



# DECODING THE DISCLOSURE

## A PRACTICAL GUIDE TO TCFD

A guide for law firms to implement the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)



June 2025



# Foreword

The climate crisis is a significant driver of social and economic change, and the legal sector is already at the forefront of action to respond. It is therefore essential that law firms have a robust process for identifying the climate-related risks and opportunities that may impact their work, so that they can successfully align their practices to the global transition to a decarbonised economy and support their clients in navigating this landscape effectively.

The recommendations of the Task Force on Climate-Related Financial Disclosures are a uniquely practical set of guidelines that support leaders to identify the potential impacts of climate change on their business – and communicate these effectively to stakeholders through dedicated disclosures.

As early adopters of the TCFD recommendations, DWF has seen first-hand how integrating climate considerations into broader risk management and strategic development processes helps ensure that we remain resilient to future change.

By collaborating with our peers under the valuable stewardship of the Legal Sustainability Alliance, we have shared key learnings from our TCFD implementation, with the ambition of encouraging others to adopt the recommendations and bolster climate change resilience across our industry and beyond.

**Sir Nigel Knowles, Group CEO at DWF**

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# Introduction to the Legal Sustainability Alliance

The Legal Sustainability Alliance (LSA) is the UK's leading network for sustainability in the legal sector, run by law firms for law firms. Over the last 18 years, the LSA has built a wealth of knowledge and experience, which it shares not just with members but across the legal profession for the benefit of all.

As well as an online carbon calculator designed specifically for the legal profession, LSA members can access events, toolkits, webinars, podcasts and other resources – or join online or in-person events on a wide range of topics, from carbon emissions reduction to sustainable procurement. With over 130 members, from small high-street practices to global law firms, the LSA is a network focused on how we can achieve our sustainability goals as quickly as possible through collaboration. We aim to support firms at all stages of their net zero transition.

# Introduction to this guide

This guide is a concise, practical resource for law firms seeking to understand and implement the TCFD recommendations. It is designed to provide support at all stages of implementation – from firms just starting out or reporting voluntarily, to those aiming for full compliance and the adoption of best practices.

Developed by the LSA Working Group on TCFD, the guide draws on the collective knowledge and experience of its members – including firms that have already begun their TCFD journey – to offer a best practice resource specifically for the legal profession. As with all LSA resources, it is freely available to inform, equip and empower the legal sector to take effective action on the climate and nature crises.

The Task Force on Climate-related Financial Disclosures (TCFD) framework is a requirement under the UK Listing Rules, while the Climate-related Financial Disclosure (CFD) regulations, introduced in 2022, are a mandatory requirement under the Companies Act 2006. As the TCFD and CFD frameworks are closely aligned in both structure and disclosure requirements, the term “TCFD” is used throughout this document to refer to both regimes for simplicity.

# Introduction to TCFD

In June 2017, the TCFD published recommendations on the climate-related financial disclosures companies could make on a voluntary basis. Several jurisdictions have adopted the TCFD recommendations as the basis for mandatory disclosure. In the UK, climate disclosures aligned with the TCFD recommendations are required for certain companies and partnerships. In relation to financial years beginning on or after 6 April 2022, large UK companies and limited liability partnerships (LLPs) that meet certain criteria (broadly employee and turnover thresholds) are required to make disclosures aligned with the TCFD recommendations as a result of the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (SI 2022/31) and the Limited Liability Partnerships (Climate-related Financial Disclosures) Regulations 2022 (SI 2022/46). Companies subject to the UK Listing Rules (UKLR) must make 'comply or explain' disclosures in relation to the TCFD recommendations. As the climate-related financial disclosure (CFD) requirements and TCFD recommendations are closely aligned, the terms "TCFD" is used throughout this document to refer both to voluntary reporting using the TCFD recommendations and the mandatory regimes in the UK.

The TCFD recommendations include eleven specific disclosures, structured around four 'pillars': Governance, Strategy, Risk Management, and Metrics and Targets. Each pillar relates to a key focus area that helps to embed the management of climate-related risk and opportunity into a business's financial planning and corporate strategy. The pillars – often illustrated as concentric circles – should be approached holistically rather than in isolation, as each area complements and informs the others.



