

THROUGHOUT THIS DOCUMENT, INSTRUCTIONS WILL BE HIGHLIGHTED IN YELLOW

## CONSULTATION ON PROPOSED GUIDANCE

### INTRODUCTION AND RESPONDENT INFORMATION

#### Task Force on Climate-related Financial Disclosures

#### Consultation on Proposed Climate-related Metrics, Targets, and Transition Plan Guidance

Welcome to the Task Force on Climate-related Financial Disclosures (TCFD) consultation. In this consultation, the Task Force aims to solicit input on proposed guidance for climate-related metrics, financial impacts, targets, and transition plans. We are interested in learning more about the potential usefulness of climate-related metrics in promoting comparability across financial disclosures as well as feedback on the proposed changes to climate-related targets and transition plans.

**Please review the Task Force’s background documents, [Proposed Guidance on Climate-related Metrics, Targets, and Transition Plans](https://assets.bbhub.io/company/sites/60/2021/05/2021-TCFD-Metrics_Targets_Guidance.pdf) ([https://assets.bbhub.io/company/sites/60/2021/05/2021-TCFD-Metrics\\_Targets\\_Guidance.pdf](https://assets.bbhub.io/company/sites/60/2021/05/2021-TCFD-Metrics_Targets_Guidance.pdf)) and the [Portfolio Alignment Technical Supplement](https://assets.bbhub.io/company/sites/60/2021/05/2021-TCFD-Portfolio_Alignment_Technical_Supplement.pdf) ([https://assets.bbhub.io/company/sites/60/2021/05/2021-TCFD-Portfolio\\_Alignment\\_Technical\\_Supplement.pdf](https://assets.bbhub.io/company/sites/60/2021/05/2021-TCFD-Portfolio_Alignment_Technical_Supplement.pdf)) prior to completing this questionnaire. The document provides context and further considerations related to the subjects explored in the following questions. In particular, Appendix 1 provides a line-by-line view of the proposed changes to TCFD’s 2017 Annex: “Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures.”**

We are eager to hear your views and your contribution is appreciated. The consultation is designed to take around 30 minutes to complete and will be open from June 7 to July 18, 2021.

All responses will be treated as confidential. While the Task Force may release a summary of comments received, none of the comments you make or opinions you express will be attributed to you or your organization without your express permission. The survey is administered by Bloomberg, which operates under the Code of Conduct of the Market Research Society ensuring complete independence and confidentiality.

If you have any questions about the survey process, please contact [info@fsb-tcf.org](mailto:info@fsb-tcf.org).

1. Where is your organization headquartered? Please specify country: USA
2. Which one of the following *best* describes your organization? Please select **ONE** only.
  - a. **Financial services** (e.g., bank, insurer, asset owner, asset manager, credit rating agency, index provider, stock exchange)
  - b. Non-financial company (e.g., energy, transportation, materials, and buildings, agriculture, food, and forest products group)
  - c. **Data/Methodology provider**
  - d. Government/Public sector
  - e. Industry/Trade association
  - f. Standard setter or framework
  - g. Non-Governmental Organization (NGO)
  - h. Academia/Education/Research
  - i. Other (please specify): \_\_\_\_\_

PLEASE ANSWER QUESTION 3 ONLY IF YOUR ORGANIZATION IS DESCRIBED AS *FINANCIAL SERVICES* (RESPONSE OPTION A IN QUESTION 2):

3. Please select your primary firm type from the list below. Check all that apply.

- a. Asset manager
- b. Bank
- c. Credit rating agency
- d. Index provider
- e. Insurance (underwriting)
- f. Pension plan, endowment, foundation, or other asset owner
- g. Stock exchange
- h. Other (please specify): **Financial and ESG Services**

PLEASE ANSWER QUESTION 4 ONLY IF YOUR ORGANIZATION IS DESCRIBED AS *FINANCIAL SERVICES* (RESPONSE OPTION A IN QUESTION 2):

4. In your role, are you responsible for making decisions in any of the following areas? Check all that apply.

- a. **Investing**
- b. Lending
- c. Insurance underwriting
- d. Trading
- e. **Sustainability, ESG decisions**
- f. **Other capital allocation (please specify): Ratings**
- g. None of the above

PLEASE ANSWER QUESTION 5 ONLY IF YOUR ORGANIZATION IS NOT DESCRIBED AS *FINANCIAL SERVICES* (RESPONSE OPTIONS B THROUGH I IN QUESTION 2):

5. Please select your primary industry from the list below Please select ONE only.

- a. Agriculture
- b. Automobiles and components
- c. Chemicals
- d. Coal and consumable fuels
- e. Conglomerate
- f. Construction materials
- g. Consumer discretionary
- h. Containers and packaging
- i. Food, beverage and tobacco
- j. Healthcare
- k. Industrials
- l. Metals and mining
- m. Oil and gas
- n. Paper and forest products
- o. Professional services
- p. Real estate / Construction
- q. Information technology
- r. Telecommunication services
- s. Transportation
- t. Utilities
- u. Other (please specify): Ratings and financial/ESG services, all industries

6. What is your role / position? Please select ONE only.

- a. Academic/industry expert
- b. Administration
- c. Board member
- d. Compliance
- e. Corporate reporting
- f. Corporate strategy
- g. Executive member
- h. Finance
- i. General management
- j. Government/regulatory affairs
- k. Investment/asset management
- l. Legal
- m. Risk
- n. Sustainability
- o. Technology
- p. Underwriting/insurance

q. Other (please specify): This submission is made on behalf of Morningstar/Sustainalytics' Climate Solutions Team, which has the responsibility within our company for developing products addressing climate change.

