



UNIVERSITY OF  
**CAMBRIDGE**  
INSTITUTE FOR  
SUSTAINABILITY LEADERSHIP

Centre for  
**Sustainable  
Finance**

# Sailing from different harbours

G20 approaches to implementing the  
recommendations of the Task Force on  
Climate-related Financial Disclosures

## Cambridge Centre for Sustainable Finance

The Cambridge Centre for Sustainable Finance is a multi-disciplinary research hub on financial market reform to help governments, financial institutions and businesses build a sustainable financial system.

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Through these platforms, CISL works with leaders of over 50 financial institutions from across five continents. The combination of the Centre's highcalibre research, deep industry engagement and exceptional educational programmes is unusual, if not unique, in the world of sustainable finance.

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For 800 years, the University of Cambridge has fostered leadership, ideas and innovations that have benefited and transformed societies. The University now has a critical role to play to help the world respond to a singular challenge: how to provide for as many as nine billion people by 2050 within a finite envelope of land, water and natural resources, whilst adapting to a warmer, less-predictable climate.

The University of Cambridge Institute for Sustainability Leadership (CISL) empowers business and policy leaders to make the necessary adjustments to their organisations, industries and economic systems in light of this challenge.

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# Introduction and methodology

**This analysis reviews the progress made by the national regulatory agencies of G20 members in making the recommendations relevant to their national contexts. It considers actions taken by the national (and international in the case of the EU) regulatory authorities in underlining the relevance, and taking steps towards potential implementation, of the TCFD recommendations.**

The establishment of the industry-led Task Force on Climate-related Financial Disclosures (TCFD) was prompted by the G20's Financial Stability Board in 2015. It was set up by the Bank of England governor & the Financial Stability Board chair Mark Carney and chaired by Michael Bloomberg. It was done so based on the recognition that climate risks are financial risks and that financial markets lack information about their exposure to such risks of sufficient quality and quantity to ensure appropriate allocation of capital. The Task Force was convened in order to develop voluntary recommendations to guide consistent and useful climate-related disclosures. The Task Force released its final recommendations on 29 June 2017. The TCFD suggested that organisations disclose climate-relevant financial information in their mainstream annual filings according to national disclosure requirements. It structured its recommendations around four areas: governance, strategy, risk management and metrics and targets. Further, it recommended that the disclosures include forward-looking climate-related scenario analyses.

In this context, CISL, through its Centre for Sustainable Finance, has conducted this comparative analysis on the various approaches that the G20 members are taking towards TCFD implementation. CISL's sustainable finance expertise has been recognised through its appointment to various government advisory positions at both international, e.g. G20 (CISL, 2016; G20 GFSG, 2017) and European Commission (European Commission, 2016), and national, e.g. UK (Green Finance Taskforce, 2017), China, Mexico, South Africa, levels. This kind of comparative analysis of market practices is a key part of CISL's role in developing customised capacity building and advisory support

for sustainability leadership. The audience for this research is twofold: (i) multinational firms (financial and non-financial) operating in different jurisdictions and needing to understand the evolving regulatory contexts in which they operate; and (ii) national regulatory authorities who may benefit from understanding what their counterparts are doing to inform their journey towards TCFD implementation.

This analysis reviews the progress made by the national regulatory agencies of G20 members in making the recommendations relevant to their national contexts. It considers actions taken by the national (and international in the case of the EU) regulatory authorities in underlining the relevance, and taking steps towards potential implementation, of the TCFD recommendations. The analysis is based on a desktop review of TCFD-compliant initiatives across the G20 member states, which had been made public before 30 April 2018. The review was followed by stakeholder engagement with key contacts in these states to check whether our analysis reflects all the relevant TCFD-compliant initiatives in their countries. The scope of the review includes actions taken by the national regulatory authorities as well as listing regulations (as they are a requirement for any listed entity). The review has considered voluntary recommendations provided by industry associations and existing reporting schemes to be out of the scope of this overview. In certain circumstances (for example Article 173 in France), the review has considered existing regulations to be in scope if they closely align with the TCFD recommendations. By default, this means that most of the actions within the review would have taken place in 2017 and 2018.

