

# Task Force on Climate-related Financial Disclosures

## Public Consultation Summary

April 18, 2017

# BACKGROUND

The Financial Stability Board (FSB) established the Task Force on Climate-related Financial Disclosures (TCFD) in 2015 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 and Geographically Diverse Task Force

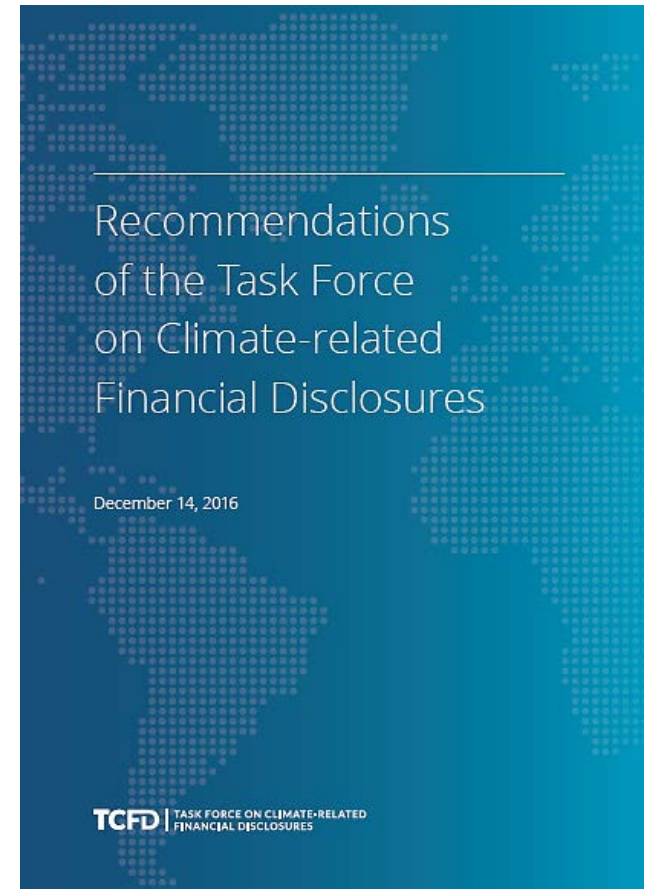
The Task Force’s 32 international members, led by Michael Bloomberg, include providers of capital, insurers, large non-financial companies, accounting and consulting firms, and credit rating agencies.



# PUBLIC CONSULTATION APPROACH

The Task Force on Climate-related Financial Disclosures released its report for a 60-day public consultation on December 14, 2016. The consultation period closed on February 12, 2017.

- The public consultation was conducted through an **online questionnaire** designed to gather feedback on the report, guidance, and key issues identified by the Task Force.
- The Task Force received **306 responses to the online consultation** questionnaire and **59 comment letters on the report and guidance from a variety of organizations.**
- 14 of the 59 respondents that submitted comment letters did not also complete the online questionnaire, resulting in a total of **320 unique responses.**



*Please note that due to rounding the numbers in certain charts throughout the presentation may not add to 100%*

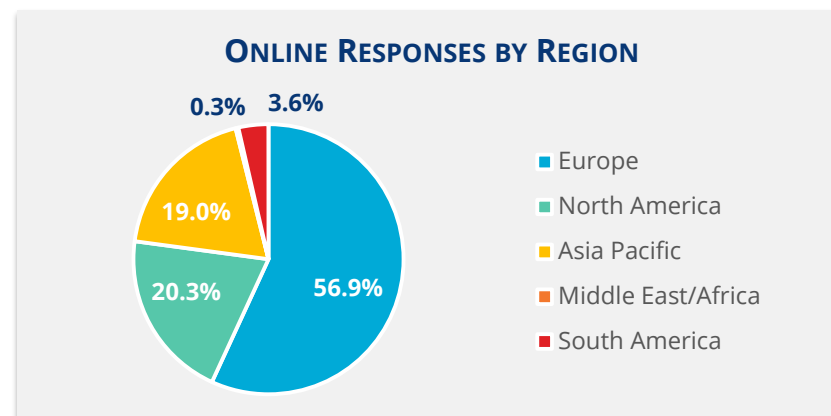
# GEOGRAPHICAL DISTRIBUTION

The Task Force received online responses and comment letters from respondents in 30 countries, including 15 of the G20 jurisdictions.

