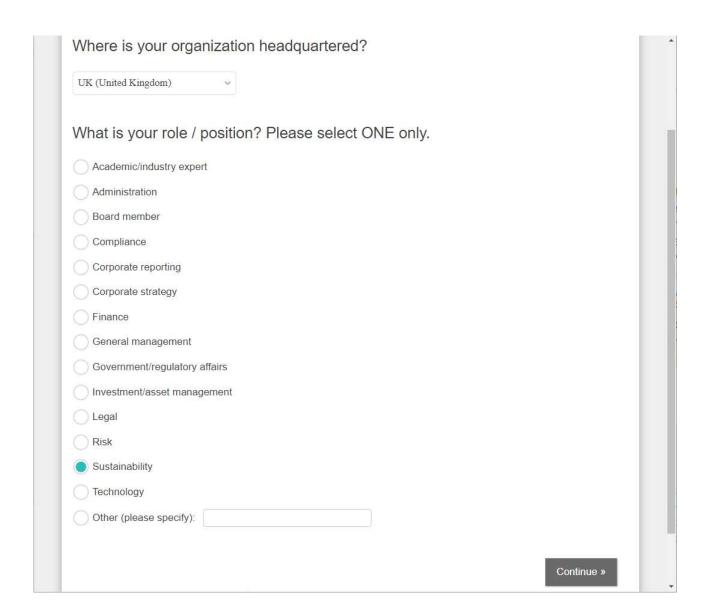
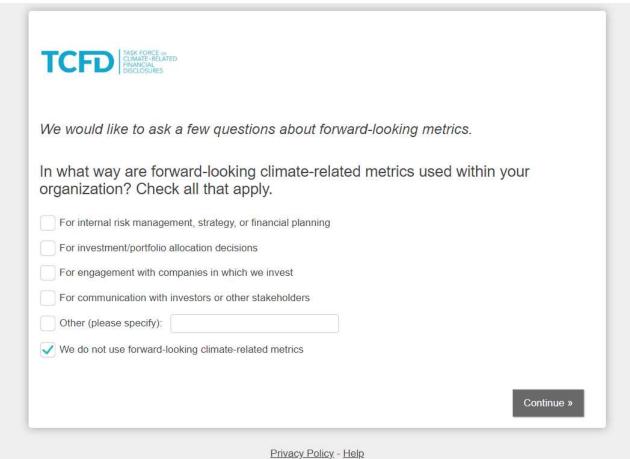
UK Finance response to TCFD consultation on forward looking metrics 27 January 2021

In response to this consultation paper.

N.B. The consultation responses were gathered through an online questionnaire. What follows is a series of screenshots of UK Finance's response.



-	TASK FORCE OF CLIMATE-RELATED FINANCIAL DISCLOSURES
Wh onl	ich one of the following best describes your organization? Please select ONE y.
	Financial services, including asset owners
<u></u>	Non-financial company
	Data/Methodology Provider
0	Government/Public sector
I	industry/Trade association
	Standard setter or framework
01	Non-Governmental Organization (NGO)
	Academia/Education/Research
0	Other (please specify):
	Continue »





Why does your organization not use forward-looking climate-related metrics?

UK Finance is a longstanding proponent of the recommendations of the TCFD and consider the framework provided by its recommendations provide the best prospect for achieving a universal approach in respect of climate reporting. This, however, is a multi-year endeavour and much developmental work continues, whether in respect of definitions, data gathering or scenario analysis.

As a financial sector trade body we do not use forward-looking climate-related metrics, though some of our members are exploring their use. ITR metrics are in their infancy and do not yet provide reliable or useful results. It is far too soon to specify which type of ITR, if any, should be used. This is a question which should be revisited in a few years, when the methodologies are more robust and there are more case uses to learn from.

In the short-term it would be more useful for the TCFD to focus on enhancing its guidance on the 11 TCFD recommended areas of reporting to help the financial sector achieve consistency there.

Continue »

Privacy Policy - Help



Now, we have a few questions about the usefulness of various metrics and challenges associated with these metrics.