**...the TCFD framework has become essential in guiding companies as they analyse how climate risks and opportunities impact their financial position.**

**Mary Schapiro, Head of the TCFD Secretariat and Vice Chair for Global Public Policy at Bloomberg LP.**



**GOVERNANCE**



**STRATEGY**



**RISK MANAGEMENT**



**METRICS & TARGETS**

Although TCFD began as a voluntary initiative, alignment with its recommendations is now mandatory in an increasing number of jurisdictions worldwide. Within the context of an evolving ecosystem of climate and sustainability reporting standards, firms reporting under TCFD are well placed to comply with emerging global standards, such as the International Sustainability Standards Board's (ISSB's) IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures). The UK government has committed to adopt IFRS S1 and S2 to produce UK Sustainability Reporting Standards (UK SRS). The details of which entities would be required to use the UK SRS in their sustainability disclosures, the timeframes for when those requirements might start and the impact on the CFD regimes are not yet known. The Task Force on Nature-related Financial Disclosures (TNFD), launched in 2023, was deliberately designed to align structurally and conceptually with TCFD.

While TCFD is a tool for assessment and reporting, it is also a vehicle for driving and embedding change. This is especially relevant for law firms, which face accelerating climate-related risks across their operations, supply chains, client services, and talent management while also advising clients on how to respond to their own climate risks and opportunities. For firms within scope of the UK's mandatory climate disclosure regimes, TCFD-aligned disclosures are a required part of annual reporting. Whether mandatory or voluntary, TCFD represents an invaluable opportunity to bring the carbon and sustainability agenda into the heart of discussions on core business strategy.



## TCFD Disclosure – Key questions for Law Firms

|   |  |
|---|--|
| <b>Does TCFD apply to law firms?</b>  | Yes, if your law firm meets the relevant criteria thresholds.  |
| <b>What are the thresholds for mandatory reporting under the CFD regime?</b>                  | >500 employees and publicly traded or banking or insurance companies   |
| <b>Are US-headquartered law firms in scope?</b>   | Possibly, if they meet the above thresholds and: <ul style="list-style-type: none"><li>• Are a Limited Liability Partnership (LLP) registered in England &amp; Wales</li><li>• Are obliged to publish UK financial statements</li></ul> Legal advice is recommended to confirm if your firm is in-scope of mandatory CFD requirements.   |
| <b>Do firms report on UK operations only?</b>   | No. UK firms within scope must report on global operations, including non-UK subsidiaries.   |
| <b>My law firm already issues a sustainability report. Do we need a separate TCFD report?</b> | No separate TCFD report is needed, but disclosures must cover all four pillars and be included in the correct report, depending on your firm's reporting requirements. <ul style="list-style-type: none"><li>• In the Non-Financial and Sustainability Information Statement (NFSIS), if your firm is required to publish an annual strategic report</li></ul> or, <ul style="list-style-type: none"><li>• In the energy and carbon report (under the 2018 Energy and Carbon Report Regulations)</li></ul> |
| <b>We're not in scope. Can we still use TCFD?</b>   | Yes. Voluntary adoption can strengthen governance, offer financial benefits, future-proof the business and elevate sustainability efforts.   |
| <b>How do we prepare for TCFD?</b>  | Read on and find out!  |

# Section One: Getting Started

## Getting the Board on Board

Board-level approval and advocacy are of paramount importance, especially if your law firm is adopting the framework voluntarily. Planning ahead is essential to involve the right stakeholders and put in place the necessary governance structures, systems and processes that will be required to ensure a successful outcome. Engaging with leadership is crucial for several reasons:

**Strategic alignment:** Leadership ensures climate-related risks and opportunities are integrated into the firm's overall strategy, enabling informed, long-term decision-making.

**Resource allocation:** Leadership can commit financial and human resources to support TCFD reporting, including investment in data collection, tools, and training.

**Accountability and governance:** Senior involvement establishes robust structures for credible, transparent, and comparable climate-related disclosures.