Table 1. Scope of the review

Regulations	In/out of scope
National authority regulations	In
Listing regulations	In
Industry association recommendations	Out
Existing disclosure regulations, which closely align with TCFD	In
Existing disclosure regulations, which do not closely align with TCFD	Out

Based on the primary review and stakeholder engagement, our analysis has identified five stages through which G20 governments and their agencies are progressing in showing leadership on TCFD implementation. These are: (i) no formal engagement with TCFD; (ii) political and regulatory engagement; (iii) formal engagement with private sector; (iv) publication of guidelines/action plans by national authorities; and (v) encoding into law. The *'No formal engagement with TCFD'* category encompasses G20 members, which, while they may have other environmental risk disclosure guidelines in place, have not engaged with TCFD recommendations specifically to date. The *'Political and regulatory engagement'* category includes G20 members where national authorities have made public statements welcoming the TCFD process and noting the financial materiality of climate risks. It also encompasses parliamentary discussions on climate-relevant financial disclosure. The *'Formal engagement with private sector'* category includes actions taken by national authorities such as setting up expert groups and task forces, part of whose mandate is to consider environmental risk disclosure. The *'Publication of guidelines by national authorities'* category reflects

circumstances where guidelines have been released by the national regulatory authorities but implementation has not been made mandatory. Publication of action plans also fits into this category. Finally, the *'Encoding into law'* category reflects the integration of the TCFD recommendations into mandatory disclosure requirements.

This analysis has not been the result of a lengthy research process, rather its aim was to provide a snapshot in time of the variety of approaches G20 members are taking to TCFD implementation. This means that while every attempt has been made to include the most relevant TCFD-compliant initiatives in every G20 member state, due to time and resource constraints it is inevitable that some might have been missed. These constraints also mean that this review is a high-level review of relevant regulatory actions, rather than an in-depth analysis of what those actions might mean. Future iterations of this research may address these limitations.

## About us

The University of Cambridge Institute for Sustainability Leadership (CISL) is a not-for-profit institute of the University of Cambridge, which has, for nearly 30 years, been a pioneer in helping leaders from across business and government to find solutions to critical global challenges. Since the global financial crisis of 2007–08, CISL has

been a recognised leader in sustainable finance. The Institute has long-term relationships with over 50 financial institutions from across five continents that are members of its business platforms and has delivered capacity-building programmes for financial institutions around the world.

