Climate Risk Disclosure Barometer The Netherlands

September 2021

Building a better working world

Contents

1. Why climate reporting?

Since its publication in June 2017, the Financial Stability Board (FSB) on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations have gradually been integrated by companies and legislators globally, with over a 1,000 companies having voiced their support to TCFD, including several worldwide respected frameworks — such as Principles for Responsible Investment (PRI) — driving TCFD disclosures even further. As a result of the growing attention toward TCFD, a coalition known as the "Group of Five"[1] global standards released a publication in December 2020 creating a global standard convergence.

Following our previous Climate Risk Disclosure Barometer The Netherlands published in 2019, this document presents the assessment results of 64 Dutch companies' 2020 annual reports. This assessment relates to the 11 reporting recommendations proposed by the FSB on the TCFD. However, this document – by looking into the company's performance on TCFD reporting – indirectly evaluates climate reporting in general, and most importantly the country's decarbonization path intended, to lead to a global low-carbon economy.

The 2021 Intergovernmental Panel on Climate Change (IPCC) report released in August contained urgent calls for action on decarbonizing economies, indicating with high confidence, the relationship between cumulative anthropogenic CO_2 emissions and global warming. According to the report, even if net zero were to be achieved soon, temperatures would be gradually reversed but other climate change effects, such as sea level rising, would continue to take place for several centuries. This is a risk the Netherlands may be more vulnerable to than others.

Although the IPCC report has come with a new wave of pressure to change, discussions around climate change have been already significantly intensifying in the last years, with institutions, companies and governments increasingly engaging more on improving or replacing activities to decrease greenhouse gas (GHG) emissions. This entails that companies' business models, financing, governance and reporting need to be re-evaluated and adapted. Therefore, this report allows for an indirect understanding of the Dutch decarbonization path through its stakeholders' participation.

Other recent developments taken into account in this document relate to local and EU legislations which will take effect soon. These have been developed to support the block transition, such as the EU Taxonomy Regulation, the Corporate Social Responsibility Directive (CSRD) and the European Green Deal. Other national initiatives impacts are disclosed in this report.

Consider if your company is prepared to operate in a low-carbon economy and if your company's decarbonization plan is aligned with science models or national carbon targets. Reach out to our team if you would like to discuss your decarbonization strategy, or understand how your company compares to peers or its operating industry.

1 The Group of Five is composed of: The Carbon Disclosure Project (CDP), the Climate Disclosure Standards Board (CDSB), the Global Reporting Initiative (GRI), the International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB). Click here to visit the publication: Reporting-on-enterprise-value_climate-prototype_Dec20.pdf (netdna-ssl.com).

2. Our assessment methodology

This report assesses the TCFD disclosures of 64 Dutch companies, most of which are listed on Euronext Amsterdam. To broaden the coverage across sectors, some non-listed companies have been included, such as asset owners and asset managers, utilities, health care, and transportation. For the analysis, we grouped companies into the following categories: financial services sector, nonfinancial sectors and non-ke TCFD sectors. The first and second groups were identified as high-risk sectors by TCFD for which additional disclosure recommendations apply.

Earlier this year, EY published its 2021 Global Climate Risk Disclosure Barometer, providing an analysis of TCFD reporting of more than 1,100 companies in 42 jurisdictions across the world. Because of the timing of the data collection, only the 2019 reports from the Netherlands were included.
However, since the above has been published, the 2020 reports for Dutch companies has become available, and we conducted a subsequent assessment for the Dutch market based on the most recent reports. This assessment methodology for TCFD is consistent with the Global Climate Risk Disclosure Barometer as published in June 2021.

The TCFD recommendations are structured around four thematic areas that reflect the core elements of TCFD – governance, strategy, risk management, and metrics and targets, from now on, referred to in this document as TCFD elements. Companies were scored against these four core TCFD elements, broken down into 11 disclosure recommendations.

The findings are based on disclosures in annual reports, sustainability reports, and questionnaires answered by companies and any other publicly available information such as company websites. However, this report did not consider rating agencies responses, such as the Carbon Disclosure Project (CDP), as they were not available when this publication was being developed.

TCFD Climate Risk Disclosure Barometer, the Netherlands

	Group	Sector	Number of companies
TCFD high-risk sectors	1. Financial services	Banks	6
		Insurance companies	4
		Asset owners and managers	8
	2. Nonfinancial sectors	Agriculture, food and forest products	7
		Energy	10
		Manufacturing, including pharma	7
		Transport	8
Non-key TCFD sectors	3. Non-key TCFD sectors	Telecommunications and technology	3
		Retail, health, consumer goods and others	7
		Real estate	4
	Total		**64**

Core elements of recommended climate-related financial disclosures:

Governance
The organisation's governance around climate-related risks and opportunities

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

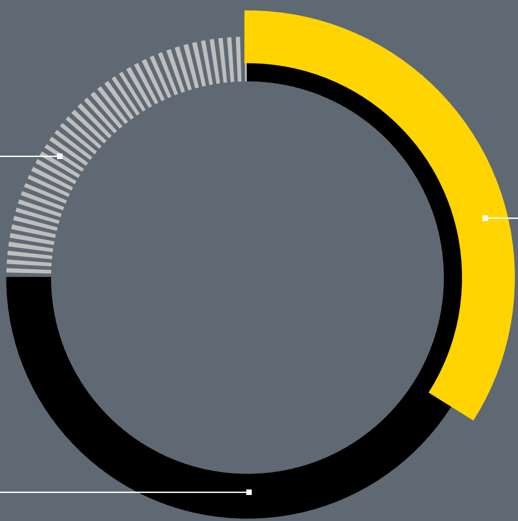
Risk management
The processes used by the organisation to identify, assess and manage climate-related risks

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

Coverage

Companies were scored on the basis of the percentage of the 11 TCFD recommendations addressed by them. A score of 100% indicates that the company has addressed all the recommendations.

Companies that have no disclosures related to the core element.



Quality

Companies were given a rating (out of five) on the basis of the quality of the disclosure, expressed as a percentage of the maximum score should the company implement all 11 TCFD recommendations. A score of 100% indicates that the company had adopted all the recommendations and the quality of the disclosure met all the requirements of the TCFD (i.e., gaining a maximum score of 5 for each of the 11 recommendations). The quality of the disclosures was scored using the following scoring system:

0 – Not publicly disclosed

1 – Limited discussion of the aspect (or only partially discussed)

3 – Aspect is discussed in detail

5 – Addressed all features of the aspect in the disclosure

3. Companies need to act faster and better

The recent IPCC report findings indicate the importance of fast and effective action to tackle climate change. However, various other drivers have been in force in the Netherlands directly or indirectly influencing improved climate-related disclosures. Some drivers that may have compelled companies to improve their TCFD disclosure practices in the past year were:

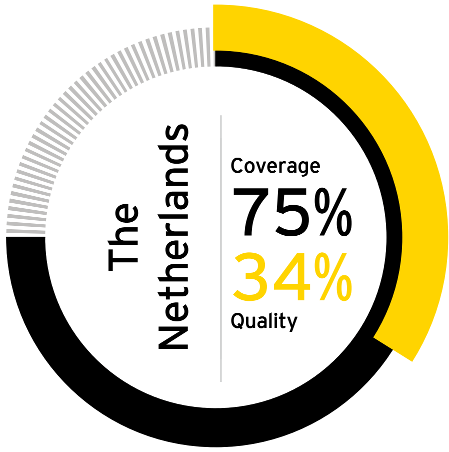
The Climate Agreement: The *Klimaatakkoord* is part of the Dutch climate policy created to achieve the target of a 49% reduction in GHG emissions by 2030. This agreement has targeted several key contributing sectors in the financial and nonfinancial sector.

EU Sustainable Finance Strategy: In June 2021, the European Commission updated its sustainable finance strategy. This plan contains a set of objectives such as increasing the contribution of the financial sector to sustainability (including climate), and enhancing the resilience of the economic financial system to sustainability risks.

EU Taxonomy Regulation: The European Commission has developed the EU taxonomy, a classification system used to determine – and report on – sustainable activities through the creation of activity-specific sustainability criteria. As financial and nonfinancial actors must report on their performance referencing the same criteria, the EU Taxonomy is intended to create a common language for companies, investors and society alike. In its first year – the 2021 reporting year – companies that fall within the scope of the Non-Financial Reporting Directive (NFRD) are required to report on their activities related to Climate Change Mitigation and Climate Change Adaptation criteria.

The Corporate Social Responsibility Directive (CSRD): Another development at the European Commission level concerns the adoption of the CSRD. This will significantly enhance NFRD reporting requirements, while bringing many more companies into scope. Under this new regulation, all companies in scope will need to report on more comprehensive sustainability criteria, potentially including climate, and will require a limited level of assurance on the information reported.

The Netherlands



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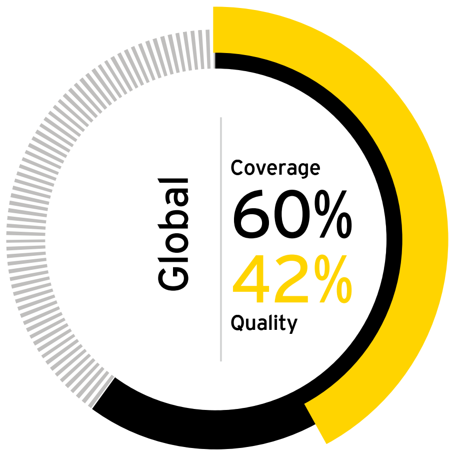
Global



2020

These drivers (and more) seem to have impacted the Netherlands, where climate reporting can be interpreted as well developed — affirmation confirmed by 75% coverage. However, there is much more to improve upon.

The following general improvement points relate to the means used by companies to report on climate-related financial disclosures. A large amount of Dutch companies report on climate-related issues in separate reports or through rating agencies, such as CDP (not included in this report assessment), although TCFD framework recommends to include climate-related discussions alongside financial statement reports, allowing investors to evaluate the disparity between financial and climate management. Secondly, another improvement point refers to the quality of Dutch disclosures. Dutch companies report on more of the 11 TCFD recommendations compared with global peers, however it lags on details significantly. This data indicates that while companies were indeed reporting on more TCFD recommendations, they may be doing so as a "tick box" exercise.

The use of climate scenarios exemplifies that once more, more action is needed. While 41% of global companies have disclosed the use of climate scenarios, only 25% of Dutch companies assessed for this publication have reported on its application. Although, scenario analysis is more complex than other elements of disclosure, it is perhaps the most important aspect of the TCFD framework, while being the least developed recommendation with 39% of the companies not disclosing any information on its use. While other recommendations also contribute to an adequate climate management, science models allow for the creation of strategies based on scientific expectations, increasing companies' resilience in a lower-carbon economy world with altered climate.

