

Executive Summary

A growing number of building owners are benchmarking and disclosing resilience performance, due in part to increased investor and market pressure. However, the plethora of reporting frameworks and approaches can create confusion and uncertainty on how to proceed. This fact sheet provides an overview of common trends and barriers related to disclosure of climate and resilience performance. It reviews how each of the major reporting frameworks treats resilience, compares these frameworks against each other, and provides insight on where to begin.

Overview

Commercial building owners are under increasing pressure to disclose resilience risks to their investors, shareholders, and other stakeholders. At the same time, a growing number of owners are looking to benchmark resilience performance and gain insights into how their portfolio performance compares to peers. There are several existing frameworks that can help companies measure and report the potential financial impacts of climate- and resilience-related risks and opportunities on their businesses. Some frameworks such as [CDP](#) and [GRESB](#) also offer insights into performance and rankings against other organizations. These approaches vary in their intended purpose, metrics tracked, and target sectors, providing a wide range of disclosure options. However, the diversity of disclosure frameworks means that many building owners are unsure where to start, particularly if they wish to proactively disclose before investors request specific information.

Over the past decade, investors and other stakeholders have increasingly pushed for companies to disclose information related to environmental, social, and governance (ESG) performance, typically through a public annual report issued by the company and/or a third-party disclosure framework. Recent research has shown that [66 of the largest 100 real estate investment trusts \(REITs\)](#) and [86% of companies in the S&P 500](#) now publicly report on ESG performance. According to a 2018 global survey [by FTSE Russell](#), more than half of global asset owners are currently implementing or evaluating ESG considerations in their investment strategy. There are [several primary drivers](#) for the recent shift in ESG focus, including impressive financial returns on ESG-aligned investments, shareholder activism, and a shift in the view of traditional fiduciary duty to encompass ESG issues.

Beyond the recent surge in interest on ESG more broadly, investors are emphasizing the importance of economic risks and opportunities associated with climate change and resilience in particular. In 2015, the Financial Stability Board established the [Task Force on Climate-related Financial Disclosures \(TCFD\)](#) with the support of 31 member organizations to develop a set of recommendations for voluntary and consistent climate-related financial risk in mainstream filings, thus helping investors better understand financial exposure in a clear and consistent way.

The TCFD recommendations are structured around four core elements that determine how organizations operate—governance, strategy, risk management, and metrics and targets—and consist of 11 total disclosure recommendations. Figure 1 describes these four elements and the associated recommendations

Figure 1: TCFD Recommendations and Supporting Recommended Disclosures

Governance	Strategy	Risk Management	Metrics and Targets
<p>Disclose the organization's governance around climate-related risks and opportunities.</p>	<p>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.</p>	<p>Disclose how the organization identifies, assesses, and manages climate-related risks.</p>	<p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>
Recommended Disclosures	Recommended Disclosures	Recommended Disclosures	Recommended Disclosures
<p>a) Describe the board's oversight of climate-related risks and opportunities.</p>	<p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p>	<p>a) Describe the organization's processes for identifying and assessing climate-related risks.</p>	<p>a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>
<p>b) Describe management's role in assessing and managing climate-related risks and opportunities.</p>	<p>b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</p>	<p>b) Describe the organization's processes for managing climate-related risks.</p>	<p>b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>
	<p>c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</p>	<p>c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>

According to the [2019 TCFD status report](#), disclosure of climate-related financial information has increased since 2016, but an artificial intelligence review of nearly 8000 public reports in 2018 showed that only 25% of companies disclosed information aligned with more than 5 of the 11 recommended TCFD disclosures.

Common Barriers to Reporting

Building owners face several barriers when reporting on climate and resilience risk:

- Measurement challenges:** Many ESG metrics (e.g. energy savings) are simple to calculate, but quantifying resilience risk exposure may be more challenging, and some organizations may have concerns over accuracy. Resilience risks tend to be uncertain, difficult to value, and likely to occur over years or decades, making them hard to measure and disclose. See the Building the [Financial Business Case and Measuring Resilience Risk Fact Sheet](#) for more information on risk measuring.
- Framework variance:** While recent efforts have begun to align common reporting frameworks to the TCFD recommendations, variance in reporting metrics related to resilience risk still exists. Frameworks overlap in some areas but differ in others.
- Reporting fatigue:** Many organizations are already reporting to one or more ESG frameworks, so the prospects of adding one or switching may be daunting. Annual reporting can require significant staff and/or consultant time and cost, particularly for large and complex portfolios.
- Public sharing of data:** Uncertainty over how investors, shareholders, or other stakeholders will react to data on climate- and resilience-related financial risk may cause concern for many organizations. Some information on property operations, value-at-risk, and other metrics may be considered sensitive.

Benchmarking and Disclosure Frameworks

ESG frameworks help organizations benchmark performance against their peers and identify which ESG metrics to disclose to help investors and other stakeholders gain visibility into performance. Each framework is unique in its design, scope, topics addressed, and how well aligned it is with TCFD recommendations. While selection of frameworks is often driven by investor demand or other market forces, understanding the differences between them can help companies make more informed decisions on which frameworks are the best fit.

In 2018, the Corporate Reporting Dialogue formed the [Better Alignment Project](#) to drive alignment in reporting metrics among leading frameworks. The project's initial year focused on climate-related reporting, with participants mapping the alignment between their frameworks and standards to the TCFD recommendations. Overall, the mapping showed strong alignment between most of the leading ESG frameworks and TCFD, and also between each other.

