

TCFD

TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES

SUMMARY OF IMPLEMENTATION AND USE SURVEY RESULTS

October 2022

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BACKGROUND, APPROACH, AND
RESPONDENT DEMOGRAPHICS

Background

As part of its 2022 status report, the Task Force evaluated progress associated with TCFD implementation over the past five years—including progress relative to milestones identified in 2017.

To support its assessment of progress associated with the key milestones, the Task Force conducted a survey to better understand companies’ implementation of the TCFD recommendations over the past five years as well as investors and others’ views on the usefulness of climate-related financial disclosure.

Milestones over Five-Year Period



Implementation and Use Survey

March 2022

Survey on Implementation and Use of the TCFD Recommendations

TAKE OUR SURVEY

The Task Force on Climate-related Financial Disclosures (TCFD) published its recommendations on climate-related financial disclosure nearly five years ago and is now conducting a survey on companies’ implementation of the recommendations and the usefulness of information included in the resulting disclosures for financial decision-making.

The Task Force will publish the aggregated survey results in its 2022 status report. This information should help companies develop more effective climate-related financial disclosures and help a wide range of stakeholders understand the evolution of TCFD-aligned disclosures and challenges associated with making such disclosures.

We would be grateful to receive [your response to the survey](#) by **April 28, 2022**. Please feel free to contact info@fsb-tcfd.org if you have any questions.

Survey Purpose and Approach

In March 2022, the Task Force issued a comprehensive survey to **better understand the status of implementation of the TCFD recommendations and associated challenges** and to obtain **views from users of climate-related financial disclosures and others on the usefulness, availability, and quality** of such disclosures.

Approach

- The survey consisted of several **questions designed to elicit views on TCFD implementation efforts and the use of climate-related financial disclosures over the past five years.**
- Survey respondents were directed to a subset of **questions based on how they described their role or responsibilities** in the context of climate-related financial disclosures.



Options for Role or Responsibilities

Contribute to **producing disclosures** for company (preparer)

Make decisions or allocate capital based on disclosures (user)

Assist companies with producing disclosures

Provide products or services that support disclosure

Develop rules, standards, or guidelines for disclosure

Have **other interests** in disclosure

Survey Responses

- The Task Force received **399 responses to the survey** from preparers of climate-related financial disclosures, users of such disclosures, and a variety of other interested parties, including organizations that assist preparers with climate-related disclosures (e.g., NGOs, consultants), industry associations, academia, and the public sector.
- The summaries of themes and charts in this presentation are based solely on the responses to the survey. It is important to note that the survey was distributed to organizations and individuals that signed up for updates on the Task Force's website.¹

NOTE ON SURVEY RESULTS

Given the composition of respondents, the survey results should not be extrapolated to a broader population of companies disclosing climate-related financial information or users of such disclosures.

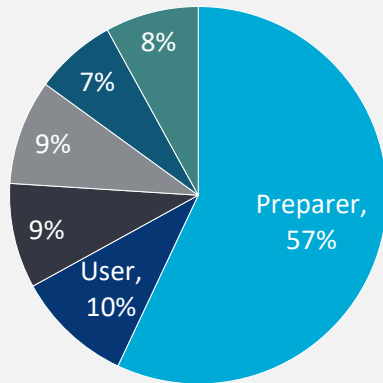
1. Since the survey was distributed to companies and other organizations that signed up for updates on the Task Force's work as well as posted on the Task Force's website, the survey results are subject to a self-selection bias towards respondents who are more focused on climate-related issues and the Task Force's work. In fact, 98% of respondents indicated they were familiar with the TCFD recommendations.

Respondent Demographics: Role, Organization Type, and Region

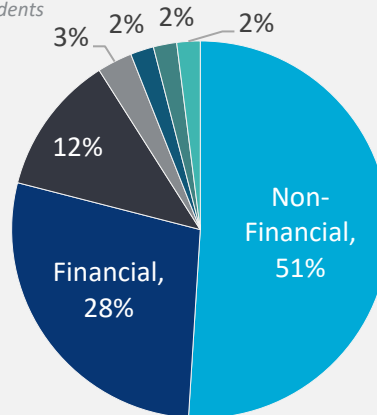
Over half (57%) of survey respondents indicated they contribute to producing climate-related financial disclosures for their organizations (preparers), just over half (51%) indicated they are from non-financial industries, and a plurality (40%) indicated they are headquartered in Europe.

Composition of Survey Respondents

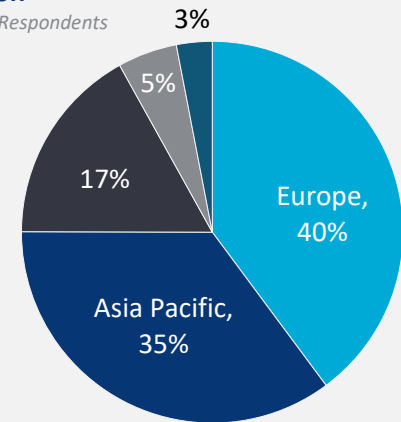
By Role or Responsibility
Percent of Respondents



By Organization Type
Percent of Respondents



By Region
Percent of Respondents



Contribute to producing disclosures (preparer)

Make decisions/allocate capital using disclosures (user)

Assist companies with producing disclosures

Provide products or services that support disclosure

Develop rules, standards, or guidelines for disclosure

Have other interests in disclosure

Non-Financial Industries

Financial Services

Consulting and Auditing Firms

Non-Governmental Organization

Academic or Research Institution

Government or Public Sector

Stock Exchange

Europe

Asia Pacific

North America

Middle East and Africa

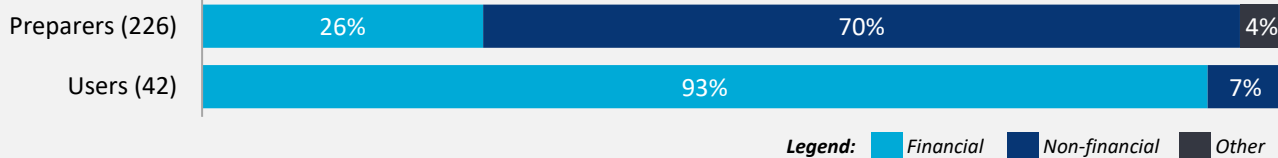
Latin America

Base size: 399

Respondent Demographics: Sector and Industry

More than half of respondents identified themselves as preparers or users of climate-related financial disclosures. The Task Force asked these respondents to provide information on their sector and industry. Of all preparer respondents, 70% represented non-financial industries.

Percent of Respondents by Sector (268)



Average Size of Preparer and User Respondents

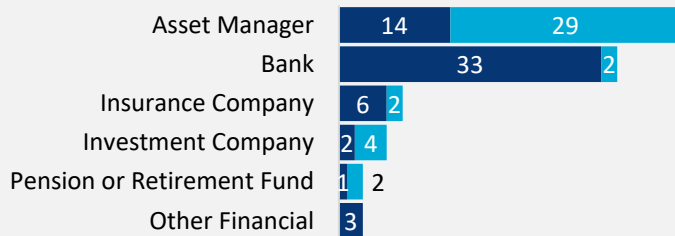
\$413 BILLION
average asset size of **banks and insurance companies**

\$112 BILLION
average assets under management of **asset managers**

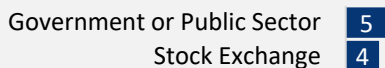
\$11 BILLION
average annual revenue of **non-financial companies**

These averages are based on a subset of the 268 respondents that identified as preparers or users. Specifically, the averages are based on the 54% of respondents that provided their organization names and for which public information was available.