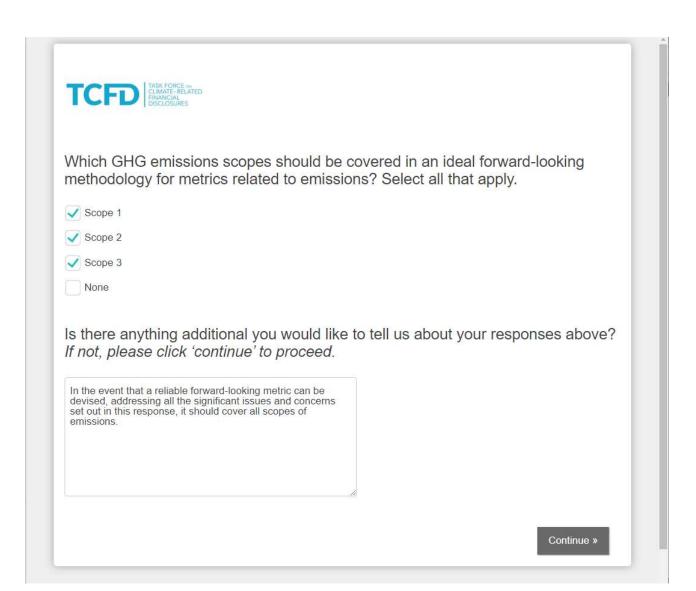
How do you currently view disclosure for forward-looking climate-related metrics?

- The challenges outweigh the benefits
- Challenges are proportionate to the benefits
- The benefits outweigh the challenges now
- The benefits will outweigh the challenges if there is further standardization of metrics

Is there anything additional you would like to tell us about your response above? If not, please click 'continue' to proceed.

We would prefer to choose a fifth option, 'the benefits could outweigh the challenges if a number of conditions could be met'. These would include not just the standardisation of metrics but also availability of accurate, consistent and comprehensive data, and a recognition from all users of the metrics that their results are, at best, indicative. There is a significant risk of too much emphasis being placed on metrics which rely on a set of stylised assumptions about future emissions many years into the future which will by definition be unverifiable in the short-term.





	to understand which scenarios and pathways were used in the ard-looking metrics to make them decision-useful?
Very important	
Somewhat important	
Not very important	
Not at all important	
s there anything ac	dditional you would like to tell us about your response above?
s there anything ac	

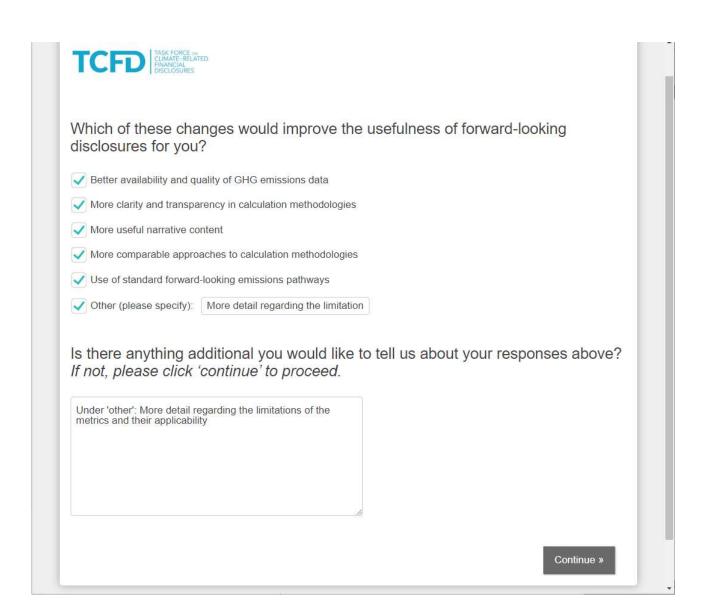
Which of the following metrics do	you find useful for	financial decision-making?
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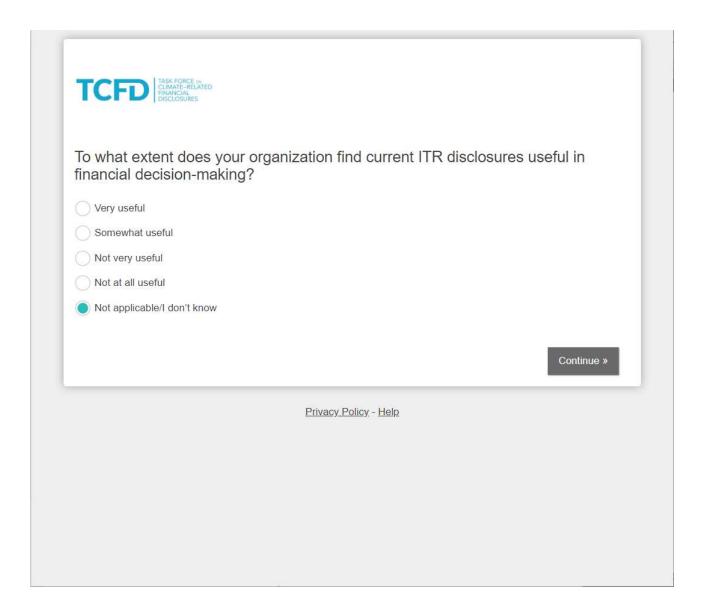
	Useful now	Could be useful with improvements to methodology	Not useful
The proportion of underlying investments that are aligned with the EU Taxonomy	0		0
Climate value-at-risk	0		
A forward-looking estimate of the amount or percentage of carbon-related assets in each portfolio over the course of their planning horizon	0	0	
Amount of apportioned emissions over/under a 1.5°C alignment trajectory	0		
Unpriced carbon cost	0	0	
Carbon earnings at risk	0	0	
Implied temperature rise or warming potential	0	0	
Other (please specify): Weighted Average Carbon Intensit	0		0

