



# Taskforce on Climate Related Financial Disclosures (TCFD)

## Key Highlights:

- As part of our ongoing commitment to embed Environmental, Social, and Governance (ESG) factors into our investment process, TD Asset Management Inc. (TDAM) has signed on as a supporter of the [Taskforce on Climate Related Financial Disclosures \(TCFD\)](#)
- As supporters of the TCFD recommendations and end-users of TCFD reporting, TDAM will be better equipped to evaluate and manage climate related risks and opportunities in our portfolios and potentially add more value for investors.

## Q: What is the TCFD?

The Taskforce on Climate-Related Financial Disclosures was established by the G20 Financial Stability Board in 2015. The recommendations set out by TCFD are a set of voluntary guidelines to help organizations disclose material climate-related risks. The recommendations are designed to provide clear, comparable, and consistent information across sectors and regions.

The TCFD reporting recommendations are structured around four key themes:

- 1) **Governance:** Sharing the organization's governance around climate-related risks and opportunities
- 2) **Strategy:** Disclosing actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning
- 3) **Risk Management:** Reporting on how the organization identifies, assesses, and manages climate-related risks
- 4) **Metrics and Targets:** Communicating the metrics and targets the organization uses to assess and manage relevant climate-related risks and opportunities

The TCFD recommendations for more effective climate-related disclosures were established specifically to promote more informed investment, credit, and insurance underwriting decisions.

To date, over 500 asset managers have signed on as supporters of the TCFD and have committed to engaging investee companies to report in line with the TCFD recommendations. These include BlackRock, Norges Bank, and State Street, among others.

## **Q: What does supporting the TCFD mean for TDAM?**

As a supporter of TCFD, TDAM has committed to leveraging TCFD reporting made by our portfolio companies and companies we consider investing in when making investment decisions. TDAM will also encourage TCFD reporting to our portfolio companies through our stewardship and engagement activities.

We believe that TCFD reporting is a best practice for organizations regardless of sector or region, and that it will allow for consistent and comprehensive access to data for our portfolio managers.

Finally, TDAM will also be producing our own TCFD disclosures, separate from the TCFD report already produced annually by TD Bank Group. This report will allow our clients to benchmark our awareness and progress on climate-related risks to our business.

## **Q: How will supporting the TCFD help us better manage assets on behalf of our clients?**

TDAM believes that incorporating climate-related factors in our investment processes provides us with a stronger understanding of the risks and opportunities facing our investee companies. Leveraging TCFD reporting will allow for a more robust assessment of climate-related risks across organizations, and over time will enable us to benchmark progress against these risks from our portfolio companies.

TDAM will also incorporate TCFD reporting into our engagement process, creating opportunity for more pointed discussions with investee companies on areas where we believe stronger action related to climate risks is needed. Ultimately, this will enable TDAM to potentially add more value for investors.

Consistency and availability of reporting on climate-related risks has been a challenge since climate change become an important consideration in our investing process. TCFD reporting is aligned with our belief that climate-related risks are material and that companies need to acknowledge, understand, and disclose the climate risks associated with their business. TDAM supports all efforts to improve the quantity and quality of reporting available.

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