Trends in Investor Communications

Aligning ESG Reporting Frameworks with the TCFD Recommendations

“You cannot get through a single day without having an impact on the world around you. What you do makes a difference and you have to decide what kind of a difference you want to make.”

Dr. Jane Goodall
Primatologist and Anthropologist

Introduction: Exploring ESG Reporting Frameworks

There are few subjects that receive such broad-ranging attention as corporate responsibility. Whether addressing board level oversight, climate change policies, or human capital management, the majority of companies are publishing their positions on varying subjects and engaging with a wide range of audiences. While it was once considered a niche practice reserved for the trendsetters, it is now an engagement topic from institutional investors and an area of focus from a broad range of stakeholders.

Although reporting on ESG (Environmental, Social, Governance) matters in the United States is voluntary, those that do not publish ESG information are increasingly isolated. Institutional investors, employees, and public sentiment have made transparency in this space an informal requirement.

Most companies now understand the need for a sustainability or corporate responsibility report, but with so many options to choose from, it is not always clear which reporting framework is best. Some frameworks are isolated to a specific industry, while others cover a range of comprehensive issues. Ultimately, it is at the discretion of the company to determine which reporting method is best to achieve their individual goals.

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In This Thought Piece

This Thought Piece explores the two most common frameworks in the United States—the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB)—and how they align with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

- **Global Reporting Initiative (GRI)** established the first corporate sustainability reporting framework in 1997. It is now the most widely adopted global standard, with 82% of the world's largest 250 corporations adhering to their guidelines. GRI approaches sustainability from a multi-stakeholder perspective, incorporating information that is useful to a variety of different groups, organizations, and individuals. As a result, the reporting takes on a broad and comprehensive scope. The GRI Standards contain disclosure requirements for 33 potentially material sustainability topics. Companies that report through GRI must identify the material sustainability topics that have the most significant impact on the environment and society. Material topics are defined by the collective input of both internal and external stakeholders. Importantly, GRI focuses on the externalities caused by an organization's activities, services, and products.

- **The Sustainability Accounting Standards Board (SASB)** is an organization dedicated to fostering high-quality disclosure of material sustainability information aimed at meeting the needs of investors. The standards address the subset of sustainability factors most likely to have financially material impacts on a company. SASB created the Sustainable Industry Classification System (SICS), which categorizes 77 industries based on their sustainability risks and opportunities. This industry-specific approach helps to take into consideration the nuances of each field, and aids in comparison and benchmarking initiatives.

- **The Task Force on Climate-related Financial Disclosures (TCFD)** was set up by the Financial Stability Board (FSB) as a response to a request from the G20 leaders to better understand the financial risks posed by climate change. The goal was to create a set of comparable and consistent climate-related financial disclosures to help companies inform their stakeholders. Unlike other recent reporting initiatives, the TCFD is about the environment's impact on the company, not the other way around. It is intended to give investors the data needed to determine how climate-related risks are assessed, priced, and managed. This is necessary both to address risks and fund opportunities that will create a more resilient and sustainable future.

Frameworks at a Glance

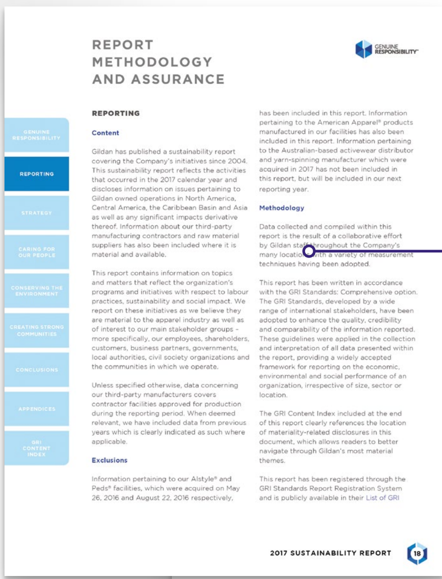
GRI	SASB	TCFD
Year Launched		
1997	2012	2017
Audience		
Broad set of stakeholders	Investors	Investors, lenders, insurers
Form of Report		
Corporate sustainability reports, as well as annual and integrated reports	SEC Form 10-K, 20-F filings, Exhibit to Corporate Responsibility Report	Annual financial filings (e.g., annual report)
Purpose		
Help organizations report on economic, environmental, and social impacts considering a wide range of interests.	Facilitate disclosure of financially material, decision-impacting sustainability information in SEC filings.	Encourage firms to align climate-related risk disclosures with investors' needs. TCFD is intended to accompany a chosen framework, not replace it.
Reporting Recommendations		
• **General Disclosures**: Organization's profile, strategy, ethics and integrity, governance, stakeholder engagement practices, and reporting process. • **Economic**: Performance, market presence, indirect economic impacts, procurement practices, anti-corruption, and anti-competitive behavior. • **Environment**: Materials, energy, water and effluents, biodiversity, emissions, effluents and waste, environmental compliance, and supplier environmental assessment. • **Social**: Employment labor/ management relations, occupational health and safety, training and education, diversity and equal opportunity, nondiscrimination, freedom of association and collective bargaining, child labor, etc.	• **Environment**: Corporate impacts on the environment. • **Social Capital**: Human rights, protection of vulnerable groups, local economic development, access to and quality of products and services, affordability, responsible marketing, and customer privacy. • **Human Capital**: Issues affecting employee productivity (e.g., employee engagement, diversity, and incentives and compensation). • **Business model and innovation**: Impact of sustainability issues on innovation and business models, and the integration of these issues in a company's value-creation process. • **Leadership and governance**: Management of issues inherent to the business model or common practice in the industry that are in potential conflict with the interests of broader stakeholder groups.	The TCFD's seven principles for effective disclosure are complementary with reporting frameworks and standards, such as GRI and SASB. • **Governance**: Governance around climate-related risks and opportunities. • **Strategy**: The actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning where such information is material. • **Risk Management**: How the organization identifies, assesses, and manages climate-related risks. • **Metrics and Targets**: The metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Frameworks in Action