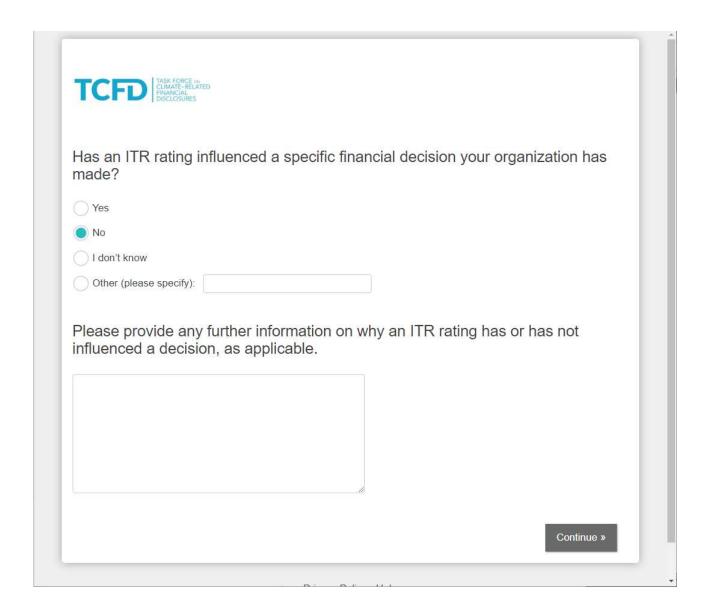
Is there anything additional you would like to tell us about your responses above? If not, please click 'continue' to proceed.

These methodologies are in their infancy, and are only being explored by a small proportion of financial institutions. Of the minority of our members who are able to express a view on these methodologies, the most favourable comments we received regarded Carbon Earnings At Risk and Weighted Average Carbon Intensity.