The data also shows that governance and strategy elements were the least developed disclosures in the country, with 28% of the companies assessed, not disclosing any information on board and management's governance around climate. It should be noted that 44% of the companies assessed in this report did indicate that the board or managment were in charge of general sustainability in general within the company. It was however unclear whether the board or managers sustainability governance included climate related matters and more detailed information on how climate change is governed.

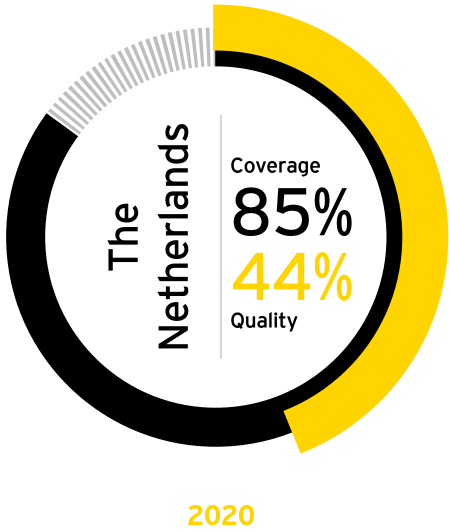
On strategy recommendations, 36% of companies reported on their climate risks and opportunities in detail while a greater amount of companies (44%) disclosed in detail the process for managing climate risks. The TCFD framework has been developed to increase transparency on how companies affect, or may be affected, by climate change. These results may lead to the conclusions that more companies may have detected climate risks and opportunities and have developed a risks management process. However, to avoid liabilities or concerning investors and stakeholders, companies have deflected from comprehensively reporting on it.

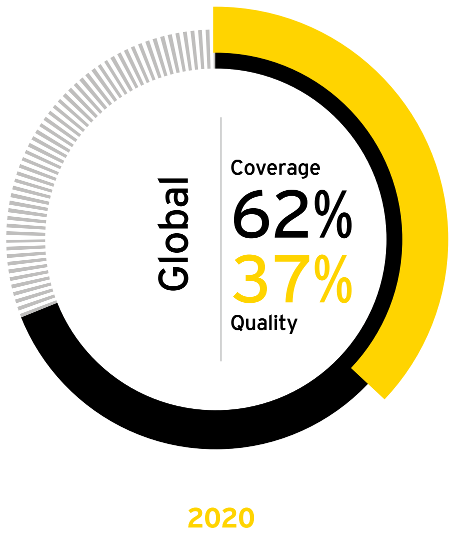
Risk management recommendations, in general, were well developed in the Dutch market. Half of the companies assessed have reported their risk identification and assessment processes thoroughly, while 17% did not disclose any information on it. Data shows that the other risk management recommendations were less mature, in particular, the recommendation relating to how climate risk identification and assessment processes related to the overall company risk management system. The majority (39%) reported on how these items interlaced, with close to the same amount of companies (30%) not disclosing any information.

Lastly, "metrics and targets" were the most developed element from the TCFD framework. Over half of the companies assessed (53%) reported their GHG footprint scope 1 and 2 in detail, including boundaries and methodology, against 14% that did not report on their footprint or any other climate indicator. Another 45% disclosed GHG targets, against 17% that did not report on any climate target.

3.1 Financial sector accelerating change

The improvements noted in this report were observed, in particular, in the financial sector. Dutch financial service organizations – banks, insurance, and asset owners and managers – all performed much better than the global average, exemplifying that this sector group made significant steps toward understanding and reporting on their climate impact in response to ongoing discussions.





Because of recent developments, such as the European Union Green Deal, the financial sector has been under the spotlight, pushing financial companies to take ownership and responsibility for achieving a circular and low-carbon economy. Some of the drivers behind climate disclosures for the financial sector, both at a European Commission and local level were the Climate Agreement, the EU Sustainable Finance Strategy, EU Taxonomy and the CSRD (mentioned in chapter 3 of this report).

Additionally, other specific driver for the financial sector was the Sustainable Finance Disclosure Regulation (SFDR), which has been developed to create a set of reporting requirements for financial companies pushing for funds' sustainability disclosures to be more transparent, and allowing for comparability among them. Alongside legislation and regulations, lately, this sector also had other drivers initiated by other nongovernmental stakeholders, such as the European Central Bank's initiative to consult its stakeholders on climate-related reporting, and UN Principles for Responsible Investment (UN PRI) aligning its framework to TCFD, requiring its signatories to report in line with the TCFD. Similarly, Eumedion – an organization representing the interests of institutional investors in the field of corporate governance and sustainability – issued a memorandum on 12 October 2020, urging better climate-related risk disclosure in line with the European Commission Guidelines or TCFD recommendations with clear, ambitious GHG emission-reduction targets (covering scope 1, 2 and 3) consistent with the Paris Agreement.

Our data then shows that risk management disclosures were the most mature element, with 85% coverage and 49% quality results. This data find is expected as financials are required by various stakeholders to implement robust risk management frameworks and communicate it transparently with stakeholders because of the nature of their business. Similarly, half of the companies in this group of sectors have disclosed the use of climate scenarios in detail, which is a response to legislators pushes. Nonetheless, this may also be linked to financial experience and skills in modeling activities, not as often found in other industries.

A detailed look into financial results shows that most of the 11 recommendations achieved a remarkable score of over 80% in coverage. However, much more is needed to improve, starting from governance recommendations. Both governance recommendations were the least developed according to our data, with scores of 37% and 36% in quality.

While the financial sector has accelarated its own pace regarding climate, it is now time that those efforts be reflected in financial portfolios, as the majority of this sector’s impact lies on their financed emissions and not on emissions for their operations. Considering rapid developments in the legislative and the competitive landscape, the financial sector is expected to take immediate action or take the next step in managing its carbon emissions in its investments, and other scope 3 supply chain emissions, to remain relevant and competitive in this decade and coming decades.

3.2 Nonfinancial sector progress is not uniform

Nonfinancials have underperformed compared with its global peers. While evaluating drivers pushing climate reporting in this sector is challenging because of a variety of activities, some presented in chapter 3 apply. These are the Climate Agreement (Klimaatakkoord), in which certain sectors are deemed crucial, such as mobility (named transport in this report), agriculture, energy and industry. The EU Taxonomy Regulation and CSRD also apply to the sectors in this group.

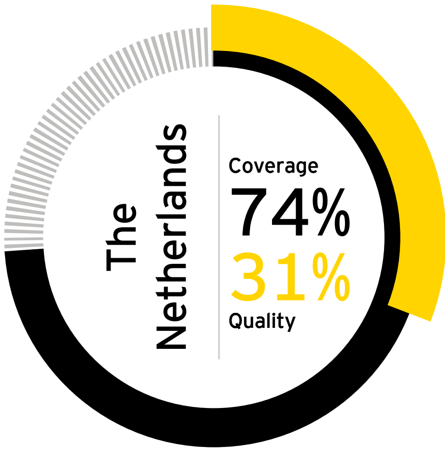
Another important driver particular to the energy sector pertains to the commotion surrounding energy transition.
Companies operating in this sector are deemed pivotal players for a sustainable world, responding to third-party initiatives and legislation as well as intense stakeholder pressure.

Once again, the assessment of nonfinancial scores raises concerns on companies reporting climate-related information as a "tick the box" exercise. This can be interpreted by the fact that within the group of companies being assessed in this report, 74% of the 11 TCFD recommendations were covered (at a high level), however only 31% of the comanpies covered it in detail. A similar observation can be made by its global peers in a lesser degree. Global companies have covered less of the 11 recommendations and disclosed these information in a significant more detail than its Dutch counterparts.

Our data shows that metrics and targets was the mature element, with 86% coverage and 41% quality results. This finding was aligned with expectations as companies in this sector group monitor and report on a variety of nonfinancial indicators because of the nature of their business, this may at times be required as part of their due diligence reporting. Additionally, even though this sector group reported more on nonfinancial metrics, there still seems to be a disconnect between climate risks and opportunities and the metrics used to monitor these risks and opportunities other than GHG emissions.

Unlike the financials, the least developed TCFD element was not governance, but strategy recommendations. Even though the sectors in this group are expected to transform drastically in the next decades to keep global warming at 1,5 °C or 2 °C, only 17% of the companies reported applying climate scenarios in detail.

The Netherlands



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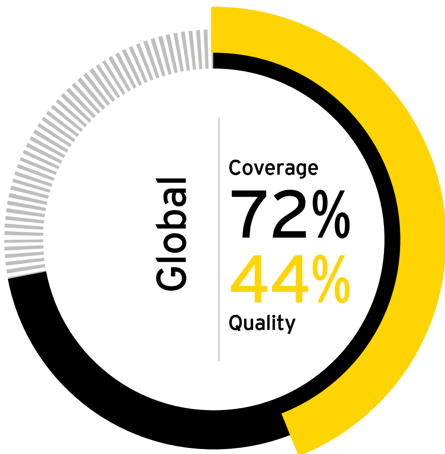

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Major and urgent improvements in all TCFD recommendations are required for nonfinancial sectors to improve reporting, and consequently climate management. Board involvement on climate-related risks governance, the process for managing climate-related risks, how these processes are integrated in the organization's overall risk management and climate scenarios are attention points. It becomes crucial that nonfinancial sectors, especially sectors contributing to climate change, make significant strides towards decarbonization, adapting their activities to a low carbon economy.

3.3 Non-key TCFD sectors to catch up

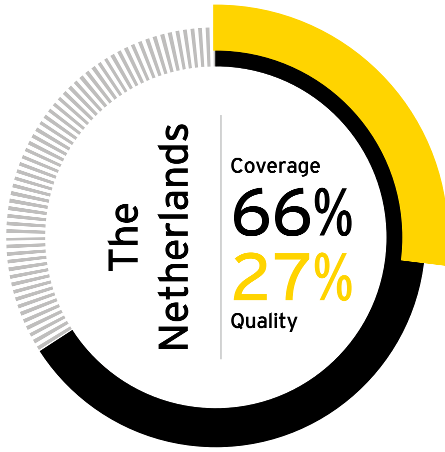
Non-key TCFD, as this group is named, refers to sectors that do not contain a set of additional requirements from the Financial Stability Board (FSB). These groups were not required to share industry-specific disclosures, unlike the sectors presented until now. Nevertheless, climate change impacts all groups; these sectors are also part of the climate crisis problem (and solution) and are included in the scope of the CSRD and the EU Taxonomy.

