

SESSIONAL PAPER

# Overview of climate disclosures

Current disclosure frameworks and regulations [IFoA Climate Change Disclosures Working Party, September 2023]

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## Abstract

Climate change is at the forefront of discussions for many companies. Climate change-related disclosures and reporting are important tools and allow stakeholders to understand climate-related risks a company is facing and help various stakeholders to take informed decisions.

The landscape for climate change-related reporting requirements is ever evolving, with a trend from voluntary to mandatory, with many global disclosure standards and requirements influencing local requirements and other related standards.

This paper explores these ideas further, giving a general background to disclosure requirements, discusses greenwashing, details disclosure organisations including TCFD and the ISSB, and provides details on a country level including green taxonomies.

**Keywords:** Climate Change; Climate Change Disclosures; TCFD; CDP; ISSB; Greenwashing; Green taxonomies

## 1. Section 1: Disclaimer

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## 2. Section 2: Executive Summary

We are pleased to publish our first report as a Working Party on climate change-related disclosures (“climate disclosures”), which covers a range of areas including recommendations by legislative and organisational bodies, as well as commentary on current market practices around the world.

### 2.1. Scope of this Report

This aim of this report is to give an overview of some of the main current climate disclosure requirements and practices, and **is not intended to be a definitive guide**. Please also note, that

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climate disclosures typically form part of wider Environmental, Social and Governance (ESG) reporting. However, the focus of this report is on climate disclosures only.

In particular, this report discusses (arranged as per the following Sections):

- Section 3: **Introduction**

General disclosure considerations and greenwashing.

- Section 4: **Requirements by global non-governmental organisations**

Material global frameworks and reporting standards set by non-governmental organisations (Task Force on Climate-Related Financial Disclosures – TCFD, International Sustainability Standards Board – ISSB and Carbon Disclosure Project – CDP) with a summary comparison of these.

- Section 5: **Country focus**

Material regulations set by individual countries (and regions, i.e. the EU), with a brief discussion on green taxonomies.

For further commentary on topics raised in Sections 4 and 5, please also see separate posts published by our Working Party via the IFoA [blog site](#).

## **2.2. Importance of Climate Disclosures**

Climate change is coming to the forefront for both companies and individuals, with coverage on climate change and its far-reaching impacts being reported daily in the news. Climate change poses potentially high financial risks for a business. These risks can generally be grouped into *physical* and *transition* risks (PRA, 2019), as well as *litigation* risks.

Stakeholders require access to clear, high-quality information and robust data to better understand such risks and to make informed decisions. Disclosures are a tool to assist stakeholders make such decisions.

We are seeing a cultural shift within society and businesses, who are acknowledging their impact on the climate, both as individuals as well as part of a wider collective. These conversations are shaping how businesses should be structured in order to help tackle the wider objectives of bringing human-driven climate impact under control.

Climate disclosures, and regulation around disclosures, are important tools for helping stakeholders to take informed actions. They form part of a wider risk management framework, act to fulfil any potential compliance requirements and also act as a signpost for companies to reflect and alter their internal and external business to be more aligned with net zero objectives.

It is important to understand that most climate disclosures cannot be viewed in silo, and fall under a wider ESG umbrella for reporting and business practices. The scope of this report is however focussed purely on climate disclosures and not the wider ESG framework.

## **2.3. Greenwashing**

Though we have discussed the positives of climate disclosures, we need to be aware of *greenwashing* (see Section 3 for more details and definition), which may lead to reputational damage and potential fines.

We expect formalisation of legislation to tackle the practice of greenwashing in the near future. For example, the UK Financial Conduct Authority (FCA) is expected to finalise its rules on anti-greenwashing later in 2023.

Similarly, the *Green Claims Directive* proposed by the European Commission aims to address greenwashing in the EU (European Commission, 2023), and provisionally we expect requirements

will be applicable from 2026 (Kilsby *et al.*, 2023) for member states, once the Directive has been approved (Wiemann, 2023) and transposed to local legislation.

#### 2.4. Current Reporting Requirements

Disclosure guidelines can be broadly grouped into standards and frameworks (please see Section 4.1 for more details). We are seeing an increasing number of companies publishing climate disclosures, with many incorporating this information into existing financial reporting channels.

There are however multiple guidelines in place for a company to consider when producing a set of climate disclosures.

These guidelines can be broadly grouped as follows:

1. Those set by non-governmental bodies including TCFD, ISSB and CDP, which have a global reach. Please see Section 4 for more details.
2. Those set by regional/local legislation including in the EU and the UK, though this excludes *green taxonomies* (see below). Please see Section 5 for more details.
3. Those set by local stock exchanges including the Securities and Exchanges Board of India (SEBI) in India and the Singapore Exchange Limited (SGX) in Singapore. Please see Section 5 for more details.
4. *Green taxonomies* set by regional/local legislation, including in the EU, which focus on investment categorisation. Please see Section 5.4 for more details.

We are seeing alignment and consolidation of several disclosure-related organisations with the emergence of ISSB. The ISSB was formed in 2021 with the aim of developing *a comprehensive global baseline of high-quality sustainability standards* (IFRS, 2021). Please see Section 4 for more details on ISSB and recent consolidation.

