SHAPING HIGH-QUALITY MANDATORY DISCLOSURE

Taking stock and building upon the TCFD recommendations

CDP Report 2021

CONTENTS

FOREWORD

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More than 20 years ago, CDP pioneered environmental disclosure. It was a breakthrough moment, bringing capital to the table and paving the way to the low-carbon transition of the economy. Environmental disclosure is now an expected business norm, demanded by policy makers, capital markets and customers, with tangible benefits that range from management of risks and impacts to brand value and regulatory alignment.

And a lot more has changed in 20 years. In 2017, the Task Force on Climate-related Financial Disclosures (TCFD) introduced its official recommendations for corporate financial disclosures. CDP was an early adopter of the TCFD: we aligned our disclosure platform with the recommendations in 2018 to facilitate more widespread market adoption, ahead of policy. What came soon after, and has accelerated in recent months, was a very welcome wave of support for TCFD-aligned mandatory disclosure. This policy brief tracks the growth of and upcoming trends in mandatory disclosure regulation, from New Zealand to Brazil, recognizing the pivotal role of the TCFD.

However, we are at a critical moment where we need to go further and faster to tackle the climate and nature crises. While advancements have been made in how we measure and manage corporate environmental impacts, the scale of the challenge we face is increasing rapidly. In August 2021, the IPCC issued a "code red for humanity"; its Sixth Assessment Report (AR6) was a stark warning that disastrous tipping points are nearing, and that urgent system-wide action is needed now if we are to have any chance of limiting warming to 1.5°C.

Environmental disclosure will have a huge part to play. Regulation on sustainability disclosure is a key driver of transparency and will help accelerate the transformation of capital markets and economies. It's a transformation that is urgently needed to combat the environmental crisis.

The adoption of the TCFD recommendations demonstrates a move towards more consistent reporting and collecting of climate-related information, which CDP has long pushed for. However, we believe that the TCFD recommendations are an important first step to wider and more advanced environmental disclosure that builds on financial and risk-based data and looks at impacts on people and planet – what CDP defines as 'high-quality mandatory disclosure'.

Here, we set out the five main elements of high-quality mandatory disclosure that policymakers must consider for regimes that would truly advance the environmental agenda and lead to real change that positively impacts people and planet.

And of course, CDP will continue to work closely with governments and regulators to support them in mandating and enforcing the highest possible standards of disclosure – putting our data, insights and expertise at their disposal, leveraging capital markets and policy.

Pietro Bertazzi
Global Director – Policy Engagement and External Affairs

THE GROWING WAVE OF MANDATORY ENVIRONMENTAL DISCLOSURE REGULATION

Why mandate disclosure?

Corporate disclosure of comparable and consistent environmental information is the foundation for transformative action. It can help accurately account for both risks and impacts of economic activities and in so doing, support the green transition. Such information helps stakeholders including investors, large buyers, policy actors, civil society and consumers make smarter decisions and increase their expectations of companies with respect to their environmental performance. This in turn compels companies to act.

To ensure a level playing field and transparency from all economic actors, disclosure should be mandatory. Mandatory environmental disclosure will provide investors with enough data to make decisions that support the ecological transition. Governments will also be able to design better policies that place them in line with the growing number of net-zero commitments, especially if supported by robust frameworks for audit and assurance, which in turn would increase certainty and reduce risk for companies and investors.

Mandating disclosure may also support the move towards a standardised set of data across different jurisdictions. This alignment is the objective of the work of the 'group of five' (CDP, CDSB, GRI, IIRC and SASB), global organisations whose frameworks, standards and platforms guide the majority of sustainability and integrated reporting. In September 2020, these organisations announced their shared vision of what is needed for progress towards a comprehensive, coherent corporate reporting system – and the intent to work together to achieve it[1]. They are currently in a dialogue with the IFRS, which is set to develop climate-related financial disclosure standards, based on the climate standard prototype they developed in December 2020. Against this backdrop, CDP aims to keep providing a global disclosure system that:

- Highlights the need to adopt a double materiality approach to disclosure, going beyond purely financial risks and addressing the impacts of economic activities on people and planet.
- Through its Forests and Water security questionnaires, shines a spotlight on environmental issues beyond climate. CDP will evolve to cover an even wider range of environmental issues, including biodiversity, oceans and land use.
- Caters for other major voluntary and regulatory disclosure frameworks. For example, CDP's questionnaires are fully mapped to the UN Sustainable Development Goals, and CDP is currently starting a project aimed at exploring the possibility of aligning its questionnaires to the major sustainable finance taxonomies.

