



Attention:

FSB Task Force on Climate-related Financial Disclosures

February 11, 2017, Amsterdam

Subject: GRI's response to the FSB TCFD Report Consultation

Dear Michael Bloomberg,

GRI welcomes the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and we are keen to deepen the dialogue between the TCFD and GRI to ensure a constructive, mutually-reinforcing collaboration. We call for establishing direct collaboration between the TCFD and GRI to explore how the GRI Standards can be used as a basis for the implementation of the TCFD Recommendations.

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GRI commends the TCFD for setting goals that are ambitious yet suitable for near-term adoption: developing a singular, accessible framework for disclosing the financial implications of climate-related risk information, and taking this further by proposing a scenario analysis and, a detailed draft implementation guide.

In addition to this formal letter, GRI has also submitted feedback through the online Consultation form, and contributed to the joint letter of the Corporate Reporting Dialogue submitted to the TCFD Consultation.

In this letter, we present GRI's response in the form of four key points: alignment, utilizing GRI as the global standard on sustainability reporting, reflections on the scenario analysis, and additional guidance.

GRI is an international, independent organization that helps businesses, governments and other organizations understand and communicate the impact of business on critical sustainability issues such as climate change, human rights, corruption and many others. GRI Standards are the most well-established global Standards for sustainability reporting, and are one of the key frameworks the TCFD has drawn from. Specifically, GRI Standards are:

- Used by 72% of all companies reporting sustainability information worldwide and of the 74% of the 250 largest companies (G250);



- Used in 90 countries and 38 sectors;
- Used by a network of over 28,000 practitioners and 600 core supporters; and
- Referenced by policy makers and regulators in 41 countries.

The broad acceptance of GRI Standards stems from its multi stakeholder, global approach. The Standards are developed by the Global Sustainability Standards Board (GSSB), which is GRI's independent standard-setting body, in line with its Due Process Protocol. GRI Standards process reflects widely-accepted international normative frameworks, such as UN Conventions (including those for climate change), the OECD Guidelines for Multinational Enterprises, ILO conventions, and many others.

The GSSB has identified the work of the Task Force on Climate-related Financial Disclosures (TCFD) as one of the key developments in corporate reporting, and has committed to follow the implementation of the recommendations closely. The GSSB will assess the uptake and emerging reporting practice on a regular basis in the coming months and years and accordingly, consider how far it can support adoption of the TCFD recommendations by integrating within the GRI Standards those elements that are relevant for corporate sustainability reporting.

1) Alignment

GRI welcomes the fact that, in response to the FSB's mandate, the Task Force's recommendations should not "add to the already well developed body of existing disclosure schemes." This avoids adding to the existing perception of reporting fragmentation and fatigue. Instead this means the TCFD should draw from existing disclosure frameworks, including the GRI Standards. In this context, we welcome the fact that the TCFD has made recommendations that are suitable for near-term adoption by building upon existing sustainability reporting practice, yet flexible enough to accommodate the evolution of corporate reporting.

In reviewing the TCFD recommendations, we found that most of the recommended disclosures – 8 out of 11 – correspond, at least in part, to disclosures already established in the GRI Standards. The GRI Standards and the TCFD recommendations share a range of characteristics, including their focus on climate change and their emphasis on governance and disclosure on management approach. GRI believes that this significant overlap will facilitate the widespread adoption of the TCFD recommendations.

GRI welcomes the fact that the TCFD has set out a clear vision for the widespread adoption of its recommendations, and shares the view that disclosure via sustainability reports is a good interim step on the path to disclosure of climate-related risks, opportunities and financial impacts in financial filings.

2) Utilizing GRI, as the global standard on sustainability reporting, to achieve widespread adoption of the TCFD Recommendations

To put GRI's commentary on the TCFD recommendations in perspective, it is important to note that the TCFD recommendations and the GRI Standards have distinct objectives and overlapping, but not congruent, audiences.



