

Task Force on Climate-related Financial Disclosures

Overview

December 2022

TCFD | TASK FORCE ON CLIMATE-RELATED
FINANCIAL DISCLOSURES

Contents

The Need for Climate-Related Financial Disclosure	2
Potential Financial Implications of Climate Change	4
The Task Force on Climate-related Financial Disclosures	6
Demand for Climate-Related Financial Disclosure	10
Climate-Related Risks and Opportunities	12
TCFD Publications	14
TCFD Recommendations and Recommended Disclosures	16
TCFD Guidance	22
Guidance for All Sectors	22
Supplemental Guidance for Certain Sectors	24
Guidance on Specific Recommendations	26
Implementing the TCFD Recommendations	30
Benefits of Implementation	32
Select Resources on the TCFD Recommendations	34
TCFD Milestones	36
Overview of the TCFD 2022 Status Report	40
International Support for the TCFD	42

The Need for Climate-Related Financial Disclosure

The large-scale and complex nature of climate change makes it uniquely challenging, especially in the context of economic decision-making. Further, many companies have incorrectly viewed the implications of climate change to be relevant only in the long term and, therefore, not necessarily relevant to decisions made today. Those views, however, are changing as more information becomes available on the potential widespread financial impacts of climate change.

In December 2019, Bank of England Governor Mark Carney noted that “changes in climate policies, new technologies and growing physical risks will prompt reassessments of the values of virtually every financial asset.” Companies and providers of capital, therefore, should consider

their longer-term strategies and most efficient allocation of capital in light of these changes. Organizations that invest in activities that may not be viable in the longer term will likely be less resilient to the transition to a lower-carbon economy — and their investors will likely experience lower returns.

Compounding the effect on longer-term returns is the risk that present valuations do not adequately factor in climate-related risks because of insufficient information. Investors, lenders, and insurance underwriters need adequate information on how companies are preparing for a lower-carbon economy. More effective, clear, and consistent climate-related disclosure is needed from companies around the world.

Natural catastrophe losses intensified by climate change (2017–2021)¹

\$1.28T

Value at risk as a result of climate change to manageable assets by 2100²

up to \$43T

¹ Munich Re, “Hurricanes, cold waves, tornadoes: Weather disasters in USA dominate natural disaster losses in 2021,” January 10, 2022; “Record hurricane season and major wildfires — The natural disaster figures for 2020,” January 7, 2021; “Tropical cyclones causing billions in losses dominate nat cat picture of 2019,” January 8, 2020; “The natural disasters of 2018 in figures,” January 8, 2019; and “Hurricanes cause record losses in 2017 — The year in figures,” January 4, 2018.

² The Economist Intelligence Unit, “The Cost of Inaction: Recognising the Value at Risk from Climate Change,” 2015.

“Now is the time to ensure that every financial decision takes climate change into account.”

– **Mark Carney, UN Special Envoy on Climate Action and Finance, Governor of the Bank of England (2013–2020), FSB Chair (2011–2018),** December 2019

Mark Carney, UN Special Envoy on Climate Action and Finance, and Michael R. Bloomberg, TCFD Chair



Potential Financial Implications of Climate Change

Extreme Weather Events and Gradual Changes in Climate

- Extreme weather events affect health and damage infrastructure and property, reducing wealth and decreasing productivity. They can also disrupt economic activity and trade, creating resource shortages and diverting capital from more productive uses.

- Changes in the natural environment affect the livability of different regions, especially if mean temperatures rise by more than 1.5°C–2°C, and pose significant risks to human health, food security, water resources, etc.

Transition to a Low-Carbon Economy

- The transition to a low-carbon economy requires rapid and far-reaching transitions across sectors, including significant changes in investment.
- A disorderly, sudden, unanticipated, or discontinuous transition would be more disruptive and costly than an orderly transition.

Risk Drivers³

Physical: rising temperatures, higher sea levels, and more destructive natural catastrophes

Transition: climate policy changes, innovations in technology, and shifts in consumer preferences

Potential Economic Effects

- Business disruption
- Lower productivity
- Reconstruction, reinvestment, and replacement
- Higher commodity and energy prices

Potential Financial Effects

- Lower property values and asset devaluations
- Lower corporate profits and household wealth
- Financial market losses (equities, bonds, commodities)
- Credit market losses (residential and corporate loans)

Climate Change Is a Financial Risk

Climate-related risk is non-diversifiable and will have a financial impact on many companies:



REVENUES



EXPENDITURES



ASSETS AND LIABILITIES



CAPITAL AND FINANCING

“Climate-related risks are a source of financial risk and it therefore falls squarely within the mandates of central banks and supervisors to ensure the financial system is resilient to these risks.”

– Network for Greening the Financial System, **First Comprehensive Report**, April 2019

³ Based on Network for Greening the Financial System (NGFS), *First comprehensive report: A call for action*, pp. 13–17.

The Task Force on Climate-related Financial Disclosures

G20 Finance Ministers and Central Bank Governors asked the Financial Stability Board (FSB) to review how the financial sector can take account of climate-related issues.