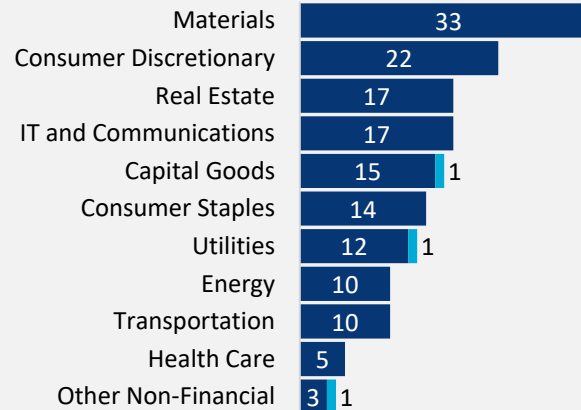
Number of Financial Services Companies (98)



Number of Other Organizations (9)



Number of Non-Financial Companies (161)

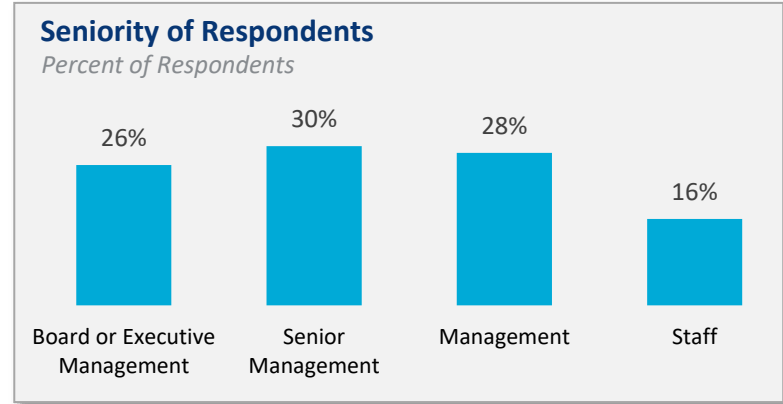
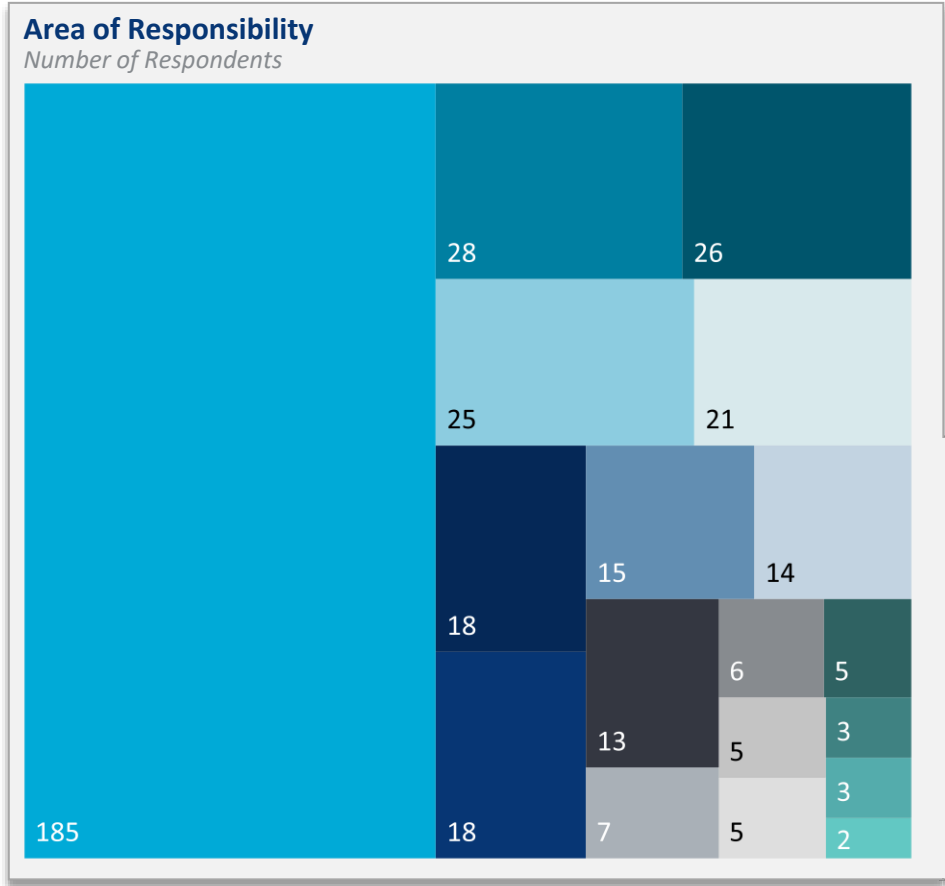


Legend: ■ Preparers ■ Users

Note: The numbers in parentheses represent the sizes of the review populations.

Respondent Demographics: Responsibilities, Seniority, and Supporter Status

Nearly half (46%) of survey respondents indicated their primary responsibilities were related to sustainability, and over half (56%) indicated they were part of the board, executive management, or senior management.



Base size: 399

2

KEY THEMES FROM SURVEY RESULTS

Key Themes: Preparers of Disclosure

The most common and significant themes from respondents that identified as **PREPARERS** are described below.

Vast majority are implementing TCFD

Ninety-one percent (91%) of companies indicated they have implemented or are implementing the TCFD recommendations

Of these respondents,

- **86%** currently disclose in line with at least one of the 11 recommended disclosures, and
- the remaining **14%** plan to disclose in the future

Base size: 226

Several identified specific challenges related to TCFD implementation

Selecting relevant scenarios and identifying key inputs and parameters as part of conducting **climate-related scenario analysis**.

Collecting data across the value chain for estimating **Scope 3 GHG emissions**.

Developing processes for **identifying, assessing, and managing** climate-related risks and **integrating climate-related risks** into existing risk management processes.

Base size: 206

Most report in annual reports, sustainability reports, or both¹

<u>Location of FY2021 TCFD Disclosures</u>	<u>Percent</u>
Financial filings, annual reports, or integrated reports	71%
Sustainability reports	70%

Base size: 153

Many indicated implementing strategy resilience is difficult

 **Nearly 90%** of companies rated the resilience of strategy under different climate-related scenarios as somewhat difficult or very difficult to implement.

Base size: 206

Most indicated reason for implementing TCFD is because climate-related issues are material

Respondents identified climate-related issues being material for company (85%) and investor requests (77%) as the top two reasons for implementing the TCFD recommendations.

Base size: 206

1. While all 206 preparers that indicated they have implemented or are implementing the TCFD recommendations received the question about the location of their TCFD reporting, only 153 provided a response for the location of their fiscal year 2021 reporting.

Key Themes: Users of Disclosure

The most common and significant themes from respondents identified as **USERS** are described below.