GRI: Gildan created their Sustainability Report in accordance with the GRI Standards: Comprehensive option. This allows them to transparently report on their activities and demonstrate accountability and progress on issues that are material to both the apparel industry and their stakeholders. Their report includes a comprehensive GRI Content Index which clearly references the location of materiality-related disclosures, allowing for easy reader navigation. Gildan has been releasing Corporate Citizenship Reports since 2005 and starting in 2008, they began using the GRI framework to disclose CSR information. For a company like Gildan, the longevity of the GRI framework can be advantageous, allowing for greater consistency and simplicity. As the GRI reporting framework has evolved, Gildan's practices have too evolved.

REPORT OF METHODOLOGY AND ASSURANCE (PAGE 18); GRI CONTENT INDEX (PAGE 99)

https://www.genuineresponsibility.com/media/uploads/reports/2017_corporatesocialresponsibilityreport_en_ZyXVtpK.pdf


REPORT METHODOLOGY AND ASSURANCE

GENUINE RESPONSIBILITY

GENUINE RESPONSIBILITY | REPORTING | STRATEGY | CARING FOR OUR PEOPLE | CONSERVING THE ENVIRONMENT | CREATING STRONG COMMUNITIES | CONCLUSIONS | APPENDICES | GRI CONTENT INDEX

REPORTING

Content

Gildan has published a sustainability report covering the Company's initiatives since 2004. This sustainability report reflects the activities that occurred in the 2017 calendar year and discloses information on issues pertaining to Gildan owned operations in North America, Central America, the Caribbean Basin and Asia as well as any significant impacts derivative thereof. Information about our third-party manufacturing contractors and raw material suppliers has also been included where it is material and available.

This report contains information on topics and matters that reflect the organization's programs and initiatives with respect to labour practices, sustainability and social impact. We report on these initiatives as we believe they are material to the apparel industry as well as of interest to our main stakeholder groups - more specifically, our employees, shareholders, customers, business partners, governments, local authorities, civil society organizations and the communities in which we operate.

Unless specified otherwise, data concerning our third-party manufacturers covers contractor facilities approved for production during the reporting period. When deemed relevant, we have included data from previous years which is clearly indicated as such where applicable.

Exclusions

Information pertaining to our Alstyle® and Peds® facilities, which were acquired on May 26, 2016 and August 22, 2016 respectively, has been included in this report. Information pertaining to the American Apparel® products manufactured in our facilities has also been included in this report. Information pertaining to the Australian-based activewear distributor and yarn-spinning manufacturer which were acquired in 2017 has not been included in this report, but will be included in our next reporting year.

Methodology

Data collected and compiled within this report is the result of a collaborative effort by Gildan staff throughout the Company's many locations with a variety of measurement techniques having been adopted.

This report has been written in accordance with the GRI Standards: Comprehensive option. The GRI Standards, developed by a wide range of international stakeholders, have been adopted to enhance the quality, credibility and comparability of the information reported. These guidelines were applied in the collection and interpretation of all data presented within the report, providing a widely accepted framework for reporting on the economic, environmental and social performance of an organization, irrespective of size, sector or location.

The GRI Content Index included at the end of this report clearly references the location of materiality-related disclosures in this document, which allows readers to better navigate through Gildan's most material themes.

This report has been registered through the GRI Standards Report Registration System and is publicly available in their List of GRI

2017 SUSTAINABILITY REPORT 18

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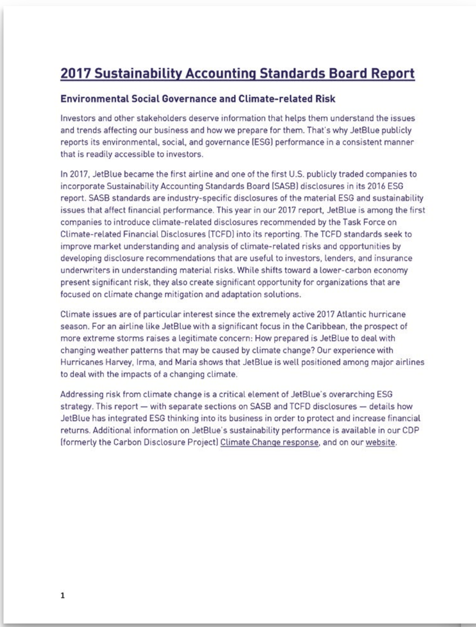
SASB: JetBlue was one of the first companies—and the very first airline—to report in compliance with SASB, using the standards specific to the airline industry. By focusing on ESG metrics material to the airline industry rather than reporting on broad metrics that are less applicable, they are able to provide more relevant information to their investors. While comprehensive frameworks like GRI can be very helpful for large companies that span several industries, smaller or more singular companies may have an easier time navigating the SASB standards. JetBlue's Sustainability Report is a streamlined document with succinct reporting and straightforward charts, rather than images or a theme. As SASB was created to serve the needs of the investor, the format of the reports does so efficiently and concisely.