1. Impact Management Project, (2020), 'Statement of intent to work together towards comprehensive corporate reporting'. https://impactmanagementproject.com/structured-network/statement-of-intent-to-work-together-towards-comprehensive-corporate-reporting/

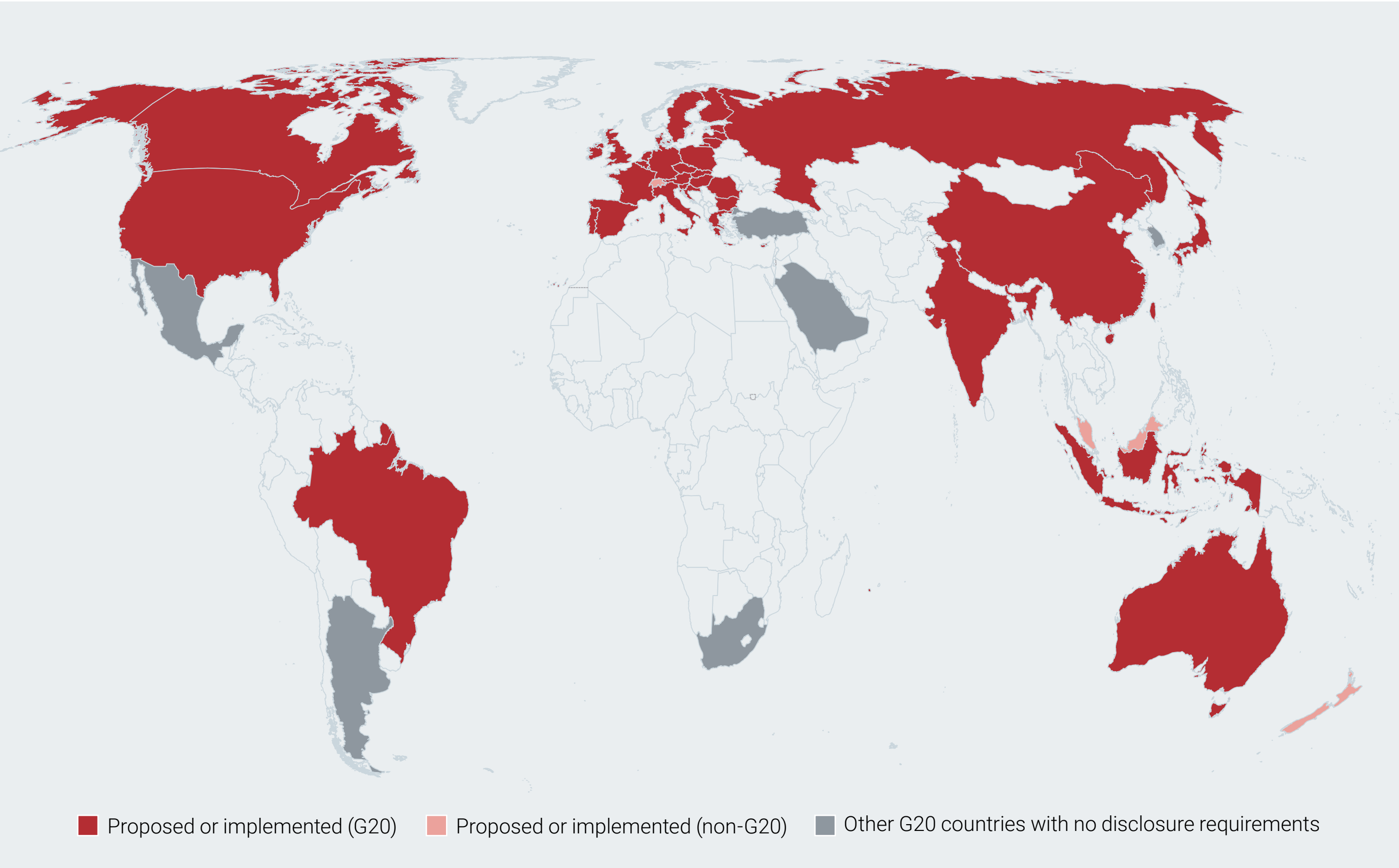
The state of mandatory TCFD-aligned disclosure around the world

Released in 2017, the recommendations of the TCFD have been extensively adopted by the private sector, becoming a widely accepted international reporting framework and the basis of a wave of voluntary and mandatory disclosure requirements that is currently expanding across several G20 countries and beyond[2].