7. Which of the following **most closely** aligns with your role? Select all that apply.

- a. I am a preparer of climate-related financial disclosures either at a non-financial company or financial institution
- b. I am a user of climate-related financial disclosures (e.g., an investor, lender, or underwriter)
- c. Neither of the above

FOR THE REMAINDER OF THE CONSULTATION:

- QUESTIONS IN **RED TEXT** ARE TO BE ANSWERED BY **PREPARERS**
- QUESTIONS IN **GREEN TEXT** ARE TO BE ANSWERED BY **USERS**
- QUESTIONS IN **BLUE TEXT** ARE TO BE ANSWERED BY ORGANIZATIONS DESCRIBED AS **FINANCIAL SERVICES** (THAT IS, IF YOU SELECTED RESPONSE OPTION A IN QUESTION 2)
- QUESTIONS IN **BLACK TEXT** ARE TO BE ANSWERED BY ALL (UNLESS OTHERWISE SPECIFIED IN THE INSTRUCTIONS)

**TCFD PROPOSED GUIDANCE ON CLIMATE-RELATED METRICS AND FINANCIAL IMPACTS**

We have a few questions about the proposed guidance on climate-related metrics and financial impacts. **Please refer to Section C. Climate-related Metrics and Financial Impacts for definitions and more details.**

THE NEXT TWELVE QUESTIONS (IN RED) ARE FOR PREPARERS OF CLIMATE-RELATED FINANCIAL DISCLOSURES. IF THIS DOES NOT APPLY TO YOU, PLEASE SKIP TO QUESTION 20.

**8. Which of the following climate-related information does your organization disclose?**

	A. Currently disclose	B. Currently estimate, but do not disclose	C. Planning to estimate, but not necessarily disclose	D. Planning to disclose	E. No plans to estimate or disclose	F. I'm not sure
<b>Cross-industry, climate-related metrics</b>						
Absolute <b>Scope 1 and 2</b> GHG emissions						
Relevant, material categories of Absolute <b>Scope 3</b> GHG emissions						
Shadow/internal <b>carbon price(s)</b>						
Proportion of assets and/or operating, investing, or financing activities <b>materially exposed to physical risks</b> , based on key categories of commonly accepted risks						
Proportion of assets and/or operating, investing, or financing activities <b>materially exposed to transition risks</b> , based on key categories of commonly accepted risks						
Proportion of assets and/or operating, investing, or financing activities <b>aligned toward climate-related opportunities</b> , based on key categories of commonly accepted opportunities						
Amount of senior management <b>remuneration</b> impacted by climate considerations						
Amount of <b>expenditure or capital investment</b> deployed toward climate risks and opportunities						
<b>Climate-related financial impacts (e.g., those impacted by cross-industry, industry-specific, and company-specific metrics)</b>						
Impact of any material climate-related risks or opportunities on <b>financial performance</b> (e.g., cost, profitability, operating cash flow, impairment)						
Impact of any material climate-related risks or opportunities on <b>financial position</b> (e.g., assets and liabilities)						

**9. Is there anything additional you would like to tell us about your responses above?**

- 10. There are different benefits that preparers may derive from the use of proposed cross-industry, climate-related metrics and climate-related financial impacts. How useful are disclosures of cross-industry, climate-related metrics and climate-related financial impacts in fulfilling the benefits described below?**

	Not at all useful	Not very useful	Somewhat useful	Very useful
Ability to deliver on my organization's climate ambition (i.e., one set by the Board and Senior Management)				
Better decision making (e.g., risk management, strategy, financial planning)				
More effective engagement with my value chain (e.g., with suppliers)				
Compliance with regulatory mandates				
Compliance with investor reporting requests				
Satisfying customer pressures				
Other (please specify): _____				

- 11. Is there anything additional you would like to tell us about your responses above?**

IF YOU ANSWERED *CURRENTLY DISCLOSING* (THAT IS, RESPONSE OPTION A) IN QUESTION 8 FOR ANY ROW, PLEASE ANSWER QUESTION 12 BELOW.  
OTHERWISE, PLEASE SKIP TO QUESTION 16.