Scattered initiatives could be found in these sectors. For instance, Group Speciale Mobile Association (GSMA), representing the interests of mobile network operators, was driving telecom companies to develop net-zero strategies. Another driver for this group was the discussion concerning the inclusion of the built environment, such as real estate, in the European Union Emission Trading System (EU ETS).

This group was the lowest performer among the other Dutch sectors included in this report. Therefore, companies in this group were on average less mature in climate reporting than the financial and nonfinancial sectors represented. Their low performance was however anticipated, as these sectors are not often in the spotlight with regard to the Dutch and European low-carbon economy transition. These sectors, i.e., real estate, telecommunications and technology, retail, health, consumer goods and others have also underperformed global averages.

Once again, metrics and targets recommendations showed to be the most mature with 83% in coverage and 40% in quality. In general, this group reported on the three GHG scopes, however excluding historical data, and/or other relevant scope 3 categories. Targets disclosures was the most developed recommendation amongst TCFD metrics and targets element, with half of the companies assessed reporting on a couple of targets including time frames and base years. Nonetheless, these metrics seem to be disconnected from a strategy. This is due to the challenge to understand if most companies in this group have implemented a climate strategy, when climate risks and opportunities have not been yet been disclosed.This recommendation, nevertheless, can be advanced further with additional climate-related targets linked to the metrics supporting the company climate strategy, once available.

The Netherlands



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Governance and strategy elements were the lowest scores in this group, with low quality scores of 15% and 17%, respectively. Governance disclosures were limited on general, with board management being the less reported on. The less adopted recommendation in this group pertains to the application of climate models, with only two companies reporting it in detail and one disclosing some qualitative discussion on the company outlook in relation to climate-related risks.

Our data shows that companies in this group seem to be lagging far behing in adapting into a new and low-carbon economy, as expected, as legislators, regulators and investors alike have invested most of their efforts in tackling biggest emitters. The data of these companies shows that many already have processes in place to monitor and report on nonfinancial metrics as well as some risk management framework including these metrics. Nevertheless, there is a long path ahead for non-key TCFD sector companies as they must initiate the changes that will allow to assess and monitor the company resiliency for the future low-carbon economy transformation. Although best in class organizations are found in this group, most are urged to prepare for the future to keep their business models relevant in the future. Indeed, even though we can see some progress on targets and metrics, it seems that those efforts are not connected to the overall strategy and potential environmental risks and opportunities that may affect companies' business models in the future. Now, it's the time for those companies to envision and implement what transitioning to a climate-conscious mindset would look like for them.


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4. Reporting is not enough, it must lead to change

With clear pressure coming from regulators, as presented by the drivers in this report, and the society at large, 2022 is expected to bring a dramatic uptick in climate-related financial disclosures. Additionally, the COVID-19 pandemic has also acted as a wake-up call, catalyzing the building of green infrastructure, with large percentages of recovery packages being invested in industrial decarbonization projects. Nonetheless, most assessed Dutch companies continue to have a long way to go to align their disclosure policy and practice the 11 TCFD recommendations, or to simply reap the benefits of understanding their climate-related risks liabilities and opportunities.

Compliance with TCFD recommendations mean that risk assessment, metric monitoring, governance of topics and climate scenarios must be in place. While more and more TCFD recommendations appear to be integrated in a variety of frameworks – voluntary, mandatory, non-binding and more – Dutch companies are expected to continualy improve climate disclosures in the next couple of years. This timeline is reinforced because of CSRD, SFDR, EU Taxonomy and others entering into force soon.

The results presented in this report suggest that Dutch companies seem to be responding to requests for increased climate-related disclosures, however, not in adequate depth as requested by the TCFD framework, indicating companies might be reporting some information as a "tick the box" exercise. This impression is somehow supported by the fact that the companies assessed tend to share more information on rating sites focusing on higher scores than their annual financial publications, as per TCFD recommendation.

Nonetheless, similar to global findings, this TCFD assessment indicates that most companies continue to struggle in particular on:

- Connecting risks and opportunities to metrics when reporting: Most companies struggle to report on metrics other than GHG emissions (scope 1, 2 and 3), to evaluate the exposure of physical risks of climate change.
- Integration of climate risks on overall risk management frameworks: Most climate risks assessments are often limited to certain parts of the business and only include qualitative analysis. Eventually, the financial risks and opportunities related to climate change should become a natural part of risk assessment – one of an organization's ongoing principal risks embedded into the existing risk management framework. Dutch companies still struggle to make progress in this area, currently integrating climate-related risks into their risk register as "climate change" or as "physical risks" and "transition risks" without sufficient detail to allow for measuring progress or track the risks.
- Integrating climate scenarios: Because climate-related risks are inherently more complex and long term than most traditional business risks, scenario analysis is essential for organizations to understand the physical, economic and regulatory connection between future climate impacts, and business, and supply chain activities. However, this pivotal TCFD recommendation continues to be the least disclosed.

Because of these reporting gaps observed in the reporting by Dutch companies, and also globally, and by FSB, FSB published in June 2021, a complementary report on "Proposed Guidane on Climate-related Metrics, Targets and Transition Plans"[2] sharing guidance on metrics and industry best practices.

Moving forward, organizations should also formulate a clear climate narrative around their disclosures that reflects the company strategy and its carbon commitments. Additionally, organizations should demonstrate that the strategy added value and how it makes sense by commercially aligning the companies achievements with its business incentives clearly for all its stakeholders.

2 For more information, visit TCFD publication hub: Publications | Task Force on Climate-Related Financial Disclosures (fsb-tcfd.org).

5. Next steps: How to build your decarbonization strategy

Some organizations are reluctant to act on climate change due to the many uncertainties around the nature, timing and physical impacts of transition risk. However, organizations frequently make calls on the likely future of emerging technologies without knowing their exact time horizons of when they are likely to hit. As the science on climate change has become more detailed than ever – and resoundingly clear – the requirement for immediate action has emerged.

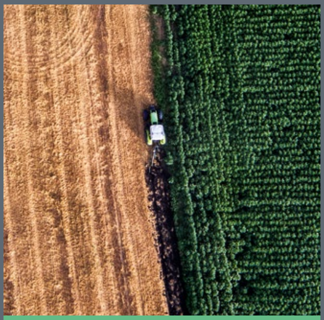
A number of forces are converging to accelerate action to tackle climate change. Organizations that fail to anticipate this potentially nonlinear disruption as the net-zero transition gathers pace may be exposed to climaterelated risks and be underprepared for the associated climate-related opportunities. The world will likely require every business to act now to support decarbonization.

Businesses should be able to answer the following questions:

- What is the extent of the risks and opportunities my organization is facing as a result of climate change?
- How should my organizational strategy change to respond to the identified risks and opportunities from climate change? And what strategic initiatives will be required?
- What should I do to execute on my decarbonization journey?
- How do I communicate with the market on the extent of my risks and opportunities, the proposed changes to my strategy and the progress on my decarbonization journey?

Aligned to this, companies should consider the following stages of workflow:

1 Understand climate risks and opportunities



Understanding your climate footprint and the risks and opportunities that you face

2 Develop climate strategy

Developing a new climate focused organizational strategy in response to your climate risks (both physical and transition) and opportunities

3 Implement climate strategy

Implementing and embedding your climate focused operational strategy

4 Communicate perfomance

Communicating the decarbonization approach taken and subsequent performance

Understand climate risks and opportunities – this includes:

- Mapping your entire value chain, up and downstream, and analyzing your carbon footprint to identify material exposures
- Performing scenario modeling to stress test your business and clarify risks (both physical and transition) and opportunities, and quantify the financial consequences of climate risk

Develop and implement climate strategy – starting the process by:

- Defining your purpose and ambition, and any reduction targets
- Identifying and assessing your strategic options – this includes, but is not limited to:
  - Decarbonization of products
  - Transforming supply chain
  - Optimizing operations
  - Reducing your portfolio risks
  - Integrating technologies

Communicate performance to the depth required to allow your stakeholders to fully and transparently evaluate your climate performance – this includes backing up your climate-related disclosures with narratives that offer the same level of commercial insight as you apply to your financial reporting.

EY Climate Change and Sustainability Services (CCaSS) teams can help organizations on their decarbonization journey.

For more information, visit our site:
ey.com/nl_nl/climate-change-sustainability-services/decarbonization-en-net-zero-dienstverlening.

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For more information, visit our site:
ey.com/nl_nl/climate-change-sustainability-services/decarbonization-en-net-zero-dienstverlening.

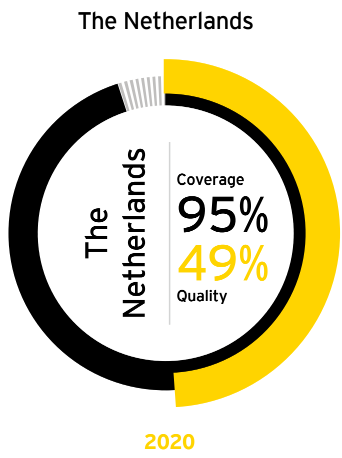
7. Appendix A: Sector results

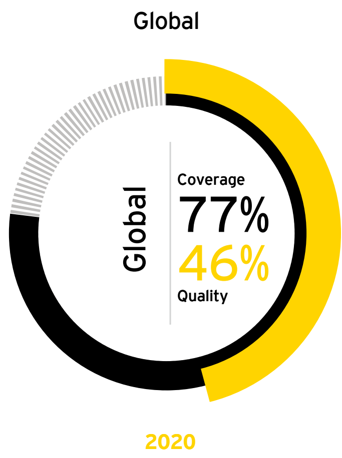
7.1 Financial sector

7.1.1 Banks

The banking sector was among the highest performing sectors in this report alongside insurance, in terms of both quality and coverage. Compared with their global peers, banks performed better in terms of coverage, while the quality of the disclosures was slightly higher.

Most of the banks assessed addressed all the TCFD recommendations, resulting in a coverage of nearly 100%. However, the quality of the disclosures was not as mature as the coverage, although it still exceeded the average of other Dutch sectors assessed for this report.