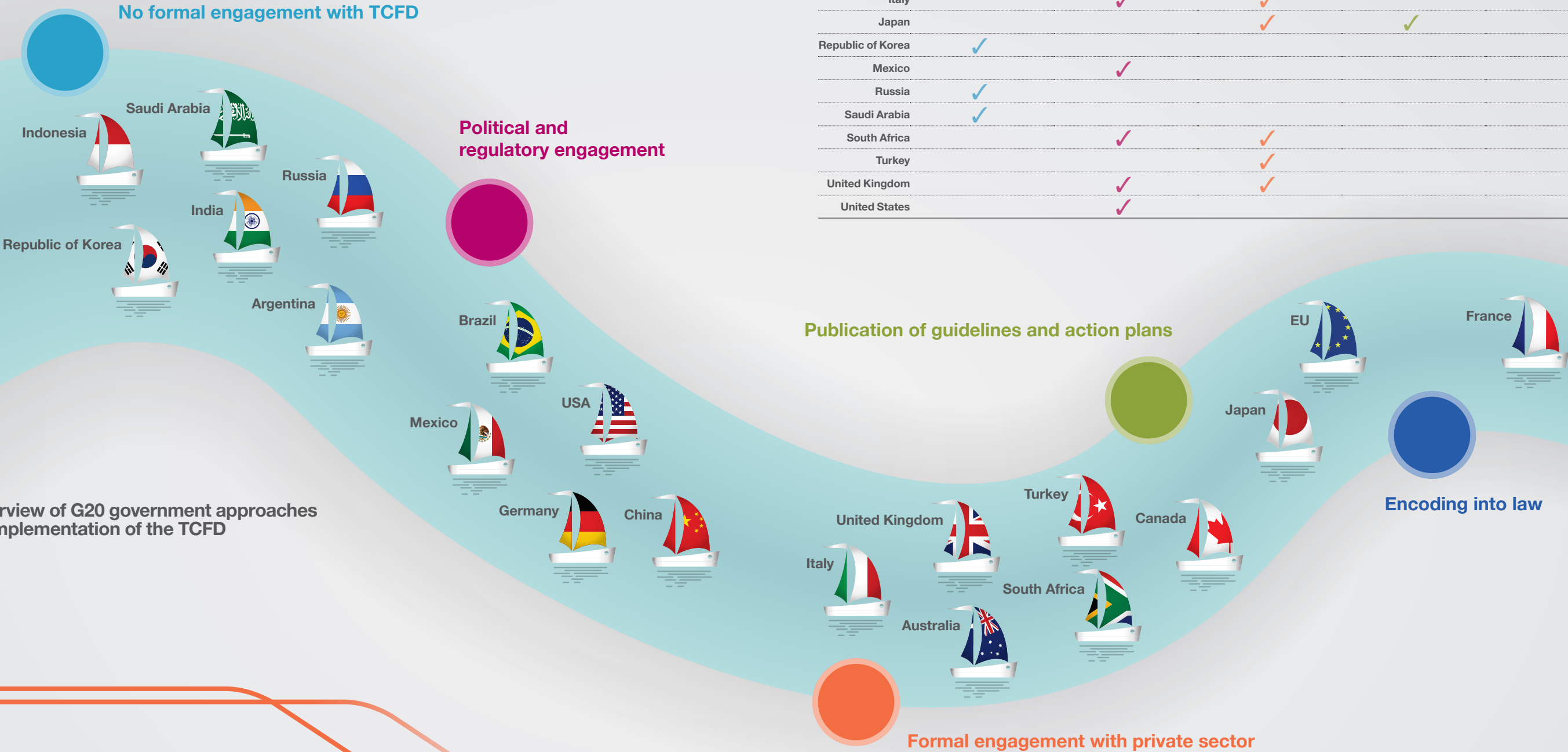


# Brief overview of findings

Approximately two thirds of G20 member states have engaged with the TCFD recommendations in some form. The majority of that engagement has taken the form of statements of support for the aims and recommendations of the Task Force. Australia, Canada, the EU, Italy, Japan, South Africa, Turkey and the United Kingdom have conducted (or are in the process of conducting) consultations with the private sector on sustainable finance generally and on disclosure

requirements as an important building block of sustainable finance more specifically. Based on these consultations, Japan has issued voluntary disclosure guidelines and the EU has put together a firm action plan on how to incorporate the recommendations into existing disclosure frameworks. Finally, although France's Article 173 was not enacted in response to the TCFD, it is broadly aligned with the TCFD requirements and provides a mandatory disclosure framework.

	No formal engagement with TCFD	Political and regulatory engagement	Formal engagement with private sector	Publication of guidelines and action plans	Encoding into law
Argentina	✓				
Australia		✓	✓		
Brazil		✓			
Canada		✓	✓		
China		✓			
EU		✓	✓	✓	
France		✓			✓
Germany		✓			
India	✓				
Indonesia	✓				
Italy		✓	✓		
Japan			✓	✓	
Republic of Korea	✓				
Mexico		✓			
Russia	✓				
Saudi Arabia	✓				
South Africa		✓	✓		
Turkey			✓		
United Kingdom		✓	✓		
United States		✓			



Overview of G20 government approaches to implementation of the TCFD

A decorative orange line graphic that starts as a solid line on the left, then curves downwards and to the right, ending as a dashed line.


## Conclusion

It is evident that most of the G20 national regulatory authorities are taking some action in order to make the TCFD recommendations relevant to their national contexts. However, as is reasonable to expect, given the TCFD recommendations were only published around one year ago in June 2017, the action that is being taken exists across a broad spectrum, ranging from early-stage engagement through to encoding into law. Different countries are also moving at different paces. This has important implications for multinational firms operating in different jurisdictions as well as for national regulatory authorities themselves.

Firstly, multinational firms operating in a number of G20 countries need to invest time and resources into understanding the evolving regulatory landscape so that they build their TCFD-compliant climate risk disclosure capacity across their global operations and manage the risk that regulatory or investor expectations leap ahead of their practices.

Secondly, given the scale of the disclosure challenge and the variety of approaches taken across the G20, knowledge sharing between national regulatory authorities could help build regulatory capacity, share learning as well as synchronise approaches to decrease the compliance burden for multinational firms.

Finally, there is a considerable amount of industry-led activity aimed at developing capacity and best practice for TCFD implementation taking place across the G20. This in turn holds potential to inform and create space for regulatory and political interventions. Investing in mechanisms to keep track of both evolving practice and policy approaches at a suitably granular level may be of wider benefit to all stakeholders – public and private alike.

A short, solid green horizontal line graphic at the bottom right of the page.

# Country summaries



## Argentina

From 2007, there has been a 'comply or explain' corporate governance mechanism put in place by the national securities regulator (Comision Nacional de Valores), which includes reporting on a company's risk management (OECD, 2007). In 2017, Argentina declared that in its G20 presidency it would build on the past G20

presidencies in supporting sustainable finance and furthering climate action. While these developments demonstrate some progress in supporting climate-related disclosure, we have not been able to find any evidence of specific TCFD-compliant initiatives.



## Australia

Australia has a number of existing corporate governance initiatives. In 2010, its Securities Exchange issued recommendations on disclosure and management of environmental and societal risks (SSE Initiative, 2018). Further, the Australian Prudential Regulation Authority has made supportive statements about TCFD implementation and entered into formal engagement with the private sector.