Organizations that provided both online submissions and comment letters are counted in the “Online Consultation Responses Received” totals.

ONLINE CONSULTATION RESPONSES RECEIVED			
Country	Responses	Country	Responses
Australia	15	Italy	5
Austria	2	Japan	25
Belgium	10	Luxembourg	1
Belize	1	Mauritius	1
Brazil	8	Mexico	1
Canada	19	Netherlands	11
Colombia	1	Norway	5
Denmark	1	Peru	1
Finland	1	Singapore	4
France	27	Sweden	6
Germany	16	Switzerland	8
Greece	1	Turkey	2
Hong Kong	6	United Kingdom	78
India	7	United States	42
Indonesia	1		

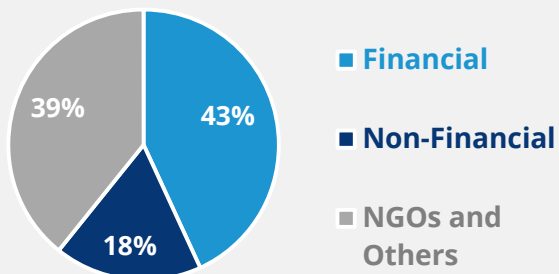
COMMENT LETTERS FROM UNIQUE RESPONDENTS			
Country	Responses	Country	Responses
United Kingdom	4	France	1
Canada	2	Germany	1
Switzerland	2	India	1
United States	2	Saudi Arabia	1



# TYPES OF RESPONDENTS

Respondents were asked to provide information on their industry and their perspective on the recommendations as a user, preparer, or user and preparer of disclosures, or other. In addition, respondents noted their area of responsibility.

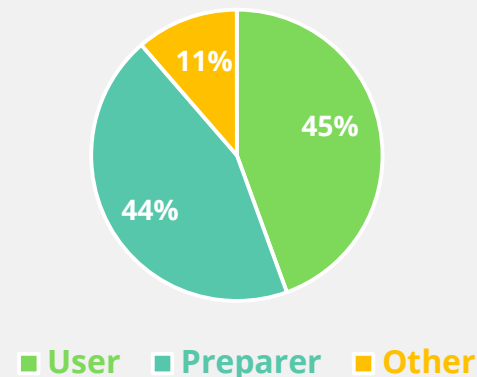
PERCENTAGE OF RESPONDENTS BY SECTOR



132 respondents work in the **financial** sector, 54 in **non-financial** sectors, and 120 in “Academia,” “NGO”, or “Other” categories (“**NGOs and Others**”).

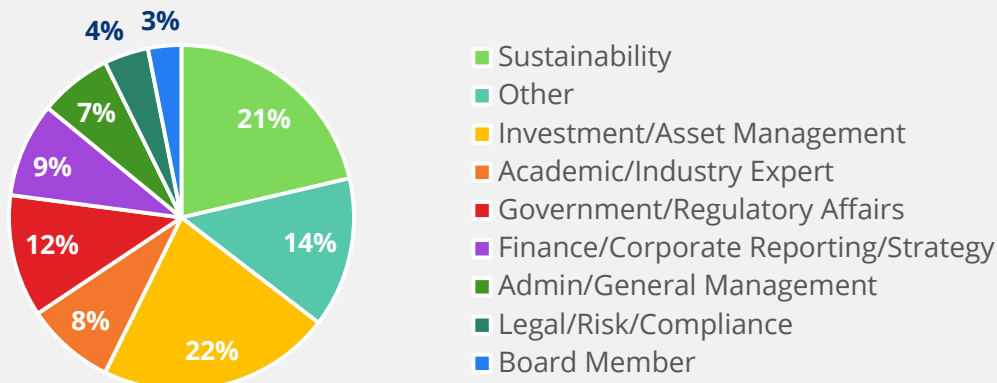
192 respondents identified themselves as **users** of disclosure, 191 as **preparers** of disclosure, and 49 as “**other**.”\*

PERCENTAGE OF RESPONDENT TYPE



Respondents represented a variety of roles, most commonly sustainability and investment/asset management.