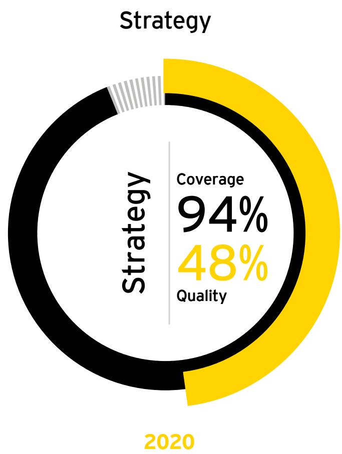




Governance
All companies in this sector adopted governance-related disclosures, resulting in a coverage of 100%. All the banks assessed reported that they had a sustainability or ethics board with overall responsibility for climate-related issues. These banks also reported on the governance structures for climate risks and sustainability with designated risk committees and responsibility assignments up to the CEO level. However, the description of the management's role in assessing and managing climate-related risks and opportunities was rather limited.

Strategy
Top performers included disclosures on the responsibilities of the board and their committee structures. Furthermore, they reported in-depth information on climate management such as the description of a climate management committee and the role of TCFD reporting in the bank's climate management.

Generally, two out of three strategy-related disclosures were adopted by the companies. These companies clearly articulated their climate-related risks and opportunities over the short, medium and long term, with some also disclosing a narrative around the time horizons associated with these risks and opportunities. Furthermore, all companies disclosed, to some extent, the impact of climate-related risks and opportunities on organizational business, strategy and financial planning.



Most companies failed to adequately disclose the "organizational strategy resilience-based climate scenario modeling" exercises. Because of the complexity of applying climate scenarios, limited reporting with respect to this recommendation was observed.

Top performers articulated, in detail, the organizational responses to address the climate-related impacts and linked them to the overall business strategy, vision and core business model. Best disclosures followed this recommendation by using a heatmap to indicate climate risk sensitivity, based on the lending exposure in the sector, and the sector's inherent sensitivity to climate risk.

Risk management

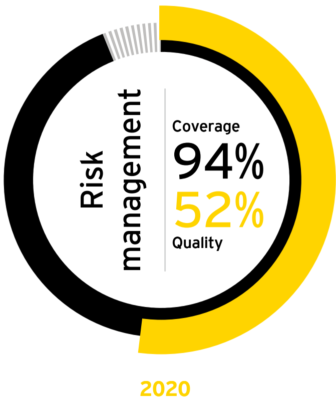
All assessed companies in the banking sector reported on their process for identifying and assessing climate-related risks as well as how these risks were managed. Most companies failed to disclose a clear link between climate-related and overall risk management.

Top performers in this sector articulated their climate-related risk-management processes in detail and comprehensively described the integration of climate-related risks in the company's overall risk management framework.

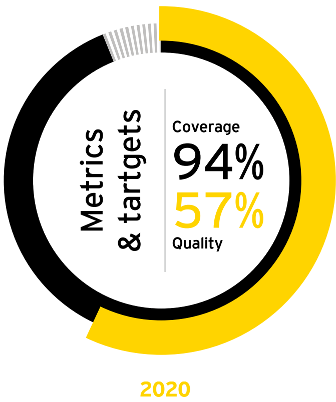
Metrics and targets

Metrics and targets: The most commonly adopted recommendation for this sector was the disclosure of the metrics used to assess the climate-related risks and opportunities as well as the disclosure of scope 1, 2, and 3 greenhouse gas (GHG) emissions. Reporting on key climate-related targets rarely took time frames and base years into account. Only top performers in this sector consistently explained their climate-related indicators with associated key risks and set targets with clear timelines.

Risk management



Metrics and targets



7.1.2 Insurance

The insurance sector was among the highest performing sectors in this report alongside banks, in terms of both coverage and quality. Compared with their global peers, the Dutch insurance sector companies performed considerably better coverage and slightly better in quality. This was the only sector in which three – governance, strategy, and metrics and targets – of the four TCFD core elements, achieved 100% coverage.

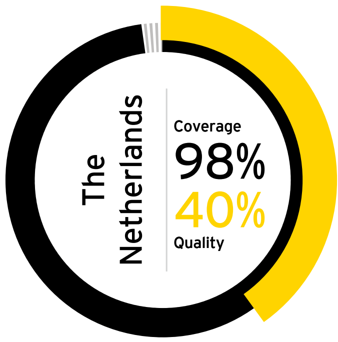
Governance
All companies in this sector adopted the two governance recommendations making this sector the highest performer for this core element. Nonetheless, companies failed to clearly articulate their board and management's involvement and responsibilities, as well as how climate risks and opportunities were linked to the overall strategy, vision and core business model of the organization.

Top performers shared their structures for board involvement, board responsibilities and specific board-level sustainability committees. Furthermore, they comprehensively described the interaction between the management and the board on climate-related issues with a link to the climate-related strategy concerning the overall business strategy.

Best governance practices include the implementation of management committees (i.e., sustainability and corporate social responsibility (CSR) committees) responsible for overseeing the company's climate agenda. The board oversight and communication with the committees was often conducted through a direct reporting line or with the active participation of a board member in the committee.

Strategy
As indicated by the 100% coverage, all three strategy-related disclosures were adopted by insurance companies because of their inherent exposure to climate risks; the insurance sector unsurprisingly outperformed other sectors in terms of coverage. On the other hand, both banks and asset owners, and managers disclosed more detailed information on strategy recommendations.

The Netherlands



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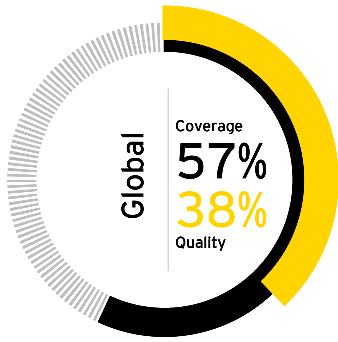
Global



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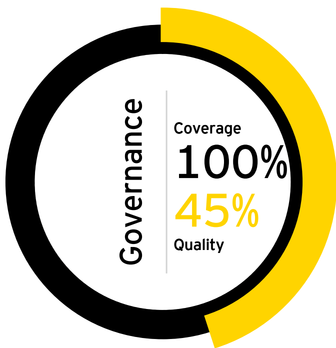
Governance



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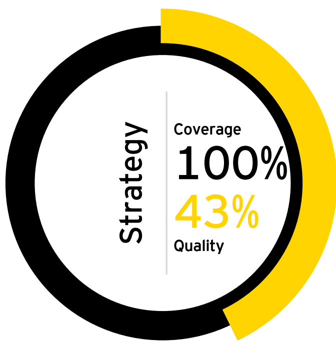
Strategy



2020

All of the companies assessed in this sector described climate-related risks and opportunities identified over the short, medium and long term. They also disclosed the climate-related risks and opportunities as including business, strategy and financial planning, taking into account the resilience of the organization's strategy.

Few companies actually provided a detailed explanation as to their specific physical and transitional risks and associated time horizons. Similarly, most companies did not report on the materiality determination process and its outlook as a result of climate scenario modeling. Only top performers actually covered these items.

Risk management
While companies in the insurance sector outperformed others in terms of covering risk management disclosures, companies in other financial sectors disclosed more detailed information on this topic.

Two out of the three risk management recommendations were adopted by companies within this sector. Firstly, most companies described their organizational process for identifying and assessing climate-related risks. Secondly, they disclosed the processes they had in place to manage these climate-related risks. Even though not as common as the first two recommendations, a majority of the companies reported on the integration of their climate-related risk into their overall risk management framework. Only a limited number of companies did not disclose the integration of climate-related risk identification, assessment and management into the company overall risk management.

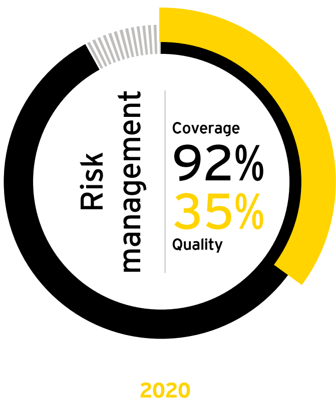
Top performers incorporated their climate risk identification, assessment and management as part of the company's integrated risk management, or linked it to risk management standards.

Metrics and targets
The coverage of metrics and targets disclosures increased to the full 100%, resulting in the insurance sector being one of the top performers for metrics and targets.

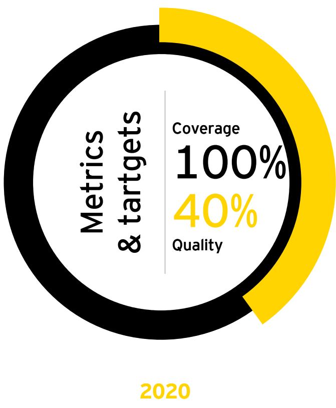
All three recommendations regarding metrics and targets were adopted within this sector. However, the quality of these disclosures varied quite significantly between the companies in scope for this report.

A limited number of companies assessed reported their key sector-specific climate-related risk with time frames and base years in which progress was measured. Top performers, on the other hand, reported an increased number of targets with clear time frames and base years.

Risk management

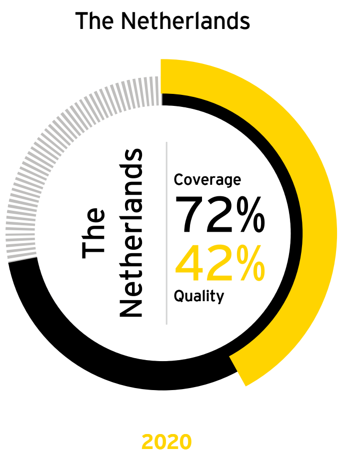


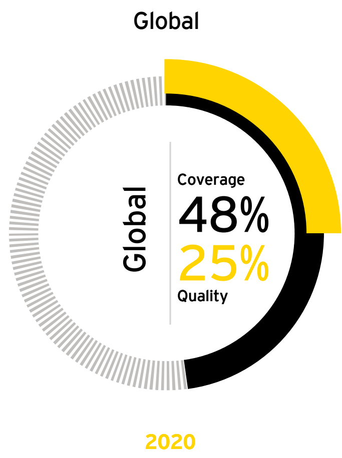
Metrics and targets



7.1.3 Asset owners and managers

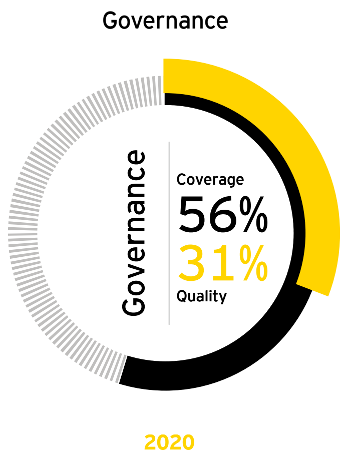
The asset owners and managers sector was among the highest performing sectors in coverage and quality, alongside the other financial sectors compared with other nonfinancial sectors. Companies in this sector reported on average 72% of the 11 TCFD recommendations. The quality of the disclosures was less developed than the coverage, although it still exceeded the average of other sectors assessed in this report. Compared with global asset owners and managers, Dutch companies performed better in coverage and quality of disclosures.



