

“Governments urged to maintain momentum on climate change action”

A briefing paper for governments of the G7 and G20 nations prepared by six investor organisations including the Asia Investor Group on Climate Change (AIGCC, Asia), CDP, Ceres (Ceres, North America), the Investor Group on Climate (IGCC, Australia/New Zealand), the Institutional Investor Group on Climate Change (IIGCC, Europe), and The Principles for Responsible Investment (PRI).

Executive Summary

Institutional investors are key actors in combating climate change. They are exposed to climate-related investment risks and opportunities and manage a large pool of capital that can provide the trillions of dollars required to finance the transition to a low carbon economy. As such, investors welcome the opportunity to work with governments of the G7 and G20 nations to accelerate this transition process and create the right incentives for private sector capital flows.

This briefing paper aims to provide constructive feedback to governments on the steps that investors believe are critical for ensuring an economically efficient and effective pathway forward across the developing and developed nations. It focuses on three major areas of work: 1) continuing to support and implement the Paris Agreement, 2) driving investment into the low carbon transition and 3) implementing climate-related financial reporting frameworks.

The paper sets out the position and recommendations from six investor organisations including the Asia Investor Group on Climate Change (AIGCC, Asia), CDP, the Investor Group on Climate (IGCC, Australia/New Zealand), the Institutional Investor Group on Climate Change (IIGCC, Europe), Ceres Investor Network on Climate Risk (INCR, North America), and The Principles for Responsible Investment (PRI). These groups represent hundreds of investors worldwide with trillions of dollars in assets under management.

Key Recommendations

Investors welcome the inclusion of climate change and the advancement of sustainable energy supply and energy efficiency as priority areas for the 2017 G20 Summit under the German Presidency. Investors also welcome the G20's goal to foster "a secure, economically efficient and greenhouse gas (GHG) neutral energy supply accessible to everyone"¹ and believe that the investment community must contribute positively to the G20's implementation of appropriate frameworks and incentives to encourage investment that will support this outcome. Investors call on global leaders to:

Continue to support and implement the Paris Agreement, including the need to: ■ Ratify the Paris Agreement, and where already ratified, continue to support the Paris Agreement ■ Submit nationally-determined contributions (NDCs) in 2017 ■ Implement and strengthen future NDCs ■ Develop 2050 climate plans in 2017 ■ Communicate annual progress out to 2050.

Drive investment into the low carbon transition, through making commitments to: ■ Support a doubling of global investment in low carbon assets in developed and developing countries by 2020 ■ Include carbon pricing in climate-energy action plans ■ Agree on a timetable to phase out fossil fuel subsidies ■ Prioritise and implement climate-energy action plans and align policies in 2017 ■ Implement the recommendations of the G20 Green Finance Synthesis Report.

Implement climate-related financial reporting frameworks. To this end, investors urge global leaders to: ■ Clarify the mandate of national financial regulators to evaluate and require disclosure of material climate-related financial information ■ Request that the international financial standard setting bodies respond to the Financial Stability Board Task Force on Climate-related Financial Disclosures recommendations ■ Prioritise knowledge sharing on scenario analysis and transition planning.

1. Continue to support and implement the Paris Agreement

Once the Paris Agreement entered into force in November 2016, institutional investors' attention shifted towards the implementation efforts of policy makers and the need to monitor outcomes at the national and international level.

It is now essential for all G20 nations to implement clear and credible plans and policy measures to achieve the nationally-determined contributions (NDCs), and that the outcomes and progress of these be monitored and communicated over time.² At the international level, this will provide a sound basis against which to assess the likelihood of achieving the Paris Agreement's goal of "holding the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 °C above pre-industrial levels." At the national level, it will provide greater visibility for investors about the leaders and laggards and highlight where further effort might be needed.

The implementation of NDCs and the monitoring of outcomes over time are vital for investment planning and long-term decision-making processes. Policy implementation, combined with clear and credible reporting of progress over time, will provide the private sector with greater certainty as to how the policy trajectory is evolving. This will, in turn, affect investors' ability to assess climate-related risks and opportunities, to measure and disclose portfolio exposure to the low carbon transition and to invest in opportunities that will support a low carbon, more energy efficient and climate resilient world across the developed and developing nations.