### Political and regulatory engagement

On 17 February 2017, the Australian Prudential Regulation Authority (APRA) warned that climate change carries a material risk to the financial system, and urged companies to start adapting. At the Insurance Council of Australia's Annual Forum, the Authority's executive board member Geoff Summerhayes said that: "While climate risks have been broadly recognised, they have often been seen as a future problem or a non-financial problem. [...] This is no longer the case. Some climate risks are distinctly 'financial' in nature. Many of these risks are foreseeable, material and actionable now" (Summerhayes, 2017).

In July 2017, the APRA, in a statement of the Sustainable Insurance Forum, defined climate change as one of the most serious challenges for the insurance sector and the wider financial system, and called for the implementation of TCFD recommendations (SIF, 2017).

In November 2017, the Council of Financial Regulators (CFR), which comprises the Treasury, Reserve Bank of Australia, the Australian Prudential Regulation Authority and the Australian Securities and Investments Commission, set up a Climate Change Working Group to consider and co-ordinate actions to address the financial risks of changing climate, and society's response to such changes, for the Australian financial system.

### Formal engagement with private sector

In 2016, the Senate Economics References Committee was tasked by the Senate to consider carbon risk disclosure. The committee invited submission from relevant organisations and received 39 submissions. Further, it conducted a public hearing. In April 2017, it published a report (Senate, 2017), which included a number of recommendations on carbon risk disclosure. In particular, recommendation 4 noted: "That the government commits to implementing the recommendations of the Financial Stability Board Task Force on Climate-related Financial Disclosures where appropriate, and undertaking the necessary law reform to give them effect." In its response, the government welcomed the release of the TCFD recommendations and encouraged all stakeholders to carefully consider these. The government has also stated that, as disclosure requirements in the Corporations Act 2001 are principles-based and as such do not preclude TCFD implementation, currently it does not consider further laws are required.





## Brazil

There are a number of existing recommendations on environmental risk disclosure in Brazil. These are not TCFD-compliant, but demonstrate progress made on the issue. In December 2011, the Securities and Exchange Commission of Brazil (CVM) recommended that all listed companies report if they publish sustainability or integrated reports. As of 2016, the CVM has turned “report or explain” into a specific item for environmental, social and governance (ESG) issues (Consiglio Favaretto, 2016). Further, its central bank, Banco Central do Brasil, has introduced requirements for banks to monitor environmental risks, building on a voluntary Green Protocol from the banking sector. The Central Bank has adopted a resolution

(CMN 4,557), which requires that a financial firm’s risk management structure must allow for identification, measurement, evaluation, monitoring, reporting, control and mitigation of socio-environmental risk (Central Bank of Brazil, 2017).

### Political and regulatory engagement

In July 2017, the Superintendência de Seguros Privados (SUSEP), in a statement of the Sustainable Insurance Forum, defined climate change as one of the most serious challenges for the insurance sector and the wider financial system, and called for implementation of the TCFD recommendations (SIF, 2017).



## Canada

Canada has been on a journey towards creating a TCFD-compliant disclosure framework. Its central bank, the Bank of Canada, has underlined the importance of climate risks. Further, the Canadian Securities Administrators (CSA) has entered into a formal engagement with the private sector. However, it is important to note that the Canadian federal government doesn’t have the power to regulate securities or require disclosure – that is within the purview of Canadian provinces.

### Political and regulatory engagement

On 2 March 2017, the Deputy Governor of the Bank of Canada gave a speech outlining the general threat of climate change and implications for the Bank of Canada (Lane, 2017). He noted that: “[TCFD recommendations] should be a helpful step forward in promoting more informed investment, credit and insurance underwriting decisions.”

On 12 April 2018, when creating an Expert Panel on Sustainable Finance, the Government of Canada expressed its support for TCFD recommendations (Government of Canada, 2018). More specifically, they noted: “The Government of Canada supports the objectives of the Task Force and wishes to support its conclusions appropriately, recognizing that in Canada, the regulation of disclosures to investors is largely an area of provincial responsibility.”

On 18 April 2018, Premier of Ontario, Kathleen Wynne, expressed her support for continuing to strengthen climate-related financial disclosures in Ontario (Wynne, 2018). She noted: “the climate crisis is a reality and we need to ensure that Ontario is planning effectively for the future in all areas. This includes encouraging businesses and organizations to be open and transparent about how climate change affects their operations, as well as their strategies to address it.”

