

Fourth TCFD Status Report Highlights Greatest Progress to Date on TCFD Adoption

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NEW YORK, October 14, 2021 /3BL Media/ - The Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board (FSB), published its today. After reviewing over 1,650 companies' reports, from 69 countries and jurisdictions in eight industries, the Task Force found that disclosure in line with the TCFD's recommendations has accelerated over the past year and grown nine percentage points from 2019-2020 compared to the four percentage point growth from 2018-2019. For the first time, over 50% of companies reviewed disclosed their climate-related risks and opportunities. This growth was bolstered by official announcements of TCFD-aligned climate reporting requirements from several jurisdictions as well as support for TCFD from investors, international standard setters and regulators. Despite the significant progress, overall disclosure is still lacking.

"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," said Michael R. Bloomberg, Chair of the Task Force

and Founder of Bloomberg L.P. and Bloomberg Philanthropies. “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.”

Since last year’s report, the number of TCFD supporters has grown by over a third – more than 1,000 new organizations now support the TCFD recommendations, bringing the total to over 2,600 globally. TCFD supporters now span 89 countries and jurisdictions and nearly all sectors of the economy, with a combined market capitalization of over \$25.1 trillion – a 99% increase since last year. As support from the private sector has grown, governments and organizations around the world are moving toward requiring climate disclosures through legislation and regulation. In this year alone, official entities in eight jurisdictions have referenced the TCFD in announcements to require climate-related reporting. International standard setters and regulators have also expressed support for aligning their efforts with the TCFD recommendations, including the G7 and G20 Finance Ministers and Central Bank Governors, the IFRS Foundation and the European Commission, among others.

“There is clear and growing consensus among investors and regulators on the importance of climate-related disclosure and the need for standardized, transparent data to support capital allocation decisions. As countries and companies around the world set net zero targets, the TCFD framework is increasingly becoming the foundation for standards and requirements needed to chart the transition to the low-carbon economy,” commented Mary Schapiro, Head of the TCFD Secretariat and Vice Chair for Global Public Policy at Bloomberg L.P. “That’s why today we are also publishing guidance to help companies disclose their plans and progress for the transition to a low-carbon economy, more consistent cross-sector metrics, and, for financial firms, how aligned their portfolios are with a well-below 2°C scenario.”

“Consistent and comparable disclosures are foundational for enabling accurate risk assessment. The TCFD recommendations have become widely supported by the private and official sectors as the basis for climate-related disclosures, and this year’s report shows further momentum but also where disclosure gaps remain. As the IFRS Foundation continue to develop a global sustainability reporting standard, working with an alliance of standard-setters, I am pleased that they will be able to draw from the strong work of the TCFD,” said FSB Chair Randal K. Quarles.

Recognizing that climate-related reporting has evolved since the Task Force initially released its recommendations in 2017, the TCFD published two additional documents to support decision-useful disclosure. For the first time, the Task Force released updates to

the implementation guidance (Annex) initially published in 2017 with the TCFD Recommendations Report. The revised 2021 Annex updates specific elements of the implementing guidance for all sectors and supplemental guidance for the financial sector for certain recommended disclosures within the Strategy and Metrics and Targets recommendations.

To help drive comparability in reporting, the updated guidance elevates seven categories of cross-industry metrics as particularly important for assessing financial impact: Scope 1, Scope 2, and Scope 3 GHG emissions, metrics on climate-related transition and physical risks and opportunities, capital deployment, internal carbon price, and remuneration. It also includes disclosure on companies' plans to transition to a net zero economy, among other updates.

The Task Force also published **Guidance on Metrics, Targets, and Transition Plans** to further support financial statement preparers in disclosing decision-useful information and linking those disclosures with estimates of financial impacts. Such information will help users better assess their investment, lending, and underwriting risks – and inform paths and progress toward net zero. The financial impacts section describes how climate-related metrics, targets, and information from transition plans provide useful information with which to estimate the financial impacts of climate-related issues.

The full *2021 Status Report*, updated Annex, and guidance document are available on the **TCFD website**. The Task Force will deliver its next status report to the FSB in September 2022.

To learn more about becoming a supporter, please visit the **TCFD website**. Additional resources can be found in the **TCFD Knowledge Hub**.

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About the Task Force on Climate-related Financial Disclosures On December 4, 2015, the Financial Stability Board (FSB) established the industry-led Task Force on Climate-related Financial Disclosures (TCFD) with Michael R. Bloomberg as Chair. The Task Force currently has 32 members. The TCFD was asked to develop voluntary, consistent climate-related financial disclosures for use by companies in providing information to lenders, insurers, investors, and other stakeholders, which were published in the **TCFD Recommendations Report** on June 29, 2017. More information about the TCFD can be found at www.fsb-tcf.org.

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