2017 SUSTAINABILITY ACCOUNTING STANDARDS BOARD REPORT (PAGE 1); SUSTAINABILITY DISCLOSURE TOPICS AND ACCOUNTING METRICS (PAGE 3)

http://blueir.investproductions.com/~/media/Files/J/Jetblue-IR-V2/Annual-Reports/jetblue-sasb-tcfd-2017.pdf



2017 Sustainability Accounting Standards Board Report

Environmental Social Governance and Climate-related Risk

Investors and other stakeholders deserve information that helps them understand the issues and trends affecting our business and how we prepare for them. That's why JetBlue publicly reports its environmental, social, and governance (ESG) performance in a consistent manner that is readily accessible to investors.

In 2017, JetBlue became the first airline and one of the first U.S. publicly traded companies to incorporate Sustainability Accounting Standards Board (SASB) disclosures in its 2016 ESG report. SASB standards are industry-specific disclosures of the material ESG and sustainability issues that affect financial performance. This year in our 2017 report, JetBlue is among the first companies to introduce climate-related disclosures recommended by the Task Force on Climate-related Financial Disclosures (TCFD) into its reporting. The TCFD standards seek to improve market understanding and analysis of climate-related risks and opportunities by developing disclosure recommendations that are useful to investors, lenders, and insurance underwriters in understanding material risks. While shifts toward a lower-carbon economy present significant risk, they also create significant opportunity for organizations that are focused on climate change mitigation and adaptation solutions.

Climate issues are of particular interest since the extremely active 2017 Atlantic hurricane season. For an airline like JetBlue with a significant focus in the Caribbean, the prospect of more extreme storms raises a legitimate concern: How prepared is JetBlue to deal with changing weather patterns that may be caused by climate change? Our experience with Hurricanes Harvey, Irma, and Maria shows that JetBlue is well positioned among major airlines to deal with the impacts of a changing climate.

Addressing risk from climate change is a critical element of JetBlue's overarching ESG strategy. This report — with separate sections on SASB and TCFD disclosures — details how JetBlue has integrated ESG thinking into its business in order to protect and increase financial returns. Additional information on JetBlue's sustainability performance is available in our CDP (formerly the Carbon Disclosure Project) Climate Change response, and on our website.

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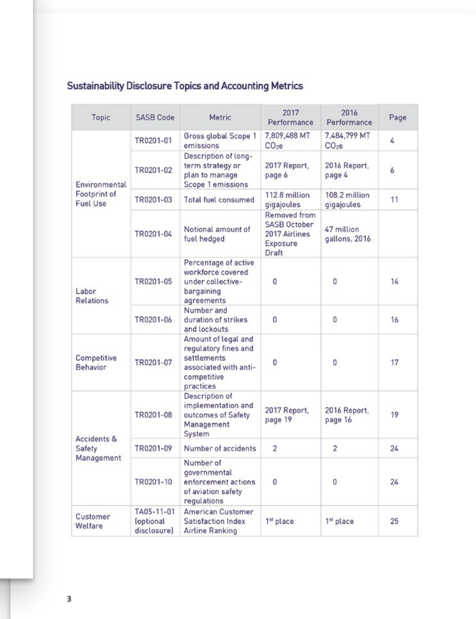


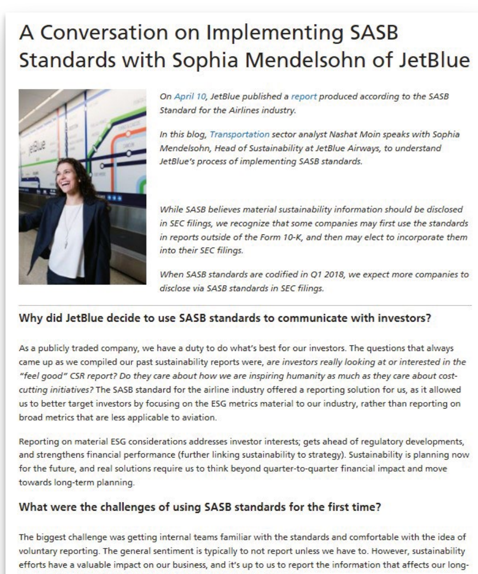
Sustainability Disclosure Topics and Accounting Metrics

Topic	SASB Code	Metric	2017 Performance	2016 Performance	Page
Environmental Footprint of Fuel Use	TR0201-01	Gross global Scope 1 emissions	7,809,488 MT CO_2e	7,484,799 MT CO_2e	4
	TR0201-02	Description of long-term strategy or plan to manage Scope 1 emissions	2017 Report, page 6	2016 Report, page 4	6
	TR0201-03	Total fuel consumed	112.8 million gigajoules	108.2 million gigajoules	11
	TR0201-04	Notional amount of fuel hedged	Removed from SASB October 2017 Airlines Exposure Draft	47 million gallons, 2016	
Labor Relations	TR0201-05	Percentage of active workforce covered under collective-bargaining agreements	0	0	14
	TR0201-06	Number and duration of strikes and lockouts	0	0	16
Competitive Behavior	TR0201-07	Amount of legal and regulatory fines and settlements associated with anti-competitive practices	0	0	17
Accidents & Safety Management	TR0201-08	Description of implementation and outcomes of Safety Management System	2017 Report, page 19	2016 Report, page 16	19
	TR0201-09	Number of accidents	2	2	24
	TR0201-10	Number of governmental enforcement actions of aviation safety regulations	0	0	24
Customer Welfare	TA05-11-01 (optional disclosure)	American Customer Satisfaction Index Airline Ranking	1st place	1st place	25

3

A CONVERSATION ON IMPLEMENTING SASB STANDARDS WITH SOPHIA MENDELSOHN OF JETBLUE

https://www.sasb.org/blog/blog-conversation-implementing-sasb-standards-sophia-mendelsohn-jetblue/



A Conversation on Implementing SASB Standards with Sophia Mendelsohn of JetBlue

On April 10, JetBlue published a report produced according to the SASB Standard for the Airlines industry.