PERCENTAGE OF RESPONDENTS BY ROLE



# RESPONSES AT A GLANCE

The Task Force asked respondents whether certain aspects of its recommendations and guidance were useful. The table below lists the questions asked and summarizes the responses.

QUESTION	RESPONDENTS	USEFUL	NOT USEFUL	NEITHER	DON'T KNOW
How useful are the recommendations and guidance for all sectors in preparing disclosures?	Preparers	75%	12%	11%	2%
How useful is the supplemental guidance in preparing disclosures?	Preparers	66%	14%	18%	2%
If organizations disclose the recommended information, how useful would it be for decision making?	Users and Others	77%	3%	10%	10%
How useful is a description of potential performance across a range of scenarios to understanding climate-related impacts on an organization's businesses, strategy, and financial planning?	Financial	74%	7%	9%	10%
	Non-Financial	17%	50%	26%	7%
	NGOs and Others	86%	7%	6%	2%
How useful are the illustrative examples of metrics and targets?	Financial	74%	4%	5%	17%
	Non-Financial	33%	33%	30%	4%
	NGOs and Others	72%	3%	15%	11%
How useful would the disclosure of GHG emissions associated with investments be for economic decision-making purposes (e.g., investing decisions)?	Financial	68%	11%	14%	8%
	NGOs and Others	74%	7%	13%	7%

# KEY THEMES

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**Overall, commenters were generally supportive of the Task Force’s recommendations; however, several provided specific and constructive feedback on the report.**

The key themes from this feedback are included below. The Task Force will address these themes in the final version of the report.

## Materiality and Location of Disclosures

Clarifying which recommended disclosures **depend on materiality assessment** and providing flexibility for organizations to provide some or all disclosures in reports other than financial filings.

## Metrics for Non-Financial Sectors

Improving comparability and consistency of the **illustrative metrics** for non-financial sectors, clarifying the links to financial impact and climate-related risks and opportunities.

## Scenario Analysis

Improving ease of implementation, and comparability of **scenario analysis** by specifying standard scenario(s) and providing additional guidance and tools.

## Metrics for the Financial Sector

Encouraging **further development and standardization of metrics for the financial sector.**

## Implementation

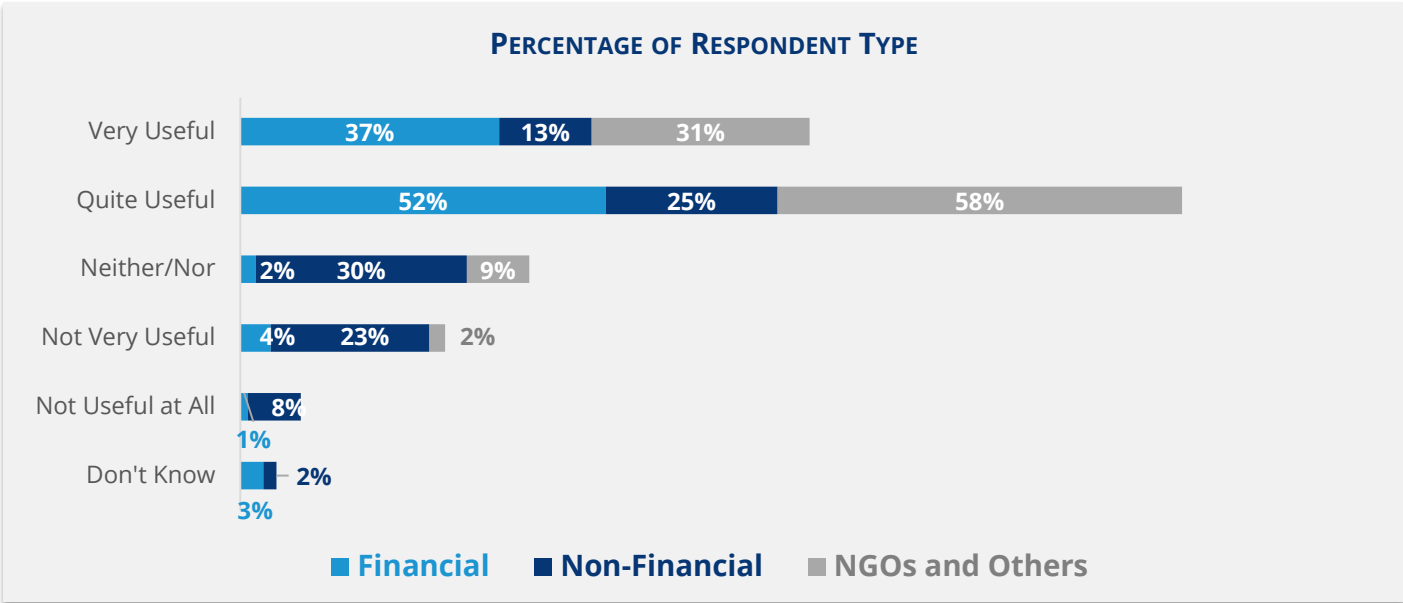
Providing **disclosure examples** to support preparers in developing relevant climate-related disclosures.

