	☐	☑
13. Other	☐	☐	☑

27. Describe the threshold criteria to identify entities for whom or instances in which compliance is mandatory.

	Publicly-traded entities	Private companies
Minimum number of employees (Enter min number of full-time employees - FTEs)	250 (alternatively to revenue and turnover)	250 (alternatively to revenue and turnover)
Minimum revenue (Enter minimum revenue)	£ 44 million (alongside balance sheet threshold)	£ 44 million (alongside balance sheet threshold)
Minimum assets (Enter minimum assets)	£ 38 million (alongside turnover threshold)	£ 38 million (alongside turnover threshold)
Minimum contract value (Enter minimum contract value)		
Entity is headquartered in the jurisdiction		
Entities are subjected to disclosure or reporting requirements	Within a group of companies which contains an entity meeting the criteria above	Within a group of companies which contains an entity meeting the criteria above

28. Can entities for whom compliance with the policy tool is mandatory opt out of the obligation (e.g. comply or explain)?

◉ No

○ Yes

30. Does the policy tool exclusively apply to entities' domestic operations, or does it also apply to entities' operations beyond the jurisdiction?

◉ Operations within jurisdiction only

○ Operations beyond the jurisdiction

○ Not applicable

32. What are the sanctions for non-compliance? Select all that apply and describe in the text field.

☑ Monetary fine

☐ Restriction on business activities

☐ Voiding or setting aside of contract

☐ Exclusion from government contracts

☐ Award of damages or compensation

☐ Penalty for senior managers

☐ Criminal penalties

☐ Not specified

☐ Not applicable (e.g. in cases of voluntary tools)

☑ Other A compliance notice from the regulator to allow them to determine if the participant is complying with its obligations under ESOS, or an enforcement notice requesting for compliance.

33. Relative to other compliance activities required of entities in this jurisdiction, is the cost of compliance:

○ Below average

○ Average

○ Above average

○ Not applicable

◉ Unknown or prefer not to answer

35. To provide contextual information, give a general assessment of the extent to which regulated entities have made compliance a priority.

○ Below average

○ Average

○ Above average

○ Not applicable

◉ Unknown or prefer not to answer

37. Have the climate-specific provisions in this instrument ever been enforced?

○ No (If relevant, explain)

◉ Yes

38. Briefly note one to two exemplary cases of enforcement. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

N.A. – the details of enforcement are not made public but we are aware that enforcement notices in respect of ESOS compliance and failure to submit notifications on time have been issued to companies.

39. Are there monitoring systems in place to oversee the implementation and/or enforcement of the policy tool?

◉ No

○ Yes

41. Does the policy tool recommend or require periodic impact assessments?

◉ No

○ Recommended

○ Required

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43. Does the policy tool recommend or require periodic reviews?

◉ No

○ Recommended

○ Required

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45. Does the policy tool include mechanisms for enhancing policy or regulatory coordination with subnational governments (e.g. vertical coordination mechanisms such as appointing coordinating agencies, forming working groups, etc.)?

◉ No

○ Yes

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47. Are there any government initiatives to enhance the capacity of targeted entities to implement or comply with the policy tool (e.g. industry working groups, outreach campaigns, education and training, etc.)?

○ No

◉ Yes

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48. Describe initiatives for enhancing the capacity of targeted entities to implement or comply with the policy tool. Reference the relevant section/subsection/paragraph of the policy tool where capacity-building initiatives are established. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

The Environment Agency has issued guidance (https://web.archive.org/web/20240830110015/https://www.gov.uk/government/publications/comply-with-the-energy-savings-opportunity-scheme-esos/complying-with-the-energy-savings-opportunity-scheme-esos#compliance-enforcement-and-appeals) which is regularly updated for each phase of the ESOS scheme, which sets out the practical steps required for compliance with the ESOS Regulations and is aimed at assisting companies with their compliance.

Domain-Specific Questions: Disclosure Questions

What is being disclosed?

52. Are targeted entities recommended or required to disclose any of the following climate-related information? Select all that apply.

	Recommended	Required	Neither recommended nor required
1. Greenhouse gas (GHG) emissions	☐	☐	☑
2. GHG emissions offsets or removals	☐	☐	☑
3. GHG emissions reduction targets	☐	☐	☑
4. Other climate-related targets	☐	☐	☑
5. Physical climate risk	☐	☐	☑
6. Transition risk	☐	☐	☑
7. Transition plan	☐	☐	☑

Other disclosures

105. Are targeted entities recommended or required to disclose any other climate-related information? Select all that apply.

	Required	Recommended	Neither recommended nor required
1. Climate-related opportunities	☐	☐	☑
2. Remuneration based on achieving climate-related goals	☐	☐	☑
3. Taxonomies	☐	☐	☑
4. Capital allocation and/or expenditure plans (in the context of climate change)	☐	☐	☑
5. Due diligence	☐	☐	☑
6. Assumptions and Dependencies	☐	☐	☑
7. Data limitations of scenario analyses	☐	☐	☑
8. Financial implications of climate-related matters (e.g., integration of climate-related disclosures into financial accounting standards)	☐	☐	☑
9. Stewardship (e.g., whether stewardship codes are in place, how entities vote in shareholder meetings, etc.)	☐	☐	☑
10. ESG methodologies and criteria (in the case of service providers)	☐	☐	☑
11. Asset planning or ownership in the context of climate change	☐	☐	☑
12. Sectoral investment policies	☐	☐	☑
13. Climate-related lobbying and/or policy engagement	☐	☐	☑
14. Locked-in emissions or information on emissive assets with long lifespans	☐	☐	☑

15. Dirty asset divestiture	☐	☐	☑
16. Nature-related impacts	☐	☐	☑
17. Just transition indicators	☐	☐	☑

Standards, Frameworks, and Guidelines

125. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
1. IFRS S1	☐	☐	☑
2. IFRS S2	☐	☐	☑
3. Task Force on Climate-related Financial Disclosures (TCFD)	☐	☐	☑
4. GHG Protocol Corporate Accounting and Reporting Standard	☐	☐	☑
5. GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard	☐	☐	☑
6. CDP (formerly known as Climate Disclosure Project) reporting framework	☐	☐	☑
7. International Integrated Reporting Framework	☐	☐	☑
8. Global Reporting Initiative (GRI)	☐	☐	☑
9. Sustainability Accounting Standards Board (SASB)	☐	☐	☑
10. European Sustainability	☐	☐	☑

Reporting Standards (ESRS)			
11. Taskforce on Nature-related Financial Disclosures (TNFD)	☐	☐	☑
12. Partnership for Carbon Accounting Financials (PCAF)	☐	☐	☑
13. Glasgow Financial Alliance for Net Zero (GFANZ)	☐	☐	☑
14. Other	☐	☐	☑

Additional Important Information

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128. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

The policy tool requires disclosure of details relating to a company's (or its group's) total energy consumption, any calculations relating to areas where it has significant energy consumption, breakdowns of energy usage by organisational purpose, as well as energy intensity ratios. Companies in scope of the ESOS Regulations are also required to report on estimates of energy savings achieved by the participant since the previous ESOS compliance period, as well as details relating to any energy audits, which includes a summary of outputs and energy savings measures identified by the audit, the estimated savings that could be achieved by implementing energy savings measures identified, and other information relevant to implementing energy savings measures identified.

Additional Important Information

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197. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

None

Policy Tool Name: Streamlined Energy and Carbon Reporting Requirements, as implemented by The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018

3. Source material link(s):
https://web.archive.org/web/20240830110526/https://www.legislation.gov.uk/uksi/2013/1970/made
https://web.archive.org/web/20240830110659/https://www.legislation.gov.uk/uksi/2018/1155/made

4. Which of the following governance domains does this policy tool relate to? Select all that apply.

☑ Climate-related disclosure

☐ Transition planning

☐ Public procurement

6. Select the category which best describes the author/issuer of the policy tool.

☐ Head of state and/or government

☐ Independent regulatory or supervisory body

☑ Legislature

☐ Judiciary

☐ Ministry/Department/Agency

☐ Other (Please describe)

7. Status of the policy tool

◉ Approved, in force

○ Approved, not yet in force

○ Other (Please describe)

9. Year of (planned) entry into force or year of publication

10. Does the policy tool have an end date?

◉ No

○ Yes

12. Briefly describe the policy tool's goal and/or purpose:

For example: The policy tool requires publicly listed companies to comply with the recommendations of the Task Force for Climate Related Financial Disclosure or to explain the absence of such disclosures.

This policy tool requires large companies that have consumed, more than 40,000 kilowatt-hours (kWh) of energy in the UK in the reporting period to report their annual energy use, emissions and an intensity ratio in their directors' (or trustees') Report.

13. Name the authority(ies) responsible for overseeing implementation and/or enforcement. If not applicable, leave blank.

◉ 1. The Conduct Committee of the Financial Reporting Council

○ 2.

○ 3.

○ 4.

○ 5.

15. To provide contextual information, rate the capacity of The Conduct Committee of the Financial Reporting Council to undertake the policy tool's implementation and/or enforcement.

○ 0- No Capacity (Please explain)

○ 1- Low Capacity (Please explain)

○ 2- Medium Capacity (Please explain)

○ 3- High Capacity (Please explain)

◉ Prefer not to answer

○ Not Applicable

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25. Which entities are targeted through this policy tool? Select all that apply.

Note: With regard to sectoral actors, in cases where mandatory and voluntary obligations are mixed (e.g., mandatory for one sector, voluntary for another), select "mandatory" as there will be further opportunity to clarify.

	Mandatory	Voluntary	Not targeted
1. Publicly-traded entities	☑	☐	☐
2. Private companies	☑	☐	☐
3. Financial institutions	☐	☐	☑
4. Small and medium-sized enterprises	☐	☐	☑
5. State-owned companies	☐	☐	☑
6. Not-for-profit organizations	☐	☐	☑
7. Government agencies and/or departments (supranational)	☐	☐	☑
8. Government agencies and/or departments (national)	☐	☐	☑
9. Government agencies and/or departments (regional - e.g., state, province, region, metropolitan region)	☐	☐	☑
10. Government agencies and/or departments (local - e.g., county, district, municipality, city)	☐	☐	☑
11. Government agencies and/or departments (unspecified)	☐	☐	☑

12. Sectoral actors (e.g., healthcare, defense, utilities, education)	☐	☐	☑
13. Other	☐	☐	☑

27. Describe the threshold criteria to identify entities for whom or instances in which compliance is mandatory.

	Publicly-traded entities	Private companies
Minimum number of employees (Enter min number of full-time employees - FTEs)	250	250
Minimum revenue (Enter minimum revenue)	£36 million	£36 million
Minimum assets (Enter minimum assets)	£18 million	£18 million
Minimum contract value (Enter minimum contract value)		
Entity is headquartered in the jurisdiction		
Entities are subjected to disclosure or reporting requirements	More than 40,000kwH of energy consumed in a reporting period	More than 40,000kwH of energy consumed in a reporting period

28. Can entities for whom compliance with the policy tool is mandatory opt out of the obligation (e.g. comply or explain)?

○ No

◉ Yes

29. Describe the available opt-out provisions (e.g. “comply or explain”), referencing the relevant section/subsection/paragraph of the policy tool.

Pursuant to paragraph 15(5)(b) and paragraph 20D(7)(b) of Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, each as inserted by the Companies (Directors’ Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (which also applies to LLPs pursuant to Part 5A of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008), a company (or LLP) could opt to omit information if such disclosure would, in the opinion of the directors, be seriously prejudicial to the interests of the company, and the report states that the information is not disclosed for that reason.

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30. Does the policy tool exclusively apply to entities' domestic operations, or does it also apply to entities' operations beyond the jurisdiction?

○ Operations within jurisdiction only

◉ Operations beyond the jurisdiction

○ Not applicable

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31. What are the specific obligations and conditions for entities' operations beyond the jurisdiction? Please reference the relevant section/subsection/paragraph of the policy tool.

Pursuant to paragraph 15(5)(b) of Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as inserted by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (which also applies to LLPs pursuant to Part 5A of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008), quoted companies (and LLPs) are required to disclose the annual quantity of emissions in tonnes of carbon dioxide equivalent from activities for which that company is responsible. The 2019 guidance released by the BEIS clarifies that this relates to gross scope 1 and 2 emissions on a global basis.

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32. What are the sanctions for non-compliance? Select all that apply and describe in the text field.

☐ Monetary fine

☐ Restriction on business activities

☐ Voiding or setting aside of contract

☐ Exclusion from government contracts

☐ Award of damages or compensation

☐ Penalty for senior managers

☐ Criminal penalties

☑ Not specified

☐ Not applicable (e.g. in cases of voluntary tools)

☐ Other

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33. Relative to other compliance activities required of entities in this jurisdiction, is the cost of compliance:

○ Below average

○ Average

○ Above average

○ Not applicable

◉ Unknown or prefer not to answer

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35. To provide contextual information, give a general assessment of the extent to which regulated entities have made compliance a priority.

○ Below average

○ Average

○ Above average

○ Not applicable

◉ Unknown or prefer not to answer

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37. Have the climate-specific provisions in this instrument ever been enforced?

◉ No (If relevant, explain) As far as possible, however, the Conduct Committee operates by agreement with the businesses whose reports it reviews and generally achieves its objectives without recourse to the Courts.

○ Yes

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39. Are there monitoring systems in place to oversee the implementation and/or enforcement of the policy tool?

○ No

◉ Yes

40. Describe the monitoring systems in place. Please reference the relevant section/subsection/paragraph of the policy tool where monitoring systems are set.

The Conduct Committee of the Financial Reporting Council is responsible for monitoring compliance of company reports and accounts with the relevant reporting requirements, imposed on companies .

41. Does the policy tool recommend or require periodic impact assessments?

◉ No

○ Recommended

○ Required

43. Does the policy tool recommend or require periodic reviews?

◉ No

○ Recommended

○ Required

45. Does the policy tool include mechanisms for enhancing policy or regulatory coordination with subnational governments (e.g. vertical coordination mechanisms such as appointing coordinating agencies, forming working groups, etc.)?

◉ No

○ Yes

47. Are there any government initiatives to enhance the capacity of targeted entities to implement or comply with the policy tool (e.g. industry working groups, outreach campaigns, education and training, etc.)?