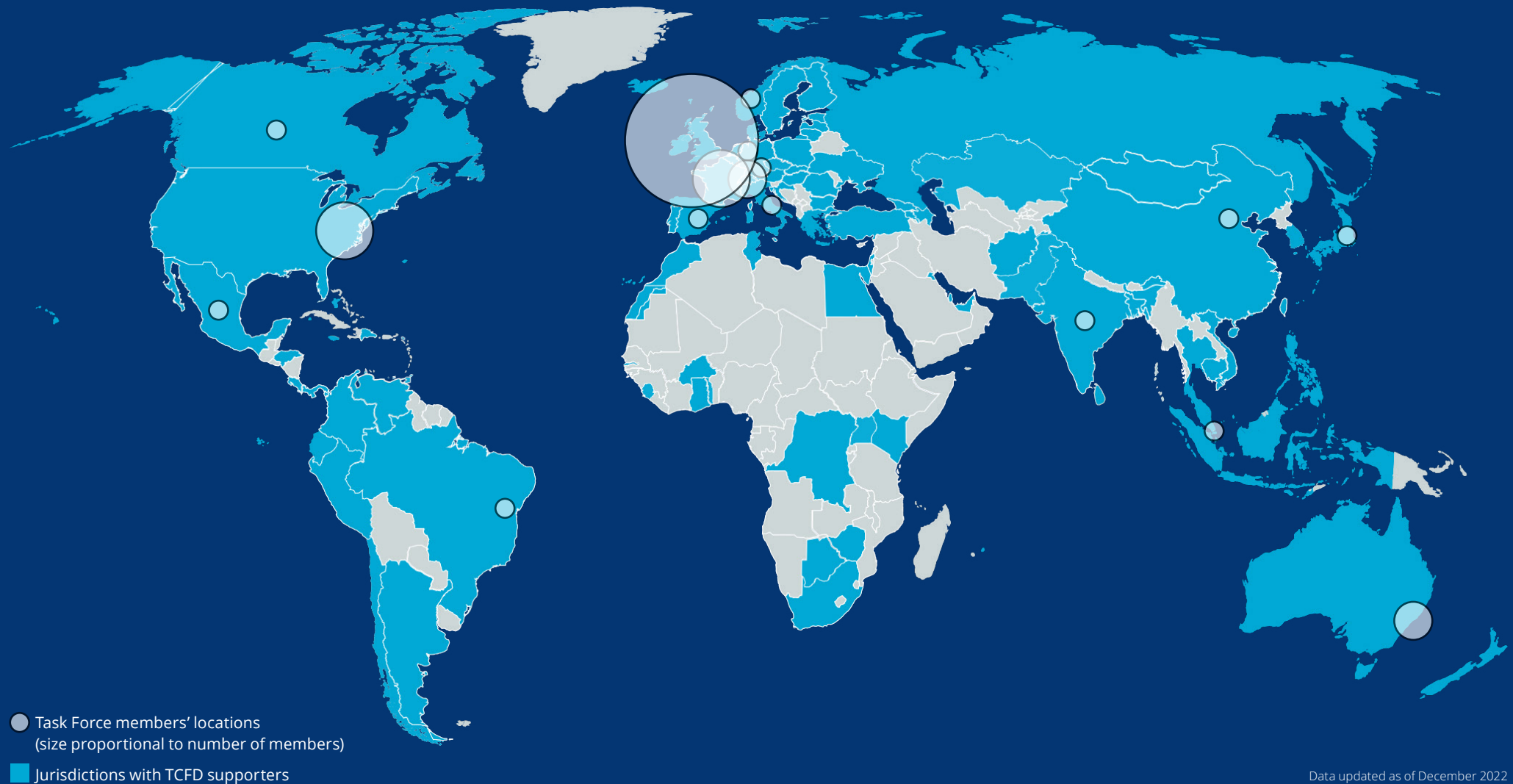
The FSB established the Task Force on Climate-related Financial Disclosures (TCFD or Task Force) to develop recommendations for more effective climate-related disclosures that:

- could “promote more informed investment, credit, and insurance underwriting decisions” and
- in turn, “would enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system’s exposures to climate-related risks.”



Industry-Led Task Force with Geographically Diverse Members and Supporters

The Task Force's 31 international members, led by Michael R. Bloomberg, include providers of capital, insurers, large non-financial companies, accounting and consulting firms, and credit rating agencies. The Task Force also has more than 4,000 supporters from 101 jurisdictions around the world.



Data updated as of December 2022

Demand for Climate-Related Financial Disclosure

Demand for climate-related disclosure has increased significantly since the release of the TCFD recommendations in 2017.

Many **private-sector** financial institutions, investors, and others continue to make progress on incorporating climate-related disclosure into their financial decision-making. For example, over 615 investors with more than \$60 trillion in assets under management committed to engage with the world's largest corporate greenhouse gas emitters to strengthen their climate-related disclosures by implementing the TCFD recommendations as part of Climate Action 100+.

In addition, 680+ financial institutions with more than \$130t in assets have asked 10,000+ companies to disclose via CDP, which has aligned its questionnaires with the TCFD recommendations.

Demand for climate-related disclosure from investors and others is critically important. In particular, large asset owners and asset managers sit at the top of the investment chain and, therefore, have an important role to play in influencing the organizations in which they invest to provide better climate-related financial disclosures.

“The ability to quantify climate-related risk differentials on a forward-looking basis is critical to pricing such risks into financial institutions’ capital allocation decisions.”

– Gek Choo Goh, Chair of the NGFS’ Micro-prudential and Supervision workstream and Executive Director of Banking Department II at the Monetary Authority of Singapore, May 2022



In addition, **public-sector** leaders have also noted the importance of transparency on climate-related issues within financial markets. Climate-related risk is increasingly the subject of new reporting requirements, such as the European Non-Financial Reporting Directive 2014/95/EU, stress testing, and regulatory guidance based on the TCFD recommendations. A number of national governments and public-sector organizations formally support the TCFD. In addition, several jurisdictions have proposed or passed laws and regulations requiring disclosure aligned with the TCFD recommendations.

