



## **Briefing Paper on the 2018 Global Investor Statement to Governments on Climate Change**

This Briefing Paper accompanies the 2018 Global Investor Statement to Governments on Climate Change. It has been prepared by seven investor organizations including the Asia Investor Group on Climate Change (AIGCC, Asia), CDP, Ceres (North America), the Investor Group on Climate Change (IGCC, Australia/New Zealand), the Institutional Investor Group on Climate Change (IIGCC, Europe), Principles for Responsible Investment (PRI) and the UN Environment Finance Initiative (UNEP FI). These groups collectively represent hundreds of investors worldwide with trillions of dollars in assets under management.

## Executive Summary

Institutional investors have a responsibility to manage and protect the assets of millions of savers and individuals worldwide, including from the effects of climate change. Investors also manage large pools of long-term capital and play a crucial role in financing the transition to a low carbon, more climate resilient, economy. To this end, investors urge governments to update and strengthen their climate-related policies to accelerate and expand further investment flows.

Investors are concerned that the implementation of the Paris Agreement is currently falling well short of the agreed 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.” This gap not only increases the physical risks from climate change for current and future generations, but also heightens economic and policy uncertainty and hampers investors’ ability and willingness to continue to properly allocate the trillions of dollars that are needed to support the low carbon transition process.

This briefing paper provides recommendations to governments on the specific steps that investors believe are needed to support a smooth and just transition to a low carbon, more climate resilient, economy. It focuses on three major areas for government action: 1) Achieve the Paris Agreement’s goals, 2) Accelerate private sector investment into the low carbon transition and 3) Commit to improve climate-related financial reporting.

## Key Recommendations

Investors call on global leaders to:

1. **Achieve the Paris Agreement’s goals** ■ Update and strengthen nationally-determined contributions to meet the goals of the Paris Agreement, starting the process now in 2018 and completing it no later than 2020, and focusing swiftly on implementation ■ Formulate and communicate long-term emission reduction strategies in 2018 ■ Align all climate-related policy frameworks holistically with the goals of the Paris Agreement ■ Support a just transition to a low carbon economy.
2. **Accelerate private sector investment into the low carbon transition** ■ Incorporate Paris-aligned climate scenarios into all relevant policy frameworks and energy transition pathways ■ Put a meaningful price on carbon ■ Phase out fossil fuel subsidies by set deadlines ■ Phase out thermal coal power worldwide by set deadlines.
3. **Commit to improve climate-related financial reporting** ■ Publicly support the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD) recommendations and the extension of its term ■ Commit to implement the TCFD recommendations in their jurisdictions, no later than 2020 ■ Request the FSB incorporate the TCFD recommendations into its guidelines ■ Request international standard-setting bodies incorporate the TCFD recommendations into their standards.

Investors remain firmly committed and ready to work with government leaders to implement these actions.

## 1. Achieve the Paris Agreement's goals

The implementation of the Paris Agreement that came into force in November 2016 is currently falling well short of the agreed 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.” Indeed, the full implementation of current Nationally Determined Contributions (NDCs) would lead to an unacceptably high temperature increase, potentially in the range of 2.9 to 3.4°C relative to pre-industrial levels<sup>1</sup>.

This is of great concern for investors, as global warming at that scale would have large and detrimental impacts on global economies, society and investment portfolios, now and into the future<sup>2</sup>. Policy makers need to close this gap urgently.

Policies that support the attainment of the Paris Agreement's goals will provide the private sector with greater certainty as to governments' commitment to tackling climate change. 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 physical climate impacts, and to further invest in opportunities to support a low carbon, more climate resilient, world.

