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## **Guidance Note on the TCFD Recommendations for City, State, and Regional Governments**

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Guidance for reporting in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)



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## Version Control

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Version	Revision date	Revision summary
1.0	10/06/2022	First published version
2.0	5/10/2022	Updated examples of TCFD-aligned reporting in Appendix A, ii to the most current year available.

# Summary

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## What is the TCFD and what does it do?

The Task Force on Climate-related Financial Disclosures (TCFD) is a voluntary framework, published in 2017 and revised in 2021, which was developed at the request of the G20 Finance Ministers and Central Bank Governors. The TCFD framework provides recommendations and guidance about how to disclose climate-related risks.

The aim of the TCFD recommendations is to enable stakeholders to allocate capital efficiently through the transition to a low-carbon economy without a potential dislocation of capital in the financial markets. The voluntary, financially relevant, climate disclosure recommendations help promote informed investment, credit, and insurance underwriting decisions that can in turn enable stakeholders to better understand assets exposed to climate-related risks.

The TCFD does not specify a disclosure or reporting mechanism. Instead, seven principles have been identified for effective disclosure. Effective disclosure should:

1. Represent relevant information;
2. Be specific and complete;
3. Clear, balanced and understandable;
4. Consistent over time;
5. Comparable among others within a sector, industry or portfolio;
6. Reliable, verifiable and objective; and
7. Provided on a timely basis.

(See Section 1.2 for more information.)

## How do I disclose against the TCFD recommendations?

While corporations and capital market participants have been engaging with and reporting against the TCFD recommendations since 2017, local governments had been unable to disclose their climate-related information against the TCFD recommendations in a standardized and comparable manner.

Beginning in 2022, cities, states and local governments can disclose in alignment with the TCFD's recommendations through the [CDP-ICLEI Track Questionnaire for cities](#) and [States and Regions Questionnaire](#) and in North America through the [Public Authorities pilot questionnaire](#).

## What are the TCFD recommendations?

The recommendations are structured around four thematic areas that are underpinned by 11 disclosure recommendations. These represent core elements of how local governments and organizations operate and are formed to create decision-useful, climate-related information.



The four recommendations are:

### ▼ **Governance**

Disclose the organization's governance around climate-related risks and opportunities.

- ▼ *Example from Questionnaire:* Provide information on your jurisdiction's oversight of climate-related risks and opportunities and how these issues have impacted your jurisdiction's planning.

### ▼ **Strategy**

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning where such information is material.

- ▼ *Example from Questionnaire:* Provide details on the most significant climate hazards faced by your jurisdiction.

### ▼ **Risk Management**

Disclose how the organization identifies, assesses, and manages climate-related risks.

- ▼ *Example from Questionnaire:* Provide details on your climate risk and vulnerability assessment and the processes in place for identifying, assessing, and managing climate-related risks.

### ▼ **Metrics and Targets**

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

- ▼ *Example from Questionnaire:* Provide a breakdown of your community-wide emissions by sector.

These are designed to aid entities in recognizing the links between climate-related issues and their practices surrounding governance, strategy, risk management, and metrics and targets. The four recommendations are supported by specific disclosures local governments should include in financial filings or other reports to provide decision-useful information to investors and others. (For more detailed information, see Section 1.3 and 2.2.)

## Benefits of reporting against TCFD recommendations

Demand for climate-related disclosure has increased significantly since the release of the TCFD recommendations. Public sector leaders have noted the importance of transparency on climate-related issues with several national governments and public sector organizations formally supporting the TCFD<sup>1</sup>. In addition, mainstreaming climate-related issues into the sub-national government decision making process will support jurisdictions in addressing climate risks and opportunities. The benefits of reporting against the TCFD recommendations include:

- ▼ **Disclosure of decision-useful information:** A response to the CDP-ICLEI Track for cities and States and Regions Questionnaires puts the information required by the TCFD into a recognized, established system that can structure, analyze, compare, and trace information transparently.
- ▼ **Preparation advice:** The CDP-ICLEI Track for cities, States and Regions and Public Authorities Questionnaires offers support to governments throughout the disclosure process and provides guidance on how to distill and present information in line with the TCFD recommendations.
- ▼ **Demonstration of responsiveness to capital markets expectations:** Helping to demonstrate sustainability leadership to potential investors. In some cases, disclosure and transparency can help lead to a lower cost of capital when borrowing.
- ▼ **Attraction of new global investors:** Supports investors seeking international investment opportunities for sustainable infrastructure projects that can show alignment with Environmental, Social, and Governance investment themes.
- ▼ **Cost reduction:** Increased awareness and preparedness that can reduce costs and potential damage to support more resilient communities.
- ▼ **Foster collaboration:** Catalyst for improved cross-departmental collaboration on sustainability disclosure, leading to enhanced support to environmental goals across the capital planning and allocation process.

(See Section 2.1 for more.)

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<sup>1</sup> [https://assets.bbhub.io/company/sites/60/2021/10/TCFD\\_Booklet\\_FNL\\_Digital\\_March-2021.pdf](https://assets.bbhub.io/company/sites/60/2021/10/TCFD_Booklet_FNL_Digital_March-2021.pdf)

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# Section 1

## Overview of TCFD Recommendations

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### 1.1 Introduction

This guidance note provides an overview of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations (Section 1) and how the CDP-ICLEI Track and States and Regions Questionnaires have aligned with the TCFD's recommendations (Section 2).

### 1.2 TCFD's Background and Mission

#### Background

At the request of the G20 Finance Ministers and Central Bank Governors, the Financial Stability Board (FSB) and its chair at that time, Mark Carney, established the industry-led Task Force on Climate-related Financial Disclosures (TCFD or Task Force). This was in response to increasing demands from investors, lenders, insurers, regulators, policy makers, and other stakeholders in the financial markets for decision-useful, climate-related information.

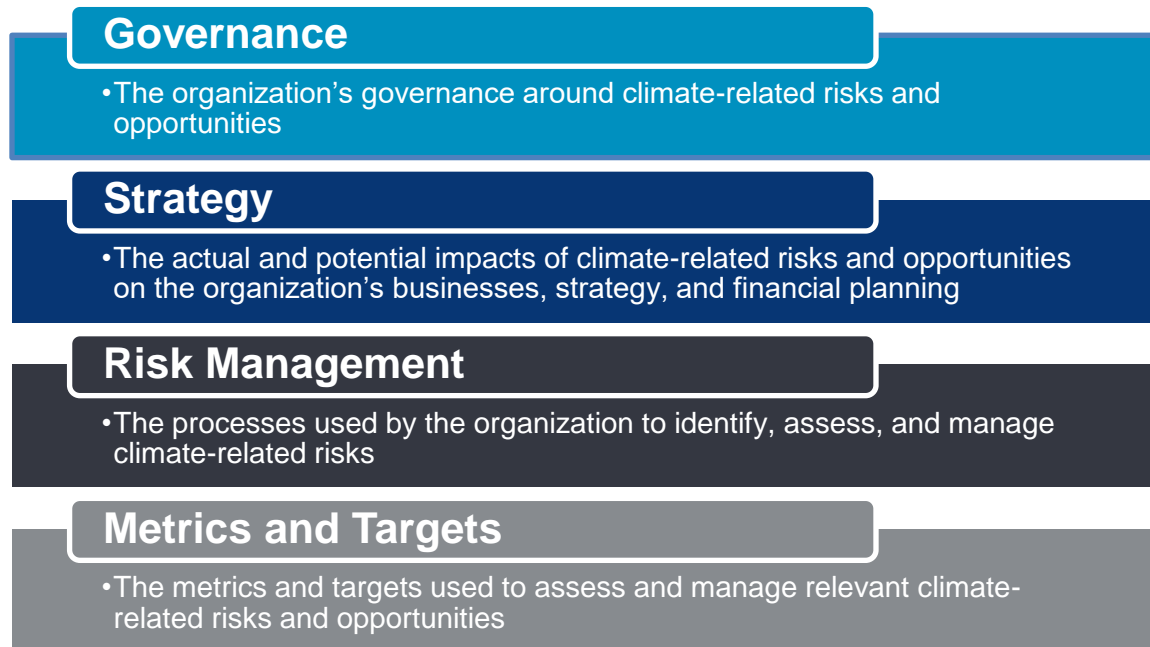
Inadequate information about risks can lead to mispricing of assets and misallocation of capital that can potentially lead to concerns about the stability of financial markets, as they can be vulnerable to abrupt corrections. Chaired by Michael Bloomberg, the TCFD's objective was to formulate a set of recommendations to help organizations to understand and disclose their exposure to climate-related issues.