## Creating a TCFD Team

Sustainability is everyone's responsibility, and TCFD reporting intersects with many areas of a law firm. As such, the process could be led by colleagues from several business services functions, including Risk & Compliance or Finance. If your firm has a dedicated sustainability team, they may also take the lead. Regardless of which team drives the process, it is crucial to establish a cross-functional working group under the leadership and advocacy of a senior, board-level sponsor. Your 'TCFD Team' should include representatives from the following business functions:

- Risk & Compliance
- Accounts/Finance
- Business Continuity
- Procurement
- Sustainability
- Human Resources
- Marketing
- Facilities Management

## Initial Tasks - Your TCFD 'To-Do List'

- Upskill your team to understand the TCFD framework and its practical implications
- Set a clear timeline for producing your TCFD report – this may be dictated by your financial year
- Define the basics: how often the team will meet and the frequency of communications and updates
- Decide on the report format – if reporting on a voluntary basis will it be a standalone publication, or integrated into your firm's annual financial report?
- Conduct an internal review to identify existing policies and processes that intersect with the TCFD framework (e.g. business continuity, risk management, travel, supplier conduct)
- Establish a clear process to involve and update the Board throughout the process
- Determine whether your firm will instruct external consultants to guide the reporting process

## Benefits of TCFD for Law Firms

When speaking to leaders or peers in your law firm, it's important to go beyond simply explaining what TCFD is. Focus on articulating the strategic benefits of using TCFD not just for compliance, but as a tool to drive change and mitigate risk. TCFD reporting offers numerous advantages, including:

### **Stakeholder confidence:**

Providing transparency on how firms manage climate-related risks, building reputation and trust.

### **Competitive advantage:**

Differentiating firms in a crowded market and attracting environmentally conscious employees, graduates, and clients.

### **Risk management:**

Encouraging thorough assessment and management of climate risks, improving strategic planning and resilience.

### **Regulatory preparedness:**

Positioning firms ahead of regulatory changes as more jurisdictions move towards mandatory reporting.

### **Client alignment:**

Aligning firms with clients already within the scope of TCFD, strengthening relationships by speaking the same language.

### **Future-proofing:**

Preparing firms for future mandatory requirements without regulatory or time pressure, while laying the groundwork for years to come.

### **Credibility:**

Leveraging a universally recognised framework to engage stakeholders, drive internal change, and enhance client communication.

### **Cost savings:**

Voluntary reporting by internal teams reduces reliance on external consultants.

# Section Two: Achieving Compliance

## Fundamental Principles for Effective Disclosure





The TCFD outlines seven principles which must be considered to ensure disclosures are consistent, transparent and coherent. Disclosures should:

- Represent relevant information
- Be specific and complete
- Be clear, balanced, and understandable
- Be consistent over time
- Be comparable among organisations within a sector, industry, or portfolio
- Be reliable, verifiable, and objective
- Be provided on a timely basis



## What to Disclose

Each of the four core pillars includes two or three recommended disclosures. For each, clearly address the recommendations and demonstrate how they have been integrated into the business's processes.

|   |  |  |   |
|---|--|--|---|
|  <p><b>Governance</b></p>              | <p>Describe the board's oversight of climate-related risks and opportunities</p>   | <p>Describe management's role in assessing and managing climate-related risks and opportunities</p>                                    |   |
|  <p><b>Strategy</b></p>                | <p>Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term</p>         | <p>Describe the impact of climate-related risk and opportunities on the organisation's businesses, strategy and financial planning</p> | <p>Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario</p> |
|  <p><b>Risk Management</b></p>         | <p>Describe the organisation's processes for identifying and assessing climate-related risks</p>   | <p>Describe the organisation's processes for managing climate-related risks</p>  | <p>Describe how processes for identifying, assessing and managing climate-related risk are integrated into the organisation's overall risk management</p>       |
|  <p><b>Metrics &amp; Targets</b></p> | <p>Disclose the metrics used to assess climate-related risks and opportunities in line with its strategy and risk management process</p> | <p>Disclose Scope 1, 2 &amp; 3 GHG emissions and the related risks</p>   | <p>Describe the targets used by the organisation to manage climate-related risks, opportunities and performance against targets</p>                             |

Source: Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures

## Interoperability with Other Disclosures and Public Statements

There is no need to duplicate effort. The CFD regime permits reporters to cross-reference disclosures made in other parts of their annual reports and accounts in their NFSIS. For example, if your firm already reports GHG emissions under the Streamlined Energy and Carbon Reporting (SECR) disclosures in your annual report, you can cross reference that information in your TCFD disclosures.



