

Dear Mr Haley,

Open letter to, John Haley, CEO, Willis Towers Watson

2nd March 2018

Willis Towers Watson's climate leadership

I am writing to you about your firm's leadership role on climate change and how it might be used as leverage to encourage other firms to sign up to the Task Force on Climate-related Financial Disclosures (TCFD).

As you know, the TCFD has carefully calibrated its asks to take account of corporate and investor concerns. Many independent commentators have said TCFD did not go far enough (e.g. by supporting voluntary rather than mandatory reporting) but the task force was keen to ensure widespread buy in from the for-profit world. The hope was, in the words of TCFD's Chair Michael Bloomberg, "We can start the process of making markets more efficient, economies more stable and businesses more resilient to systemic risks like climate change."

At the Davos World Economic Forum (WEF) Marsh & McLennan produced the global risk report, setting out in no uncertain terms that "[environmental risks dominate the Global Risk Perception Survey for the second year running](#)", with all five environmental risks appearing – for the first time – in the top quadrant for impact and likelihood, highlighting that there is a growing level of awareness around the impacts that environmental risks can have on businesses and economies.

In light of the above, we wish to congratulate you on your leadership, when TCFD's final report was launched in June last year, that your personal endorsement was noticeably the lone voice from within the investment consultancy world. Similarly, the firm is one of just twelve investment consultant signatories to the UKSIF's joint statement supporting the UK Pensions Regulator's latest guidance aimed at addressing the risks around long term sustainability, including environmental, social and governance issues.

In general, however, the US corporate and investment world has lagged and continues to lag global peers on climate. And the investment consultancy world seems to be particularly challenged with Willis Towers Watson still the only signatory amongst the ten largest investment consultants in the world. In fact, there appears to be less climate advocacy amongst investment consultancies compared with the top ten largest investment management firms – with six of the top ten largest by AUM now signed up to TCFD.

The failure to recognise the risks posed by climate is endemic in corporate America – [just 6% of directors think climate change is material](#) – and predates the current Administration. Corporate fence sitting has helped to create the context where [vested interests have been able to define the Republican Party's position on climate](#) and thus [polarise the public debate](#).

Hence, we are writing to you to ask 2 things:

1. Share your firm's experience of securing board level support to sign up to the TCFD. For example, did you receive any strong signals from your climate aware clients, which helped to highlight the level of importance that should be attached to the climate crisis? Or was it a more endogenous process and if so, what allowed it.
2. Ask your peers in the top ten largest investment consultancies to support the TCFD recommendations.

As you know much better than I, investment consultants are very influential and able to substantially sway the opinions of fund managers and asset owners alike, especially in markets like the USA. That is why I am writing to the CEOs of the ten largest consultancies to challenge them to take on their share of responsibility for addressing the major systemic risks posed by the climate crisis. Even for those firms who have "[pockets of ESG excellence](#)" this is not enough. Consultants must support the changes we need to see in market structures and industry norms and TCFD is the obvious example. Without this, we will not address climate change in time. With clients that have fiduciary responsibilities for being long-term and demonstrating inter-generational equity, your organisation is clearly doing its bit to ensure the transition to a low carbon economy is as orderly as possible. Once again, thank you for supporting TCFD and with just a little more action from your firm, you could have an even greater role in achieving this global imperative – for a Paris-aligned climate future.

Yours sincerely,

A handwritten signature in black ink that reads "David J Murray". The signature is written in a cursive style with a prominent flourish at the end of the name.

David Murray, Chief Executive, Preventable Surprises