Demand for climate-related disclosure has increased significantly since the release of the TCFD recommendations in 2017. Many private sector financial institutions, investors, and others continue to make progress on incorporating climate-related disclosure into their financial decision-making.

#### Mission

The TCFD was tasked with developing a set of voluntary, financially relevant, climate disclosure recommendations that could promote informed investment, credit, and insurance underwriting decisions that could in turn enable stakeholders to better understand assets exposed to climate-related risks.

The aim of the TCFD is to enable stakeholders to allocate capital efficiently through the transition to a low-carbon economy without a potential dislocation of capital in the financial markets. The recommendations are structured around four thematic areas that represent core elements of how organizations operate, as outlined below.



*Figure 1: TCFD Disclosure Recommendations*

The TCFD’s final report presents a principle-based set of recommendations for voluntary disclosure that aims to balance the needs of data users with the challenges faced by preparers. The report (and other TCFD publications provided in Section 1.4) provides the overarching core recommendations with supporting information on climate-related risks, opportunities, financial impacts, and scenario analysis. In 2021, the Task Force released additional publications for guidance on metrics, targets, and transition planning.

### **TCFD’s Principles for Effective Disclosure**

To underpin the formal recommendations, the TCFD developed [principles for effective disclosure](#). These are designed to aid organizations in recognizing the links between climate-related issues and their practices surrounding governance, strategy, risk management, and metrics and targets.

The TCFD does not specify a disclosure or reporting mechanism. Instead, seven principles have been identified for effective disclosure. Effective disclosure should:

1. Represent relevant information;
2. Be specific and complete;
3. Clear, balanced and understandable;
4. Consistent over time;
5. Comparable among others within a sector, industry or portfolio;
6. Reliable, verifiable and objective; and
7. Provided on a timely basis.



## 1.3 TCFD's Recommended Disclosures

The four recommendations, outlined in Figure 1 above, are supported by specific disclosures organizations should include in financial filings or other reports to provide decision-useful information to investors and others, as demonstrated in Figure 2 below.

<b>Governance</b>	<b>Strategy</b>	<b>Risk Management</b>	<b>Metrics and Targets</b>
<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>
<b>Recommended Disclosures</b>	<b>Recommended Disclosures</b>	<b>Recommended Disclosures</b>	<b>Recommended Disclosures</b>
<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-related 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>

Figure 2: TCFD Disclosure Recommendations

## 1.4 TCFD Publications

We recommend readers review the TCFD's full report and associated publications, listed below, as this note will not present the TCFD's recommendations in their entirety.



This [report](#) provides context, background, and the general framework for climate-related financial disclosures. It is intended for broad audiences.



The [annex](#) (published October 2021) provides the next level of detail to help reporting entities implement the recommendations.



The [technical supplement](#) is a further level of detail that can be helpful for reporting entities in considering scenario analysis.

In October 2021, the TCFD released [additional guidance](#) for preparers regarding disclosures of climate-related metrics and targets and key information from transition plans to address recent developments and feedback from users, preparers, and others. Further publications including supporting materials and recent status reports are available from the TCFD [website](#). If you have any questions, comments, or suggestions that are not addressed in this guidance note, please visit the [CDP Help Centre](#).

