FSB Task Force on Climate-related Financial Disclosures
Phase I Public Consultation – Key Findings

27 July 2016
The objective of the Task Force’s work is to promote more effective climate-related disclosures that will:

1. Support informed investment, credit and insurance underwriting decisions about reporting companies

2. Enable a variety of stakeholders to understand the concentrations of carbon-related assets in the financial sector and the financial system’s exposures to climate-related risk
Phase I Report

The Purpose

The Phase I Report, delivered on March 31, 2016, set out the scope and high-level objectives for the proposed work, together with a set of fundamental principles of disclosure, to provide an enduring disclosure framework and guide the Task Force’s Phase II recommendations.

The purpose of the public consultation was to solicit meaningful and substantive input to guide the development of the Task Force’s recommendations for voluntary disclosures on climate-related financial risks and opportunities.
Phase I Public Consultation

The Process

- April 1, 2016: the Phase I Report was published and the public consultation period opened
- An online form captured structured stakeholder feedback – additional comments were submitted through comment letters
- Throughout the public consultation period:
  - [www.fsb-tcfd.org](http://www.fsb-tcfd.org) subscribers were encouraged to submit public comment via email reminders
  - [@FSB_TCFD](https://twitter.com/FSB_TCFD) tweeted reminders throughout the public consultation period
  - TCFD members spoke at over 15 events to encourage participation in the public consultation period
- May 31, 2016: the public consultation period closed
We received 203 responses from 24 countries.

From where did the responses come?

- UK: 24%
- Brazil: 20%
- US: 20%
- France: 10%
- Netherlands: 5%
- Switzerland: 4%
- Canada: 7%
- Australia: 5%
- Germany: 4%
- Italy, Singapore: 5%
- Austria, Belgium, China, India, Japan, Luxembourg, Norway, Sweden: 10%
- Indonesia, Nigeria, Peru, Portugal, South Africa: 2%
- OTHER: 21%
Who were the respondents?

Majority of respondents were from the financial sector and NGOs representing various roles.

**INDUSTRY**
- Financials: 59.1%
- NGO: 19.7%
- Other: 10.8%
- Education: 2.5%
- Energy: 3.9%
- Materials: 3.9%

**ROLE**
- Corporate: 14.7%
- Academic/Industry Expert: 19.0%
- Investment Mgr: 9.8%
- CEO: 9.2%
- Risk: 8.0%
- Finance: 3.1%
- Other: 10.4%
- Non-Executive Director: 3.1%

Other roles include:
- Communications: 2.0%
- Environmental: 1.5%
- Industrials: 1.5%
- Consumer Discretionary: 1.0%
- Consumer Staples: 1.0%
- Technology: 1.0%
- Utilities: 1.0%
- Government: 0.5%
- Health Care: 0.5%
- Intergovernmental Organization: 0.5%
- Think Tank: 0.5%

*Numbers have been rounded; only 163 respondents provided their role.
Respondents View on Target Audience, Industries and Asset Classes*

Types of Financial Firms Disclosure Recommendations Should Cover

- Diversified Financials
- Banks
- Insurance
- Pension Funds/Schemes
- Real Estate
- Credit Rating Agencies
- Investment Consultants
- Other

Types of Non-Financial Firms Disclosure Recommendations Should Cover

- Energy
- Utilities
- Materials
- Industrials
- Consumer Staples
- Consumer Discretionary
- Health Care
- Information Technology
- Telecomm

Financial Sector Users Considered Target Audience

- Investors
- Banks
- Credit Rating Agencies
- Investment Banks/Broker-Dealers
- Consultants/Advisory
- Other

Key Asset Classes Requiring Attention

- Equities
- Project & Infrastructure Finance
- Loans & Other Bank Financing
- Fixed Income
- Commodities
- Real Estate
- Private Equity
- Other

* The majority of respondents to the public consultation represented users of financial disclosures from across the investment value chain.
## What did we learn?

Four key themes emerged*

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<th>Key Themes</th>
<th>Survey Response</th>
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| **Components of Disclosures** | The majority of respondents were in agreement that disclosures should:  
  ▪ Be forward-looking, considering short-, medium- and long-term horizons  
  ▪ Address an organization’s ability to set/achieve targets, with strategies for achievement  
  ▪ Align with material risks  |
| **Sector-specification vs. Aggregation** | Respondents offered views on sector-specific disclosures and disclosures that can be aggregated across sectors, including:  
  ▪ 31% of respondents prefer sector-specific disclosures to be the priority  
  ▪ 31% of respondents prefer both sector-specific and aggregated disclosures to be equally prioritized  
  ▪ 16% of respondents thought aggregated disclosures should be the priority  
  ▪ The remainder 22% provided alternative commentary  |
| **Transition Risk**         | ▪ The majority of respondents were in agreement, in part or in full, with the definition of “risks associated with the transition to low-carbon economy”  
  ▪ However, many respondents offered additional thoughts on defining transition risk  |
| **Scenario Analysis**       | 96% of respondents see scenario analysis as a key component of disclosure |

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What are the challenges?
Several barriers to disclosure were identified*

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<th>Barriers</th>
<th>Survey Response</th>
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| Technical  | Respondents noted several technical barriers, including:  
|            | - Alignment with existing frameworks  
|            | - Defining standardized and relevant information to be reported  
|            | - Enhancing comparability  
|            | - No universal price on carbon risk  |
| Policy     | Respondents highlighted policy issues, including:  
|            | - A lack of coordination between regulatory actions on climate and financial investment decision criteria  
|            | - Inconsistency across G20 standards  |
| Behavioral | Respondents mentioned behavioral barriers, including:  
|            | - Short-termism  
|            | - Awareness of and skepticism about climate change and the risks and opportunities to business  |

* The majority of respondents to the public consultation represented users of financial disclosures from across the investment value chain.
What we heard

Notable comments from respondents

“The Task Force could helpfully provide guidance to boards as to what are possible avenues through which climate change could pose material risks, as this may help prompt them to think about the matter more holistically.”

“We recommend the Task Force place greater emphasis on non-physical risks.”

“The Task Force needs to consider a framework to enable aggregation of climate-related financial risks and opportunities at the company, sector, portfolio, system and policymaker level.”

“We support the Task Force's aim to avoid "boilerplate language" and rather enhance disclosure of company-specific impact and strategies, and the focus on governance.”
Are we on track for Phase II?

A majority of respondents agree with Phase II topics*

Is the Task Force focused on the appropriate set of topics for its Phase II work plan?

* The majority of respondents to the public consultation represented users of financial disclosures from across the investment value chain.
Phase II Timeline
2016-17 Calendar

August
11-12 October
November 2016
December

13-14 September
Plenary Meeting in Paris
Plenary Meeting in London
Task Force update to the FSB
Phase II Report delivered to the FSB and Public Consultation
Phase II Report
How can you engage with the TCFD?
Join our community

- Register at [www.fsb-tcfd.org](http://www.fsb-tcfd.org) to receive regular updates from the Task Force

- Follow the Task Force on social media
  - [@FSB_TCFD](https://twitter.com/FSB_TCFD)
  - [https://vimeo.com/user50781874](https://vimeo.com/user50781874)