

## **UN Global Compact - CFO Taskforce for the SDGs**

### **Joint response to the EU Sustainable Finance Action Plan**

#### **I. Background**

In 2020, the UN Global Compact created a **CFO Taskforce for the SDGs**, an international platform for sustainable finance collaboration consisting of approximately 30 corporate finance leaders drawn from signatories of the Global Compact. Representing a range of operating companies as well as key actors from the financial sector, the CFO Taskforce has committed to working across corporate finance, strategy, and sustainability departments to implement a set of **Principles for Integrated SDG Finance and Investment**.

Members of the CFO Taskforce have reviewed the European Commission consultation on the EU Sustainable Finance Strategy. In our view, this presents an important opportunity to ensure that the collective voice of our signatory companies – particularly those engaged within our SDG finance work – are transmitted and reflected within the policy process.

#### **II. Feedback and Perspectives**

The attached Principles for Integrated SDG Finance and Investment offer an issuer perspective on many of the topics presented in the EU sustainable finance action plan. Created by the members of the CFO Taskforce in consultation with key partners from the financial community as well as NGOs and development institutions, these Principles reflect a narrative of the role CFOs and corporate finance can play in promoting sustainable finance.

As a fundamental part of the investment value chain, the corporate perspective presented here is intended to complement feedback from the investor community. In addition, corporate investment itself must be understood as a critical element of the sustainable finance framework. Corporate investments are valued at over US \$14 trillion annually and are a particularly important leverage point in emerging and frontier markets where sustainability issues are most critical. CFOs are therefore uniquely positioned to connect the growing pool of ESG-linked financial flows to real assets and sustainable outcomes on the ground.

#### **III. Summary of the Principles**

The Principles are structured in four parts, relating to:

- 1) Impact Thesis and Measurement
- 2) Integrated Strategy and Investments
- 3) Integrated Corporate Finance
- 4) Investor Communications and Reporting

Taken together, these Principles present a model outlining specific steps that companies and their finance departments can take to integrate sustainability in corporate finance and investments, issue sustainability-linked financial products and drive more proactive investor communication and accountability on corporate sustainability impact.

The corporate commitments included in the Principles indicate our vision of a broad, liquid market of sustainable investment backed by a pipeline of credible SDG-aligned corporate activities. Sustainable corporate finance can create a pipeline of mainstream sustainable investments for institutional investors that is scalable to the size of global capital markets and can benefit from the credibility and transparency imbedded in broad capital markets. This presents significant leverage point to expand the efficacy of sustainable finance, and it is critical that future regulation around ESG data and green-labelled investment products reflect this understanding.

In addition to the full Principles document enclosed with this summary, we have outlined several key sections of the consultation aligned with our ongoing work which we will address below.

#### IV. Specific Consultation Responses

##### **Section 1.1: Company reporting and transparency**

In our view, the EU should take action to increase the accessibility of corporate ESG data to all stakeholders. The UNGC is supportive of efforts to improve ESG disclosure, including the European Commission's initiative to review and update the EU Nonfinancial Reporting Directive (NFRD). However, we caution against focusing purely on harmonizing ESG data and metrics. While metrics are undoubtedly important, standardized metrics alone are an insufficient tool to understand or change corporate behavior at scale.

Beyond standardized metrics, it is equally essential for companies to disclose their unique strategy, management approach, and governance oversight on ESG issues. This perspective builds upon existing work at UN Global Compact companies around SDG finance and corporate reporting, as well as the experience of established bodies such as the Integrated Reporting Council (IIRC). To that end, the CFO Taskforce has created a specific working group which will draw on the expertise of corporate finance and investor relations departments, rating agencies, and investors to foster practical and transparent corporate-investor communication on the SDGs.

##### **Section 2.10: Promoting sustainable finance globally**

The CFO Taskforce involves a diverse set of multinational companies, operating in both developed and developing markets. From this perspective, it is critical that the EU align its efforts with relevant sustainable finance initiatives and regulations globally. Regulatory consistency and harmonization would support a level playing field for companies and ease the burden of reporting, particularly for enterprises with operations and subsidiaries around the world. Where

possible, the European Commission should also advocate for small- and medium-sized enterprises which may need additional time and capacity to respond to regulatory ESG mandates.

The European Commission is well placed to coordinate with other public actors and multilateral organizations to ensure that incentives are aligned with commonly-accepted principles and thresholds, including the Ten Principles of the UN Global Compact, the Paris Agreement on Climate Change, and the SDGs as well as more specific initiatives such as the TCFD and Science-Based Targets. The CFO Taskforce stands ready to provide further input and support to ensure that the corporate perspective on the SDGs is fully captured in global engagement efforts going forward.

#### V. List of CFO Taskforce Members

- BASF
- Braskem
- China Development Bank
- Danone
- Enel
- Engie Impact
- Eni
- FCC Construcción
- Federated Hermes
- Givewith
- Global Impact Initiative
- Iberdrola
- IDB
- Moody's
- PIMCO
- Pirelli
- Sinopec
- SkyPower Global
- SNAM
- Societe Générale
- Sompo Asset Management
- Stantec
- Terna
- Tesco
- Total
- Turkcell
- Unilever
- Viera de Almeida LP