○ No

◉ Yes

48. Describe initiatives for enhancing the capacity of targeted entities to implement or comply with the policy tool. Reference the relevant section/subsection/paragraph of the policy tool where capacity-building initiatives are established. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

In 2019, the UK's Department for Business, Energy and Industrial Strategy published guidance (https://web.archive.org/web/20240830111207/https://assets.publishing.service.gov.uk/media/5de6acc4e5274a65dc12a33a/Env-reporting-guidance_inc_SECR_31March.pdf) for companies designed to help companies comply with the requirement to report on energy use and emissions, which set out the key obligations, including which organisations are in scope and the information they will need to report and disclose annually, as well as best practice and opportunities to go beyond what is legally required and may prove useful to stakeholders.

The Department for Education, Skills and Funding Agency has also published guidance (https://web.archive.org/web/20240830111327/https://www.gov.uk/government/publications/academy-trust-financial-management-good-practice-guides/streamlined-energy-and-carbon-reporting) which is aimed at academy trusts which are within scope of the energy and carbon reporting requirements.

Domain-Specific Questions: Disclosure Questions

What is being disclosed?

52. Are targeted entities recommended or required to disclose any of the following climate-related information? Select all that apply.

	Recommended	Required	Neither recommended nor required
1. Greenhouse gas (GHG) emissions	☐	☑	☐
2. GHG emissions offsets or removals	☐	☐	☑
3. GHG emissions reduction targets	☐	☐	☑
4. Other climate-related targets	☐	☐	☑
5. Physical climate risk	☐	☐	☑
6. Transition risk	☐	☐	☑
7. Transition plan	☐	☐	☑

Disclosure of Greenhouse Gas (GHG) Emissions

54. Which GHG emissions must be disclosed? Select all that apply.

☑ Carbon dioxide (CO_2)

☑ Methane (CH_4)

☑ Nitrous oxide (N_2O)

☑ Hydrofluorocarbons (HFCs)

☑ Perfluorocarbons (PFCs)

☑ Sulphur hexafluoride (SF6)

☑ Nitrogen trifluoride (NF3)

☑ Carbon dioxide equivalent (CO_2e)

55. Are entities recommended or required to disclose gross emissions?

○ No

○ Recommended

◉ Required

56. Are entities recommended or required to disclose net emissions?

○ No

◉ Recommended

○ Required

57. What Scope of emissions must be disclosed? Select all that apply.

☑ Scope 1 emissions

☑ Scope 2 emissions

☑ Scope 3 emissions, relevant or material

☐ Scope 3 emissions, a specified proportion of coverage (Please describe)

☐ Scope 3 emissions, all

☐ Not specified

58. Are entities recommended or required to discloseGHG emissionsaccounting methodologies or standards?

GHG emissions

59. Does the policy tool recommend or require the GHG inventory be third-party verified?

○ No

○ Recommended

○ Required

60. If necessary, provide additional clarification to the above responses aboutgreenhouse gas (GHG) emissions disclosure.

Quoted companies are required to disclose scope 1 and 2 emissions information in relation to all their operations, whereas the requirement for unquoted companies only extends to the combustion of gas, the consumption of fuel for the purposes of transport, or the purchase of electricity by the company for its own use. Additionally, all companies are required to disclose at least one ratio which expresses the company's annual emissions in relation to a quantifiable factor associated with the company's activities (i.e. an emissions intensity ratio).

Other disclosures

105. Are targeted entities recommended or required to disclose any other climate-related information? Select all that apply.

	Required	Recommended	Neither recommended nor required
1. Climate-related opportunities	☐	☐	☑
2. Remuneration based on achieving climate-related goals	☐	☐	☑
3. Taxonomies	☐	☐	☑
4. Capital allocation and/or expenditure plans (in the context of climate change)	☐	☐	☑
5. Due diligence	☐	☐	☑
6. Assumptions and Dependencies	☐	☐	☑
7. Data limitations of scenario analyses	☐	☐	☑
8. Financial implications of climate-related matters (e.g., integration of climate-related disclosures into financial accounting standards)	☐	☐	☑
9. Stewardship (e.g., whether stewardship codes are in place, how entities vote in	☐	☐	☑

shareholder meetings, etc.)			
10. ESG methodologies and criteria (in the case of service providers)	☐	☐	☑
11. Asset planning or ownership in the context of climate change	☐	☐	☑
12. Sectoral investment policies	☐	☐	☑
13. Climate-related lobbying and/or policy engagement	☐	☐	☑
14. Locked-in emissions or information on emissive assets with long lifespans	☐	☐	☑
15. Dirty asset divestiture	☐	☐	☑
16. Nature-related impacts	☐	☐	☑
17. Just transition indicators	☐	☐	☑

Standards, Frameworks, and Guidelines

125. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
1. IFRS S1	☐	☐	☑
2. IFRS S2	☐	☐	☑
3. Task Force on Climate-related Financial Disclosures (TCFD)	☐	☑	☐
4. GHG Protocol Corporate Accounting	☐	☑	☐

and Reporting Standard			
5. GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard	☐	☑	☐
6. CDP (formerly known as Climate Disclosure Project) reporting framework	☐	☐	☑
7. International Integrated Reporting Framework	☐	☐	☑
8. Global Reporting Initiative (GRI)	☐	☑	☐
9. Sustainability Accounting Standards Board (SASB)	☐	☐	☑
10. European Sustainability Reporting Standards (ESRS)	☐	☐	☑
11. Taskforce on Nature-related Financial Disclosures (TNFD)	☐	☐	☑
12. Partnership for Carbon Accounting Financials (PCAF)	☐	☐	☑
13. Glasgow Financial Alliance for Net Zero (GFANZ)	☐	☐	☑
14. Other	☐	☑	☐

126. List any other standards, frameworks or guidelines integrated into or referred to within the policy tool. Please provide a web-archived link to each standard/framework/guideline listed.

Climate Disclosure Standards Board, (CDSB) (https://web.archive.org/web/20240830112034/https://www.cdsb.net/sites/default/files/cdsb_framework_2022.pdf) , and the International Organisation for Standardization, ISO (ISO 14064-1:2018) (https://web.archive.org/web/20240830112353/https://www.iso.org/standard/66453.html).

Additional Important Information

128. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

Additional Important Information

197. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

None

Policy Tool Name: UK Listing Rules

3. Source material link(s):
https://web.archive.org/web/20240830134722/https://www.handbook.fca.org.uk/handbook/UKLR/6/6.html

4. Which of the following governance domains does this policy tool relate to? Select all that apply.

☑ Climate-related disclosure

☑ Transition planning

☐ Public procurement

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5. If relevant, briefly explain how the policy tool applies or is linked to multiple domains.

The UK Listing Rules (the "UKLR") require companies with their securities listed on the FCA's official list to state whether they have included climate-related financial disclosures consistent with the Taskforce for Climate-related Financial Disclosures' ("TCFD") Recommendations and Recommended Disclosure in their annual financial report. The UKLR also specifies that companies are ordinarily expected to be able to include such disclosures in their annual report. This therefore requires companies to report on climate-related matters, which includes transition planning.

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6. Select the category which best describes the author/issuer of the policy tool.

☐ Head of state and/or government

☑ Independent regulatory or supervisory body

☐ Legislature

☐ Judiciary

☐ Ministry/Department/Agency

☐ Other (Please describe)

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7. Status of the policy tool

◉ Approved, in force

○ Approved, not yet in force

○ Other (Please describe)

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9. Year of (planned) entry into force or year of publication

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10. Does the policy tool have an end date?

○ No

○ Yes

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12. Briefly describe the policy tool's goal and/or purpose:

For example: The policy tool requires publicly listed companies to comply with the recommendations of the Task Force for Climate Related Financial Disclosure or to explain the absence of such disclosures.

The policy tool requires publicly listed companies to include climate-related financial disclosures consistent with the recommendations of the TCFD in their annual reports, or to explain the absence of such disclosures. UKLR 6.6.8 and 6.6.9 state that consistency with the TCFD will take into account the TCFD Annex ("Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures"), the TCFD Technical Supplement on the Use of Scenario Analysis; the TCFD Guidance on Scenario Analysis for Non-Financial Companies; the TCFD Guidance on Risk Management Integration and Disclosure; and the TCFD Guidance on Metrics, Targets and Transition Plans. Consequently, most of the answers given in response to this survey will pertain to the information and disclosure requirements as set out in the TCFD's recommendations and the associated guidance documents listed above.

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13. Name the authority(ies) responsible for overseeing implementation and/or enforcement. If not applicable, leave blank.

◉ 1. Financial Conduct Authority

○ 2.

○ 3.

○ 4.

○ 5.

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15. To provide contextual information, rate the capacity of Financial Conduct Authority to undertake the policy tool's implementation and/or enforcement.

○ 0- No Capacity (Please explain)

○ 1- Low Capacity (Please explain)

○ 2- Medium Capacity (Please explain)

◉ 3- High Capacity (Please explain) The FCA is the UK's main regulator for financial markets and financial services firms, and is extremely well-resourced and staffed. It is also assisted in its work of implementing and enforcing financial reporting regulations by the Financial Reporting Council, which has responsibility for regulating corporate reporting (under requirements which run in parallel, such as the UK Companies' Act) and corporate governance.

○ Prefer not to answer

○ Not Applicable

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25. Which entities are targeted through this policy tool? Select all that apply.

Note: With regard to sectoral actors, in cases where mandatory and voluntary obligations are mixed (e.g., mandatory for one sector, voluntary for another), select "mandatory" as there will be further opportunity to clarify.

	Mandatory	Voluntary	Not targeted
1. Publicly-traded entities	☑	☐	☐
2. Private companies	☐	☐	☐
3. Financial institutions	☐	☐	☐
4. Small and medium-sized enterprises	☐	☐	☐
5. State-owned companies	☐	☐	☐
6. Not-for-profit organizations	☐	☐	☐
7. Government agencies and/or	☐	☐	☐

departments (supranational)			
8. Government agencies and/or departments (national)	☐	☐	☐
9. Government agencies and/or departments (regional - e.g., state, province, region, metropolitan region)	☐	☐	☐
10. Government agencies and/or departments (local - e.g., county, district, municipality, city)	☐	☐	☐
11. Government agencies and/or departments (unspecified)	☐	☐	☐
12. Sectoral actors (e.g., healthcare, defense, utilities, education)	☐	☐	☐
13. Other	☐	☐	☐

27. Describe the threshold criteria to identify entities for whom or instances in which compliance is mandatory.

	Publicly-traded entities	Financial institutions
Minimum number of employees (Enter min number of full-time employees - FTEs)	N.A.	N.A.
Minimum revenue (Enter minimum revenue)	N.A.	N.A.
Minimum assets (Enter minimum assets)	N.A.	N.A.
Minimum contract value (Enter minimum contract value)	N.A.	N.A.
Entity is headquartered in the jurisdiction	N.A.	N.A.
Entities are subjected to disclosure or reporting requirements	Entity has (equity) securities listed on the FCA's official list	N.A.

28. Can entities for whom compliance with the policy tool is mandatory opt out of the obligation (e.g. comply or explain)?

○ No

◉ Yes

29. Describe the available opt-out provisions (e.g. “comply or explain”), referencing the relevant section/subsection/paragraph of the policy tool.

The base requirement in UKLR 6.6.6(8)(a) is to include in the annual report a statement setting out “whether the listed company has included in its annual financial report climate-related financial disclosures consistent with the TCFD Recommendations and Recommended Disclosures”.
If the company’s statement states that it has not done so, UKLR 6.6.6(8)(b)(ii) states that the company’s report has to set out (A) the recommendations and/or recommended disclosures for which it has not included such disclosures; (B) the reasons for not including such disclosures; and (C) any steps the company is taking or plans to take in order to be able to make those disclosures in the future, and the timeframe within which it expects to be able to make those disclosures.
For completeness, UKLR 6 relates to equity shares of UK-listed commercial companies, but the same requirements are replicated in respect of equity shares with an international primary listing (and a UK secondary listing) at UKLR 14.3.24, for non-equity shares at UKLR 16.3.23.

30. Does the policy tool exclusively apply to entities’ domestic operations, or does it also apply to entities’ operations beyond the jurisdiction?

○ Operations within jurisdiction only

◉ Operations beyond the jurisdiction

○ Not applicable

31. What are the specific obligations and conditions for entities' operations beyond the jurisdiction? Please reference the relevant section/subsection/paragraph of the policy tool.

While the UKLR itself does not specify that the obligations apply to operations beyond the jurisdiction, the disclosure requirements apply to the company listed on the official list, and by extension to any operations of such company regardless of whether they are domestic or beyond the jurisdiction. Likewise, the TCFD applies to ‘organisations’, and its requirements can be applied to both individual companies as well as on a group-wide basis.

32. What are the sanctions for non-compliance? Select all that apply and describe in the text field.

☐ Monetary fine

☐ Restriction on business activities

☐ Voiding or setting aside of contract

☐ Exclusion from government contracts

☐ Award of damages or compensation

☐ Penalty for senior managers

☐ Criminal penalties

☑ Not specified This requirement applies on a comply-or-explain basis.

☐ Not applicable (e.g. in cases of voluntary tools)

☐ Other

33. Relative to other compliance activities required of entities in this jurisdiction, is the cost of compliance:

○ Below average

○ Average

○ Above average

○ Not applicable

◉ Unknown or prefer not to answer

35. To provide contextual information, give a general assessment of the extent to which regulated entities have made compliance a priority.

○ Below average

○ Average

◉ Above average

○ Not applicable

○ Unknown or prefer not to answer

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36. Provide supplemental explanation of your priority assessment. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

While corporate reporting (and, in particular, compliance with the UKLR) is not always specifically listed as a business priority, most businesses in the UK consider sustainability decarbonization and the next zero journey to be a long-term strategic priority, as evidenced by EY's latest CEO Pulse survey (https://web.archive.org/web/20240830135819/https://www.ey.com/en_uk/newsroom/2024/05/uk-ceos-prioritise-ai-investment-over-sustainability-targets), and climate reporting forms a cornerstone of corporate sustainability efforts.

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37. Have the climate-specific provisions in this instrument ever been enforced?

◉ No (If relevant, explain) Climate-related disclosures under the UKLR apply on a comply-or-explain basis. In 2022, the FCA carried out a review of TCFD-aligned disclosures, and in certain instances found that some companies stated that they had made disclosures consistent with the TCFD recommended disclosures, but the disclosures themselves appeared to be very limited in content. The FCA warned in the review that they 'may take action where appropriate', but no instances of such enforcement have been publicised.

○ Yes

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39. Are there monitoring systems in place to oversee the implementation and/or enforcement of the policy tool?

