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News 02 Jul 2019

UK expects all listed companies and large asset owners to disclose in line with TCFD by 2022, commits to work with international partners to catalyse market-led action on nature-related financial disclosures

Ambitious goals are underpinned by collaboration with the private sector and initiatives to support implementation.

Today (Tuesday, 2nd July 2019), the UK has launched its first Green Finance Strategy, outlining a wide range of actions to support financial system that supports and reaps the opportunities of a low-carbon and environmentally sustainable economy.

As part of its strategy, the UK will take action by:

- Setting expectations and ensuring a coordinated approach on TCFD;
- Supporting high quality TCFD disclosure and reviewing progress; and
- Building on TCFD to broaden action on transparency.

"The challenges in creating a sustainable and resilient economy are great - but the opportunities are greater still. With a leading financial services sector, the UK is ideally placed to seize the commercial potential arising from this transition, which is why green finance is at the heart of the Government's approach, and a pillar of both our Clean Growth Strategy and Industrial Strategy."

*- Rt Hon Greg Clark MP, Secretary of State for Business, Energy and Industrial Strategy
& Rt Hon Philip Hammond MP Chancellor of the Exchequer*

TCFD disclosures by 2022

The strategy stated that **“The Government expects all listed companies and large asset owners to be disclosing in line with the TCFD recommendations by 2022.”** The report also notes the need to provide climate-related information in a proportionate matter. This will be complemented by a review of progress on the implementation of the TCFD recommendations, as part of an interim report on the Green Finance Strategy, to be published by the end of 2020.

In line with the recommendations of the Central Banks’ and Supervisors’ Network for Greening the Financial System (NGFS), which states that policymakers and supervisors consider further actions to foster broader adoption of the TCFD recommendations, the Government will be:

- Establishing a joint Taskforce with UK regulators, chaired by the Government, to ensure a co-ordinated approach on climate-related financial issues. The Taskforce will examine the most effective way to approach disclosure, including exploring the appropriateness of making reporting mandatory; and
- Taking forward discussions with relevant international standard setters to promote internationally.

To support uptake of the TCFD recommendations, the UK Government will also work with financial regulators to deliver a range of initiatives, including:

- Incorporating the need to regard the COP21 Paris Agreement or climate-related financial issues in the advancement of their priorities;
- Building on existing initiatives, such as The Pension Regulator’s industry group, which is developing TCFD guidance for pension schemes. This will be consulted on later in 2019, with a view of putting the it on statutory footing in 2020.

The Financial Conduct Authority, Financial Reporting Council, The Pensions Regulator and Prudential Regulation Authority have today published a joint statement on climate change, which the Government fully supports. The Statement recognises the relevance of climate-related financial factors to their mandates and the importance of a collective response.

To complement the clear expectation and an action plan on TCFD disclosure, the strategy also outlined activities to support businesses in reporting under the Task Force’s recommendations, including working closely with the Green Finance Initiative (GFI) to build capacity on TCFD-related issues.

The UK Government has also welcomed the actions of initiatives such as the TCFD Knowledge Hub, which provides resources to support TCFD implementation, powered by the Climate Disclosure Standards Board. New e-learning modules will be launched on the Hub to build corporate capacity and support the reporting of decision-useful climate-related financial disclosures in line with the Task Force’s recommendations. Sign up to the Hub’s newsletter to receive updates.

TCFD for natural capital

The report also highlights the urgent need for fostering transparency beyond climate change, noting that “Our environment underpins our prosperity and we see the economic benefits that flow from natural capital in increased productivity and well-being.”

To accelerate progress, the Government will work with international partners to catalyse market-led action on enhancing nature-related financial disclosures.

“Recent reports such as those from the Intergovernmental Science and Policy Platform on Biodiversity and Ecosystems Services (IPBES) and the OECD are strengthening the evidence base on the potential systemic economic and financial impacts of nature-related issues such as biodiversity loss and the private sector have highlighted the need for a complementary approach to TCFD on these broader issues.”

This is set to mirror the success of the TCFD’s approach by supporting the private sector to develop consistent and comparable disclosures in order to better manage, measure and respond to nature-related financial risks.

Four years ago in 2015, CDSB expanded its climate change reporting framework to move from climate change to also encompass environmental information and natural capital. In this respect, CDSB has already demonstrated through the CDSB Framework that its key principles and requirements can be applied to both climate change and to natural capital reporting. For this to be effective, it requires a solid evidence base and technical foundation.

To this end, CDSB is embarking on an ambitious project funded with, the contribution of the LIFE Programme of the European Union, to advance TCFD style reporting for natural capital. Drawing on existing technical work and evidence of current reporting practice, this project will work together with the private sector and other key stakeholders to explore in technical detail how the core elements of the TCFD can be extended or adapted to include nature. Sign up to the CDSB newsletter to receive updates about this project.

CDSB welcomes the ambitious strategy set out by the UK Government to tackle climate change and protect the environment. We pledge our support in the UK’s implementation of the TCFD recommendations for climate change and natural capital to ensure a transition to an environmentally sustainable economy in the UK and internationally.

Filed under: Mandatory reporting, TCFD, Nature, Natural Capital, UK

Recent News

04 Sep 2019

TCFD Knowledge Hub launches climate disclosure e-learning courses to accelerate implementation of TCFD recommendations

Online learning platform offers courses designed to foster higher quality and more consistent climate-related financial disclosures.

02 Jul 2019

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01 Jul 2019

Financial and non-financial reporting frameworks share common founding principles of transparency and accountability

The position paper sets out the seven key principles report preparers should follow for achieving such transparency and accountability.