



Investors Identify Seven Climate Change Policy Priorities

The Investor Group on Climate Change (IGCC) has today published seven climate change policy priorities which investors believe are critical for managing risk and unlocking investment in low carbon finance opportunities.

“The seven policy priorities identified by investors have to be part of the climate change policy response in Australia to build investor confidence and get capital moving”, said Emma Herd, Chief Executive Officer of the Investor Group on Climate Change.

“Without stable and durable climate change policy settings grounded in broad bipartisan support, investors will not allocate capital to the kinds of long term clean energy and energy productivity investments required to achieve the goals Australia signed up to under the Paris Agreement”.

“Getting energy and carbon policy working together is vital for investors allocating capital across the sector. Increasing investment in renewable energy and managing out ageing coal fired generation assets have to be part of the same policy conversation and dealt with in an integrated manner”.

“We know that a certain level of climate change is now locked into the system and will increase the physical risks and costs for business, infrastructure and the economy. Building a credible National Adaptation Action Plan based on Australian climate research is critical for reducing the costs of climate change”.

“Markets increasingly recognise carbon risk as a financial risk. A financial disclosure framework which acknowledges the economic implications for Australian business of decarbonising our economy will strengthen financial system resilience and promote more sustainable economy outcomes for all members of the community”.

“Around the world, governments are moving to implement clear, long term, stable and effective policy frameworks to respond to climate change. This policy environment is attractive to capital. Failure to effectively manage climate change creates the risk that Australia will become increasingly uncompetitive as a low carbon investment destination. As the world moves to a net zero emission economy, Australia must take steps to remain economically competitive”, said Herd.

Investors have a key role to play in facilitating a sustainable economic transformation and support the need for an integrated policy response to manage climate change. This will require a comprehensive approach across all policy areas and industry sectors. Investors have identified seven climate change policy priorities which must form the bedrock of an effective policy framework for climate change in order to drive investment flows. The Investor Group on Climate Change looks forward to working with the next Government to implement the policy priorities set out in this document.

A summary table of the Seven Climate Change Policy Priorities is attached to this release. The full document is available at www.igcc.org.au

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SEVEN CLIMATE CHANGE PRIORITIES FOR INVESTORS

- 1. Long term emission reduction targets**
Long term targets which align to the goals supported under the Paris Agreement to limit global warming to well below 2°C and move to a net zero emissions economy.
- 2. A durable policy framework grounded in broad bipartisan support**
An integrated policy framework where the key elements are grounded in broad-based bipartisan support and able to deliver a level of investment stability.
- 3. A market based carbon pricing mechanism**
A market based carbon price signal which can be incorporated into investment decisions and which responds to dynamic market conditions
- 4. An integrated approach to energy sector transition**
A policy approach which manages carbon, technology changes and energy market considerations in an integrated manner delivering greater investment certainty.
- 5. Long term certainty and funding for clean energy public financing vehicles**
A robust approach to public finance provision that provides the long term certainty needed to unlock and accelerate private sector capital and investment into clean energy and energy productivity opportunities.
- 6. A National Adaptation Action Plan to reduce the cost of climate change**
A National Adaptation Action Plan underpinned by Australian scientific research which delivers a roadmap for managing the costs and impacts of climate change for investors and the community.
- 7. A disclosure framework for climate-related financial reporting**
A financial disclosure framework which acknowledges the financial and economic implications of climate change and promotes better risk management through more effective financial reporting practices of companies.