



Media Release

New Study Reveals Expanded Role of CFOs in Driving Climate Transition

30 Chief Financial Officers representing nearly \$1 trillion market cap outline the opportunities of climate action.

New York/London, 21/09/2023, 13:00 EST: A new report from the UN Global Compact and Climate Bonds Initiative, [The role of the Chief Financial Officer in driving low-carbon transition](#) underlines the key role Chief Financial Officers (CFOs) play in managing the risks and opportunities inherent in taking action or lagging behind in the low-carbon transition. It notes that late, unambitious action, which opens a company to physical, regulatory, and financial climate risks could be perceived negatively by investors, damaging the value of the company, and bringing long-term reputational impacts. On the flip side, proactive action can bring a sustainable long-term competitive advantage to businesses.

The [report](#) is based on interviews with over 30 CFOs representing companies with a combined market capitalisation of US\$930 billion and reveals that CFOs can play a pivotal role in driving the low-carbon transition. The study is a collaborative effort between the Climate Bonds Initiative and the CFO coalition of the UN Global Compact. Interviews were conducted in the first half of 2023 to gain insights into the intersection of finance and sustainability.

Sanda Ojiambo, Executive Director & CEO of the United Nations Global Compact:

"Action is no longer an option for companies but an imperative. CFOs must seize this opportunity to anticipate industry level transition. As stewards of trillions of dollars of corporate investments worldwide, CFOs must apply vision and ambition to their planning process."

Sean Kidney, CEO of Climate Bonds Initiative:

"CFOs play a pivotal role as the architects of financial strategy, designing a blueprint for the company's sustainability and climate resilience. It is crucial to recognise that the uncertainty surrounding climate transition represents not just a challenge but a unique opportunity. CFOs have the chance to showcase their leadership by guiding their companies to success through this transformation."

Fabrizio Palmucci, Senior Advisor, Climate Bonds Initiative:

"The CFO, with a unique set of skills is best placed to manage the risks & opportunities from the low carbon transition. The interviews have highlighted that leading CFOs see the transition as a business imperative as well as the opportunity to gain strategic advantage".



Summary: CFOs as climate leaders

- **Business imperative:** CFOs must fortify their company's business models, recognising that adopting a low-carbon strategy goes beyond environmental responsibility. Climate-related factors, influenced by consumer preferences, shareholder demands, technology, and regulation, gain financial significance.
- **CFOs as leaders:** In 30% of cases, CFOs initiated the development of a low-carbon strategy, highlighting their central role in steering organisations towards sustainability and climate resilience.
- **Expanded role:** CFOs extend beyond traditional financial roles. Non-financial metrics and ESG ratings influence pricing. Many CFOs upskill their teams, even hiring new talent, and in some cases, Chief Sustainability Officers report directly to them.
- **Credible storytellers:** With non-financial disclosures gaining prominence, CFOs ensure coherence between financial and non-financial information, critical for securing capital infusion.
- **Competitive advantage:** Forward-thinking CFOs view the low-carbon transition as an opportunity for competitive advantage, be it commercial, technological, or regulatory. Crafting transition plans and securing buy-in are crucial.
- **Sector challenges:** Capital-intensive industries, like cement and steel, face multifaceted challenges in decarbonisation. Crafting compelling business cases is pivotal for their future.
- **Sustainable finance catalysts:** Sustainable finance instruments, such as green bonds and loans, can catalyse company-wide low-carbon strategies but require alignment and commitment. CFOs play a crucial role in achieving financial and non-financial targets.
- **New frontier:** CFOs are urged to upskill, including technological expertise, to accelerate decarbonisation and improve the bottom line. Balancing the affordability and uncertainty of the transition is essential, especially for smaller companies with limited budgets.

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Note to Editors: High-resolution images and interviews are available upon request.



About the UN Global Compact

As a special initiative of the United Nations Secretary-General, the UN Global Compact is a call to companies worldwide to align their operations and strategies with Ten Principles in the areas of human rights, labour, environment and anti-corruption. Our ambition is to accelerate and scale the global collective impact of business by upholding the Ten Principles and delivering the Sustainable Development Goals through accountable companies and ecosystems that enable change. With more than 18,000 companies and 3,800 non-business signatories based in over 101 countries, and 62 Local Networks, the UN Global Compact is the world's largest corporate sustainability initiative — one Global Compact uniting business for a better world.

About the CFO Coalition for the SDGs

The CFO Coalition for the SDGs is a platform where global CFOs and other corporate officers can collaborate with peers, investors, financial institutions and UN agencies to develop principles, frameworks and recommendations to integrate the sustainable development goals (SDGs) into corporate finance and create a market for mainstream SDG investments. For more information, visit cfocoalition.org

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