At the 2021 Summit, the governments of the G7 countries (plus Australia, India, the Republic of Korea and South Africa) expressed their "support [for] moving towards mandatory climate-related financial disclosures that provide consistent and decision-useful information for market participants and which are based on the TCFD framework, in line with domestic regulatory frameworks[3]." This is expected to only increase the movement towards mandatory TCFD-aligned climate-related financial disclosure, especially considering that the G20 is also expected to take a stance on disclosures, as highlighted in the Communiqué issued after the July Finance Ministers and Central Bank Governors meeting[4].

While several jurisdictions are taking relevant steps (see Annex), there is still a lot of work to do for policymakers to align their proposals to the TCFD recommendations, and much more to be done to reach what CDP considers to be the high-quality mandatory disclosure needed to fully support the shift of financial flows towards the goals of the Paris Agreement and the 2030 Agenda on Sustainable Development[5].

TCFD-aligned mandatory disclosure around the world



2. Currently 78 countries are official supporters of TCFD. Find the list here.
3. G7, (2021) Carbis Bay G7 Summit Communiqué. https://www.g7uk.org/wp-content/uploads/2021/06/Carbis-Bay-G7-Summit-Communique-PDF-430KB-25-pages-1-1.pdf
4. Italian G20 Presidency, 'Third Finance Ministers and Central Bank Governors meeting – Communiqué 9-10 July 2021'. https://www.g20.org/wp-content/uploads/2021/07/Communique-Third-G20-FMCBG-meeting-9-10-July-2021.pdf
5. CDP, (2021) G7 2021: Are the new multilateral commitments on climate change sufficient to ensure the climate transition? https://www.cdp.net/en/articles/governments/g7-2021-are-the-new-multilateral-commitments-on-climate-change-sufficient-to-ensure-the-climate-transition

The current state of play

With its 'Roadmap to TCFD-aligned disclosures' published in 2020, the United Kingdom is ahead of the curve, being the first G20 country to announce and start the implementation of economy-wide mandatory disclosure requirements. The Department for Business, Energy and Industrial Strategy recently consulted on a proposed regulation connected to the Roadmap that presents new elements such as the integration of private companies in the scope of the reporting requirements. However, this is still lacking in many respects.

Significant shortfalls include not requiring disclosure against all the TCFD recommendations – specifically not requiring firms to produce scenario analysis or disclose Scope 3 emissions and adopting limited enforcement provisions. It remains to see if the final regulation will reconsider these gaps. As part of the implementation of the Roadmap, the Financial Conduct Authority (FCA) launched a consultation to extend its premier listing rules (already requiring TCFD-aligned disclosures, albeit on a comply-or-explain basis) to standard listed companies. In addition, a further proposal that the FCA is consulting on would extend TCFD-aligned disclosures to asset managers, life insurers and regulated pension providers.

With regard to other jurisdictions, it is still early to decide which are on the best track.

The **European Union** recently announced its proposal for a Corporate Sustainability Reporting Directive (CSRD), which revises the existing Non-Financial Reporting Directive (until now one of the most ambitious mandatory ESG reporting regulations). The new directive is currently at the proposal stage and presents several elements that sets it apart from other existing and proposed legislations. For example, it is expected that its scope, initially limited to "large undertakings" (similarly to the NFRD), will be expanded to small and medium-sized undertakings from 1 January 2026. Small undertakings will also benefit from simplified reporting, to reflect their limited information-gathering capabilities compared to larger ones.

The proposed regulation strongly embraces the concept of double materiality and introduces new requirements on undertakings to provide information about their strategy, targets, the role of the board and management, the principal adverse impacts connected to the undertaking and its value chain, intangibles, and how undertakings have identified the information that they report. Although TCFD is mentioned in the recital, the Directive is not explicitly aligned to it. Undertakings are required to disclose information on five reporting areas (business model; policies; the outcome of those policies; risks and risk management; and key performance indicators relevant to the business). It is easy to see how these areas can be aligned with the Recommendations, but the TCFD should be a foundation for regulation, rather than a ceiling so that reporting can continue to evolve.

Switzerland recently adopted a similar approach to materiality. In August 2021, the Federal Council instructed the Federal Department of Finance (FDF), together with other federal units, to prepare a consultation draft by Summer 2022. This should include, in addition to the financial risk that a company incurs as a result of climate-related activities, the impact of the company's business activities on the climate and the environment. The requirements will extend to public companies, banks and insurance companies with 500 or more employees, more than CHF 20 million in total assets or more than CHF 40 million in turnover.

Hong Kong's decision to develop a two-tiered system that will require enhanced disclosures from larger fund managers may be considered a useful practice in the early days but should be reviewed within a relatively short timeframe (two–three years) once the market has had the chance to develop.

