

Saica signs climate-related risk agreement

The South African Institute of Chartered Accountants (Saica) has affirmed its commitment to sustainability reporting by signing a statement of support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.



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The recommendations of the TCFD provide a framework for the disclosure of climate-related risks and opportunities within mainstream reporting, and will thereby assist in mitigating the impact of climate change.

"We, as accounting bodies, have an important role to play in ensuring transparency and appropriate disclosure around climate-related risks and opportunities, which will in turn help to maintain financial stability. Saica will support its members and other stakeholders by engaging and partnering with relevant organisations to assist with raising the level of awareness and understanding of the various aspects of the TCFD recommendations, which will catalyse more consistent, comparable and reliable disclosure of climate related information that will facilitate more informed business and investment decision making," a Saica statement said.

Framework

The TCFD was established in December 2015, by the Financial Stability Board (FSB), to "develop climate-related disclosures that could promote more informed investment, credit [for lending], and insurance underwriting decisions and, in turn, would enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks."

To this end, the TCFD has developed a framework with four main recommendations for disclosure:

- Governance: around climate-related risk and opportunities;
- Strategy: actual or potential impacts of climate-related risks and opportunities on the organisation, and the management thereof;
- Risk management: the process of managing climate-related risks; and
- Metrics and targets: relevant data and information.

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The framework aims to assist various stakeholders, from businesses that are required to disclose their climate-related risks, to users of this information such as the financial sector and regulators. Improved disclosure will enable more informed decision making, better capital allocation as well as data and information comparability.

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