**12. How difficult is it for your organization to disclose the proposed cross-industry, climate-related metrics and climate-related financial impacts?**

FOR EACH ROW, ANSWER ONLY IF YOU ARE CURRENTLY DISCLOSING THE INFORMATION (THAT IS, RESPONSE OPTION A IN QUESTION 8)	A. Not at all difficult	B. Not very difficult	C. Somewhat difficult	D. Very difficult
<b>Cross-industry, climate-related metrics</b>				
Absolute <b>Scope 1 and 2</b> GHG emissions				
Relevant, material categories of Absolute <b>Scope 3</b> GHG emissions				
Shadow/internal <b>carbon price(s)</b>				
Proportion of assets and/or operating, investing, or financing activities <b>materially exposed to physical risks</b> , based on key categories of commonly accepted risks				
Proportion of assets and/or operating, investing, or financing activities <b>materially exposed to transition risks</b> , based on key categories of commonly accepted risks				
Proportion of assets and/or operating, investing, or financing activities <b>aligned toward climate-related opportunities</b> , based on key categories of commonly accepted opportunities				
Amount of senior management <b>remuneration</b> impacted by climate considerations				
Amount of <b>expenditure or capital investment</b> deployed toward climate risks and opportunities				
<b>Climate-related financial impacts (e.g., those impacted by cross-industry, industry-specific, and company-specific metrics)</b>				
Impact of any material climate-related risks or opportunities on <b>financial performance</b> (e.g., cost, profitability, operating cash flow, impairment)				
Impact of any material climate-related risks or opportunities on <b>financial position</b> (e.g., assets and liabilities)				

**13. Is there anything additional you would like to tell us about your responses above?**

IF YOU ANSWERED *NOT VERY DIFFICULT*, *SOMEWHAT DIFFICULT*, OR *VERY DIFFICULT* (THAT IS, RESPONSE OPTIONS B, C, OR D) FOR ANY ROWS IN QUESTION 12, PLEASE ANSWER QUESTION 14 BELOW. OTHERWISE, PLEASE SKIP TO QUESTION 16.

**14. In general, what are the key challenges your organization is facing in disclosing the proposed cross-industry, climate-related metrics and climate-related financial impacts? Select all that apply for each row.**

FOR EACH ROW, ANSWER ONLY IF: 1. YOU ARE CURRENTLY DISCLOSING THE INFORMATION AND 2. YOU ANSWERED <i>NOT VERY DIFFICULT</i> , <i>SOMEWHAT DIFFICULT</i> , OR <i>VERY DIFFICULT</i> FOR THE INFORMATION IN QUESTION 12	Lack of internal expertise and / or resources	Lack of buy-in across organization	Hard to get relevant data	Selection / application of methodologies	Not required to disclose	Other (please specify below)
<b>Cross-industry, climate-related metrics</b>						
Absolute <b>Scope 1 and 2</b> GHG emissions						
Relevant, material categories of Absolute <b>Scope 3</b> GHG emissions						
Shadow/internal <b>carbon price(s)</b>						
Proportion of assets and/or operating, investing, or financing activities <b>materially exposed to physical risks</b> , based on key categories of commonly accepted risks						
Proportion of assets and/or operating, investing, or financing activities <b>materially exposed to transition risks</b> , based on key categories of commonly accepted risks						
Proportion of assets and/or operating, investing, or financing activities <b>aligned toward climate-related opportunities</b> , based on key categories of commonly accepted opportunities						
Amount of senior management <b>remuneration</b> impacted by climate considerations						
Amount of <b>expenditure or capital investment</b> deployed toward climate risks and opportunities						
<b>Climate-related financial impacts (e.g., those impacted by cross-industry, industry-specific, and company-specific metrics)</b>						
Impact of any material climate-related risks or opportunities on <b>financial performance</b> (e.g., cost, profitability, operating cash flow, impairment)						
Impact of any material climate-related risks or opportunities on <b>financial position</b> (e.g., assets and liabilities)						

**15. Is there anything additional you would like to tell us about your responses above?**



PLEASE ANSWER QUESTION 16 FOR ANY INFORMATION THAT YOU ARE NOT CURRENTLY DISCLOSING (THAT IS, RESPONSE OPTIONS B THROUGH E) IN QUESTION 8.

IF THE ABOVE CONDITION DOES NOT APPLY TO YOU, PLEASE SKIP TO QUESTION 20.

**16. How difficult would it be for your organization to disclose the proposed cross-industry, climate-related metrics and climate-related financial impacts?**

FOR EACH ROW, ANSWER ONLY IF YOU ARE NOT CURRENTLY DISCLOSING THE INFORMATION (THAT IS, RESPONSE OPTIONS B THROUGH E IN QUESTION 8)	A. Not at all difficult	B. Not very difficult	C. Somewhat difficult	D. Very difficult
<b>Cross-industry, climate-related metrics</b>				
Absolute <b>Scope 1 and 2</b> GHG emissions				
Relevant, material categories of Absolute <b>Scope 3</b> GHG emissions				
Shadow/internal <b>carbon price(s)</b>				
Proportion of assets and/or operating, investing, or financing activities <b>materially exposed to physical risks</b> , based on key categories of commonly accepted risks				
Proportion of assets and/or operating, investing, or financing activities <b>materially exposed to transition risks</b> , based on key categories of commonly accepted risks				
Proportion of assets and/or operating, investing, or financing activities <b>aligned toward climate-related opportunities</b> , based on key categories of commonly accepted opportunities				
Amount of senior management <b>remuneration</b> impacted by climate considerations				
Amount of <b>expenditure or capital investment</b> deployed toward climate risks and opportunities				
<b>Climate-related financial impacts (e.g., those impacted by cross-industry, industry-specific, and company-specific metrics)</b>				
Impact of any material climate-related risks or opportunities on <b>financial performance</b> (e.g., cost, profitability, operating cash flow, impairment)				
Impact of any material climate-related risks or opportunities on <b>financial position</b> (e.g., assets and liabilities)				