## 1.5 TCFD Support

The TCFD recommendations have helped mainstream the importance of climate-related financial disclosures and has received strong support from stakeholders. For example:

- ▶ 100+ CEOs publicly supported the TCFD recommendations on launch
- ▶ Over 2,600 organizations globally have now supported the TCFD's recommendations
- ▶ 477 investors (with over \$34 Trillion AUM) wrote to the G20 to encourage the group to consider the TCFD's recommendations as input to their national disclosure rules.
- ▶ The Council of the European Union welcomed the development of the TCFD recommendations (alongside the work of the HLEG, OECD and G20 Green Finance Study Group).
- ▶ May 2020 – Canada made TCFD aligned reporting a requirement for companies to access COVID-19 emergency loans.
- ▶ September 2020 – New Zealand announced it will become the first country worldwide to implement mandatory TCFD reporting for large banks and insurers.
- ▶ November 2020 – The UK became the first G20 country to set out its intention to mandate TCFD aligned disclosure by 2023, with full coverage by 2025.

- ▶ The Japanese Financial Services Agency has also raised the option of updating its Corporate Governance Code to increase TCFD-aligned disclosure
- ▶ April 2021 – the European Commission issued a proposed Corporate Sustainability Reporting Directive (CSRD) that would amend existing reporting requirements with the intention of taking into account existing standards and frameworks, including the TCFD framework.
- ▶ September 2021 – The Central Bank of Brazil announced mandatory TCFD-aligned disclosure requirements, which will initially focus on qualitative aspects related to governance, strategy, and climate-related risk management for regulated institutions.
- ▶ November 2021 – Announcement by the IFRS Foundation of the formation of an International Sustainability Standards Board to develop a baseline of sustainability disclosure standards. One prototype document has already been published which builds on the TCFD’s recommendations.
- ▶ March 2022 – The U.S. Securities and Exchange Commission (SEC) proposes rules to enhance and standardize climate-related disclosures for investors.

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## Section 2

### Introduction of TCFD Recommendations to Questionnaire

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#### 2.1 Background for TCFD Alignment

Though the Task Force on Climate-related Financial Disclosures (TCFD) recommendations were initially developed for the private sector, the recommendations have significant applicability for sub-national governance. Public sector leaders have noted the importance of transparency on climate-related issues with several national governments and public sector organizations formally supporting the TCFD<sup>2</sup>. In addition, mainstreaming climate-related issues into the sub-national government decision making process will support jurisdictions in addressing climate risks and opportunities.

While corporations and capital market participants have been engaging with and reporting against the TCFD recommendations for over five years, a parallel pathway for local governments is needed. Until 2022, local governments have been unable to disclose their climate-related information along the guidance of the TCFD in a standardized, centralized, and comparable manner. In Canada, an increasing number of cities including Calgary, Edmonton, Montreal, Toronto, and Vancouver are reporting against the TCFD recommendations annually.

CDP's disclosure platform provides the mechanism for reporting in line with the TCFD recommendations. By translating the TCFD recommendations and principles into disclosure questions and a standardized annual format, CDP provides investors and disclosers with a unique platform where the TCFD Framework can be brought into real-world practice. Cities, states, and regions which disclose through CDP are doing so in line with the TCFD recommendations, in a comparable and consistent way that is relevant and accessible to the global economy.

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<sup>2</sup> [https://assets.bbhub.io/company/sites/60/2021/10/TCFD\\_Booklet\\_FNL\\_Digital\\_March-2021.pdf](https://assets.bbhub.io/company/sites/60/2021/10/TCFD_Booklet_FNL_Digital_March-2021.pdf)

## Benefits of reporting against TCFD recommendations

As a result of providing a standardized annual reporting format, CDP has the largest TCFD-aligned environmental database in the world, and CDP scores are widely used to drive investment and procurement decisions towards a zero carbon, sustainable and resilient economy.