With that in mind, investors recommend that all global leaders:

1. **Ratify the Paris Agreement, and where already ratified, continue to support and implement the Paris Agreement** – Investors welcome the ratification of this agreement and encourage all nations that have not yet ratified to do so as soon as possible³. Countries that ratify the Paris Agreement will be better able to attract investment in low carbon solutions, and through this will help accelerate the implementation of this critical agreement.
2. **Submit nationally-determined contributions (NDCs) in 2017** – Investors applaud the 127 countries that have already submitted their first NDCs and urge all remaining nations to do so in 2017⁴. The NDC process is essential for monitoring the pace of implementation and progress over time. As such, it provides valuable insight for investors on the climate-related policy risks and opportunities at the national and international levels.
3. **Implement and strengthen future NDCs** – Investors urge all nations that have submitted their first NDC (and those who will shortly) to prioritise their implementation efforts and prepare to strengthen future NDCs to deliver the Paris Agreement's goals. This includes participation in the implementation framework via the UNFCCC process, including the work program and progress tracker initiatives that have been established to monitor and report progress over time.⁵
4. **Develop 2050 climate plans in 2017** – Investors welcome the announcement by some nations to publish, or commit to developing a 2050 climate plan. However, many governments have yet to make such a commitment or reveal their 2050 plans. Investors urge all nations that have not already done so to submit 2050 climate plans this year.

- NDCs will be more successful if complemented by longer-term target setting to help ensure companies and investors can prepare for, and support, the low carbon transition process. Institutional investors have very long-term obligations to meet future retirement needs and pay-out liabilities that may run many decades into the future. Furthermore, investors will be better placed to effectively price and invest in long-term assets such as green bonds, private equity, infrastructure, timberland and agriculture that will all provide crucial support for the low carbon transition.
 - The 2050 climate plans need to outline a nation’s vision for achieving a net zero emissions future. This would, at a minimum, identify what year emissions are expected to peak, the target percentage reduction versus base year, when the economy is expected to reach net zero emissions, how the pathway for the energy mix is expected to evolve, the projected pathway of emissions at the sector level (including the impact on the energy, buildings, industry, transport, agriculture, water and waste sectors) and the planned phasing out of high-carbon assets and technologies.
 - Investors note there are varying definitions around the end goals that are being used by different nations, including net zero emissions⁶ and percentage reduction in emissions versus different base years. Investors call on G20 nations to discuss and agree to a standard set of parameters to improve transparency and assist in the comparability of progress and outcomes over time.
5. **Communicate annual progress out to 2050** – In addition to the 5 yearly formal reporting processes through the UNFCCC, investors encourage all nations to publicly release annual updates on key climate-related actions and outcomes.
- Such a review would ideally include, at a minimum, reporting of the trajectory of actual versus targeted GHG emissions from now until 2050. It would also include an update on the effectiveness of different policy measures (to the extent possible), as well as new policies and/or regulations introduced since the last review. Regular updates would provide the private sector with reliable, time critical information about climate-related policy outcomes that would support more robust decision-making and strategic planning⁷.

2. Drive investment into the low carbon transition

It is widely acknowledged – including by the G7 and G20 nations – that there is a clear and pressing need to scale up financial flows to enable the low carbon transition⁸. Expert analysis illuminates the need for new policies and measures in order to bridge this financing gap at the speed and scale required, even as renewable energy increasingly outcompetes high carbon energy sources around the world.⁹

With more than US\$100 trillion of assets under management within the OECD nations alone¹⁰, it is clear that institutional investors have a crucial role to play in supporting governments to implement the Paris Agreement in a timely and effective way that facilitates economic growth.

Investors therefore welcome the G20’s goal to “foster appropriate political frameworks, financing instruments, and economic incentives for investments in climate-resilient

infrastructure and to boost technological innovations” as a priority for the 2017 G20 Summit under the German Presidency¹¹.