**17. Is there anything additional you would like to tell us about your responses above?**

IF YOU ANSWERED *NOT VERY DIFFICULT*, *SOMEWHAT DIFFICULT*, OR *VERY DIFFICULT* (THAT IS, RESPONSE OPTIONS B, C, OR D) FOR ANY ROWS IN QUESTION 16, PLEASE ANSWER QUESTION 18 BELOW. OTHERWISE, PLEASE SKIP TO QUESTION 20.

**18. In general, what are the key challenges your organization may face in disclosing the proposed cross-industry, climate-related metrics and climate-related financial impacts? Select all that apply for each row.**

FOR EACH ROW, ANSWER ONLY IF: 1. YOU ARE <b>NOT</b> CURRENTLY DISCLOSING THE INFORMATION <b>AND</b> 2. YOU ANSWERED <i>NOT VERY DIFFICULT</i> , <i>SOMEWHAT DIFFICULT</i> , OR <i>VERY DIFFICULT</i> FOR THE INFORMATION IN QUESTION 16	Lack of internal expertise and / or resources	Lack of buy-in across organization	Hard to get relevant data	Selection / application of methodologies	Not required to disclose	Other (please specify below)
<b>Cross-industry, climate-related metrics</b>						
Absolute <b>Scope 1 and 2</b> GHG emissions						
Relevant, material categories of Absolute <b>Scope 3</b> GHG emissions						
Shadow/internal <b>carbon price(s)</b>						
Proportion of assets and/or operating, investing, or financing activities <b>materially exposed to physical risks</b> , based on key categories of commonly accepted Risks						
Proportion of assets and/or operating, investing, or financing activities <b>materially exposed to transition risks</b> , based on key categories of commonly accepted Risks						
Proportion of assets and/or operating, investing, or financing activities <b>aligned toward climate-related opportunities</b> , based on key categories of commonly accepted opportunities						
Amount of senior management <b>remuneration</b> impacted by climate considerations						
Amount of <b>expenditure or capital investment</b> deployed toward climate risks and opportunities						
<b>Climate-related financial impacts (e.g., those impacted by cross-industry, industry-specific, and company-specific metrics)</b>						
Impact of any material climate-related risks or opportunities on <b>financial performance</b> (e.g., cost, profitability, operating cash flow, impairment)						
Impact of any material climate-related risks or opportunities on <b>financial position</b> (e.g., assets and liabilities)						

**19. Is there anything additional you would like to tell us about your responses above?**

THE NEXT FOUR QUESTIONS (IN GREEN) ARE FOR USERS OF CLIMATE-RELATED FINANCIAL DISCLOSURES. IF THIS DOES NOT APPLY TO YOU, PLEASE SKIP TO QUESTION 24.

**20. Which of the proposed cross-industry, climate-related metrics and financial impacts would your organization find useful for preparers to disclose?**

	Not at all useful	Not very useful	Somewhat useful	Very useful
<b>Cross-industry, climate-related metrics</b>				
Absolute <b>Scope 1 and 2</b> GHG emissions				X
Relevant, material categories of Absolute <b>Scope 3</b> GHG emissions				X
Shadow/internal <b>carbon price(s)</b>				X
Proportion of assets and/or operating, investing, or financing activities <b>materially exposed to physical risks</b> , based on key categories of commonly accepted risks				X
Proportion of assets and/or operating, investing, or financing activities <b>materially exposed to transition risks</b> , based on key categories of commonly accepted risks				X
Proportion of assets and/or operating, investing, or financing activities <b>aligned toward climate-related opportunities</b> , based on key categories of commonly accepted opportunities				X
Amount of senior management <b>remuneration</b> impacted by climate considerations				X
Amount of <b>expenditure or capital investment</b> deployed toward climate risks and opportunities				X
<b>Climate-related financial impacts (e.g., those impacted by cross-industry, industry-specific, and company-specific metrics)</b>				
Impact of any material climate-related risks or opportunities on <b>financial performance</b> (e.g., cost, profitability, operating cash flow, impairment)				X
Impact of any material climate-related risks or opportunities on <b>financial position</b> (e.g., assets and liabilities)				X

21. Is there anything additional you would like to tell us about your responses above?

The proposed metrics are relevant to integrating climate-related risks and opportunities into financial analysis and portfolio management.