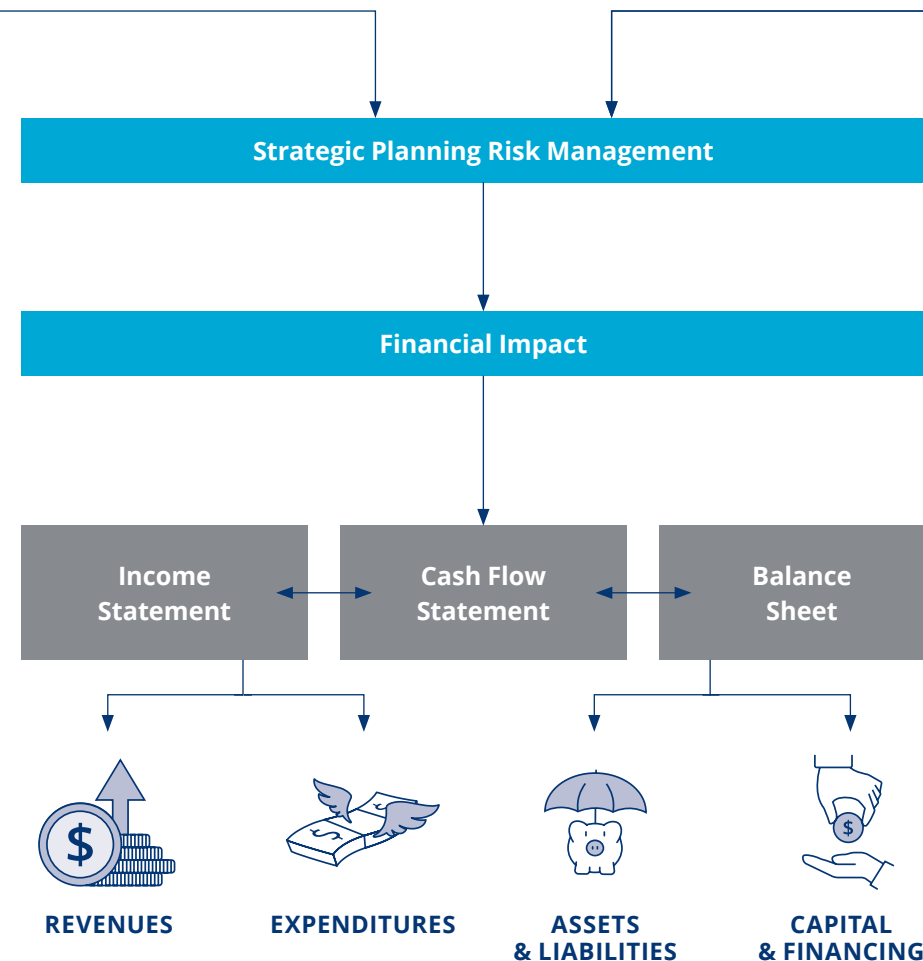
“We believe that high quality and decision-relevant climate disclosures are critical to enabling change and we support the recommendations of the Financial Stability Board’s Taskforce on Climate-Related Financial Disclosures (TCFD). We expect companies to report climate risks, strategy, policies and performance in line with the TCFD disclosure framework. This should include stress testing of business models and assets against various climate change scenarios.”

– Canada Post Corporate Pension Plan, response to the proposed United States Securities and Exchange Commission rule for The Enhancement and Standardization of Climate-Related Disclosures for Investors, June 2022

Climate-Related Risks and Opportunities






The Task Force identified several categories of climate-related risks and opportunities. These include potential financial impact to assist investors, and companies consider longer-term strategies and most efficient allocation of capital in light of the potential economic impacts of climate change.

Risks	
 <p>Transition</p>	<p>Policy and Legal</p> <ul style="list-style-type: none"> Carbon pricing and reporting obligations Mandates on and regulation of existing products and services Exposure to litigation <p>Technology</p> <ul style="list-style-type: none"> Substitution of existing products and services with lower emissions options Unsuccessful investment in new technologies <p>Market</p> <ul style="list-style-type: none"> Changing customer behavior Uncertainty in market signals Increased cost of raw materials <p>Reputation</p> <ul style="list-style-type: none"> Shift in consumer preferences Increased stakeholder concern/negative feedback Stigmatization of sector
 <p>Physical</p>	<ul style="list-style-type: none"> Acute: extreme weather events Chronic: changing weather patterns and rising mean temperature and sea levels



“Climate change presents global markets with risks and opportunities that cannot be ignored, which is why a framework around climate-related disclosures is so important. The Task Force brings that framework to the table, helping investors evaluate the potential risks and rewards of a transition to a lower carbon economy.”

– **Michael R. Bloomberg, TCFD Chair and Founder of Bloomberg LP and Bloomberg Philanthropies**, June 2017

Opportunities	
 <p>Resource Efficiency</p>	<ul style="list-style-type: none"> Use of more efficient modes of transport and production and distribution processes Use of recycling Move to more efficient buildings Reduced water usage and consumption
 <p>Energy Source</p>	<ul style="list-style-type: none"> Use of lower-emission sources of energy Use of supportive policy incentives Use of new technologies Participation in carbon market
 <p>Products & Services</p>	<ul style="list-style-type: none"> Development and/or expansion of low emissions goods and services Development of climate adaptation and insurance risk solutions Development of new products or services through R&D and innovation
 <p>Markets</p>	<ul style="list-style-type: none"> Access to new markets Use of public-sector incentives Access to new assets and locations needing insurance coverage
 <p>Resilience</p>	<ul style="list-style-type: none"> Participation in renewable energy programs and adoption of energy-efficiency measures Resource substitutes/diversification

TCFD Publications

The Task Force's recommendations were published in its 2017 report. Since then, the Task Force has published various reports and supporting materials to help companies implement the recommendations and promote advancements in the availability and quality of climate-related financial disclosure.

Guidance on Specific Recommendations

Provide additional information on implementing the recommendations and include the following:

- 2017 *Scenario Analysis Technical Supplement*;
- 2020 *Guidance on Scenario Analysis for Non-Financial Companies*;
- 2020 *Guidance on Risk Management Integration and Disclosure*; and
- 2021 *Guidance on Metrics, Targets, and Transition Plans*.



Status Reports

Provide updates on the state of climate-related financial disclosure for specific industries, insights on implementing the TCFD recommendations, and summaries of initiatives supporting TCFD implementation.



Final Recommendations and Recommended Disclosures

Provides details on the following:

- the Task Force's remit from the Financial Stability Board;
- context and background on the need for climate-related financial disclosures; and
- the TCFD recommendations and recommended disclosures, as well as areas of further work.

Implementation Guidance

Provides guidance on the application of the recommendations, general implementation guidance applicable to all sectors, and supplemental guidance for certain sectors, including the following:

- four financial industries and
- four groups of non-financial companies considered more likely to be affected financially than others given their exposure to certain transition and physical risks.



The Task Force's 2017 report, guidance, and recent status reports are available at fsb-tcfd.org/publications/.

TCFD Recommendations

“The work of the TCFD shows the power of voluntary engagement from the private sector and how it can complement public sector regulations. A remarkable endeavor, the TCFD has developed global standards that are now being used by a significant number of corporations around the world.”

– **Christian Thimann,**
TCFD Vice Chair (2015–2021)
and CEO and Chairman of
the Management Board,
Athora Germany (2018–2021),
March 2021

The Task Force’s [2017 report](#) outlines the TCFD framework for reporting climate-related financial information.