Additional benefits of reporting against the TCFD recommendations include:

- ▶ **Disclosure of decision-useful information:** A response to the CDP-ICLEI Track for cities and States and Regions Questionnaires puts the information required by the TCFD into a recognized, established system that can structure, analyze, compare, and trace information transparently.
- ▶ **Preparation advice:** The CDP-ICLEI Track for cities and States and Regions Questionnaires offers support to governments throughout the disclosure process and provides guidance on how to distill and present information in line with the TCFD recommendations
- ▶ **Demonstration of responsiveness to capital markets expectations:** Helping to demonstrate sustainability leadership to potential investors. In some cases, disclosure and transparency can help lead to a lower cost of capital when borrowing.<sup>3</sup>
- ▶ **Attraction of new global investors:** Supports investors seeking international investment opportunities for sustainable infrastructure projects that can show alignment with Environmental, Social, and Governance investment themes.
- ▶ **Increased awareness and preparedness** that can reduce costs and potential damage to support more resilient communities.
- ▶ **Catalyst for improved cross-departmental collaboration** on sustainability disclosure, leading to enhanced support to environmental goals across the capital planning and allocation process.

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<sup>3</sup> The Village of Hastings-on-Hudson upgraded their [Moody's rating](#).

## 2.2 Breakdown of TCFD-related Questions

The four overarching TCFD recommendations are supported by 11 key climate-related disclosures, as outlined in Figure 2 above, build out the framework with information that will help investors and others understand how reporting entities think about and assess climate-related risks and opportunities. Table 1, below, maps the questions which comprise the CDP-ICLEI Track Questionnaire for cities and States and Regions Questionnaire against each of the 11 climate-related disclosures.

*Table 1: Mapping of TCFD Recommendations*

CDP-ICLEI Track for Cities Question Number	States and Regions Question Number	Question text	TCFD Recommended Disclosure
0.2	0.2	Provide information on your jurisdiction's oversight of climate-related risks and opportunities and how these issues have impacted your jurisdiction's planning.	<p><b>Governance recommended disclosure a)</b> Describe the board's oversight of climate-related risks and opportunities</p> <p><b>Governance recommended disclosure b)</b> Describe management's role in assessing and managing climate-related risks and opportunities</p> <p><b>Strategy recommended disclosure b)</b> Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</p>
0.3	0.3	Report how your jurisdiction assesses the wider environmental, social and economic opportunities and benefits of climate action.	<p><b>Strategy recommended disclosure a)</b> Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term</p>
1.1	1.1	Has a climate risk and vulnerability assessment been undertaken for your jurisdiction? If not, please indicate why.	<p><b>Risk management recommended disclosure a)</b> Describe the organization's</p>

			processes for identifying and assessing climate-related risks.
1.1a	1.1a	Provide details on your climate risk and vulnerability assessment and the processes in place for identifying, assessing, and managing climate-related risks.	<p><b>Risk management recommended disclosure a)</b> Describe the organization’s processes for identifying and assessing climate-related risks.</p> <p><b>Risk management recommended disclosure b)</b> Describe the organization’s processes for managing climate-related risks.</p> <p><b>Risk management recommended disclosure c)</b> Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.</p>
1.2	1.2	Provide details on the most significant climate hazards faced by your jurisdiction.	<p><b>Strategy recommended disclosure a)</b> Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term</p> <p><b>Strategy recommended disclosure b)</b> Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.</p> <p><b>Metrics and targets recommended disclosure a)</b> Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>
2.1	2.1	Does your jurisdiction have a community-wide emissions inventory to report?	<b>Metrics and targets recommended disclosure b)</b> Disclose Scope 1, Scope 2 and,