# USEFULNESS OF RECOMMENDATIONS AND GUIDANCE

Preparers were asked how useful Task Force's recommendations and guidance for all sectors are in preparing disclosures.

**75%** responded that the recommendations and guidance for all sectors would be **quite useful or very useful**.

RESPONDENTS	USEFUL	NOT USEFUL	NEITHER	DON'T KNOW
Preparers	75%	12%	11%	2%



Base size (asked of **Preparers**): 191



# USEFULNESS OF RECOMMENDATIONS AND GUIDANCE (CONTINUED)

Preparers were asked how useful Task Force's supplemental guidance is or would be for preparing disclosures.

66% responded that the supplemental guidance would be quite useful or very useful.

RESPONDENTS	USEFUL	NOT USEFUL	NEITHER	DON'T KNOW
Preparers	66%	14%	18%	2%

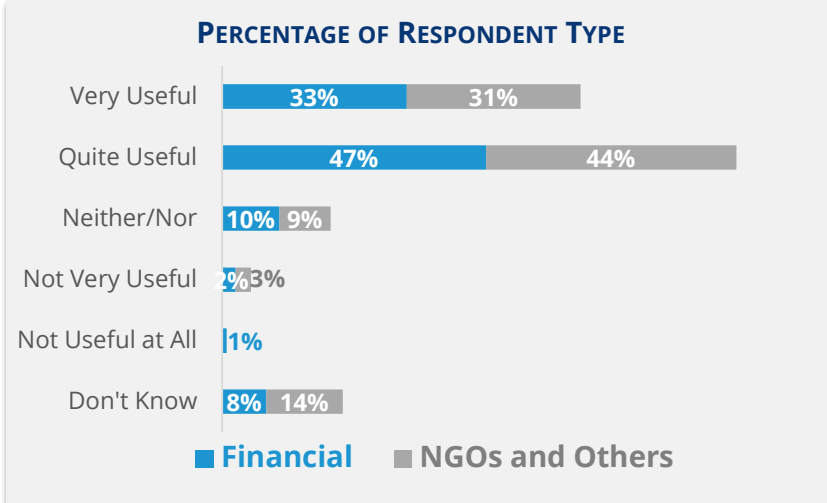
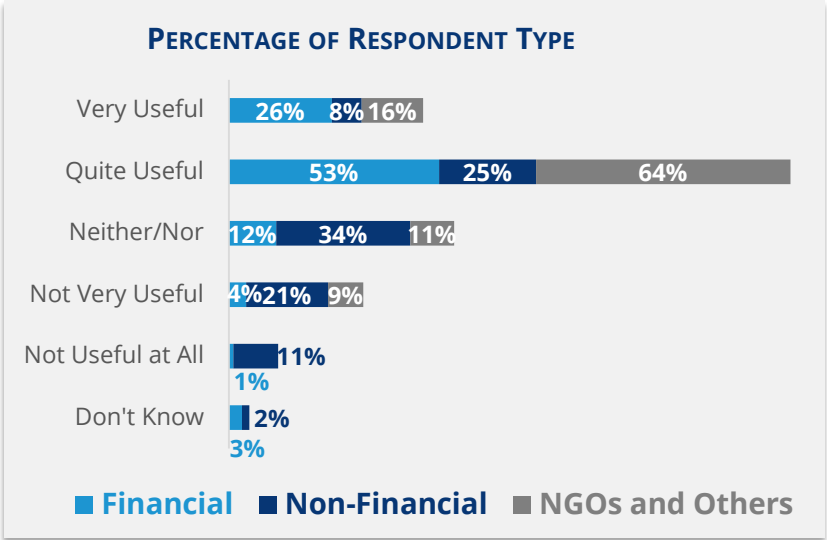
Base size (asked of Preparers): 191