- Having both an absolute and intensity target is preferable as the former does not ensure operational improvements in line with Paris Ambitions and the latter does not protect against expansion that could outpace efficiency improvements.
- Without a clearer direction on materiality, only the largest and most sophisticated companies will be able to disclose the information as proposed. The ambition of the TCFD should be clear if alignment is to be considered for SMEs, given the reporting burden. We recommend the creation of minimum requirements for SMEs, with additional guidance and recommendations for larger organizations.
- It is important to list assumptions underlying climate risk, as well as the extent that such risk assessment has been performed. Material supplier risk and wider value chain risks should also be considered.
- Given the urgency of achieving 2030 targets, alignment should be an important element of transition reporting, therefore we would support a definition of a better than Paris temperature alignment as part of the reporting requirements under resiliency and scenario analysis.
- Qualitative narrative should be directed towards institutionalized best practices, and where possible tracked at board level, and speak to wider quantitative data where this exists.
- The extent of Scope 3 rollout should be reported against the GHG Protocol methodology, whereby appropriate categories are identified via a robust materiality assessment, and emissions are calculated based upon spend or raw procurement data, as specified by the Protocol.

**22. There are different benefits that users may derive from the preparers' disclosure of proposed cross-industry, climate-related metrics and climate-related financial impacts. How useful are disclosures of cross-industry, climate-related metrics and climate-related financial impacts in fulfilling the benefits described below?**

	Not at all useful	Not very useful	Somewhat useful	Very Useful
Ability to deliver on my organization's climate ambition (i.e., one set by the Board and Senior Management)				<input checked="" type="checkbox"/>
Better decision making (e.g., investment, lending, insurance underwriting)				<input checked="" type="checkbox"/>
More effective engagement with my value chain (e.g., with beneficiaries and counterparties)				<input checked="" type="checkbox"/>
Compliance with regulatory mandates				<input checked="" type="checkbox"/>
Compliance with investor reporting requests				<input checked="" type="checkbox"/>
Satisfying customer pressures				<input checked="" type="checkbox"/>
Other (please specify): _____				

**23. Is there anything additional you would like to tell us about your responses above?**

As a ratings provider, additional metrics will provide opportunities for our organization to provide more meaningful products to our client base and engage corporate issuers on their climate performance.

24. As part of which activities is your organization using climate-related metrics and financial impacts for decision-making? Select all that apply.

- a. Strategic planning and goal setting
- b. Risk identification and assessment
- c. Financial planning and budgeting (e.g., capex, opex)
- d. Operating and business unit plans
- e. Board and Senior Management understanding of issues
- f. Other (please specify): Product Development and Research

25. Is there anything additional you would like to tell us about your response ab

n/a

26. If all organizations disclosed the proposed climate-related metrics and financial impacts, how much would that improve the comparability of climate-related disclosures?

- a. A lot
- b. A little
- c. Not at all

27. Is there anything additional you would like to tell us about your responses above?

Standardization is evolving but still has a road ahead, and would require further collaboration across key organizations, comply or explain approaches are fine but leaves gaps due to the qualitative nature of the disclosures.

Some standardization only asks for qualitative disclosures on metrics (UK), this is not a helpful approach in understanding emissions, and emissions performance, quality quantitative data is needed, therefore it's imperative to support proper carbon accounting approaches, methodologies and databases, to improve literacy/knowledge in this area.

There may be varying dimensions, depending on geographic location (e.g. Europe vs. Asia) transition and physical risk exposure, and as such reporting on these vary, developing markets also may lag in the evolution of carbon related reporting, which has developed in other regions, allowing TCFD alignment to come more naturally relative to ongoing practices.

Detail on differences in regional priorities and responses would be helpful.

## 28. Should the proposed cross-industry, climate-related metrics and climate-related financial impacts be subject to a materiality assessment?

	Should be disclosed based on materiality assessment	Should be disclosed irrespective of materiality	I'm not sure
<b>Cross-industry, climate-related metrics</b>			
Absolute <b>Scope 1 and 2</b> GHG emissions		X	
Relevant, material categories of Absolute <b>Scope 3</b> GHG emissions	X		
Shadow/internal <b>carbon price(s)</b>	X		
Proportion of assets and/or operating, investing, or financing activities <b>materially exposed to physical risks</b> , based on key categories of commonly accepted risks	X		
Proportion of assets and/or operating, investing, or financing activities <b>materially exposed to transition risks</b> , based on key categories of commonly accepted risks	X		
Proportion of assets and/or operating, investing, or financing activities <b>aligned toward climate-related opportunities</b> , based on key categories of commonly accepted opportunities	X		
Amount of senior management <b>remuneration</b> impacted by climate considerations		X	
Amount of <b>expenditure or capital investment</b> deployed toward climate risks and opportunities		X	
<b>Climate-related financial impacts (e.g., those impacted by cross-industry, industry-specific, and company-specific metrics)</b>			
Impact of any material climate-related risks or opportunities on <b>financial performance</b> (e.g., cost, profitability, operating cash flow, impairment)	X		
Impact of any material climate-related risks or opportunities on <b>financial position</b> (e.g., assets and liabilities)	X		

## 29. Is there anything additional you would like to tell us about your responses above?

Ideally, having a few key areas reported regardless of materiality will help contribute the global overview of emissions tracking and improvements. A negligibility threshold could be employed, below which companies would not need to report. This may also become mandated from a regulatory standpoint. There should be consideration of how the above aligns with other disclosure related frameworks and regulations where there is potential cross over in order to reduce the burden of reporting e.g. taxonomy alignment etc.