It is imperative that the government policy measures and mechanisms to achieve a nation’s NDCs and 2050 goals be focused, targeted and consider any unintended consequences that could undermine the incentives to invest into low carbon, energy efficient opportunities. At its most fundamental level, national policies need “to provide appropriate incentives to invest, be of adequate duration to improve certainty to investors in long-term infrastructure investments and avoid retroactive impact on existing investments.”¹²

Against that backdrop, investors encourage G20 leaders to consider the following actions:

1. **Support a doubling of global investment in low carbon assets into developed and developing countries by 2020** – Investors encourage G20 leaders to prioritise investment flows into the low carbon sectors of the global economy, including renewable energy and energy efficiency.
 - Institutional investors are willing and ready to work in partnership with policy makers to help attract the investment needed to support the transition to a low carbon economy in a way that will underpin financial stability, resilience and inclusiveness for developed and developing countries.
2. **Include carbon pricing in climate-energy action plans** – Investors reiterate the need for governments to provide stable, reliable and economically meaningful carbon pricing that helps redirect investment commensurate with the scale of the climate change challenge. This will level the playing field for low carbon technologies and factor in the costs of GHG externalities. These mechanisms are most effective when supported by complementary mechanisms such as public procurement measures, regulations, energy targets, carbon performance and energy efficiency standards.¹³
 - To ensure that carbon pricing assumptions are as representative as possible of the true cost of carbon – and in alignment with the policy trajectory of G20 leaders now and into the future – investors urge governments to commit to include carbon pricing in their climate-energy action plans, if they have not already done so. In this regard, investors encourage G20 leaders to support the work undertaken by the World Bank through the Carbon Pricing Leadership Coalition.
 - Investors welcome the news that many nations are moving forward with carbon pricing programs.¹⁴ Investors encourage those countries that have not implemented some form of carbon pricing to do so promptly as part of their climate-energy action plans.
 - Investors encourage those nations that already have carbon pricing systems in place to continue to look for ways to increase their ambition and improve the effectiveness of these systems in pricing the true cost of carbon as a negative externality.¹⁵ Recent efforts by some countries to move towards linking their pricing systems are welcome – international cooperation can make NDCs significantly cheaper to implement.¹⁶
3. **Agree on a timetable for phasing out fossil fuel subsidies** – In some countries, the continued reliance on fossil fuels and the subsidies that underpin these industries

perpetuate a lack of investment in areas such as renewable energy, energy efficiency and grid infrastructure that would support the low carbon transition process.

- Investors request that governments set a clear timeline for the phase-out of all fossil fuel subsidies by 2020, including a commitment to undertake a fossil fuel subsidy peer review by the end of 2018¹⁷.

4. Prioritise and implement climate-energy action plans and align policies in 2017 –

Investors urge and reaffirm the need for all nations to develop national climate-energy action plans to foster policy alignment to support the mobilisation of capital required. In particular, investors reiterate their support for the G20 Green Finance Synthesis Report recommendations and the need for countries to provide clearer environmental and economic policy signals to accelerate the transition to a low carbon economy.¹⁸

- Investors encourage governments to explore ways to better align the climate-energy related policy goals and mechanisms with other priorities such as the implementation of the Sustainable Development Goals (SDGs), infrastructure development plans (including grid investment) and financial regulatory reform efforts to promote greater financial stability and resilience.
- While some countries are implementing cross-cutting climate-energy frameworks,¹⁹ there is a need for greater alignment and more joined up planning across government mandates including the energy, infrastructure, industry, climate and financial policy setting bodies and agencies.²⁰ Such alignment would help to provide more consistent signals and incentives for institutional investors to embark on parallel transition planning efforts that would ultimately improve financial resilience and bolster capital flows to towards low carbon opportunities.

5. Implement the recommendations of the G20 Green Finance Synthesis Report –

Investors note and applaud the G20 for its recognition of the synthesis report's recommendations and urge G20 nations to implement the recommendations therein²¹.

3. Implement climate-related financial reporting frameworks

One of the essential ingredients for investors to manage the transition to a low carbon economy effectively – that will, in turn, support G20 nations in achieving their goals – is access to reliable, consistent and comparable information about the exposure to climate-related risks and opportunities.²² If climate risks are not fully evaluated and disclosed, ill-informed investment and corporate decisions will continue to drive up the cost of the transition for policy-makers, investors, businesses and – ultimately – for consumers and communities.