Vast majority use disclosures in making financial decisions

Ninety percent (90%) of respondents indicated they have incorporated climate-related financial disclosures in their financial decision-making processes

Of these respondents, **66%** indicated such disclosures factor into the way they price financial assets

Base size: 42

Most use disclosures for investing decisions¹

Use disclosures in **investing** decisions **86%**

Use disclosures in **lending** decisions **19%**

Base size: 42

Many identified ways to improve climate-related financial disclosures

- Include **standardized, industry-specific** climate-related metrics **79%**
- Use **standard scenario** for assessing the resilience of strategies to climate change **71%**
- Report **targets in a consistent way** across companies **71%**
- Increase** number of **companies disclosing** climate-related information **71%**
- Disclose actual and potential financial impacts** of climate-related issues on company **69%**

Base size: 42

At least 90% of users rated 7 of the 11 recommended disclosures as *useful* in making financial decisions

98% The **impact** of climate-related risks or opportunities on the company's businesses, strategy, and/or financial planning

93%

- Management's role** in assessing and managing climate-related risks or opportunities
- The company's **climate-related risks or opportunities**
- Processes for **managing climate-related risks**

90%

- Integration of climate-related risks** into the overall risk management
- Processes for **identifying and assessing climate-related risks**
- The **metrics used to assess** climate-related risks or opportunities

Base size: 42

1. The significant difference between the percent of organizations using climate-related financial disclosures for investing decisions versus lending decisions is likely driven by the composition of user respondents as 69% came from the asset management industry.

Key Themes: Other

Other key themes are described below.

ALL RESPONDENTS EXCEPT PREPARERS¹

Most identified an increase in availability and quality of disclosures since 2017

Increase in availability of disclosures	95%
Increase in quality of disclosures	88%

Base size: 173

RESPONDENTS THAT SUPPORT PREPARERS

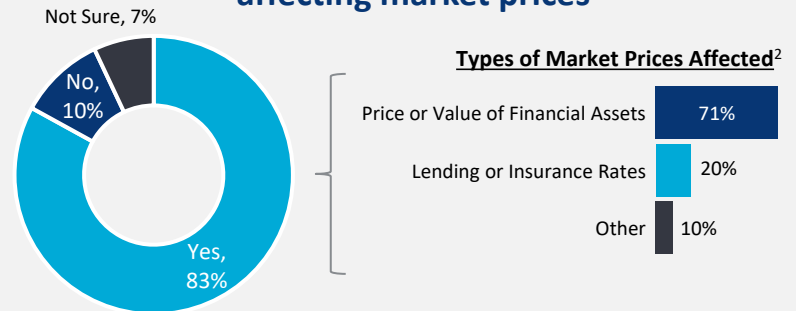
Many identified improvements needed in climate-related financial disclosures

Increase number of companies disclosing climate-related information	76%
Include standardized, industry-specific climate-related metrics	73%
Use standard scenario for assessing the resilience of strategies to climate change	70%
Report targets in a consistent way across companies	68%
Disclose critical input parameters, assumptions, and analytical choices for climate-related scenarios used	59%

Base size: 37

USER RESPONDENTS

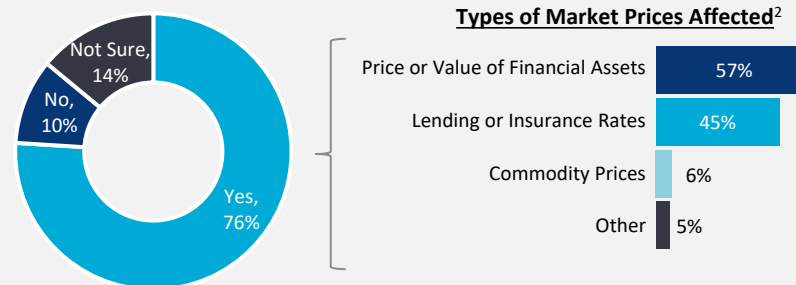
Most users (83%) have seen climate-related issues affecting market prices



Base size: 42

PREPARER RESPONDENTS

Most preparers (76%) have seen climate-related issues affecting market prices



Base size: 206

1. This includes users of climate-related financial disclosures, support preparers, standard setters and guidance developers, governments, stock exchanges, and other groups.

2. Since respondents could select multiple options, the sum is greater than 100%.

3

PREPARER PERSPECTIVES

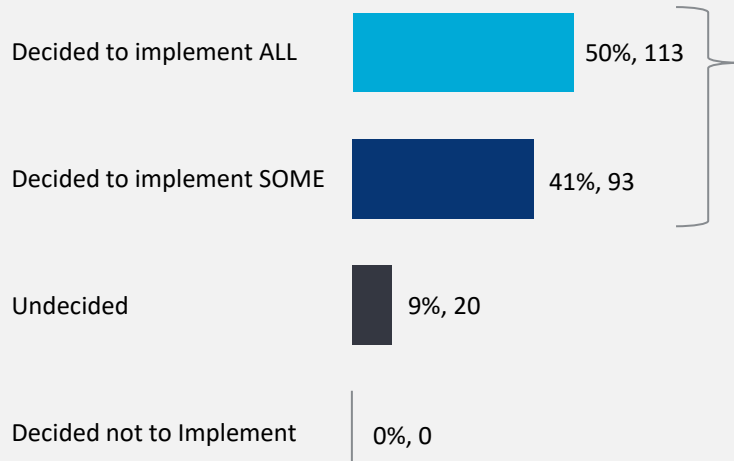
Implementation of the TCFD Recommendations and Reasons

91% of preparers indicated that they have decided to implement the TCFD recommendations in part or in full. These preparers cited climate-related issues being material for their company and investors requesting climate-related information as the top two reasons for implementing the TCFD recommendations.

Implementation of the TCFD Recommendations

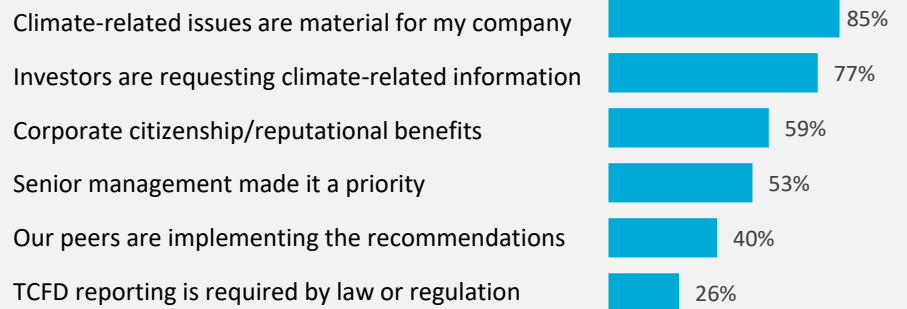
Percent and Number of Respondents

Decision on Implementing the TCFD Recommendations



Base size: 226

Reasons for Implementing the Recommendations¹



1. Respondents could select multiple reasons. Base size (respondents implementing all or some): 206

Location of TCFD Disclosures for Fiscal Years 2017-2021

Climate-related reporting in financial filings, annual reports, or integrated reports grew 26 percentage points from FY2017 to FY2021. Additionally, over 60% of preparers reported in sustainability reports all five years.

