

C20 Working Group on Sustainability (Climate and Energy)

Recognising G20 countries' responsibility for approximately 80% of global greenhouse gas (GHG) emissions, we call on all G20 countries to adopt the following provisions to address the risks posed by climate change to *people, planet and prosperity*, and to seize the opportunities for sustainable development and modernization of their economies offered through ambitious climate action and collaboration.

1. Commit to rapid and robust implementation of the Paris Agreement and related agreements.

The G20 should:

- a) Recognize that current actions are insufficient to reach the goals of the Paris Agreement;
- b) Take immediate steps to reduce emissions in line with the Paris Agreement's objectives to pursue efforts to limit global warming to 1.5°C above pre-industrial levels, including ramping up inadequate Nationally Determined Contributions (NDCs) currently submitted to the UNFCCC;
- c) Reduce fossil fuel use towards their complete phase-out, increase energy efficiency in all sectors, commit to 100% renewable energy provision, halt deforestation, and protect natural ecosystems;
- d) Commit to ratification of the Kigali Amendment of the Montreal Protocol in 2017 and include the resulting increased short-term climate ambition in their revised NDCs by 2018.

2. Commit to develop mid-century, long-term, low-GHG emission development strategies.

These strategies, mandated by the Paris Agreement, are an essential tool for identifying the short-term actions and milestones required for achieving the long-term goals of the Paris Agreement in line with the Sustainable Development Goals (SDGs).

The G20 countries should:

- a) Commit to develop and communicate *initial* long-term strategies for low-GHG emission development by 2018, with the aim to revise and update these strategies periodically;
- b) Work towards ambitious strategies that are consistent with achieving greenhouse gas neutrality by the second half of the century in order to send strong policy signals to investors, stimulating shifting financial flows to promote investment in clean energy, resilience, and sustainable development, and reduce the risks of locking in unsustainable infrastructure;
- c) Create a permanent working space under the G20 within which countries can voluntarily share best practices for the strategies, enabling G20 countries to show leadership in the race to global decarbonisation through facilitating exchange on clean and sustainable solutions for energy and across sectors.

3. Support climate resilience, especially of the poorest and most vulnerable populations.

The G20 should:

- a) Increase financial and technical support for poor and vulnerable populations and countries, in particular Small Island Developing States (SIDS) and Least Developed Countries (LDCs), to build climate resilience and adaptive capacity and to address loss and damage, both through delivery on climate finance commitments under the Paris Agreement and the Cancun Accords, and voluntary South-South cooperation, prioritizing such actions under the G20 focus on Partnership with Africa;
- b) Work with, and support, poor and vulnerable countries to strengthen pro-poor climate and disaster risk finance and resilience frameworks, within existing or new partnerships, and promote approaches for pro-poor benefits of risk pooling mechanisms – e.g. for participatory contingency planning or climate-resilient social protection systems – and regularly take stock of progress towards building climate resilience;
- c) Support natural solutions for mitigation and adaptation that provide development co-benefits, including ecosystem restoration, while respecting local communities and indigenous rights.

4. Set clear price signals to stimulate more sustainable and inclusive development while reducing carbon emissions, including through the phase out of fossil fuel subsidies.

The G20 should:

- a) Commit to phasing out all fossil fuel subsidies by 2020, while ensuring access to clean and affordable energy for all, especially the poor and disadvantaged populations;
- b) As an initial step towards this, ensure that all G20 members complete fossil fuel subsidy peer reviews by end 2018 and establish annual reporting on all fossil fuel subsidies, investment and financing in fossil fuel production by public institutions and state-owned enterprises;
- c) Establish a permanent platform for cooperation on carbon pricing within the G20, with the aim to establish effective and rising floor prices across all G20 countries, initiate exchange of views and experience on best practice regarding the integration of carbon pricing schemes into the overall energy pricing and tax regulation in order to avoid regressive effects, as well as options for redistribution and sustainable investment (including transfer payments and investments in developing country infrastructure) that increase effectiveness and help a just transition.

5. Align financial markets with the Paris Agreement and the SDGs.

The G20 should:

- a) Evaluate and report on the degree to which international and national rules relating to banking, bond markets, and investment are aligned with the global climate goals and other sustainability objectives;
- b) Upgrade the Green Finance Study Group to a G20 Working Group to ensure its future under the G20 Finance track with a mandate to expedite the above alignment;
- c) Carry forward the work of the Task Force on Climate-related Financial Disclosures (TCFD) and facilitate full implementation of its guidelines and recommendations, establishing a working group of governmental securities regulators to make disclosure of climate risk mandatory by 2020;
- d) Ensure that climate-related financial risks are adequately disclosed, through including measures of environmental risk as quantitative parameters of financial risk in the regulation of banks, insurance companies, and securities markets, and recommend frameworks to conduct “environmental stress-tests.”

6. Ensure infrastructure development that is sustainable and climate-resilient.

Through their governing role on many national and multilateral development banks, G20 governments will guide much of the anticipated \$90 trillion in infrastructure investments between now and 2030. In line with the Hangzhou Action Plan on Agenda 2030, G20 countries can help ensure new infrastructure is compatible with the Paris Agreement and more generally with the integrity of ecosystems, essential for people and the planet.

The G20 should:

- a) Develop and implement stringent climate and sustainability criteria for national and multilateral investment banks, to avoid future climate and systemic financial costs linked to stranded assets;
- b) Ensure project preparation facilities prioritize sustainable, climate-resilient, pro-poor, and appropriate-scale infrastructure aligned with mandatory investment principles that promote strong environmental standards and respect, protect and fulfill human rights, particularly in International Financial Institution (IFI) loan and development projects;
- c) Establish clear expectations that the identification or selection of infrastructure projects be guided by upstream feasibility and cost-benefit analyses, including, large-scale geospatial planning that avoids, minimizes and mitigates cumulative environmental and social impacts, and strictly follows the principle of free, prior and informed consent.