

Task Force on Climate-related Financial Disclosures

The Financial Stability Board (FSB), chaired by Bank of England Governor Mark Carney, announced the industry-led Task Force on Climate-related Financial Disclosures (Task Force) on December 4, 2015, with Michael Bloomberg as its chair.

What is the Task Force on Climate-related Financial Disclosures?

- In response to the FSB remit, the Task Force developed voluntary recommendations for climate-related financial disclosures that are reliable, clear, and efficient, and solicit decision-useful information from companies to inform lenders, insurers, and investors.
- The Task Force published its final report –[*Recommendations of the Task Force on Climate-related Financial Disclosures*](#)—in June 2017, which was consequently presented to the G20 in July 2017.
- The report was informed by extensive stakeholder feedback solicited through two public consultations and numerous webinars, outreach events, focus groups, and industry interviews.
- The TCFD’s 32 expert members were chosen by the FSB to include both users and preparers of disclosures from across the G20’s constituency covering a broad range of economic sectors and financial markets.

Why is the work of the Task Force important?

- The Task Force is the first industry-led initiative working to bring climate-related financial reporting to a mainstream audience.
- Companies’ adoption of the recommendations is an important step forward in enabling market forces to drive efficient allocation of capital and support a smooth transition to a low-carbon economy.
- Widespread adoption will facilitate companies’ and investors’ routine consideration of the effects of climate change in business and investment decisions.
- The recommendations:
 - Promote board and senior management engagement on climate-related issues
 - Bring the “future” nature of issues into the present through scenario analysis
 - Support understanding of financial sector’s exposure to climate-related risks
 - Are designed to solicit decision-useful, forward-looking information on financial impacts
- The Task Force’s recommendations represent a practical approach to disclosure that reflects perspectives of both users and preparers of financial and climate-related reports.

Recommendations and Supporting Recommended Disclosures

Governance	Strategy	Risk Management	Metrics and Targets
<p>Disclose the organization’s governance around climate-related risks and opportunities.</p>	<p>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.</p>	<p>Disclose how the organization identifies, assesses, and manages climate-related risks.</p>	<p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>
<p>Recommended Disclosures</p>	<p>Recommended Disclosures</p>	<p>Recommended Disclosures</p>	<p>Recommended Disclosures</p>
<p>a) Describe the board’s oversight of climate-related risks and opportunities.</p>	<p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p>	<p>a) Describe the organization’s processes for identifying and assessing climate-related risks.</p>	<p>a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>
<p>b) Describe management’s role in assessing and managing climate-related risks and opportunities.</p>	<p>b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.</p>	<p>b) Describe the organization’s processes for managing climate-related risks.</p>	<p>b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>
	<p>c) Describe the resilience of the organization’s strategy, taking into consideration different climate scenarios, including a 2°C or lower scenario.</p>	<p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.</p>	<p>c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>