			if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.
<b>2.1b</b>	<b>2.1b</b>	Provide the following information regarding your latest community-wide GHG emissions inventory.	<b>Metrics and targets recommended disclosure b)</b> Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.
<b>2.1c</b>	<b>N/A</b>	Provide a breakdown of your community-wide emissions by scope. If the inventory has been developed using the Global Protocol for Community Greenhouse Gas Emissions Inventories (GPC) you will also be requested to provide a breakdown by sector.	<b>Metrics and targets recommended disclosure b)</b> Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.
<b>2.1d</b>	<b>N/A</b>	Provide a breakdown of your community-wide emissions in the format of the Common Reporting Framework.	<b>Metrics and targets recommended disclosure b)</b> Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.
<b>2.1e</b>	<b>2.1c</b>	Provide a breakdown of your community-wide emissions by sector.	<b>Metrics and targets recommended disclosure b)</b> Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.
<b>4.1</b>	<b>4.1</b>	Does your jurisdiction have an adaptation goal(s) in place? If no adaptation goal is in place, please indicate the primary reason why.	<b>Metrics and targets recommended disclosure c)</b> Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.
<b>4.1a</b>	<b>4.1a</b>	Report your jurisdiction's main adaptation goals.	<b>Metrics and targets recommended disclosure c)</b> Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.
<b>5.1</b>	<b>5.1</b>	Does your jurisdiction have an active greenhouse gas emission reduction target(s) in place? If no active GHG	<b>Metrics and targets recommended disclosure c)</b> Describe the targets used by the organization to manage climate-related



		emissions reduction target is in place, please indicate the primary reason why.	risks and opportunities and performance against targets.
<b>5.1a</b>	<b>5.1a</b>	Provide details of your emissions reduction target(s).	<b>Metrics and targets recommended disclosure c)</b> Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.
<b>6.1</b>	<b>6.1</b>	Provide details of your jurisdiction's energy-related targets active in the reporting year. In addition, you can report other climate-related targets active in the reporting year.	<b>Metrics and targets recommended disclosure c)</b> Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.
<b>7.1</b>	<b>7.1</b>	Does your jurisdiction have a climate action plan or strategy?	<b>Strategy recommended Disclosure c)</b> Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario
<b>7.1a</b>	<b>7.1a</b>	Report details on the climate action plan or strategy that addresses climate mitigation and/or climate adaptation (resilience) in your jurisdiction.	<b>Strategy recommended Disclosure c)</b> Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario
<b>8.1</b>	<b>8.1</b>	Describe the outcomes of the most significant adaptation actions your jurisdiction is currently undertaking. Note that this can include those in the planning and/or implementation phase.	<b>Metrics and targets recommended disclosure a)</b> Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
<b>9.1</b>	<b>9.1</b>	Describe the outcomes of the most significant mitigation actions your jurisdiction is currently undertaking. Note that this can include those in the planning and/or implementation phases.	<b>Metrics and targets recommended disclosure a)</b> Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

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# Appendix

## Further Information on TCFD Reporting and Alignment

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### Appendix A Additional Resources

**i. A Guide to Adopting the TCFD Recommendations for Cities**

Source: Chartered Professional Accountants Canada

This [guide](#) highlights some of the actions taken by Canadian cities in response to climate change, demonstrating the climate adaptation leadership underway across the country. It also includes process frameworks for different types of decision-makers within municipalities, including those working in financial reporting and capital planning, to help cities implement the TCFD recommendations.

**ii. Examples of TCFD-aligned reporting**

Source: Chartered Professional Accountants Canada

- **City of Calgary:** [2021 report](#) - begins on page 87
- **City of Edmonton:** [2021 report](#) - begins on page 105
- **City of Toronto:** [2021 report](#) - begins on page 101
- **City of Vancouver:** [2021 report](#) - begins on page 43
- **City of Montreal:** [2021 report](#) (English version) - begins on page 79

**iii. TCFD Knowledge Hub**

The [TCFD Knowledge Hub](#) gives access to a range of practical content that will help you understand and implement the TCFD recommendations.