Users and others were asked if organizations disclose the recommended information, how useful would it be for decision making purposes (e.g., investment, underwriting, and lending).

77% responded that the disclosures would be quite useful or very useful.

RESPONDENTS	USEFUL	NOT USEFUL	NEITHER	DON'T KNOW
Users and Others	77%	3%	10%	10%

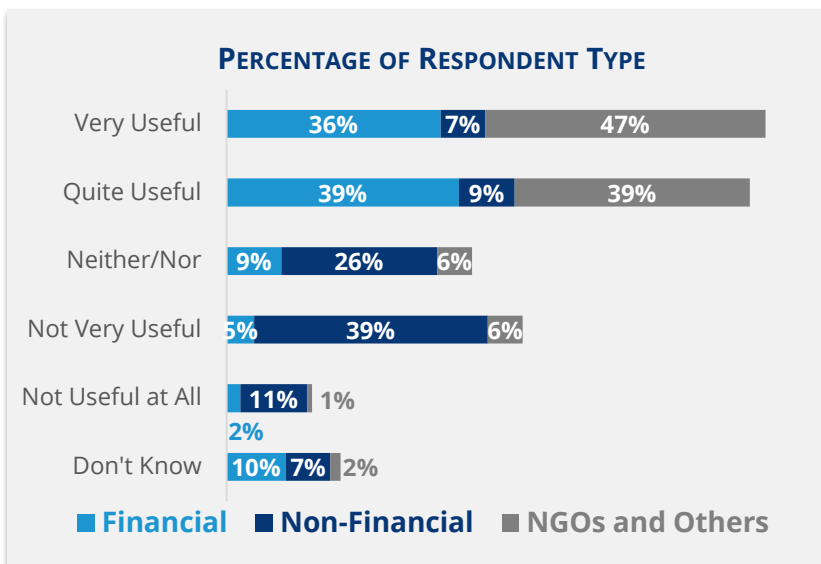
Base size (asked of Users and Others): 241



# USEFULNESS OF SCENARIO ANALYSIS

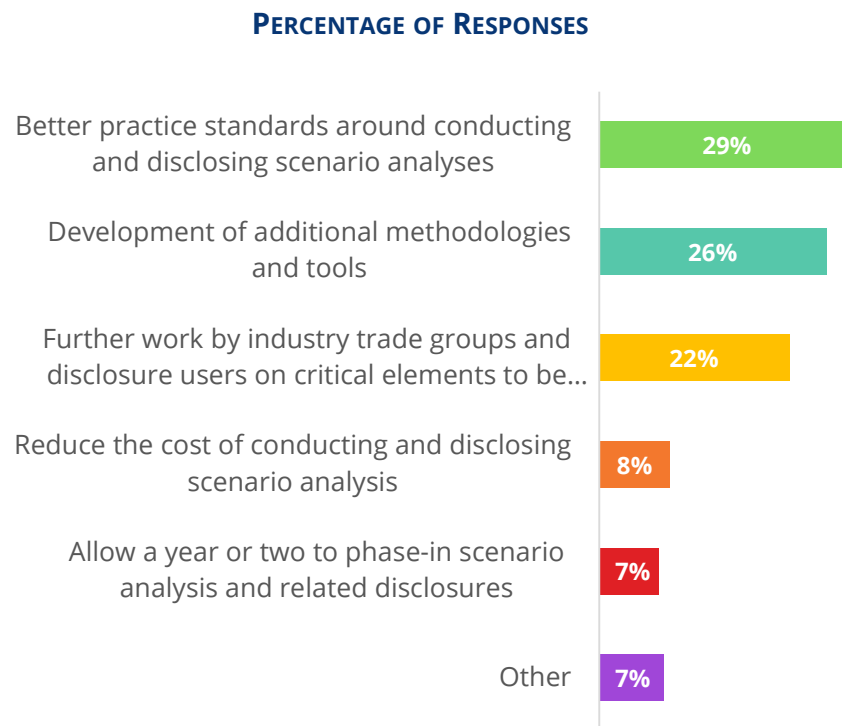
All respondents were asked about the usefulness of a **description of potential performance across a range of scenarios** to understanding climate-related impacts on an organization's businesses, strategy, and financial planning.