# Section Three: From Compliance to Best Practice

## Applying the TCFD Framework to Law Firms

While the TCFD framework provides clear guidance, applying it within a law firm requires some judgement. This is especially true of the Strategy pillar, which must reflect each firm's unique business model and geographic footprint. Best practice means going beyond the minimum to provide detailed insights into the financial implications of climate-related risks and opportunities. Including these insights without disclosing commercially sensitive information is a common challenge. TCFD guidance allows some flexibility here: firms can use qualitative descriptions, classify impacts by potential magnitude (low, medium, high), rather than sharing exact figures, and highlight directional trends rather than including specific projections.

## Approaching 'Best Practice'

Developing a best practice approach to TCFD is an iterative process that will mature over time. In the first year, aim for compliance by delivering a clear and transparent report that addresses all four pillars at a basic level. You can then build on this foundation to achieve best practice in subsequent years.





## Pillar 1: Governance

### Objective:

The objective of the Governance disclosures is to demonstrate that the Board is actively overseeing climate-related issues and that risks and opportunities are being effectively managed. Consideration should be given to the reporting structure, processes for escalating and managing any issues identified, and monitoring progress against goals and targets.

### Recommended disclosures (to achieve compliance):

- Describe the Board's oversight of climate-related risks and opportunities
- Describe the impact of climate-related risk and opportunities on the organisation's businesses, strategy and financial planning

### Best practice:

- Provide detailed descriptions of individual roles and responsibilities, and link to a governance structure diagram to show where accountability lies
- Provide details of any internal structures that support climate governance, such as ESG committees or working groups, and outline their specific responsibilities
- Explain how updates are shared with the Board and how progress is tracked and reported against climate goals and targets



## Pillar 2: Strategy

### Objective:

The objective of the Strategy disclosures is to show that the business is resilient and agile in responding to climate-related risks and is positioned to take advantage of climate-related opportunities.

### Recommended disclosures (to achieve compliance):

- Describe the climate related-risks and opportunities identified over the short, medium, and long term
- Describe the impact of climate-related risk and opportunities on the organisation's businesses, strategy and financial planning
- Describe how the likelihood and magnitude of these risks and opportunities could be impacted by different climate-related scenarios, including a 2°C or lower scenario

### Best practice:

- Present risks and opportunities in a table to support detailed analysis, noting whether each is a physical or transition risk, with defined and relevant timeframes (short, medium, and long term) and links to broader business objectives or strategic pillars (e.g. growth drivers, talent, technology, products)
- Clearly describe the definition of short-, medium- and long-term intervals, and describe how these align with the business's broader strategic planning and risk assessment timelines
- Perform quantitative analysis to demonstrate the potential impact of identified risks or opportunities on the organisation's financial and non-financial KPIs

### Practical tips:

- Consider climate risks and opportunities across the whole value chain for a more comprehensive assessment
- Clearly and consistently reference how each risk or opportunity links to a core business metric (e.g. revenue, cost or asset value)
- Use scenario analysis to explore plausible hypothetical situations that could affect the business, addressing both physical (e.g. extreme weather) and transition (e.g. policy or market) risks
- Ensure scenario timeframes extend beyond typical business planning cycles
- If conducting scenario analysis in-house, use established external scenarios such as those from the International Energy Agency (IEA) the Intergovernmental Panel on Climate Change (IPCC) and the Network for Greening the Financial System (NGFS)



## Pillar 3: Risk Management

### Objective:

The objective of the Risk Management pillar is to disclose the organisation's systems and processes for identifying, assessing, and managing climate-related risks\*.

### Recommended disclosures (to achieve compliance):

- Describe the organisation's processes for identifying and assessing climate-related risks\*
- Describe the organisation's processes for managing climate-related risks\*
- Explain how this process links to the organisation's overall risk management approach

### Best practice:

- Clearly link the climate risk process to the governance structure as outlined under the Governance pillar
- Show how this process is fully integrated into the broader risk management framework and how climate-related risks\* accorded the same weight and visibility as other major business risks

\*NB For firms who are in-scope of the CFD regime, they will also need to describe how climate-related opportunities (as well as risks) are identified, assessed and managed.



## Pillar 4: Metrics and Targets

### Objective:

The purpose of the Metrics and Targets disclosures is to describe the metrics used to assess the potential impact of climate-related risks and opportunities on business strategy. This pillar also requires the disclosure of scope 1, 2 and 3 greenhouse gas (GHG) emissions, and a description of the targets set to manage climate-related impacts and reduce emissions.

