

TCFD Summit 2020 – Transcript of Peter Bakker’s opening remarks

9 October 2020

Hello. My name is Peter Bakker, and I am the President and CEO of the World Business Council for Sustainable Development, or WBCSD for short.

It is an honor to join and address the second edition of the TCFD Summit today, after a first successful edition which we convened in Tokyo last year, together with the TCFD Consortium of Japan and at the invitation of the Japanese Ministry of Economy, Trade and Industry. I want to recognize and acknowledge the continued leadership of Japanese businesses, investors and government committed to decarbonization and transparency.

Much has changed since we last met in 2019. These are now critical and challenging times, as the global pandemic has unmasked our interdependencies and vulnerabilities in the face of systemic risk, highlighting the stress we place on the environment, and in many places, greatly increased inequality. Business’ approach to resilience, purpose, society and the environment are being called into question. The disconnect in the financial system between financial returns and environmental and social impacts calls for a comprehensive response.

More than ever, the TCFD recommendations are the most important and transparent leverage to link another systemic risk and climate change to company decisions and capital market valuations.

Over the last year, we have seen significant progress on TCFD support and implementation with an 80% increase in supporter numbers and over 300 Japanese organizations represented. We’ve seen regulatory developments in the European Union, New Zealand, Canada and the United Kingdom among other jurisdictions, as well as with supervisory and security organizations. Disclosures are also improving, both in terms of numbers and quality.

At the same time, there is still much room for improvement, as disclosure of the potential financial impact of climate change on businesses, strategies, and financial planning in particular, remains low.

The TCFD has focused its efforts through the year on the development of guidance related to risk management, scenario analysis and metrics, which will provide vital insights to support practitioner practice. And momentum is building around the COP26 Private Finance Strategy, which clearly describes the role that TCFD can play to ensure that every financial decision takes climate change into account.

Simple accounting rules around meaningful ESG indicators towards the delivery of science-based targets – driving the risk assessment, strategic scenario building and management decision-making like TCFD is prescribing – will bring us towards the sustainable world that will serve all people and protect our planet.

To accelerate progress, we must now focus on how climate and sustainability-related information is used in the investor to corporate relationship and how businesses and investors can integrate sustainability in valuation, incentives, strategic and capital allocation decisions.

We must create a capital market that rewards more sustainable businesses with a lower cost of capital and thus allocates more financial capital to the critical systems transitions ahead of us.

That is why today’s TCFD Summit is so important, bringing together companies, investors, regulators and other stakeholders to build momentum and a shared understanding needed to build forward better together.

I look forward to today’s discussions and the solutions and progress that will follow. Thank you very much.