RESPONDENTS	USEFUL	NOT USEFUL	NEITHER	DON'T KNOW
All	69%	14%	11%	6%



Base size (asked of All): 306

All respondents were asked about the most **effective measures to address potential challenges around conducting scenario analysis** and disclosing the recommended information.

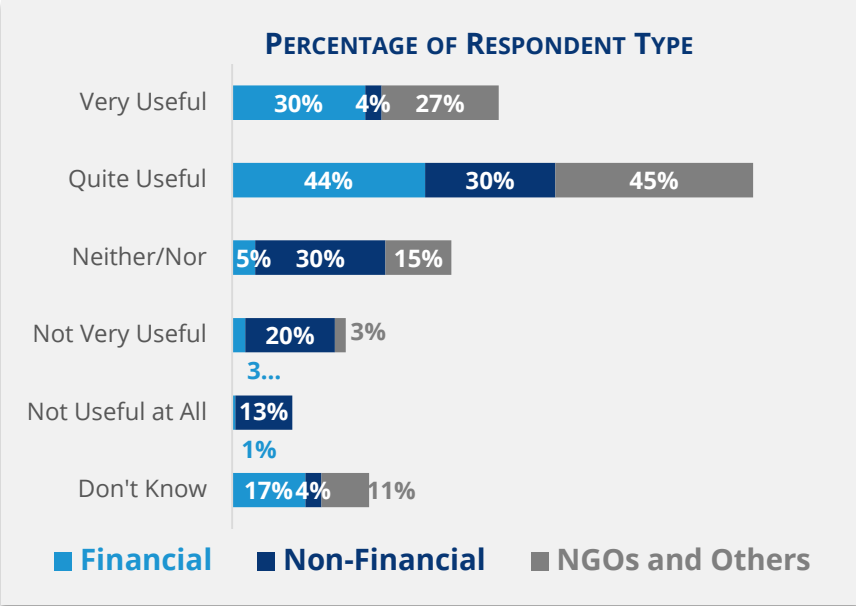


Base size (asked of All): 306

# METRICS AND TARGETS

All respondents were asked about the usefulness of the illustrative examples of metrics and targets provided for non-financial groups.