In its work, the Task Force drew on member expertise, significant stakeholder engagement, and existing climate-related disclosure regimes to develop a singular, accessible framework for climate-related financial disclosure. The recommendations are structured around four thematic areas that represent core elements of how organizations operate.



TCFD Recommended Disclosures

The four recommendations are supported by specific disclosures organizations should include in financial filings or other reports to provide decision-useful information to investors and others.

Key Features of Recommendations



Adoptable by all organizations



Designed to solicit decision-useful, forward-looking information on financial impacts



Strong focus on risks and opportunities related to transition to lower-carbon economy



Disclosure under the Strategy and Metrics and Targets recommendations in financial filings is subject to a materiality assessment, although all organizations are encouraged to disclose publicly if practicable

Governance

Disclose the organization's governance around climate-related risks and opportunities.

Recommended Disclosures

- Describe the board's oversight of climate-related risks and opportunities.
- Describe management's role in assessing and managing climate-related risks and opportunities.

Risk Management

Disclose how the organization identifies, assesses, and manages climate-related risks.

Recommended Disclosures

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

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

Recommended Disclosures

- Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.
- Describe the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning.
- Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Recommended Disclosures

- Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
- Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
- Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.



"We see extensive and mounting evidence that the physical and transition effects of the climate crisis are real. In order to reach the goals of the Paris Agreement we need to take forceful action – this includes action from corporations and the private sector at large. Climate-related disclosures and the TCFD recommendations help companies consider the impact of climate change and associated mitigation efforts on their strategies and operations. A company that communicates its climate resiliency to its investors will have a competitive advantage over those that don't."

- Mary Schapiro, Head of the TCFD Secretariat and Vice Chair for Global Public Policy at Bloomberg LP, February 2021



Guidance for All Sectors

The Task Force’s “annex” provides both general and sector-specific guidance to assist organizations with implementing the TCFD recommendations. The annex was originally released in 2017 and updated in 2021.

Example of Guidance for All Sectors

Investors and other stakeholders need to understand how climate-related issues may affect an organization’s businesses, strategy, and financial planning over the short, medium, and long term. Such information is used to inform expectations about the future performance of an organization.

Which Organizations Should Implement the TCFD Recommendations?

To promote more informed investing, lending, and insurance underwriting decisions, the Task Force recommends all organizations with public debt or equity implement its recommendations. Because climate-related issues are relevant for other types of organizations as well, all organizations are encouraged to implement these recommendations.

In particular, implementation by asset managers and asset owners, including public- and private-sector pension plans, endowments, and foundations, will help their clients and beneficiaries better understand the performance of their assets, consider the risks of their investments, and make more informed investment choices.

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material.

Recommended Disclosure a)

Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

Guidance for All Sectors

Organizations should provide the following information:

- a description of what they consider to be the relevant short-, medium-, and long-term time horizons, taking into consideration the useful life of the organization’s assets or infrastructure and the fact that climate-related issues often manifest themselves over the medium and longer terms;
- a description of the specific climate-related issues potentially arising in each time horizon (short, medium, and long term) that could have a material financial impact on the organization; and
- a description of the process(es) used to determine which risks and opportunities could have a material financial impact on the organization.

Organizations should consider providing a description of their risks and opportunities by sector and/or geography, as appropriate. In describing climate-related issues, organizations should refer to Tables A1.1 and A1.2 (pp. 75–76).

Recommended Disclosure b)

Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.

Guidance for All Sectors

Building on recommended disclosure a), organizations should discuss how identified climate-related issues have affected their businesses, strategy, and financial planning.

Organizations should consider including the impact on their businesses, strategy, and financial planning in the following areas:

- Products and services
- Supply chain and/or value chain
- Adaptation and mitigation activities
- Investment in research and development
- Operations (including types of operations and location of facilities)
- Acquisitions or divestments
- Access to capital

Organizations should describe how climate-related issues serve as an input to their financial planning process, the time period(s) used, and how these risks and opportunities are prioritized. Organizations’ disclosures should reflect a holistic picture of the interdependencies among the factors that affect their ability to create value over time.

Organizations should describe the impact of climate-related issues on their financial performance (e.g., revenues, costs) and financial position (e.g., assets, liabilities). If climate-related scenarios were used to inform the organization’s strategy and financial planning, such scenarios should be described.

Organizations that have made GHG emissions reduction commitments, operate in jurisdictions that have made such commitments, or have agreed to meet investor expectations regarding GHG emissions reductions should describe their plans for transitioning to a low-carbon economy, which could include GHG emissions targets and specific activities intended to reduce GHG emissions in their operations and value chain or to otherwise support the transition.

Supplemental Guidance for Certain Sectors

In addition to the guidance for organizations in all sectors, supplemental guidance is available for the following industries and groups:

Financial Sector Industries

- Banks
- Insurance Companies
- Asset Managers
- Asset Owners

The financial sector was organized into four major industries largely based on activities performed. The activities are lending (banks), underwriting (insurance companies), asset management (asset managers), and investing (asset owners).

Non-Financial Groups

- Energy
- Transportation
- Materials & Buildings
- Agriculture, Food, and Forest Products

The non-financial groups identified by the Task Force account for the largest proportion of GHG emissions, energy usage, and water usage.

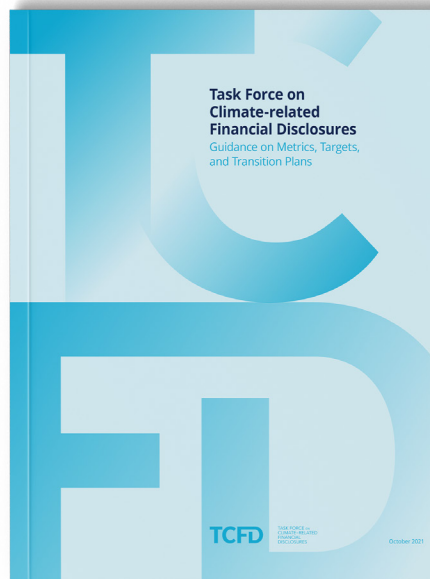
“It is encouraging to see the increasing number of banks and asset managers that are systematically including TCFD recommendations in their risk and opportunities analysis.”