Initiatives are in place in other jurisdictions too, such as **Brazil**, **Japan**, and **Switzerland**, all linked to the TCFD recommendations. On the other hand, **India**'s Securities and Exchange Board (SEBI) recently issued a circular notifying of new disclosure requirements on sustainability-related disclosure for the top 1,000 listed companies by market cap by FY23. The circular refers to the TCFD by specifying that "listed entities already preparing and disclosing sustainability reports based on internationally accepted reporting frameworks (such as GRI, SASB, TCFD or Integrated Reporting) may cross-reference the disclosures made under such framework to the disclosures sought under the Business Responsibility and Sustainability Reporting circular (BRSR)".

At the same time, several other jurisdictions are still adopting voluntary disclosure regimes. Mainland **China** issued voluntary green investment guidelines in 2018. There has been discussion in the country about the possibility of introducing mandatory disclosure. As late as last June, Yi Gang, Governor of the People's Bank of China (PBOC), stated that the Bank "plans to implement mandatory disclosures of climate-related information, spur China's main domestic commercial banks in the disclosure of carbon information, and subsequently spur related disclosure activities by domestic listed companies".

Singapore also issued proposed guidelines in June 2020 to encourage funds to manage climate risks based on international frameworks such as the TCFD. Recently, the Bank of **Russia** launched a series of recommendations, partly based on the TCFD, encouraging joint-stock companies to disclose information about how they take into account factors related to their impacts on the environment, the social sphere and corporate governance (the ESG factors), as well as how they implement these factors into their business model and development strategy.

Upcoming trends in TCFD-aligned disclosure

Given the wide range of jurisdictions in which various degrees of TCFD-aligned disclosure are being implemented, and the fact that the trend is still relatively recent, it is currently too early to identify well-developed best practices. Nonetheless, some points of convergence and encouraging signs are starting to emerge.

First, there is a general recognition that the scope of these regulations should not be limited to public companies and the largest undertakings (be it by market size or number of employees), but rather extended to wider parts of the economy, including private companies and, in some cases, small and medium enterprises.

Second, the type and scope of requirements can vary depending on the size of the companies. Generally, smaller companies or financial institutions tend to be the object of reduced reporting requirements. In other cases, large enterprises may be subject to more stringent ones. For example, the Hong Kong provisions require fund managers with more than over HK$4 billion to provide additional disclosures, such as scenario analysis and weighted average carbon intensity at a fund level. On the contrary, as highlighted above, the new CSRD has simplified requirements for smaller undertakings, which will also enter into force at a later time. This staggering of requirements can be seen as a positive way of ensuring that smaller undertakings have the chance to acquire the necessary skills and technology, and should be encouraged, given that strict and clear deadlines are provided for the expansion of the disclosure requirements.

Lastly, it is clear that the momentum towards mandatory environmental disclosure is growing, and that the TCFD will be the reference for most of these upcoming regulations. It is therefore important for the TCFD itself to work on updating its recommendations, and for stakeholders to engage with this process. This is already happening, with recent consultations on forward-looking information and metrics and data.

CDP'S RECOMMENDATIONS FOR HIGH-QUALITY MANDATORY ENVIRONMENTAL DISCLOSURE

The developments of TCFD-aligned disclosure are welcome but governments and companies should build on the TCFD's focus on climate-related financial risks with policies that also incorporate risks to people and planet. Without this broader focus, governments risk overlooking another series of other connected issues such as forests and water security, together with the impacts of economic activities on people and planet.

In order to support the shift of financial flows towards the goals of the Paris Agreement and the 2030 Agenda for Sustainable Development, high-quality mandatory disclosure regimes should be focused on a set of principles that ensure consistency in regulation, together with the high quality of the information provided. This would help companies better manage their risks and impacts, financial institutions access better information on their potential investments, and policymakers design better policies. To make this happen, CDP has identified a set of five main principles that should be applied to mandatory disclosure regimes.

1. **Aim at environmental integrity, addressing sustainability-related financial disclosures as well as impact on people and planet, with an holistic environmental approach.**

   The policy should be designed to advance the environmental agenda and to lead to real change that positively impacts people and planet. It is not possible to tackle climate without a holistic approach to the environment. The TCFD recommendations' provide a good starting point for evaluating climate-related financial risks but the low-carbon transition requires a broader focus. Further data is needed, on a much wider range of environmental topics and with a view towards incorporating impacts on people and planet.

2. **Ensure compatibility of disclosure standards required or recommended.**

   If not based on, the policy needs to be aligned with existing internationally agreed standards. If national standards are developed, they need to be compatible with international standards. Policymakers should rely on existing standards and reporting practices, enter into dialogue with other jurisdictions to agree on a common baseline and raise ambition at the national level with their own requirements to align with their Paris Agreement commitments and 2030 SDG targets.