Please note that despite TCFD monitoring responsibilities transferring to the ISSB from 2024, the TCFD recommendations remain highly influential. They have contributed significantly to the structure and content of other frameworks and standards most noticeably the ISSB sustainability standards and (for actuaries in general insurance) ClimateWise. Similarly, we are seeing an increase in local legislation or local regulators requiring or encouraging disclosures based on TCFD, e.g. in the UK and New Zealand (please see Section 5.3 for more details).

There is a general move globally from voluntary disclosure requirements to mandatory, with gradual changes resulting in formalisation of government legislation, e.g. requirement for publicly quoted companies, large private companies and Limited Liability Partnerships (LLPs) in the UK (DfBEIS, 2022) via the FCA.

We are also seeing an increase in disclosure requirements by local stock exchanges, e.g. the Australian Securities Exchange Ltd (ASX) in Australia, SEBI in India and SGX in Singapore.

Similarly, we are seeing the formalisation of additional *green taxonomies* around the world (see Section 5.4 for more details). The requirements vary from country-to-country, though broadly there seems to be less of a focus on green taxonomies compared to upcoming climate legislation and any stock exchange requirements for countries which currently have no local requirements in place.

#### 2.5. Challenges When Producing Disclosures

Some disclosures are now required by legislation, however beyond this there are several factors for a company to consider when disclosing, such as whether or not to disclose, what information to disclose and which standard and framework to follow.

Local legislation disclosure requirements may vary. Market practice for other companies within the same sector is another consideration.

Relevant questions to consider include:

- How easy is it for a company to introduce climate disclosures into their existing processes?
- Are internal processes well defined?
- What are the additional costs involved?
- Is there any reputational damage if a company decides not to disclose?

UK regulators' early reviews of progress against disclosure requirements for [insurers](#) and [pension schemes](#) have found that data remains a particular challenge and that reports are not yet providing sufficient explanation of scenario analysis or fulfilling all the requirements of the regulations.

### 2.6. Industry-/Sector-Specific Disclosure Requirements

For certain sectors including banks, insurance companies and asset managers TCFD has provided additional disclosure guidance in Appendix D and E of its 2017 [Annex](#).

Similarly, from 2018, CDP's climate change questionnaire *has incorporated sector-specific questions for 16 high-impact sectors* (CDP, 2023a).

Industry-specific information has been further acknowledged by ISSB. For example, paragraph 32 of its International Financial Reporting Standards (IFRS) S2 standard requires an *entity shall disclose industry-based metrics*, with reference to its [Appendix B - Industry-based disclosure requirements](#).

Other industry-specific standards of note include [industry-specific reporting standards](#) by the Sustainability Accountings Standards Board, SASB, which has been incorporated into ISSB – please see Section 4.3 for more details. Transition Plan Taskforce (TPT) in the UK is in the process of developing sector-specific guidance in addition to its existing disclosure requirements (PWC, 2022).

### 2.7. Actuarial Focus

Actuaries are well positioned to be involved with both the qualitative and quantitative sides of reporting including scenario analysis, narrative development, metrics and targets, and to be able to communicate complex information externally.

Though standards continue to emerge, bodies such as Partnership for Carbon Accounting Financials, PCAF, are useful to inform us of calculation methodologies.

One guidance (yet to be published at the time of writing) is the International Actuarial Association's (IAA's) International Standards of Actuarial Practice's [guidance on IFRS S2](#) (ISAP 8). In its [Statement of Intent](#) issued on 23 June 2023, IAA requested comments by 23 August 2023, and discussed potential areas ISAP 8 may address which include development and disclosure of climate scenario analysis.

Currently, the Financial Reporting Council, FRC, has updated its Technical Actuarial Standard [TAS 100](#) to include climate change in *material factors to be allowed for by practitioners in their technical actuarial work* (FRC, 2023).

Particularly for the industries in which actuaries operate, our specialist knowledge of underwriting and investments can help support calculations underlying insurance and investment-linked emissions.

We are seeing actuaries becoming increasingly involved with climate-related work, where requirements are slowly filtering through to local legislation and guidance. For example, in the UK, [Pensions Schemes Act 2021](#) has facilitated climate-related regulations including reporting. Current disclosure requirements apply for occupational schemes with assets of £1bn+.

There may reach a point with certain disclosures that additional disclosure requirements are required for actuaries, e.g. climate-specific information requirements in the European Insurance and Occupational Pensions Authority's (EIOPA's) Pillar 3 reporting templates.

## 2.8. Conclusions and Looking Ahead

Currently, there are multiple disclosure requirements which have been issued by non-governmental organisations, which have a global reach. Similarly, disclosure requirements by local legislation and local stock exchanges continue to grow and vary by country.

We expect local government and local stock exchange requirements to be introduced/draft requirements to be finalised over the next few years for countries which are currently lacking formal local guidance. For example, we expect the formalisation of US Securities and Exchange Commission (SEC) requirements later in 2023, progression of the *Climate Change Bill 2022* in South Africa and of the *Climate-related financial disclosure* consultation in Australia over the next couple of years. Please see Section 5.2 and country-specific [blogs](#) for more details.

We are seeing a similar trend with green taxonomies. Currently, requirements vary from country-to-country. We expect formalisation of local green taxonomy requirements in several countries over the next few years, for example, with the upcoming consultation in the UK in autumn 2023. Please see Section 5.4 and country-specific [blogs](#) for more details.

