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Financial Stability Board Task Force on Climate-Related Disclosures Releases Final Report

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On June 29, 2017, the Financial Stability Board's Task Force on Climate-Related Disclosures (TFCD) released the report containing its [final recommendations](#). The report provides guidance to assist public companies in more effectively satisfying existing climate-related disclosure requirements. Specific disclosure is recommended in four key areas:

1. **Governance:** the organization's governance structure regarding climate-related risks and opportunities
2. **Strategy:** actual and potential impacts of climate-related risks and opportunities for the organization's businesses, strategy, and financial planning
3. **Risk management:** process by which the organization identifies, assesses and manages climate-related risks
4. **Metrics and targets:** tools used by the organization to assess and manage climate-related risks and opportunities

Recognizing that such disclosure is subject to materiality assessment, the report provides supplemental guidance for certain sectors most affected by climate-change, including financial sectors (lending, underwriting, asset management and investing) and non-financial sectors (energy, materials and building; transportation; and agriculture, food and forest products). TFCD's report recommends that organizations take into consideration different climate-related scenarios, including a 2°C or lower scenario.

Although these recommendations provide only a voluntary disclosure framework, since the TFCD released its draft recommendations in December, there has been significant support for more rigorous climate-related disclosure. Various institutional investors, including BlackRock, Caisse de dépôt et placement du Québec, CPP Investment Board, Barclays, JP Morgan Chase & Co., HSBC, UBS and Ontario Teachers' Pension Plan, have released statements backing the recommendations. The Ontario Securities Commission, in its 2017-2018 Priorities List, noted that it "will continue to monitor these [TFCD] developments to determine the need for a regulatory response." In March, the Canadian Securities Administrators launched a climate change [disclosure review project](#), to review existing environmental reporting frameworks and consult with investors. Several corporations, including ExxonMobil, Occidental Petroleum Corporation and PPL Corporation, have been targets of shareholder resolutions demanding increased climate-related disclosure.

TFCD's recommendations will be presented at the G20 Summit on July 7-8. Davies will continue to follow developments regarding climate-related disclosure reporting requirements, including the G20 Summit, the CSA project and the OSC response. We welcome your comments and inquiries.

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