3. **Provide an enforcement system.**

   The policy implementation should be monitored by the relevant government authority, and effective measures for non-compliance should be in place. First and foremost, it is essential for policymakers to ensure that climate change is treated as intrinsically material at the company level and highlight that non-disclosure is not permitted under any circumstance. In addition, enforcement agencies' mandates should include environmental issues. These agencies should strive to build internal expertise in the specific topics covered by regulatory requirements, also by collaborating with external actors with a focus on environmental issues.

4. **Adhere to technical quality and content of the reporting process.**

   To meet this criterion, reporting should not only focus on risks but also strategy, impact, sector focus, comparability of disclosures, reliability, and accuracy. It should require forward-looking information to support the low-carbon transition. Companies should be required to fully integrate environmental factors at board level, both in terms of board composition and executive compensation. This would provide companies with the expertise at the top level to push for the development and disclosure of climate transition plans. These plans should include short-, medium- and long-term targets to ensure a response to climate change with the required urgency and scale. They should also include robust, quantitative and accredited science-based targets outlining how companies will transition to the 1.5°C-aligned business model, and shareholders should be given the opportunity to vote on them at companies' AGMs.

5. **Allow space for innovation and more mature disclosure.**

   The regulation should not form a ceiling and create a tick box exercise but serve as a floor/minimum requirement that stimulates even more ambitious, broader, and deeper disclosure and action. As other regulatory and policy regimes continue to develop, other frameworks, such as the Taskforce on Nature-related Financial Disclosures (TNFD) can guide the expansion into other areas and further create a pathway into corporate reporting. CDP has been at the forefront of this movement, leveraging its fully TCFD-aligned questionnaire to build upon the TCFD recommendations, both in terms of scope (beyond climate, into forests and water and soon even further), and of kind of data gathered (focusing on impacts in addition to risks and opportunities).

TCFD & CDP

Introduction to the TCFD

The Task Force on Climate-related Financial Disclosure (TCFD) was established in 2015 by G20 Finance Ministers and Central Bank Governors within the Financial Stability Board (FSB), and originally chaired by Mark Carney, then Governor of the Bank of England. The FSB tasked the TCFD with designing a set of recommendations for consistent "disclosures that will help financial market participants understand their climate-related risks", with the goal to answer concerns about the financial stability ramifications of climate change resulting from the potential mispricing of assets and misallocation of capital.

The 11 TCFD recommendations are structured around four thematic areas:

GOVERNANCE	Disclose the organization's governance around climate-related risks and opportunities.
STRATEGY	Disclose the actual and potential impacts of climate-related risks and opportunities in the organization's businesses and strategic and financial planning, where such information is material.
RISK MANAGEMENT	Disclose how the organization identifies, assesses, and manages 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. Each recommendation is further divided into two to three supporting recommended disclosures.

CDP alignment with TCFD

CDP's climate change questionnaire is aligned with the TCFD recommendations. CDP provides the global platform for disclosing entities to collect and organize data and provides it in a structured form to the market. The data disclosed through the CDP platform provides the investment community with high quality, consistent, comparable, TCFD-aligned data at scale.

CDP's 2021 climate change questionnaire contains over 25 TCFD-aligned questions, which form the basis of the analysis above. These questions are contained within the Governance, Risks & Opportunities, Strategy, Targets and Emissions modules.

CDP's disclosure platform can also support corporates in discharging their reporting obligations, for example in those jurisdictions highlighted in this report where TCFD-aligned reporting is (or will soon be) mandatory.

We are also ready to support regulators in monitoring compliance through our Governmental Partnerships programme.

For those jurisdictions where disclosure requirements are not directly aligned to TCFD, CDP's reporting platform can still provide the necessary information. CDP will soon publish a paper on the alignment of our questionnaires to the India BRSR requirements, and we are working with Chinese regulators (MEE and CSRC) to map out our disclosure system against the upcoming regulations in the country.

Additionally, CDP is currently undertaking projects to align its questionnaires to other regulations, such as the EU Taxonomy and the Sustainable Finance Disclosures Regulation. As more of these requirements develop in the future, we will be working to support corporates and regulators in ensuring compliance.

For an overview of to what extent companies in different jurisdictions are already reporting in line with the TCFD Recommendations, see the CDP disclosure and the TCFD recommendations page.

