

Business statement on FSB TCFD recommendations to the G20

Statement and key recommendations to the G20 leaders

The We Mean Business coalition expresses its support for the recommendations of the Task Force on Climate-related Finance Disclosure (TCFD) convened by the Financial Stability Board (FSB).

By adopting the recommendations, G20 Finance Ministers and Heads of State will provide an important step in reaching the Paris Agreement and keeping global warming well below a +2°C average temperature increase.

Impacts from climate change cause systemic risks - threatening the global economy, peace and political stability. These challenges represent an unprecedented opportunity to finance sustainable business solutions and channel trillions of dollars of investment into the low-carbon economy.

Given the urgency and scale of transformation needed to safeguard the future of business and society, **G20 leaders must send a clear and strong political message to the international community reaffirming their commitments to implement the Paris Agreement.** The SDGs will not be achieved unless climate change is addressed.

As such, we call upon the G20 government and B20 business leaders to:

At the global level:

- ▶ **Endorse the TCFD Recommendations formally, sending a strong political signal that G20 government leaders are committed to implementing the Paris Agreement.** This will help create a level playing field for businesses across G20 economies.
- ▶ **Clarify that one of the FSB's key functions is to govern long-term risks such as climate change.**
- ▶ **Mandate the Task Force to:**
 - **develop further guidance** and standards that support consistent disclosure
 - **develop benchmarking** tools to review and monitor the quality of disclosure
 - **ensure consistency** and enforcement across markets both in developing and developed countries
 - **adopt a differentiated approach** for mitigation and adaption
- ▶ **Ensure level playing field globally on transparent reporting expectations** - specifically on middle to long-term scenarios and financial assessments which contain competitive information for companies.
- ▶ **Request transparency from financial institutions and insurance carriers**, about how they will use data supplied by companies, in their assessments.

At the national level:

- ▶ **Outline how the TCFD recommendations could be translated into effective policy frameworks and applied in all G20 countries** through important national reporting requirements. This would provide more clarity and certainty to investors in the long-term.
- ▶ **Ask investors and financial institutions how they intend to use the data provided**, as well as which indicators they envision using for assessments and benchmarking.
- ▶ **Adopt complementary policy measures including carbon pricing and clear timelines for the reform of fossil fuel subsidies** to set up the right economic incentives for business to shift investments towards a low carbon economy.
- ▶ **Increase transparent reporting** on plans for the 2°C transition, as well as transparency on how proceeds from carbon pricing regulations are used.

At the company level:

- ▶ **Demonstrate strong business leadership by taking a proactive approach.**
- ▶ **Begin implementation of the recommendations with practical evaluations**, such as resources requirements. This will help differentiate sustainable companies from their peers and competitors.
- ▶ **Adopt ambitious corporate action plans to drive the energy transition and reduce greenhouse gas emissions.**
- ▶ **Consider the financial implications of climate change on supply chain operations to ensure a resilient and sustainable business model on the longer term.**
- ▶ **Invest in capacity-building and expertise** to address the knowledge gap. This will help business better understand and anticipate climate risks from both a scientific and economic viewpoint

The level of political support that will be achieved during these key G20 meetings will determine effective translation of the FSB TCFD recommendations into stronger legislations at the national level and positive changes in corporate governance at the company level. The success of these recommendations will also depend on the willingness of companies to apply them. Now, more than ever, we must continue the unprecedented collaboration that brought the Paris Agreement into force. We will only fulfil its ambitions and achieve the scale of urgent transformation needed by working closely together – and we need your support.

About We Mean Business

We Mean Business is a coalition of organizations working with thousands of the world's most influential businesses and investors. These businesses recognize that the transition to a low carbon economy is the only way to secure sustainable economic growth and prosperity for all. To accelerate this transition, we have formed a common platform to amplify the business voice, catalyze bold climate action by all, and promote smart policy frameworks.