Location of TCFD Disclosures by Year for Fiscal Years 2017-2021

Percent of Respondents

Report Type ¹	FY2017 (33) ²	FY2018 (37)	FY2019 (53)	FY2020 (94)	FY2021 (153)
Financial Filing, Annual Report, or Integrated Report	45%	49%	64%	65%	71%
Sustainability Report	67%	62%	70%	66%	70%
Climate-Specific Report	9%	22%	21%	33%	33%
Other	15%	14%	13%	9%	9%
<i>Average # of Reports per Respondent</i>	<i>1.5</i>	<i>1.6</i>	<i>1.9</i>	<i>2.0</i>	<i>2.1</i>

1. Respondents could select multiple report types.

2. The numbers in parentheses represent the number of respondents reporting for the year (base size).

Legend: 
Low to high percentage of responses

Disclosure of the TCFD Recommendations by Year

Companies disclosing information aligned with each of the 11 recommended disclosures increased each year. The largest increase between FY2017 and FY2021, at 69 percentage points, was related to governance.

Disclosure of the TCFD Recommendations by Year for Fiscal Years 2017-2021

Percent of Companies Disclosing

Recommendation	Recommended Disclosure	Pt. Change	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
		'17 – '21					
Governance	a. Board Oversight	69	6%	9%	20%	43%	75%
	b. Management's Role	69	8%	11%	22%	44%	77%
Strategy	a. Risks and Opportunities	66	9%	11%	19%	42%	75%
	b. Impact on Organization	59	4%	5%	13%	33%	63%
	c. Resilience of Strategy	51	2%	3%	8%	23%	53%
Risk Management	a. Risk ID & Assessment Processes	66	7%	10%	19%	37%	73%
	b. Risk Management Processes	66	7%	9%	18%	37%	73%
	c. Integration into Risk Management	62	6%	7%	17%	35%	68%
Metrics and Targets	a. Climate-Related Metrics	60	12%	15%	23%	40%	72%
	b. Scope 1,2, 3 GHG Emissions	54	26%	30%	38%	52%	80%
	c. Climate-Related Targets	52	10%	13%	19%	34%	62%

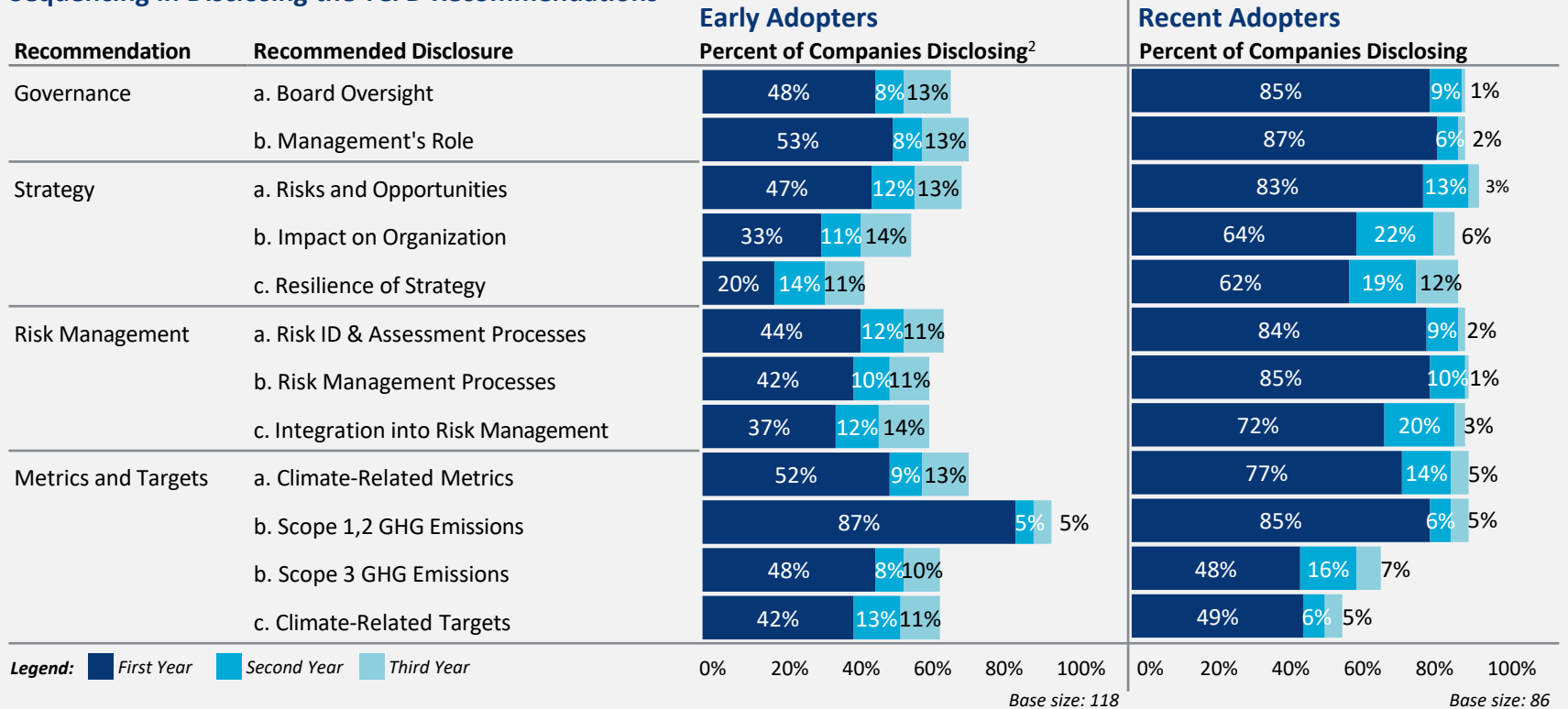
Base size: 206

Legend: 
Low to high percentage of responses

Sequencing of TCFD Recommendations

Early adopters indicated that they disclosed five of the 11 recommended disclosures, on average, in their first year of TCFD reporting, compared to eight recommended disclosures for recent adopters.

Sequencing in Disclosing the TCFD Recommendations¹



1. The total number of respondents represented in the charts is 204 rather than 206 as two of the respondents did not indicate a specific year for when they planned to disclose any of the recommended disclosures.
 2. The total for each recommended disclosure is less than 100% because respondents could indicate reporting will begin after the third year or they were undecided on if or when to report.

Note: Early adopters are companies that begin disclosing in fiscal years 2017, 2018, 2019, or 2020, whereas recent adopters are companies that began disclosing in fiscal year 2021 or later.

Ease of Implementation of TCFD Recommendations

Most preparers indicated that implementing resilience of strategy was difficult, and around 70% of preparers rated the recommended disclosures on governance as very easy or relatively easy to implement.

Implementation Rating by TCFD Recommendation

Percent of Respondents¹

Recommendation	Recommended Disclosure	Very Easy	Relatively Easy	Somewhat Difficult	Very Difficult
Governance	a. Board Oversight	13%	59%	24%	2%
	b. Management's Role	13%	57%	26%	3%
Strategy	a. Risks and Opportunities	4%	36%	47%	12%
	b. Impact on Organization	2%	12%	51%	32%
	c. Resilience of Strategy	1%	8%	36%	52%
Risk Management	a. Risk ID & Assessment Processes	4%	44%	41%	9%
	b. Risk Management Processes	4%	36%	49%	10%
	c. Integration into Risk Management	3%	34%	43%	17%
Metrics and Targets	a. Climate-Related Metrics	5%	36%	39%	18%
	b. Scope 1,2 GHG Emissions	15%	49%	28%	7%
	b. Scope 3 GHG Emissions	4%	18%	28%	43%
	c. Climate-Related Targets	4%	23%	43%	26%

Base size: 206

1. The total for each recommended disclosure may be less than 100% because respondents could select "not applicable."

Legend: 

Low to high percentage of responses

Issues Identified in Implementing the TCFD Recommendations

Just over half of preparer respondents identified specific issues related to the implementation of the Strategy and Metrics and Targets recommendations.