Water security and deforestation are a step beyond the climate-focused remit of the TCFD. Nevertheless, since 2018 CDP's water security and deforestation questionnaires have been inspired by the TCFD recommendations and organized in a similar structure, covering topics such as Governance, Strategy, Metrics and Targets. This helps companies to organize their environmental management according to similar principles of good practice and will prepare them for increasing environmental disclosure demands.

TABLE:
TCFD-ALIGNED MANDATORY DISCLOSURE AROUND THE WORLD

Mandatory frameworks

Country	Name	Description	Disclosure Requirement	Targeted Stakeholders	Supervision & Enforcement	Implementing Agency	Status	Comments
BRAZIL	1) Amendments to BACEN nº 4557 (2017); 2) Amendments to BACEN nº 4606 (2017); 3) New BACEN: nº TBD. BACEN 4327 will be revoked.	Improvement of rules on risk management (ESG and climate risks), and social, environmental & climate responsibility applicable to financial institutions. Disclosures will be aligned with TCFD recommendations.	Mandated	All financial institutions licensed by BC (including commercial banks, multiple banks, investment banks, savings banks).	Central Bank of Brazil (BC/ Bacen)	Central Bank of Brazil (BC/ Bacen)	Under revision, not in force. Mandatory disclosure of qualitative information from 2022.	Consultation responses currently under assessment. Institutions that use indicators in climate risks management will be able to opt for quantitative disclosure in the first phase. Requirements are also differentiated, depending on the size of the institution.
EUROPEAN UNION	Corporate Sustainability Reporting Directive CSRD	European Commission proposal to amend the former Non-Financial Reporting Directive, NFRD. TCFD is mentioned in the recitals and will be used as a benchmark upon which the EU intends to build its own reporting standards.	Mandated	Large and listed companies (incl. listed SMEs), by 2023. Voluntary and proportional reporting for SMEs, by 2026. EU subsidiaries of non-EU companies, as well as any non-EU company with transferable securities listed on an EU-regulated market, are covered by the reporting requirements set out in the proposal.	European Securities and Markets Authority (ESMA)	Member State National Competent Authorities (NCAs)	European Commission proposal.	Next steps: European Parliament and Council scrutiny. No timeline currently available on approval by either institution.
HONG KONG	Strategic Plan to Strengthen Hong Kong's Financial Ecosystem to Support a Greener and More Sustainable Future	Plans to enhance climate-related disclosures of financial institutions including banks, asset managers, insurance companies and pension trustees, and increase the coverage of mandatory disclosure as soon as practicable. Disclosure will be based on TCFD.	Mandated	All fund managers, additional requirements for large fund managers (with assets under management of over HK$4 billion).	Green and Sustainable Finance Cross-Agency Steering Group	Unclear	In implementation (reporting to start no later than 2025).	Most listed companies are already subject to mandatory climate-related disclosure obligations. The Steering Group confirmed it will broaden the scope of those obligations to a wider number of businesses by 2025 in addition to implementing enhanced disclosure requirements for financial institutions.
INDIA	Circular on Business Sustainability and Responsibility from Reporting by Listed Entities	Reporting requirements on a series of ESG issues, including material risks and opportunities, and goals and targets.	Voluntary for FY 2021 –22 Mandatory from FY 2022 –23	Top 1,000 listed entities (by market capitalization).	Securities and Exchange Board of India	Securities and Exchange Board of India	Adopted	Listed entities already preparing and disclosing sustainability reports based on internationally accepted reporting frameworks (such as GRI, SASB, TCFD or Integrated Reporting) may cross-reference the disclosures made under such framework to the disclosures sought under the BRSR.
JAPAN	Revisions of Japan's Corporate Governance Code and Guidelines for Investor and Company Engagement	From 2022, companies listed on the Prime Market should collect and analyze climate-related risks & opportunities and enhance the quality & quantity of disclosure based on the TCFD.	Mandated (Comply or Explain)	Listed companies on the Prime Market, which will be newly introduced in a market segmentation in TSE in April 2022.	Financial Services Agency	Tokyo Stock Exchange	Call for Public Comments (as of May 2021), implementation planned for 2022.	Currently there are discussions about the approach to materiality (single vs double).
NEW ZEALAND	Climate-related Financial Disclosure	The government is introducing mandatory climate risk reporting for financial institutions in line with the TCFD recommendations.	Mandated (Comply or Explain)	Banks and institutional investors (including Crown financial institutions) with more than $NZ1 billion in assets; insurers with $NZ1 billion in assets or annual premium income of more than $NZ250 million; all equity and debt issuers listed on the NZX.	Financial Markets Authority	Ministry for the Environment & Ministry of Business, Innovation & Employment	In implementation (reading in parliament). Reporting expected to start in 2023.	The External Reporting Board will develop, consult on and issue new reporting standards and implementation guidance material to assist businesses required to disclose.
SWITZERLAND	Binding implementation of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)	The Swiss Federal Council tasked the Federal Department of Finance to prepare a consultation on mandatory TCFD disclosures by summer 2022.	Mandated	Public companies, banks and insurance companies with 500 or more employees, more than CHF 20 million in total assets or more than CHF 40 million in turnover.	Unclear	Federal Department of Finance	From 2024 for the 2023 financial year.	In addition to financial risks and opportunities, companies should also disclose the impact of their business activities on the climate and the environment.

