

Climate Alliance Newsletter

July 27, 2017

Response by European Firms to Michael Bloomberg's Task Force

By Dr Paul Fisher, former Executive Director, Bank of England

In order to limit and mitigate the effects of climate change, a range of radical policies will have to be adopted by the world's authorities: towns, cities, states, national governments and their agencies, and international organisations. In particular, the G20 and its related groupings have an important role to play in areas such as knowledge-transfer, coordination and sharing the burden – climate change does not recognise political or economic borders.



Michael Sheren, Senior Advisor at the Bank of England and co-Chair of the G20 GFSG

The report uses a number of case studies to demonstrate how environmental issues pose a material financial risk to businesses, and need to be treated as such.

A study by [De Nederlandsche Bank](#) surveyed relevant firms and found that almost 10% of the total assets for banks; 4.5% of assets for insurers; and more than 12% of assets for pension funds

The work of the G20 Green Finance Study Group (GFSG), [explicitly referenced](#) in the G20's communiqué in 2016, has continued this year, under the imperative of bringing green finance into the mainstream of investment activities.

Their most recent background paper on risk analysis, published at the end of the Hamburg G20 summit, [identified](#) the institutional and market barriers that still exist around green finance, as well as options for enhancing the ability of the financial system to mobilise private capital for green investment.



were currently exposed to fossil fuel and carbon-intensive industries.

The private sector also needs to act – and will do so as boards and investors realise that there are big financial risks to be managed and returns to be sought as the economy transitions to lower carbon emissions.

Since the Paris climate agreement, there has been a noticeable shift in focus towards the business opportunities that exist if appropriate action is taken and the right policy support is put in place.

Global acquisitions in clean energy have already broken the \$100bn (£77.5bn) level. India has announced that it plans to switch to 100pc electric vehicles by 2030, while the government of Emmanuel Macron, France's new president, has recently stopped granting licences for any new oil and gas exploration. Meanwhile, the European Commission's (EC) new High-Level Expert Group on Sustainable Finance is focused on leveraging opportunities for green finance by determining how to integrate sustainability into the bloc's rules for the financial sector.

Their first report, published on July 13th, includes a number of early recommendations for the EC to get working on and a wide-ranging set of policy issues for consultation. The initial recommendations cover issues such as:

- a sustainability test for new legislation;
- a taxonomy of assets;
- green bond definitions;
- fiduciary duty;
- reporting requirements;
- promoting infrastructure projects;
- accounting for energy efficiency and enhancing the role of the European Supervisory Agencies.

There are still basic problems acting as a drag on the financial sector: lack of data, lack of identifiable assets classes and various aspects of the structure of the financial system, which is still too short-term in its assessment of risks and return, making it more difficult to invest in ideas with longer time benefits. And there is still a struggle to understand the precise policies needed to maximise the sustainable growth of employment and output.

We need further leadership at the political level to prioritise, sequence and support the measures needed to operate within our planet's natural capacity.

As well as the new reports from the G20 and the EC, the Financial Stability Board Task Force has produced its full report on climate-related financial disclosures. And individual financial regulators - including APRA - are ramping up the pressure. The global policy agenda is emerging, and implementation in the mainstream is the next step - notwithstanding the (hopefully) temporary Trump obstructionism.

Sustainability is an issue that is here to stay in the official world and financial firms will need to follow suit.

Climate Alliance 2017 National Conference - A new scenario for business

Climate change means business change and social change. Every business and organisation will face new challenges.

As the heat turns up and the momentum toward policy and commercial change builds, the impacts of climate related risks and opportunities intensify.

Energy, transport, water, manufacturing, agriculture, mining, financial services and FMCG – every sector that matters in Australian commerce will undergo seismic shifts. The complexity and diversity of change will be unprecedented.

The Climate Alliance 2017 National Conference offers you the opportunity to learn more about some of the key dynamics that will shape new operating scenarios for business.

This year's conference will focus on the assessment and disclosure of climate related risk.

Program

The event runs over an afternoon and includes an informal panel discussion; followed by opportunities to meet our excellent speakers and to network.

Overview of the program:

- **Fiona Wild** outlines the work the TCFD has done to-date, provides an overview of their recommendations and a snapshot of what is coming.
- **Dr Paul Fisher** will speak about the wider policy risks from the transition. In particular how the EU is developing a comprehensive policy agenda on Sustainable Finance.
- **Chloe Munro**, former Chair of the Clean Energy Regulator and member of the Finkel Review panel will cover how the Australian energy market could tackle the transition risks to a lower carbon economy.
- **Dr Karl Mallon**, Director, Climate Risk will discuss hostile analytics - how the physical climate change risks to infrastructure and property can now be assessed by investors and competitors - with or without the disclosure of their corporate owners.



Keynote speaker Fiona Wild, VP Climate Change and Sustainability at BHP

Each speaker will address the conference and then participate in a Panel moderated by our MC, **Mr Adrian King**, Partner in Charge, Sustainability Services, KPMG Australia.

[Click here for more information about the conference and to book your place](#)

Or save the date in your calendar:

Melbourne 24th October 2017

Sydney 26th October 2017

Climate Alliance 2017 Leadership Awards are open!

Know of a person or an organisation that has demonstrated leadership in addressing the opportunities or risks presented by climate change? Please nominate them for the Climate Alliance Business Leadership Awards. Nominations close 15th September 2017.

Categories include:

- Board Leadership of the Year
- Company Secretary of the Year
- Business Leader of the Year
- Innovator/Exporter of the Year

Past winners include the NAB Board, Andy Vesey of AGL, Martijn Wilders of Baker McKenzie, the Board of the Clean Energy Corporation, Simon Corbell, Deputy Chief Minister of the ACT, amongst others.

See full details of the various categories and evaluation criteria [here](#).

Climate Alliance Website

Don't forget to check out our website for all the latest news and interesting articles on many topics! Website development by Laura Coutts of [Hatch Labs](#).

About Climate Alliance

Climate Alliance Limited is a not-for-profit, membership-based company that engages with business leaders to help them become better informed about the opportunities and risks presented by climate change.

Since 2009, we have run conferences addressing a range of topics of interest to the business community, such as director fiduciary risk, carbon accounting, business continuity and the risks associated with investments in the fossil fuel industry.

Our primary focus is to provide independent, business-oriented information to business leaders. We do not consult, lobby or develop policy.

Climate Alliance Limited
Level 9, 123 Queen Street
Melbourne VIC 3000 Australia
Tel (03) 9016 4484
admin@climatealliance.org.au
www.climatealliance.org.au