

JULY 2020

In support of pairing economic recovery with ambitious climate action.

Dear G20 Finance Ministers and Central Bank Governors,

The COVID-19 pandemic is a global emergency wreaking health and economic devastation. Endangering lives and communities everywhere, it is a stark reminder of our economic system's fragility, exposing deep social inequalities and our interconnected vulnerability to systemic shocks, including climate change.

The emergence of this threat does not reduce the need to respond to the ongoing climate emergency, which remains the most significant long-term threat to economic and social stability.

The science is clear: the longer we delay action on climate at the pace and scale needed, the more complex the impacts will be to mitigate, with disastrous effects on people and the planet.

Government, business and society leaders have a collective responsibility to unite behind the science and act in coordination to keep global warming increase to a maximum of 1.5°C, that means halving GHG emissions in this decade.

Even amid the disruption of COVID-19 companies remain committed to climate action: 900 companies are setting science-based emissions reduction targets, with many companies raising ambition in recent months, including accelerating climate investments and projects as part of their plans.

[More than 1,200 major global companies](#) have called on governments to invest in climate action and resilience to create jobs and build back better. **By tackling climate and COVID-19 together we can deliver a just and inclusive economic recovery. It makes business sense.**

[Studies show](#) that policies that reduce greenhouse gas emissions help ensure a more resilient and sustainable labor market, deliver higher short-term returns per dollar spent and lead to [increased long- term cost savings](#) compared with traditional fiscal stimulus.

Climate ambition and action are vital tools for companies to **enhance resilience, competitiveness, innovation** and long-term **growth** potential. [There is evidence](#) that companies that integrate sustainability into their businesses outperform those taking less action even during these turbulent times. Companies with a core focus on sustainability are better positioned to withstand the impacts of systemic shocks, including the inevitable impacts of climate change.

We welcome initial efforts from some governments to develop long-term economic recovery plans that incorporate principles of sustainable growth and climate action to build stronger, more resilient economies.

The Next Generation EU budget aims to achieve a sustainable and fair recovery while supporting ambitious objectives towards climate neutrality by 2050 by channeling 25% of overall spending to climate-related investment. In France, economic bailouts for major companies included conditions linked to climate action. In Japan, economic recovery and stimulus packages reference several environmental measures aimed at accelerating the transition, including incentives for renewable energy. In Canada, measures to support companies impacted by COVID-19 require companies to commit to publish annual climate-related disclosure reports, including how their future operations will support environmental sustainability and national climate goals.

However, much more is needed. We need very clear government action, stimulus packages and related policies that give businesses the clarity and confidence they need to also invest decisively in a zero-carbon recovery. Neither Governments nor Businesses can do this alone.

To address the climate crisis while boosting economic growth, decent job creation, addressing inequality and increasing resilience, we call on leaders to:

- ▶ **Prioritize policy and spending to accelerate the transition to an inclusive, just, resilient, zero-carbon economy**, including investments in: innovation, renewable energy, zero-carbon transport, zero-carbon materials and built environment, decarbonizing industrial sectors and embedding circular economy, drive sustainable agriculture and food systems, and invest in natural climate solutions.
- ▶ **Recognize the vital importance of multilateral institutions and international cooperation to tackle global challenges** in line with science.
- ▶ With fossil fuel prices at record lows, take firm action to **permanently remove market-distorting fossil fuel subsidies, and put a meaningful price on carbon** that incentivizes cost-effective zero carbon investment.
- ▶ To fully manage climate change risks and ensure that financial markets act accordingly, **make climate-related financial disclosure mandatory across the economy in line with the TCFD recommendations**.
- ▶ Ensure that **central banks and financial regulators embed effective climate risk management** into financial systems and their operations and shift their portfolio investment to zero carbon investments.
- ▶ Ensure that finance **flows to support climate transition and building resilience** in developing countries and vulnerable communities.
- ▶ **Support a just, fair and inclusive transition:** invest in zero-carbon industries and job creation, while supporting workers and communities through the transition.

We need clear and consistent government policies and spending that support and incentivize the full decarbonization of every system of the economy to inform businesses and investors, so they too can invest decisively in zero-carbon solutions.

Many companies are shifting their investments to zero-carbon solutions aligned with 1.5°C scenarios. But we need more companies to come on this journey. In doing so they will reduce their risks, build resilience and set themselves on a path towards further success.

To accelerate this, companies receiving long-term public financial assistance should be required to:

- ▶ **Adopt science-based approaches** to inform company strategy including implementing science-based targets consistent with limiting global average temperature increase to 1.5°C and reaching net-zero emissions by no later than 2050.
- ▶ **Integrate climate risk into company disclosures** in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
- ▶ **Invest in zero-carbon solutions that create good jobs in their companies and value chains.**

A zero-carbon aligned recovery will enable companies to invest and innovate at the pace and scale necessary to build back better: creating decent jobs, protecting health, reducing emissions and increasing resilience.

The decisions you make now will determine the strategic direction of the global economy for years to come. They must enable the world to increase climate action at the necessary speed and scale.

Business is acting to build a zero-carbon economy, and stands ready to work with government leaders at this critical moment to drive the transformational change we need.

Sincerely,



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ABOUT THE WE MEAN BUSINESS COALITION

The We Mean Business coalition is a global coalition of nonprofit organizations working with the world's most influential businesses to take action on climate change. Together we catalyze business action to drive policy ambition and accelerate the transition to a zero-carbon economy.

The coalition brings together seven organizations: [BSR](#), [CDP](#), [Ceres](#), [The B Team](#), [The Climate Group](#), [Corporate Leaders Group Europe \(CLG Europe\)](#) and the [World Business Council for Sustainable Development](#).