◉ No

○ Yes

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41. Does the policy tool recommend or require periodic impact assessments?

◉ No

○ Recommended

○ Required

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43. Does the policy tool recommend or require periodic reviews?

◉ No

○ Recommended

○ Required

---

45. Does the policy tool include mechanisms for enhancing policy or regulatory coordination with subnational governments (e.g. vertical coordination mechanisms such as appointing coordinating agencies, forming working groups, etc.)?

◉ No

○ Yes

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47. Are there any government initiatives to enhance the capacity of targeted entities to implement or comply with the policy tool (e.g. industry working groups, outreach campaigns, education and training, etc.)?

○ No

◉ Yes

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48. Describe initiatives for enhancing the capacity of targeted entities to implement or comply with the policy tool. Reference the relevant section/subsection/paragraph of the policy tool where capacity-building initiatives are established. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

Prior to the TCFD disclosure requirements under the listing rules first coming into effect in 2022, the FCA undertook engagement with issuers of securities on listed markets (and their advisers) in 2021 in respect of its expectations relating to climate-related disclosures.
While the Financial Reporting Council is not strictly a government initiative, it carries out annual reviews of corporate governance and reporting in the UK, which includes climate reporting and specifically, the recommendations for listed companies to publish information consistent with the

TCFD's recommendations. The annual review serves to highlight areas of improvement and year-on-year trends and progress in corporate (and climate) reporting.

Domain-Specific Questions: Disclosure Questions

What is being disclosed?

52. Are targeted entities recommended or required to disclose any of the following climate-related information? Select all that apply.

	Recommended	Required	Neither recommended nor required
1. Greenhouse gas (GHG) emissions	☑	☐	☐
2. GHG emissions offsets or removals	☑	☐	☐
3. GHG emissions reduction targets	☑	☐	☐
4. Other climate-related targets	☑	☐	☐
5. Physical climate risk	☑	☐	☐
6. Transition risk	☑	☐	☐
7. Transition plan	☑	☐	☐

Disclosure of Greenhouse Gas (GHG) Emissions

54. Which GHG emissions must be disclosed? Select all that apply.

☑ Carbon dioxide (CO_2)

☑ Methane (CH_4)

☑ Nitrous oxide (N_2O)

☑ Hydrofluorocarbons (HFCs)

☑ Perfluorocarbons (PFCs)

☑ Sulphur hexafluoride (SF6)

☑ Nitrogen trifluoride (NF3)

☑ Carbon dioxide equivalent (CO_2e)

55. Are entities recommended or required to disclose gross emissions?

○ No

◉ Recommended

○ Required

56. Are entities recommended or required to disclose net emissions?

◉ No

○ Recommended

○ Required

57. What Scope of emissions must be disclosed? Select all that apply.

☑ Scope 1 emissions

☑ Scope 2 emissions

☑ Scope 3 emissions, relevant or material

☐ Scope 3 emissions, a specified proportion of coverage (Please describe)

☐ Scope 3 emissions, all

☐ Not specified

58. Are entities recommended or required to discloseGHG emissionsaccounting methodologies or standards?

GHG emissions

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59. Does the policy tool recommend or require the GHG inventory be third-party verified?

◉ No

○ Recommended

○ Required

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60. If necessary, provide additional clarification to the above responses aboutgreenhouse gas (GHG) emissions disclosure.

While absolute Scope 1 and Scope 2 GHG emissions have to be disclosed under the TCFD (independent of a materiality assessment), the disclosure of Scope 3 GHG emissions is subject to a materiality assessment. Note also that most of the answers to this section relate to the requirements of the TCFD (incorporated as a reporting standard under the UKLR) rather than the text of the UKLR itself.

Disclosure of Greenhouse Gas (GHG) Offsets or Removals

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62. Does the policy tool recommend or require offsetting purchases be disclosed?

○ No

◉ Recommended (Please describe and reference the relevant section/subsection/paragraph of the policy tool) p35 of the TCFD's guidance on metrics and targets (available at https://web.archive.org/web/20240830140358/https://assets.bbhub.io/company/sites/60/2021/07/2021-Metrics_Targets_Guidance-1.pdf) states that disclosures of targets should be supported by contextual, narrative information on items such as organizational boundaries, methodologies, and underlying data and assumptions, including those around the use of offsets.

○ Required (Please describe and reference the relevant section/subsection/paragraph of the policy tool)

63. Does the policy tool recommend or require entities disclose whether offsets are verified?

◉ No

○ Recommended (Please describe and reference the relevant section/subsection/paragraph of the policy tool)

○ Required (Please describe and reference the relevant section/subsection/paragraph of the policy tool)

64. Does the policy tool recommend or require any certification standards for the use of GHG offsetting or removals?

◉ No

○ Recommended (Please list the certification standards, describe their use, and reference the relevant section/subsection/paragraph of the policy tool)

○ Required (Please describe and reference the relevant section/subsection/paragraph of the policy tool)

65. Does the policy tool include any other recommendations or requirements regarding the appropriate use of offsets?

◉ No

○ Recommended (Please describe and reference the relevant section/subsection/paragraph of the policy tool)

○ Required (Please describe and reference the relevant section/subsection/paragraph of the policy tool)

Disclosure of Greenhouse Gas (GHG) Emissions Reduction Targets

67. Which of the following targets, or data related to targets, does the policy tool request entities disclose? Select any of the following which apply:

	Recommended	Required	Neither recommended nor required
An absolute emissions reduction target	☑	☐	☐
An intensity-based emissions reduction target	☑	☐	☐
A net zero target	☐	☐	☑
Targets covering non-carbon GHG emissions	☐	☐	☑
A Scope 3 emissions target	☑	☐	☐
A target derived using a sectoral decarbonization approach	☐	☐	☑
Interim targets	☑	☐	☐
A target timeframe (e.g. by 2040)	☑	☐	☐
A baseline year from which progress is measured	☑	☐	☐
A level of ambition for emissions reductions (e.g. 80% reduction)	☐	☐	☑

68. Does the policy tool recommend or require entities to disclose their progress in achieving their emissions reductions targets?

○ No

◉ Recommended

○ Required

69. What is the recommended or required frequency of progress reports regarding the achievement of emissions reductions targets?

○ Yearly

○ Every two years

○ Every three years

○ Every four years

○ Every five years

○ Every ten years or more

◉ Other There is no recommended frequency of progress reports, but the TCFD reporting guidance states that organisations should disclose any key performance indicators used to assess progress against targets.

○ No prescribed frequency

70. Does the policy tool recommend or require a scope of emissions which should be covered by the absolute emissions reduction target? Select all that apply.

☑ Scope 1 emissions

☑ Scope 2 emissions

☑ Scope 3 emissions (relevant or material)

☐ Scope 3 emissions (a specified proportion of coverage)

☐ Scope 3 emissions (all)

☐ Not specified

71. Does the policy tool recommend or require a scope of emissions which should be covered by the intensity-based emissions reduction target? Select all that apply.

☐ Scope 1 emissions

☐ Scope 2 emissions

☐ Scope 3 emissions (relevant or material)

☐ Scope 3 emissions (a specified proportion of coverage)

☐ Scope 3 emissions (all)

☑ Not specified

77. What is the recommended or required level of ambition for interim targets?

○ Reduction between 1-25%

○ Reduction between 26-50%

○ Reduction between 51-75%

○ Reduction of over 75%

○ Other

◉ None specified

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78. What are the recommended or required years for interim targets?

○ 2025-2030

○ 2031-2040

○ 2041-2050

○ Other

○ None specified

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79. What is the recommended or required timeframe for long-term targets (e.g. by 2050, 2060)?

○ Between 2030 and 2035

○ Between 2036 and 2040

○ Between 2041 and 2045

○ Between 2046 and 2050

○ Between 2051 and 2060

○ Between 2061 and 2070

◉ Other Organisations are free to select their own timeframe in respect of which their emissions reduction targets may be set and measured.

○ None specified

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80. What is the recommended or required baseline year from which progress is to be measured?

○ 1990-2000

○ 2001-2005

○ 2006-2010

○ 2011-2015

○ 2016-2020

◉ Other Organisations are free to select their own baseline year against which their targets are measured.

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81. Are entities recommended or required to disclose the methodologies by which they select baseline years?

◉ No

○ Recommended

○ Required

Disclosure of other climate-related targets

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84. Which of the following other climate-related targets does the policy tool recommend or require entities disclose? Select all that apply.

☑ Targets for renewable energy procurement (Please reference the section/subsection/paragraph of the policy tool relevant to renewable energy procurement targets) Table D1 of the TCFD's guidance relating to metrics and targets sets out a number of (non-exhaustive) quantified targets that align with the cross-industry, climate-related metric categories, which includes a target relating to net installed renewable capacity.

☐ Targets for fossil fuel phase down/phase out (Please reference the section/subsection/paragraph of the policy tool relevant to fossil fuel phase down/phase out)

☐ Targets or goals related to climate adaptation (Please reference the section/subsection/paragraph of the policy tool relevant to climate adaptation)

☐ Targets or goals related to nature and/or biodiversity (Please reference the section/subsection/paragraph of the policy tool relevant to nature and/or biodiversity)

☐ Targets or goals related to just transition (Please reference the section/subsection/paragraph of the policy tool relevant to just transition)

☑ Other targets (Please reference the section/subsection/paragraph of the policy tool relevant to other targets) Table D1 of the TCFD's guidance relating to metrics and targets sets out a number of (non-exhaustive) quantified targets that align with the cross-industry, climate-related metric categories, which include targets relating to the percentage of asset value exposed to transition risks, percentage of asset value exposed to acute and chronic physical climate-related risks, proportion of annual capital expenditure or portfolio lending relating to adaptation or mitigation, internal carbon prices, and proportion of executive remuneration impacted by climate considerations.

Disclosure of Physical Risk

86. What types of physical risk must be disclosed?

☑ To company

☐ To society (double materiality)

87. What is the materiality standard for the disclosure of physical risk?

◉ Self-assessed material risk

○ Externally-defined material risk

○ Other (Describe)

88. Are entities recommended or required to disclose the results of climate risk-related stress tests that are related to physical climate risk?

◉ No

○ Recommended

○ Required

89. Are entities recommended or required to disclose their methodology for scenario analysis with relation to physical risk?

○ No

◉ Recommended

○ Required

90. Are risk assessments of physical risk recommended or required to be third-party verified?

◉ No

○ Recommended

○ Required

Disclosure of Transition Risk

92. What types of transition risk must be disclosed? Select all that apply

☑ Risks that societal transitions may pose to the disclosing entity

☐ Risks that the disclosing entity's transition may pose to society (double materiality)

93. What is the materiality standard for the disclosure of transition risk?

◉ Self-assessed material risk

○ Externally-defined material risk

○ Other (Describe)

94. Are entities recommended or required to disclose the results of climate-related risk stress tests that are related to transition risk?

◉ No

○ Recommended

○ Required

95. Are transition risk assessments recommended or required to be third-party verified?

◉ No

○ Recommended

○ Required

96. Are entities recommended or required to disclose their methodology for scenario analysis related to transition risk?

○ No

◉ Recommended

○ Required

Disclosure of Transition Plans

98. What is the recommended or required frequency of transition plan disclosures?

◉ Yearly

○ Every two years

○ Every three years

○ Every four years

○ Every five years

○ Every ten years or more

○ Other

○ Not specified

99. Does the policy tool recommend or require audited accuracy and/or third-party verification of the transition plan?

○ No

◉ Recommended

○ Required

100. Does the policy tool recommend or require entities to disclose progress in implementing transition plans?

○ No

◉ Recommended

○ Required

101. What is the recommended or required frequency of disclosures related to transition plan implementation progress?

◉ Yearly

○ Every two years

○ Every three years

○ Every four years

○ Every five years

○ Every ten years or more

○ Other

○ No prescribed frequency

102. Does the policy tool recommend or require targeted entities to disclose their financial plans for implementing transition plans?

◉ No

○ Recommended

○ Required

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103. Does the policy tool recommend or require targeted entities to disclose their methodology for scenario analysis related to transition planning?

○ No

◉ Recommended

○ Required

Other disclosures

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105. Are targeted entities recommended or required to disclose any other climate-related information? Select all that apply.

	Required	Recommended	Neither recommended nor required
1. Climate-related opportunities	☐	☑	☐
2. Remuneration based on achieving climate-related goals	☐	☑	☐
3. Taxonomies	☐	☐	☑
4. Capital allocation and/or expenditure plans (in the context of climate change)	☐	☑	☐
5. Due diligence	☐	☐	☑
6. Assumptions and Dependencies	☐	☑	☐
7. Data limitations of scenario analyses	☐	☐	☑
8. Financial implications of climate-related matters (e.g., integration of climate-	☐	☑	☐

related disclosures into financial accounting standards)			
9. Stewardship (e.g., whether stewardship codes are in place, how entities vote in shareholder meetings, etc.)	☐	☐	☑
10. ESG methodologies and criteria (in the case of service providers)	☐	☐	☑
11. Asset planning or ownership in the context of climate change	☐	☑	☐
12. Sectoral investment policies	☐	☑	☐
13. Climate-related lobbying and/or policy engagement	☐	☐	☑
14. Locked-in emissions or information on emissive assets with long lifespans	☐	☐	☑
15. Dirty asset divestiture	☐	☑	☐
16. Nature-related impacts	☐	☐	☑
17. Just transition indicators	☐	☐	☑

106. Is third-party verification of climate-related opportunities recommended or required?

◉ No

○ Recommended

○ Required

107. Describe and reference the section/subsection/paragraph of the policy tool relevant to disclosures regarding remuneration based on achieving climate-related goals.

The implementation guidance in relation to recommended disclosure (a) of the 'Metrics and Targets' section of the TCFD's Recommendations states that 'Where climate-related issues are material, organizations should consider describing whether and how related performance metrics are incorporated into remuneration policies.'
The issue of remuneration, and in particular the Proportion of executive management remuneration linked to climate considerations, also features as one of seven metric categories set out in Table C1 of the TCFD's Guidance on Metrics, Targets, and Transition Plans which the Task Force believes are generally applicable to all organizations.

109. Describe and reference the section/subsection/paragraph of the policy tool relevant to capital allocation and/or expenditure plans disclosures.