Country	Name	Description	Disclosure Requirement	Targeted Stakeholders	Supervision & Enforcement	Implementing Agency	Status	Comments
UNITED KINGDOM	A roadmap towards mandatory TCFD-aligned disclosure	The roadmap sets out an indicative path towards mandatory climate-related disclosures across the UK economy by 2025, aligned with the TCFD recommendations.	Mandated (Comply or Explain)	Listed commercial companies; UK-registered large private companies; banks and building societies; insurance companies; asset managers; life insurers and FCA-regulated pension schemes; occupational pension schemes.	HM Treasury	The Treasury oversees the roadmap, implementation is led by various authorities including BEIS, DWP and the FCA.	In implementation.	The Government will provide an update on progress in the 2022 refresh of the Green Finance Strategy.
	Pension Scheme Bill Amendment	The bill, which received Royal Ascent in February 2021 and becomes the Pension Schemes Act introduces a range of provisions, including new climate risk-related governance and TCFD-aligned reporting requirements for pension schemes.	Mandated	Pension scheme trustees; employers; advisors; entities involved in corporate rescues and restructurings (in relation to DB scheme).	The Pensions Regulator (TPR)	Department for Work and Pensions (DWP)	Currently consulted, reporting to start through phased rollout from 2022.	
	Proposal to enhance climate-related disclosures by listed issuers and clarification of existing disclosure obligations	The proposal introduced new rules in 2020 for premium-listed companies to state whether they comply with TCFD-aligned disclosure and explain non-compliance.	Mandated (Comply or Explain)	Premium-listed companies.	Financial Conduct Authority (FCA)	Financial Conduct Authority (FCA)	Implemented, reporting started in 2021.	
	Consultation on Mandatory Climate-Related Financial Disclosures by Publicly Quoted Companies, Large Companies and LLPs	March 2021 proposals build on the expectation in the Green Finance Strategy – all listed companies and large asset owners disclose in line with the TCFD recommendations by 2022 and UK's intention to become the first G20 country mandating TCFD-aligned disclosure economy-wide.	Mandated	All UK companies required to produce a non-financial information statement w/500+ employees and transferable securities admitted to trading on UK regulated market, banking companies or insurance companies. UK registered companies with securities admitted to AIM w/500+ employees. UK registered companies not included in the categories above w/ 500+ employees and £500m+ annual turnover. LLPs w/ 500+ employees and £500m+ turnover.	Ministry	Department for Business, Energy and Industrial Strategy (BEIS)	Proposed	Consultation responses currently under assessment.
	CP 21/18 : Enhancing climate-related disclosures by standard listed companies & seeking views on ESG topics in capital markets. CP21/17 : Enhancing climate-related disclosures by asset managers, life insurers & FCA-regulated pension providers.	These introduce new rules for standard listed companies, asset managers, life insurers and FCA-regulated pension schemes to state whether they comply with TCFD-aligned disclosure or explain non-compliance.	Mandated (Comply or Explain)	Issuers of standard listed equity shares (excluding standard listed investment entities and shell companies) and may also impact issuers of other listed securities other than equity shares, issuers of standard listed debt (and debt-like) securities and issuers of standard listed global depositary receipts (GDRs). Some of the proposals may impact premium-listed commercial companies who are already in-scope. Entity-level and product/portfolio level disclosures of: Asset Managers (>£5bn in AuM): - Portfolio Managers. - UK UCITS Management Company. - Full-scope UK AIFM. - Small authorised UK AIFM. Asset Owners (>£5bn in AuM): - Life insurers (and pure reinsurers) in relation to insurance-based investment products and DC pension products (unit-linked and with-profits). - Non-insurer FCA-regulated pension providers, including platform firms and SIPP operators.	FCA	FCA	Proposed	CDP is currently in the process of responding to these consultations.

