

Delta Side D: Cover for investigation costs related to climate-related financial disclosures

For many companies, environmental, social, and governance issues (ESG), and in particular the risks posed by the climate crisis, are at the very top of their agenda. This focus on climate and environmental-related risks has been heightened by the UK government's introduction of mandatory climate-related financial disclosures for the UK's largest companies and limited liability partnerships.

Inaccuracies in these disclosures may leave such entities and their directors exposed to the risk of regulatory action by the Financial Conduct Authority or other regulatory bodies. While directors may turn to their directors and officers (D&O) insurance when faced with costly investigations, there has been a gap in coverage available for entities.

For qualifying Marsh clients our new and innovative Side D cover, provided by way of endorsement to our Delta D&O product, will address that gap in the context of investigation costs.

Mandatory TCFD reporting: The risk landscape

So what are the risks? The regulatory landscape for environmental and climate-related risks is changing and the introduction of mandatory Taskforce on Climate-related Financial Disclosures (TCFD) reporting is a significant part of that change. From April 2022 most large and listed companies in the UK are required to state in their annual report, that their disclosures are consistent with TCFD or to explain why they are not.

The list of in-scope entities includes:

- Many large UK-traded companies.
- Banks and insurers.
- Private companies with over 500 employees and £500 million in turnover.

These disclosures are regarded as critical as they are designed to embed climate change into the governance, strategy, and risk management of a company. They also provide a metric to enable investors and insurers to establish the resilience of an organisation in the face of climate-related risks. However, research by Marsh¹ shows that less than a third of FTSE 100 companies are reporting climate change risk in line with TCFD recommendations. In addition, concern is not limited to the disclosures themselves as inaccurate reporting may also leave companies vulnerable to accusations of misleading investors or greenwashing — making environmental claims that are false, misleading, or exaggerated. It is, therefore, important that in-scope entities comply with these TCFD obligations and that their reporting is accurate and in line with their statutory obligations.

1| Less than a third of FTSE 100 companies report climate change risk in line with TCFD recommendations available at <https://www.marsh.com/uk/services/climate-change-and-sustainability/insights/less-than-third-ftse-100-companies-report-climate-change-risk-inline-tcfid.html>

Delta — The new Side D

The imposition of mandatory TCFD reporting will undoubtedly pose challenges for some organisations. Our new Side D product is specifically designed to provide investigations costs coverage arising from a climate disclosure-related investigation.

Key features and benefits include:

- Use of Marsh's ESG Risk Rating and another appropriate tool to assess an organisation's ESG risk rating and eligibility for cover.
- Investigation costs coverage for climate-related financial disclosures, subject to a sublimit.
- Broad coverage, including TCFD and other climate-related disclosures.
- Wide definition of investigation costs to include the costs responding to, attending, or being represented at a climate disclosure investigation.

Access to cover will be dependent upon an organisation's ESG score and conditions may apply.

Why Marsh?

Marsh is uniquely positioned to guide companies through broad, complex, and ever-changing ESG-related risks. The colleagues in our Financial and Professional (FINPRO) Practice have diverse backgrounds — in finance, legal, risk, and other functions, and experience working across several industries — which enable them to deliver innovative risk and insurance solutions to our clients. As shareholders, regulators, and society increasingly focus on ESG-related matters, we can help risk professionals and senior leaders better navigate those risks. We can offer deep subject matter expertise, insurance market knowledge and advocacy, and creative thinking to manage ESG risks from a position of strength.

Marsh's Climate and Sustainability team combines global insights with local intelligence to help companies manage the risks of a sustainable transformation and realize opportunities, by focusing on the key issues they are exposed to now and tomorrow. We work with Marsh clients to measure, monitor, and manage the physical, transition, and reputational risks associated with a more sustainable future. Marsh can support your TCFD reporting, and we can help you to articulate your climate and sustainability-related undertakings and commitments to align the needs and risks of your business with both advisory and insurance solutions.

This is a marketing communication. The information contained herein is based on sources we believe reliable and should be understood to be general risk management and insurance information only. The information is not intended to be taken as advice with respect to any individual situation and cannot be relied upon as such. Statements concerning legal, tax or accounting matters should be understood to be general observations based solely on our experience as insurance brokers and risk consultants and should not be relied upon as legal, tax or accounting advice, which we are not authorised to provide. Marsh Ireland Brokers Limited (MIBL), trading as Marsh Ireland, Bowring Marsh, Charity Insurance, Echelon Claims Consultants, Guy Carpenter & Company, ILCS, Insolutions, Lloyd & Partners, Marsh Aviation Consulting, Marsh Claims Management Services, Marsh Claims Solutions, Marsh Specialty, Marsh Reclaim, and Marsh Risk Consulting is regulated by the Central Bank of Ireland. Marsh Ireland, Bowring Marsh, Charity Insurance, Echelon Claims Consultants, Guy Carpenter & Company, ILCS, Insolutions, Lloyd & Partners, Marsh Aviation Consulting, Marsh Claims Management Services, Marsh Claims Solutions, Marsh Specialty, Marsh Reclaim, and Marsh Risk Consulting are trading names of MIBL. MIBL is a private company limited by shares registered in Ireland under company number 169458. VAT Number IE 6569458D. Registered Office: 4th Floor, 25-28 Adelaide Road, Dublin 2, Ireland, D02 RY98. Directors: T Colraine (British), P G Dromgoole (British), A J Croft (previously Kehoe), J Flahive (British), J C Grogan, P R Howett, C J Lay (British), S P Roche, R I White (British). MIBL has entered into the UK's Temporary Permissions Regime and is deemed to be authorised and regulated by the Financial Conduct Authority (FCA). Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the FCA's website. Full authorisation will be sought from the FCA in due course. Branch Number BR021174. Registered Office: 1 Tower Place West Tower Place, London, EC3R 5BU. VAT Number GB 244 2517 796728097.2 Marsh Specialty is a trading name of Marsh Ltd. Marsh Ltd is authorised and regulated by the Financial Conduct Authority for General Insurance Distribution and Credit Broking (Firm Reference No. 307511). Copyright © 2022 Marsh Ltd. Registered in England and Wales Number: 1507274, Registered office: 1 Tower Place West, Tower Place, London EC3R 5BU. All rights reserved. Copyright 2022. 22-890659255

Contacts



Serena France-Hayhurst

Management Liability
Placement Leader
Marsh Specialty

+44 (0)7392 122 598

serena.france-hayhurst@marsh.com



Karen Cargill

Chief Client Officer —
Management Liability
and D&O Product Lead
Marsh Specialty

+44 (0)7385 404 122

karen.cargill@marsh.com

About Marsh

[Marsh](#) is the world's leading insurance broker and risk advisor. With around 45,000 colleagues operating in 130 countries, Marsh serves commercial and individual clients with data-driven risk solutions and advisory services. Marsh is a business of Marsh McLennan (NYSE: MMC), the world's leading professional services firm in the areas of risk, strategy and people. With annual revenue nearly \$20 billion, [Marsh McLennan](#) helps clients navigate an increasingly dynamic and complex environment through four market-leading businesses: [Marsh](#), [Guy Carpenter](#), [Mercer](#) and [Oliver Wyman](#). For more information, visit marsh.com, follow us on [LinkedIn](#) and [Twitter](#) or subscribe to [BRINK](#).