Part of the intention of the TCFD's recommendations is to clarify the financial impacts of climate-related issues on organisations. As part of this, the TCFD recommends (in section 4 of Part A of its Implementation Guidance) that organisations consider how climate-related issues affect its current financial position and may potentially affect its future financial positions in terms of four major categories of financial impact (set out in figure 4 of part A of the Implementation Guidance) which include capital expenditure plans and the resilience of such plans, including how they may be funded. The TCFD also recommends (at section 4b of Part A of its Implementation Guidance) that organisations consider making capital expenditures on or financing towards new technology or facilities that may be warranted in light of climate-related risks and opportunities which they have assessed.

111. Describe and reference the section/subsection/paragraph of the policy tool relevant to assumptions and dependencies disclosures.

The Supplemental Guidance for Insurance Companies in relation to recommended disclosure c) of the Strategy section of the TCFD's recommendations recommends that insurance companies which perform climate-related scenario analysis on their underwriting activities should disclose a 'description of the climate-related scenarios used, including the critical input parameters, assumptions and considerations, and analytical choices.' The Supplemental Guidance for non-financial groups in relation to recommended disclosure c) of the Strategy section also recommends that organisations should consider discussing "the implications of different policy assumptions, macro-economic trends, energy pathways, and technology assumptions used in publicly available climate-related scenarios to assess the resilience of their strategies", as well as disclose the assumptions underlying their climate-related scenarios to allow investors and others to understand how conclusions were drawn from scenario analysis.
Principle 2 of the TCFD's fundamental principles for effective disclosure is that disclosures should be specific and complete. For future-oriented data, this includes clarification of the key assumptions used. Where appropriate, the organization should also demonstrate the effect on selected risk

metrics or exposures of their scenario analysis to changes in the key underlying methodologies and assumptions, both in qualitative and quantitative terms.
Principle 6 of the TCFD's fundamental principles for effective disclosure is that disclosures should be reliable, verifiable, and objective. For future-oriented information to be verifiable, this means assumptions used can be traced back to their sources.

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113. Describe and reference the section/subsection/paragraph of the policy tool relevant to disclosures regarding the financial implications of climate-related matters.

The raison d'etre of the TCFD's disclosure framework is to "promote more informed investment, credit [or lending], and insurance underwriting decisions" in relation to a company by enabling a greater understanding of "how climate-related issues affect and are likely to affect an organization's future financial performance and position as reflected in its income statement, cash flow statement, and balance sheet." Therefore, much of the TCFD is set up to facilitate "better disclosure of the financial impacts of climate-related risks and opportunities on an organization".
By way of example:

- part 4 of the Introduction to the TCFD Implementing Guidance sets out the TCFD's expectations around the assessment of the financial impacts of climate-related risks and opportunities, and part F of the TCFD's Guidance on Metrics and Targets provides additional guidance for organizations aiming to assess and disclose the financial impacts of climate-related risks and opportunities;
- The Guidance for All Sectors to recommended disclosure a) of the Strategy section of the TCFD's recommendations specifies that organisations should disclose 'a description of the specific climate-related issues potentially arising in each time horizon (short, medium, and long term) that could have a material financial impact on the organization; and a description of the process(es) used to determine which risks and opportunities could have a material financial impact on the organization.'
- Tables A1.1 and A1.2 provide examples of climate-related risks and opportunities and the potential financial impacts they may have on an organization, and the Guidance for All Sectors to recommended disclosure a) of the Strategy section; recommended disclosure b) of the Risk Management section; and recommended disclosure a) of the Metrics and Targets section of the TCFD's recommendations all recommend that organisations address the risks and opportunities set out in these tables as part of their disclosure.

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116. Describe and reference the section/subsection/paragraph of the policy tool relevant to asset planning disclosures.

The TCFD's Implementation Guidance contains a section with supplemental guidance for asset owners as well as one with supplemental guidance for asset managers, which covers aspects such as:

- how climate-related risks and opportunities are factored into relevant investment strategies;
- a discussion of how climate-related scenarios are used, such as to inform investments in specific assets; and
- metrics used to assess climate-related risks and opportunities in each product or investment strategy.

117. In which of the following sectors are entities recommended or required to disclose information regarding sectoral investment policies? Select all that apply.

☐ Coal

☐ Oil and gas

☑ Renewable energy

☐ Land-use and deforestation

☐ Other

☐ None specified

121. Describe and reference the section/subsection/paragraph of the policy tool relevant to disclosure of dirty asset divestiture.

The Guidance for All Sectors to recommended disclosure b) of the Strategy section of the TCFD's recommendations specifies that organisations should disclose the impact of climate-related issues on their businesses, strategy and financial planning in the areas of acquisitions or divestments.

Standards, Frameworks, and Guidelines

125. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
1. IFRS S1	☐	☐	☐

2. IFRS S2	☐	☐	☐
3. Task Force on Climate-related Financial Disclosures (TCFD)	☐	☑	☐
4. GHG Protocol Corporate Accounting and Reporting Standard	☐	☐	☐
5. GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard	☐	☐	☐
6. CDP (formerly known as Climate Disclosure Project) reporting framework	☐	☐	☐
7. International Integrated Reporting Framework	☐	☐	☐
8. Global Reporting Initiative (GRI)	☐	☐	☐
9. Sustainability Accounting Standards Board (SASB)	☐	☐	☐
10. European Sustainability Reporting Standards (ESRS)	☐	☐	☐
11. Taskforce on Nature-related Financial Disclosures (TNFD)	☐	☐	☐
12. Partnership for Carbon Accounting Financials (PCAF)	☐	☐	☐
13. Glasgow Financial Alliance for Net Zero (GFANZ)	☐	☐	☐
14. Other	☐	☐	☐

Additional Important Information

128. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

Domain-Specific Questions: Transition Planning Questions

Disclosure of Plans and Targets

132. Are targeted entities recommended or required to publicly disclose climate-related targets or transition plans?

○ No

◉ Recommended

○ Required

Targets

135. Does the policy tool recommend or require targeted entities to have or develop climate-related targets?

○ No

◉ Recommended

○ Required

136. Does the policy tool recommend or require entities to monitor progress in achieving their targets?

○ No

◉ Recommended

○ Required

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137. Describe and reference the section/subsection/paragraph of the policy tool relevant to monitoring progress in achieving targets.

The Guidance for All Sectors in relation to Recommended Disclosure a) of the Governance section of the TCFD's recommendations set out in the TCFD's Implementing Guidance recommends that organisations disclose 'how the board monitors and oversees progress against goals and targets for addressing climate-related issues', which includes transition plan targets.
Recommended Disclosure c) of the Metrics and Targets section of the TCFD's recommendations also recommends disclosure of performance against targets used by the organisation to manage climate-related risks and opportunities, which includes transition plan targets. The Guidance for All Sectors in relation to this recommended disclosure also recommends including disclosure of KPIs used to assess progress against targets.
Section 1 of Part D (Climate-Related Targets) of the TCFD's Guidance on Metrics and Targets states that "Organizations should report on climate-related targets on at least an annual basis, including any new targets as well as progress against existing targets". Section 1 of part E (Transition Plans) states that "organizations should report progress against their transition plans annually", while section 3 states that "organizations should report on their progress in executing the[ir transition] plans on an annual basis".

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138. Does the policy tool recommend or require targeted entities to publicly report on progress in achieving their targets?

○ No

◉ Recommended

○ Required

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139. What is the recommended or required frequency of progress reports related to the achievement of targets?

◉ Yearly

○ Every two years

○ Every three years

○ Every four years

○ Every five years

○ Every ten years or more

○ Other

○ No prescribed frequency

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140. Which of the following targets, or data related to targets, does the policy tool recommend or require entities have or develop? Select all that apply.

	Recommended	Required	No
An absolute emissions reduction target	☑	☐	☐
An intensity-based emissions reduction target	☑	☐	☐
A net zero target	☐	☐	☑
Interim targets (e.g. 2030, 2050)	☑	☐	☐
Targets covering non-carbon GHG emissions	☐	☐	☑
A Scope 3 emissions target	☑	☐	☐
A target derived using a sectoral decarbonization approach	☐	☐	☑
A level of ambition for emissions reductions (e.g. 80% reduction)	☐	☐	☑
A baseline year from which progress is measured	☑	☐	☐
A target timeframe (e.g. by 2040)	☑	☐	☐
Targets for renewable energy procurement	☐	☐	☑
Targets for fossil fuel phase down/phase up	☐	☐	☑
Separate targets for GHG offsets and/or removals	☑	☐	☐

Targets or goals related to climate adaptation	☐	☐	☑
Targets or goals related to nature and biodiversity	☐	☐	☑
Other targets related to sustainability	☐	☐	☐

141. What is the recommended or required scope of emissions for absolute emissions reduction targets? Select all that apply.

☑ Scope 1 emissions

☑ Scope 2 emissions

☑ Scope 3 emissions, relevant or material

☐ Scope 3 emissions, a specified proportion of coverage (Please describe)

☐ Scope 3 emissions, all

☐ Not specified

142. What is the recommended or required scope of emissions for intensity-based reduction targets? Select all that apply.

☐ Scope 1 emissions

☐ Scope 2 emissions

☐ Scope 3 emissions, relevant or material

☐ Scope 3 emissions, a specified proportion of coverage (Please describe)

☐ Scope 3 emissions, all

☑ Not specified

145. What is the recommended or required year for interim targets?

○ 2025-2030

○ 2031-2040

○ 2041-2050

○ Other

◉ Not specified

146. What is the recommended or required level of ambition for interim targets?

○ Reduction between 1-25%

○ Reduction between 26-50%

○ Reduction between 51-75%

○ Reduction of over 76%

○ Other

◉ Not specified

151. What is the recommended or required baseline year from which progress is to be measured?

○ 1990-2000

○ 2001-2005

○ 2006-2010

○ 2011-2015

○ 2016-2020

◉ Other Organisations are free to select their own baseline year against which their targets are measured.

152. Are entities recommended or required to disclose the methodologies by which they select baseline years?

◉ No

○ Yes

153. What is the recommended or required timeframe for targets (e.g. by 2050, 2060)?

○ Between 2030 and 2035

○ Between 2036 and 2040

○ Between 2041 and 2045

○ Between 2046 and 2050

○ Between 2051 and 2060

○ Between 2061 and 2070

◉ Other Organisations are free to select their own timeframe in respect of which their emissions reduction targets may be set and measured.

○ Not specified

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156. Describe and reference the section/subsection/paragraph of the policy tool relevant to setting separate targets for GHG offsets and/or removals.

Table E1 of the TCFD's Guidance on Metrics and Targets sets out the elements which organisations should take into account when developing their transition plan, one of which is that a transition plan should "address the relative contribution of reductions, removals and offsets for achieving GHG emissions targets."

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157. Does the policy tool recommend or require any certification standards for the use of offsetting or removals?

◉ No

○ Recommended (Please reference the relevant section/subsection/paragraph of the policy tool related to certification standards for the use of offsets and/or removals)

○ Required (Please reference the relevant section/subsection/paragraph of the policy tool related to certification standards for the use of offsets and/or removals)

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158. Does the policy target make any other recommendations or requirements regarding the appropriate use of offsets?

◉ No

○ Yes (Please reference the relevant section/subsection/paragraph of the policy tool related to certification standards for the use of offsets and/or removals)

Transition Plans

164. Does the policy tool recommend or require targeted entities to have or develop a transition plan?

○ No

◉ Recommended

○ Required

165. Does the policy tool recommend or require any of the following elements or criteria for transition plans? Select all that apply.

	Recommended	Required	Neither recommended nor required
A timeframe for the transition plan (e.g. 10 year plan, 20 year plan, etc.)	☐	☐	☑
Key Performance Indicators (KPIs) for monitoring transition plan implementation	☑	☐	☐
Updates to the transition plan	☑	☐	☐
Third-party verification and/or audited accuracy of the transition plan	☐	☐	☑
Identified methodology for scenario analysis	☐	☐	☑

167. Describe the recommended or required Key Performance Indicators (KPIs) and reference the relevant section/subsection/paragraph of the policy tool.

Table E1 of the TCFD's Guidance on Metrics and Targets sets out the elements which organisations should take into account when developing their transition plan, one of which is that a transition plan should have metrics and targets "to track progress against plans and targets, including related operational and financial performance metrics, metrics aligned with the cross-industry, climate-related metric categories, and industry-specific or organization-specific metrics" which "are based on widely recognized and transparent methodologies".

168. Select the option that best describes the recommended or required frequency of updates to transition plans.

○ 0-2 years

○ 2-5 years

◉ 5-10 years

○ 10 or more years

○ Not specified

○ Other

169. Describe the recommended or required updates to transition plans and reference the relevant section/subsection/paragraph of the policy tool.

Part 1 of Section E (Transition Plans) of the TCFD's Guidance on Metrics and Targets states that "a transition plan should be reviewed at least every five years and updated if necessary. Organizations should review their transition plans in line with their review process for their climate-related targets in order to ensure continued relevancy and efficacy to an organization's overall strategy planning process."

Monitoring, Oversight, and Implementation

176. Does the policy tool recommend or require entities undertake any of the following with regard to monitoring, oversight, and implementation? Select all that apply.

	Recommended	Required	No
Monitor progress in implementing their transition plan	☑	☐	☐
Develop financial plans for the implementation of their transition plan	☑	☐	☐
Integrate climate-related matters into their financial accounting	☑	☐	☐
Incorporate climate change considerations into their investment decision making and/or asset planning	☐	☐	☑
Incorporate climate change considerations into their capital allocation and/or expenditure plans	☐	☐	☑
Any other mechanisms for enhancing the achievement of targets and/or the implementation of transition plans	☑	☐	☐

177. Describe the obligation to monitor progress in implementing transition plans, referencing the relevant section/subsection/paragraph of the policy tool.

Section 1 of Part E (Transition Plans) of the TCFD's Guidance on Metrics and Targets states that a transition plan should be reported on publicly or to stakeholders, including an annual report on progress against transition plans which includes a comparison of completed actions to planned actions in the prior reporting period.
Table E1 of the TCFD's Guidance on Metrics and Targets sets out the elements which organisations should take into account when developing their transition plan, amongst which are listed the following:
- The implementation of a transition plan should be overseen by the board (or an appropriate board committee),
- The board or appropriate committee of the board and senior management should receive regular status reports on the plan's implementation;
- The transition plan should have metrics which the organisation can monitor to track progress

against plans and targets, including related operational and financial performance metrics, metrics aligned with the cross-industry, climate-related metric categories, and industry-specific or organization-specific metrics.

