Open letter to the Task Force on Climate-related Financial Disclosures

Dear Mr. Bloomberg, dear Task Force Members,

as a network of leading, globally active companies and organizations of German business, the goal of econsense is to provide a platform for dialog and a think tank to advance sustainable development. econsense and its 36 member companies are committed to the Paris Agreement and welcome this common and global approach to tackle climate change. We recognize the relevance of a comprehensive approach for the disclosure of climate-related risks and opportunities. The recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) are a step towards a more consistent, comparable, and reliable disclosure of climate-related information and have the potential to facilitate more informed business and investment decision-making.

econsense member companies report on climate-related information in various initiatives. Thus, we would like to emphasize the need for the alignment of existing approaches to avoid increasing reporting burdens and to reduce complexity of reporting requirements for companies. A pilot phase and voluntary field-testing of the final recommendations of the TCFD by individual firms will be of utmost importance to ensure their applicability and validity. We are available for further discussion and advocate an open dialog about the meaningful operationalization of the recommendations of the TCFD and the implementation of the Paris Agreement.

To further elaborate our position:

We believe that climate change will have significant impacts across many sectors and that business has an important role to play in providing the innovations needed to combat climate change. We also see the need to ensure transparency around climate-related risks and opportunities. Disclosure and management of climate-related risks and opportunities support long-term, successful and sustainable value creation.
Our member companies report on climate-related information in various initiatives (for example CDP). econsense actively engages in the communication with these initiatives and fosters the dialog to exchange experiences on the feasibility, benefits and practical limitations of current approaches and to discuss their operationalization and implementation.

In this context, we welcome the work of the private sector-led Financial Stability Board (FSB) TCFD. The voluntary recommendations of the TCFD are a contribution towards a more consistent, comparable, and reliable disclosure of climate-related information that will assist reporting companies, but also investors, lenders, and insurance underwriters to appropriately assess and price climate-related risks and opportunities. However, in the light of rising CSR reporting requirements for international companies, harmonization across topics and countries is required. Therefore, we encourage the TCFD to continue the exchange with other climate-focused and overall CSR reporting initiatives towards consistent reporting requirements. An alignment of existing approaches is necessary to avoid increasing reporting burdens and to reduce complexity for companies.

The implementation of the recommendations may be challenging. We therefore strongly believe that voluntary field testing of the final recommendations of the TCFD by individual firms will be of utmost importance to ensure applicability, user-friendliness, validity and comparability of results. A pilot phase will be crucial to clarify open questions and to gain a better understanding of the consequences of implementing the recommendations and whether and how the reported information is used. We encourage continued development and advancement of the recommendations based on the lessons learned in this pilot phase.

We would like to offer our assistance in this important phase and will amplify our efforts to support the improvement of the maturity, quality, reliability, consistency, and comparability of approaches for the disclosure of climate-related information. We advocate an open dialog with all relevant stakeholders to discuss a framework on how to operationalize the recommendations of the TCFD and to support the implementation of the Paris Agreement.

Yours sincerely,

Dr. Wolfgang Große Entrup  
Dr. Laura Schneider