With that in mind, investors recommend that global leaders:

- i. **Update and strengthen nationally-determined contributions to meet the goals of the Paris Agreement, starting the process now in 2018 and completing it no later than 2020, and focusing swiftly on implementation** – There is an ambition gap to the goal of the Paris Agreement that needs to be closed with urgency.
  - Expert analysis shows that the full implementation of current NDCs that form the foundation of the Paris Agreement cover only one-third of the emissions reductions needed if the goals of the Agreement are to remain achievable. Without a strengthening in the NDCs, the total remaining carbon budget of approximately 1,000 Gt CO<sub>2</sub> for limiting global warming to below 2°C will be 80% depleted by 2030<sup>3</sup>.
  - This outcome would result in significant additional risks for the global economy, financial system and society more broadly, increasing the physical impacts of climate change as well as delaying the crucial investment flows that are required to support the low carbon transition.
  - If the emissions gap is closed as a matter of urgency through updating and strengthening existing NDCs, starting now and completing no later than 2020, then it is still possible to stay within the carbon budget and for the Paris Agreement's goals to be met.
  - Investors urge all nations to not only strengthen, but to also swiftly implement their more ambitious NDCs. This includes participation in the implementation framework via the UNFCCC process to monitor and report progress over time<sup>4</sup>.
- ii. **Formulate and communicate long-term emission reduction strategies in 2018** – Investors welcome the announcement by some nations to publish or commit to developing mid-century, long-term, emission reduction strategies as part of their commitment to the Paris Agreement. However, many governments are yet to submit

their long-term strategies, with only a small number revealing their plans out to 2050<sup>5</sup>. Investors urge all nations that have not already done so to submit mid-century, long-term emission reduction strategies this year.

- 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 long-term strategies need to outline a nation's vision for achieving, at least, a net zero emissions future. This would, at a minimum, identify what year emissions are expected to peak, 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.

iii. **Align all climate-related policy frameworks holistically with the goals of the Paris Agreement** – Investors urge and reaffirm the need for nations to strive for greater consistency across policy mechanisms to support the attainment of the Paris Agreement goals.

- Investors encourage governments to explore ways to better align the climate-related policy goals and mechanisms with other priorities including the implementation of the Sustainable Development Goals (SDGs), infrastructure development plans and financial regulatory reform to promote greater financial stability and resilience.
- While some countries are implementing cross-cutting climate-related policy and sustainable finance frameworks<sup>6</sup>, there is a need for greater alignment and more joined up planning across government mandates including the energy, infrastructure, industry, climate, transport, buildings and financial policy bodies and agencies<sup>7</sup>. Greater alignment between the financial system and real economy decarbonisation measures will 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 low carbon opportunities.

iv. **Support a just transition to a low carbon economy** – Investors encourage governments to transition to a low carbon economy in a sustainable and economically inclusive way. As stated in the Paris Agreement, this must include “the creation of decent work and quality jobs in accordance with nationally defined development priorities”, by providing appropriate support for workers and communities in industries undergoing transition<sup>8</sup>. Additionally, governments should work with investors to ensure that the benefits and opportunities created by acting on climate change and the increased adoption of clean energy technologies are accessible to all<sup>9</sup>.

## 2. Accelerate private sector investment into the low carbon transition

Investors are taking action on climate change by making significant investments into the low carbon economy across a range of asset classes<sup>10</sup>. Investors are also increasingly incorporating climate change scenarios and climate risk management strategies into their investment processes<sup>11</sup> and engaging with high-emitting companies<sup>12</sup>.

Despite these efforts, it is widely acknowledged that there is a clear and pressing need to scale up financial flows to support the low carbon transition process<sup>13</sup>. A recent survey of institutional investors identified policy uncertainty as one of the key obstacles to accelerating investments into low carbon and climate resilient opportunities<sup>14</sup>.

To strengthen investor confidence to further invest in the low carbon economy, it is vital that global policy makers deliver strong and continued support for climate action, including through incorporating Paris-aligned climate scenarios into all relevant policy frameworks and energy transition pathways, putting a meaningful price on carbon, phasing out fossil fuel subsidies by set deadlines and phasing out thermal coal power worldwide by set deadlines.