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178. Describe the obligation to develop financial plans for the implementation of transition plans, referencing the section/subsection/paragraph of the policy tool.

Section 1 of Part E (Transition Plans) of the TCFD's Guidance on Metrics and Targets states that a transition plan "should contain sufficient information to enable users to assess its credibility", such as a description of a financial plan. Table E1, which sets out elements which organisations should take into account when developing their transition plan, also states that a transition plan should "describe the supporting financial plans, budgets and related financial targets (e.g. amount of capital and other expenditures supporting decarbonisation strategy).

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179. Describe and reference the section/subsection/paragraph of the policy tool relevant to integrating climate-related matters into financial accounting.

The raison d'etre of the TCFD's disclosure framework is to "promote more informed investment, credit [or lending], and insurance underwriting decisions" in relation to a company by enabling a greater understanding of "how climate-related issues affect and are likely to affect an organization's future financial performance and position as reflected in its income statement, cash flow statement, and balance sheet." Therefore, much of the TCFD is set up to facilitate "better disclosure of the financial impacts of climate-related risks and opportunities on an organization".
By way of example:
- part 4 of the Introduction to the TCFD Implementing Guidance sets out the TCFD's expectations around the assessment of the financial impacts of climate-related risks and opportunities, and part F of the TCFD's Guidance on Metrics and Targets provides additional guidance for organizations aiming to assess and disclose the financial impacts of climate-related risks and opportunities;
- The Guidance for All Sectors to recommended disclosure a) of the Strategy section of the TCFD's recommendations specifies that organisations should disclose 'a description of the specific climate-related issues potentially arising in each time horizon (short, medium, and long term) that could have a material financial impact on the organization; and a description of the process(es) used to determine which risks and opportunities could have a material financial impact on the organization.'
- Tables A1.1 and A1.2 provide examples of climate-related risks and opportunities and the potential financial impacts they may have on an organization, and the Guidance for All Sectors to recommended disclosure a) of the Strategy section; recommended disclosure b) of the Risk Management section; and recommended disclosure a) of the Metrics and Targets section of the

TCFD's recommendations all recommend that organisations address the risks and opportunities set out in these tables as part of their disclosure.

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182. Describe the obligations related to other governance mechanisms for enhancing the achievement of targets and/or implementation of transition plans, referencing the relevant section/subsection/paragraph of the policy tool.

UKLR 6.6.12 establishes a comply-or-explain requirement for companies which are headquartered in, or operate in, a country that has made a commitment to a net zero economy to assess the extent to which they have considered that commitment in developing and disclosing their transition plan. Where they have not considered this commitment in developing and disclosing its transition plan, the FCA encourages listed companies to explain why they have not done so.
Section 1 of Part E (Transition Plans) of the TCFD's Guidance on Metrics and Targets also states that a transition plan, amongst other things, should:
- Involve actionable initiatives, through articulating "specific initiatives and actions the organisation will undertake to effectively execute the transition plan, including regular milestones";
- Be credible, through an articulation of "the organisation's current capabilities, technologies, transition pathways and financial plan", as well as through the description of any "significant limitations, constraints, and uncertainties in the transition plan".

Engagement, Lobbying, and Governance

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184. Does the policy tool recommend or require targeted entities align any of the following engagement and/or governance practices with their targets and/or transition plans?

	Recommended	Required	No
Value chain engagement	☑	☐	☐
Investor engagement	☑	☐	☐
Consumer engagement	☑	☐	☐
Policy engagement and lobbying practices	☐	☐	☑
Corporate governance structure for transition and verification	☑	☐	☐
Climate-related financial incentives for	☑	☐	☐

employees and board members			

185. Does the policy tool recommend or require targeted entities to disclose how they have used due diligence and/or stewardship to achieve their targets and/or implement their transition plans?

◉ No

○ Recommended

○ Required

186. Describe the obligation to the align targets and/or transition plans with value chain engagement, referencing the relevant section/subsection/paragraph of the policy tool.

The guidance for all sectors in respect of Recommended disclosure b) of the Strategy section of the TCFD's recommendations sets out that organisations with transition plans should describe them, which could include “specific activities intended to reduce GHG emissions in their operations and value chain or to otherwise support the transition”.
The guidance for asset managers in respect of Recommended disclosure a) of the Risk Management section of the TCFD’s recommendations suggests that asset managers should “describe, where appropriate, engagement activity with investee companies to encourage better disclosure and practices related to climate-related risks in order to improve data availability and asset managers’ ability to assess climate-related risks.
Section 1 of Part E (Transition Plans) of the TCFD’s Guidance on Metrics and Targets also suggests that a transition plan could include ‘how an organisation plans to [...] encourage suppliers to reduce GHG emissions in their operations”. There is, however, no specific recommendation in the TCFD for an organisation to engage with its value chain.

187. Describe the obligation to the align targets and/or transition plans with investor engagement, referencing the relevant section/subsection/paragraph of the policy tool.

The supplemental guidance for non-financial groups set out in the TCFD’s Implementing Guidance recommends that ‘organisations in these groups should define metrics and targets that are tailored to their particular climate-related risks and opportunities’, and ‘are encouraged to engage with their key stakeholders, including investors;, when determining which metrics are most relevant and useful.
Section 1 of Part E (Transition Plans) of the TCFD’s Guidance on Metrics and Targets states that a transition plan should be reported on publicly or to stakeholders, including an annual report on progress against transition plans which includes a comparison of completed actions to planned actions in the prior reporting period.

188. Describe the obligation to the align targets and/or transition plans with consumer engagement, referencing the relevant section/subsection/paragraph of the policy tool.

The guidance for insurance companies in relation to recommended disclosure d) of the Strategy section of the TCFD's recommendations suggests that insurance companies should disclose whether specific climate-related products or competencies are under development, such as climate-related client engagement.

190. Describe the obligation to the align targets and/or transition plans with corporate governance structures for transition and verification, referencing the relevant section/subsection/paragraph of the policy tool.

Section 1 of Part E (Transition Plans) of the TCFD's Guidance on Metrics and Targets states that a transition plan should be subject to effective governance processes, describing 'the approval process and oversight and accountability responsibilities within an organisation, including the role of the board and senior management in overseeing the plan'.
Table E1 of the guidance sets out a number of elements which organisations should consider including as part of their transition plan, which should be:

- approved by the board or a board committee;
- overseen by the board or a board committee, who should receive regular status reports;
- have responsibility for execution allocated to senior management with adequate authority and access to resources to ensure effective execution; and
- subject to independent review or third-party assurance.

191. Describe the obligation to the align targets and/or transition plans with climate-related financial incentives for employees and board members, referencing the relevant section/subsection/paragraph of the policy tool.

Table E1 of the TCFD's Guidance on Metrics and Targets sets out the elements which organisations should take into account when developing their transition plan, one of which is that a transition plan should involve remuneration and other incentives which 'are aligned with the organisation's climate goals, as described in the transition plan'.

Standards, Frameworks, and Guidelines

194. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
IFRS S1	☐	☐	☑
IFRS S2	☐	☐	☑
Task Force on Climate-related Financial Disclosures (TCFD)	☑	☐	☐
CDP (formerly known as Climate Disclosure Project) Technical Note: Reporting on Climate Transition Plans	☐	☐	☑
International Integrated Reporting Framework	☐	☐	☑
Global Reporting Initiative (GRI)	☐	☐	☑
Sustainability Accounting Standards Board (SASB)	☐	☐	☑
Science Based Targets initiative (SBTi)	☐	☐	☑
Science Based Targets initiative (SBTi) Net Zero Standard	☐	☐	☑
European Sustainability Reporting Standards (ESRS)	☐	☐	☑
Other	☐	☐	☐

Additional Important Information

197. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

Policy Tool Name: FCA ESG Sourcebook

3. Source material link(s):

https://web.archive.org/web/20240827132053/https:/www.handbook.fca.org.uk/handbook/ESG.pdf
https://web.archive.org/web/20240827132400/https:/www.fca.org.uk/publication/policy/ps21-24.pdf
https://web.archive.org/web/20240803003728/https:/www.fca.org.uk/publication/policy/ps23-16.pdf

4. Which of the following governance domains does this policy tool relate to? Select all that apply.

☑ Climate-related disclosure

☑ Transition planning

☐ Public procurement

5. If relevant, briefly explain how the policy tool applies or is linked to multiple domains.

The ESG sourcebook sets out rules and guidance concerning FCA-regulated firms' approach to environmental, social and governance matters. The sourcebook (i) contains rules and guidance regarding the disclosure of climate-related financial information consistent with TCFD Recommendations and Recommended Disclosures, and (ii) also sets out additional sustainability-related disclosure requirements targeted at asset managers and financial product distributors. Both of these disclosure requirements require reasonably detailed disclosure of transition plans, to the extent that firms have them.

6. Select the category which best describes the author/issuer of the policy tool.

☐ Head of state and/or government

☑ Independent regulatory or supervisory body

☐ Legislature

☐ Judiciary

☐ Ministry/Department/Agency

☐ Other (Please describe)

7. Status of the policy tool

◉ Approved, in force

○ Approved, not yet in force

○ Other (Please describe)

9. Year of (planned) entry into force or year of publication

2022

10. Does the policy tool have an end date?

◉ No

○ Yes

12. Briefly describe the policy tool's goal and/or purpose:

For example: The policy tool requires publicly listed companies to comply with the recommendations of the Task Force for Climate Related Financial Disclosure or to explain the absence of such disclosures.

In terms of climate-related disclosures, the ESG sourcebook comprises two elements: a requirement to make entity and product level disclosures compliant with the TCFD Recommendations and Recommended Disclosures, and additional disclosure requirements which arise from the sustainability disclosure requirements. Note that all references to chapter, rule or guidance numbers in this response are to chapters, rules and guidance within the ESG sourcebook.

1. Requirement to make entity and product level disclosures compliant with the TCFD Recommendations and Recommended Disclosures

Chapters 1-2 of this policy tool require asset managers, life insurers and FCA-regulated pension providers to provide disclosures consistent with the recommendations of the TCFD in their annual reports, or to explain the absence of such disclosures. Such TCFD disclosures either take place at the entity level (chapters 2.1 and 2.2) or at the product level (chapter 2.3). To ensure consistency with the TCFD, 2.1.6 and 2.1.7 of the policy tool require a consideration of the TCFD Annex ("Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures"), the TCFD Technical Supplement on the Use of Scenario Analysis; the TCFD Guidance on Risk Management Integration and Disclosure; and the TCFD Guidance on Metrics, Targets and Transition Plans. Consequently, many of the answers given in response to this survey will pertain to the information and disclosure requirements as set out in the TCFD's recommendations and the associated guidance documents listed above.

2. Additional sustainability disclosure requirements

Chapters 3-5 of this policy tool also require UK asset managers and distributors of investment products to retail investors in the UK to provide certain climate-related disclosures in respect of their investment products, and additional disclosures in relation to any products which are named or marketed with 'sustainability'-related labels (set out in 4.1.1R(1): "sustainability focus", "sustainability improvers", "sustainability impact", or "sustainability mixed goals") or one or more of the sustainability-related terms set out in 4.3.2R(2)). There are particular rules as to when these labels and terms can be used in relation to sustainability products, explained further in Chapter 4.

The additional disclosures that relate to these labels and terms, set out in Chapter 5, include sustainability-related disclosures in consumer-facing summaries, pre-contractual information, ongoing product-level disclosures, and entity-level disclosures. The ongoing product-level disclosures and entity-level disclosures will include, respectively, the TCFD product report and TCFD entity report (where managers are required to produce these TCFD reports in accordance with chapters 1-2).

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13. Name the authority(ies) responsible for overseeing implementation and/or enforcement. If not applicable, leave blank.

◉ 1. Financial Conduct Authority

○ 2.

○ 3.

○ 4.

○ 5.

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15. To provide contextual information, rate the capacity of Financial Conduct Authority to undertake the policy tool's implementation and/or enforcement.

○ 0- No Capacity (Please explain)

○ 1- Low Capacity (Please explain)

○ 2- Medium Capacity (Please explain)

◉ 3- High Capacity (Please explain) The FCA is the UK's main regulator for financial markets and financial services firms, and is well-resourced and staffed. It is also assisted in the implementation and enforcement of financial reporting regulations by the Financial Reporting Council, which has responsibility for regulating corporate reporting (under requirements which run in parallel, such as the UK Companies Act) and corporate governance.

○ Prefer not to answer

○ Not Applicable

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25. Which entities are targeted through this policy tool? Select all that apply.

Note: With regard to sectoral actors, in cases where mandatory and voluntary obligations are mixed (e.g., mandatory for one sector, voluntary for another), select "mandatory" as there will be further opportunity to clarify.

	Mandatory	Voluntary	Not targeted
1. Publicly-traded entities	☐	☐	☐
2. Private companies	☐	☐	☐
3. Financial institutions	☑	☐	☐
4. Small and medium-sized enterprises	☐	☐	☐
5. State-owned companies	☐	☐	☐
6. Not-for-profit organizations	☐	☐	☐
7. Government agencies and/or departments (supranational)	☐	☐	☐
8. Government agencies and/or departments (national)	☐	☐	☐
9. Government agencies and/or departments (regional - e.g., state, province, region, metropolitan region)	☐	☐	☐
10. Government agencies and/or departments (local - e.g., county, district, municipality, city)	☐	☐	☐
11. Government agencies and/or	☐	☐	☐

departments (unspecified)			
12. Sectoral actors (e.g., healthcare, defense, utilities, education)	☑	☐	☐
13. Other	☐	☐	☐

26. In cases where entities are targeted by sector, identify the sector to which the policy tool applies.

	Mandatory	Voluntary	Not applicable
All sectors	☐	☐	☐
Agriculture, forestry, and fishing	☐	☐	☐
Mining and quarrying	☐	☐	☐
Manufacturing	☐	☐	☐
Electricity, gas, steam, and air conditioning supply	☐	☐	☐
Water supply; sewerage; waste management and remediation activities	☐	☐	☐
Construction	☐	☐	☐
Wholesale and retail trade: repair of motor vehicles and motorcycles	☐	☐	☐
Transportation and storage	☐	☐	☐
Accommodation and food service activities	☐	☐	☐
Information and communication	☐	☐	☐
Financial and insurance activities	☑	☐	☐
Real estate activities	☐	☐	☐
Professional, scientific and technical activities	☐	☐	☐
Administrative and support service activities	☐	☐	☐
Public administration and defense; compulsory social security	☐	☐	☐

Education	☐	☐	☐
Human health and social work activities	☐	☐	☐
Arts, entertainment and recreation	☐	☐	☐
Other service activities	☐	☐	☐
Activities of households as employers; undifferentiated goods-and services-producing activities of households for own use	☐	☐	☐
Activities of extraterritorial organizations and bodies	☐	☐	☐

27. Describe the threshold criteria to identify entities for whom or instances in which compliance is mandatory.

	Financial institutions	Sectoral actors (e.g. healthcare, defense, utilities, education)
Minimum number of employees (Enter min number of full-time employees - FTEs)	N/A.	N/A.
Minimum revenue (Enter minimum revenue)	N/A.	N/A.
Minimum assets (Enter minimum assets)	N/A.	N/A.
Minimum contract value (Enter minimum contract value)	N/A.	N/A.
Entity is headquartered in the jurisdiction	N/A.	N/A.
Entities are subjected to disclosure or reporting requirements	UK asset managers. life insurers, FCA-regulated pension providers, and distributors of investment products to retail investors in the UK.	UK asset managers. life insurers, FCA-regulated pension providers, and distributors of investment products to retail investors in the UK.