In this blog, Transportation sector analyst Nashat Moin speaks with Sophia Mendelsohn, Head of Sustainability at JetBlue Airways, to understand JetBlue's process of implementing SASB standards.

While SASB believes material sustainability information should be disclosed in SEC filings, we recognize that some companies may first use the standards in reports outside of the Form 10-K, and then may elect to incorporate them into their SEC filings.

When SASB standards are codified in Q1 2018, we expect more companies to disclose via SASB standards in SEC filings.

Why did JetBlue decide to use SASB standards to communicate with investors?

As a publicly traded company, we have a duty to do what's best for our investors. The questions that always came up as we compiled our past sustainability reports were, *are investors really looking at or interested in the "feel good" CSR report? Do they care about how we are inspiring humanity as much as they care about cost-cutting initiatives?* The SASB standard for the airline industry offered a reporting solution for us, as it allowed us to better target investors by focusing on the ESG metrics material to our industry, rather than reporting on broad metrics that are less applicable to aviation.

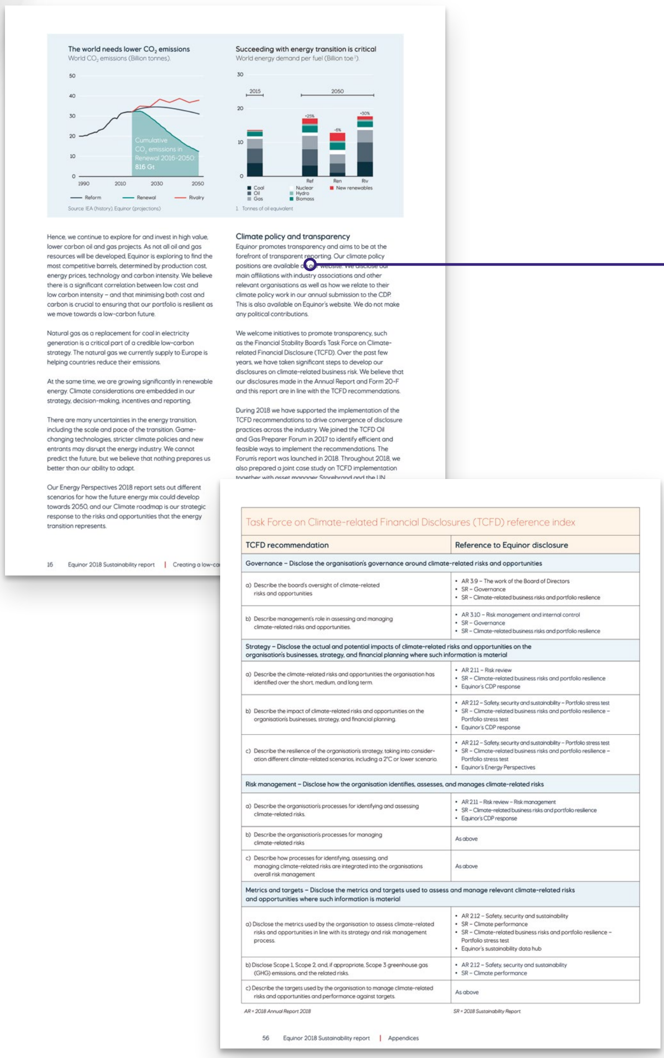
Reporting on material ESG considerations addresses investor interests; gets ahead of regulatory developments, and strengthens financial performance (further linking sustainability to strategy). Sustainability is planning now for the future, and real solutions require us to think beyond quarter-to-quarter financial impact and move towards long-term planning.

What were the challenges of using SASB standards for the first time?

The biggest challenge was getting internal teams familiar with the standards and comfortable with the idea of voluntary reporting. The general sentiment is typically to not report unless we have to. However, sustainability efforts have a valuable impact on our business, and it's up to us to report the information that affects our long-term business plans in a way that is visible and of interest to investors.

TCFD: Equinor is an international energy company that has sustainability priorities embedded in its strategy. As an industry leader in carbon efficiency and transparent reporting, Equinor has played an important role in promoting the TCFD's recommendations. They joined the TCFD Oil and Gas Preparer Forum in 2017 to identify efficient and realistic ways to implement the recommendations. In the past few years, Equinor has taken significant steps to develop their disclosures on climate-related business risk. They believe that the disclosures in their Annual Report and Sustainability Report are in line with the TCFD recommendations. Additionally, Equinor continues to engage with investors and stakeholders including the TCFD Oil and Gas Preparer Forum to further evolve their disclosures.

CLIMATE POLICY & TRANSPARENCY (PAGE 16); TCFD INDEX (PAGE 56)
https://www.equinor.com/en/media-centre.html#key-reports



Climate policy and transparency

Equinor promotes transparency and aims to be at the forefront of transparent reporting. Our climate policy positions are available on our website. We disclose our main affiliations with industry associations and other relevant organisations as well as how we relate to their climate policy work in our annual submission to the CDP. This is also available on Equinor's website. We do not make any political contributions.

We welcome initiatives to promote transparency, such as the Financial Stability Board's Task Force on Climate-related Financial Disclosure (TCFD). Over the past few years, we have taken significant steps to develop our disclosures on climate-related business risk. We believe that our disclosures made in the Annual Report and Form 20-F and this report are in line with the TCFD recommendations.

