

Press release

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FSB welcomes TCFD status report

The Financial Stability Board (FSB) welcomed the publication today of the 2021 status report by the industry-led Task Force on Climate-related Financial Disclosures (TCFD), which reports on the further progress in TCFD-aligned disclosures by firms.

The latest status report finds that disclosure of climate-related financial information aligned with the TCFD recommendations has accelerated over the past year, growing by nine percentage points in 2020 compared to four percentage points in 2019 and finds that over 50% of firms disclosed their climate-related risks and opportunities. More than 2,600 organisations have expressed their support for the TCFD recommendations, an increase of over a third since the 2020 status report. But the report highlights that significant further progress is still needed.

The TCFD has also published today two additional documents to support decision-useful disclosure. Guidance on Metrics, Targets, and Transition Plans to support preparers in disclosing decision-useful information and linking those disclosures with estimates of financial impacts; and updates to the implementation guidance on its Recommendations initially published in 2017.

Next steps for TCFD

The TCFD Recommendations have become a widely supported basis for climate-related reporting. This is not only through voluntary private-sector adoption but also more recently through jurisdictional initiatives to make such disclosures mandatory or promote voluntary implementation, as well as through the IFRS Foundation's work to develop a baseline global sustainability reporting standard, built from the TCFD framework and the work of an alliance of sustainability standard setters. The FSB asks the TCFD to be ready to respond to requests for technical advice relating to the TCFD recommendations that may arise when designing such initiatives.

The FSB welcomes the continued progress the IFRS Foundation is making on its initiative to develop a global sustainability reporting standard, beginning with climate. As the IFRS Foundation advances its work, there is an important continuing role for the TCFD in monitoring and reporting on take-up of its recommendations in the period until a global baseline standard is agreed and the implementation of that standard across jurisdictions begins to be monitored. The FSB therefore asks the TCFD to continue its work to promote and monitor progress in firms' take-up of its recommendations, and publish a further status report in September 2022, reviewing disclosures by companies in their public reporting for 2021. Such monitoring will complement the FSB's monitoring of jurisdictions' initiatives to make TCFD-based disclosures

mandatory or to promote their voluntary implementation, and will promote disclosures that, by being TCFD-aligned, will be using a common basis with the planned global baseline standard.

FSB Chair Randal K. Quarles said: “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.”

Michael R. Bloomberg, Chair of the Task Force and Founder of Bloomberg LP and Bloomberg Philanthropies said: “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. 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.”

Notes to editors

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.

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, Governor and Vice Chair for Supervision, 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.