– Denise Pavarina, TCFD Vice Chair and Senior Advisor, Aggrego Consultores, February 2021



Guidance on Metrics, Targets, and Transition Plans

This [guidance](#) is intended to support companies in disclosing decision-useful climate-related metrics, targets, and transition plan information and linking those disclosures with estimates of financial impacts.



Focus of the Guidance:

- Recent developments around climate-related metrics and users' increasing focus on companies' plans for transitioning to a low-carbon economy
- A set of cross-industry, climate-related metric categories that the Task Force believes all organizations can disclose

Key Points Addressed:

- Information on selecting and disclosing metrics, as well as a set of cross-industry, climate-related metric categories
- Information on selecting and disclosing climate-related targets, as well as details on the role of scenario analysis in determining targets
- How organizations might include aspects of their transition plans in their climate-related financial disclosures
- How climate-related metrics, targets, and information from transition plans provide useful information for understanding the impact of climate-related issues on an organization's financial performance and position

Risk Management Integration and Disclosure

This [guidance](#) is aimed at companies that are interested in integrating climate-related risks into their existing risk management processes and disclosing information on their risk management processes in alignment with the Task Force's recommendations.

Initial Steps for Integration

The guidance explores the practicalities of integrating climate-related risks into existing risk management processes and outlines a set of high-level, initial steps intended to support companies in identifying important considerations for integration.

- 1 Understand Climate Change Concepts**
Ensure general understanding across the company of climate change concepts and potential impacts.
- 2 Identify Processes and Functions**
Identify risk management processes and elements to be adjusted for climate-related risk and functions responsible for those processes and elements.
- 3 Update Risk Taxonomy**
Incorporate climate-related risks into existing risk taxonomy and risk inventory.
- 4 Adjust Risk Management Elements**
Adapt existing risk management processes and elements.
- 5 Disclose Risk Management Processes**

Unique Characteristics

The guidance describes the unique characteristics of climate-related risks that are important to consider when integrating such risks into existing processes. The following characteristics of climate-related risks are discussed:

- different effects based on geography and activities;
- longer time horizons and long-lived effects;
- novel and uncertain nature;
- changing magnitude and nonlinear dynamics; and
- complex relationships and systemic effects.

Disclosure Examples

The guidance also describes features of decision-useful risk management disclosures, as well as examples of companies' disclosures.

Guidance on Scenario Analysis

The Task Force developed two reports to provide guidance on scenario analysis. The [technical supplement](#) was published in 2017 to provide an additional level of detail for companies interested in using climate-related scenarios as part of their efforts to implement the Task Force's recommendations. The second [guidance](#), published in 2020, is intended to assist non-financial companies considering scenario analysis.

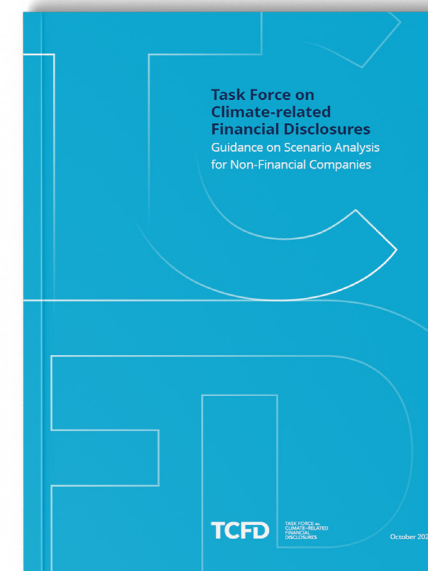


Focus of Technical Supplement:

- Considerations for applying scenario analysis
- Analytical choices involved in scenario analysis
- Description of climate-related scenarios for transition and physical risks
- Additional resources for understanding and conducting climate-related scenarios

Focus of Guidance:

- Practical, process-oriented ways for non-financial companies to use climate-related scenario analysis
 - Establishing organizational structures and processes to conduct scenario analysis
 - Developing scenarios, including scenario types and structural elements
- Ideas for disclosing the resilience of companies' strategies to different climate-related scenarios
 - Applying scenario analysis to strategy formulation to enhance resilience
 - Addressing challenges of disclosure around strategy and scenarios
 - Demonstrating strategy resilience in disclosures



Implementing the TCFD Recommendations

Organizations are now able to draw on a wealth of examples and resources to accelerate their disclosures aligned with the TCFD recommendations. Once initial climate-related reporting is released, companies are encouraged to continue improving and developing their disclosures. Implementing the TCFD recommendations generally includes the following considerations:

Managing Climate-Related Issues

Building appropriate internal processes to manage climate-related issues, as well as collecting necessary data and metrics.

Existing and Future Reporting Requirements

Reviewing requirements for financial and non-financial reporting and considering whether additional requirements will likely be released.

Reporting Capabilities

Developing processes and capacity to report information under the TCFD recommendations — subject to appropriate internal governance processes and in line with regulatory requirements.

Materiality

Taking the unique longer-term impacts and challenges of climate change into account when assessing materiality. All organizations are encouraged to report in line with the Governance and Risk Management recommendations, as well as report Scope 1 and Scope 2 GHG emissions regardless of materiality.