During 2018 we have supported the implementation of the TCFD recommendations to drive convergence of disclosure practices across the industry. We joined the TCFD Oil and Gas Preparer Forum in 2017 to identify efficient and feasible ways to implement the recommendations. The Forum's report was launched in 2018. Throughout 2018, we also prepared a joint case study on TCFD implementation together with asset manager Storebrand and the UN Principles for Responsible Investment (PRI).

The TCFD Oil and Gas Preparer Forum's report "Climate-related financial disclosure by oil and gas companies: implementing the TCFD recommendations" is available on the World Business Council for Sustainable Development's web pages (www.wbcsd.org).

Reporting Practices by Region

The chart below identifies the world's largest companies by region, as ranked by Forbes Global 2000 based on sales, profits, assets, and market value[1], and the reporting framework they use:

Region	Company	Country	World Rank	Framework
Africa	Standard Bank Group	South Africa	#415	International Finance Corporation (IFC), Equator Principles
	Naspers	South Africa	#418	IIRC
	FirstRand	South Africa	#445	TCFD, Equator Principles
Asia	ICBC China	China	#1	GRI
	China Construction Bank	China	#3	GRI
	Agricultural Bank of China	China	#4	GRI
	Ping An Insurance	China	#7	GRI
	Bank of China	China	#8	GRI
	Samsung Electronics	South Korea	#13	GRI
Central America	América Móvil	Mexico	#189	GRI
	Femsa	Mexico	#429	GRI
	Banorte	Mexico	#473	GRI
Eastern Europe	Gazprom	Russia	#40	GRI
	Sberbank	Russia	#47	GRI
	Rosneft	Russia	#52	GRI
Western Europe	Royal Dutch Shell	Netherlands	#9	GRI
	Volkswagen Group	Germany	#18	GRI
	HSBC Holdings	UK	#21	TCFD
Middle East	Saudi Basic Industries	Saudi Arabia	#122	GRI
	Qatar National Bank	Qatar	#207	GRI
	First Abu Dhabi Bank	United Arab Emirates	#333	GRI
North America 	JPMorgan Chase	United States	#2	GRI
	Bank of America	United States	#5	GRI
	Apple	United States	#6	GRI
	Wells Fargo	United States	#10	GRI, SASB
Oceania 	Commonwealth Bank	Australia	#79	GRI, TCFD, Equator Principles
	Westpac Banking Group	Australia	#101	GRI, SASB, TCFD
	BHP Group	Australia	#109	GRI
South America 	Petrobras	Brazil	#50	GRI
	Itaú Unibanco Holding	Brazil	#58	GRI
	Banco Bradesco	Brazil	#68	GRI, Equator Principles

https://www.forbes.com/global2000/list/

[1] To read more about Forbes 2019 Global 2000 Methodology, see https://www.forbes.com/global2000/#58a00ea1335d

Alignment of Reporting Frameworks with the TCFD Recommendations

Thanks to its versatility and established standards, GRI is currently the most widely-adopted framework for reporting ESG disclosures. However, SASB is quickly becoming a preferred option among investor stakeholders due to the emphasis on ESG impacts on material, decision-influencing matters, especially those that fall to the balance sheet. There are commonalities in the metrics and ESG disclosure areas across each framework. There are also differences in audience, scope, and focus that can make certain reporting styles more appealing for an organization. It is up to the discretion of the company to determine not only the most appropriate reporting framework but also which disclosures are the most relevant.

A common misconception is that an organization must isolate their reporting practices to one specific framework. In an effort to communicate most effectively with a broad set of stakeholders, some companies align their sustainability reporting with more than one framework.

As these frameworks evolve and grow, there is a mounting endeavor to forge greater alignment and comparability across them. Recently, SASB and GRI announced that they will begin to unify their standards wherever possible, a project funded by former New York City Mayor Michael Bloomberg. This joint effort will help to simplify reporting standards to align with the recommendations of the TCFD.

Each reporting framework continues to evolve over time. As stakeholder requirements change, the evolution of expectations is reflected in the dynamic standards used to guide the reporting initiatives. Ultimately, these guidelines are just that—guidelines. They are intended to serve as a point of reference to help companies most effectively inform their stakeholders.

At this point, climate change is not just an environmental challenge—it is a material business risk. Investors increasingly acknowledge the importance of sustainability initiatives in the long-term corporate strategy and overall success of a company. Activists and investors alike demand transparency when understanding a company's position on certain matters and, where appropriate, how the organization intends to mitigate their impact on the local and global communities.

SASB AND GRI STEP UP PROJECT TO ALIGN REPORTING STANDARDS

https://www.greenbiz.com/article/sasb-and-gri-step-project-align-reporting-standards

SASB and GRI step up project to align reporting standards

Liz Enochs

Thursday, September 20, 2018 - 1:45am

An upcoming move by two of the dominant organizations developing corporate environmental, social and governance (ESG) performance tracking systems could bring sustainability reporting one step closer to the financial mainstream.

The Sustainability Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI) announced ahead of the Global Climate Action Summit (GCAS) last week that they will move forward soon with a Bloomberg-funded effort to bring their standards in line with each other wherever possible.

The joint effort is aimed at simplifying reporting standards to align with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), a global group established by the Financial Standards Board after the G20 summit in 2015. The TCFD's recommendations, released in June 2017, offer a disclosure framework built around getting financial markets participants the information they need about how climate-related issues may affect their companies or investments.

"Asset owners in the last 18 months have increasingly been interested in this set of issues," said Brian Deese, global head of sustainable investing at BlackRock, the world's largest investment management company, during a panel discussion at GCAS.