**iv. Multilevel Climate Action Playbook for Local and Regional Governments**

The Global Covenant of Mayors published resource '[Multilevel Climate Action Playbook for Local and Regional Governments](#)' is accompanied by this annex of research papers and practical resources as well as a repository of case study examples. This accompanying suite of resources and examples are intended to provide greater detail on the myriad of research papers, publications and case studies reviewed in the development of this Playbook, and to assist practitioners in carrying out the recommended activities contained within the Playbook.

**v. C40 Knowledge Hub**

This C40 produced implementation guide '[How to disclose your city's climate-related financial risks](#)' outlines the keys steps mainstream climate finance in cities financial decisions.

## Appendix B Alignment Process

In 2018, CDP redesigned its corporate climate change questionnaire to align with the TCFD recommendations. CDP's corporate water security and forests questionnaires have also been inspired by the TCFD recommendations and follow a similar structure, enabling companies to organize their environmental management according to similar principles of good practice.

The TCFD recommendations were designed for organizations across all sectors and industries, and all recommendations have validity across both the corporate sector and the local government sector. Therefore, the processes utilized to integrate the TCFD recommendations into the corporate questionnaires have informed the integration of the TCFD recommendations into the CDP-ICLEI Track Questionnaire for cities and States and Regions Questionnaire.

A series of assessments, workshops and consultations were launched to evaluate the value and feasibility of reporting climate-related information aligned with the recommendations of the TCFD, as outlined in Figure 2.

In 2020, a mapping assessment was undertaken to compare the alignment of the CDP-ICLEI Track Questionnaire for cities Questionnaire and the States and Regions Questionnaire with the TCFD recommendations. The mapping assessment

highlighted that the questionnaires covered much of the information required to align with TCFD disclosure recommendations, particularly across the Metrics and Targets recommendation.

However, it also highlighted there were noticeable gaps, most notably as it pertained to oversight of climate-related issues, the use of scenario analysis and reporting of transition risks. Following the mapping assessment, a series of recommendations were produced to inform the development of future questions aligned with the TCFD recommendations.

In 2021, prior to the development of the 2022 Questionnaires, a pre-draft questionnaire consultation was held. This process included input from a broad network of cities, city networks, data users and other stakeholders to gather insights on the future direction of the questionnaire. The consultation addressed many considerations including that of TCFD alignment, which in addition to the Sustainable Development Goals (SDGs), Global Protocol for Community-scale Greenhouse Gas Emission Inventories (GPC) and the Global Covenant of Mayors Common