### Formal engagement with private sector

On 21 March 2017, the CSA announced a project to review the disclosure of risks and financial impacts associated with climate change. The project was supposed to gather information on the current state of climate change disclosure in Canada and internationally, and include consultation with investors and reporting issuers. On 5 April 2018, the CSA published a report (CSA Staff Notice 51-354 Report on Climate change-related Disclosure Project) summarising the findings from the project. The report outlines the CSA’s plans for future work in this area. This includes some climate risk disclosure relevant actions. The first of these is to consider new disclosure requirements regarding corporate governance in relation to business risks, including climate change-related risks, and risk oversight and management. The second of these is to monitor the quality of issuers’ disclosure and the evolution of best disclosure practices. The final of these is to track developments in reporting frameworks, evolving disclosure practices and investors’ need for additional types of climate change-related disclosure, including whether disclosure requirements in relation to Scope 1 and Scope 2 greenhouse gas emissions would be warranted in the future (CSA, 2018).

On 12 April 2018, the Government of Canada announced the creation of an Expert Panel on Sustainable Finance. On behalf of the Ministers of Environment and Climate Change Canada (ECCC) and Finance, the Expert Panel will consult with Canada’s financial market participants in order to assess opportunities and challenges relating to sustainable finance and climate-related risk disclosure in Canada. The role of the expert panel is to draft a report to Ministers outlining, among other things, global trends in climate-related risk disclosure, opportunities and challenges to climate-related risk disclosure in Canada, as well as suggesting potential next steps for the Government of Canada to take within its jurisdiction (Environment and Climate Change Canada, 2018).



## China

In 2016, China's central bank, the People's Bank of China, was one of the driving forces behind the G20 Green Finance Study Group, serving as co-chair. In August 2016, the People's Bank of China, along with six other Chinese government agencies, launched 'Guidelines for Establishing the Green Financial System'. The Guidelines' objective is to mobilise and incentivise more capital investment in green sectors, enabling the transition to a low carbon economy. The Guidelines also stress the important role played by the securities market in financing green investment, and require a gradual establishment of a mandatory environmental information disclosure system for listed companies and bond issuers.

### Political and regulatory engagement

The People's Bank of China is a founding member of the Central Banks and Supervisors Network for Greening the Financial System (NGFS), which was set up in December 2017 to allow central banks and supervisors to exchange experiences, share practices and contribute to the advancement of environmental and climate risk management in the financial sector (NGFS, 2017).



## The EU

In addition to existing disclosure frameworks such as the EU Directive on disclosure of non-financial and diversity information (2014/95/EU), the EU has taken a number of steps towards creating a TCFD-compliant climate risk disclosure regime. Having consulted with the European Commission High-Level Expert Group on Sustainable Finance (HLEG), the European Commission has now published an action plan on how to implement these recommendations.

### Political and regulatory engagement

On 24 April 2018, members of the European Parliament from the Economic and Monetary Affairs Committee backed in a first reading a resolution to further harmonise EU capital markets with long-term sustainability objectives (European Parliament, 2018). The proposal included emphasis on disclosure as an enabling condition for sustainable finance and a recommendation to endorse the TCFD and include mandatory disclosure in the revision of the Accounting Directive and the Non-Financial Reporting Directive. The vote in plenary is scheduled for 29 May 2018.

### Formal engagement with the private sector

The European Commission HLEG was created with a 12-month term in order to provide recommendations for developing an overarching and comprehensive EU roadmap on sustainable finance. HLEG, comprising 20 senior experts from civil society, the finance sector, academia as well as observers from various national and international institutions, launched its final report on 31 January 2018. The recommendations explicitly referenced the TCFD framework, noting that: "The EU should endorse the TCFD guidelines and implement these recommendations at the EU level, drawing on the experience of the implementation of France's Article 173" (HLEG, 2018).

### Publication of guidelines/action plans by national authorities

The European Commission published its Sustainable Finance Action Plan on 8 March 2018, detailing how the Expert Group's recommendations will be implemented through a set of reforms, new laws and/or amendments to existing laws. More specifically, the European Commission plans by Q2 2019 to revise the guidelines on non-financial information to provide guidance to companies on climate-related disclosure in line with the TCFD recommendations. Further, the European Corporate Reporting Lab, which is due to be established by Q3 2018, will provide a forum for companies to share best practices on climate-related disclosure in line with the TCFD recommendations (European Commission, 2018).



## France

France has been leading the way on implementing climate risk disclosure requirements into the legal framework. Adopted in 2015, France's Article 173 of the Energy Transition Law is the most TCFD-compliant piece of legislation currently enacted among the G20 members.

