Companies need to disclose more on climate risks, panel says

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Investors need more information about the risks companies face from global warming so they can fund development of the new technologies that are needed to control climate change and mitigate its effects, a task force said Wednesday.

An international panel, chaired by former New York City Mayor Michael Bloomberg, developed recommendations over the last year based on the idea that markets need more and better data to respond to the challenge of climate change.

The task force was appointed by the Financial Stability Board, an arm of the Group of 20 industrialized nations and led by Bank of England Governor Mark Carney.

"The challenge is that investors currently don't have the information they need to respond to these developments," Carney and Bloomberg wrote Wednesday in the Guardian newspaper. "This must change if financial markets are going to do what they do best: allocate capital to manage risks and seize new opportunities."

The recommendations come a year after 195 countries agreed to work together to limit the rise in average global temperatures to less than 2 degrees Celsius. U.S. President-elect Donald Trump, who has called global warming a "hoax," has said he plans to abandon the U.S. commitment to reduce carbon emissions as part of that agreement.

The task force is composed of executives from major companies, banks and insurance companies, including J.P. Morgan Chase, BHP Billiton and Swiss Re. The companies represented have a combined market value of $1.5 trillion, while the financial institutions oversee $20 trillion in assets.

The panel developed its recommendations after the G-20 asked it to examine the financial stability risks posed by climate change. The advice focuses on "practical, material disclosures" that can be used by all financial institutions and companies that raise money from investors, Carney and Bloomberg said.

"Of course, given the uncertainties around climate, not everyone will agree on the timing or scale of adjustments required to achieve this goal," Carney said at the report's launch. "But the right information will allow optimists and pessimists, skeptics and evangelists, to back their convictions with their capital."

He also dipped into history to explain his view.

"Early disclosure rules allowed 20th-century financial markets to grow our economies by pricing risks more accurately," he said. "The spread of such standards internationally has helped lift more than a billion people out of poverty. Climate-related disclosures could be as transformative for 21st-century markets."

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