

“Once climate change becomes a defining issue for financial stability, it may already be too late”
Mark Carney, 2015



European Financial Services
Round Table

EFR STATEMENT IN SUPPORT OF A STRONG, AMBITIOUS RESPONSE TO CLIMATE CHANGE

The global social consequences of climate change are serious and well documented. Closely linked and warranting further attention are the potential economic implications, which could involve financial stability issues as well as risks related to portfolio levels of financial institutions and their clients. The European Financial Services Round Table therefore welcomes the momentum generated on this important issue by the forthcoming 21st Conference of the Parties.

Mitigating the transmission of financial impacts from climate risk will mean governments, companies and civil society acting now to limit impact of future natural disasters, supply chain disruption and permanent economic impairment, and having plans in place to build necessary resilience for the times when they may occur.

As a financial industry we have a key part to play by embracing a sustainable approach to our businesses, and encouraging our customers and clients to do the same. Our role stretches from understanding climate risk, encouraging greater transparency and being able to provide private climate finance.

Our commitments

1. We commit to putting more focus on **understanding, managing and reducing carbon asset risks**. We will continue to improve our implementation of strong measures for **assessing and reducing sustainability risks of our own transactions**.
2. We commit to **supporting our customers** in their transition to a low carbon future including financing to help them **channel capital into low carbon solutions** and make more efficient use of energy and resources.
3. We commit to **examine how the financial sector can support** progress towards the United Nations' newly agreed **Sustainable Development Goals**, which have the potential to significantly mitigate the impact of climate change.
4. We commit to **work through the global associations such as the Institute of International Finance (IIF) and the B20** to consider at a global level **how sustainability and climate considerations can further be incorporated at the core of financial institutions' business activities**, examining the findings of the UNEP Inquiry for a Sustainable Financial System and acting as a proactive partner to international policy-makers.

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Our collaborations

5. We will work with policy-makers and regulators to **incentivise and leverage further private climate finance**, co-operating closely with national and international development banks. There is further scope for expanding the activity of these existing and emerging institutions to fulfil their potential in driving private investment flows into low carbon and renewable energy projects. It is equally important that they both take emissions positively into account when assessing a project and ensure their wider investments do not undermine climate change objectives.
6. We will work with policy-makers and companies on **consistent voluntary standards for disclosure by companies**. A consistent and comparable mechanism for disclosing information on carbon emissions and climate change strategy will assist sustainable investor decisions and allow stress testing of climate change risk within a portfolio.
7. We will work with policy-makers, regulators and companies to develop **methods for assessing forward-looking exposure to climate-related risks**, providing greater transparency of preparedness and sensitivity to climate risk of investee companies and issuers.

Our calls to action

8. We encourage governments to secure **a strong and ambitious agreement in Paris** to demonstrate international commitment to tackling this common challenge with clear, measurable next steps and evaluation. To this avail we encourage European negotiators to use their combined weight to provide strong European leadership at the talks.
9. We encourage governments to provide long-term **regulatory stability** for low-carbon investments. A consistent regulatory framework is vital to provide investors with the security they need to place customers' money into projects over the long-term and encourage the scale of investment needed to tackle the climate change challenges we face.
10. We encourage governments to actively develop, implement and review **national adaptation and mitigation strategies**. This should include actions to understand and address climate risks through risk adaptation and mitigation.
11. We encourage governments to enact measures to achieve a **robust methodology for the pricing of carbon**. This should be sufficiently high and stable in order to change behaviours and influence investment decisions. A proportion of any revenues raised could be productively employed in direct support for research, development, demonstration, and pre-commercial deployment of low-carbon and energy efficient technologies.
12. We encourage governments to engage all parties in driving an orderly transition **to phase out of fossil fuel subsidies**. Reform should free up financing for sustainable development and to support both national and international environmental priorities.

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