

7 March 2016

The Rt Hon George Osborne MP  
Chancellor of the Exchequer  
HM Treasury  
The Correspondence and Enquiry Unit  
1 Horse Guards Road  
London, SW1A 2HQ

Dear Chancellor

**Re: UK Greenhouse Gas Reporting Requirement**

The Institutional Investors Group on Climate Change (IIGCC) has become aware that the UK government is in advanced deliberations on the future of the current requirement for UK listed companies to report climate risk.

IIGCC represents more than 120 members – mainly mainstream – with nearly €13 trillion of assets under management. Our members collaborate on the risks and opportunities of climate change.

The information contained in these corporate disclosures is highly valuable to our members as they assess climate risk to their portfolios. Mandatory disclosure ensures standardisation and comparability. It is our view that the UK's leading role in climate disclosure, which has helped to trigger a global trend towards enhanced climate disclosure, should be continued by maintaining and potentially enhancing current requirements.

As you will be aware, the G20 has recently mandated the Financial Stability Board to make recommendations to strengthen corporate climate disclosure. We are strongly supportive of these efforts. At the same time, the European institutions have already adopted the non-financial reporting directive that includes a requirement for companies to disclose ESG information.

The world's other major economies are also all moving in the direction of enhanced corporate climate disclosure. We welcome this development as it will enable investors to better manage climate risk and allocate capital within G20 countries efficiently and with a more complete understanding of the underlying risks.

The transition to a low-carbon economy needs to occur in a smooth and orderly fashion. A recent report by the European Systemic Risk Board (Advisory Scientific Committee) entitled 'Too late, too sudden: transition to a low-carbon economy and systemic risk' has clearly spelled out the systemic risk inherent in an abrupt, rather than a well-managed, transition to a low-carbon economy.

On behalf of our members, we would therefore like to urge you to maintain current disclosure requirements and enhance them where possible. Enhanced disclosure not only provides valuable

information to investors, but also often encourages investee company behaviour that supports long-term value creation.

Enhanced disclosure will ensure that UK companies remain on track towards the goals of the Paris climate agreement and the requirements of the UK's legally binding Climate Change Act. It helps to strengthen the sustainability and durability of corporate business models.

The benefits of enhanced climate disclosure clearly outweigh the administrative cost and we urge you to maintain the Greenhouse Gas Reporting Requirement.

We remain at your disposal should you require further information. We look forward to your response.

Yours sincerely

A rectangular box containing a handwritten signature in black ink that reads "Stephanie Pfeifer".

**Stephanie Pfeifer**  
Chief Executive, IIGCC

cc. Amber Rudd MP, Secretary of State for Energy and Climate Change  
cc. Sajid Javid MP, Secretary of State for Business, Innovation and Skills

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