

Review of NFR disclosures on climate & environmental matters

Initial Findings

Climate Disclosure Standards Board

To create the enabling conditions for material climate change and natural capital information to be integrated into **mainstream** reporting.



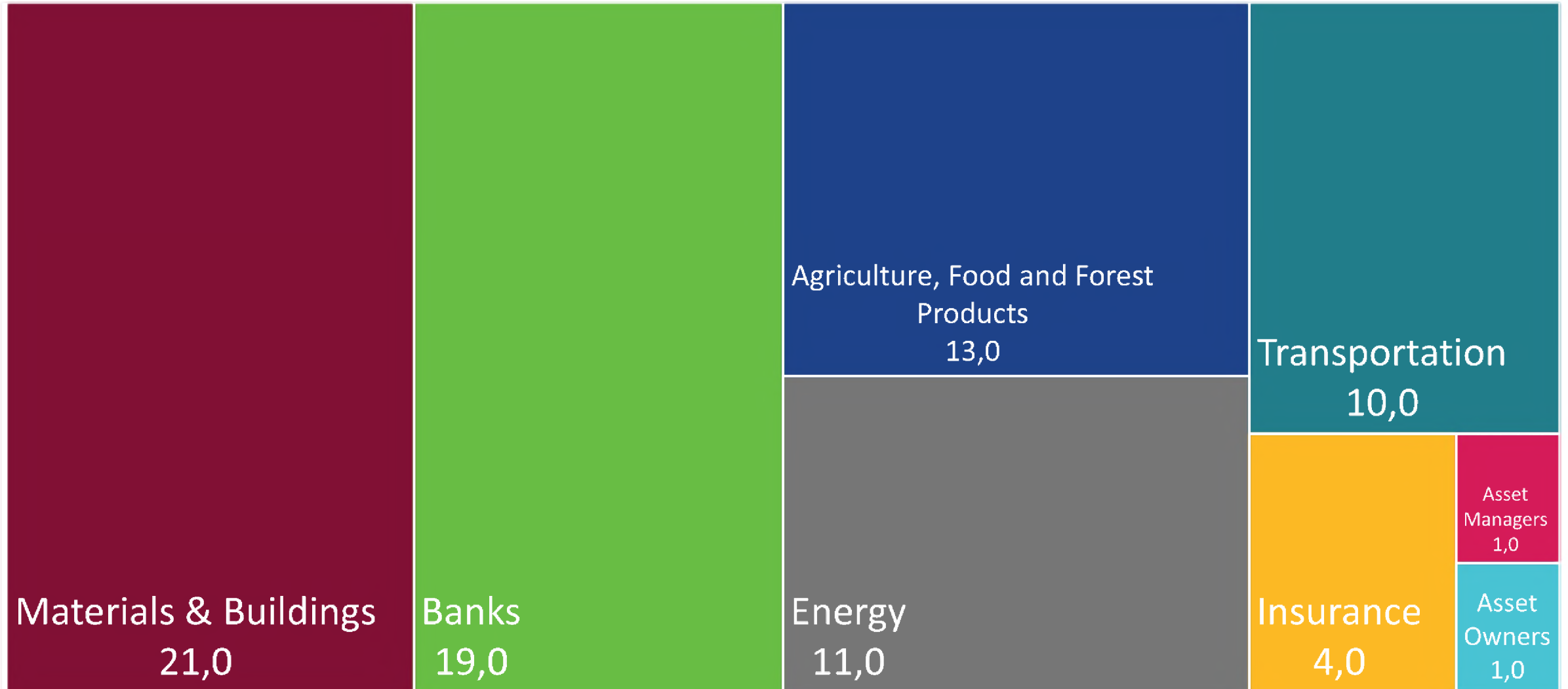
THE CLIMATE GROUP



Project overview

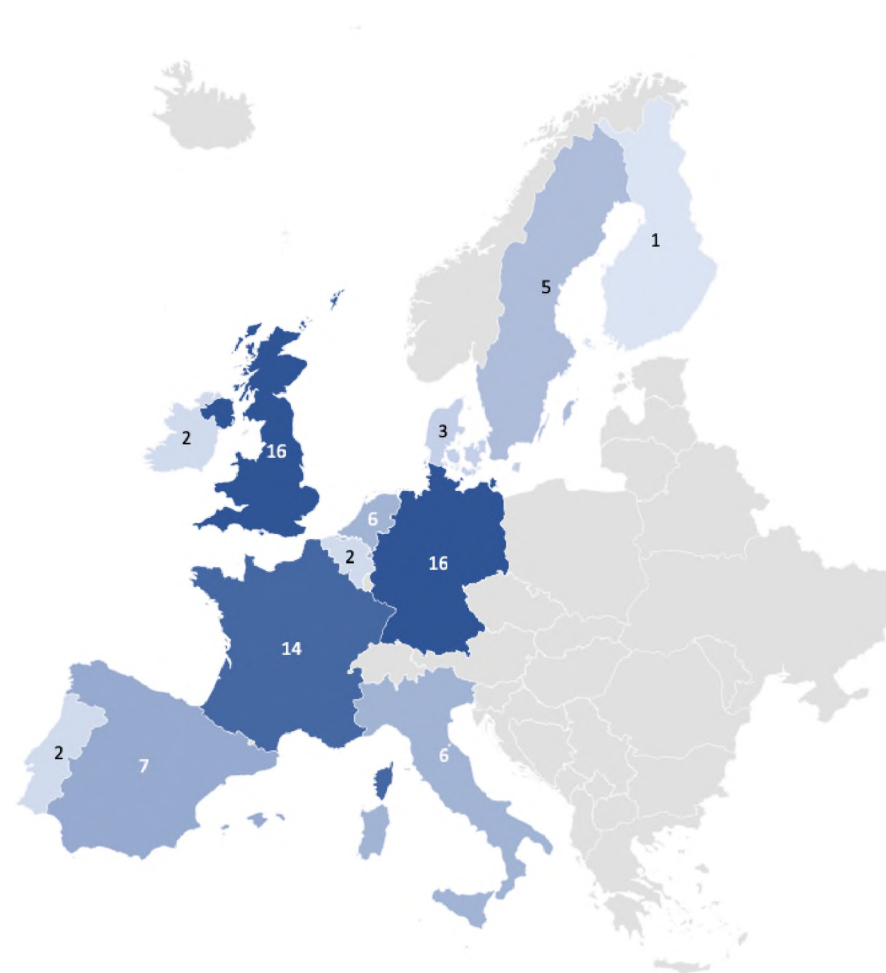
- 7 questions based on NFR Directive requirements
- 3 questions based on TCFD recommendations
- Environmental matters inc. climate change
- Management reports **only**
- Scope of review:
 - + 80 in depth
 - + 500 high level

In-depth review: sample companies



In-depth review: sample companies

Country	No. of companies	Avg. disclosure across Directive
France	14	93%
United Kingdom	16	85%
Germany	16	77%
Spain	7	69%
Netherlands	6	83%
Italy	6	75%
Sweden	5	80%
Denmark	3	72%
Belgium	2	100%
Ireland	2	75%
Portugal	2	58%
Finland	1	83%



High-level disclosures

NFR Directive	% disclosing information
Business model	83%
Policies	99%
Due diligence	90%
Outcomes	54%
Principal risks	79%
Non-financial KPIs	86%
TCFD	
Board oversight	65%
Management's role	64%
Scenario analysis	4%

Business model

- 83% describe their business model
 - + Only 44% do so with any reference to climate or environment
- 24% disclose all five elements for business model suggested in the guidelines
- More French companies (57%) make references to climate or environment in business model descriptions
 - + Germany (44%)
 - + UK (31%).

Policies

- 99% disclose some information on policies
 - + 70% have an environmental policy or strategy
 - + 20% have a climate policy or strategy.
- Lack of connection between policies and outcomes, KPIs, risks, etc
*e.g.: 79% identify at least one transitional or physical climate risk, **but** 80% of them do not have a climate change strategy or policy in place to mitigate these risks.*

Outcomes

- Non-financial companies ahead in disclosure of progress against non-financial KPIs (58%)
 - + Financial companies – 44%
- Germany: 38% disclosing progress on targets vs 71% in France



Principal Risks

In depth review (80 companies)

