

PRESS RELEASE

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For Immediate Release

**Fossil Fuel companies need to come clean on climate risks post Paris**

Proposals launched to ensure transparency, support climate policy and aid investors

Hot on the heels of a historic climate deal in Paris the Carbon Tracker Initiative and the Climate Disclosure Standards Board, two non-profits who seek to promote transparency in relation to climate risk, will in Davos on Friday launch proposals for risk reporting by fossil fuel companies.

There is growing interest in and awareness of climate change and how it relates to the financial system, especially to capital markets. The prominence of climate risk and policy in the minds of business leaders is reflected in the [World Economic Forum’s Global Risks Report 2016](http://www.weforum.org/agenda/2016/01/what-are-the-top-global-risks-for-2016), which found that the risk with the greatest potential impact is a failure of climate change mitigation and adaptation.

The Paris Agreement confirmed the commitment of global leaders to limit dangerous warming to below 2°C but also promised to pursue an even stricter 1.5°C target, adding more pressure for companies, investors and regulators to act. The ‘Paris effect’ reinforces the emerging political and market signals that will aid the transition to a climate-resilient, low-carbon economy.

Some actions have already been taken to realize that goal. They include, for example, the announcement at COP21 by Mark Carney, Governor of the Bank England and Chair of the Financial Stability Board, that Michael Bloomberg will head a new global Task Force on Climate-related Financial Disclosures (TCFD).  The TCFD is intended to be an industry-led body that seeks to identify and set out the information the capital markets and other stakeholders need to manage the transition.

The *“*[*Considerations for reporting disclosure in a carbon-constrained world”*](http://www.carbontracker.org/report/carbon_risk_disclosure_framework/) paper launched on Friday is designed to assist the TCFD members in assessing the energy transition risk and ‘stranded asset’ danger inherent in the business-as-usual strategies of many fossil fuel companies.

The collapse in the oil price to 12-year lows and bankruptcies in the coal sector underscore the risk of ‘financial stranding’ and signals that fossil fuel companies need to accept that they are ex-growth stocks and must urgently re-assess their business models accordingly. Just this week a group of shareholders in ExxonMobil urged the oil giant to detail the resilience of its business model to climate change. This coalition of investors represents nearly $300 billion in assets under management.

**Mark Campanale, Carbon Tracker Founder and Executive Director, said**: “These disclosure principles go to the very core of the energy transition that is underway – they show investors and markets the extent to which individual fossil fuel companies may be at risk, as well as management’s plans for addressing the looming issue. They also should allow for a system-wide overview of how the transition is progressing over time.”

**Lois Guthrie, CDSB Founding Director, said**: “Much work has already been done to work out what fossil fuel companies should report about their activities and risks. We have also explored practices in financial reporting that can be applied to reporting such information in our proposals. Policy pronouncements have made this information material and it is essential to ensure that it is reported in a way that is suitable for investor decision-making.”

**Rob Schuwerk, Carbon Tracker US Senior Counsel, said**: “These proposals complement our recent ‘Engagement Principles’. These documents are both intended to identify and elicit the key information investors need to be able to manage their climate risk -- be it by public disclosure or by private dialogue with fossil fuel companies.”

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The *Carbon Tracker Initiative* is a not-for-profit financial think tank that seeks to promote a climate-secure global energy market by aligning capital markets with climate reality. Our research to date on unburnable carbon and stranded assets has begun a new debate on how to align the financial system with the energy transition to a low carbon future.

*“Carbon Tracker has changed the financial language of climate change.” – The Guardian May 2014*

The *Climate Disclosure Standards Board (CDSB)* is an international consortium of business and environmental NGOs. We are committed to advancing and aligning the global mainstream corporate reporting model to equate natural capital with financial capital. www.cdsb.net @CDSBglobal