## Information comparability sectors risk information

### 30. Which types of organizations should implement and disclose a shadow carbon price? Select all that apply.

- a. Banks
- b. Insurers
- c. Asset owners
- d. Asset managers
- e. Other financial-sector participants (e.g., rating agencies, financial data aggregators)
- f. Companies in the Energy Group (i.e., oil and gas, coal, electric utilities)
- g. Companies in the Transportation Group (i.e., air freight, passenger air, maritime transportation, rail transportation, trucking services, automobiles)
- h. Companies in the Materials and Buildings Group (i.e., metals and mining, chemicals, construction materials, capital goods, real estate and management)
- i. Companies in the Agriculture, Food, and Forest Products Group (i.e., beverages, agriculture, packaged foods and meats, paper and forest products)
- j. Companies in other non-financial sectors (e.g., retail and consumer goods, professional services, information technology, telecommunication services)
- k. NONE of the above
- l. ALL of the above

### 31. Is there anything additional you would like to tell us about your response above?

N/A

### 32. Are there any modifications or additional metrics you would recommend as cross-industry, climate-related metrics to improve comparability?

- a. No suggested modifications or additional metrics
- b. Yes

IF YOU ANSWERED 'YES' TO QUESTION 32, PLEASE ANSWER QUESTION 33:

### 33. Please explain the suggested modifications and / or additional metric(s) you would recommend.

TNFD alignment as it evolves, such as material resource use, incl, at the supplier level (e.g. water usage)  
Climate related impacts on other E, S and G elements e.g. upskilling to support a low carbon economy e.g. tar sands workers, community outreach



**34. Please provide any additional comments you have on the TCFD proposed guidance on climate-related metrics and financial impacts.**

In the technical section, the Warming Function Benchmark in Figure 3 does not appear to have a time element and would need to be explained further. This should be aligned to appropriate pathways i.e. beyond Paris and bound to no later than 2050.

The link between physical and transition risks should be made, i.e. where either risk is compounded, or whereby non-management of one risk element compounds the other.

**TCFD PROPOSED SUPPLEMENT GUIDANCE FOR THE FINANCIAL SECTOR**

*We would like to ask a few questions about the proposed supplemental guidance for the financial sector. Please refer to **Section C.3 Proposed Updates to All Sector Guidance and Supplement Guidance** and the **Portfolio Alignment Technical Supplement** for definitions and more details.*

THE NEXT FOURTEEN QUESTIONS (IN BLUE) ARE FOR THE FINANCIAL SERVICES SECTOR (THAT IS, IF YOU SELECTED RESPONSE OPTION A IN QUESTION 2).

IF THIS DOES NOT APPLY TO YOU, PLEASE SKIP TO QUESTION 49.

**35. See Section C.3, subsection Scope 3 Emissions for the Financial Sector: Financed Emissions**

**What methodology does your organization leverage for estimation of financed emissions?**

- a. Partnership for carbon accounting financials (PCAF) methodology
- b. Weighted average carbon intensity (WACI) methodology
- c. Another methodology (please specify): \_\_\_\_\_
- d. We do not currently disclose financed emissions

**36. Is there anything additional you would like to tell us about your response above**

N/A

**37. What are the key challenges your organization is facing or may face in disclosing financed emissions? Select all that apply.**

- a. Lack of internal expertise and / or resources
- b. Lack of buy-in across organization
- c. Hard to get relevant data
- d. Selection/application of methodologies
- e. Not required to disclose
- f. Other (please specify): \_\_\_\_\_
- g. No challenges

**38. Is there anything additional you would like to tell us about your responses above?**

N/A

**39. There are different benefits derived from disclosure of financed emissions. How useful are disclosures of financed emissions in fulfilling the benefits described below?**

	Not at all useful	Not very useful	Somewhat useful	Very useful
Ability to deliver on my organization's climate ambition (i.e., one set by the Board and Senior Management)			X	
Better decision making (e.g., investment, lending, insurance underwriting)				X
More effective engagement with my value chain (e.g., with beneficiaries and counterparties)			X	
Compliance with regulatory mandates				X
Compliance with investor reporting requests				X
Satisfying customer pressures				X
				X

**40. Is there anything additional you would like to tell us about your responses above?**

**41. See Section C.3, subsection Portfolio Alignment Technical Supplement**

**Is your organization using portfolio alignment tools, and if so for what purposes? Select all that apply.**

- a. Target setting
- b. Impact reporting
- c. Capital allocation optimization
- d. Informing counter-party engagement
- e. Product development
- f. Transition risk quantification
- g. We are not using portfolio alignment

**42. Is there anything additional you would like to tell us about your response above**

We are actively working to develop portfolio alignment tools.

43. In your opinion, what are the key challenges that need to be addressed across climate data and analytics in order to support the usefulness and adoption of portfolio alignment tools? Select all that apply.