> **"Asset owners in the last 18 months have increasingly interested in this set of issues.**

Since the United Nations launched the Principles for Responsible Investmen of investors that have signed on to the voluntary agreement to promote ESG them into investment analysis and decision-making processes has grown fr more than 1,900. "The assets under management associated with PRI signat 50 percent of global assets under management," said Matthew Welch, presi Foundation, at "Reporting Your Climate Commitments," a Sept. 12 GCAS aff

More specifically, we're talking more than $81 trillion. "That's significant," W huge body of folks who have committed to integrating climate and other ES their investment decisions."

SASB standards are still provisional but will be finalized and codified in October, Welch said. Although GRI and SASB are among the dominant frameworks for sustainability reporting, other organizations have promoted their own standards as well. The TCFD drew from existing systems to develop its own reporting framework aimed at promoting alignment across existing disclosure regimes.

Mark Carney (left), head of the Bank of England, and former New York Mayor Mike Bloomberg have been at the heart of the Task Force on Climate-Related Financial Disclosures.

"GRI is trying to frame what is the impact that organizations are having on the world, which is a different question than what impact is the world having on the organizations," said Eric Hespenheide, president of the organization's board, at the GCAS affiliate event. "We have a lot of debate within the GRI as to, are we moving away this idea that there should be a holistic reporting of the good and the bad so that it's a net view of the company or the entity reporting as a whole, as opposed to saying: OK, I think I'll just talk about water, or I'll just talk about emissions, and leave all this other stuff that I might be doing off to the side."

SASB and GRI were built using different approaches, but in areas where they overlap, a two-year Bloomberg grant will help the organizations harmonize their standards. The project also will identify areas where the standards area already substantially similar, as well as areas where they don't overlap or can't harmonize.

Corporate Reporting Dialogue's Better Alignment Project

The Corporate Reporting Dialogue (CRD) is a platform created by the International Integrated Reporting Council (IIRC) to promote greater coherence, consistency, and comparability between corporate reporting frameworks, standards, and related requirements. According to the IIRC, the CRD aims for the following:

1. Communicate about the direction, content, and ongoing development of reporting frameworks, standards, and related requirements.
2. Identify practical ways and means by which respective frameworks, standards, and related requirements can be aligned and rationalized.
3. Share information and express a common voice on areas of mutual interest, where possible, to engage key regulators.

In 2018, the Participants of CRD wanted the represented frameworks and standards to be more aligned with each other and with TCFD. This started the Better Alignment Project.

The Better Alignment Project is CRD's two-year undertaking focusing on the alignment of the Participants' frameworks and standards. The Participants include CDP, Climate Disclosure Standards Board (CDSB), IIRC, GRI, and SASB.

CORPORATE REPORTING DIALOGUE
https://corporatereportingdialogue.com/climatereport2019/index.html

A QUICK GLANCE AT CDP

CDP, formerly the Carbon Disclosure Project, is an organization that helps companies, cities, states, and regions in disclosing their environmental risks, opportunities, and impacts through their established global environmental disclosure system.

CDP provides questionnaires to organizations that gather information about their areas of focus (climate, water, and forests), which can be used as content for reporting. Based on the information supplied, CDP provides scoring to these organizations to measure progress and promote further action to achieve a sustainable economy.

TCFD as a Task Force and its Recommendations

With the recognition that climate change not only affects the environment but also the economy, the financial sector made a call for the availability of more information about climate change and its related risks and opportunities. This call led to the creation of TCFD.

During the UN Climate Change Conference held in Paris in 2015, FSB Chair Mark Carney announced that former New York City Mayor Michael Bloomberg, an environmentalist who advocates the fight against climate change, would lead a new global task force built to help the financial sector understand the risks of climate change.

RECOMMENDATIONS OF THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES
https://www.fsb-tcfd.org/wp-content/uploads/2017/06/FINAL-2017-TCFD-Report-11052018.pdf

TCFD as a task force designed for a purpose—to help the financial sector understand how companies and the rest of the sector are being impacted by climate change—worked on creating recommendations that can aid in disclosure of information at the junction of both climate change and financial matters.

TCFD's recommendations are voluntary, and just like other standards and frameworks, they are created for consistency and comparability of disclosures among companies, but with the aim to inform investors and lenders of financial risks posed by climate change in order to make informed financial decisions.

TCFD published its final recommendations for effective disclosure of climate-related financial risks in June 2017.

How Frameworks and Standards Align to the TCFD Recommendations

The Better Alignment Project's first year focused on climate change reporting, in which the Participants mapped the alignment of their frameworks and standards against TCFD and against each other using TCFD's **disclosure principles**, **recommended disclosures**, and **illustrative example metrics**.

Based on the CRD report "Driving Alignment in Climate-related Reporting" published in September 2019, "the mapping showed strong alignment between the Participants' frameworks and standards and the TCFD's recommendations, and also between each other."

Below are the findings from the CRD report.

Alignment with the TCFD's Seven Principles for Effective Disclosure

Principles shape a reporting process because they define the approach to it—what information to disclose and how to disclose it. TCFD has seven principles for effective disclosures that recommend climate-related financial disclosures should:

1. Present relevant information.
2. Be specific and complete.
3. Be clear, balanced, and understandable.
4. Be consistent over time.
5. Be comparable among organizations within a sector, industry, or portfolio.
6. Be reliable, verifiable, and objective.
7. Be provided on a timely basis.

In the mapping done by the Participants, they found out that the "seven principles for effective disclosure from TCFD are harmonious and complementary with the key content elements of the principles of the Participants' frameworks and standards, with the mapping showing no sources of conflict."

Alignment with the TCFD's Recommended Disclosures

TCFD has 4 core disclosures, each with specific disclosures that form the 11 recommended disclosures. According to the CRD report, these recommendations are "meant to generate comparable, consistent and decision-useful information on climate-related risks and opportunities."