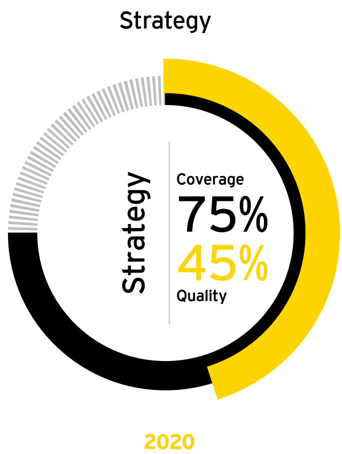


Governance

The most common governance disclosure adopted in this sector related to the board's oversight of climate-related risks and opportunities. Asset owners and managers reported high-level discussions around the board's involvement in climate-related risks and opportunities, which typically consisted of a general reference to the board or a board committee's responsibility for overseeing climate-related risks and opportunities. Half of the companies assessed in this sector failed to discuss – or hardly discussed – the management's role in assessing and managing climate-related risks and opportunities, usually only including a brief mention of the officer or committee responsible for the overall sustainability picture, with no additional details provided.



Top performers reported their structures for board involvement clearly, with responsibilities articulated for the board as a whole, as well as for specific board-level sustainability committees. Furthermore, the interaction between the management and the board on climate-related issues had been clearly described by top performers, including the link to their climate-related strategy concerning the overall business strategy.
Best governance practices included the implementation of management committees (i.e., sustainability or CSR committees) responsible for overseeing climate topics. The board oversight and communication with the committees was often conducted through a direct reporting line or with a board member also participating in the committee.



Strategy

The most commonly adopted strategy recommendation was the disclosure of short-, medium- and long-term risks and opportunities the organization has identified. Companies typically reported, on a high-level, their overall risks and opportunities, only referring briefly to the process for determining material risks and opportunities.

Most companies failed to provide a detailed description of the company's resilience under different climate scenarios. This is considered the most complex and valuable TCFD recommendation, which requires organizations to describe how resilient their strategies are to climate-related risks and opportunities, taking into consideration a transition to a lower-carbon economy consistent with a business-as-usual (BAU) approach and a "2 degree Celsius" or lower scenario.

The top performers integrated climate risks with financial risks, accompanied by detailed guidance on how these risks were addressed. Furthermore, top performers clearly articulated the organization's outlook (i.e., competitiveness and resilience) resulting from applying different climate-related scenarios.

Risk management

Two out of three risk management TCFD recommendations were commonly adopted by companies in this sector. Firstly, companies described their organization's process for identifying and assessing climate-related risks. Secondly, the processes in place to manage these climate-related risks were also often disclosed. Even though not as common as these first two recommended disclosures, a majority of the companies have reported climate-related risks integrated in their overall risk management.

While most companies discussed the link between climate-related risk management and overall risk management, few companies actually demonstrated strong links between the two. For example, the discussion regarding the review of climate-related risks by senior management and the board's role as part of overall risk reporting was rarely present, and climate-related risks were not reported to be present on the agenda during overall risk mitigation meetings.

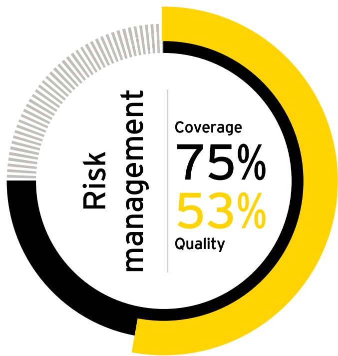
Top performers incorporated and clearly articulated their climate risk identification, assessment and management into the company's integrated risk management, or linked it to risk management standards. Top performers also disclosed how they fostered awareness regarding climate risks by attending expert conferences, participating in panel discussions regarding climate risks, and becoming members of an expert organization.

Metrics and targets

Two of the three metrics and targets disclosures were widely adopted by the asset owners and managers sector. Only a limited number of companies did not disclose any information regarding metrics and targets recommendations disclosures.

Few companies in this sector reported their sector-specific key climate-related risks with time frames and base years over which progress was measured, while top performers disclosed an increasing number of targets with clear time frames and base years against which the climate-related risks could be measured.

Risk management



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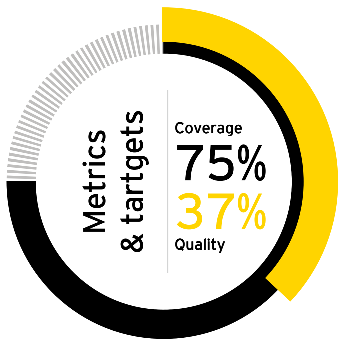
Metrics and targets



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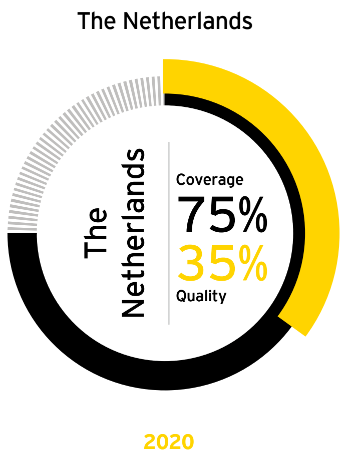
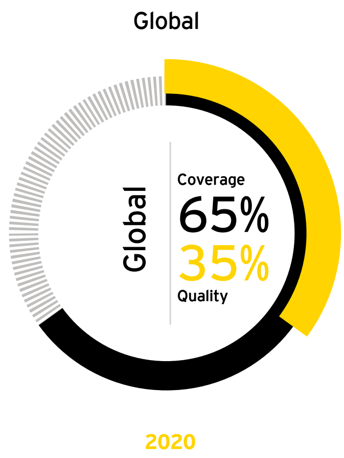
7.2 Nonfinancial sector

7.2.1 Agriculture, food and forest products

Compared with their global peers, companies in the agriculture, food and forest products performed better in terms of coverage with an equivalent quality score.

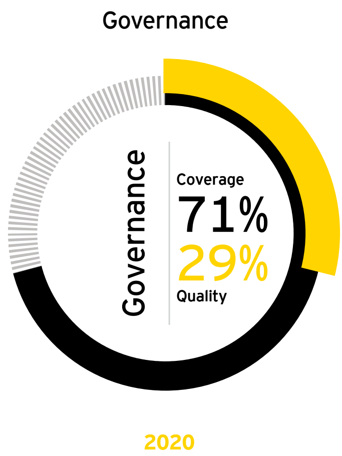
Companies in this sector covered a large proportion of the 11 TCFD recommendations. Metrics and targets recommendations as well as risk management were the most covered elements.





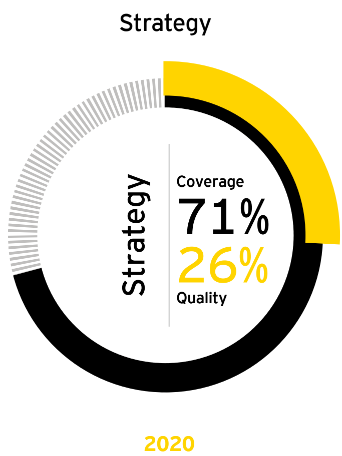
Governance

The governance recommendation most adopted in this sector was the disclosure on board oversight, and companies described in detail the inclusion of climate risks in the discussions of the executive committee and supervisory board. Companies also reported on the description of the management board's responsibilities in assessing climate-related risks.



Even though the sector disclosed how climate-related risks were included in the boards and management's oversight, little is mentioned about opportunities. As agriculture, food and forrest products is one of the sectors with a direct and undeniable impact on climate, more developments were needed to integrate risks and opportunities in organizational business models.

Top performers increased disclosures on the responsibilities of the board and board committee, the internal process for reporting climate-related risks and opportunities as well as for process timelines.



Best governance practices included the implementation of management committees (i.e., sustainability and CSR committees) responsible for overseeing a company's climate agenda. The board oversight and communication with the committees was often conducted through a direct reporting line or with a board member also participating in the committee.

Strategy

The most commonly adopted strategy recommendation within this sector was the disclosure of short-, medium- and long-term risks and opportunities identified by the organization.

Furthermore, companies – usually at a very high level – reported how these risks and opportunities impacted business, strategy and financial planning.

Reference to climate scenario models was limited. Typically, no time horizons were specified and only limited reference to the process for determining material risks and opportunities was included. Additionally, most companies failed to provide a clear and detailed description of the company's resilience in different climate scenarios. Only a few companies provided detailed information on the use of climate scenarios, while most companies reported the financial implications of climate risks and opportunities. These disclosures were not yet complemented by climate scenarios.

Top performers analyzed their climate-related risks and opportunities to define significant impact areas (that should be in scope) and relevant indicators. In addition, these companies set short- and long-term targets for initiatives or pilots that have been created and tested in the past.

Risk management

The most common recommendation adopted by companies was the process for managing climate risks. Companies described their process for managing climate-related risks, including how they took decisions to mitigate, transfer, accept or control these risks, and how climate-related responsibilities were assigned to parties and committees.

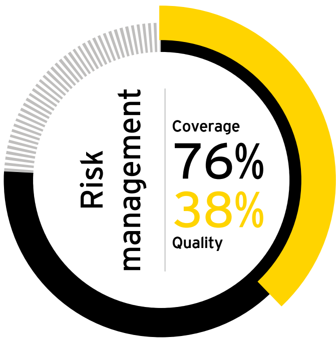
Top performers incorporated their climate risk identification, assessment and management into their overall risk management, or linked it to risk management standards applied. We also noted that the executive board of these top performers took ownership of the risk management within the organization, supported by the internal audit function and the supervisory board. Most companies also reported on climate assessment with an increased level of detail – i.e., probability, financial, business impact and risk control capacity, and risk management procedures per risk or opportunity identified.

Metrics and targets

All three recommended disclosures on metrics and targets were commonly adopted within this sector. An increased number of targets were disclosed by companies, with increased details on boundaries and timelines. However, companies' disclosures did not include metrics other than GHG emissions to assess climate risks and opportunities.

Most companies reported their scope 1 and 2 GHG emissions at the very least, but failed to disclose scope 3 emissions and their GHG boundaries. Top performers integrated and disclosed their climate-related targets, including GHG targets (absolute or relative) with base and target year, aligned or approved by the Science Based Targets initiative. Top performers also disclosed their GHG scope 3 per type. Examples of metrics disclosed were energy consumption, renewable energy sourcing, GHG emissions per scope, and water use or reuse targets.