Against that backdrop, investors encourage global leaders to take the following actions:

- i. **Incorporate Paris-aligned climate scenarios into all relevant policy frameworks and energy transition pathways** – Investors encourage governments to work closely together in consultation with businesses and investors to incorporate Paris-aligned climate scenarios into their policy frameworks and energy transition pathways.
  - In response to the need to mitigate and adapt to the effects of climate change, investors are increasingly applying climate-related scenarios to evaluate the investment impact of different outcomes as a tool to help transition portfolios to be aligned with the goals of the Paris Agreement<sup>15</sup>.
  - Different sources for climate-related scenario analysis exist, with some governments, businesses and investors developing their own methodologies and scenarios, while others utilize those constructed by international organizations, in particular the International Energy Agency (IEA)<sup>16</sup>.
  - There have been some concerns expressed about the alignment of the IEA climate change scenarios with the Paris Agreement goals and the assumptions around the future contribution of renewable energy as part of the energy mix<sup>17</sup>. Uncertainty over the energy transition pathways that are Paris-aligned could slow down the rate at which governments, businesses and investors are willing to further evolve their long-term planning and transition to a low carbon economy.
  - For this reason, it is important that governments scrutinize and seek alignment between the scenarios that are utilized by different actors with the Paris Agreement goals. Governments can set standards to encourage greater transparency across the public and private sector in terms of the assumptions and outcomes from scenario analysis assessments. Greater alignment with the Paris Agreement goals will ultimately improve the

measurement, mitigation and disclosure of climate-related risks and opportunities across governments, businesses and investors in a more coordinated, consistent and transparent way.

ii. **Put a meaningful price on carbon** – Investors reiterate the need for governments to provide stable, reliable and economically meaningful carbon pricing to help redirect investment commensurate with the scale of the climate change challenge. Carbon pricing will level the playing field for low carbon technologies and more adequately reflect the costs of climate-related externalities. Market-based mechanisms are most effective when supported by complementary mechanisms such as public procurement measures, regulations, energy targets, carbon performance and energy efficiency standards<sup>18</sup>.

- Investors encourage those countries that have not yet implemented some form of carbon pricing to do so promptly as part of their climate-energy action plans.
- Investors welcome news that many nations are moving forward with carbon pricing programs. In 2018, 45 national and 25 regional governments already have implemented, or are scheduled to implement, a carbon pricing initiative through emissions trading systems (ETS) and taxation, covering 20% of global GHG emissions<sup>19</sup>. An additional 20 governments, at varying levels, are considering the implementation of a carbon pricing system as part of their climate policy strategy<sup>20</sup>.
- Investors also welcome and encourage further efforts to increase the ambition and improve the effectiveness of existing carbon pricing policies to stimulate emissions reduction in line with the Paris Agreement. Nearly three quarters of emissions covered by carbon pricing are priced at less than US\$10/tCO<sub>2</sub>e. This is substantially lower than the price levels that are consistent with achieving the temperature goal of the Paris Agreement, with the Carbon Pricing Corridors initiative projecting price levels in the range of US\$38-US\$100/tCO<sub>2</sub>e by 2035<sup>21</sup>.
- Actions by some countries to move towards linking ETS are also welcome – international cooperation can significantly reduce the cost of climate mitigation efforts<sup>22</sup>.

iii. **Phase out fossil fuel subsidies by set deadlines** – Investors are concerned about the continued existence of subsidies and public finance that support the production and consumption of fossil fuels.

- Fossil fuel subsidies increase the risk of stranded fossil fuel assets, decrease the competitiveness of key industries, including low carbon businesses, and negate carbon price signals. They also potentially perpetuate income inequality while failing to meet the energy needs of those lacking energy access, and damage public health by increasing air pollution<sup>23</sup>.
- All of these outcomes undermine innovation and efforts to achieve the goals of the Paris Agreement. They also generate potentially harmful economic, social and environmental costs that are impacting on investors' portfolios

and their ability to deploy capital to support the low carbon transition at the speed and scale required.

