

Press release

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FSB welcomes TCFD status report

The Financial Stability Board (FSB) welcomed the publication today of the 2020 status report by the industry-led Task Force on Climate-related Financial Disclosures (TCFD), which reports on the further growth in TCFD-aligned disclosures by firms.

The TCFD was established by the FSB in 2015 to develop a set of voluntary, consistent disclosure recommendations for use by companies in providing information to investors, lenders and insurance underwriters about their climate-related financial risks. The industry members of the TCFD, who are drawn from a wide range of industries and countries from around the globe, finalised the recommendations in 2017 after extensive public engagement and consultation. They set out the disclosures that a wide range of users and preparers of financial filings have said are essential to understanding a company's climate-related risks and opportunities.

Since then, more than 1,500 organisations have expressed their support for the TCFD recommendations, an increase of over 85% since the 2019 status report. Nearly 60% of the world's 100 largest public companies support the TCFD, report in line with the TCFD recommendations, or both. The latest status report finds that disclosure of climate-related financial information aligned with the TCFD recommendations has steadily increased since the recommendations were published in 2017. However, the report highlights the continuing need for progress in improving levels of TCFD-aligned disclosures given the urgent demand for consistency and comparability in reporting.

In July the FSB's stocktake on financial stability monitoring of climate risks concluded that work to quantify climate-related risks is hindered by a lack of consistent data on financial exposures to climate risks. Effective disclosures by firms can help to fill those data gaps.

FSB Chair Randal K. Quarles said: "The TCFD recommendations support greater consistency in climate-related risk disclosures by companies around the world, which will help to prevent market fragmentation." He added: "The report shows that there has been significant momentum around adoption of and support for the TCFD's recommendations, while also highlighting and making proposals to address challenges to more consistent and robust implementation."

"The work that governments and businesses are doing to address the devastation caused by the coronavirus is also an opportunity to build a stronger, more resilient, and more sustainable economy – and transparency and disclosure have an important role to play," said Michael R. Bloomberg, Chair of the Task Force and Founder of Bloomberg LP and Bloomberg Philanthropies. "The more companies know about their risks and opportunities related to climate change, and the more information investors have, the better we'll be able to allocate

resources and make progress – so it’s encouraging to see leaders in the public and private sector implementing the Task Force recommendations, as outlined in this report.”

The TCFD has also published today guidance on climate-related scenario analysis and on integrating climate-related risks into existing risk management processes, as well as a public consultation on forward-looking climate metrics for financial firms. The FSB has asked the TCFD to publish a further status report in September 2021 and undertake further analysis on the extent to which companies describe the financial impact of climate-related risks and opportunities on their businesses and strategies. The TCFD also plans to gain better insight into reporting practices of asset managers and asset owners to their clients and beneficiaries.

Notes to editors

The FSB is currently assessing the channels through which physical and transition risks could impact the financial system and how they might interact. Work is focused on the potential amplification mechanisms and cross-border effects, and to prioritising channels that could materialise in the short-to-medium term.

The FSB coordinates at the international level the work of national financial authorities and international standard-setting bodies and develops and promotes the implementation of effective regulatory, supervisory, and other financial sector policies in the interest of financial stability. It brings together national authorities responsible for financial stability in 24 countries and jurisdictions, international financial institutions, sector-specific international groupings of regulators and supervisors, and committees of central bank experts. The FSB also conducts outreach with approximately 70 other jurisdictions through its six Regional Consultative Groups.

The FSB is chaired by Randal K. Quarles, Vice Chairman, US Federal Reserve; its Vice Chair is Klaas Knot, President of De Nederlandsche Bank. The FSB Secretariat is located in Basel, Switzerland, and hosted by the Bank for International Settlements.

For further information on the FSB, visit the FSB website, www.fsb.org.