### Political and regulatory engagement

In November 2016, the Agence France Trésor published a report that looked at the economic and financial challenges of climate change, as well as the possible regulatory/policy framework that can address these issues (Trésor-Economics, 2016). This was followed by a report in February 2017, on assessing climate change-related risks in the banking sector (French Treasury, 2017).

In July 2017, the Autorité de Contrôle Prudentiel et de Résolution (ACPR), in a statement at the Sustainable Insurance Forum, defined climate change as one of the most serious challenges for the insurance sector and the wider financial system, and welcomed the TCFD recommendations, calling for their implementation (SIF, 2017).

Ahead of the One Planet Summit on 12 December 2017, President Macron set out his priorities for the finance community, including the following statement: "I warmly encourage each country to define appropriate and ambitious solutions to ensure the implementation of the TCFD recommendations and improve its climate reporting standards" (Macron, 2017).

The Banque de France and ACPR are founding members of the Central Banks and Supervisors Network for Greening the Financial System (NGFS), which was set up in December 2017 to allow central banks and supervisors to exchange experiences, share practices and contribute to the advancement of environmental and climate risk management in the financial sector (NGFS, 2017). In April 2018, ACPR was one of the co-organisers of the climate risk management and supervision conference of the NGFS.

On 6 April 2018, the Banque de France governor Villeroy de Galhau, in a speech, argued that a graduated move towards a compulsory transparency requirement along with the introduction of forward-looking carbon stress tests are warranted in Europe (Villeroy de Galhau, 2018).

### Encoding into law

The Energy Transition Law (in force from 1 January 2016) includes the world's first provision on mandatory climate disclosure for institutional investors (in addition to corporate disclosure requirements). According to Article 173, investors must report on the financial risks related to climate change as well as describe the measures implemented to tackle these risks. The law allows investors certain flexibility in terms of using a reporting framework that suits their investment portfolio. However, the methodology used must be justified based on a 'comply or explain' approach. An assessment of initial approaches to compliance will be carried out at the end of 2018.



## Germany

Germany has been actively supportive of the sustainable finance agenda, not least through making climate change a priority of their G20 presidency in 2017. Further, according to § 144 sec. 1 Insurance Supervision Act (Versicherungsaufsichtsgesetz, BaFin, 2002), occupational pension schemes need to disclose to beneficiaries if and how ethical, social and ecological issues are considered. In terms of explicit engagement with TCFD, in Germany there has been regulatory discourse in support of TCFD recommendations.

### Political and regulatory engagement

On 2 October 2017, Deutsche Bundesbank (the central bank) executive board member Dr Andreas Dombret set out the impact of climate change on financial markets in his speech, titled 'Behind the curve? The role of climate risks in banks' risk management'. In summary, he noted: "The question I am asking is this: are we underestimating the financial risks associated with climate change and the transition to a green economy? My answer will be: we certainly do." He noted that the lack of corporate disclosure is an obstacle to adequate risk management and described the TCFD as an important first step in addressing this limitation (Dombret, 2017).

The Deutsche Bundesbank is a founding member of the Central Banks and Supervisors Network for Greening the Financial System (NGFS), which was set up in December 2017 to allow central banks and supervisors to exchange experiences, share practices and contribute to the advancement of environmental and climate risk management in the financial sector (NGFS, 2017).



## India

Although the Securities and Exchange Board of India (SEBI) has introduced a requirement to produce business responsibility reports for the top 100 listed entities in 2012, which was increased to the 500 largest listed companies in 2016 (SEBI, 2016), we have not been able to find evidence of specific TCFD-compliant initiatives.



## Indonesia

Although the Indonesian Corporate Governance Manual (2014) encourages disclosure of all material environmental risks, we have not been able to find evidence of specific TCFD-compliant initiatives in the country.



## Italy

In 2017, under the Italian Presidency, the G7 (excluding the USA) welcomed the work of the Financial Stability Board Task Force on Climate-related Financial Disclosures (G7, 2017). The internal regulatory discourse in Italy has also underscored the importance of the TCFD recommendations.

### Political and regulatory engagement

In February 2017, the Deputy Governor of Italy's central bank, the Bank of Italy, Luigi Signorini, publicly endorsed the work of the Financial Stability Board and the TCFD. He noted: "One way of assessing climate risk accurately may be to develop climate intelligence. This means increasing the availability of data on the carbon intensity of industries and on the exposure of financial institutions to carbon intensive industries, and developing conceptual frameworks to process this information about economic and financial models. An important step in this direction was the FSB's decision to establish a Task Force on Climate-related Financial Disclosures (TCFD), an industry-led group that has the objective of promoting effective financial disclosure of climate-related risk. The TCFD has recently released the draft of its final report, which contains many interesting suggestions on disclosure steps and an innovative (but challenging) use of '2°C' scenarios to assess the risks and opportunities arising from climate change and climate policies" (Signorini, 2017).