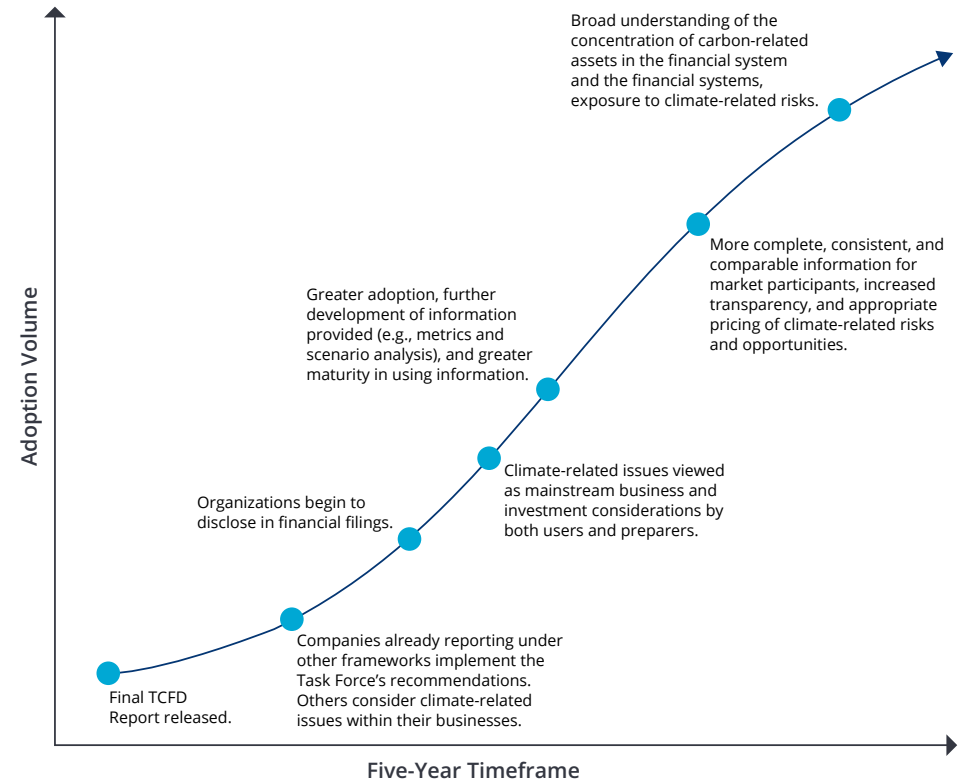
Placement

Determining the appropriate placement of disclosures — in mainstream (i.e., public) annual financial filings as recommended by the TCFD or other official company reports.

Ongoing Collaboration and Improvement

Organizations have expressed that participation in TCFD working groups, workshops, or even knowledge-sharing with peers and investors has been helpful in advancing climate-related disclosure.

Illustrative Implementation Path



Fundamental Principles for Effective Disclosures

- 1 Disclosures should represent relevant information.
- 2 Disclosures should be specific and complete.
- 3 Disclosures should be clear, balanced, and understandable.
- 4 Disclosures should be clear over time.
- 5 Disclosures should be comparable among companies within a sector, industry, or portfolio.
- 6 Disclosures should be reliable, verifiable, and objective.
- 7 Disclosures should be provided on a timely basis.

Benefits of Implementation

Some of the potential benefits associated with implementing the Task Force's recommendations include:

- easier or better access to capital by increasing investors' and lenders' confidence that the company's climate-related risks are appropriately assessed and managed;
- more effectively meeting existing disclosure requirements to report material information in financial filings;
- increased awareness and understanding of climate-related risks and opportunities within the company, resulting in better risk management and more informed strategic planning; and
- proactively addressing investors' demand for climate-related information in a framework that investors are increasingly asking for, which could ultimately reduce the number of climate-related information requests received.

"The TCFD disclosure requirements have really helped us drive better quality thinking around the impact that climate change could have on our business as well as our impact on climate change, it has also caused us to bring together our technical specialists, our operators and our finance teams to brainstorm these issues which has strengthened the rigour of our thinking, our understanding of the implications but most importantly the identification of key actions."

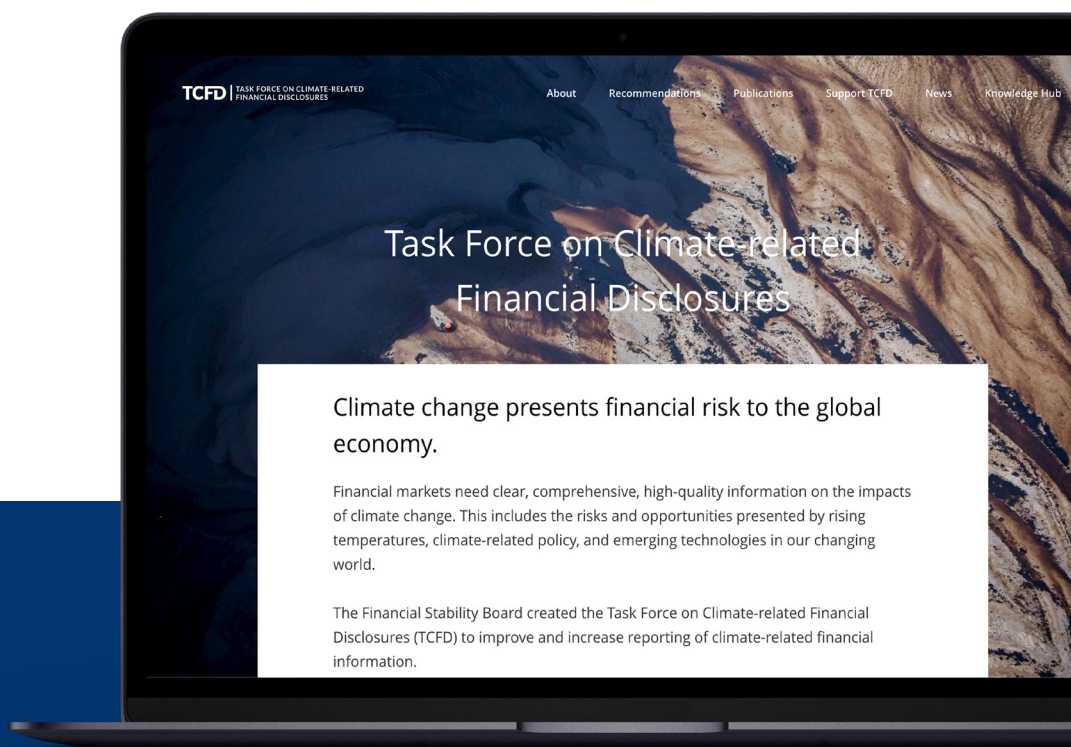
– Graeme Pitkethly, TCFD Vice Chair and Chief Financial Officer, Unilever, March 2021

A Note on Climate-Related Resilience and Scenario Analysis:

The TCFD recommends organizations disclose information about the resilience of their strategies based on the outcomes of different climate-related scenarios — where such information is material. The TCFD believes climate-related scenario analysis is an important and useful tool for organizations to use to understand the strategic implications of climate-related risks and opportunities, regardless of materiality. In particular, climate-related scenario analysis can help organizations identify indicators to monitor the external environment, which may provide early warning to reassess and adjust strategies.



Select Resources on the TCFD Recommendations



TCFD Website

Further information on the TCFD is available on our website at fsb-tcfd.org. The TCFD website includes all the TCFD's publications, including the final recommendations, implementation guidance, report translations, recent status reports, examples of disclosure, and a series of workshops on TCFD implementation.