28. Can entities for whom compliance with the policy tool is mandatory opt out of the obligation (e.g. comply or explain)?

◉ No

○ Yes

30. Does the policy tool exclusively apply to entities' domestic operations, or does it also apply to entities' operations beyond the jurisdiction?

○ Operations within jurisdiction only

◉ Operations beyond the jurisdiction

○ Not applicable

31. What are the specific obligations and conditions for entities' operations beyond the jurisdiction? Please reference the relevant section/subsection/paragraph of the policy tool.

The TCFD applies to 'organisations', and its requirements can be applied to both individual companies as well as on a group-wide basis. In respect of the sustainability disclosure requirements and investment labels regime applicable to asset managers and financial products, however, the FCA has clarified that these will not apply initially to overseas funds or their non-UK managers.

32. What are the sanctions for non-compliance? Select all that apply and describe in the text field.

☑ Monetary fine

☑ Restriction on business activities

☐ Voiding or setting aside of contract

☐ Exclusion from government contracts

☐ Award of damages or compensation

☐ Penalty for senior managers

☐ Criminal penalties

☐ Not specified

☐ Not applicable (e.g. in cases of voluntary tools)

☐ Other

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33. Relative to other compliance activities required of entities in this jurisdiction, is the cost of compliance:

○ Below average

○ Average

○ Above average

○ Not applicable

◉ Unknown or prefer not to answer

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35. To provide contextual information, give a general assessment of the extent to which regulated entities have made compliance a priority.

○ Below average

○ Average

◉ Above average

○ Not applicable

○ Unknown or prefer not to answer

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36. Provide supplemental explanation of your priority assessment. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

While corporate reporting is not always specifically listed as a business priority, most businesses in the UK consider sustainability decarbonization and the net zero journey to be a long-term strategic priority, as evidenced by EY's latest CEO Pulse survey (https://web.archive.org/web/20240828132245/https:/www.ey.com/en_uk/newsroom/2024/05/uk-ceos-prioritise-ai-investment-over-sustainability-targets), and climate reporting forms a cornerstone of corporate sustainability efforts.

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37. Have the climate-specific provisions in this instrument ever been enforced?

○ No (If relevant, explain)

◉ Yes

38. Briefly note one to two exemplary cases of enforcement. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

In May 2024 the FCA disclosed that it has one active enforcement case open in relation to climate-related issues, which was opened in 2023/2024. The FCA has not, however, provided any further information as to the type of firm or the specific grounds of misconduct. See https://web.archive.org/web/20240828140257/https:/committees.parliament.uk/publications/44666/documents/221907/default/

39. Are there monitoring systems in place to oversee the implementation and/or enforcement of the policy tool?

◉ No

○ Yes

41. Does the policy tool recommend or require periodic impact assessments?

◉ No

○ Recommended

○ Required

43. Does the policy tool recommend or require periodic reviews?

◉ No

○ Recommended

○ Required

45. Does the policy tool include mechanisms for enhancing policy or regulatory coordination with subnational governments (e.g. vertical coordination mechanisms such as appointing coordinating agencies, forming working groups, etc.)?

◉ No

○ Yes

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47. Are there any government initiatives to enhance the capacity of targeted entities to implement or comply with the policy tool (e.g. industry working groups, outreach campaigns, education and training, etc.)?

○ No

◉ Yes

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48. Describe initiatives for enhancing the capacity of targeted entities to implement or comply with the policy tool. Reference the relevant section/subsection/paragraph of the policy tool where capacity-building initiatives are established. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

While the Financial Reporting Council is not strictly a government initiative, it is a regulatory body which carries out annual reviews of corporate governance and reporting in the UK, which includes climate reporting and specifically, the recommendations for listed companies to publish information consistent with the TCFD's recommendations. The annual review serves to highlight areas of improvement and year-on-year trends and progress in corporate (and climate) reporting.

In respect of the financial product disclosure labels, the FCA have noted that their final measures have been informed by extensive engagement with domestic and international stakeholders such as regulators and government, industry, DLAG members, consumer groups and others through meetings and roundtable discussions.

Domain-Specific Questions: Disclosure Questions

What is being disclosed?

52. Are targeted entities recommended or required to disclose any of the following climate-related information? Select all that apply.

	Recommended	Required	Neither recommended nor required
1. Greenhouse gas (GHG) emissions	☐	☑	☐
2. GHG emissions offsets or removals	☐	☑	☐
3. GHG emissions reduction targets	☐	☑	☐
4. Other climate-related targets	☐	☑	☐
5. Physical climate risk	☐	☑	☐
6. Transition risk	☐	☑	☐
7. Transition plan	☐	☑	☐

Disclosure of Greenhouse Gas (GHG) Emissions

54. Which GHG emissions must be disclosed? Select all that apply.

☑ Carbon dioxide (CO_2)

☑ Methane (CH_4)

☑ Nitrous oxide (N_2O)

☑ Hydrofluorocarbons (HFCs)

☑ Perfluorocarbons (PFCs)

☑ Sulphur hexafluoride (SF6)

☑ Nitrogen trifluoride (NF3)

☑ Carbon dioxide equivalent (CO_2e)

55. Are entities recommended or required to disclose gross emissions?

○ No

○ Recommended

◉ Required

56. Are entities recommended or required to disclose net emissions?

◉ No

○ Recommended

○ Required

57. What Scope of emissions must be disclosed? Select all that apply.

☑ Scope 1 emissions

☑ Scope 2 emissions

☐ Scope 3 emissions, relevant or material

☐ Scope 3 emissions, a specified proportion of coverage (Please describe)

☑ Scope 3 emissions, all

☐ Not specified

58. Are entities recommended or required to discloseGHG emissionsaccounting methodologies or standards?

GHG emissions

59. Does the policy tool recommend or require the GHG inventory be third-party verified?

◉ No

○ Recommended

○ Required

60. If necessary, provide additional clarification to the above responses aboutgreenhouse gas (GHG) emissions disclosure.

While absolute Scope 1 and Scope 2 GHG emissions have to be disclosed under the TCFD (independent of a materiality assessment), the disclosure of Scope 3 GHG emissions is subject to a materiality assessment. Note also that most of the answers to this section relate to the requirements of the TCFD (incorporated as a reporting standard under the ESG Sourcebook) rather than the text of the ESG Sourcebook itself.

Disclosure of Greenhouse Gas (GHG) Offsets or Removals

62. Does the policy tool recommend or require offsetting purchases be disclosed?

○ No

◉ Recommended (Please describe and reference the relevant section/subsection/paragraph of the policy tool) p35 of the TCFD's guidance on metrics and targets (available at https://web.archive.org/web/20240828141220/https:/assets.bbhub.io/company/sites/60/2021/07/2021-Metrics_Targets_Guidance-1.pdf) states that disclosures of targets should be supported by contextual, narrative information on items such as organizational boundaries, methodologies, and underlying data and assumptions, including those around the use of offsets.

○ Required (Please describe and reference the relevant section/subsection/paragraph of the policy tool)

63. Does the policy tool recommend or require entities disclose whether offsets are verified?

◉ No

○ Recommended (Please describe and reference the relevant section/subsection/paragraph of the policy tool)

○ Required (Please describe and reference the relevant section/subsection/paragraph of the policy tool)

64. Does the policy tool recommend or require any certification standards for the use of GHG offsetting or removals?

◉ No

○ Recommended (Please list the certification standards, describe their use, and reference the relevant section/subsection/paragraph of the policy tool)

○ Required (Please describe and reference the relevant section/subsection/paragraph of the policy tool)

65. Does the policy tool include any other recommendations or requirements regarding the appropriate use of offsets?

◉ No

○ Recommended (Please describe and reference the relevant section/subsection/paragraph of the policy tool)

○ Required (Please describe and reference the relevant section/subsection/paragraph of the policy tool)

Disclosure of Greenhouse Gas (GHG) Emissions Reduction Targets

67. Which of the following targets, or data related to targets, does the policy tool request entities disclose? Select any of the following which apply:

	Recommended	Required	Neither recommended nor required
An absolute emissions reduction target	☑	☐	☐
An intensity-based emissions reduction target	☑	☐	☐
A net zero target	☐	☐	☑
Targets covering non-carbon GHG emissions	☐	☐	☑
A Scope 3 emissions target	☑	☐	☐

A target derived using a sectoral decarbonization approach	☐	☐	☑
Interim targets	☑	☐	☐
A target timeframe (e.g. by 2040)	☑	☐	☐
A baseline year from which progress is measured	☑	☐	☐
A level of ambition for emissions reductions (e.g. 80% reduction)	☐	☐	☑

68. Does the policy tool recommend or require entities to disclose their progress in achieving their emissions reductions targets?

○ No

◉ Recommended

○ Required

69. What is the recommended or required frequency of progress reports regarding the achievement of emissions reductions targets?

○ Yearly

○ Every two years

○ Every three years

○ Every four years

○ Every five years

○ Every ten years or more

◉ Other As per 2.2.4 R, there is no recommended frequency of progress report, although, following the TCFD Recommendations and Recommended Disclosures, organisations should disclose any key performance indicators used to assess progress against targets.

○ No prescribed frequency

70. Does the policy tool recommend or require a scope of emissions which should be covered by the absolute emissions reduction target? Select all that apply.

☑ Scope 1 emissions

☑ Scope 2 emissions

☑ Scope 3 emissions (relevant or material)

☐ Scope 3 emissions (a specified proportion of coverage)

☐ Scope 3 emissions (all)

☐ Not specified

71. Does the policy tool recommend or require a scope of emissions which should be covered by the intensity-based emissions reduction target? Select all that apply.

☐ Scope 1 emissions

☐ Scope 2 emissions

☐ Scope 3 emissions (relevant or material)

☐ Scope 3 emissions (a specified proportion of coverage)

☐ Scope 3 emissions (all)

☑ Not specified

77. What is the recommended or required level of ambition for interim targets?

○ Reduction between 1-25%

○ Reduction between 26-50%

○ Reduction between 51-75%

○ Reduction of over 75%

○ Other

◉ None specified

78. What are the recommended or required years for interim targets?

○ 2025-2030

○ 2031-2040

○ 2041-2050

○ Other

○ None specified

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79. What is the recommended or required timeframe for long-term targets (e.g. by 2050, 2060)?

○ Between 2030 and 2035

○ Between 2036 and 2040

○ Between 2041 and 2045

○ Between 2046 and 2050

○ Between 2051 and 2060

○ Between 2061 and 2070

◉ Other Organisations are free to select their own timeframe in respect of which their emissions reduction targets may be set and measured.

○ None specified

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80. What is the recommended or required baseline year from which progress is to be measured?

○ 1990-2000

○ 2001-2005

○ 2006-2010

○ 2011-2015

○ 2016-2020

◉ Other Organisations are free to select their own baseline year against which their targets are measured.

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81. Are entities recommended or required to disclose the methodologies by which they select baseline years?

◉ No

○ Recommended

○ Required

Disclosure of other climate-related targets

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84. Which of the following other climate-related targets does the policy tool recommend or require entities disclose? Select all that apply.

☑ Targets for renewable energy procurement (Please reference the section/subsection/paragraph of the policy tool relevant to renewable energy procurement targets) <u>Table D1 of the TCFD's guidance relating to metrics and targets sets out a number of (non-exhaustive) quantified targets that align with the cross-industry, climate-related metric categories, which includes a target relating to net installed renewable capacity.</u>

☐ Targets for fossil fuel phase down/phase out (Please reference the section/subsection/paragraph of the policy tool relevant to fossil fuel phase down/phase out)

☐ Targets or goals related to climate adaptation (Please reference the section/subsection/paragraph of the policy tool relevant to climate adaptation)

☐ Targets or goals related to nature and/or biodiversity (Please reference the section/subsection/paragraph of the policy tool relevant to nature and/or biodiversity)

☐ Targets or goals related to just transition (Please reference the section/subsection/paragraph of the policy tool relevant to just transition)

☑ Other targets (Please reference the section/subsection/paragraph of the policy tool relevant to other targets) <u>Table D1 of the TCFD's guidance relating to metrics and targets sets out a number of (non-exhaustive) quantified targets that align with the cross-industry, climate-related metric categories, which include targets relating to the percentage of asset value exposed to transition risks, percentage of asset value exposed to acute and chronic physical climate-related risks, proportion of annual capital expenditure or portfolio lending relating to adaptation or mitigation, internal carbon prices, and proportion of executive remuneration impacted by climate considerations.</u>

Disclosure of Physical Risk

86. What types of physical risk must be disclosed?

☑ To company

☐ To society (double materiality)

87. What is the materiality standard for the disclosure of physical risk?

◉ Self-assessed material risk

○ Externally-defined material risk

○ Other (Describe)

88. Are entities recommended or required to disclose the results of climate risk-related stress tests that are related to physical climate risk?

○ No

○ Recommended

◉ Required

89. Are entities recommended or required to disclose their methodology for scenario analysis with relation to physical risk?

○ No

◉ Recommended

○ Required

90. Are risk assessments of physical risk recommended or required to be third-party verified?

◉ No

○ Recommended

○ Required

Disclosure of Transition Risk

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92. What types of transition risk must be disclosed? Select all that apply

☑ Risks that societal transitions may pose to the disclosing entity

☐ Risks that the disclosing entity's transition may pose to society (double materiality)

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93. What is the materiality standard for the disclosure of transition risk?