- Investors reiterate our previous [request](#) that governments set a clear timeline by 2020 for the phase-out of all fossil fuel subsidies<sup>24</sup>, including a firm commitment by the end of 2018 to undertake an international fossil fuel subsidy peer review.
- iv. **Phase out thermal coal power worldwide by set deadlines** – Investors are concerned about the continued expansion of traditional thermal coal power stations in some jurisdictions that puts the attainment of the Paris Agreement goals at risk.
- Expert analysis shows that to meet the Paris Agreement goals of limiting the increase in global temperatures by 2°C, while striving to limit the increase to 1.5°C, a coal phase-out is needed by 2030, in the Organisation for Economic Co-operation and Development (OECD) countries and in the European Union; by 2040, in China; and by 2050, in the rest of the world<sup>25</sup>.
  - Many of the world’s leading institutional investors are responding to the climate and investment risks associated with thermal coal-based assets by taking action in a number of ways – one of which is to phase out investments in thermal coal assets<sup>26</sup>.
  - Investors welcome efforts by some governments and companies to phase out thermal coal, with the Powering Past Coal Alliance Declaration supported by (at the time of publication) 28 countries, 8 subnational governments, and 28 businesses and other organizations. The Alliance members agree to “phasing out of existing traditional coal power and placing a moratorium on any new traditional coal power stations without operational carbon capture and storage, within our jurisdictions”<sup>27</sup>.
  - Investors encourage those countries that have not yet supported the Powering Past Coal Alliance Declaration to consider doing so, where technically feasible, as part of their international commitment to the Paris Agreement temperature goal or to set comparable and achievable deadlines.

### 3. Commit to improve climate-related financial reporting

One of the essential ingredients for investors to manage the transition to a low carbon economy effectively is having access to reliable, consistent and comparable information about climate-related risks and opportunities. If short-, medium- and long-term climate risks are not fully evaluated and disclosed, ill-informed investment and corporate decisions will drive up the cost of the transition for policy-makers, investors, businesses and – ultimately – for consumers and communities<sup>28</sup>.

To this end, investors welcome the recommendations of the Financial Stability Board’s (FSB) Task Force on Climate-related Financial Disclosures (TCFD) and are taking practical steps to assist their implementation around the world<sup>29</sup>. The TCFD provides global recommendations on climate-related financial disclosures, including four widely adoptable principles that are applicable to organizations across sectors and jurisdictions<sup>30</sup>. The TCFD has been endorsed by over 238 companies, including 150 financial institutions representing a combined market

capitalization of over US\$6 trillion and US\$81.7 trillion assets under management<sup>31</sup>.

In order for the TCFD to be effective, it is vital that governments commit to improve climate-related financial reporting standards by publicly supporting the adoption of the TCFD recommendations and the extension of its term beyond September 2018.

Investors encourage global leaders to support continued improvement in the quality and uptake of climate-related financial reporting through the following actions:

- i. **Publicly support the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD) recommendations and the extension of its term** – Investors believe this would reaffirm the importance of the TCFD recommendations across the regulatory, business and investment communities.
  - It is important for investors that the momentum behind the TCFD recommendations continue and that the FSB remain involved<sup>32</sup>. This will help to underpin credibility of the recommendations and stimulate further action to promote implementation across the regulatory, business and investment communities.
  - For this reason, investors request that governments publicly state their support for the TCFD recommendations and the extension of its term, under the authority of the FSB, beyond September 2018.
- ii. **Commit to implement the TCFD recommendations in their jurisdictions, no later than 2020** – Investors believe this would enhance the availability of consistent, comparable and reliable disclosure of climate-related financial information for investors.
  - To achieve a level playing field and prevent competitive disadvantage, it is essential that national regulations and climate-related reporting frameworks are harmonized through their alignment with the TCFD recommendations.
  - In many countries, existing financial reporting frameworks already require disclosure of material risks<sup>33</sup>. Investors request that all nations review their reporting frameworks, industry guidance and regulations against the TCFD recommendations to identify opportunities for creating, evolving and strengthening these to achieve greater consistency at the international level<sup>34</sup>.
  - More specifically, investors encourage governments to request that the financial regulators in their jurisdiction respond to the recommendations of the TCFD and set out how they intend to incorporate the recommendations into their guidelines, as a matter of priority.
- iii. **Request the FSB incorporate the TCFD recommendations into its guidelines** – Investors believe that this would help to mobilize and legitimize greater transparency around climate-related financial information across the regulatory, business and investment communities.
  - The G20 and FSB established the “industry led” TCFD, but the FSB has not formally incorporated the TCFD recommendations into its guidelines or coordinating activities with financial authorities and standard setting bodies (SSBs). It would be of great benefit for solidifying new global industry norms