Issues Identified by TCFD Recommendation

Percent of Respondents

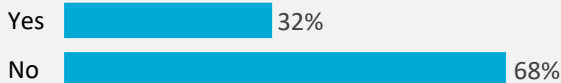
Governance Issues



Strategy Issues



Risk Management Issues



Metrics and Targets Issues



Base size: 206

Most Cited Issues

Lack of expertise on climate-related issues within the board and senior management

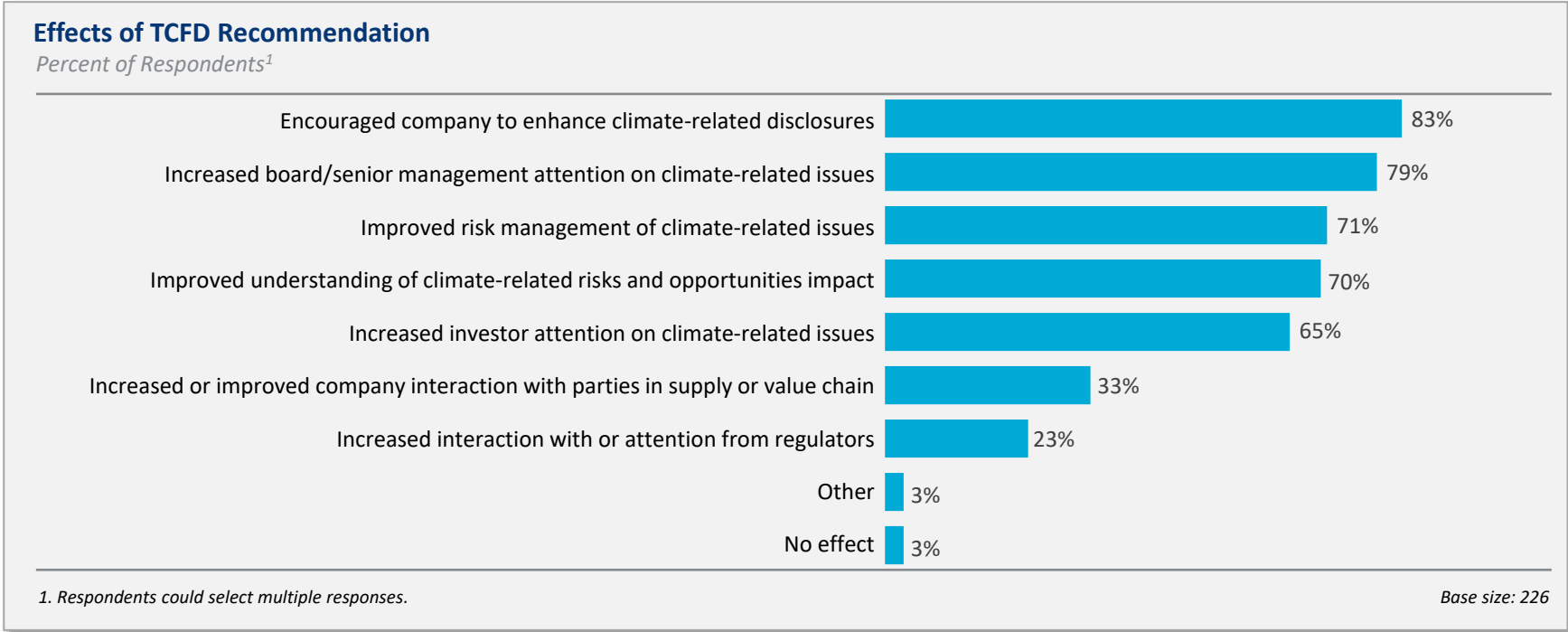
Conducting climate-related scenario analysis such as selecting relevant scenarios and identifying key inputs

Developing processes for identifying, assessing, and managing climate-related risks

Scope 3 GHG emissions data collection across the value chain

Effects of TCFD Recommendations

All preparers were asked how the TCFD recommendations have affected their companies, and 83% indicated they have encouraged the company to enhance its climate-related disclosures.

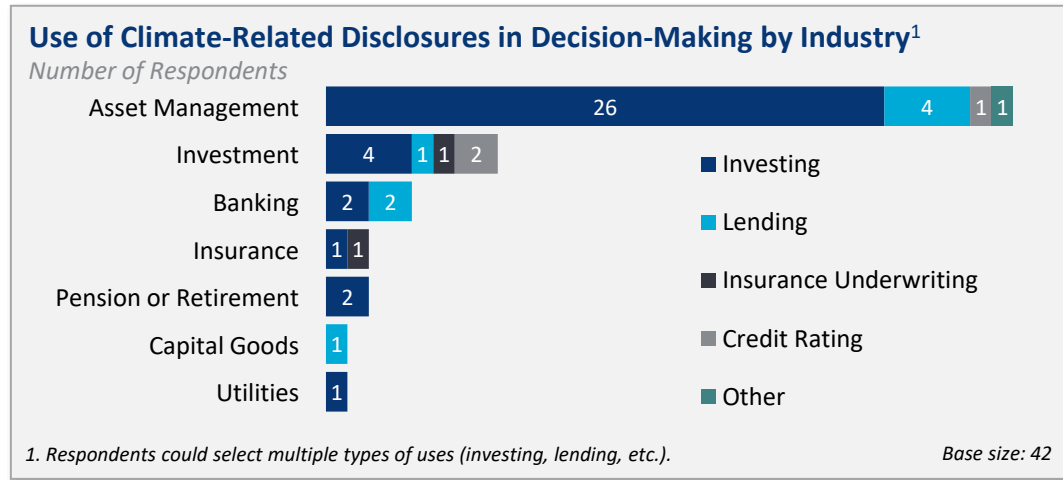
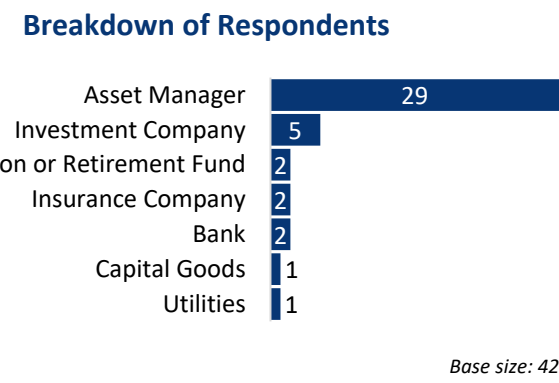
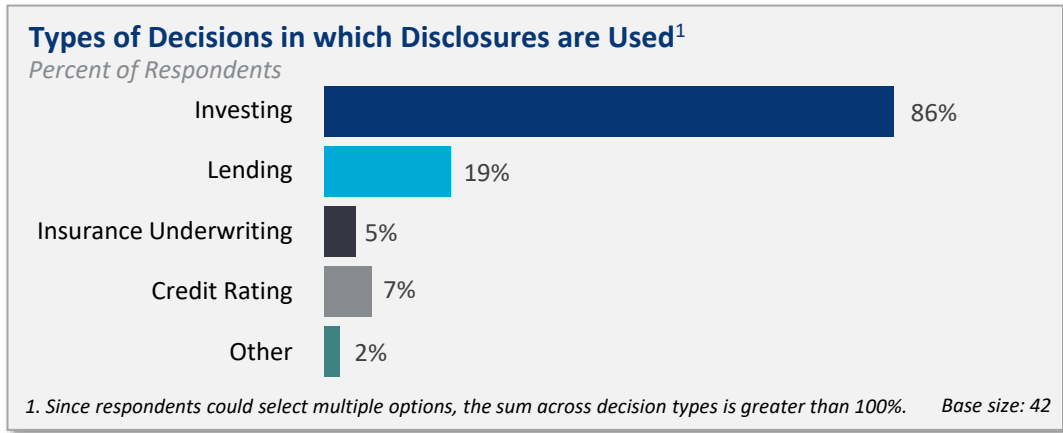
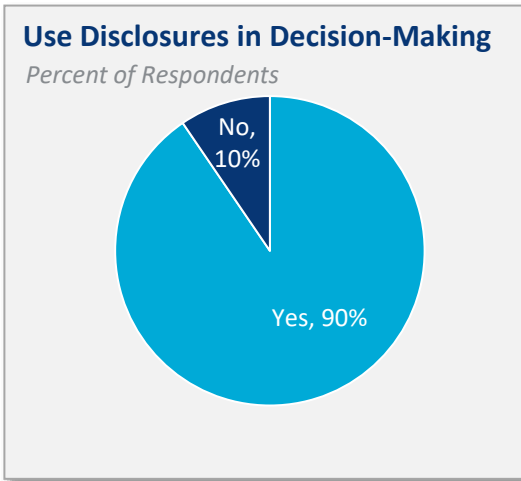