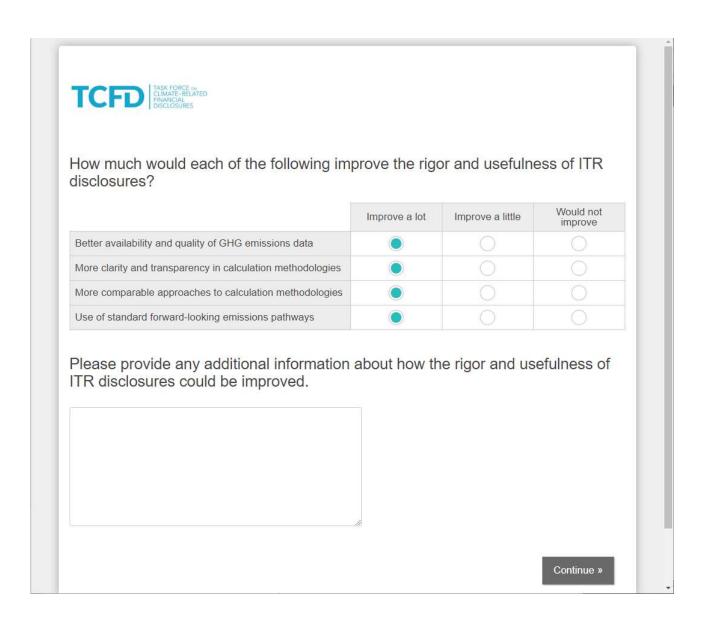
Taxonomy	ion of underl	lying invest	nems that a	e anglied wi	in the Lo
Asset owners					
Asset manage	rs				
Banks					
Insurance con	panies				
Index provide	3				
None					
✓ I don't know					
	de any additic e useful to yo		on about you	r responses a	bove or on what







What are the benefits Easy to understand				
Useful for assessing climate	e-related opportunities			
Useful for assessing climate	e-related risks			
Useful for assessments of s	strategy			
Comparability at different le	vels (e.g., fund, portfolio, co	mpany, other)		
 Useful for engagement 				
There are no benefits				
Other (please specify):				
s there anything add as a metric? If not, pl For this benefit to be realised a associated with the methodolo would have to be addressed.	ease click 'continue	e' to proceed.	oout the usefu	ulness of ITR





How useful would disclosure of an ITR rating be from the following types of financial organizations?

	Extremely useful	Very useful	Somewhat useful	Not very useful	Not at all useful
Asset owners					
Asset managers	0	0	0	0	
Banks	0	0	0	0	
Insurance companies			0		
Index providers	0	0	0		
Other organization (please specify):	0	0	0	0	0

Please provide any additional information about how disclosure of an ITR rating from a financial organization could be useful.

We are not in a position to respond to this question, given the limited extent to which our membership are familiar with the ITR methodologies. We have only responded because we were unable to leave the fields blank.



How useful would an ITR rating be for each of the following asset classes?

	Extremely useful	Very useful	Somewhat useful	Not very useful	Not at all useful
Listed equity	0	0	0	0	
Listed debt	0	0	0	0	
Loans to corporates	0	0	0	0	
Sovereign debt	0	0	0	0	
Mortgages	0	0		0	
Real Estate	0	0	0	0	
Other asset class (please specify):	0		0	0	0

Is there anything additional you would like to tell us about your responses above? If not, please click 'continue' to proceed.

We are not in a position to respond to this question, given the limited extent to which our membership are familiar with the ITR methodologies. We have only responded because we were unable to leave the fields blank.



For each sector listed below, how useful would you find an ITR rating in financial decisions?

	Extremely useful	Very useful	Somewhat useful	Not very useful	Not at all useful
Energy	0	0	0	0	
Agriculture, food, and forest products	0	0	0	0	
Materials and buildings	0	0	0		
Transportation	0	0	0	0	
Other sector (please specify):	0	0	0	0	0

Is there anything additional you would like to tell us about your responses above? If not, please click 'continue' to proceed.

We are not in a position to respond to this question, given the limited extent to which our membership are familiar with the ITR methodologies. We have only responded because we were unable to leave the fields blank.



How useful would disclosure of an ITR metric be at each of the following levels?

	Extremely useful	Very useful	Somewhat useful	Not very useful	Not at all useful
Company level	0	0	0	0	
Portfolio level	0	0	0	0	
Fund level	0	0	0		
Investment strategy level	0		0		
Asset level		0	0	0	
Other level (please specify):	0	0		0	0

Is there anything additional you would like to tell us about your responses above? If not, please click 'continue' to proceed.

We are not in a position to respond to this question, given the limited extent to which our membership are familiar with the ITR methodologies. We have only responded because we were unable to leave the fields blank.