To this end, efforts have been underway for some years across a number of jurisdictions to improve the financial reporting standards of listed entities around climate-related risks and opportunities²³. Some countries and national stock exchanges have adopted mandatory reporting regimes²⁴ with varying degrees of compliance and success, while others have clarified how climate-related financial disclosure is required under existing legal frameworks.²⁵ Other jurisdictions are stepping up guidance on voluntary reporting, not least in response to the work of the Financial Stability Board (FSB) Task Force on Climate-Related Financial Disclosures (TCFD), which is helping to elevate the issue amongst corporations, investors, regulators and standard setting bodies (SSBs).

Investors therefore welcome the TCFD recommendations and support the increased effort to improve climate-related disclosure. Investors applaud the G20 for asking the FSB to develop this initiative and for supporting its continued work until at least September 2018.²⁶ Investors encourage G20 nations to further support continued improvement in the quality and uptake of climate-related disclosure and integration going forward through the following actions:

1. **Commit to implement national climate-related financial reporting frameworks as soon as possible.** Investors encourage governments to work together – in partnership with corporations and investors – to ensure that national reporting frameworks are harmonised to enhance the availability of consistent, comparable and high quality disclosure of climate-related financial risks and opportunities across the developed and developing world.
 - To create a more level playing field and prevent competitive disadvantage, it is essential that national reporting frameworks converge to enable the useful comparison of corporate risk profiles, to facilitate fully informed decision-making and to reduce the reporting burden for entities operating across multiple jurisdictions.²⁷
 - In many countries, existing financial reporting frameworks require the disclosure of material climate-related risks, although these are not always fully complied with or consistent across jurisdictions.²⁸ Investors request that all nations review their reporting frameworks, regulations and practices against the TCFD recommendations to identify opportunities for creating, evolving and strengthening these to achieve greater consistency at the international level.²⁹
2. **Clarify the mandate of national financial regulators to evaluate and require disclosure of material climate-related financial information** – Investors request that G20 nations clarify the purview of national financial regulators to explicitly mandate, enforce and evaluate the quality of climate-related financial disclosures in alignment with the TCFD recommendations. This will encourage and facilitate alignment with disclosure standards across jurisdictions.
 - Specifically, investors recommend that national-level financial regulators develop mechanisms to monitor alignment of disclosures with the TCFD’s recommendations, alignment of national reporting rules with the recommendations, and to provide annual reports on progress to the FSB.
3. **Request that the international financial standard setting bodies respond to the FSB TCFD recommendations** – Investors encourage G20 nations to request that the international financial SSBs respond to the recommendations of the TCFD, as soon as possible.³⁰ Financial standards play a key role in providing the governance architecture that oversees how national regulations evolve and how the financial system functions, as well as helping to reinforce and solidify new and emerging industry norms on financially significant issues such as climate change.
 - Investors encourage G20 nations to request that the international financial SSBs respond to the TCFD recommendations, including the implications for the FSB’s oversight responsibilities, the G20/OECD Principles of Corporate Governance, as well as the other international financial standards that fall under the FSB purview, including the banking, securities, insurance, institutional

investment, accounting and auditing standards.³¹

4. **Prioritise knowledge sharing on scenario analysis and transition planning** – The TCFD recommendations include the utilisation of scenario analysis³² as part of an entity’s disclosure of financially material risks and opportunities related to climate change. Investors consider scenario analysis against a range of climate scenarios – including a below 2 degree scenario – a top priority for organisations in the transition to a low-carbon world. The TCFD’s work on climate scenario analysis will aid in mainstreaming scenario analysis and deserves recognition.
 - Investors strongly support the TCFD recommendation on scenario analysis and urge G20 leaders to prioritise the development and utilisation of open source platforms for sharing knowledge, tools and expertise between the public and private sector on scenario analysis and transition planning. This would help to improve the uptake and consistency in terms of the application of scenario analysis techniques as they emerge and are applied, as well as improve the cost effectiveness and alignment of the resulting information for end-users including policy makers, regulators, investors, companies and consumers.
 - Investors welcome collaboration between policy makers and investors on the development of new tools for environmental risk assessment/management and data use. Investors urge G20 leaders to consider how such tools might best be developed, including through the ongoing efforts of the FSB TCFD and the G20 Green Finance Study Group work.