to improve climate-related financial disclosure if the FSB were to formally incorporate the TCFD recommendations into its activities.

- For this reason, investors urge governments to request that the FSB seek to incorporate the TCFD recommendations into its guidelines and coordinating activities with national financial authorities and international SSBs, as part of its efforts to promote international financial stability.

iv. **Request international standard-setting bodies incorporate the TCFD recommendations into their standards** – Investors believe this would help to solidify and normalise the disclosure of climate-related financial information across the financial sector, as well as provide direction for national regulators as they interpret and respond to the recommendations.

- The TCFD recommendations need to be explicitly referenced in updated guidance on implementation of the G20/OECD Principles of Corporate Governance as well the other international financial standards<sup>35</sup>, with high priority in particular given to reviewing the International Financial Reporting Standards in response to the TCFD recommendations.
- Investors encourage governments to request that the international financial SSBs respond to the recommendations of the TCFD and set out how they intend to incorporate the recommendations into their standards and guidelines, as a matter of priority.

## Conclusion

The need for governments to close the national commitments gap to achieve the goals of the Paris Agreement is pressing – as is the need to swiftly implement the right enhanced policy mechanisms and frameworks to support the low carbon transition process in closing this gap. Investors encourage governments to take action across the three areas as set out in this briefing paper, including updating and strengthening NDCs, accelerating private sector investment into the low carbon transition and committing to improve climate-related financial reporting in their jurisdictions.

Investors are committed to working with governments to ensure that the appropriate policy mechanisms are successfully developed and implemented to help mitigate the adverse effects of climate change and accelerate the transition to a low carbon economy.

## About the organisations that co-authored this briefing paper

*This Briefing Paper accompanies the 2018 Global Investor Statement to Governments on Climate Change. However, unlike the Statement, the Briefing Paper is not signed by investors and reflects only the views of its co-authors*

The 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 voice in the evolving global discussions on climate change and the transition to a greener economy. Visit [www.aigcc.net](http://www.aigcc.net) and [@AIGCC\\_Update](https://twitter.com/AIGCC_Update)

**CDP** is an international non-profit that drives companies and governments to reduce their greenhouse gas emissions, safeguard water resources and protect forests. Voted number one climate research provider by investors and working with institutional investors with assets of US\$87 trillion, we leverage investor and buyer power to motivate companies to disclose and manage their environmental impacts. Over 6,300 companies with some 55% of global market capitalization disclosed environmental data through CDP in 2017. This is in addition to the over 500 cities and 100 states and regions who disclosed, making CDP's platform one of the richest sources of information globally on how companies and governments are driving environmental change. CDP, formerly Carbon Disclosure Project, is a founding member of the We Mean Business Coalition. Visit [www.cdp.net](http://www.cdp.net) or [@CDP](https://twitter.com/CDP)

**Ceres** is a sustainability non-profit organization working with the most influential North American investors and companies to build leadership and drive solutions throughout the economy. The Ceres Investor Network on Climate Risk and Sustainability comprises more than 150 institutional investors, collectively managing more than \$24 trillion in assets, advancing leading investment practices, corporate engagement strategies and policy solutions to build an equitable, sustainable global economy and planet. Visit [www.ceres.org](http://www.ceres.org) and [@CeresNews](https://twitter.com/CeresNews)

