Sustainable Investor Poll on TCFD Implementation

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The **Global Sustainable Investment Alliance** is a global collaboration of membership-based sustainable investment organizations. The GSIA's mission is to deepen the impact and visibility of sustainable investment organizations at the global level. The GSIA's vision is a world where sustainable investment is integrated into financial systems and the investment chain and where all regions of the world have coverage by vigorous membership-based institutions that represent and advance the sustainable investment community.

The seven members of the GSIA are:

- Eurosif - The European Sustainable Investment Forum – [www.eurosif.org](http://www.eurosif.org)
- JSIF - Japan Sustainable Investment Forum – [www.japansif.com](http://www.japansif.com)
- RIAA - Responsible Investment Association Australasia – [www.responsibleinvestment.org](http://www.responsibleinvestment.org)
- RIA Canada - Responsible Investment Association Canada – [www.riacanada.ca](http://www.riacanada.ca)
- UKSIF - UK Sustainable Investment & Finance Association – [www.uksif.org](http://www.uksif.org)
- US SIF - The Forum for Sustainable & Responsible Investment – [www.ussif.org](http://www.ussif.org)
- VBDO - Dutch Association of Investors for Sustainable Development – [www.vbdo.nl](http://www.vbdo.nl)

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Key Points

- Sustainable investment professionals are generally unsatisfied with publicly-traded companies’ climate-related disclosure. This negative sentiment is particularly strong in the US, and within service providers and asset managers. Furthermore, the vast majority of respondents do not believe that markets are consistently and correctly pricing climate risks into company and sector valuations.

- One-third of survey respondents have already incorporated TCFD disclosures into their investment analysis, led by respondents in the UK and Australasia. A further one-quarter of respondents have a plan to incorporate TCFD disclosures into their analysis in the near-term.

- The percentage of survey respondents who are already reporting in line with the TCFD recommendations is very low, and lags the percentage who are incorporating them into their investment analysis. Stated intentions to report in line with the TCFD recommendations in 2020 indicate positive momentum for support of the TCFD recommendations.

- Globally, the overwhelming majority of survey respondents consider the TCFD recommendations to be helpful. The majority of survey respondents agree that the TCFD recommendations will help investors to limit the global average temperature rise to less than 2°C.

Methodology

This report is based on findings from a global, online survey of investment professionals conducted by members of the Global Sustainable Investment Alliance (GSIA) during the month of October, 2019. The survey was distributed by JSIF, RIA Australasia, RIA Canada, UK SIF, US SIF, and VBDO to their respective memberships. Overall, 272 individuals responded to the survey. The charts below show the breakdown of respondents by region and organization type.
Respondents were asked to provide their perspective as an individual market participant, rather than an official institutional position. All responses were provided anonymously.

This survey was the first of a series of surveys that the GSIA plans to conduct with its membership. The information from these surveys will provide global insights on current issues and activities being considered by responsible/ sustainable investment practitioners.

**Background**

The Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD) was established in December 2015 to develop recommendations for voluntary and consistent climate-related financial risk disclosures in mainstream financial reports. The TCFD's final recommendations were issued in June 2017.

The TCFD recommendations are intended to help companies identify and disclose decision-useful information about material climate-related financial risks and opportunities for their businesses. The goal of this disclosure is to enable financial markets to better understand and price those risks and opportunities, and ultimately, to help drive the efficient allocation of capital in the transition to a low-carbon economy. The recommendations are also applied to asset owners and asset managers in their reporting to stakeholders.

As of September 2019, 888 organizations globally have declared their support for the TCFD.

**Survey Findings**

**Overall, how satisfied are you with the climate-related disclosure of publicly-traded companies?**

While the number of organizations supporting the TCFD Recommendations has grown, survey respondents are generally dissatisfied with publicly-traded companies’ climate-related disclosure.

Globally, 59% of respondents expressed being “very” or “somewhat” dissatisfied, while just 16% were “somewhat” satisfied, and not a single respondent reported being “very satisfied.” Fully one-quarter of respondents responded neutrally to this question, responding they were “neither satisfied nor unsatisfied”.

Geographically, respondents in the US were by far the most likely...
to be dissatisfied (77% “very” or “somewhat” dissatisfied), while 60% of respondents in Australasia shared this level of dissatisfaction. Alternatively, Canadian and European respondents were most likely to be “somewhat” satisfied at 25% each.

Among the different organizational types, service providers and asset management firms were most likely to be dissatisfied (67% and 63% “very” or “somewhat” dissatisfied, respectively). Meanwhile, financial advisors/planners and those in the “other” category were most likely to be satisfied (32% and 23%, respectively).

Do you believe that markets are consistently and correctly pricing climate risks into company and sector valuations?

The vast majority of respondents do not believe that markets are consistently and correctly pricing climate risks into company and sector valuations.

Across all respondents, 87% said they do not believe that markets are consistently and correctly pricing climate risks into company and sector valuations. Disbelief was highest in the US and UK (97% and 95%, respectively) and lowest in Japan (77%, with 23% unsure). Only Canadians and Europeans expressed any belief at all, at 6% and 4%, respectively.

By organizational type, service providers and financial advisors/
planners were most likely to express disbelief (93% and 92%, respectively). Asset owners were the most unsure by a wide margin: 27%, compared to 12% of “other” organizations and 11% of asset management firms.

Have you incorporated TCFD disclosures into your investment analysis to date?