4

USER PERSPECTIVES

Use of Climate-Related Disclosures in Financial Decision-Making

Ninety percent (90%) of users indicated that they use climate-related financial disclosures in decision-making, with the majority indicating they use disclosures in investing decisions.



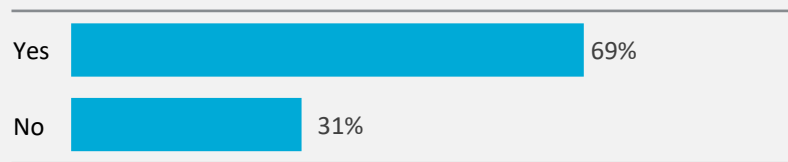
Note: Given the relatively small sample size of user respondents, the Task Force cautions that the results may not be representative of the broader population of users of climate-related financial disclosures.

Use of Climate-Related Disclosures in Financial Decision-Making

Nearly 70% of users indicated climate-related disclosure has affected a financial decision they have made, and just over 60% indicated they understand their exposure to climate-related risks very well or somewhat well based on currently available disclosures.

Climate-Related Disclosure Has Affected a Financial Decision

Percent of Respondents



Use Third Parties for Climate-Related Information

Percent of Respondents¹



1. Respondents selecting "Yes" could select one or both "Yes" options. As a result, the sum across the three options is greater than 100%.

Level of Understanding of Exposure to Climate-Related Risks with Currently Available Disclosures

Percent of Respondents

Type of Climate-Related Risk	Very Well	Somewhat Well	Not Very Well	Not Well at All
Physical Risks (acute and chronic)	26%	36%	36%	2%
Transition Risks (policy, legal, technology, market, and reputation)	17%	48%	33%	2%

Legend:  Low to high percentage of responses

Base size: 42

Note: Given the relatively small sample size of user respondents, the Task Force cautions that the results may not be representative of the broader population of users of climate-related financial disclosures.

Usefulness of Recommended Disclosures

With the exception of resilience of strategy and Scope 3 GHG emissions, 50% or more of user respondents rated each recommended disclosure as very useful.

Usefulness Rating by Recommendation¹

Percent of Respondents

Recommendation	Recommended Disclosure	Very Useful	Somewhat Useful	Not Very Useful	Not at All Useful
Governance	a. Board Oversight	55%	28%	17%	0%
	b. Management's Role	60%	33%	7%	0%
Strategy	a. Risks and Opportunities	55%	38%	7%	0%
	b. Impact on Organization	50%	48%	2%	0%
	c. Resilience of Strategy	38%	48%	12%	2%
Risk Management	a. Risk ID & Assessment Processes	64%	26%	10%	0%
	b. Risk Management Processes	67%	26%	5%	2%
	c. Integration into Risk Management	62%	29%	7%	2%
Metrics and Targets	a. Climate-Related Metrics	57%	33%	10%	0%
	b. Scope 1,2 GHG Emissions	64%	24%	10%	2%
	b. Scope 3 GHG Emissions	38%	43%	17%	2%
	c. Climate-Related Targets	52%	29%	17%	2%

Base size: 42

Legend: 

Low to high percentage of responses

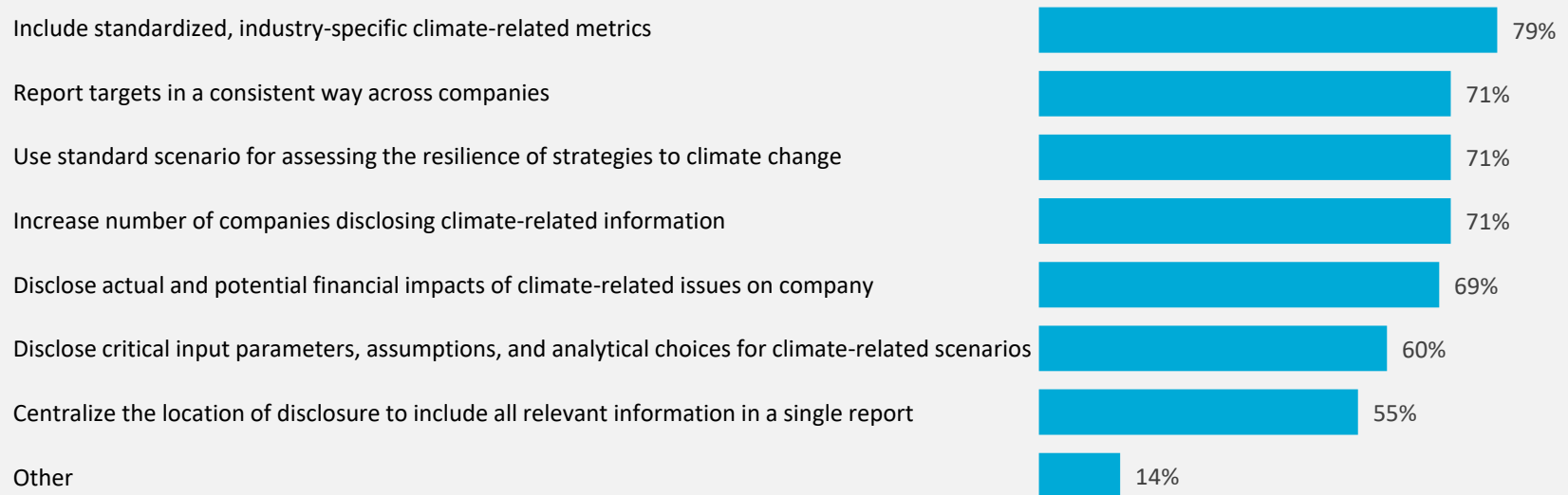
1. Given the relatively small sample size of user respondents, the Task Force cautions that the results may not be representative of the broader population of users of climate-related financial disclosures.