Conclusion

The need for governments to continue to support, follow through and implement the Paris Agreement is ever more pressing – as is the need to adopt the right policy mechanisms and frameworks to support the low carbon transition process. Investors encourage governments across the developed and developing world to take action across the three areas as set out in this briefing paper, including continuing to support and implement the Paris Agreement, taking decisive action to drive investment into the low carbon transition and implementing climate-related financial reporting frameworks.

Investors look forward to collaborating with governments to ensure that the price signaling and incentives shift in a way that will mobilise the trillions of dollars in investment that is needed to flow into the low carbon economy, in the most effective and timely manner possible.

About the organisations that co-authored this paper

Asia Investor Group on Climate Change (**AIGCC**) is an initiative to create awareness among Asia’s asset owners and financial institutions about the risks and opportunities associated with climate change and low carbon investing. AIGCC provides capacity for investors to share best practice and to collaborate on investment activity, credit analysis, risk management, engagement and policy. AIGCC represents the Asian investor perspective in the evolving global discussions

on climate change and the transition to a greener economy. See www.aigcc.net and [@AIGCC Update](#).

CDP, formerly the Carbon Disclosure Project, is an international non-profit that drives companies and governments to reduce their greenhouse gas emissions, safeguard water resources and protect forests. CDP represents institutional investors with assets of US\$100 trillion, helping to leverage investor and buyer power to motivate companies to disclose and manage their environmental impacts; whilst also providing insights into corporate environmental performance for investors. Over 5,800 companies with some 60% of global market capitalisation disclosed environmental data through CDP in 2016 alongside 500 cities and 100 states and regions, making CDP's platform one of the richest sources of information globally on how companies and governments are driving environmental change. Please visit www.cdp.net or follow us [@CDP](#) to find out more.

Ceres is a sustainability nonprofit organization working with the most influential investors and companies in North America to build leadership and drive solutions throughout the economy. Through powerful networks and advocacy, Ceres tackles the world's biggest sustainability challenges, including climate change, water scarcity and pollution, and human rights abuses. The Ceres Investor Network on Climate Risk and Sustainability comprises more than 130 institutional investors, collectively managing more than \$17 trillion in assets, advancing leading investment practices, corporate engagement strategies and policy solutions to build an equitable, sustainable global economy and planet. For more information, visit www.ceres.org and follow [@CeresNews](#).

Investor Group on Climate Change (**IGCC**) is a collaboration of Australian and New Zealand institutional investors and advisors, managing over \$1 trillion in assets under management and focusing on the impact that climate change has on the financial value of investments. IGCC aims to encourage government policies and investment practices that address the risks and opportunities of climate change. For more information, visit www.igcc.org.au and [@IGCC Update](#).

Institutional Investors Group on Climate Change (**IIGCC**) is a collaborative forum for 137 organisations in 9 European countries who between them manage assets in excess of €18 trillion. Its membership spans everything from belief-based funds to mainstream investors, from pension funds to fund managers and private equity houses. Its mission is to provide investors with a common voice to encourage public policies, investment practices and corporate behaviour which address long-term risks and opportunities associated with climate change. For more information, visit www.iigcc.org & [@iigccnews](#).

The United Nations-supported Principles for Responsible Investment (**PRI**) is the world's leading initiative on responsible investment. The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles for incorporating environmental, social and governance issues into investment practices. In implementing the principles, signatories contribute to developing a more sustainable global financial system. The principles have 1,700 signatories including asset owners, investment managers and service providers from over 50 countries including the G20, representing US\$65 trillion. For more information, visit www.unpri.org and [@PRI News](#).