### Formal engagement with private sector

In October 2017, the Ministry of the Environment launched the National Observatory on Sustainable Finance (ONFS), a new forum where the potential influence of environmental issues on the Italian financial system is discussed among the main stakeholders (market operators and government bodies). The Bank of Italy is actively involved in the ONFS by co-chairing a workstream on the 'international dimension' of sustainable finance. In particular, the workstream launched a survey, designed by following the operational guidelines of the TCFD, to understand how financial firms deal with climate risks. The questions included in the survey cover all the aspects suggested by the TCFD, i.e. governance, strategy, risk management and metrics, and the survey has been distributed to banks, insurance companies and asset managers.



## Japan

There are a number of existing voluntary frameworks in Japan that could guide environmental risk disclosure. Japan has conducted formal engagement with academics and the private sector on long-term investment, which includes investment with consideration of ESG factors as well as potential issues of disclosure. This engagement resulted in a publication of guidelines on company disclosure.

### Formal engagement with the private sector

In August 2016, the Ministry of Economy, Trade and Industry (METI) created a Study Group on Long-term Investment (Investment evaluating Environment, Social and Governance Factors and Intangible Assets) toward Sustainable Growth. The objectives of the study group included providing guidance on accessing necessary information and conducting company investor dialogues as well as suggestions on potential policy measures (METI, 2016).

### Publication of guidelines/action plans by national authorities

As a follow-up to the conclusions of the long-term investment study group, in August 2017 Japan's METI published guidance for companies and investors that aims to support the disclosure of corporate information and set parameters for value-enhancing collaboration. The guidelines are titled: 'Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation'. These guidelines include, among others, provision of information on sustainability/growth and governance (Johannson, 2017). More specifically, according to the guidelines, companies should disclose social and environmental factors material to their business models over the long term as well as detail their responses to these risks, and strategies for turning these risks into opportunities (METI, 2017).



## Republic of Korea

Although the Greenhouse Gas and Energy Target Management Scheme from 2012 requires the submission of climate change mitigation strategies by organisations within the scope of the scheme, and from 2014 the National Pension Act has required the National Pension service to declare the extent to which ESG considerations are taken into account, we have been unable to find any evidence of specific TCFD-compliant initiatives in the Republic of Korea.



## Mexico

In 2016, Bolsa Mexicana (the national stock exchange) committed to create voluntary ESG reporting guidance for issuers by the end of 2016.

### Political and regulatory engagement

The Banco de México is a founding member of the Central Banks and Supervisors Network for Greening the Financial System (NGFS), which was set up in December 2017 to allow central banks and supervisors to exchange experiences, share practices and contribute to the advancement of environmental and climate risk management in the financial sector (NGFS, 2017).



## Russia

Although, in 2014, the Russian Central Bank issued the Corporate Governance code, which is in line with Organisation for Economic Co-operation and Development (OECD) corporate governance principles, we have been unable to find any evidence of specific TCFD-compliant initiatives in Russia.



## Saudi Arabia

Although there is corporate governance guidance issued by Capital Market Authority, we have been unable to find any evidence of specific TCFD-compliant initiatives in Saudi Arabia.



## South Africa

South Africa has been supportive of the sustainable finance agenda. It has underlined the importance of climate risks for the South African Financial Services Board (FSB) financial regulatory body, and has entered into a formal engagement with the private sector.

### Political and regulatory engagement

In July 2017, the FSB, in a statement of the Sustainable Insurance Forum, defined climate change as one of the most serious challenges for the insurance sector and the wider financial system, and welcomed the TCFD recommendations, calling for their implementation (SIF, 2017).

### Formal engagement with the private sector

In January 2017, South Africa's National Treasury convened a Working Group of financial sector regulatory agencies and industry associations to develop a framework document on sustainable finance. Its aims are wide ranging, from defining sustainable finance in the South African context to providing recommendations on the national strategic approach and the role of regulatory agencies and industry stakeholders within sustainable finance.



## Turkey

On 25 April 2012, Turkey enacted a Greenhouse Gas Emissions Law No. 28274, which governs the disclosure of a GHG Monitoring Plan and GHG emissions for the organisations in scope. Industries mentioned in Appendix 1 of the regulation are subject to annual monitoring, reporting and verification processes.