The Investor Group on Climate Change (**IGCC**) is a collaboration of Australian and New Zealand investors, with total funds under management of over \$2 trillion, focusing on the impact that climate change has on the financial value of investments. The IGCC aims to encourage government policies and investment practices that address the risks and opportunities of climate change. Visit [www.igcc.org.au](http://www.igcc.org.au) and [@IGCC\\_Update](https://twitter.com/IGCC_Update)

The Institutional Investors Group on Climate Change (**IIGCC**), is the pre-eminent European forum for investor collaboration on climate action and the voice of investors taking action for a prosperous, low carbon, future. It has 153 mainly mainstream investors across 12 countries with over €21 trillion assets under management (including nine of the top ten largest European pension funds or asset managers). IIGCC's mission is to mobilise capital for the low carbon transition by working with business, policy makers and investors to encourage public policies, investment practices and corporate behaviours that will address the long term risks and opportunities associated with climate change. Members consider it a fiduciary duty to ensure stranded asset risk or other losses from climate change are minimised and that opportunities presented by the transition to a low carbon economy – such as renewable energy, new technologies and energy efficiency – are maximised. Visit [www.iigcc.org](http://www.iigcc.org) and [@iigccnews](https://twitter.com/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 2,000 signatories including asset owners, investment managers and service providers from over 50 countries including the G20, representing US\$70 trillion. Visit [www.unpri.org](http://www.unpri.org) and [@PRI\\_News](https://twitter.com/PRI_News)

The United Nations Environment Finance Initiative (**UNEP FI**) is a partnership between United Nations Environment and the global financial sector created in the wake of the 1992 Earth Summit with a mission to promote sustainable finance. More than 200 financial institutions, including banks, insurers, and investors, work with UN Environment to understand today's environmental, social and governance challenges, why they matter to finance, and how to actively participate in addressing them. Visit [www.unepfi.org](http://www.unepfi.org) and [@UNEP\\_FI](https://twitter.com/UNEP_FI)

All seven organizations are partners of [The Investor Agenda](http://www.theinvestoragenda.org): Accelerating Action for a Low-Carbon World.

