

Nearly 800 organisations join Legal & General in supporting Climate-related Financial Disclosure

Nearly 800 organisations have now expressed support for the Task Force on Climate-related Financial Disclosures (TCFD) and its recommendations.

Yesterday, the (TCFD) published its [2019 Status Report](#) to the Financial Stability Board (FSB). This is the second report provided by the TCFD - providing an overview of disclosure practices aligned with the Task Force's recommendations. At the time of publication, nearly 800 organisations have expressed their support, an increase of more than 50% from last year.

Legal & General Investment Management's (LGIM's) CEO, Mark Zinkula was one of the first signatories to the TCFD, recognising the importance of highlighting the impact of climate-related issues in the financial services world. The Task Force recognises the importance of the Paris Agreement to limit the global average temperature rise to well below 2°C of pre-industrial levels, an objective we fully support.

We have made taking action on climate change one of Legal & General's four main strategic focuses for our corporate and social responsibility activities. Our key activities include:

- Investing in renewable energy such as onshore windfarms, solar energy sources and digital software solutions for the energy grid
- Setting emission reduction targets on our own investment assets to align with the Paris objective
- Ensuring that our real assets and property businesses develop low-carbon, energy-efficient homes
- Engaging with companies, through LGIM's Active Ownership, Corporate Governance team to influence boards to adopt low-carbon policies
- Developing our Future World investment funds, which aim to encourage investments into environmentally sustainable businesses, removing companies with poor environmental standards from the funds' investments
- Ensuring that we decarbonise the assets on our balance sheet, by excluding thermal coal investments

At the end of May 2019, Nigel Wilson, CEO of Legal & General Group wrote to the prime minister asking for immediate action to be taken to put in legislation the Committee on Climate Change's recommendation for a UK 2050 net-zero greenhouse gas emissions target.

Activities of the Task Force on Climate-related Financial Disclosures

Over 1,000 large companies across multiple sectors in nearly 150 countries found that the average number of recommended disclosures per company has increased by 29% from 2.8 in 2016 to 3.6 in 2018. At the same time, the percentage of companies that disclosed information aligned with at least one of the Task Force's recommendations grew from 70% in 2016 to 78% in 2018.

The Task Force also conducted a survey on companies' efforts to implement the recommendations. 90% of those surveyed saw 198 respondents having decided to "fully" or "partially" implement the TCFD recommendations, with 67% stating their companies plan to complete implementation within three years.

“We remain encouraged by the continued growth in the number of companies adhering to the guidelines of the TCFD – it means businesses are better informed about the risks they face, and investors are more capable of making sound decisions,” said Michael R. Bloomberg, Chair of the Task Force and Founder of Bloomberg LP and Bloomberg Philanthropies.

While the commitment to implementation is encouraging, actual disclosure still faces challenges. Most notably the preparers surveyed find disclosing scenario analysis assumptions difficult and lack standardized metrics and targets. Respondents that identify as users, on the other hand, ask for more clarity on the financial impact of climate-related issues on companies, which would help to make the disclosures more decision-useful.

“We see extensive and mounting evidence that the physical and transition effects of the climate crisis are real. In order to reach the goals of the Paris Agreement we need to take forceful action – this includes action from corporations and the private sector at large,” commented Mary Schapiro, Special Advisor to the TCFD Chair and Vice Chair for Global Public Policy at Bloomberg LP.

The list of 785 TCFD supporters includes 374 financial and 297 non-financial companies, with a combined market capitalisation of nearly \$9.3 trillion. The supporting financial firms are responsible for assets of nearly \$118 trillion. Supporters also include 114 other organisations, such as trade associations, financial and insurance supervisors and regulators, governments and ministries. Supporters are headquartered across 49 countries.

The Task Force will continue its work on promoting and monitoring adoption of its recommendations with a focus on areas that have proven challenging for implementation. The Task Force will deliver its next status report to the FSB in September 2020.

Further reading

The full *2019 Status Report* is available on the [TCFD website](#).

Legal & General's [2018 TCFD report](#)

Legal & General Investment Management's [2018 TCFD report](#)

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Notes

About the Task Force on Climate-related Financial Disclosures

On December 4, 2015, the Financial Stability Board (FSB) established the industry-led Task Force on Climate-related Financial Disclosures (TCFD) with Michael R. Bloomberg as Chair. The Task Force currently has three Vice Chairs and 29 members in total. The TCFD was asked to develop voluntary, consistent climate-related financial disclosures for use by companies in providing information to lenders, insurers, investors and other stakeholders, which were published in the [TCFD Recommendations Report](#) on June 29, 2017. More information about the TCFD can be found at www.fsb-tcfid.org.

About Legal & General

Established in 1836, Legal & General is one of the UK's leading financial services groups and a major global investor, with international businesses in the US, Europe, Middle East and Asia. With over £1 trillion in total assets under management, we are the UK's largest investment manager for corporate pension schemes and a UK market leader in pensions de-risking, life insurance, workplace pensions and retirement income. We have also invested over £19 billion in direct investments such as homes, urban regeneration, clean energy and small business finance.