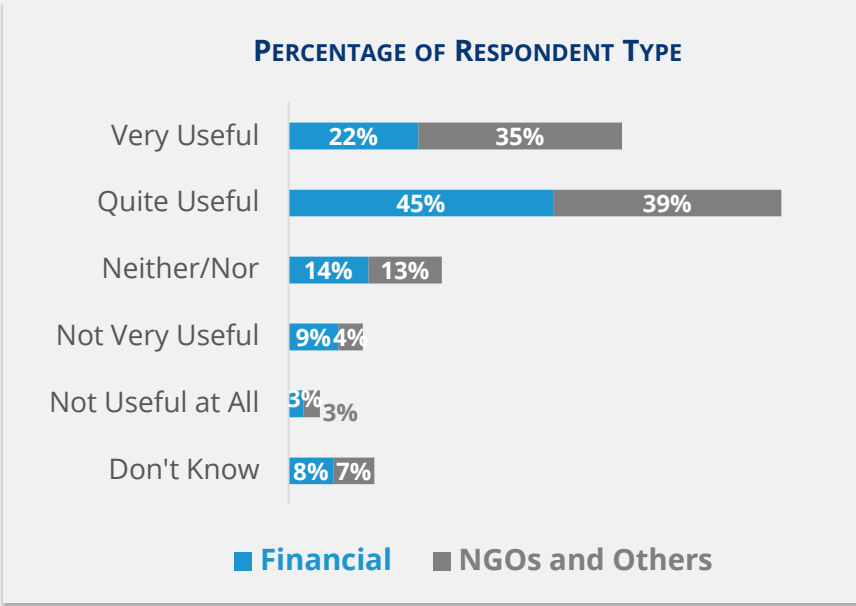
RESPONDENTS	USEFUL	NOT USEFUL	NEITHER	DON'T KNOW
All	66%	9%	13%	12%



Base size (asked of All): 306

Users were asked how useful disclosure of GHG emissions associated with investments would be for economic decision-making (e.g., investing decisions).

RESPONDENTS	USEFUL	NOT USEFUL	NEITHER	DON'T KNOW
Users	70%	10%	13%	7%



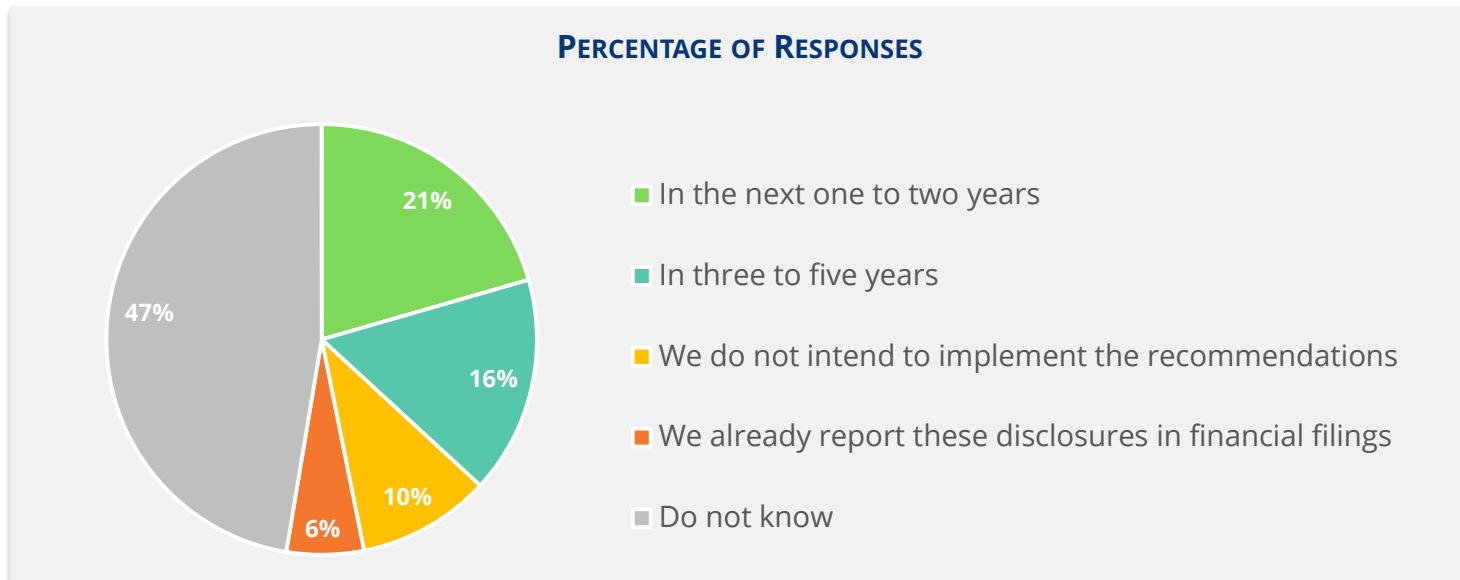
Base size (asked of Users): 192

# IMPLEMENTATION TIMEFRAME

**Preparers were asked about the timeframe in which they would be willing to implement the recommendations in financial filings.**

Over 40% of **financial** and **non-financial preparers** indicated that they do not know whether or when they would implement the recommendations. The most often cited reasons include:

- the organization has not yet decided whether to implement the recommendations
- the organization will report outside of financial filings
- the organization will likely implement the recommendations, but could not commit at this time