Risk management



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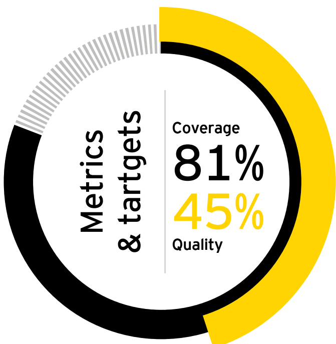
Metrics and targets



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7.2.2 Energy

The companies in this sector outperformed their global peers in TCFD coverage, while underperforming in the quality of disclosures.

Metrics and targets was the element most often disclosed by this sector. This is in line with expectations, because of the nature of the business and the many drivers pushing energy companies to monitor and report on nonfinancial indicators.

Governance
Compared with the other core TCFD elements, companies in the energy sector scored lowest on governance in both coverage and quality. The most commonly adopted governance recommendation was the discussion around climate-related risks and opportunities at the management level.

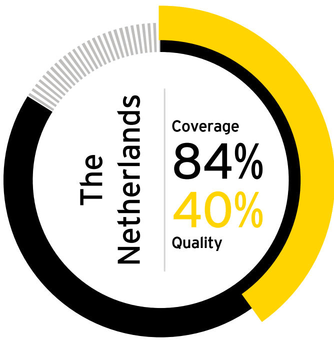
Most energy companies did not reported on the board's involvement in climate-related risks and opportunities. Disclosures generally mentioned that the board or board committee is responsible for overseeing sustainability matters without any specific mention of climate-related risks and opportunities. Some companies did excel in this area, clearly explaining structures for climate-related management.

Strategy
The coverage and quality of strategy-related disclosures were above average in comparison to the other sectors.

Most companies performed well in reporting on their climate-related risks and opportunities, with some time horizons stated. Organizations' disclosures on the impact of climate-related risks and opportunities were also articulated in detail.

Most mature disclosures included climate-related scenarios, however all companies could improve their disclosure on the resilience of their strategies applying different climate scenarios, as recommended by the TCFD framework. Top performers articulated with clarity and in detail about the organization's outlook as a result of different climate-related scenarios with time horizons clearly stated.

The Netherlands



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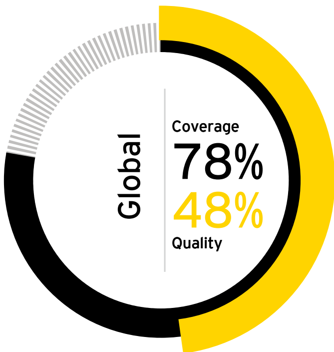
Global



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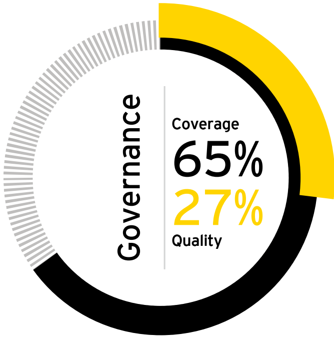
Governance



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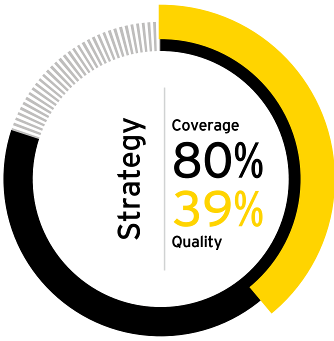
Strategy



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Risk management

Among the companies assessed for this sector, a common piece of undisclosed information is how risks were mitigated. This aspect was often only partially discussed with a brief mention of the existence of a risk management process without any additional details.

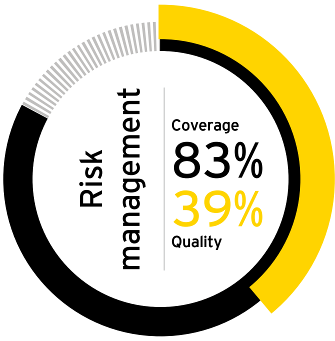
While most companies assessed in this sector disclosed their processes for identifying and assessing climate-related risks, only top performers discussed, in depth, their climate-related risk identification and assessment process. Climate-related risks disclosures for these companies were consistently integrated into the company's overall strategy and their impact was assessed on a financial basis in line with the company's general enterprise risk management process.

Metrics and targets

All three metrics and targets disclosures were commonly adopted by companies in the scope of this sector, but lacked time frames associated with climate-related risks. To some extent, companies reported their scope 1 and 2 emissions, however disclosures on scope 3 emission were rather limited, making that an area of improvement for future reporting.

Top performers in this sector reported on their scope 1, 2, and 3 GHG emissions and provided historical data to facilitate trend analysis. Furthermore, they set specific sector-related climate risks with time frames and base years.

Risk management



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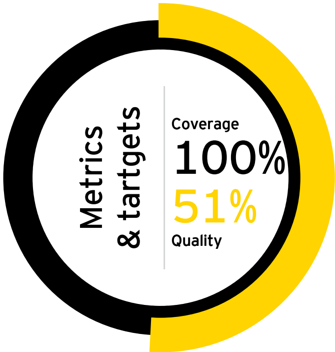
Metrics and targets



2020

7.2.3 Manufacturing, including pharma

The sector's performance disclosures on TCFD recommendations were the least mature compared with the others in this report, both in coverage and quality. Because of its notably low quality score, this sector was followed by transport in the lowest performing positions among the Dutch sectors analyzed in this report.

Additionally, this sector's disclosure scores were also significantly lower than global peers both in coverage and quality.

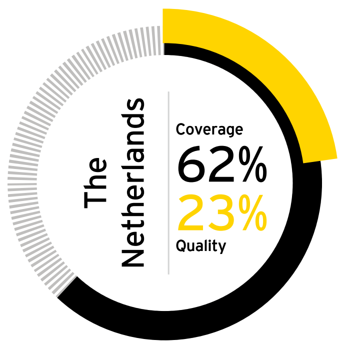
Governance
Two of the seven companies in this sector did not publicly disclose any of the two governance recommendations. Furthermore, the degree of detail reported by most companies was significantly limited since the board and management oversight of climate-related risks and opportunities discloures were limited to high-level discussions in the board and senior management meetings. These disclosures often mentioned that the board and the management were responsible for sustainability performance, but were unclear if climate management was within the sustainability scope for the company.

Top performers described in a comprehensive and detailed manner, the board's and the sustainability committee's involvement and responsibilities – and the interaction with the management – as well as the connection between climate-related strategies and the overall business strategies.

Strategy
The most commonly adopted strategy recommendation within this sector was the disclosure of short-, medium- and long-term risks and opportunities the organization had identified. Furthermore, companies usually only reported high-level information on how these risks and opportunities impacted their businesses, strategy and financial planning.

Although every company analyzed for this sector assessed and identified climate-related risks and opportunities, the quality of risk identification disclosures remained significantly limited.

The Netherlands



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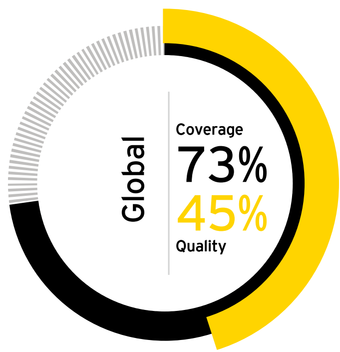
Global



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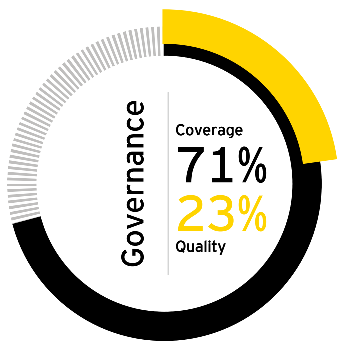
Governance



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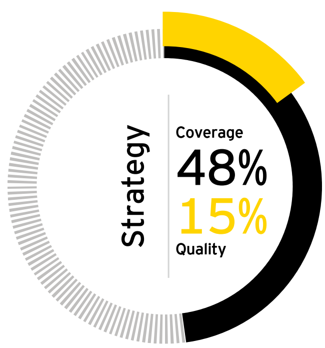
Strategy



2020

Only one of the companies included in this sector assessment used scenario analysis to identify risks and opportunities. This disclosure on climate risks impacts was described on a qualitative level with limited information about the methodology or assessment of the financial impact.

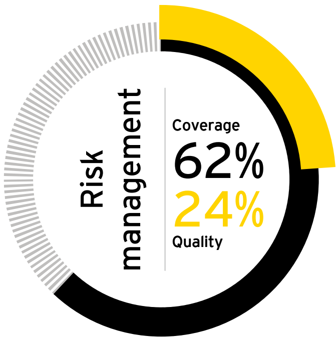
Top performers in this sector described the organization's response to address the impact of risks and opportunities in more detail and linked these impacts to the overall business strategy, vision and core business model.

Risk management

Overall, disclosures on how companies identify climate-related risks and opportunities remain limited. Furthermore, one out of seven companies articulated in detail the risk management process specific to climate-related risks. Companies provided little to no information on how climate-related risks were integrated into their overall enterprise risk management.

Top performers in this sector demonstrated strong links between climate-related risks management and overall risk management by embedding legal compliance and the Code of Business Conduct in its risk and control processes. Furthermore, top performers reported on a cross-functional team of specialists in place to determine risk response, clearly articulating the risk mitigation and identification process.

Risk management



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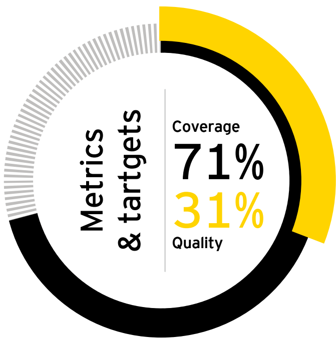
Metrics and targets

Companies in this sector reported more details in metrics and targets disclosures than in any of the other three TCFD core elements – governance, strategy and risk management.

Although metrics and targets disclosures were the most commonly adopted TCFD element, not all companies reported on their climate-related indicators nor targets. Companies that disclosed their targets did so in a limited way by not including time frames and base years, or by including a restricted number of sector-specific targets. Top performers, on the other hand, reported on sector-specific and key climate-related risks, supplemented by time frames and a base year.

Metrics and targets



2020

7.2.4 Transport

The companies in this sector were outperformed by their global peers in both coverage and quality of disclosures.

The low quality score in this sector resulted in transport being the lowest performing sector in this report alongside its nonfinancial sector peer: manufacturing.