- a. Data availability
- b. Data standardization
- c. Data quality
- d. Challenges specific to Scope 3 GHG emissions data
- e. Climate scenario development or application
- f. Other (specify):

44. Is there anything additional you would like to tell us about your response above?

IF YOU ANSWERED A – F (THAT IS, YOU ARE USING PORTFOLIO ALIGNMENT TOOLS) IN QUESTION 41, PLEASE ANSWER QUESTION 45.  
OTHERWISE, PLEASE SKIP TO QUESTION 46.

45. What key benefits does use of portfolio alignment tools have to your organization?

- Identify level of risk within portfolio
- Understand where risk lies e.g. low, medium, high
- Understand how capital supports a transition/if capital allocation is taking place

IF YOU ANSWERED G (THAT IS, NOT USING PORTFOLIO ALIGNMENT TOOLS) IN QUESTION 41, PLEASE ANSWER QUESTION 46.  
OTHERWISE, PLEASE SKIP TO QUESTION 47.

46. What key benefits do you expect the use of portfolio alignment tools would have to your organization?

See above

47. Are there outstanding questions related to the usefulness, challenges, and/or design of portfolio alignment tools not covered in the Portfolio Alignment Technical Supplement to which answers are needed in order for your organization to better incorporate such tools in your management processes?
48. TCFD is proposing a number of changes to the supplemental guidance for the financial sector. For each of the following, please tell us whether your organization supports the proposed changes.

Proposed changes	Yes	No	I'm not sure
Banks, asset managers, asset owners, and insurers should disclose <b>exposure to carbon-related assets</b>	X		
The term <b>“carbon-related assets”</b> should be expanded to refer to those assets tied to the four Non-financial groups identified by the Task Force in its 2017 Final Recommendations (i.e. energy, transportation, materials and buildings, and agriculture, food, and forest products groups)	X		
Banks, asset managers, and asset owners should disclose <b>financed emissions</b>	X		
If banks, asset managers, and asset owners disclose financed emissions, should they use the <b>PCAF’s methodology and WACI, if relevant, or a comparable methodology</b>			X
(Re)insurance underwriters should disclose <b>WACI for their commercial property and specialty lines</b> of business that cover tangible properties and goods			X
All financial institutions should <b>disclose alignment of their portfolios with the goals of the Paris Agreement</b> and incorporate forward-looking alignment metrics into their target-setting framework and management processes	X		

**49. Please provide any additional comments you have on the recommendations of the TCFD proposed supplemental guidance for the financial sector (Measuring Portfolio Alignment).**

*Please refer to Section C.3 Proposed Updates to All Sector Guidance and Supplement Guidance and the Portfolio Alignment Technical Supplement for definitions and more details.*

- PCAF Metrics are quite new, and we need more understanding of their applicability, comparability, and how these fit with the wider reporting requirements i.e. availability of underlying data and time to employ the underlying accounting methodology.

**TCFD PROPOSED GUIDANCE ON CLIMATE-RELATED TARGETS**

*We have a few questions about the proposed guidance on climate-related targets. Please refer to Section D. Climate-related Targets for definitions and more details.*

**50. When will your organization set quantitative targets across cross-industry, climate-related metrics?**

	We have set a target	We plan to set a target in the next year	We plan to set a target, but not this year	We are not planning to set a target
Absolute <b>Scope 1 and 2</b> GHG emissions				
Relevant, material categories of Absolute <b>Scope 3</b> GHG emissions				
Shadow/internal <b>carbon price(s)</b>				
Proportion of assets and/or operating, investing, or financing activities <b>materially exposed to physical risks</b> , based on key categories of commonly accepted risks				
Proportion of assets and/or operating, investing, or financing activities <b>materially exposed to transition risks</b> , based on key categories of commonly accepted risks				
Proportion of assets and/or operating, investing, or financing activities <b>aligned toward climate-related opportunities</b> , based on key categories of commonly accepted opportunities				
Amount of senior management <b>remuneration</b> impacted by climate considerations				
Amount of <b>expenditure or capital investment</b> deployed toward climate risks and opportunities				

**51. Is there anything additional you would like to tell us about your responses above?**

## 52. How useful is it to your organization for preparers to disclose quantitative targets across cross-industry, climate-related metrics?

	Not at all useful	Not very useful	Somewhat useful	Very useful
Absolute <b>Scope 1 and 2</b> GHG emissions				
Relevant, material categories of Absolute <b>Scope 3</b> GHG emissions				
Shadow/internal <b>carbon price(s)</b>				
Proportion of assets and/or operating, investing, or financing activities <b>materially exposed to physical risks</b> , based on key categories of commonly accepted risks				
Proportion of assets and/or operating, investing, or financing activities <b>materially exposed to transition risks</b> , based on key categories of commonly accepted risks				
Proportion of assets and/or operating, investing, or financing activities <b>aligned toward climate-related opportunities</b> , based on key categories of commonly accepted opportunities				
Amount of senior management <b>remuneration</b> impacted by climate considerations				
Amount of <b>expenditure or capital investment</b> deployed toward climate risks and opportunities				