Improving the Usefulness of Climate-Related Disclosures

Users indicated that climate-related disclosures could be made more useful in several ways, with the top improvement identified as the inclusion of standardized industry-specific metrics.

Areas for Improvement in Climate-Related Disclosures¹

Percent of Respondents¹



1. Respondents could select multiple responses

Base size: 42

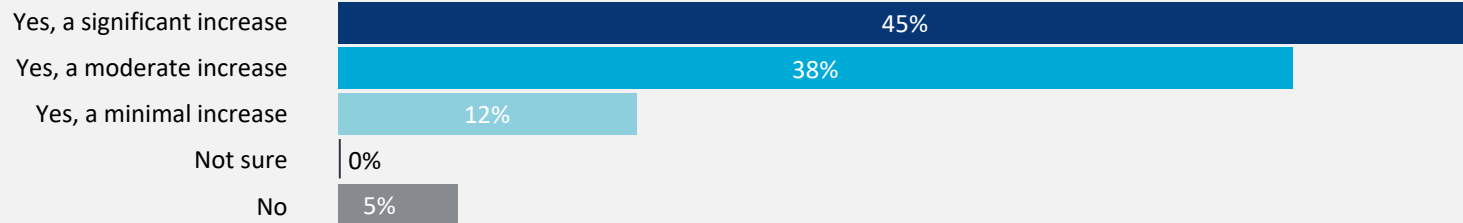
Note: Given the relatively small sample size of user respondents, the Task Force cautions that the results may not be representative of the broader population of users of climate-related financial disclosures.

Trends in Climate-Related Financial Disclosures¹

Respondents noted an increase in the availability and quality of climate-related disclosures over the past five years.

Increased Availability of Climate-Related Disclosures in Past 5 Years

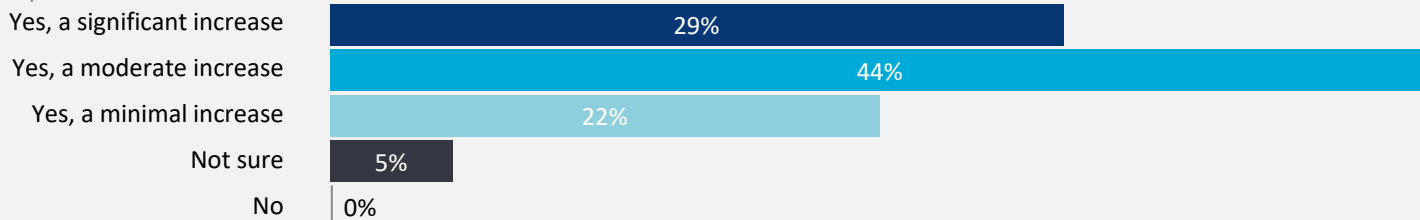
Percent of Respondents



Base size: 42

Increased Availability of TCFD-Aligned Disclosures in Past 5 Years¹

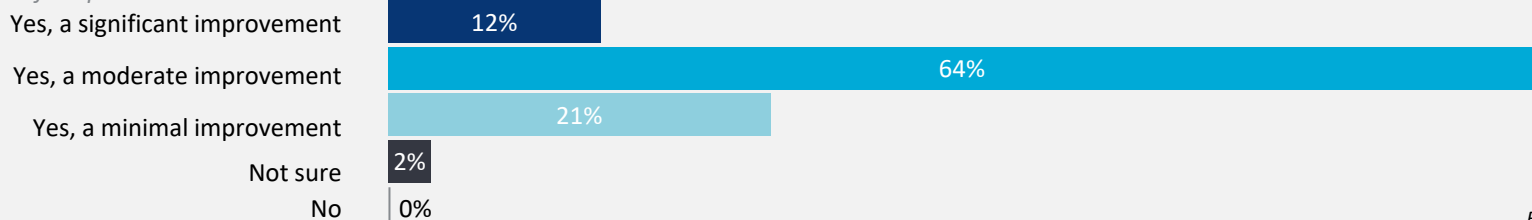
Percent of Respondents



Base size: 41

Improvement in Quality of Climate-Related Disclosures in Past 5 Years

Percent of Respondents



Base size: 42

1. This question was asked of respondents that indicated they were familiar with the TCFD recommendations.

Note: Given the relatively small sample size of user respondents, the Task Force cautions that the results may not be representative of the broader population of users of climate-related financial disclosures.

5

OTHER PERSPECTIVES


Ease of Implementation of Recommendations

Over 50% of organizations that support preparers with disclosure indicated implementing resilience of strategy was very difficult, and 50% indicated the same for Scope 3 GHG emissions.

Implementation Rating by Recommendation		Very Easy	Relatively Easy	Somewhat Difficult	Very Difficult
Percent of Respondents ¹					
Recommendation	Recommended Disclosure				
Governance	a. Board Oversight	9%	62%	24%	3%
	b. Management's Role	3%	68%	24%	3%
Strategy	a. Risks and Opportunities	0%	47%	41%	9%
	b. Impact on Organization	0%	24%	59%	15%
	c. Resilience of Strategy	0%	18%	18%	56%
Risk Management	a. Risk ID & Assessment Processes	0%	47%	35%	12%
	b. Risk Management Processes	0%	41%	35%	18%
	c. Integration into Risk Management	0%	38%	35%	21%
Metrics and Targets	a. Climate-Related Metrics	6%	29%	44%	15%
	b. Scope 1,2 GHG Emissions	0%	47%	26%	15%
	b. Scope 3 GHG Emissions	0%	18%	18%	50%
	c. Climate-Related Targets	0%	29%	41%	24%

Base size: 34

1. The total for each recommended disclosure may be less than 100% because respondents could select "not applicable."

Legend:  Low to high percentage of responses

Note: Support preparers assist companies with producing disclosures. Given the relatively small sample size of user respondents, the Task Force cautions that the results may not be representative of the broader population of support preparers of climate-related financial disclosures.

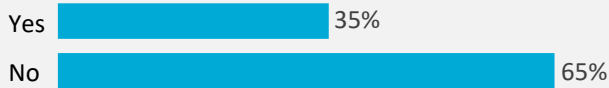
Issues Identified in Implementing the TCFD Recommendations

A majority of organizations that support preparers with disclosure identified specific issues related to implementing the TCFD recommendations.