- 79% identify at least one transition or physical risk, but only 3% identify at least one of both
- More companies identify physical risks (56%) compared to transition risks (41%)
- Most common transition risk: regulation & policy risk
- 13% state the expected time horizon for the identified risk
- 2 companies (Shell and Diageo) specifically disclose definitions for short, medium and long term

High level analysis (500 companies)

- 31% of companies disclose climate change as a risk, only 2% consider it as a principal risk
 - + 63% of French companies disclose climate risks vs 35% UK and 14% German companies
- 5% state expected time horizon for the identified risks, with 1% defining short, medium and long-term

KPIs

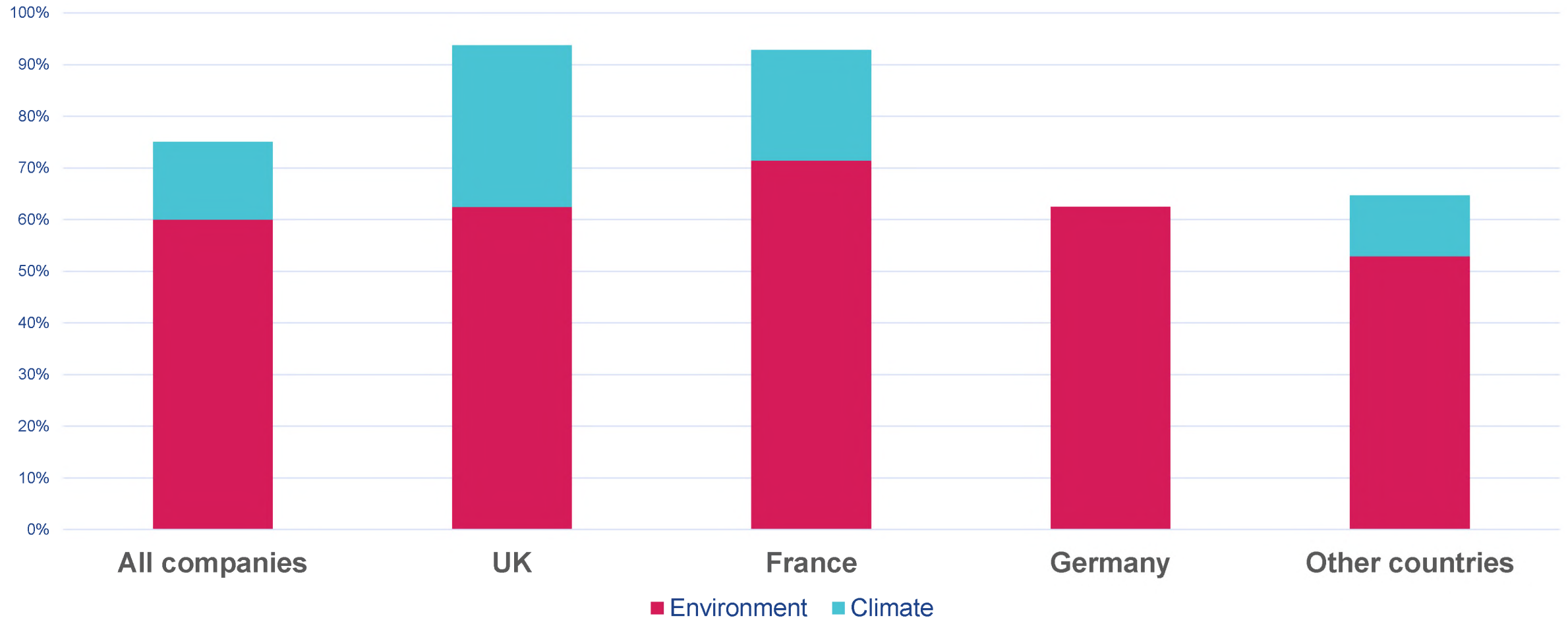
In depth review (80 companies)

- 86% disclose at least one KPI
- 81% disclose their GHG emissions, but only 41% of have emissions targets.
- 100% of UK and French companies disclose GHG emissions in their management report compared to 56% of German companies
- 86% French companies disclose at least one target, vs 69% UK and 50% Germany.

High level analysis (500 companies)

- *36% of companies disclose environmental and climate KPI metrics*

TCFD: Governance & scenario analysis



Thank you.

Final report will be published in Brussels on 29th November

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