TCFD Knowledge Hub

The [TCFD Knowledge Hub](#) hosts over 700 resources that help companies identify, analyze, and report climate-related financial information. The Hub was created by the Climate Disclosure Standards Board (CDSB) and is now managed by CDP. Resources on the Hub support the adoption of the TCFD recommendations and the development of high-quality, consistent, and comparable climate-related financial disclosures.

WBCSD Preparer Forums

The World Business Council for Sustainable Development (WBCSD) has worked with companies in several industries, such as oil and gas, electric utilities, transportation, and chemicals, in forums focused on implementation of the TCFD recommendations. The reports of these "preparer forums" are available on the [WBCSD website](#).

UNEP FI Reports on Climate-Related Risk and Scenario Analysis

The United Nations Environment Programme Finance Initiative (UNEP FI) has led pilot projects on TCFD implementation for financial institutions. All reports and additional resources are available at the [UNEP FI website](#).

Laws, Regulations, and Standards

As support from the private sector has grown, governments and jurisdictions around the world, as well as international standard setters and stock exchanges, have begun to codify aspects of the TCFD recommendations into laws, regulations, and/or standards. As an example, the International Sustainability Standards Board was established by the International Financial Reporting Standards Foundation (IFRS) to deliver a comprehensive global baseline of sustainability-related disclosure standards and intends to use the TCFD and other frameworks as a basis for its work. More information can be found on the [IFRS website](#).

Additional Resources

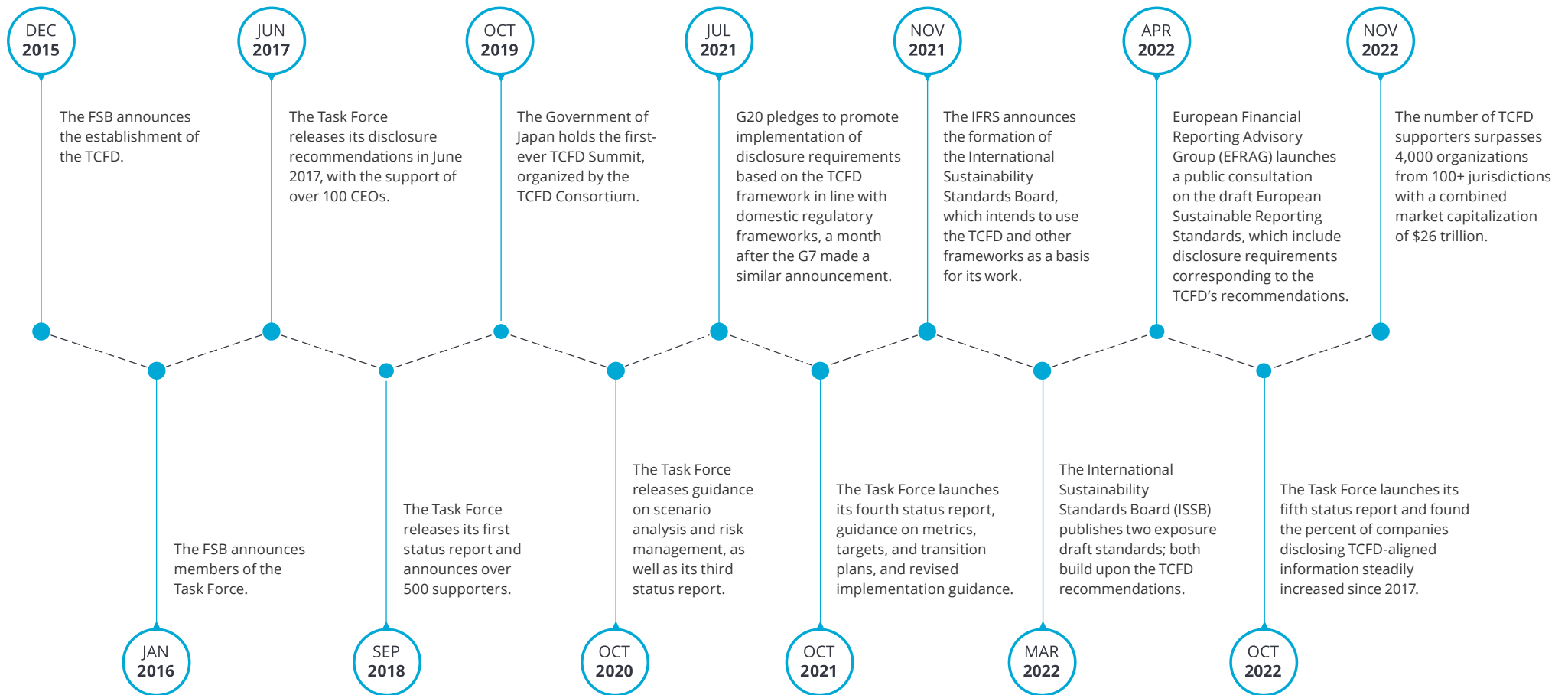
Many other organizations — such as the [UN Principles for Responsible Investing](#) and [CDP](#) — have worked to align with the TCFD recommendations and have released various resources to assist organizations with implementing and using climate-related financial disclosure.

TCFD Milestones

Since the release of the TCFD recommendations, support for the TCFD has increased rapidly. The TCFD's 4,000+ supporting organizations span the public and private sectors and represent over 70 industries in 101 jurisdictions, including the governments of 11 countries.

"[T]he TCFD has generated a step change in both the demand for and supply of climate reporting. The demand for TCFD disclosure is now enormous."

- Mark Carney, UN Special Envoy on Climate Action and Finance, Governor of the Bank of England (2013–2020), FSB Chair (2011–2018),
September 2019



How you can support TCFD:

Visit fsb-tcfid.org/support-tcfid/

and submit the [form](#) to contact the TCFD or become a supporter.

International Developments on Climate-Related Disclosure

Since 2017, several jurisdictions and standards setters have drawn from the TCFD recommendations in developing climate-related disclosure requirements, proposals, or standards.