### Formal engagement with the private sector

The Banking Regulation and Supervision Agency (BRSA) launched the Turkish Banking Sector Sustainability Survey. The survey is intended to establish a sectoral database on banks' capacity and activities. This would enable BRSA to design and assess sustainability-related policies and regulations more effectively. A second motivation behind the survey is to enhance banks' awareness of sustainability issues and encourage them to observe international best practices in sustainable finance, in particular the 'Sustainability Guidelines for the Banking Sector' issued by the Banks Association of Turkey in 2014. The survey includes questions on policy and institutional capacity (more specifically on issuance of reporting), environmental and social risk management (including questions on existence of portfolio-level analyses), sustainability financing, environmental footprint and social performance. Banks were scheduled to reply electronically by the end of March 2018. Survey results are due in May 2018.





## United Kingdom

The United Kingdom has been proactively engaging with the sustainable finance agenda in a number of international fora. Domestically, the Government has endorsed the TCFD recommendations and has gone through a formal engagement with the private sector.

### Political and regulatory engagement

In September 2015, the Prudential Regulation Authority (PRA) published a report on The impact of climate change on the UK insurance sector, alongside the Bank of England Governor Mark Carney's speech on 'Breaking the Tragedy of the Horizon' (Carney, 2015), calling for disclosure to help capital manage risks and seize opportunities (PRA, 2015). The Bank of England has identified climate change as a material, however currently unmanaged, threat to financial stability.

In February 2017, the London Stock Exchange issued guidance (LSE Guidance) on ESG reporting to improve listed companies' engagement with their shareholders on ESG-related matters as part of the United Nations Sustainable Stock Exchanges Initiative's 'Campaign to Close the ESG Guidance Gap'. The LSE Guidance expressly acknowledged the TCFD recommendations and welcomed their publication.

In July 2017, the Bank of England PRA, in a statement of the Sustainable Insurance Forum, defined climate change as one of the most serious challenges for the insurance sector and the wider financial system, and welcomed the TCFD recommendations, calling for their implementation (SIF, 2017).

In September 2017, UK Climate Minister Claire Perry announced the UK Government's official endorsement of the TCFD recommendations (Lowson, 2017).

The UK House of Commons Environmental Audit Committee has meanwhile launched a Green Finance inquiry to scrutinise the Government's strategy to develop "world leading Green Finance capabilities". The Committee is interested in how investment in longer-term sustainable development can be incentivised across the economy. It is examining how effective the TCFD recommendations

are likely to be at moving investment into 'clean' sectors; how the TCFD recommendations can be adopted by companies and whether a voluntary approach is sufficient.

The Bank of England is a founding member of the Central Banks and Supervisors Network for Greening the Financial System (NGFS), which was set up in December 2017 to allow central banks and supervisors to exchange experiences, share practices and contribute to the advancement of environmental and climate risk management in the financial sector (NGFS, 2017). In April 2018, the Bank of England was one of the co-organisers of the climate risk management and supervision conference of the NGFS.

In April 2018, at the International Climate Risk Conference for Supervisors, the Governor of the Bank of England, Mark Carney, warned of the catastrophic impact on the financial system of firms not disclosing their climate-related vulnerabilities.

### Formal engagement with private sector

In September 2017, the UK Government launched a new Green Finance Taskforce, comprised of industry, academic and civil society experts, "to accelerate the growth of green finance, and help deliver the investment required to meet the UK's carbon reduction targets". In March 2018, the Taskforce, in its recommendations, explicitly encouraged the implementation of the TCFD recommendations. Three Green Finance Taskforce recommendations are of particular relevance to climate-related financial disclosure (Green Finance Taskforce, 2018). The first one called for companies and investors to use the TCFD framework for disclosure and for government to conduct a review of this use in 2020. The second one called for relevant financial regulators to integrate the TCFD recommendations into the UK's existing corporate governance and reporting framework. Finally, the third one called for government and financial regulators to clarify that environmental risk disclosure is already mandatory under existing law and practice.

The Prudential Review Authority, the UK's banking supervisor, has initiated a review of climate-related risks to the UK banks (PRA, 2018). The process will follow the review conducted for the insurance sector in 2015.



## United States

Although as of 2010 the US Securities Act and Regulation S-K – Commission Guidance Regarding Disclosure Related to Climate specifies how climate change should be considered and disclosed in the context of securities disclosure, we have been unable to find engagement with the TCFD at the federal level. However, there has been regulatory discourse on the TCFD recommendations at the state level.

### Political and regulatory engagement

In July 2017, the California Department of Insurance (CDI) and Washington State Office of the Insurance Commissioner (OIC), in a statement of the Sustainable Insurance Forum, defined climate change as one of the most serious challenges for the insurance sector and the wider financial system, and welcomed the TCFD recommendations, calling for their implementation (SIF, 2017).

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