Voluntary frameworks

Country	Name	Description	Disclosure Requirement	Targeted Stakeholders	Supervision & Enforcement	Implementing Agency	Status	Comments
CANADA	Large Employer Emergency Financing Facility	The Canadian government made climate related financial-reporting a requirement for large companies to access COVID-19 emergency loans under its Large Employer Emergency Financing Facility (LEEFF) which provides short-term liquidity assistance. TCFD-aligned reporting is recommended.	Recommended	Large Canadian employers (excl. finance sector) with significant operations or support a significant workforce in Canada; annual revenues of approximately CAN$300 million or more; and who seek a loan of > CAN$60 million.	CDEV (Canada Development Investment Corporation)	CDEV (Canada Development Investment Corporation), in cooperation with Innovation, Science and Economic Development Canada (ISED) and the Department of Finance.	"Implemented since May 2020	Canada's Expert Panel on Sustainable Finance key recommendations included defining and pursuing a Canadian approach to implementing the TCFD recommendations, and embedding climate-related risk into monitoring, regulation and supervision of Canada's financial system.
AUSTRALIA	Consultation on draft Prudential Practice Guide (PPG) on Climate Change Financial Risk	The draft Prudential Practice Guide CPG 229 Climate Change Financial Risks (CPG 229) is designed to assist APRA-regulated entities in managing climate-related risks and opportunities as part of their existing risk management and governance frameworks. References the TCFD as "sound basis".	Recommended	APRA-regulated entities.	Australian Prudential Regulation Authority (APRA)	Australian Prudential Regulation Authority (APRA)	Call for public consultation by July 31, 2021	The PPG does not create new requirements or obligations and is designed to be flexible in allowing each institution to adopt an approach that is appropriate for its size, customer base and business strategy.
MALAYSIA	Joint statement by Bank Negara Malaysia and Securities Commission Malaysia: Towards Greening the Financial Sector	The statement expresses support for the voluntary implementation of climate-related disclosures that are aligned with TCFD recommendations.	Recommended	All financial institutions.	Bank Negara Malaysia and Security Commissions Malaysia	Bank Negara Malaysia and Security Commissions Malaysia	Implemented	Activities include working with the industry to contextualise the recommendations to the Malaysian economy and financial system, and develop practical resources to help firms that interact with financial institutions improve their disclosures.
RUSSIA	Recommendations on disclosure by public joint stock companies of non-financial	Public companies are encouraged to disclose information about how they take into account factors related to the impact on the environment, the social sphere and corporate governance (the ESG factors), as well as how they implement these factors into their business model and development strategy. The recommendations have been developed based on TCFD.	Recommended	Listed companies.	Bank of Russia	Bank of Russia	Implemented	Companies are invited to independently determine the scope and format of disclosure, depending on the nature and scale of their business.
SINGAPORE	Guidelines on Environmental Risk for Banks for asset managers and for insurers	Bank, asset managers and insurers' disclosure should be in accordance with well-regarded international reporting frameworks, such as recommendations by the TCFD.	Recommended	Banks, Asset Managers, and Insurers	Monetary Authority of Singapore (MAS)	Monetary Authority of Singapore (MAS)	Implemented	There is no regulation-related mandatory disclosure, however MAS is encouraging disclosure and provides guidance.
UNITED STATES	Executive Order on climate-related financial risks	The executive order directs the US Treasury to work with the US Financial Stability Oversight Council (FSOC) on climate-related reporting requirements.	Recommended	Public companies and financial institutions			Under consideration	Policy of the current Administration to advance consistent, clear, intelligible, comparable, and accurate disclosure of climate-related financial risk. Does not directly refer to TCFD but Treasury Secretary Yellen identified the recommendations as "a solid framework for climate disclosures[,]" which may signal the future influence of the standard on the Administration's approach.
	Consultation by US Securities and Exchange Commission	This consultation proposes a requirement to evaluate SEC disclosure rules with an eye toward facilitating the disclosure of consistent, comparable, and reliable information on climate change. Includes a reference to TCFD.	Recommended	Publicly listed companies	Securities and Exchange Commission	Securities and Exchange Commission	Under consultation	References TCFD as one of the main reporting frameworks, requesting comments about requiring reporting aligned to it.

For more information please contact:

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About CDP
CDP is a global non-profit that drives companies and governments to reduce their greenhouse gas emissions, safeguard water resources and protect forests. Voted number one climate research provider by investors and working with institutional investors with assets of over US$106 trillion, we leverage investor and buyer power to motivate companies to disclose and manage their environmental impacts. Over 9,600 companies with over 50% of global market capitalization disclosed environmental data through CDP in 2020. This is in addition to the hundreds of cities, states and regions who disclosed, making CDP's platform one of the richest sources of information globally on how companies and governments are driving environmental change. CDP is a founding member of the We Mean Business Coalition.

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