The above poses a challenge for companies, as they may need to consider multiple sources of guidance in order to produce a set of climate disclosures. Similarly, for multi-national companies, this may cause issues as requirements from various sources may differ.

We expect that the trend from voluntary to mandatory disclosure requirements to continue, with TCFD under the auspices of the ISSB playing an influential part in global and local practices. Currently, disclosure requirements under ISSB's IFRS S1 and IFRS S2 standards are relatively more onerous than under TCFD.

We expect a gradual consolidation and alignment of disclosure practices, with more wide-reaching sustainability standards that look beyond climate change yet to be published by the ISSB. Some countries have already backed ISSB, for example in Canada and the UK, where we expect ISSB disclosure requirements to become mandatory or transposed to local requirements in these countries.

## 2.9. Additional Disclaimers

Please note the following:

- a. Information within this report is **valid up to 31 July 2023**. Hence, there may be updates beyond this date which are not reflected in this report.
- b. This report is not intended to be a comprehensive audit of reporting standards, frameworks or legislation. Neither is this report recommending or promoting one reporting standard over another, nor promoting any of the sources or references stated in this report. Any user of this report should still reference the underlying legislation and standard, and should there be any conflict, the underlying information in the relevant standard or legislation supersedes any information presented in this report.
- c. Though the work under this report does not fall under the Financial Reporting Council's Technical Actuarial Standards, this report has been reviewed both within the Working Party and by the IFoA's Sustainability Practice Board.

## 3. Section 3: Introduction

### 3.1. Background to Disclosures

Disclosures form an essential part of any business. They enable stakeholders, from employees to investors and regulators in the first instance, to understand any risks a company is facing, how the company is addressing such risks, and what opportunities there are going forwards. Crucially, they are a tool by which progress can be measured against and potentially be used to hold organisations accountable for actions to which they have committed.

With any disclosure, there are several considerations: disclosures should contain relevant information, be transparent, be easy to understand and address a range of stakeholder needs (both internal and external). ISSB's IFRS S1 standard for example requires a *fair presentation* with disclosures (IFRS, 2023). Section 4.2 of the UK FCA's *Conduct of Business Sourcebook* requires all communications to be *fair, clear and not misleading*.

One important question is, however, what is the underlying aim of the disclosure process for a business? Is it to passively report, e.g. due to regulatory requirements, or is it to be the basis of future decisions, i.e. are there any actions on the back of the report?

Other questions to consider include:

- What are other companies in the same industry/sector doing with regards to climate disclosure?
- Is additional information required within the disclosures which are targeted at specific stakeholders?
- Are there any downsides to non-disclosure, e.g. reputational damage?

Given that climate disclosures are more of a recent requirement, can these be easily incorporated to existing company disclosures, or should these be as a separate, standalone set of disclosures?

Cost considerations are a reality for companies – not only in terms of the financial costs of preparing disclosures but also the time costs of upskilling staff and setting up new internal processes and calculations. The benefit of this would be to better manage financial risks, and for a firm to improve their resilience to such risks (Bank of England, 2020).

### 3.2. Greenwashing

The term *greenwashing* refers to the practice of misleading stakeholders to believe that a company's practices are environmentally aligned, when in reality they are not. This may be via false disclosure or false advertising. Companies potentially do this to improve public perception of their company or potentially to capitalise on a growing consumer-led demand for more sustainable-friendly solutions.

Greenwashing can also be unintentional, e.g. a business believes it is being environmentally responsible and communicates this in its marketing materials or disclosures, but this turns out to be based on misleading or incorrect information. However, the risks and penalties are the same as if it was intentional.

Examples of greenwashing include:

- A company falsely advertises that its products are made from 100% recyclable materials, when in reality this is not the case.
- Use of environmental images on packaging to imply an eco-friendly product, though the product/packaging is in reality not eco-friendly.
- Beyond greenwashing being an unethical practice, it may also lead to consumers overpaying for a product or service (as typically environmentally friendly solutions are relatively more expensive).

Some real-life examples of greenwashing include:

- Ryanair stating in 2020 to be Europe's "lowest emissions airline" (Sweney, 2020). This resulted in the Advertising Standards Authority banning this advertisement.
- In 2022, adverts for Innocent drinks were banned for misleading consumers on the firm's environmental impact (Timmins, 2022).

A study by the European Commission in 2020 (EUbusiness, 2023; European Commission, 2023) found that:

- 53% of green claims give vague, misleading or unfounded information.
- 40% of claims have no supporting evidence.

Though it is difficult to spot and prevent greenwashing, there is an increase in legislation aimed at addressing this issue. Examples of upcoming legislation to tackle greenwashing include:

- In the UK, the FCA is expected to finalise its anti-greenwashing [rule](#). On saying this, the FCA can already start taking action against greenwashing activities (Pinsent Masons, 2023a).
- In the EU, the European Commission [proposed](#) its *Green Claims Directive* on 22 March 2023, with the aim to address greenwashing within the EU. Provisionally, we expect requirements will apply from 2026 in the member states, once approved and transposed to local legislation (Kilsby *et al.*, 2023).

On 1 June 2023, the EU’s supervisory authorities (ESAs, which include the European Banking Authority – EBA, EIOPA and the European Securities and Markets Authority – ESMA) published their progress reports of initial findings on greenwashing. The ESAs aim to publish final conclusions by May 2024.