AIGCC, IGCC, IIGCC and INCR collaborate regularly as members of the [Global Investor Coalition on Climate Change](#). All of the groups (along with UNEP FI) co-sponsor the [Investor Platform for Climate Action](#)

¹ G20 Germany 2017, “Priorities of the 2017 G20 Summit,” December 2016:8.

https://www.g20.org/Content/DE/_Anlagen/G7_G20/2016-g20-praesidentschaftspapier-en.pdf?jsessionid=645F531E333BD2B1C28C35C58CBC3B3D.s6t2?__blob=publicationFile&v=2

² UNFCCC, “Taking the Paris Agreement forward,” See: http://unfccc.int/paris_agreement/items/9485.php

³ UNFCCC, “Paris Agreement – Status of ratification,” See: http://unfccc.int/paris_agreement/items/9444.php

⁴ UNFCCC, “NDC Registry,” See” <http://www4.unfccc.int/ndcregistry/Pages/Home.aspx>

⁵ UNFCCC, “Taking the Paris Agreement forward” http://unfccc.int/paris_agreement/items/9485.php

⁶ Defined as a balance between anthropogenic emissions by sources and removals by sinks of GHGs.

⁷ For an example of the industry led efforts to track the progress of countries against their NDCs see:

<http://climateactiontracker.org/indcs.html>

⁸ <http://www.g20.utoronto.ca/2016/160724-finance.html>

⁹ Estimates from the IEA, OECD, World Bank and World Economic Forum indicate that over the coming 15 years, the world will need to invest around US\$90 trillion in sustainable infrastructure assets— more than twice the current stock of global public capital. “Mapping The Gap: The Road From Paris,” Bloomberg New Energy Finance et al., See:

<https://www.ceres.org/resources/reports/mapping-the-gap-the-road-from-paris/view>. The Ceres “Clean Trillion” report (2014) set out 10 recommendations for investors, companies and policymakers to increase annual global investment in clean energy to at least \$1 trillion by 2030. Source: Ceres report, Investing in the Clean Trillion, 2014, available at www.ceres.org.

¹⁰ <http://www.worldbank.org/en/news/feature/2015/06/18/institutional-investors-the-unfulfilled-100-trillion-promise>

¹¹ https://www.g20.org/Content/DE/_Anlagen/G7_G20/2016-g20-praesidentschaftspapier-en.pdf?jsessionid=645F531E333BD2B1C28C35C58CBC3B3D.s6t2?__blob=publicationFile&v=2

¹² <http://investorsonclimatechange.org/statement/>

¹³ OECD and World Bank Group, (2015) “The FASTER Principles for Successful Carbon Pricing: An Approach Based on Initial Experience,” see: <https://www.oecd.org/environment/tools-evaluation/FASTER-carbon-pricing.pdf>

¹⁴ <http://siteresources.worldbank.org/EXTSDNET/Resources/carbon-pricing-supporters-list-UPDATED-110614.pdf>

¹⁵ One such effort to look at how price signals develop to achieve the outcomes of Paris is the Investment-grade Carbon Pricing Corridors Initiative, delivered by CDP and We Mean Business. <https://www.cdp.net/en/articles/media/industry-leads-new-initiative-to-revolutionize-carbon-pricing-for-investors>

¹⁶ World Bank Group (2016) “State and Trends of Carbon Pricing,” see:

<http://documents.worldbank.org/curated/en/598811476464765822/pdf/109157-REVISED-PUBLIC-wb-report-2016-complete-161214-cc2015-screen.pdf>

¹⁷

https://www.odi.org/sites/odi.org.uk/files/downloads/statement_g20_governments_must_lead_in_phasing_out_subsidies_and_public_finance_for_fossil_fuels.pdf

¹⁸ Source: G20 Green Finance Synthesis Report (2016), G20 Green Finance Study Group. http://unepinquiry.org/wp-content/uploads/2016/09/Synthesis_Report_Full_EN.pdf

¹⁹ http://unepinquiry.org/wp-content/uploads/2016/09/The_Financial_System_We_Need_From_Momentum_to_Transformation.pdf

²⁰ See for example the OECD Progress Report on Approaches to Mobilising Institutional Investment for Green Infrastructure (2016)