The mapping showed that the 11 recommended disclosures from TCFD are well aligned and comprehensively covered by the key content elements of the Participants' frameworks and standards.

Core Disclosures	Recommended Disclosures
Governance:	
Disclose the organization's governance around climate-related risks and opportunities.	(a) Describe the board's oversight of climate-related risks and opportunities. (b) Describe management's role in assessing and managing climate-related risks and opportunities.
Strategy:	
Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	(a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. (b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. (c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.
Risk Management:	
Disclose how the organization identifies, assesses, and manages climate-related risks.	(a) Describe the organization's processes for identifying and assessing climate-related risks. (b) Describe the organization's processes for managing climate-related risks. (c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.
Metrics and Targets:	
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	(a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. (b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. (c) Describe the targets used by the organization to manage climate related risks and opportunities and performance against targets.

Source: TCFD Final Report, 2017

Alignment with the TCFD's Illustrative Example Metrics

With "Metrics and Targets", the purpose is to get information on the metrics and targets used by companies in order to inform investors and other stakeholders how these companies monitor and measure climate-related risks and opportunities.

For TCFD's illustrative example metrics, CDP, GRI, and SASB assessed how their indicators align with each TCFD metric. Based on the mapping done between TCFD's 50 illustrative example metrics and the CDP, GRI, and SASB indicators, 35 (or 70%) showed no substantive difference. Meanwhile, 40 (or 80%) of the TCFD's 50 illustrative example metrics were classified "fully covered" or "reasonably covered" by the indicators of at least one Participant.

Alignment with 50 TCFD illustrative example metrics, and between CDP, GRI, and SASB

Alignment to TCFD:

- None
- Very Limited
- Moderate
- Reasonable
- Full

Mapping between Frameworks:

The level of alignment between the three participants' relevant indicators either have "Substantive difference" or "No substantive difference." Where there is substantive difference, the nature of that difference is indicated (i.e., SASB-CDP denotes that information collected by SASB indicator is not applicable for reporting with CDP's framework).

Agriculture, Food and Forest Products

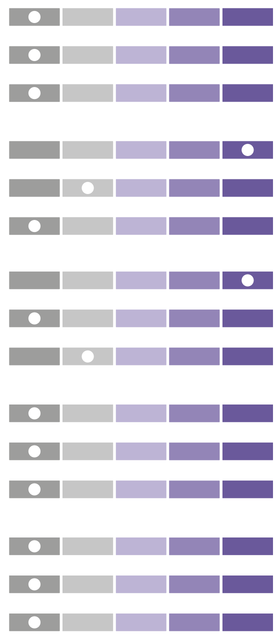
		Alignment to TCFD	Mapping between frameworks
ASSETS	CDP	Reasonable	No substantive difference
	GRI	Moderate	
	SASB	None	
EXPENDITURES	CDP	Very Limited	Substantive difference CDP-GRI, GRI-CDP
	GRI	Reasonable	
	SASB	None	
INVESTMENT	CDP	Very Limited	Substantive difference CDP-GRI, GRI-CDP
	GRI	Moderate	
	SASB	None	
LAND USE	CDP	Full	No substantive difference
	GRI	Moderate	
	SASB	Very Limited	
MECHANICAL EMISSIONS	CDP	Full	No substantive difference
	GRI	Reasonable	
	SASB	Very Limited	
NON-MECHANICAL EMISSIONS	CDP	Full	No substantive difference
	GRI	Moderate	
	SASB	Very Limited	
PURCHASED ENERGY	CDP	Full	Substantive difference CDP-SASB, SASB-CDP, SASB-GRI
	GRI	Reasonable	
	SASB	Moderate	
REVENUES	CDP	Reasonable	No substantive difference
	GRI	Moderate	
	SASB	None	
WATER PERCENTAGE	CDP	Moderate	No substantive difference
	GRI	Full	
	SASB	Full	
WATER WITHDRAWN	CDP	Full	No substantive difference
	GRI	Full	
	SASB	Full	

Energy

		Alignment to TCFD					Mapping between frameworks
ASSETS	CDP				●		No substantive difference
	GRI			●			
	SASB	●					
CAPITAL PAYBACK	CDP					●	No substantive difference
	GRI	●					
	SASB		●				
CARBON PRICES	CDP					●	Substantive difference SASB-CDP
	GRI	●					
	SASB		●				
ESTIMATED SCOPE	CDP					●	No substantive difference
	GRI					●	
	SASB	●					
EXPENDITURE LOW CARBON	CDP				●		Substantive difference CDP-SASB, SASB-CDP
	GRI				●		
	SASB				●		
GROSS AMOUNT	CDP					●	No substantive difference
	GRI				●		
	SASB				●		
INDICATIVE COSTS	CDP	●					No substantive difference
	GRI		●				
	SASB			●			
INVESTMENTS	CDP					●	Substantive difference SASB-CDP
	GRI			●			
	SASB					●	
PERCENTAGE OF WATER	CDP					●	Substantive difference CDP-SASB, SASB-CDP
	GRI					●	
	SASB					●	
PROPORTION	CDP	●					No substantive difference
	GRI	●					
	SASB		●				
RESERVES BREAKDOWN	CDP					●	No substantive difference
	GRI	●					
	SASB			●			
REVENUES	CDP					●	No substantive difference
	GRI			●			
	SASB		●				