**3.3. A Note on the Climate Disclosure Landscape**

The landscape for climate disclosure is complex, where disclosure requirements can be set by various bodies including global organisations, local governments and the local stock exchange.

The diagram below gives an overview of various potential influences on a company’s set of climate disclosures. Please note that this diagram is a simplified representation, and is not meant to represent a comprehensive audit.



Figure 1. Disclosure landscape.

In many cases, companies need to consider separate guidance documents and sources, potentially producing separate climate disclosures for the same reporting period.

However, we are seeing alignment of separate disclosure standards/frameworks, e.g. with ISSB (please see Section 4.3 for more details). Similarly, we are seeing an increase in local legislation which refer to the use of TCFD's recommendations. Please see Section 5.3 for more details.

Section 4 of this report discusses non-governmental organisations, such as TCFD, ISSB and CDP, from above in more detail. Section 5 of this report looks at disclosure requirements by local legislation, stock exchanges and green taxonomies from the diagram above further.

## 4. Section 4: Requirements by Global Non-Governmental Organisations

### 4.1. Background to Standards and Frameworks

There are several climate-related disclosures set by different organisations. However, the general aim of any set of disclosure requirements is to ensure material information is included and presented in a consistent manner. These disclosure requirements can be broadly grouped into **standards** and **frameworks** (as defined by the Global Reporting Initiative, GRI), and in some cases there is an overlap:

- **Standards**  
These tend to be more detailed-orientated, being specific in what needs to be included within the disclosure. Examples include those published by ISSB and GRI.
- **Frameworks**  
These can be viewed as more guiding principles aimed at assisting how a disclosure can be prepared. Examples include those issued by TCFD and CDP.

For more information, please see GRI's summary document [here](#).

Please note though, some people use the name of the standard/framework and the name of the sponsoring organisational body who originally set the disclosure requirement interchangeably, e.g. TCFD.

### 4.2. Comparison of Global Climate Disclosure Non-Governmental Organisations

There are currently several disclosure-setting organisations, which may influence or directly provide guidance on company climate/sustainability disclosures, many of which are non-governmental and have a global reach. These include GRI, SBTi (Science-Based Targets initiative) and PCAF.

For the purposes of this report, we have focussed on material disclosure standards and frameworks set by the TCFD, ISSB and CDP, given that these are three of the most influential global reporting requirements around at present. As mentioned, these organisations are not aligned to a specific country. Below we give a brief overview of these three organisations and their disclosure requirements.

#### 1. TCFD

- TCFD is a global initiative formed after the 2015 Paris Agreement.
- This resulted in voluntary recommendations grouped into 4 pillars, with the aim of encouraging organisations to incorporate climate-related information, e.g. via their existing annual reports.
- TCFD recommendations currently have a wide-reaching influence, e.g. on local legislation in some countries. Please see Section 5.3 for more details.
- A sample of actual TCFD company reports can be viewed [here](#).



## 2. ISSB

- Launched in 2021, ISSB and its standards are based on the consolidation of several prior reporting organisations and their requirements. Please see Section 4.3 for more details.
- The aim of ISSB is to produce sustainability- and climate-related disclosure standards which are the *global baseline* (IFRS, 2021).
- ISSB recently published its IFRS S1 and IFRS S2 standards in June 2023, which focus on sustainability- and climate-related information respectively. The aim is for organisations to incorporate these disclosure standards, e.g. via their existing annual reports.
- Companies are yet to disclose given that these standards are in force from 2024.
- Though currently the ISSB cannot enforce companies to adopt their standards, we expect these to be mandatory in some geographies in the future, e.g. in the UK (Pinsent Masons, 2023b) or transposed to local requirements.

## 3. CDP

- CDP is a *not-for-profit charity that runs the global disclosure system for investors, companies, cities* (CDP, 2023b).
- Companies disclose information via questionnaires, which are submitted back to CDP. One of the questionnaires relates to climate information (see 2023 version [here](#)), where CDP collects climate-related data such as the company's greenhouse gas (GHG) emissions. CDP then scores the company "A" to "D-"/"F" based on the questionnaire responses. The score reflects where a company is on their environmental journey. The aim of these scores is to help companies understand their environmental impact and to encourage sustainable actions.
- Questionnaire responses and the overall score for a particular year can be viewed via the CDP portal by other registered users of the portal, though log-in is required. In some cases, companies also include their overall CDP score, e.g. within their existing annual reports.

We have summarised a comparison of the TCFD, ISSB and CDP organisations, along with their disclosure requirements, in Table 1.