One-third of survey respondents (34%) have already incorporated TCFD disclosures into their investment analysis, while an additional 26% of respondents have a plan to do so in the near-term, by the end of 2020. A further 9% of respondents have a plan, although implementation will extend beyond 2020. More than one-quarter (27%) of respondents have no confirmed plan to incorporate TCFD disclosures into their investment analysis.

Respondents in the UK, US, and Australia were most likely to have already incorporated TCFD disclosures into their investment analysis (50%, 47%, 42% respectively). European respondents were most likely to still be in the planning stages at 57%, followed by Australasia and Canada, each at 43%. Although 25% of respondents in Japan reported having incorporated TCFD disclosures into their investment analysis, close to one-half (46%) have no plan to do so. In Canada and the US, 31% and 30% of these respondents, respectively, have no plan to incorporate TCFD disclosures into their investment analysis.
Service providers, asset management firms, and asset owners had the highest rates of having already incorporated TCFD disclosures into their investment analysis (41%, 38%, and 37%, respectively). 50% of financial advisors/planners have a plan to incorporate TCFD disclosures, with 39% of them planning to do so in the near term. “Other” organizational types were the least likely to have already incorporated TCFD disclosures (12%) and 41% have no plan to do so.

How helpful are the recommendations provided by the TCFD?

Globally, the overwhelming majority of survey respondents consider the TCFD recommendations to be helpful. 92% of respondents reported that the TCFD’s recommendations were “very” or “somewhat” helpful. This sentiment was most enthusiastically expressed in Europe, where 42% of respondents found them “very helpful”, followed by Australasia, Canada and the US (36%, 35% and 36%, respectively). While just 21% of respondents in Japan found the TCFD’s recommendations to be “very helpful”, the majority (68%) said they were “somewhat” helpful.

Apart from those in the “other” category, results were comparable across organizational types. 33-39% of respondents found the TCFD recommendations “very helpful”, while just 17% of those in the “other” category felt the same (74% of “others” felt they were “somewhat” helpful).

Chart sums to >100% due to rounding.
Do you report in line with the TCFD recommendations?

Among survey respondents, the percentage who report in line with the TCFD recommendations currently lags the percentage who incorporate them into their investment analysis.

Only 16% of total respondents are already reporting in line with the TCFD recommendations, and a further 19% intend to do so in 2020. An additional 28% of respondents are exploring the possibility. Respondents in the UK were most likely to be currently reporting in line with the TCFD recommendations (35%), while those in Europe and Australasia were most likely to be in the planning stages (66% and 59% plan to in 2020, or are exploring the possibility). Respondents in Japan and the US were least likely to consider reporting in line with the TCFD recommendations: 53% and 38%, respectively, said they had no plans to do so.

Asset owners reported the highest positive response to this question, with 24% of asset owners already reporting in line with TCFD recommendations, and another 27% planning to do so in 2020. Reporting in line with the TCFD recommendations is arguably less relevant to the financial advisors/planners respondents, and only 5% of them are reporting in line with TCFD recommendations, and 42% have no plan to do so. While slightly more service providers and “other”
types are currently reporting (16% and 12%), 46% and 38% of them have no plans to do so, compared to the 53%-64% of asset owners, asset managers, and financial advisors/ planners with plans in progress.

Do you agree or disagree with this statement? – "The TCFD will help investors to limit the global average temperature rise to less than 2°C."

The majority of global survey respondents (67%) responded that they “strongly” or “somewhat” agree that the TCFD will help investors to limit the global average temperature rise to less than 2°C.

This sentiment was most supported in Japan (88% strongly or somewhat agreed), Europe (71%), and the UK (70%). Meanwhile 16% of respondents in Canada somewhat or strongly disagreed with this statement, as did 14% of respondents in Europe. About one-fifth (22%) of respondents were undecided (“neither agree nor disagree” with the statement), most notably among respondents in the US, Canada and Australasia (38%, 27% and 24% respectively).
Responses were largely uniform across organization types. 60-71% of all respondents strongly or somewhat agree with the statement, while 8-12% somewhat or strongly disagree.

**Conclusion**

The TCFD’s final recommendations were released just over two years ago, and support has grown during the period since. Responses to this survey confirm there is positive and growing support for the TCFD recommendations among members of GSIA organizations. This is particularly evident for investors incorporating the recommendations into their investment analysis; by the end of 2020, the majority of respondents expect to be doing so.

As the survey respondents represent investment professionals who are members of responsible/sustainable investment organizations, the results are arguably unsurprising as these professionals are likely to be more interested in sustainability. And, while reporting in line with the TCFD recommendations is lagging among respondents, this too is plausible given investment decisions and corporate reporting decisions are typically made in separate areas of an organization.

The vast majority of respondents believe the markets are not pricing climate risks correctly. This mis-pricing points to the potential for an abrupt and disorderly re-valuation of assets as these risks are realized. By disclosing climate-related risks and opportunities, and providing transparency about how they are being managed, organizations that report in line with the TCFD recommendations are providing investors with decision-useful information that, when incorporated into investment analysis, could help to facilitate a smoother transition.

Encouragingly, and in keeping with the intent of the TCFD recommendations, the majority of respondents agreed that the TCFD will help investors to limit the global average temperature rise to less than 2°C. Responsible/sustainable investment professionals influence outcomes through their allocation of capital and shareholder engagement activities. While the TCFD recommendations alone are not going to solve the climate crisis, they provide investors and the markets with a necessary and effective tool to catalyze change.