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- <sup>1</sup> The [Emissions Gap Report](#) 2017, A UN Environment Synthesis report, page 18
- <sup>2</sup> <https://www.nature.com/articles/nature15725>
- <sup>3</sup> The [Emissions Gap Report](#) 2017, A UN Environment Synthesis report, page 17
- <sup>4</sup> UNFCCC, “Taking the Paris Agreement forward” [http://unfccc.int/paris\\_agreement/items/9485.php](http://unfccc.int/paris_agreement/items/9485.php)
- <sup>5</sup> <https://unfccc.int/process/the-paris-agreement/long-term-strategies>
- <sup>6</sup> Examples of sustainable finance initiatives include China’s Guidelines for Greening the Financial System and the EU Action Plan on Sustainable Finance. [http://unepinquiry.org/wp-content/uploads/2016/09/The\\_Financial\\_System\\_We\\_Need\\_From\\_Momentum\\_to\\_Transformation.pdf](http://unepinquiry.org/wp-content/uploads/2016/09/The_Financial_System_We_Need_From_Momentum_to_Transformation.pdf)
- <sup>7</sup> See for example the OECD 2016, Progress Report on Approaches to Mobilising Institutional Investment for Green Infrastructure
- <sup>8</sup> <https://www.oecd.org/environment/cc/g20-climate/collapsecontents/Just-Transition-Centre-report-just-transition.pdf>
- <sup>9</sup> <https://www.mrfcj.org/principles-of-climate-justice/>
- <sup>10</sup> [http://globalinvestorcoalition.org/wp-content/uploads/2014/09/InvestorsGotTheSignal\\_FINAL.pdf](http://globalinvestorcoalition.org/wp-content/uploads/2014/09/InvestorsGotTheSignal_FINAL.pdf)
- <sup>11</sup> <https://www.mercer.com.au/content/dam/mercero/attachments/asia-pacific/australia/investment/sustainable-growth/mercero-climate-change-study-2015.pdf>
- <sup>12</sup> <http://www.climateaction100.org>
- <sup>13</sup> Ceres 2018, In Sight of the Clean Trillion: Update on an expanding landscape of investor opportunities; and <http://www.g20.utoronto.ca/2016/160724-finance.html>
- <sup>14</sup> <https://igcc.org.au/wp-content/uploads/2017/09/IGCC-road-to-return-final-final.pdf>
- <sup>15</sup> See for example: Mercer 2015, [Mercer climate change study](#), 2Dii/ET Risk project <http://www.transitionmonitor.com/en/home/>, and the [Transition Pathway Initiative](#)
- <sup>16</sup> <https://www.fsb-tcfd.org/wp-content/uploads/2017/09/TCFD-BoE-Scenario-Conference-IEA-31-Oct.pdf>
- <sup>17</sup> See for example: <http://www.dw.com/en/is-the-iea-underestimating-renewables/a-43137071>; <http://priceofoil.org/2018/04/04/off-track-the-iea-and-climate-change/>; <https://ftalphaville.ft.com/2017/05/24/2189189/guest-post-why-iea-scenarios-should-be-treated-with-extreme-caution/>; <http://ieefa.org/ieefa-update-iea-report-still-behind-curve-nonetheless-indicates-rising-stranded-asset-risk-fossil-fuel-holdings/>
- <sup>18</sup> 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>
- <sup>19</sup> World Bank Group 2018, “State and Trends of Carbon Pricing,” <http://documents.worldbank.org/curated/en/598811476464765822/pdf/109157-REVISED-PUBLIC-wb-report-2016-complete-161214-cc2015-screen.pdf>
- <sup>20</sup> *ibid*
- <sup>21</sup> CDP 2018, “Carbon Pricing Corridors: the market view 2018,” see: <http://b8f65cb373b1b7b15feb-c70d8ead6ced550b4d987d7c03fcdd1d.r81.cf3.rackcdn.com/cms/reports/documents/000/003/326/original/Carbon-Pricing-Corridors-2018.pdf?1526464647>
- <sup>22</sup> World Bank Group 2016, “State and Trends of Carbon Pricing,” as cited
- <sup>23</sup> <https://www.odi.org/publications/10939-phase-out-2020-monitoring-europes-fossil-fuel-subsidies>
- <sup>24</sup> See the G7 Ise-Shima Leaders’ Declaration, 26-27<sup>th</sup> May 2016: <http://www.mofa.go.jp/files/000160266.pdf>
- <sup>25</sup> [http://climateanalytics.org/files/climateanalytics-coalreport\\_nov2016\\_1.pdf](http://climateanalytics.org/files/climateanalytics-coalreport_nov2016_1.pdf); and <https://unfccc.int/news/g20-must-phase-out-fossil-fuel-subsidies-by-2020>
- <sup>26</sup> See for example the Investor Agenda which includes a commitment to “phase out our investments in thermal coal” as part of the Investment actions taken by institutional investors. <https://theinvestoragenda.org/areas-of-impact/investment/>
- <sup>27</sup> <https://www.canada.ca/en/services/environment/weather/climatechange/canada-international-action/coal-phase-out/alliance-declaration.html>
- <sup>28</sup> 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>
- <sup>29</sup> <https://www.fsb-tcfd.org/wp-content/uploads/2017/06/FINAL-TCFD-Report-062817.pdf>
- <sup>30</sup> See Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures June 2017, at iii.
- <sup>31</sup> <https://www.fsb-tcfd.org/wp-content/uploads/2017/06/TCFD-Supporting-Companies-28-June-2017-FINAL.pdf>
- <sup>32</sup> <https://www.fsb-tcfd.org/news/>

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<sup>33</sup>TCFD, Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures June 2017, page 33, 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.”

<sup>34</sup> <http://www.cdsb.net/sites/cdsbnet/files/the-case-for-consistency-in-climate-change-related-reporting.pdf>

<sup>35</sup> This includes considering the implications for the guidance 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](http://unepinquiry.org/wp-content/uploads/2017/02/A_Review_of_International_Financial_Standards_as_They_Relate_to_Sustainable_Development.pdf)