
Task Force on Climate-Related Financial Disclosures ('TCFD')

The Company has reported consistent with the TCFD recommendations during the year ended 31 December 2022, with the exception of the recommendation regarding targets under the Metrics and Targets pillar where we have provided an explanation.

Our approach to the governance and risk management pillars of TCFD is integrated into our wider processes, and our reporting in relation to these areas is therefore set out within the relevant sections of the Annual Report.

Governance

Describe the board's oversight of climate-related risks and opportunities

The Board has overall responsibility and accountability for all risks and opportunities, including all climate-related matters. The Audit and Risk Committee monitors the impact of climate change on our principal risks, including their materiality, as part of their ongoing monitoring of actual and emerging business risks.



Read more:

Our governance framework on pages 92 and 93.

Describe management's role in assessing and managing climate-related risks and opportunities

Our CFO & COO takes overall executive responsibility for ESG matters (including climate change). Our CEO and the Executive Team lead the identification of climate-related opportunities as part of their responsibility for delivering the strategy and identify and manage climate-related risks within their relevant areas.



Read more:

Our governance framework on pages 92 and 93.

Strategy

Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term, and their impact on the organisation's business, strategy, and financial planning

The risks and opportunities for our business are identified through existing business planning and risk management processes. In 2022, we revisited previously identified risks and opportunities and were satisfied that there were no new emerging risks to be considered. Further detail on the review undertaken and the risks and opportunities identified through the review are set out on the next page.



Read more:

Climate scenario analysis on page 63.

Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

In 2021, we undertook climate scenario analysis to understand how the climate-related risks and opportunities that we face may manifest themselves under two different temperature pathways (including one aligned to the Paris Agreement). We are satisfied that this remains relevant.



Read more:

Climate scenario analysis on page 63.

Risk Management

Describe the organisation's processes for identifying, assessing and managing climate-related risks and how those processes are integrated into the organisation's overall risk management

Our processes for identifying, assessing and managing the impact of climate change on our principal risks are integrated into our existing risk management processes.



Read more:

Our risk management framework on pages 75 and 76.

Metrics and Targets

Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

The metrics used by the Board to assess our climate-related opportunities are set out on page 59. The principal climate-related risk that we have identified relates to stakeholder environmental expectations, which the Board assesses through stakeholder feedback.



Read more:

Our impact on pages 58 and 59.

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks

Our scope 1, 2 and limited scope 3 emissions are disclosed on page 61. During the year, we evaluated other scope 3 categories and selected purchased goods and services and capital goods as the most relevant categories for Clarksons. Work to measure emissions within these categories in our largest locations commenced in 2022. In light of the implementation of a new finance system, further work is required to enhance the robustness of that data, which remains an area of focus. We will provide a further update in the 2023 Annual Report.



Read more:

Our environmental performance on pages 58 to 61.

Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

We have confirmed our commitment to achieving net zero by 2050 in line with current UK government targets. We will consider the actions to be taken in this regard and provide an update in the 2023 Annual Report.

Evaluating climate risks and opportunities

The risks and opportunities relating to climate change for our business are identified through existing business planning and risk management processes. As set out on [page 73 of the 2021 Annual Report](#), in 2021 we conducted a thorough analysis of transition and physical risks and opportunities that could affect the shipping industry. As a result, one risk and two opportunities were assessed in terms of likelihood and impact, in line with our risk management framework, from a long-term perspective, in accordance with internally developed maritime-specific climate scenarios:

- **The Gradual Transition scenario** tracks to a moderate overshoot of the Paris Agreement 2°C temperature increase by 2100. In this scenario, CO₂ emissions peak in the late 2020s and then gradually decline through a gradual shift away from fossil fuel use and robust growth in solar, wind and other renewable energy sources, alongside some developments in carbon capture.
- **The Rapid Decarbonisation scenario** is compatible with the goals of the Paris Agreement, and requires steep global annual emissions reductions, sustained for decades, to stay within a 1.5–2°C temperature increase. This scenario is characterised by a rapid decline in fossil fuel use, albeit with gas playing a role as a transition fuel, and an exponential growth of renewable energy production, developments in carbon capture and land use changes.

In 2022 we revisited the risks and opportunities relating to climate change for our business, and were satisfied that there were no new emerging risks which needed to be factored into our assessment. Focusing therefore on the one risk and two opportunities identified in 2021, we were satisfied that the climate scenario analysis that was described [on pages 74 and 75 of the 2021 Annual Report](#) remains relevant and that there have not been any new developments that need to be factored in to this analysis.