²¹ http://unepinquiry.org/wp-content/uploads/2016/09/Synthesis_Report_Full_EN.pdf

²² See for example “Breaking the Tragedy of the Horizon – climate change and financial stability,” Speech delivered by Mark Carney (2015). <http://www.bankofengland.co.uk/publications/Pages/speeches/2015/844.aspx>

²³ UNEP Inquiry, CalPERS, Rob Lake (2015) Financial Reform, Institutional Investors and Sustainable Development: A review of current policy initiatives and proposals for further progress, UNEP Inquiry Working Paper 15/07

²⁴ <http://www.sseinitiative.org>

²⁵ <https://www.federalregister.gov/documents/2010/02/08/2010-2602/commission-guidance-regarding-disclosure-related-to-climate-change>; http://www.osc.gov.on.ca/en/NewsEvents_nr_20101027_csa-guidance-enviro-disc.htm

²⁶ <https://www.fsb-tcfd.org/publications/recommendations-report/>

²⁷ 192 companies and investors have signed a CDSB commitment to “Report climate change information in mainstream reports as a fiduciary duty”, agreeing to “produce and use climate change information in mainstream corporate reports out of a sense of fiduciary and social responsibility, in order to support the efficient allocation of capital.”

<http://www2.cdsb.net/fiduciarystatement/statement>; <https://www.wemeanbusinesscoalition.org/take-action/report-climate-change-information-mainstream-reports-fiduciary-duty>.

²⁸ TCFD, Recommendations of the Task Force on Climate-related Financial Disclosures report, December 14, 2016, at 35, stating, “The Task Force also reviewed financial filing requirements applicable to public companies across G20 countries and

found that in most G20 countries, issuers have a legal obligation to disclose material risks in their financial reports—which includes material, climate-related risks.”

²⁹ <http://www.cdsb.net/sites/cdsbnet/files/the-case-for-consistency-in-climate-change-related-reporting.pdf>

³⁰ See pages 22-25, TCFD, Recommendations of the Task Force on Climate-related Financial Disclosures, December 14, 2016

³¹ This includes considering the implications for the guidance and oversight responsibilities of the Financial Stability Board itself, as well as the other international financial standards including (but not limited to) considering the implications for the: 1) Banking regulation and standards (Basel III – International Regulatory Framework for Banks; BCBS – Corporate Governance Principles for Banks and BCBS – Core Principles for Effective Banking Supervision); 2) Corporate governance standards (G20/OECD Principles of Corporate Governance); 3) Securities regulation and standards (IOSCO Objectives and Principles of Securities Regulation; and IOSCO Code of Conduct Fundamentals for Credit Rating Agencies); 4) Insurance regulation and standards (IAIS – Insurance Core Principles, Standards, Guidance and Assessment Methodology); 5) Institutional investment regulation and standards (International Law – Fiduciary Duty and Prudent Person Rule; IOPS – Principles for Private Pension Supervision; and OECD – Core Principles of Private Pension Regulation); and 6) Accounting and financial reporting standards (IASB International Financial Reporting Standards, IAASB International Standards on Auditing). Further details on how the financial standards might evolve to reflect environment and social issues can be found in the UNEP Financial Inquiry report (2017) “A Review of International Financial Standards as They Relate to Sustainable Development,”

http://unepinquiry.org/wp-content/uploads/2017/02/A_Review_of_International_Financial_Standards_as_They_Relate_to_Sustainable_Development.pdf

³² The task force acknowledges that scenario analysis will vary based on industry, internal resources, and other factors: “The approach taken will depend on an organisation’s needs, resources, and capabilities . . . For organisations just beginning to use scenario analysis, a qualitative approach may be appropriate. As organisations gain experience with scenario analysis, and for organisations already conducting scenario analysis, greater rigor and sophistication in the use of data sets and quantitative models and analysis may be warranted. . . . Organisations that are likely to be significantly impacted by climate-related transition and/or physical risks should consider some level of quantitative scenario analysis.” TCFD, Technical Supplement: The Use of Scenario Analysis in Disclosure of Climate-Related Risks and Opportunities, December 14, 2016 at 3-4.