

JUNE 29, 2017

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

Authors: [Sarah V. Powell](#), [Alexandria J. Pike](#) and Diana R. Lyrantzis

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.

Key Contacts: [Sarah V. Powell](#) and [Alexandria J. Pike](#)

This information and comments herein are for the general information of the reader and are not intended as advice or opinions to be relied upon in relation to any particular circumstances. For particular applications of the law to specific situations the reader should seek professional advice.