Transport companies assessed did not cover all the TCFD recommendations nor disclosed TCFD items in sufficient detail. The lowest performing category was risk management, followed by strategy, for which the performance of over half of the companies assessed was considerably low. On the other hand, governance disclosures in this sector were more mature compared with other Dutch sectors.

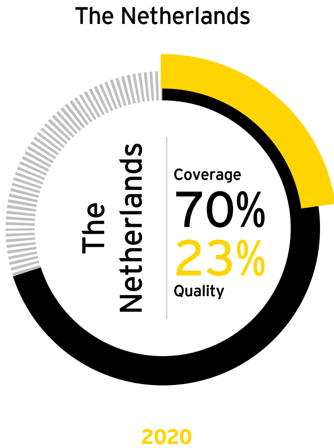
Governance

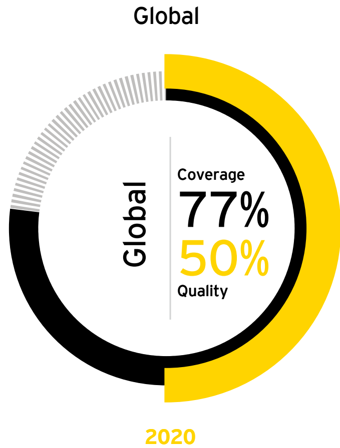
Most companies reported on the board's oversight of climate-related risks and opportunities. However, many of the companies assessed did not mention climate-related issues, solely disclosing their governance structure related to sustainability in general, unclear whether climate issues were included within the company's sustainability agenda.

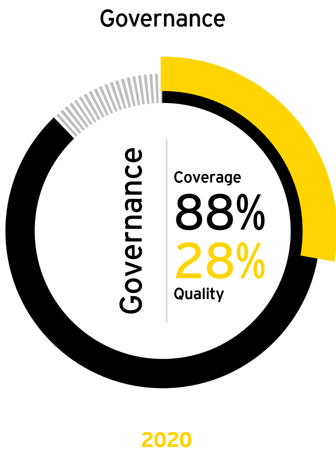
Low performers did not disclose any information on the management's role in assessing and managing climate-related risks and opportunities. Top performers reported on the board's responsibility and on internal processes for ensuring that climate-related risks and opportunities find a place on the executive board's agenda. They also included detailed discussions pertaining to other aspects of sustainability management, such as a dedicated bodies or committees responsible for sustainability policies. Other mature reporting information sometimes included was the frequency in which indicators or metrics were reported to the executive board and senior management.

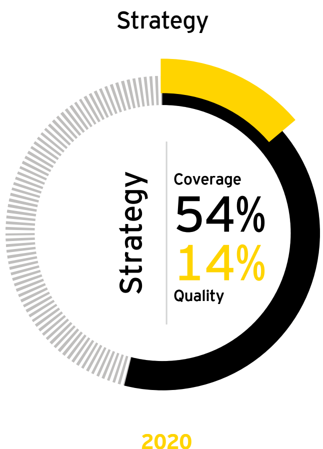
Strategy

With regard to strategy disclosure quality, strategy was the core TCFD element on which companies in the transport sector scored the lowest compared with the other core elements.
Although most of the companies assessed were aware of climate









risks, the quality of their disclosures varied considerably. Less than half of the companies reported on the impact of climate-related risks and opportunities on the company resilience at some level.

Top performers articulated, in detail, the company's response to address these impacts and made reference to climate-related scenario planning. However, none of the companies assessed applied climate scenarios to evaluate the resilience of their strategy against climate-related risks.

Risk management

Most companies briefly mentioned the existence of a climate-related risk identification and assessment process, while only some companies demonstrated increased articulation and disclosure in this respect. The top performers provided a detailed description of the company's risk management profile together with consideration of climate-related risks. Top performers also reported on their organizational risk management systems including (i) external certifications (such as an International Organization for Standardization (ISO) certification), (ii) sustainability issues within their "impact categories", (iii) assessment frequency and (iv) the most material risks in the year for the board of directors .

Most companies failed to provide adequate explanation as to how climate risk mitigation processes were integrated into their overall company risk management.

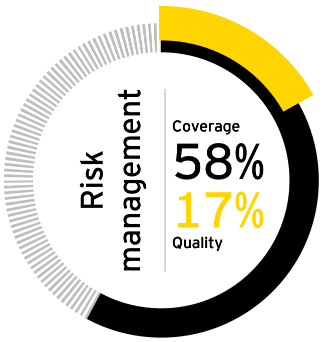
Metrics and targets

Compared with the other core elements, companies in the transport sector scored highest on metrics and targets in coverage and quality. Most companies disclosed some other metric other than GHG emissions that may be used to assess climate-related risks and opportunities. However, most of these disclosures lacked boundaries related to the indicators and historical data for year-on-year comparison, and metrics to cover other physical climate-risks.

Overall, the companies performed rather well in disclosing their scope 1, 2 and 3 emissions with the associated boundaries and methodology consistently explained.

A majority of the companies assessed reported on their targets used to manage climate-related risks and opportunities and their performance; nonetheless, the quality of information varied considerably. Top performers reported on targets for all key climate-related risks specific to the sector with time frames and base year.

Risk management



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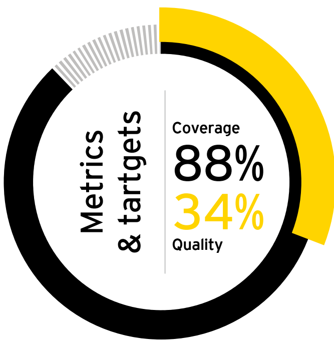
Metrics and targets



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7.3 Non-key TCFD sectors

7.3.1 Real estate

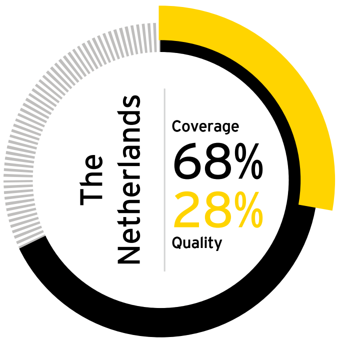
Real estate was among the lowest performers comparared to other sectors. Direct comparison with global figures was challenging as this report assessed solely real estate companies, whereas global assessment considered a combination of sectors such as: real estate, buildings and contruction.

Companies in this sector covered two-thirds of the 11 TCFD recommendations and scored lowest on governance, followed by strategy. Nonetheless, the Dutch companies assessed in this sector covered all three of the metrics and targets recommendations.

Governance
The most commonly adopted governance recommendations were the involvement of top management (i.e., board of directors, president or CEO) in managing climate-related risks and opportunties. Nevertheless, the sector lacked companies reporting on roles and responsibilities in more detail, such as the way in which the board oversees risk mitigation. Nonetheless, top performers disclosed the implementation of sustainability or CSR working committees.

Strategy
Top performers provided a clear overview of plans already implemented to achieve their decarbonization targets (i.e., net-zero plans). Examples included internal alignment between company entities with the objective of achieving their targets and initiatives to use emission-free equipment. Top performers also reported cooperation with external parties to certify that their business activities attained the highest level of CO_2 reduction.

The Netherlands



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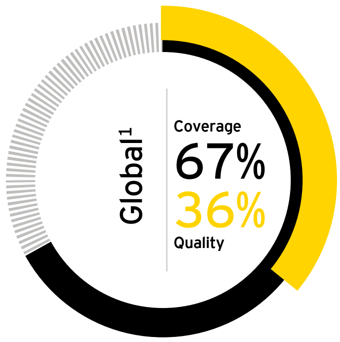
Global



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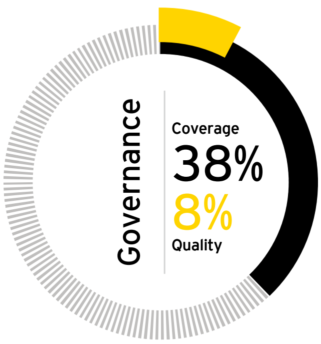
Governance



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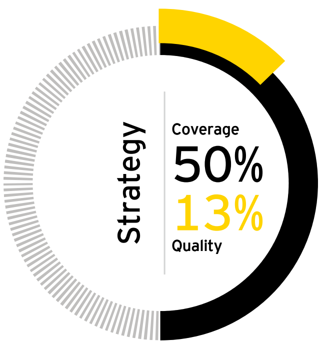
Strategy



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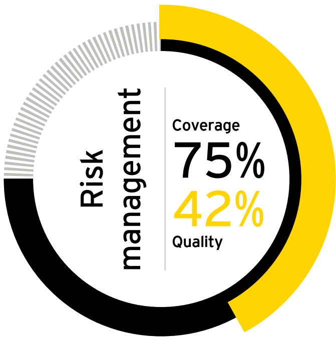
3 In the Global Barometer, the sector is named Real estate, buildings and construction.

Risk management
The disclosure of identified risks and opportunities over the short, medium and long term varied significantly between companies, with some organizations associating it with business resilience. However, other companies did not disclose any of the three risk management recommendations.

Most of the companies achieved a good level of coverage and quality of disclosure, whereas top performers took a step further and reported on how climate risks were integrated in the company's overall risk management.

Metrics and targets
Top performers disclosed how their reporting was aligned with the GHG protocol and reported the carbon footprint of their own company's activities (scope 1), indirect activities (scope 2) and, to some extent, throughout the value chain (scope 3). All companies assessed had disclosed, at some level, the targets associated with indicators.