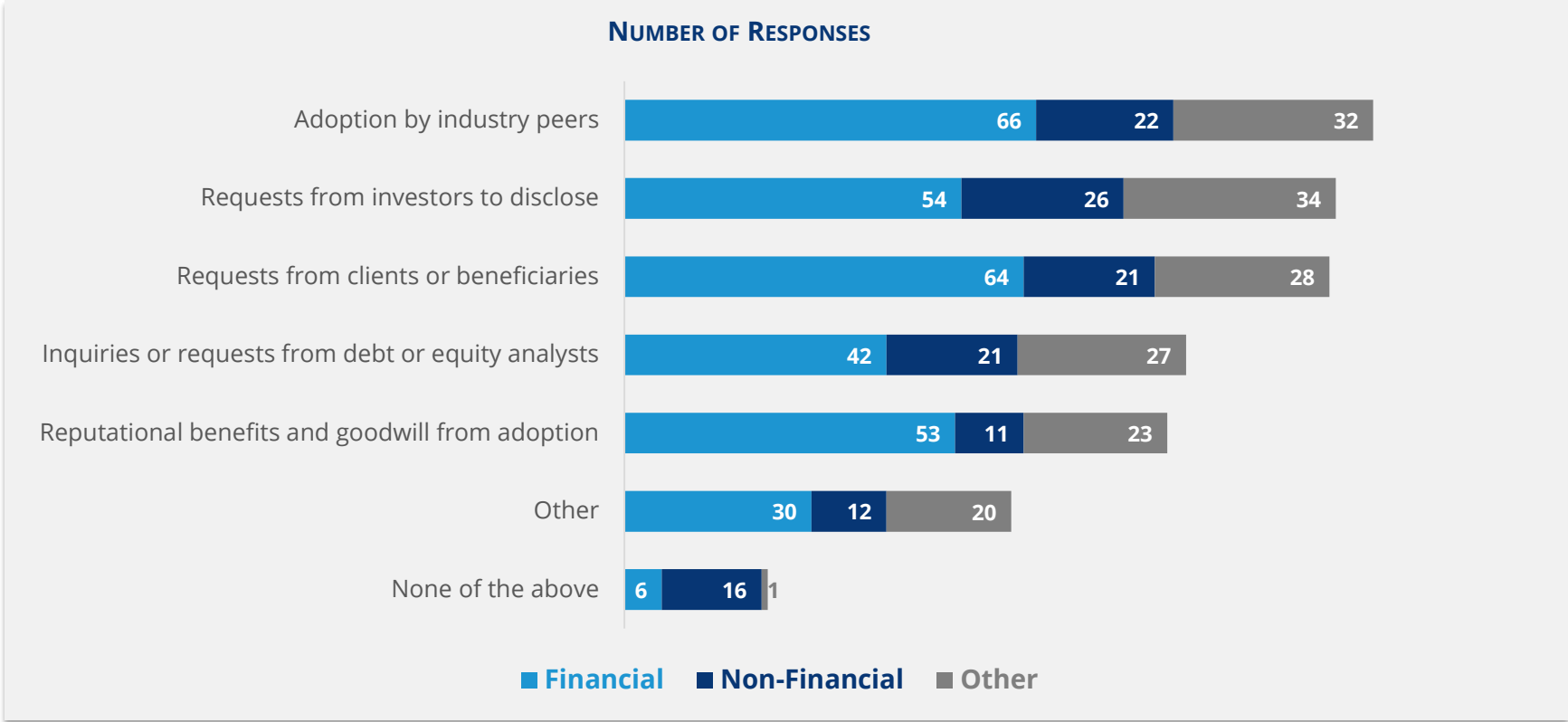


Base size (asked of **Preparers**): 191

# DRIVERS FOR IMPLEMENTATION - PREPARERS

Preparers were asked what drivers, if any, would encourage them to adopt the recommendations.

“Request from investors” was the most cited driver in focus groups and by the non-financial respondents. Financial respondents said that “adoption by peers” would be their primary driver.



Base size (asked of Preparers): 191

# NEXT STEPS

The Task Force is in the process of evaluating feedback and potential changes to the report, which is scheduled to be finalized and released in June 2017.

The FSB has extended the Task Force through mid-2018 to support and monitor adoption.

## TIMELINE