Sustainability reporting, as promoted by the GRI Standards, is an organization’s practice of reporting publicly on its economic, environmental, and/or social impacts, and hence its contributions – positive or negative – towards the goal of sustainable development.

The TCFD focuses specifically on helping organizations disclose information about the financial impacts related to climate change risks and opportunities; whereas the GRI Standards focus on helping organizations communicate about their impacts (outward) related to climate change and other sustainability topics (e.g., Emissions, Water, Labour, Human Rights etc.), along with how these impacts are managed.

While the TCFD has identified investors, lenders, and insurance underwriters (“primary users”) as the appropriate target audience, the GRI Standards are designed for a much wider range of stakeholders – which includes investors - internal and external to the reporting organization as the target audience.

That said, GRI invites the TCFD to work with us, to introduce the TCFD recommendations to the thousands of users of the GRI Standards around the globe in the coming months.

The GRI Standards are the most widely-used sustainability reporting standards worldwide. Thousands of reporters in over 90 countries use the GRI Standards – a free public good – for their sustainability reporting. GRI is referenced in governmental policies, and in market regulations and recommendations regarding corporate disclosure, in 42 countries and regions. Twenty-four stock exchanges now reference GRI; some require GRI reporting (e.g., the Taiwan Stock Exchange); others consider a GRI report to be automatically in compliance with the exchange’s guidance (e.g., Oslo Børs).

Today, according to KPMG’s 2015 Survey of Corporate Responsibility Reporting , almost three quarters of the largest 100 companies by revenue in each of 45 countries surveyed by KPMG now report on sustainability issues. Among the world’s largest companies, as defined by the Fortune Global 500 ranking, the current rate of sustainability reporting is over 90 per cent.

According to the KPMG report, GRI provides the most popular voluntary sustainability reporting standards, used by 74 percent of the Fortune G250; and by 72 percent of companies globally that are reporting on sustainability issues.

GRI invites the TCFD to work in partnership to develop guidance for issuers of GRI-based reports clarifying how they can use the GRI Standards as the basis for implementing the TCFD recommendations.

By doing so, we believe that the TCFD could significantly enhance its global reach and speed of adoption, while at the same time building on well-established disclosure practice.

3) Scenario Analysis

GRI strongly supports the Task Force’s emphasis on scenario analysis. GRI has long held the position that climate change disclosures are most meaningful when the reporting organization presents its performance with respect to the global context, international norms and normative frameworks. We believe that scenario analysis is the appropriate tool to derive the information needed to support decision-making of



the target audience and other stakeholders. We further support the disclosure of sufficient information to understand the underlying assumptions behind different scenarios.

Scenario analysis requires that the reporting organization understand baseline disclosures on Scope 1, 2 and 3 GHG emissions. These disclosures have formed part of the GRI Standards for many years. We support the Task Force's assessment that scenario analysis can be qualitative or quantitative, and in most cases will be a combination of both.

We strongly recommend that the TCFD develop more detailed guidance to assist reporting organizations with the methodologies and tools for scenario planning.

4) Additional guidance

GRI recommends that TCFD provides illustrative, non-prescriptive reporting examples. As the Corporate Reporting Dialogue's joint submission stated, such guidance is expected to reinforce the Task Force's recommendations and encourage their efficient and effective uptake. We agree that illustrative examples will also prompt more thoughtful consideration of climate-related impacts by businesses and, in turn, investors and other financial market participants.

GRI also supports the Corporate Reporting Dialogue's joint statement that encourages the Task Force to extend its cross-referencing to other sections of the final report, including those related to governance, strategy and risk management.

Finally, as stated above, GRI recommends that the Task Force defines how its recommendations link to existing sustainability reporting standards, frameworks and disclosure vehicles.

To conclude, my team and I remain available to support the TCFD in its important development process. We look forward to further discussing our feedback, and the ideas proposed in this letter and through the online Consultation.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Tim Mohin', is written in a cursive style.

Tim Mohin,

Chief Executive, GRI