**Table 1.** A comparison of the TCFD, ISSB and CDP organisations, along with their disclosure requirements

	TCFD	ISSB	CDP
Organisation information			
Background	<ul style="list-style-type: none"> <li>• Formed in 2015 by the Financial Stability Board (FSB)</li> </ul>	<ul style="list-style-type: none"> <li>• Formed in 2021 by IFRS Foundation</li> </ul>	<ul style="list-style-type: none"> <li>• Formed in 2000 by Paul Dickinson, prior member of IFoA Environmental Research Group</li> </ul>
Official website	<ul style="list-style-type: none"> <li>• <a href="#">TCFD site</a></li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">ISSB site</a></li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">CDP site</a></li> </ul>
Other useful resources	<ul style="list-style-type: none"> <li>• <a href="#">Overview by IFoA</a></li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">In-depth IFRS S1</a></li> <li>• <a href="#">In-depth IFRS S2</a></li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Main YouTube channel</a></li> </ul>
Information on climate disclosure standard or framework			
Climate-related disclosure guidance issued	<ul style="list-style-type: none"> <li>• Issued original recommendations in 2017</li> <li>• The recommendations are grouped into 4 pillars:               <ol style="list-style-type: none"> <li>Governance</li> <li>Strategy</li> <li>Risk management</li> <li>Metrics and targets</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>• In June 2023, ISSB published IFRS S1 guidance which focusses on sustainability-related and IFRS S2 guidance which focusses on climate-related disclosures</li> <li>• Though S2 is effective for reporting periods on or after 1 January 2024, <a href="#">early application</a> is permitted as long as S1 is also applied</li> </ul>	<ul style="list-style-type: none"> <li>• Questionnaire-based disclosures aimed at corporations/cities/states/regions</li> <li>• Current questionnaires focus on:               <ol style="list-style-type: none"> <li>climate</li> <li>forest</li> <li>water security</li> </ol> </li> <li>• CDP provides a score ("A" to "D-"/"F") depending on where respondent is on their environmental journey, with the aim of promoting sustainable actions</li> </ul>

(Continued)

**Table 1.** (Continued)

Information on climate disclosure standard or framework			
Actual disclosure example	<ul style="list-style-type: none"> <li>List of TCFD-aligned disclosures by companies</li> </ul>	<ul style="list-style-type: none"> <li>N/A (as applicable from 2024 – see below)</li> </ul>	<ul style="list-style-type: none"> <li>Responses to climate questionnaire by L’Oréal in 2022 (requires log-in to view)</li> </ul>
	TCFD	ISSB	CDP
Information on climate disclosure standard or framework (continued)			
Relation to each other (i.e. TCFD/ISSB/CDP)?	<ul style="list-style-type: none"> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>IFRS S2 disclosure requirements adopted and grouped as per TCFD</li> <li>For detailed comparison against TCFD please see <a href="#">here</a></li> </ul>	<ul style="list-style-type: none"> <li>Recent alignment to TCFD</li> <li>Aims to incorporate ISSB’s IFRS S2 into its disclosure platform (CDP, 2022)</li> </ul>
Aimed at	<ul style="list-style-type: none"> <li>All sectors</li> <li>Investors</li> </ul>	<ul style="list-style-type: none"> <li>All sectors</li> <li>Investors</li> </ul>	<ul style="list-style-type: none"> <li>All sectors</li> <li>Investors/cities/states/regions</li> </ul>
In force from	<ul style="list-style-type: none"> <li>2017</li> </ul>	<ul style="list-style-type: none"> <li>2024</li> </ul>	<ul style="list-style-type: none"> <li>c. 2000–2001</li> </ul>
Framework or standard	<ul style="list-style-type: none"> <li>Framework</li> </ul>	<ul style="list-style-type: none"> <li>Standard</li> </ul>	<ul style="list-style-type: none"> <li>Framework</li> </ul>
Mandatory or voluntary?	<ul style="list-style-type: none"> <li>Voluntary, though local legislations are starting to request TCFD compliance, e.g. in the UK</li> </ul>	<ul style="list-style-type: none"> <li>TBC, e.g. UK FCA to update rules to reference ISSB standards</li> </ul>	<ul style="list-style-type: none"> <li>Voluntary</li> </ul>
Number of users	<ul style="list-style-type: none"> <li>Increased global supporters – 3,950 in 2022 from 571 in 2018 (TCFD, 2022)</li> <li>See Section 5.3 for more details</li> </ul>	<ul style="list-style-type: none"> <li>Starts from 2024</li> </ul>	<ul style="list-style-type: none"> <li>20k+ organisations disclosed via CDP in 2022</li> </ul>
Other comments	<ul style="list-style-type: none"> <li>Wider influence on other organisations/local legislation – see Section 5.3 for further details</li> </ul>	<ul style="list-style-type: none"> <li>Awaiting publication of IAA guidance on IFRS S2</li> </ul>	<ul style="list-style-type: none"> <li>Expanding remit beyond of current questionnaires which cover climate/forest/water security</li> </ul>
Cost	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Admin fee to cover cost of publication on CDP website</li> </ul>

For further details, please also visit the IFoA [blog site](#).

### 4.3. ISSB Consolidation

At COP 26 in 2021, the IFRS Foundation announced the formation of the ISSB (IFRS, 2021). The aim of ISSB is to *develop a comprehensive global baseline of high-quality sustainability standards* (IFRS, 2021, 2022a).

Within the announcement they mentioned that the ISSB would result in the consolidation of various disclosure-related organisations. The diagram below gives a simplified overview of this consolidation – though please note that this is not meant to be a comprehensive representation.

