

Scorecard

TCFD Re- commendations

About TCFD

COVERAGE OF COMPANIES

Global

LAUNCH DATE

2017

FOCUS

Climate-related financial disclosures

LINK:

<https://www.fsb-tcf.org/recommendations/>

TCFD Recommendations Score

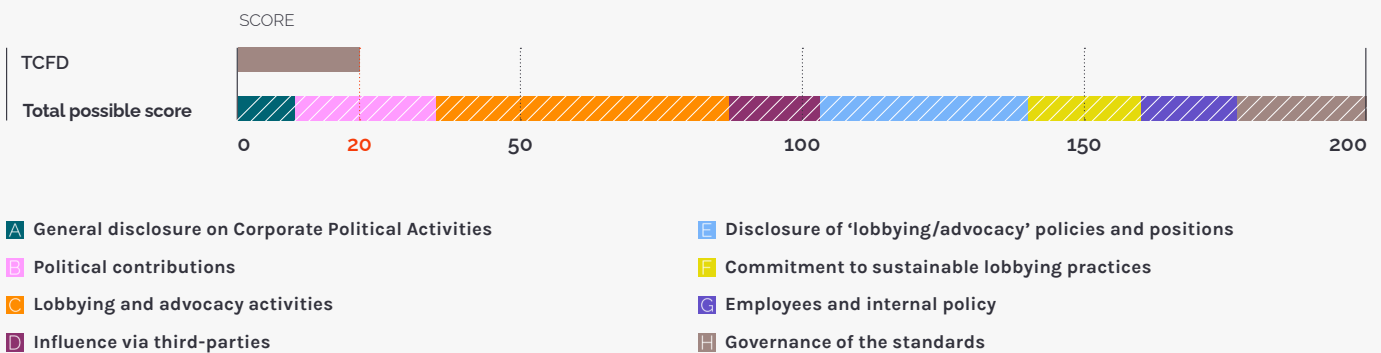
Tracker Rank and Score for TCFD

The score is out of a total of 200 and the rank describes the standards position in the 26 standards assessed by the Tracker.



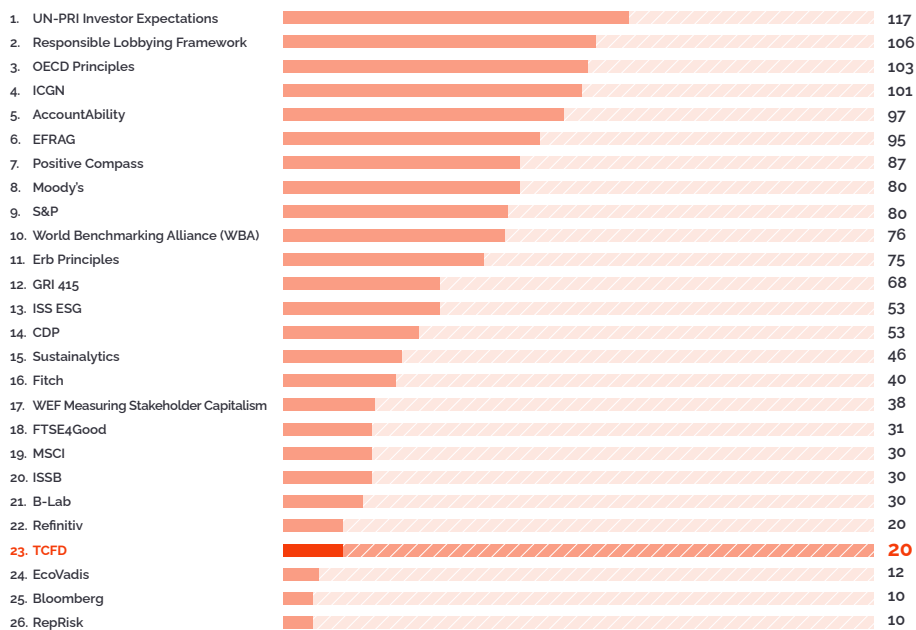
Rank 23 /26

Category scores of TCFD



*Categories where the standard received no points do not appear in the colour-coded graph

Rank and scores for all standards



Description

The Task Force on Climate-related Financial Disclosures (TCFD) was convened by the Financial Stability Board to produce a common global framework for companies wishing to report how climate change will affect their business. The TCFD has significant global support and has formed the basis of the International Sustainability Standards Board (ISSB)'s proposed standards on climate risk disclosures.¹ In 2017, the TCFD released its first climate-related financial disclosure recommendations designed to help companies provide better information to support informed capital allocation. The disclosure recommendations are structured around four thematic areas that represent core elements of how companies operate: governance, strategy, risk management, and metrics and targets. Corporate political activities and associated lobbying conduct are not a core part of the recommendations. The Recommendations have been subsumed into new ISSB standards but are included in the Tracker to indicate the development of global reporting standards linked to climate and associated lobbying conduct expectations.

Summary

The TCFD Recommendations receive a Tracker score of 20 out of a possible total of 200. This is due to the framework's limited interest in corporate conduct and focus on the report of climate risk information by firms. The governance section of the Recommendations includes assessment of board oversight of climate risks and opportunities and management involvement in assessing and managing the same. Corporate political activities and other lobbying activities linked to the assessment and management of climate risks and opportunities are not mentioned in the Recommendations. The TCFD Recommendations only receive points in Tracker Category H 'Governance of the standards' as they provided ample opportunity for stakeholder input and had a formal governance process for the development of the Recommendations.

Opportunities for improvement

The TCFD Recommendations and their global adoption by companies, market regulators and accounting standards bodies, including the ISSB, indicate their effectiveness in establishing a new corporate reporting norm. Given the impact of corporate political activities on the climate, as well as on corporate performance over time, it would have been useful for the TCFD members to incorporate these issues into their framework. As the TCFD Recommendations continue to evolve now that they are absorbed into the ISSB, there should be new opportunities to enhance the standards on corporate climate risk disclosure to cover areas highlighted in each of the 8 Tracker categories.

Endnotes

- ¹ ['ISSB issues inaugural global sustainability disclosure standards' \(26.06.2023\):
https://www.ifrs.org/news-and-events/news/2023/06/issb-issues-ifrs-s1-ifrs-s2/#](https://www.ifrs.org/news-and-events/news/2023/06/issb-issues-ifrs-s1-ifrs-s2/#)

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