Financial Services

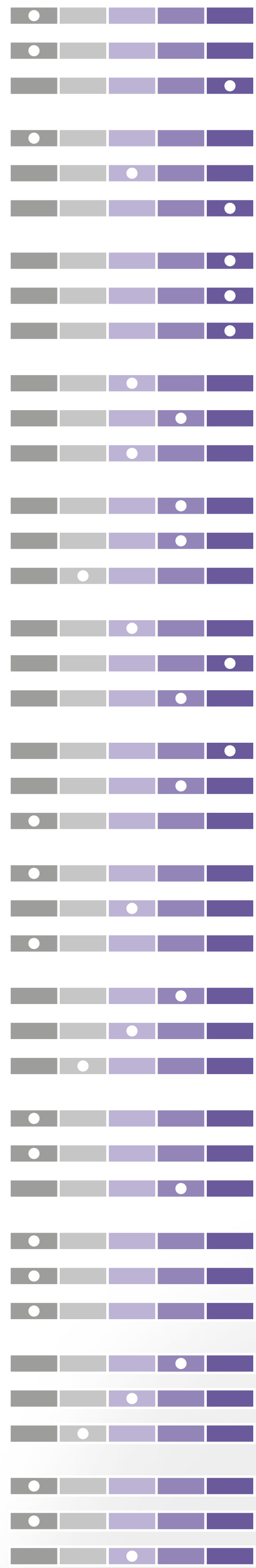
		Alignment to TCFD	Mapping between frameworks
ABSOLUTE CARBON EMISSIONS	CDP		No substantive difference
	GRI		
	SASB		
AVERAGE CARBON	CDP		No substantive difference
	GRI		
	SASB		
PERCENTAGE CARBON	CDP		Substantive difference SASB-CDP
	GRI		
	SASB		
PORTFOLIO CARBON EMISSIONS	CDP		No substantive difference
	GRI		
	SASB		
VOLUME OF PORTFOLIO CARBON	CDP		No substantive difference
	GRI		
	SASB		



Materials and Buildings

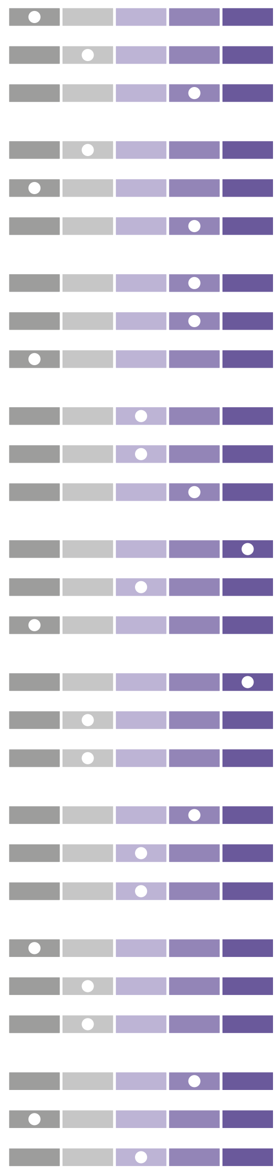
	Framework	Mapping between frameworks
AREA OF BUILDINGS	CDP GRI SASB	No substantive difference
BUILDING	CDP GRI SASB	No substantive difference
ENERGY CONSUMPTION	CDP GRI SASB	No substantive difference
ENERGY INTENSITY	CDP GRI SASB	Substantive difference CDP-GRI, CDP-SASB, SASB-CDP
EXPENDITURES	CDP GRI SASB	Substantive difference CDP-GRI, CDP-SASB, SASB-CDP
FRESH WATER PERCENTAGE	CDP GRI SASB	Substantive difference CDP-SASB, SASB-CDP
FUEL CONSUMPTION	CDP GRI SASB	No substantive difference
GHG EMISSIONS	CDP GRI SASB	No substantive difference
INVESTMENT	CDP GRI SASB	Substantive difference CDP-GRI, CDP-SASB, SASB-CDP
PERCENTAGE CERTIFIED	CDP GRI SASB	No substantive difference
RESERVE BREAKDOWN	CDP GRI SASB	No substantive difference
REVENUES	CDP GRI SASB	No substantive difference
WATER INTENSITY	CDP GRI SASB	No substantive difference

Alignment to TCFD



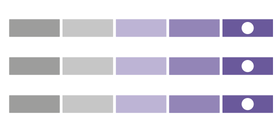
Transportation

	Framework	Alignment to TCFD	Mapping between frameworks
AVERAGE FLEET FUEL	CDP		No substantive difference
	GRI		
	SASB		
EEDI	CDP		No substantive difference
	GRI		
	SASB		
EXPENDITURES	CDP		No substantive difference
	GRI		
	SASB		
FUEL CONSUMPTION	CDP		Substantive difference CDP-SASB
	GRI		
	SASB		
INVESTMENT	CDP		No substantive difference
	GRI		
	SASB		
LIFE CYCLE	CDP		Substantive difference SASB-CDP
	GRI		
	SASB		
REVENUES	CDP		No substantive difference
	GRI		
	SASB		
ROAD VEHICLES	CDP		No substantive difference
	GRI		
	SASB		
VEHICLE SALES	CDP		No substantive difference
	GRI		
	SASB		



All Sectors

	Framework	Alignment to TCFD	Mapping between frameworks
GHG EMISSIONS	CDP		Substantive difference CDP-SASB, GRI-SASB, SASB-CDP, SASB-GRI
	GRI		
	SASB		



Source: CRD's Driving Alignment in Climate-related Reporting, 2019

For the more comprehensive results and discussion, see CRD's "Driving Alignment in Climate-related Reporting."

"The greatest threat to our planet is the belief that someone else will save it."

- Robert Swan,
first person to walk to both Poles

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