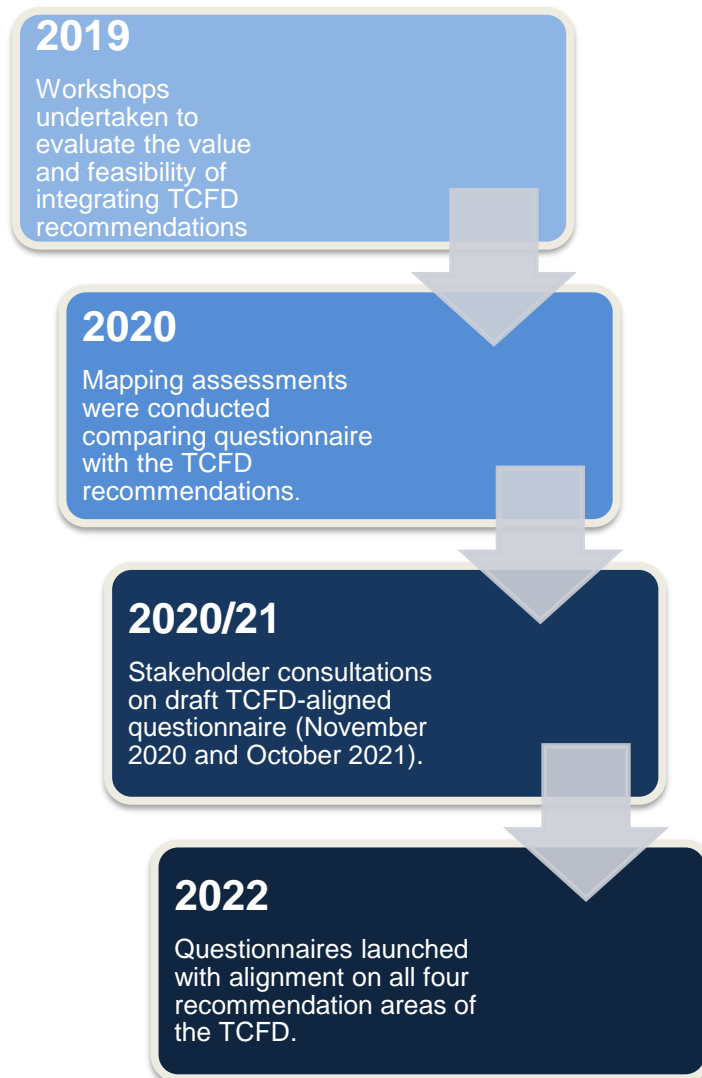


Figure 2: Process for TCFD Alignment

Reporting Framework (GCoM CRF) were identified as the frameworks for which alignment should be prioritized.

Based upon the recommendations from the mapping assessment and pre-draft consultation findings, the 2022 CDP-ICLEI Track Questionnaire for cities and 2022 States and Regions Questionnaire were drafted, with a post-draft consultation on this content held through October and November 2021. The consultation informed decisions to enable further flexibility in reporting against certain TCFD recommendations which were newly introduced to the questionnaire. In practice, this resulted in qualitative data being requested on newly introduced topics, for example on how climate-related issues have impacted the jurisdiction's financial planning and the risks to the jurisdiction related to the transition to a low-carbon economy. It also informed the development of detailed reporting guidance to support responding jurisdiction in responding to TCFD-aligned questions.

This process has ensured that the TCFD recommendations have been adequately and holistically considered throughout the development of both the 2022 CDP-ICLEI Track Questionnaire for cities Questionnaire and the 2022 States and Regions Questionnaire. To date only a small number of cities, states and regions have publicly reported against the TCFD recommendations. As awareness of the relevance and value of the TCFD recommendations is enhanced amongst reporting city, state and regional governments it is expected that this number will increase. TCFD-aligned response data and indicators will continue to be analyzed and incrementally enhanced to further reflect the sub-national government perspective in reporting against the TCFD recommendations as reporting maturity increases.

## Appendix C CDP-ICLEI Track

### CDP-ICLEI Track

[CDP-ICLEI Track](#) is the world's leading climate progress accountability mechanism for cities - tracking over 1,100 cities' climate action in 2021 - supported by partnerships with other global organisations such as C40, the Global Covenant of Mayors and WWF. With the new questionnaire, CDP and ICLEI will be tracking cities' progress for the UN-backed climate campaigns, [Race to Zero](#) and [Race to Resilience](#), which bring cities, businesses and investors together to create a zero-carbon future. The questionnaire will also provide data for the Global Stocktake, a purpose-driven and evidence-focused mechanism helping non-party stakeholders implement the goals of the Paris Agreement.

### CDP



CDP is a global environmental non-profit organization that helps investors, companies, cities, states and regions assess their environmental impact and take urgent action to build a sustainable economy. We aim to make environmental reporting mainstream and provide detailed insights to drive action for a climate-safe, water-secure, deforestation-free world. CDP's cities

program was launched in 2011, with the states and regions program launched three years later in 2014. Since then, the number of cities reporting has increased 23-fold, and the number of states and regions reporting has increased eight-fold, amounting to more than 1200 cities, states and regions reporting their environmental and climate data through CDP in 2021.

### ICLEI



ICLEI – Local Governments for Sustainability is a global network of more than 2500 local and regional governments committed to sustainable urban development. Active in 125+ countries, we influence sustainability policy and drive local action for low emission, nature-based, equitable, resilient and circular development. Our members and team of experts work together through peer exchange, partnerships and capacity building to create systemic change for urban sustainability.