◉ Self-assessed material risk

○ Externally-defined material risk

○ Other (Describe)

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94. Are entities recommended or required to disclose the results of climate-related risk stress tests that are related to transition risk?

◉ No

○ Recommended

○ Required

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95. Are transition risk assessments recommended or required to be third-party verified?

◉ No

○ Recommended

○ Required

96. Are entities recommended or required to disclose their methodology for scenario analysis related to transition risk?

○ No

◉ Recommended

○ Required

Disclosure of Transition Plans

98. What is the recommended or required frequency of transition plan disclosures?

◉ Yearly

○ Every two years

○ Every three years

○ Every four years

○ Every five years

○ Every ten years or more

○ Other

○ Not specified

99. Does the policy tool recommend or require audited accuracy and/or third-party verification of the transition plan?

○ No

◉ Recommended

○ Required

100. Does the policy tool recommend or require entities to disclose progress in implementing transition plans?

○ No

◉ Recommended

○ Required

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101. What is the recommended or required frequency of disclosures related to transition plan implementation progress?

◉ Yearly

○ Every two years

○ Every three years

○ Every four years

○ Every five years

○ Every ten years or more

○ Other

○ No prescribed frequency

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102. Does the policy tool recommend or require targeted entities to disclose their financial plans for implementing transition plans?

◉ No

○ Recommended

○ Required

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103. Does the policy tool recommend or require targeted entities to disclose their methodology for scenario analysis related to transition planning?

○ No

◉ Recommended

○ Required

Other disclosures

105. Are targeted entities recommended or required to disclose any other climate-related information? Select all that apply.

	Required	Recommended	Neither recommended nor required
1. Climate-related opportunities	☑	☐	☐
2. Remuneration based on achieving climate-related goals	☑	☐	☐
3. Taxonomies	☐	☐	☑
4. Capital allocation and/or expenditure plans (in the context of climate change)	☑	☐	☐
5. Due diligence	☐	☐	☑
6. Assumptions and Dependencies	☑	☐	☐
7. Data limitations of scenario analyses	☐	☐	☑
8. Financial implications of climate-related matters (e.g., integration of climate-related disclosures into financial accounting standards)	☑	☐	☐
9. Stewardship (e.g., whether stewardship codes are in place, how entities vote in shareholder meetings, etc.)	☑	☐	☐
10. ESG methodologies and criteria (in the case of service providers)	☐	☐	☑

11. Asset planning or ownership in the context of climate change	☑	☐	☐
12. Sectoral investment policies	☑	☐	☐
13. Climate-related lobbying and/or policy engagement	☐	☐	☑
14. Locked-in emissions or information on emissive assets with long lifespans	☐	☐	☑
15. Dirty asset divestiture	☑	☐	☐
16. Nature-related impacts	☐	☐	☑
17. Just transition indicators	☐	☐	☑

106. Is third-party verification of climate-related opportunities recommended or required?

◉ No

○ Recommended

○ Required

107. Describe and reference the section/subsection/paragraph of the policy tool relevant to disclosures regarding remuneration based on achieving climate-related goals.

The implementation guidance in relation to recommended disclosure (a) of the 'Metrics and Targets' section of the TCFD's Recommendations states that 'Where climate-related issues are material, organizations should consider describing whether and how related performance metrics are incorporated into remuneration policies.'

The issue of remuneration, and in particular the Proportion of executive management remuneration linked to climate considerations, also features as one of seven metric categories set out in Table C1 of the TCFD's Guidance on Metrics, Targets, and Transition Plans which the Task Force believes are generally applicable to all organizations.

109. Describe and reference the section/subsection/paragraph of the policy tool relevant to capital allocation and/or expenditure plans disclosures.

Part of the intention of the TCFD's recommendations is to clarify the financial impacts of climate-related issues on organisations. As part of this, the TCFD recommends (in section 4 of Part A of its Implementation Guidance) that organisations consider how climate-related issues affect its current financial position and may potentially affect its future financial positions in terms of four major categories of financial impact (set out in figure 4 of part A of the Implementation Guidance) which include capital expenditure plans and the resilience of such plans, including how they may be funded. The TCFD also recommends (at section 4b of Part A of its Implementation Guidance) that organisations consider making capital expenditures on or financing towards new technology or facilities that may be warranted in light of climate-related risks and opportunities which they have assessed.

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111. Describe and reference the section/subsection/paragraph of the policy tool relevant to assumptions and dependencies disclosures.

2.1.10 R notes that, when a firm is preparing its TCFD-aligned climate-related report, it must disclose metrics, quantitative scenario analysis or examples where "these data gaps or methodological challenges cannot be addressed using proxy data or assumptions without the resulting disclosure, in the reasonable opinion of the firm, being misleading". Relatedly, 2.1.12 R states a firm must ensure its climate-related report includes sufficient explanation of any gaps in the underlying data and detail as to how these have been addressed, for example, using proxy data or assumptions. As per 2.3.9 R(2)(a), a firm's TCFD product report must also include detail as to any proxies and assumptions that have been used.

Principle 2 of the TCFD's fundamental principles for effective disclosure is that disclosures should be specific and complete. For future-oriented data, this includes clarification of the key assumptions used. Where appropriate, the organization should also demonstrate the effect on selected risk metrics or exposures of their scenario analysis to changes in the key underlying methodologies and assumptions, both in qualitative and quantitative terms.

Principle 6 of the TCFD's fundamental principles for effective disclosure is that disclosures should be reliable, verifiable, and objective. For future-oriented information to be verifiable, this means assumptions used can be traced back to their sources.

Separately, as part of the Sustainable Disclosure Requirements, when firms are preparing their sustainability reports, whether public product-level or entity reports, ESG 5.4.9 R provides that a manager must not disclose metrics where there are gaps in the underlying data or methodological challenges and these gaps cannot be addressed using proxy data or assumptions without the resulting disclosure being misleading. Again, ESG 5.4.10 R states that a firm must ensure its climate-related report includes sufficient explanation of any gaps in the underlying data and detail as to how these have been addressed, for example, using proxy data or assumptions.

113. Describe and reference the section/subsection/paragraph of the policy tool relevant to disclosures regarding the financial implications of climate-related matters.

2.1.5 R states that firms must ensure the climate-related financial disclosures in their climate-related financial reports are consistent with the TCFD Recommendations and Recommended Disclosures, unless specified by the rules in Chapter 2.1 of the ESG sourcebook.

The raison d'etre of the TCFD's disclosure framework is to "promote more informed investment, credit [or lending], and insurance underwriting decisions" in relation to a company by enabling a greater understanding of "how climate-related issues affect and are likely to affect an organization's future financial performance and position as reflected in its income statement, cash flow statement, and balance sheet." Therefore, much of the TCFD is set up to facilitate "better disclosure of the financial impacts of climate-related risks and opportunities on an organization".

By way of example:

- part 4 of the Introduction to the TCFD Implementing Guidance sets out the TCFD's expectations around the assessment of the financial impacts of climate-related risks and opportunities, and part F of the TCFD's Guidance on Metrics and Targets provides additional guidance for organizations aiming to assess and disclose the financial impacts of climate-related risks and opportunities;
- The Guidance for All Sectors to recommended disclosure a) of the Strategy section of the TCFD's recommendations specifies that organisations should disclose 'a description of the specific climate-related issues potentially arising in each time horizon (short, medium, and long term) that could have a material financial impact on the organization; and a description of the process(es) used to determine which risks and opportunities could have a material financial impact on the organization.'
- Tables A1.1 and A1.2 provide examples of climate-related risks and opportunities and the potential financial impacts they may have on an organization, and the Guidance for All Sectors to recommended disclosure a) of the Strategy section; recommended disclosure b) of the Risk Management section; and recommended disclosure a) of the Metrics and Targets section of the TCFD's recommendations all recommend that organisations address the risks and opportunities set out in these tables as part of their disclosure.

Within the Sustainability Disclosure Requirements also contained in the ESG sourcebook, 5.2 covers consumer-facing disclosures. Specifically, 5.2.2 R (5) states that a manager must include a summary of the relevant sustainability product's sustainability objective, which includes any material effect (including expected effect) on the financial risk and return of the product. As per 5.3.3 R(2), the same applies to pre-contractual disclosures which relate to sustainability products.

Finally, the additional requirements that apply to entity-level sustainability reports (within ESG 5.6.1) states that managers must provide information as to the "actual and potential impacts of any material sustainability-related risks and opportunities on the manager's businesses, strategy and financial planning".

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114. Describe and reference the section/subsection/paragraph of the policy tool relevant to stewardship-related disclosures.

As part of the Sustainability Disclosure Requirements, and per ESG 5.2.1 R, managers must prepare and publish a consumer-facing disclosure in relation to sustainability products. 5.2.2(7)(d) R requires that this disclosure include a summary of the "manager's approach to investor stewardship in supporting the achievement of the sustainability product's sustainability objective". A similar provision applies to pre-contractual disclosures in relation to sustainability products which, as per ESG 5.3.3 R must include "details of the manager's investor stewardship strategy and resources in relation to supporting the achievement of the product's sustainability objective", including: "where relevant, whether the manager is a signatory of the UK Stewardship Code 2020" and "how the manager will apply its strategy and resources in a manner consistent with achieving the sustainability product's sustainability objective".

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116. Describe and reference the section/subsection/paragraph of the policy tool relevant to asset planning disclosures.

The TCFD's Implementation Guidance contains a section with supplemental guidance for asset owners as well as one with supplemental guidance for asset managers, which covers aspects such as:
- how climate-related risks and opportunities are factored into relevant investment strategies;
- a discussion of how climate-related scenarios are used, such as to inform investments in specific assets; and
metrics used to assess climate-related risks and opportunities in each product or investment strategy.

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117. In which of the following sectors are entities recommended or required to disclose information regarding sectoral investment policies? Select all that apply.

☐ Coal

☐ Oil and gas

☑ Renewable energy

☐ Land-use and deforestation

☐ Other

☐ None specified

121. Describe and reference the section/subsection/paragraph of the policy tool relevant to disclosure of dirty asset divestiture.

The Guidance for All Sectors to recommended disclosure b) of the Strategy section of the TCFD's recommendations specifies that organisations should disclose the impact of climate-related issues on their businesses, strategy and financial planning in the areas of acquisitions or divestments.

Standards, Frameworks, and Guidelines

125. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
1. IFRS S1	☐	☑	☐
2. IFRS S2	☐	☐	☑
3. Task Force on Climate-related Financial Disclosures (TCFD)	☑	☐	☐
4. GHG Protocol Corporate Accounting and Reporting Standard	☐	☐	☑
5. GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard	☐	☐	☑
6. CDP (formerly known as Climate Disclosure Project) reporting framework	☐	☐	☑
7. International Integrated Reporting Framework	☐	☐	☑

8. Global Reporting Initiative (GRI)	☐	☑	☐
9. Sustainability Accounting Standards Board (SASB)	☐	☑	☐
10. European Sustainability Reporting Standards (ESRS)	☐	☐	☑
11. Taskforce on Nature-related Financial Disclosures (TNFD)	☐	☐	☑
12. Partnership for Carbon Accounting Financials (PCAF)	☐	☐	☑
13. Glasgow Financial Alliance for Net Zero (GFANZ)	☐	☐	☑
14. Other	☐	☐	☑

Additional Important Information

128. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

N/A.

Domain-Specific Questions: Transition Planning Questions

Disclosure of Plans and Targets

132. Are targeted entities recommended or required to publicly disclose climate-related targets or transition plans?

○ No

◉ Recommended

○ Required

Targets

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135. Does the policy tool recommend or require targeted entities to have or develop climate-related targets?

○ No

◉ Recommended

○ Required

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136. Does the policy tool recommend or require entities to monitor progress in achieving their targets?

○ No

◉ Recommended

○ Required

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137. Describe and reference the section/subsection/paragraph of the policy tool relevant to monitoring progress in achieving targets.

The Guidance for All Sectors in relation to Recommended Disclosure a) of the Governance section of the TCFD's recommendations set out in the TCFD's Implementing Guidance recommends that organisations disclose 'how the board monitors and oversees progress against goals and targets for addressing climate-related issues', which includes transition plan targets.

Recommended Disclosure c) of the Metrics and Targets section of the TCFD's recommendations also recommends disclosure of performance against targets used by the organisation to manage climate-related risks and opportunities, which includes transition plan targets. The Guidance for All Sectors in relation to this recommended disclosure also recommends including disclosure of KPIs used to assess progress against targets.

Section 1 of Part D (Climate-Related Targets) of the TCFD's Guidance on Metrics and Targets states that "Organizations should report on climate-related targets on at least an annual basis, including any new targets as well as progress against existing targets". Section 1 of part E (Transition Plans) states that "organizations should report progress against their transition plans annually", while section 3 states that "organizations should report on their progress in executing the[ir transition] plans on an annual basis".

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138. Does the policy tool recommend or require targeted entities to publicly report on progress in achieving their targets?

○ No

◉ Recommended

○ Required

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139. What is the recommended or required frequency of progress reports related to the achievement of targets?

◉ Yearly

○ Every two years

○ Every three years

○ Every four years

○ Every five years

○ Every ten years or more

○ Other

○ No prescribed frequency

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140. Which of the following targets, or data related to targets, does the policy tool recommend or require entities have or develop? Select all that apply.

	Recommended	Required	No
An absolute emissions reduction target	☑	☐	☐
An intensity-based emissions reduction target	☑	☐	☐
A net zero target	☑	☐	☐
Interim targets (e.g. 2030, 2050)	☑	☐	☐
Targets covering non-carbon GHG emissions	☐	☐	☑
A Scope 3 emissions target	☑	☐	☐
A target derived using a sectoral decarbonization approach	☐	☐	☑
A level of ambition for emissions reductions (e.g. 80% reduction)	☐	☐	☑
A baseline year from which progress is measured	☑	☐	☐
A target timeframe (e.g. by 2040)	☑	☐	☐
Targets for renewable energy procurement	☐	☐	☑
Targets for fossil fuel phase down/phase up	☐	☐	☑
Separate targets for GHG offsets and/or removals	☑	☐	☐
Targets or goals related to climate adaptation	☐	☐	☑
Targets or goals related to nature and biodiversity	☐	☐	☑
Other targets related to sustainability	☐	☐	☑

141. What is the recommended or required scope of emissions for absolute emissions reduction targets? Select all that apply.