## 53. Please provide any additional comments you have on the TCFD proposed guidance on climate-related targets.

## TCFD PROPOSED GUIDANCE ON CLIMATE-RELATED TRANSITION PLAN

We have a few questions about the proposed guidance on climate-related transition plans. **Please refer to Section E. Climate-related Transition Plans for definitions and more details.**

**54. When will your organization set a transition plan?**

- a. We have set a transition plan
- b. We plan to set a transition plan in the next year
- c. We plan to set a transition plan, but not this year
- d. We are unlikely to set a transition plan

**55. Is there anything additional you would like to tell us about your response above?**

**56. What are the key challenges your organization is facing or may face in setting a transition plan? Select all that apply.**

- a. Lack of internal expertise and / or resources
- b. Lack of buy-in across organization
- c. Hard to get relevant data
- d. Unclear which transition plan framework to apply or which elements to include
- e. Lack of agreement of most probable transition pathways
- f. Other (please specify): \_\_\_\_\_
- g. No challenges

**57. Is there anything additional you would like to tell us about your response above?**

## 58. How useful to your organization would it be for preparers to disclose transition plans?

- a. Not at all useful
- b. Not very useful
- c. Somewhat useful
- d. Very useful

## 59. Is there anything additional you would like to tell us about your response above?

Being able to understand how the information disclosed under TCFD speaks to a wider plan, is fundamental in determining ambition, progress, and avoiding the acceptance of greenwash within the research we undertake.

## 60. There are different benefits derived from disclosure of transition plans by preparers. How useful are disclosures of transition plans in fulfilling the benefits described below?

	Not at all useful	Not very useful	Somewhat useful	Very useful
Ability to deliver on my organization's climate ambition (i.e., one set by the Board and Senior Management)			X	
Better decision making (e.g., investment, lending, insurance underwriting)				X
More effective engagement with my value chain (e.g., with beneficiaries and counterparties)			X	
Compliance with regulatory mandates				X
Compliance with investor reporting requests				X
Satisfying customer pressures				X
Other (please specify): _____				

## 61. Is there anything additional you would like to tell us about your responses above?

## 62. How useful are climate-related metrics for structuring and tracking progress of a transition plan?

	Not at all useful	Not very useful	Somewhat useful	Very useful	I'm not sure
<b>Cross-Industry</b>					
Absolute <b>Scope 1 and 2</b> GHG emissions				X	
Relevant, material categories of Absolute <b>Scope 3</b> GHG emissions			X		
Shadow/internal <b>carbon price(s)</b>				X (when material)	



Proportion of assets and/or operating, investing, or financing activities <b>materially exposed to physical risks</b> , based on key categories of commonly accepted risks			X		
Proportion of assets and/or operating, investing, or financing activities <b>materially exposed to transition risks</b> , based on key categories of commonly accepted risks				X	
Proportion of assets and/or operating, investing, or financing activities <b>aligned toward climate-related opportunities</b> , based on key categories of commonly accepted opportunities			X		
Amount of senior management <b>remuneration</b> impacted by climate considerations				X	
Amount of <b>expenditure or capital investment</b> deployed toward climate risks and Opportunities				X	
<b>Financial Sector</b>					
Financed emissions and / or WACI			X		
Portfolio alignment metric				X	

63. Is there anything additional you would like to tell us about your responses above?

**64. For what types of organizations should TCFD recommend disclosure of a transition plan (as defined in Strategy Recommended Disclosure c))?** Select all that apply.

- a. If an organization operates in a **jurisdiction with an emissions reduction commitment**
- b. If an organization has **made an emissions reduction commitment**
- c. If an organization seeks to **meet emissions reduction expectations from financial market participants**
- d. None of the above
- e. Other (please specify): A to C but all organizations should be disclosing transition plans given the interconnectivity of the global economy

**65. Is there anything additional you would like to tell us about your response above?**

**66. How helpful would it be for organizations to have more guidance related to disclosure of climate adaptation aspects of their strategy?**

- a. **Very helpful**
- b. Moderately helpful
- c. Not helpful
- d. I'm not sure

**67. Please provide any additional comments you have on the TCFD proposed guidance on climate-related transition plans.**

TCFD should promote how the transition plan closes the emissions gap to 2050 based on the preferred alignment pathway i.e. beyond Paris.  
A simplified set of guidance should be compiled and released, and should not be burdensome to understand and comply with, and should speak to the six principles of transition.

## CLOSING SECTION

### 68. Please provide the name of your organization.

*Note, this information will not be shared in the summary of responses or otherwise made public. It is used to help TCFD understand who is completing the survey.*

Organization name: Morningstar

### 69. Please check the boxes below as they apply to you:

- ☐ You may contact me to discuss this consultation form
- ☐ I'm interested in receiving a summary of the results of this consultation
- ☐ I'm interested in staying in touch on further discussion on proposed guidance
- ☐ None of the above

### 70. Please share a few more details with us. *If you wish to remain anonymous, you may leave the following fields blank.*

- a. Name: Clark Barr
- b. Job title: Director, Climate Solutions Methodology
- c. Email: clark.barr@morningstar.com