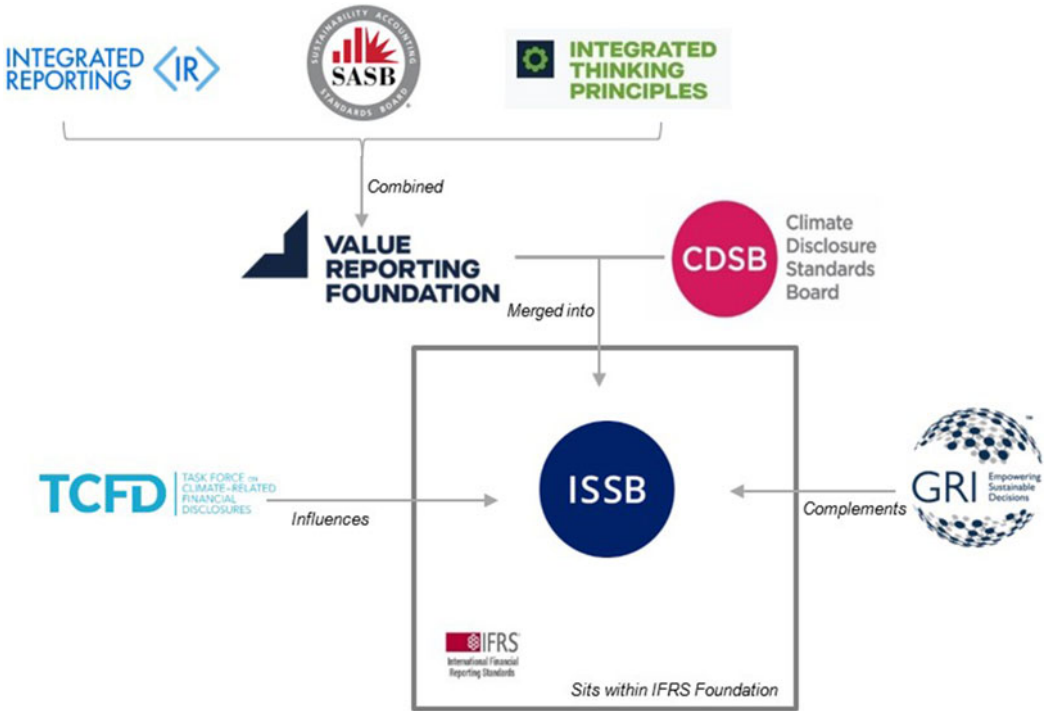


Figure 2. ISSB consolidation.

In March 2022, the IFRS Foundation [announced](#) a collaboration agreement (via a *Memorandum of Understanding* (IFRS, 2022b)) between ISSB and GRI.

It was also recently announced that the ISSB will take over from the TCFD on its monitoring responsibilities from 2024.

For more details on ISSB, please visit the main ISSB homepage [www.ifrs.org/groups/international-sustainability-standards-board/](http://www.ifrs.org/groups/international-sustainability-standards-board/) and related commentary by us on the IFoA [blog site](#).

## 5. Section 5: Country Focus

### 5.1. Introduction

The take-up of climate disclosures is increasing globally, both in terms of the number of organisations disclosing and also the number of countries participating in climate disclosures. There is a gradual trend from voluntary to some form of mandatory disclosure via local legislation or disclosure requirements required by a local stock exchange. In some cases, mandatory requirements are on a “comply or explain” basis, i.e. a company should comply with disclosure requirements or explain why they have decided not to.

### 5.2. Global Summary of Local Legislation and Local Stock Exchange Requirements

Below is a simplified, global summary of current and upcoming climate disclosure requirements across the world, which covers both local legislation and local stock exchange requirements. Please note that the chart below is not intended to be a comprehensive representation of local requirements across each country.

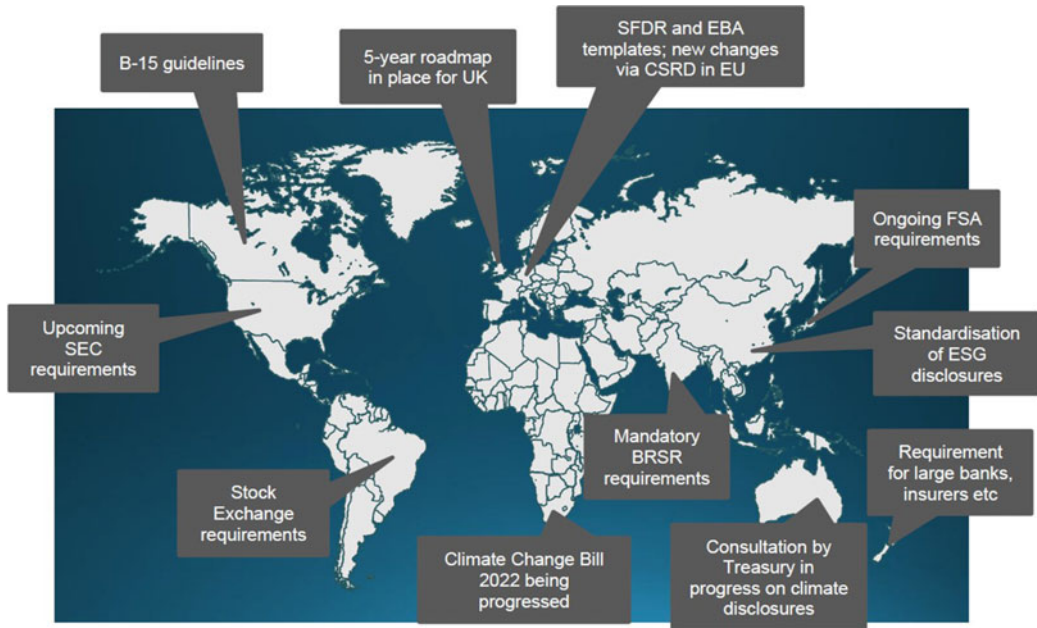


Figure 3. Local legislation and stock exchange requirements.