### Recommended disclosures (to achieve compliance):

- Describe how the business measures the impact of potential climate-related risks and opportunities
- Disclose the scope 1, 2 and 3 GHG emissions for the reporting period, including a comparator such as previous year or a baseline year
- Clearly state any targets the business has set in relation to its measured metrics

### Best practice:

- Reference the specific KPIs used to measure the impact of climate-related risks and opportunities and present this information within the table in the 'Strategy' section of the TCFD disclosure to demonstrate good integration
- Disclose detailed scope 1, 2 and 3 GHG emissions, in line with the GHG protocol, including descriptions of any data limitations or omissions, or any changes in methodology within the reporting periods
- Clearly outline the targets used to manage climate-related impacts and GHG emissions, in relation to the identified risks and opportunities

### Practical tips:

- Include intensity-based metrics for greater comparability over time, for example GHG per revenue (£) or per capita (employee)
- Show progress against targets and include clear explanations for any variances

## Top Tips for TCFD Success

Some key learnings and practical advice from our working group to support your TCFD journey:

### **Start early**

Don't wait for mandatory reporting requirements to kick in. Begin taking preliminary steps now – early action reduces future pressure and improves outcomes.

### **Make it a team effort**

Avoid working in silos by engaging colleagues from across the firm. This joined-up approach is particularly important during scenario analysis, where business services teams play a key role in identifying and assessing risks and opportunities.

### **Engage senior leadership**

TCFD reporting touches on business risk, opportunity and strategy – making senior leadership involvement essential. Involve senior leaders from the outset and engage with them regularly throughout the process.

### **Prioritise numbers**

TCFD is about financial impact – this is about numbers, not polar bears! The active involvement of the finance team is essential to ground your analyses in commercial reality.

### **Create credibility**

Ensure clear connections between the identified climate-related risks and opportunities and the metrics and targets used to track them.

### **Build a strong narrative**

Start with a qualitative assessment of impacts, especially where financial quantification is not yet possible. A coherent narrative builds understanding and lays the groundwork for more detailed disclosures in future.

### **Use the client lens**

Evolving client expectations are a powerful lever. Use them to engage senior leadership and to identify climate-related risks and opportunities across your firm's services.

### **Balance compliance and ambition**

In your first year, aiming for compliance is a perfectly acceptable goal. But don't stop there – in year two and beyond, leverage your experience to embed TCFD into your organisation's governance and strategy to drive meaningful change.

### **Progress over perfection**

Don't let the pursuit of perfection hinder your progress. Focus on building a solid foundation and refine your approach over time.

## Ready to Get Started? Take Your First Three Steps:

- 1. Assemble your TCFD team** – bring together colleagues from across the firm to ensure a joined-up approach.
- 2. Agree on your reporting format** – clarify what your disclosure will look like and how it will align with your firm’s existing reporting.
- 3. Establish a reporting timeline** – set key milestones to keep your progress on track.

## References and Resources

### Useful resources on TCFD

- Final Report: Recommendations of the Task-Force on Climate-related Financial Disclosures
- Greenhouse Gas Protocol
- TCFD Knowledge Hub (includes free e-learning modules)
- Climate Disclosure Standards Board: TCFD Handbook
- TCFD Overview Booklet
- Guidance on Scenario Analysis for Non-Financial Companies
- Guidance on Risk Management Integration and Disclosure
- BEIS Guidance on Mandatory climate-related financial disclosures by publicly quoted companies, large private companies and LLPs

### Law firm TCFD report examples:

- Clifford Chance (page 51)
- DLA Piper
- A&O Shearman ((page 33) pre-merger)
- DWF (page 19)

## Acknowledgement

With grateful thanks to the members of the LSA TCFD Working Group for their valuable contribution towards the production of this guide.



**This guide is not a comprehensive review of all developments related to TCFD reporting. It is for general educational purposes only and does not constitute legal advice. You should seek advice from a qualified legal or sustainability professional within your firm for further guidance.**

**The Legal Sustainability Alliance offers a range of resources to support you on your TCFD journey. To find out more, get in touch at [manager@legalsustainabilityalliance.com](mailto:manager@legalsustainabilityalliance.com).**