Risk management



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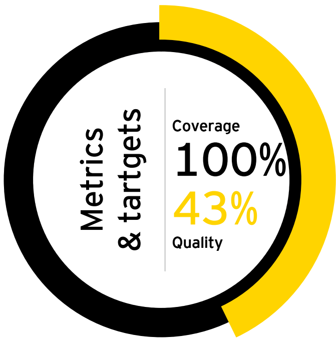
Metrics and targets



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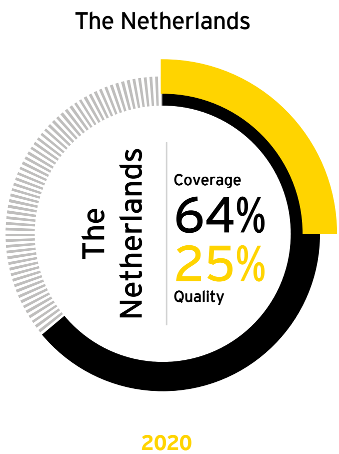
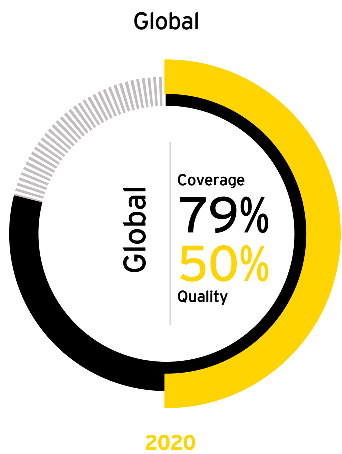
7.3.2 Telecommunications and technology

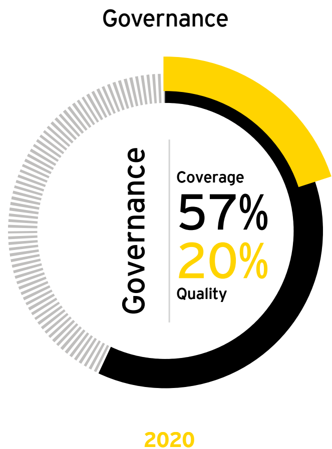
This sector was another among the lowest performing sectors in the Netherlands, alongside manufacturing and transport. Compared with global peers, Dutch telecommunications and technology companies were also seen to be significantly lagging in both terms of coverage and quality.
Companies in this sector covered over half of the 11 TCFD recommendations, and only achieved a mere 25% in terms of the quality of their disclosures.





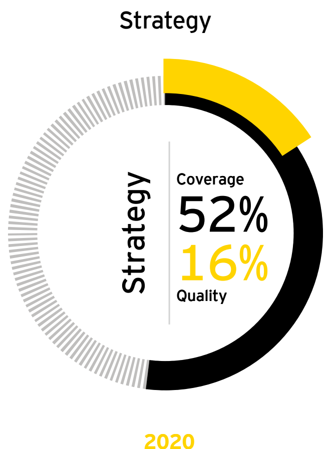
Governance
The most common governance recommendation adopted in this sector related to the discussion of a board's oversight of climate-related risks and opportunities. Companies mostly reported on the structure of the board and the various responsibilities associated with the function. Most companies failed to describe their management's role in assessing and managing climate-related risks and opportunities.

Top performers increased disclosure pertaining to the responsibilities of the board or board committee, and the internal process for ensuring climate-related risks and opportunities are put on the agenda of board meetings.



Best governance practices included the implementation of management committees (i.e., sustainability or CSR committees) responsible for overseeing climate topics. The board oversight and communication with the committees was often conducted through a direct reporting line or with a board member also participating in the committee.

Strategy
As strategy disclosures are deemed to be one of the most challenging TCFD recommendations, telecommunication and technology companies scored lower on strategy than on any of the three others core elements (governance, risk management, and metrics and targets).
The most commonly adopted strategy recommendation within this sector was the disclosure of short, medium and long-term risks and opportunities that the organization had identified.



Furthermore, and usually at a very high level, organizations described how these risks and opportunities impacted their business, strategy and financial planning. However, references to climate-related scenario planning were limited, with mostly no time horizon specified and limited reference to the process for determining the material risks and opportunities.
Most companies failed to provide a clear and detailed description of the company's resilience under different climate scenarios. Likewise, many of them failed to provide detailed information on the selection of climate scenarios. While a large number of companies reported the financial implications of climate risks and opportunities, these disclosures were not yet complemented by scoping climate scenarios. The top performers provided clear statements on the organization's outlook with reference to different climate-related scenarios, with supplementary explanatory notes.

Risk management

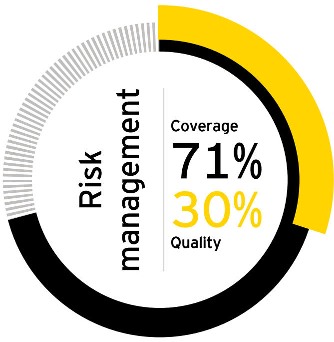
The most common TCFD recommendation adopted by companies in this sector was the process for managing climate risks. Companies described their process for managing climate-related risks, detailing how they make decisions to mitigate, transfer, accept or control those risks. Companies also clearly described the process of risk management as well as the responsible parties and committees. Most companies failed to describe or disclose the integration of climate-relate risks into the organization's overall risk management policy.

Top performers incorporated their climate risk identification, assessment and management into their company's integrated risk management, or linked it to risk management standards. This included disclosures that the executive board of these top performers takes ownership of the risk management function within the organization, supported by the internal audit and the supervisory board. Many companies also reported in detail the climate materiality assessment (probability, financial and business impact, and risk control capacity) and management protocols implemented per risk or opportunity identified.

Metrics and targets

The three metrics and targets recommendations were commonly adopted within this sector. Targets associated with a variety of relevant metrics and how an organization measured the performance of these targets were the most adopted common TCFD recommendations. An increased number of targets were disclosed, along with associated measurements and detailed explanation. Some companies failed to disclose their current and previous scope 1, 2 and 3 GHG emissions. Furthermore, disclosures were either limited or not publicly available as far as other metrics used to assess climate risk and opportunities were concerned (other than GHG emissions).
Top performers disclosed their climate-related targets, including GHG targets (absolute or relative) with base and target year, aligned with and approved by the Science Based Targets initiative. Top performers also disclosed their GHG scope 3 per type. Examples of other metrics disclosed by the sector companies were: energy consumption, renewable energy sourcing, GHG emissions per scope, and water use or reuse targets.

Risk management



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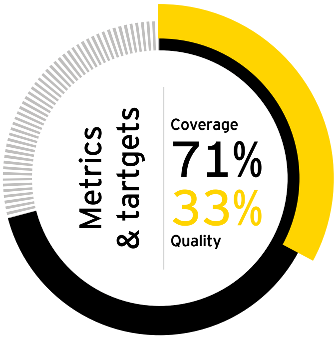
Metrics and targets



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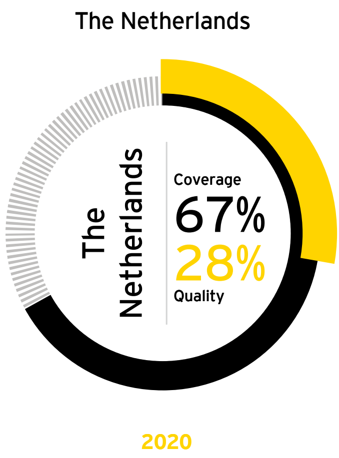
7.3.3 Retail, health, consumer goods and others

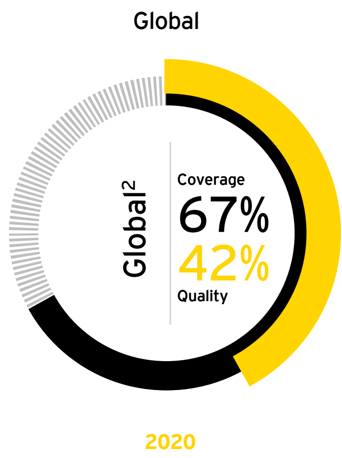
In this report, companies from the retail, health, consumer goods and others sectors, were grouped into one category. They have not been identified as key risk sectors within TCFD. This grouping of companies in different fields of services was made to allow for the analysis of a sufficient amount of companies. A direct comparison of Dutch companies' performance to EY Global Climate Risk Disclosure Barometer publication cannot be made as the group in this report includes other companies, such as professional and staffing companies.

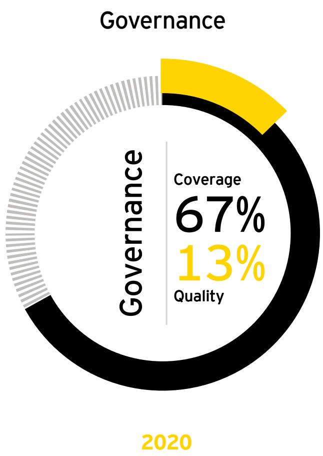
Companies in this group covered on average well above half (67%) of the 11 TCFD recommendations. The metrics and targets recommendations were covered the most, while strategy elements were covered the least.

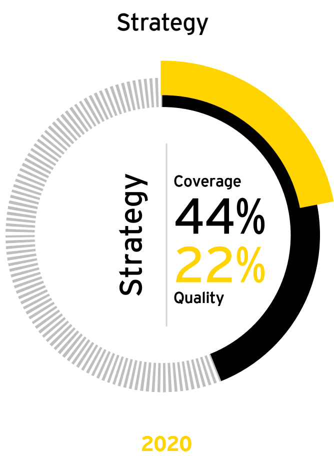
Governance
The governance disclosures were quite limited as it mostly pertained to high-level discussions concerning board involvement on climate-related risks and opportunities, and were generally restricted to the involvement of the board in sustainability matters, without a direct reference to climate-related topics. Similarly, disclosures regarding the management's role in assessing the related risks and opportunities most often only described the management's sustainability role in general.

Strategy
None of the companies in this sector reported on the specific risks and opportunities that the company had identified over the short, medium, and long term. Disclosures were restricted to only a general comment on the inclusion of sustainability risks without a time horizon or the process used to determine these risks. On the other hand, top performers reported applying climate scenarios and clearly described the impact of the climate-related risks and opportunities on the company's business, strategy and financial planning.









4 In the Global Barometer, the sector is named Retail, health, consumer goods.

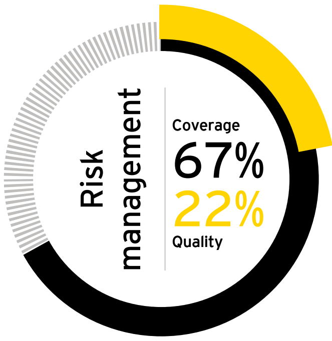
Risk management

Most companies covered all risk management recommendations at a certain level of detail. Top performers articulated the risk management process and provided detailed discussions concerning the link between climate-related risk management and overall risk management in some level of detail. Nonetheless, only a few companies in this group actually disclosed their climate-related risks identification and assessment process in a comprehensive manner.

Metrics and targets

Most companies performed especially well in reporting on their scope 1, 2 and 3 GHG emissions with boundaries consistently explained, and also provided historical data enabling a year-on-year comparison of their footprint. Additionally, most companies reported on an increasing number of climate-related metrics and related targets with time frames and base years.

Risk management



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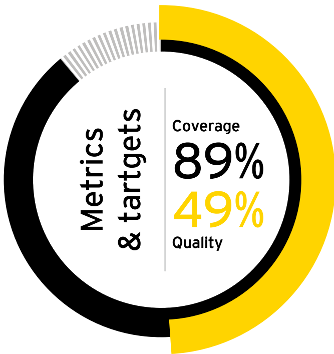
Metrics and targets



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