For more details on specific countries, please see related posts by our Working Party published via the IFoA [blog site](#), Section 5.3 on examples of alignment with TCFD, along with the relevant country blog for additional commentary on potential TCFD alignment.

### 5.3. Influence of TCFD on Local Legislation

TCFD still remains the forerunner in terms of climate-related disclosures, being directly backed by local regulators, backed by local legislation, as well as influencing how local disclosure standards are shaped.

Take-up of TCFD in different geographies is increasing. Below is a simplified timeline of some of TCFD's influence on local legislation, and regional in the case of the EU, as well as local regulators around the world (European Commission, 2019; FINMA, 2021; DfBEIS, 2022; TCFD, 2022). For further examples, please TCFD's 2022 [Status Report](#), and TCFD's webinar notes in 2021 and 2022.

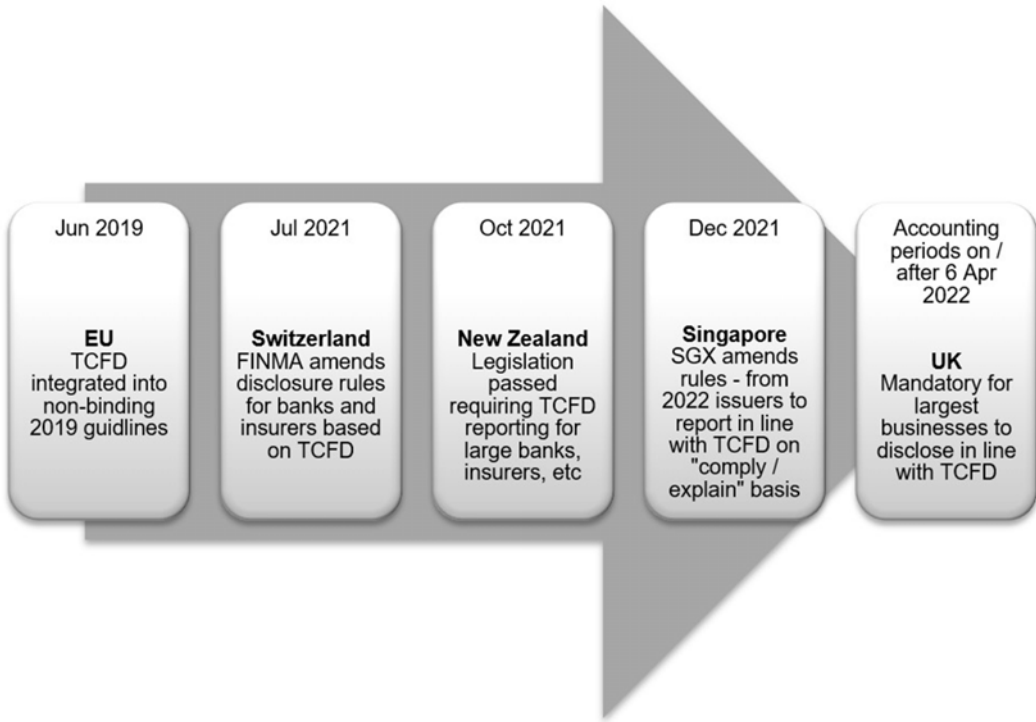


Figure 4. TCFD influence on local legislation and local stock exchanges.

Please also see Section 4 for details of alignment and take-up of TCFD recommendations by non-governmental global organisations including the ISSB, as well as related posts by our Working Party published via the IFoA [blog site](#).

#### 5.4. A Note on Green Taxonomies

Green taxonomies are classification systems, which specify which investments can be categorised as sustainable/green or not. It is not just a reporting tool, but can help businesses and stakeholders make informed decisions, for example by influencing a company's investment strategy.

Generally, we are seeing green taxonomies set as legislation by local governments or [by the EU](#). Below we have highlighted some of the existing and upcoming green taxonomies in different geographies (Alarcón & Miranda, 2023), where globally there is no formal consensus in place. Generally, we are seeing that green taxonomy legislation is not as well developed as climate disclosure requirements set by local governments or local stock exchanges. However, we expect similar formalisation of such requirements in the next few years.