☑ Scope 1 emissions

☑ Scope 2 emissions

☑ Scope 3 emissions, relevant or material

☐ Scope 3 emissions, a specified proportion of coverage (Please describe)

☐ Scope 3 emissions, all

☐ Not specified

142. What is the recommended or required scope of emissions for intensity-based reduction targets? Select all that apply.

☐ Scope 1 emissions

☐ Scope 2 emissions

☐ Scope 3 emissions, relevant or material

☐ Scope 3 emissions, a specified proportion of coverage (Please describe)

☐ Scope 3 emissions, all

☑ Not specified

143. Does the policy tool recommend or require a scope of emissions which should be covered by the net zero target? Select all that apply.

☐ Scope 1 emissions

☐ Scope 2 emissions

☐ Scope 3 emissions, relevant or material

☐ Scope 3 emissions, a specified proportion of coverage (Please describe)

☐ Scope 3 emissions, all

☑ Not specified

144. What is the recommended or required year for the net zero target (e.g. net zero by...)?

○ Between 2030 and 2035

○ Between 2036 and 2040

○ Between 2041 and 2045

○ Between 2046 and 2050

○ Between 2051 and 2060

○ Between 2061 and 2070

○ Other

◉ Not specified

145. What is the recommended or required year for interim targets?

○ 2025-2030

○ 2031-2040

○ 2041-2050

○ Other

◉ Not specified

146. What is the recommended or required level of ambition for interim targets?

○ Reduction between 1-25%

○ Reduction between 26-50%

○ Reduction between 51-75%

○ Reduction of over 76%

○ Other

◉ Not specified

151. What is the recommended or required baseline year from which progress is to be measured?

○ 1990-2000

○ 2001-2005

○ 2006-2010

○ 2011-2015

○ 2016-2020

◉ Other Organisations are free to select their own baseline year against which their targets are measured.

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152. Are entities recommended or required to disclose the methodologies by which they select baseline years?

◉ No

○ Yes

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153. What is the recommended or required timeframe for targets (e.g. by 2050, 2060)?

○ Between 2030 and 2035

○ Between 2036 and 2040

○ Between 2041 and 2045

○ Between 2046 and 2050

○ Between 2051 and 2060

○ Between 2061 and 2070

◉ Other Organisations are free to select their own timeframe in respect of which their emissions reduction targets may be set and measured.

○ Not specified

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156. Describe and reference the section/subsection/paragraph of the policy tool relevant to setting separate targets for GHG offsets and/or removals.

Table E1 of the TCFD's Guidance on Metrics and Targets sets out the elements which organisations should take into account when developing their transition plan, one of which is that a transition plan should "address the relative contribution of reductions, removals and offsets for achieving GHG emissions targets."

157. Does the policy tool recommend or require any certification standards for the use of offsetting or removals?

◉ No

○ Recommended (Please reference the relevant section/subsection/paragraph of the policy tool related to certification standards for the use of offsets and/or removals)

○ Required (Please reference the relevant section/subsection/paragraph of the policy tool related to certification standards for the use of offsets and/or removals)

158. Does the policy target make any other recommendations or requirements regarding the appropriate use of offsets?

◉ No

○ Yes (Please reference the relevant section/subsection/paragraph of the policy tool related to certification standards for the use of offsets and/or removals)

Transition Plans

164. Does the policy tool recommend or require targeted entities to have or develop a transition plan?

○ No

◉ Recommended

○ Required

165. Does the policy tool recommend or require any of the following elements or criteria for transition plans? Select all that apply.

	Recommended	Required	Neither recommended nor required

A timeframe for the transition plan (e.g. 10 year plan, 20 year plan, etc.)	☐	☐	☑
Key Performance Indicators (KPIs) for monitoring transition plan implementation	☑	☐	☐
Updates to the transition plan	☑	☐	☐
Third-party verification and/or audited accuracy of the transition plan	☐	☐	☑
Identified methodology for scenario analysis	☐	☐	☑

167. Describe the recommended or required Key Performance Indicators (KPIs) and reference the relevant section/subsection/paragraph of the policy tool.

Table E1 of the TCFD's Guidance on Metrics and Targets sets out the elements which organisations should take into account when developing their transition plan, one of which is that a transition plan should have metrics and targets "to track progress against plans and targets, including related operational and financial performance metrics, metrics aligned with the cross-industry, climate-related metric categories, and industry-specific or organization-specific metrics" which "are based on widely recognized and transparent methodologies".

168. Select the option that best describes the recommended or required frequency of updates to transition plans.

○ 0-2 years

○ 2-5 years

◉ 5-10 years

○ 10 or more years

○ Not specified

○ Other

169. Describe the recommended or required updates to transition plans and reference the relevant section/subsection/paragraph of the policy tool.

Part 1 of Section E (Transition Plans) of the TCFD's Guidance on Metrics and Targets states that "a transition plan should be reviewed at least every five years and updated if necessary. Organizations should review their transition plans in line with their review process for their climate-related targets in order to ensure continued relevancy and efficacy to an organization's overall strategy planning process."

Monitoring, Oversight, and Implementation

176. Does the policy tool recommend or require entities undertake any of the following with regard to monitoring, oversight, and implementation? Select all that apply.

	Recommended	Required	No
Monitor progress in implementing their transition plan	☑	☐	☐
Develop financial plans for the implementation of their transition plan	☑	☐	☐
Integrate climate-related matters into their financial accounting	☑	☐	☐
Incorporate climate change considerations into their investment decision making and/or asset planning	☐	☐	☑
Incorporate climate change considerations into their capital allocation and/or expenditure plans	☐	☐	☑
Any other mechanisms for enhancing the achievement of targets and/or the implementation of transition plans	☑	☐	☐

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177. Describe the obligation to monitor progress in implementing transition plans, referencing the relevant section/subsection/paragraph of the policy tool.

Section 1 of Part E (Transition Plans) of the TCFD's Guidance on Metrics and Targets states that a transition plan should be reported on publicly or to stakeholders, including an annual report on progress against transition plans which includes a comparison of completed actions to planned actions in the prior reporting period.
Table E1 of the TCFD's Guidance on Metrics and Targets sets out the elements which organisations should take into account when developing their transition plan, amongst which are listed the following:
- The implementation of a transition plan should be overseen by the board (or an appropriate board committee);
- The board or appropriate committee of the board and senior management should receive regular status reports on the plan's implementation;
- The transition plan should have metrics which the organisation can monitor to track progress against plans and targets, including related operational and financial performance metrics, metrics aligned with the cross-industry, climate-related metric categories, and industry-specific or organization-specific metrics.

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178. Describe the obligation to develop financial plans for the implementation of transition plans, referencing the section/subsection/paragraph of the policy tool.

Section 1 of Part E (Transition Plans) of the TCFD's Guidance on Metrics and Targets states that a transition plan "should contain sufficient information to enable users to assess its credibility", such as a description of a financial plan. Table E1, which sets out elements which organisations should take into account when developing their transition plan, also states that a transition plan should "describe the supporting financial plans, budgets and related financial targets (e.g. amount of capital and other expenditures supporting decarbonisation strategy).

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179. Describe and reference the section/subsection/paragraph of the policy tool relevant to integrating climate-related matters into financial accounting.

The raison d'etre of the TCFD's disclosure framework is to "promote more informed investment, credit [or lending], and insurance underwriting decisions" in relation to a company by enabling a greater understanding of "how climate-related issues affect and are likely to affect an organization's future financial performance and position as reflected in its income statement, cash flow statement, and balance sheet." Therefore, much of the TCFD is set up to facilitate "better disclosure of the financial impacts of climate-related risks and opportunities on an organization".

By way of example:

- part 4 of the Introduction to the TCFD Implementing Guidance sets out the TCFD's expectations around the assessment of the financial impacts of climate-related risks and opportunities, and part F of the TCFD's Guidance on Metrics and Targets provides additional guidance for organizations aiming to assess and disclose the financial impacts of climate-related risks and opportunities;
- The Guidance for All Sectors to recommended disclosure a) of the Strategy section of the TCFD's recommendations specifies that organisations should disclose 'a description of the specific climate-related issues potentially arising in each time horizon (short, medium, and long term) that could have a material financial impact on the organization; and a description of the process(es) used to determine which risks and opportunities could have a material financial impact on the organization.'
- Tables A1.1 and A1.2 provide examples of climate-related risks and opportunities and the potential financial impacts they may have on an organization, and the Guidance for All Sectors to recommended disclosure a) of the Strategy section; recommended disclosure b) of the Risk Management section; and recommended disclosure a) of the Metrics and Targets section of the TCFD's recommendations all recommend that organisations address the risks and opportunities set out in these tables as part of their disclosure.

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182. Describe the obligations related to other governance mechanisms for enhancing the achievement of targets and/or implementation of transition plans, referencing the relevant section/subsection/paragraph of the policy tool.

UKLR 6.6.12 establishes a comply-or-explain requirement for companies which are headquartered in, or operate in, a country that has made a commitment to a net zero economy to assess the extent to which they have considered that commitment in developing and disclosing their transition plan. Where they have not considered this commitment in developing and disclosing its transition plan, the FCA encourages listed companies to explain why they have not done so.
Section 1 of Part E (Transition Plans) of the TCFD's Guidance on Metrics and Targets also states that a transition plan, amongst other things, should:

- Involve actionable initiatives, through articulating "specific initiatives and actions the organisation will undertake to effectively execute the transition plan, including regular milestones";
- Be credible, through an articulation of "the organisation's current capabilities, technologies, transition pathways and financial plan", as well as through the description of any "significant limitations, constraints, and uncertainties in the transition plan".

Engagement, Lobbying, and Governance

184. Does the policy tool recommend or require targeted entities align any of the following engagement and/or governance practices with their targets and/or transition plans?

	Recommended	Required	No
Value chain engagement	☑	☐	☐
Investor engagement	☑	☐	☐
Consumer engagement	☑	☐	☐
Policy engagement and lobbying practices	☐	☐	☑
Corporate governance structure for transition and verification	☑	☐	☐
Climate-related financial incentives for employees and board members	☑	☐	☐

185. Does the policy tool recommend or require targeted entities to disclose how they have used due diligence and/or stewardship to achieve their targets and/or implement their transition plans?

◉ No

○ Recommended

○ Required

186. Describe the obligation to the align targets and/or transition plans with value chain engagement, referencing the relevant section/subsection/paragraph of the policy tool.

The guidance for all sectors in respect of Recommended disclosure b) of the Strategy section of the TCFD's recommendations sets out that organisations with transition plans should describe them, which could include “specific activities intended to reduce GHG emissions in their operations and value chain or to otherwise support the transition”.

The guidance for asset managers in respect of Recommended disclosure a) of the Risk Management section of the TCFD's recommendations suggests that asset managers should “describe, where appropriate, engagement activity with investee companies to encourage better disclosure and practices related to climate-related risks in order to improve data availability and asset managers' ability to assess climate-related risks.

Section 1 of Part E (Transition Plans) of the TCFD's Guidance on Metrics and Targets also suggests that a transition plan could include 'how an organisation plans to [...] encourage suppliers to reduce GHG emissions in their operations". There is, however, no specific recommendation in the TCFD for an organisation to engage with its value chain.

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187. Describe the obligation to the align targets and/or transition plans with investor engagement, referencing the relevant section/subsection/paragraph of the policy tool.

The supplemental guidance for non-financial groups set out in the TCFD's Implementing Guidance recommends that 'organisations in these groups should define metrics and targets that are tailored to their particular climate-related risks and opportunities', and 'are encouraged to engage with their key stakeholders, including investors, when determining which metrics are most relevant and useful.

Section 1 of Part E (Transition Plans) of the TCFD's Guidance on Metrics and Targets states that a transition plan should be reported on publicly or to stakeholders, including an annual report on progress against transition plans which includes a comparison of completed actions to planned actions in the prior reporting period.

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188. Describe the obligation to the align targets and/or transition plans with consumer engagement, referencing the relevant section/subsection/paragraph of the policy tool.

The guidance for insurance companies in relation to recommended disclosure d) of the Strategy section of the TCFD's recommendations suggests that insurance companies should disclose whether specific climate-related products or competencies are under development, such as climate-related client engagement.

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190. Describe the obligation to the align targets and/or transition plans with corporate governance structures for transition and verification, referencing the relevant section/subsection/paragraph of the policy tool.

Section 1 of Part E (Transition Plans) of the TCFD's Guidance on Metrics and Targets states that a transition plan should be subject to effective governance processes, describing 'the approval process and oversight and accountability responsibilities within an organisation, including the role of the board and senior management in overseeing the plan'.
Table E1 of the guidance sets out a number of elements which organisations should consider

including as part of their transition plan, which should be:
- approved by the board or a board committee;
- overseen by the board or a board committee, who should receive regular status reports;
- have responsibility for execution allocated to senior management with adequate authority and access to resources to ensure effective execution; and
- subject to independent review or third-party assurance.

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191. Describe the obligation to the align targets and/or transition plans with climate-related financial incentives for employees and board members, referencing the relevant section/subsection/paragraph of the policy tool.

Table E1 of the TCFD's Guidance on Metrics and Targets sets out the elements which organisations should take into account when developing their transition plan, one of which is that a transition plan should involve remuneration and other incentives which 'are aligned with the organisation's climate goals, as described in the transition plan'.

Standards, Frameworks, and Guidelines

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194. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
IFRS S1	☑	☐	☐
IFRS S2	☐	☐	☑
Task Force on Climate-related Financial Disclosures (TCFD)	☑	☐	☐
CDP (formerly known as Climate Disclosure Project) Technical Note: Reporting on Climate Transition Plans	☐	☐	☑
International Integrated Reporting Framework	☐	☐	☑

Global Reporting Initiative (GRI)	☑	☐	☐
Sustainability Accounting Standards Board (SASB)	☑	☐	☐
Science Based Targets initiative (SBTi)	☐	☐	☑
Science Based Targets initiative (SBTi) Net Zero Standard	☐	☐	☑
European Sustainability Reporting Standards (ESRS)	☐	☐	☑
Other	☐	☐	☐

Additional Important Information

197. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

Although the ESG sourcebook does not mandate disclosure of net zero targets, at ESG 2.2.2 G it does state that a firm headquartered in a country that has committed to a net zero economy "is encouraged to assess the extent to which it has considered that commitment in developing and disclosing its transition plan" and, if it has not done so, to explain this in its strategy disclosures under the TCFD Recommendations and Recommended Disclosures.