Developments in Various Jurisdictions^{1,2}

International and Regional Standards

ISSB International Sustainability Standards Board (ISSB)
 March 2022 exposure drafts on sustainability-related disclosure standards and climate-related disclosure standards

 **European Union**
 European Financial Reporting Advisory Group (EFRAG) April 2022 draft EU Sustainability Reporting Standards

Top Five Countries by Number of Supporters

-  **Japan** (1,070)
-  **United Kingdom** (467)
-  **United States** (440)
-  **Australia** (161)
-  **France** (139)

"...a more substantive uptake of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) is essential. This will help companies embed a broadly accepted framework for reporting on the financial risks associated with climate change into their governance and risk management frameworks, as well as in communications with stakeholders."

– **Ashley Alder, Former CEO, Securities and Futures Commission of Hong Kong and Chair, IOSCO**, February 2021




¹ These final and proposed requirements vary in their scope of coverage, time frame, and type of report addressed.
² This is an illustrative list of recent jurisdictional events and is not intended as an exhaustive list.

"...We support moving towards mandatory climate-related financial disclosures that provide consistent and decision-useful information for market participants and that are based on the Task Force on Climate-related Financial Disclosures (TCFD) framework, in line with domestic regulatory frameworks. Investors need high quality, comparable and reliable information on climate risks..."





– **G7 Finance Ministers and Central Bank, Governors Communiqué**, June 2021

Final Disclosure Requirements

-  **Brazil**
 Securities and Exchange Commission, Central Bank of Brazil
-  **Egypt**
 Egyptian Financial Regulatory Authority
-  **New Zealand**
 New Zealand Government

-  **Singapore**
 Singapore Exchange
-  **Switzerland**
 Financial Market Supervisory Authority
-  **United Kingdom**
 Parliament, Financial Conduct Authority

Proposed Disclosure Requirements

-  **Canada**
 Canadian Securities Administrators
-  **European Union**
 European Commission, Parliament and Council
-  **United States**
 Securities and Exchange Commission
-  **Switzerland**
 Federal Council

TCFD-Aligned Guidance or Other Support

Other jurisdictions have referenced the TCFD recommendations in guidance or statements to encourage climate-related disclosure, including official entities in Australia, Denmark, Germany, Hong Kong, India, Ireland, Italy, Japan, Malaysia, Norway, Thailand, Russia, South Africa, and South Korea.

Status Report Key Findings

2022 Disclosure Review



80% of companies reviewed disclosed in line with at least one of the TCFD recommended disclosures; however, more urgent progress is needed. Only 4% disclosed in line with all 11 recommended disclosures and only around 40% disclosed in line with at least five.



Since fiscal year 2019, all regions have increased their levels of disclosure. In particular, **the average levels of disclosure grew by 11 percentage points in the Asia-Pacific region**, by 12 percentage points in North America, and by 23 percentage points in Europe.

Asset Managers and Owners Reporting Practices



A majority of asset managers and asset owners report to their clients and beneficiaries. Over 60% of asset managers and over 75% of asset owners surveyed indicated they currently report climate-related information to their clients and beneficiaries.



Nearly 50% of asset managers and 75% of asset owners reported information aligned with at least five of the 11 recommended disclosures. 10% of asset managers and 36% of asset owners indicated they report on all 11 recommended disclosures.



Download the
2022 Status Report

TCFD Implementation and Use Survey



The availability and quality of climate-related financial disclosures has increased since June 2017. Ninety-five percent (95%) of survey respondents saw an increase in the availability of climate-related financial disclosures since the release of the TCFD recommendations, with 88% of respondents citing improvements in the quality of disclosures.



Investors and others use disclosures in decision-making and pricing. Based on the TCFD survey, **90% of investors and other users incorporate climate-related financial disclosures in financial decision-making**, and 66% of these indicated such disclosures factor into the way they price financial assets.



“When companies disclose clear, consistent, and accurate information on the risks they face from climate change, investors and business leaders can make more informed and sustainable financial decisions. That strengthens our global economy, improves health, and helps address the climate crisis. The Task Force has had an exceptional year in rallying global support for climate risk reporting — but we still have a long way to go. As governments and businesses around the world work to accelerate the transition to a clean energy economy, they should continue to draw on the TCFD recommendations as a critical tool in their efforts.”

– Michael R. Bloomberg, TCFD Chair and Founder of Bloomberg LP and Bloomberg Philanthropies,
September 2021

International Support for the TCFD

Several international initiatives support incorporating the TCFD recommendations into climate-related reporting standards



"We support moving towards mandatory climate-related financial disclosures that provide consistent and decision-useful information for market participants and that are based on the Task Force on Climate-related Financial Disclosures (TCFD) framework, in line with domestic regulatory frameworks."



"We will work to promote implementation of disclosure requirements or guidance, building on the FSB's Task Force on Climate-related Financial Disclosures (TCFD) framework, in line with domestic regulatory frameworks, to pave the way for future global coordination efforts, taking into account jurisdictions' circumstances, aimed at developing a baseline global reporting standard. To that aim, we welcome the work programme of the International Financial Reporting Standards Foundation to develop a baseline global reporting standard under robust governance and public oversight, building upon the TCFD framework and the work of sustainability standard-setters, involving them and consulting with a wide range of stakeholders to foster global best practices. We welcome the FSB roadmap for addressing financial risks from climate change."



The Trustees' proposed sustainability standards board "would build upon the well-established work of the Financial Stability Board's Task Force on Climate-related Financial Disclosures..."



"The FSB strongly encourages national or regional authorities that are developing requirements or guidance for climate-related disclosures to consider using the TCFD recommendations as the basis."



"The TCFD recommendations have gained enormous traction over the years... but the exercise now is reaching the limits of what can be achieved through a purely industry-led and voluntary framework. [...] The time has come to take it to the next level, and the next level, in our view, is the development of the global minimum standard."

- Klaas Knot, Chair of the FSB and President of De Nederlandsche Bank, November 2021



"IOSCO welcomes... a prototype for an approach to climate-related disclosures that builds on the recommendations of the Task Force of Climate-related Financial Disclosures."



"The Commission supports initiatives by the G20, the G7, the Financial Stability Board and others to generate international commitment to develop a baseline of global sustainability reporting standards that would build on the work of the Task Force on Climate-related Financial Disclosures."



For more information, please visit fsb-tcfd.org

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