The chart below provides a breakdown of two primary methods for disclosure and an overview of common reporting frameworks for each method. For a more detailed mapping of each framework's alignment with the TCFD recommendations, see [Annexes 2 and 3 of the Better Alignment Project's Year One](#) report.

Voluntary disclosure frameworks

These frameworks collect ESG data from participants, typically in the form of questionnaires. The framework administrator then evaluates this data and shares the results publicly, allowing reporting companies to gain insights on areas of strength and weakness and compare performance among peers. Common voluntary disclosure frameworks for ESG and resilience include:

- [GRESB](#): GRESB is an ESG benchmark used by real estate and infrastructure funds and other investors totaling \$4.5 trillion in value. GRESB assesses and benchmarks the ESG performance of real assets in alignment with international reporting frameworks, providing standardized and validated data to investors. GRESB's [Resilience Module](#) asks participants to report on issues around physical and transitional risk and was [updated in 2019](#) to align with the TCFD recommended disclosure categories (governance, strategy, risk management, and metrics and targets). GRESB provides reporting organizations with detailed insights on performance in the form of scores, allowing companies to compare against peers, assess strengths and weaknesses, and track progress over time.
- [CDP](#): CDP (formerly known as the Carbon Disclosure Project) is a climate, water, and forest risk data aggregator that has more than 8,400 companies reporting globally. Organizations voluntarily report ESG information to CDP through a series of questionnaires, which is then analyzed by CDP and shared with the market. CDP aligned its climate change questionnaire with TCFD in 2018 by including specific reporting questions covering the 11 recommended disclosures. For a full breakdown of how CDP reporting codes map to the TCFD recommendations, [see pages 34 – 39 in Driving Alignment in Climate-related Reporting](#). Similar to GRESB, organizations that report through CDP gain insights into strengths and weaknesses for various reporting criteria as compared to peers.

Guidance Frameworks

These frameworks provide recommended methodologies and guidance on how organizations can identify, manage, and self-report on sustainability performance. Although these frameworks do not provide benchmarking through a reporting process, adhering to their guidelines yields uniform reporting metrics that enable organizations or third-party data aggregators to generate comparisons among peers.

- [Task Force on Climate-related Financial Disclosures \(TCFD\)](#): TCFD has developed a set of voluntary recommendations on climate-related financial risk disclosures that companies can use to report to investors and other stakeholders. TCFD was built on existing guidance from many leading

ESG frameworks with the intent of developing a universal set of climate-related risk disclosure guidelines. Since TCFD's initial recommendations were released in 2017, many frameworks adjusted their scope to better align with these guidelines.

- [Sustainability Accounting Standards Board \(SASB\)](#): SASB sets ESG disclosure standards that are industry-specific and tied to the concept of materiality to investors. The standards are intended to capture ESG matters that are financially material—i.e. reasonably likely to have a meaningful impact on financial performance or condition. SASB standards are moderately aligned with the TCFD recommended disclosures, with some variances in what is recommended regarding strategy and governance in particular. SASB released a [TCFD Implementation Guide](#) in coordination with the Climate Disclosure Standards Board (CDSB) for additional guidance on adhering to TCFD guidance while using SASB and CDSB frameworks. For a full breakdown of how SASB reporting codes map to the TCFD recommendations, [see pages 57 – 63](#).
- [Global Reporting Initiative \(GRI\)](#): The GRI Standards are among the most widely adopted global standards for ESG reporting. The Standards are modular and can be used in a selective fashion to meet the desired compliance level and disclosure needs of the reporting organization. GRI has a wider subject scope than that of TCFD, and some TCFD recommendations are not specifically covered by the GRI Standards. For example, TCFD recommendation 2.C. regarding strategy on different climate related scenarios is not explicitly included in GRI. However, organizations that follow the GRI Standards will still be able to meet most of the recommended disclosures with potential need for supplemental information to be included in the reporting process. For a full breakdown of how GRI reporting codes map to the TCFD recommendations, [see pages 44 – 53](#). Organizations seeking insights on benchmarking against peers can use the [GRI Benchmarking Service](#).

Note that many U.S. based companies have operations in other countries that may have different regulations and laws around risk disclosure. Additional guidance on climate disclosure regulations outside of the US can be found in this [UN PRI report](#).

In addition to the frameworks above, several other frameworks are in use across the globe and may be relevant to some organizations:

- [Climate Disclosure Standards Board \(CDSB\)](#)
- [International Integrated Reporting Council \(IIRC\)](#)
- [Institute for Sustainable Infrastructure Envision Framework](#)
- [European Union Sustainable Finance Taxonomy](#)

Next Steps

For building owners looking to understand which frameworks are best for their organization, below are some suggested next steps:

- Proactively engage with investors and stakeholders to determine what resilience information they value and whether they have preferred frameworks. Many investors have a standard set of metrics or specific framework they ask for.
- Evaluate what competitors and peers are doing and which frameworks they are using. The more you align with your peer group, the more meaningful benchmarking information you'll receive.
- Consider the types of resilience risks and opportunities you are willing to disclose and engage your legal and investor relations team early and often to socialize the concept.
- Consider ways to incorporate disclosure into ESG reports, investor materials, investment decision making and investment committee memos, and other existing reporting processes.

Additional Resources

- [Driving Alignment in Climate-related Reporting](#)
- [NAREIT Guide to ESG Reporting Frameworks](#)
- [Sustainable Stock Exchanges ESG Disclosure Guidance Database](#)
- [UN Principles of Responsible Investment](#)
- [Understanding & Comparing ESG Terminology](#)