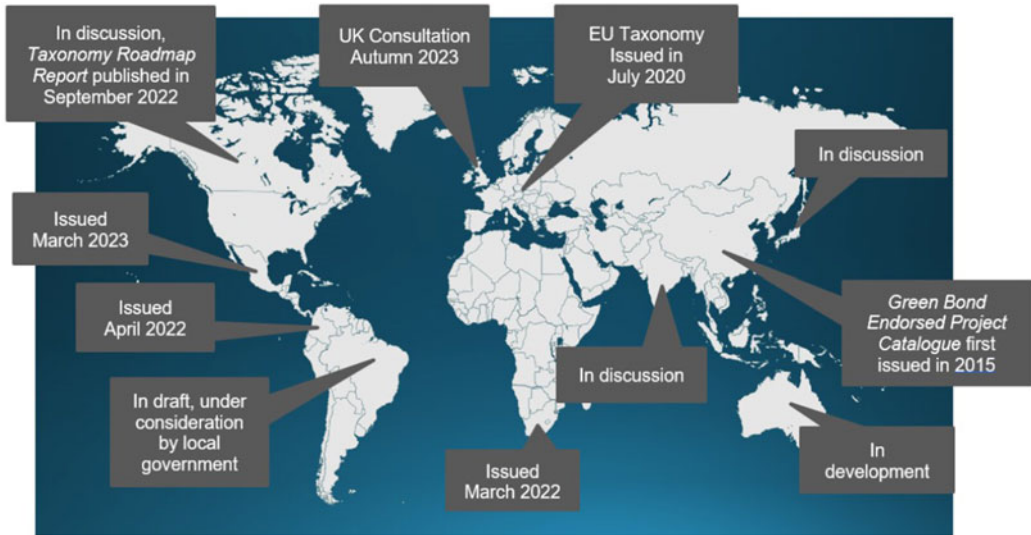


Figure 5. Local green taxonomies.

Points to be aware of include:

- Do some green taxonomies potentially and inadvertently promote non-sustainable investment practices? For example, recently the EU categorised nuclear power as green (Laidlaw, 2022).
- There is a risk that countries developing separate green taxonomy regimes could lead to overcomplication and potential conflicts for example for multi-national companies. Hence, alignment would be preferable, with countries working together (Thür, 2022).

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## Appendix 1. Working Party Members

Please see below a list of current Working Party members.

Name	Position	LinkedIn
Debashish Dey, FIA (Project lead)	Co-Chair	<a href="#">Link</a>
Lloyd Richards, FIA	Co-Chair	<a href="#">Link</a>
Mohit Arora, FIA	Member	<a href="#">Link</a>
Ellen Boyle, FIA	Member	<a href="#">Link</a>
Ruth Bryson, FIA	Member	<a href="#">Link</a>
Samuel Jackman, FIA	Member	<a href="#">Link</a>
Vasumati Patel, FIA	Member	<a href="#">Link</a>
Conal Shirazi, FIA	Member	<a href="#">Link</a>

## Appendix 2. List of Abbreviations

Below is a list of abbreviations used within this report.

Abbreviation	Explanation
ASX	Australian Securities Exchange Ltd
BRSR	Business Responsibility and Sustainability Report
CDP	Carbon Disclosure Project
COP	Conference of Parties
CSRD	Corporate Sustainability Reporting Directive
CVM	<i>Comissão de Valores Mobiliários</i> (Brazil Securities Exchange)
DfBEIS	Department for Business, Energy and Industrial Strategy (in the UK)
EBA	European Banking Authority
EFRAG	European Financial Reporting Advisory Group
EIOPA	European Insurance and Occupational Pensions Authority
ESAs	European Supervisory Authorities
ESG	Environmental, Social and Governance
ESMA	European Securities and Markets Authority
FCA	Financial Conduct Authority
FINMA	Financial Market Supervisory Authority (in Switzerland)
FRC	Financial Reporting Council
FSA	Financial Services Agency (in Japan)
FSB	Financial Stability Board
GHG	Greenhouse gas
GRI	Global Reporting Initiative

(Continued)



(Continued)

Abbreviation	Explanation
IAA	International Actuarial Association
IFoA	Institute and Faculty of Actuaries
IFRS	International Financial Reporting Standards
ISO	International Organization for Standardization
ISSB	International Sustainability Standards Board
LLP	Limited Liability Partnership
PCAF	Partnership for Carbon Accounting Financials
PRA	Prudential Regulation Authority (in the UK)
PRI	Principles for Responsible Investment
SASB	Sustainability Accountings Standards Board
SBTi	Science-Based Targets initiative
SEBI	Securities and Exchanges Board of India
SEC	Securities and Exchange Commission (in the US)
SFDR	Sustainable Finance Disclosure Regulation
SGX	Singapore Exchange Limited
TAS	Technical Actuarial Standard
TCFD	Task Force on Climate-related Financial Disclosures
tPR	The Pensions Regulator (in the UK)
TPT	Transition Plan Taskforce

### Appendix 3. Useful External Links

1. Climate Action Tracker: [www.climateactiontracker.org](http://www.climateactiontracker.org)
2. Climate Change Performance Index: [www.ccpindex.org](http://www.ccpindex.org)
3. Climate Laws: [www.climate-laws.org](http://www.climate-laws.org)
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7. Institute of Environmental Management and Assessment: [www.iema.net](http://www.iema.net)
8. ISO's Climate Action page: <https://www.iso.org/sdg/SDG13.html>
9. UN PRI climate change: [www.unpri.org/climate-change](http://www.unpri.org/climate-change)

### Appendix 4. Resource Copyrights

- Organisation logos have been taken from the relevant organisation website, e.g. for the TCFD and ISSB.
- The flag for the EU has been taken from [https://european-union.europa.eu/index\\_en](https://european-union.europa.eu/index_en).
- The maps in Section 5 are taken from a free-to-use resource from Microsoft Office: <https://templates.office.com/en-ie/maps>.
- All other graphics and icons have been taken from the Microsoft Icons database within Microsoft Word.

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