Issues Identified by TCFD Recommendation

Percent of Respondents

Governance Issues



Strategy Issues



Risk Management Issues



Metrics and Targets Issues



Base size: 34

Most Cited Issues

Lack of expertise on climate-related issues within the board and senior management

Conducting climate-related scenario analysis

Lack of expertise on climate-related risk management processes

Scope 3 GHG emission data collection across the value chain and setting targets

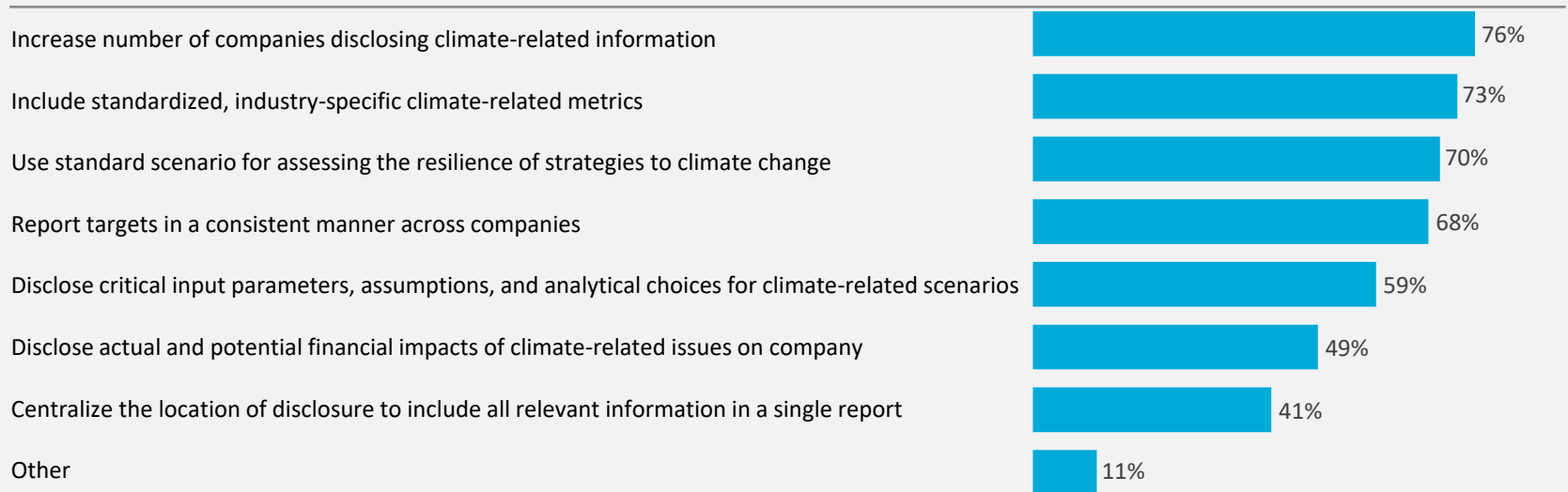
Note: Given the relatively small sample size of user respondents, the Task Force cautions that the results may not be representative of the broader population of support preparers of climate-related financial disclosures.

Improving the Usefulness of Climate-Related Disclosures

Over three quarters (76%) of organizations that support preparers with disclosure indicated an increase in the number of companies disclosing climate-related information would improve the usefulness of disclosures.

Areas for Improvement in Climate-Related Disclosures

Percent of Respondents¹



1. Respondents could select multiple responses.

Base size: 37

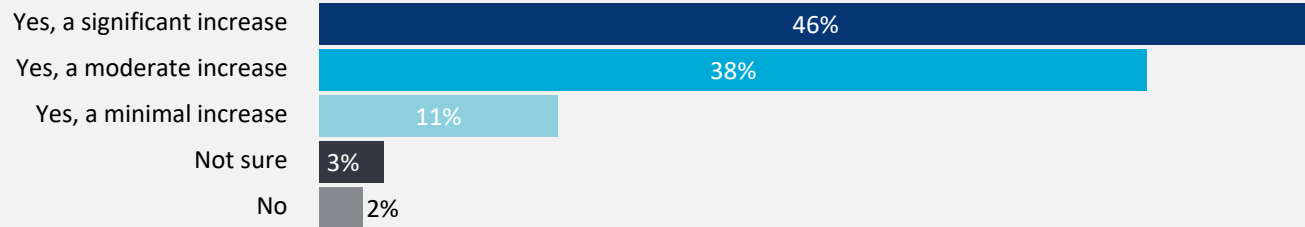
Note: Given the relatively small sample size of user respondents, the Task Force cautions that the results may not be representative of the broader population of support preparers of climate-related financial disclosures.

Trends in Climate-Related Financial Disclosures¹

Respondents noted an increase in the availability of climate-related disclosures along with an improvement in the quality of disclosures, with the majority of users seeing a moderate improvement.

Increased Availability of Climate-Related Disclosures in Past 5 Years

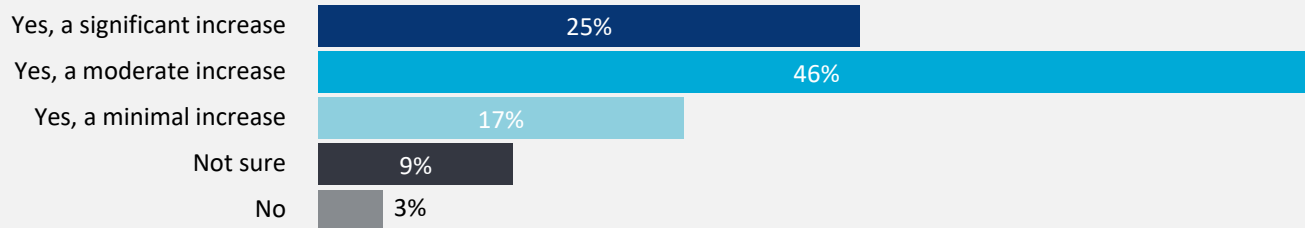
Percent of Respondents



Base size: 173

Increased Availability of TCFD-Aligned Disclosures in Past 5 Years¹

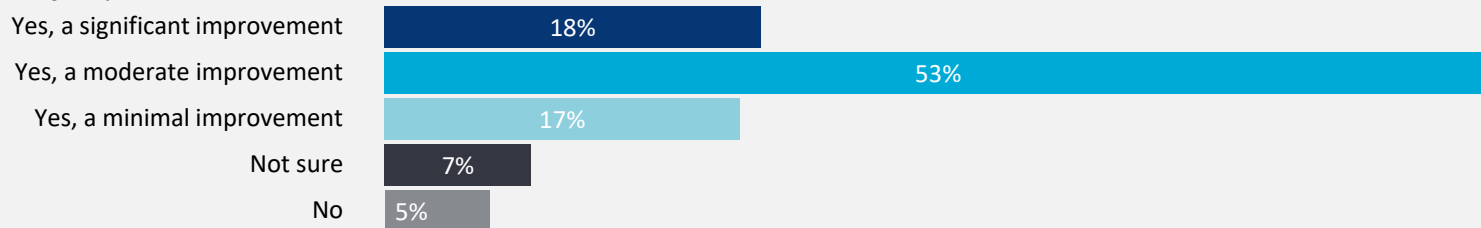
Percent of Respondents



Base size: 168

Improvement in Quality of Climate-Related Disclosures in Past 5 Years

Percent of Respondents



Base size: 173

1. This question was only asked to non-preparers that indicated they were familiar with the TCFD recommendations.

Note: These questions were asked of all survey respondents except preparers. This includes users of climate-related financial disclosures, support preparers, standard setters and guidance developers, governments, stock exchanges, and other groups.