TCFD and TNFD for mining: concepts, examples and caveats

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Abstract

Today more than ever investors, lenders, insurance underwriters are interested in understanding how companies oversee climate-related issues, mitigate their exposures, as the impacts of these “divergent” events is becoming painfully clear to everyone. TCFD, TNFD frameworks try to standardize the way this information is conveyed and heavily suggest using risk management to reduce exposures. Indeed, climate-informed risk assessments help mitigation roadmaps and balanced operations thus providing value within the framework of TCFD and TNFD.

We will first review and comment the goals of TCFD, TNFD frameworks showing what type of disclosure and reporting is foreseen and the intended audience the frameworks target.

Then we discuss how the frameworks might affect mining companies, and what are the implications of their reporting while noting they may remain voluntary, an act linked to ESG, Corporate Social Responsibility fostering Social License to Operate, while the future may go in the direction of compulsory reporting, perhaps as part of a document similar to NI43-101 or ad hoc documentation. We will also review what this documentation means in terms of filing frequency, how it can be done effectively without squandering resources and what type of data and monitoring is required.

Finally, using examples from our archives, we will help solve uncertainties arising from some unclear definitions and discuss climate change effects, natural hazards, their generated risks and related metrics. This will include how to account for natural and man-made hazards of «business as usual» and «divergent» nature. As a result, we will show why and how the framework glossary needs to be tighten.

Finally, we will explain what should be disclosed and how, with some examples taken from publicly available sources.