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Investors call on world leaders to address climate change ‘ambition gap’

Record breaking number of global investors call on governments to accelerate action on climate change

KATOWICE, POLAND, 10 DECEMBER – Global investors today called on governments around the world to step up action to address climate change. 415 investors, with \$32 trillion in assets-under-management, are behind the call-to-action as signatories of the 2018 [Global Investor Statement to Governments on Climate Change](#)¹.

The ‘Global Investor Statement’ reaches global leaders as the United Nation’s COP24 global climate change conference in Poland enters its second week, and is the single largest policy intervention from investors on climate change. The Statement asks governments to strengthen their Nationally Determined Contributions to meet the goals of the Paris Agreement and to enact policies to facilitate the world’s transition to a low-carbon economy.

Three overarching priorities are highlighted in the Statement for global leaders to address: achieving the Paris Agreement’s goals; accelerating private sector investment into the low carbon transition and committing to improve climate-related financial reporting. Additional detail is provided in an accompanying [briefing paper](#) also shared with leaders. Among specific policies, the investors request governments “phase out thermal coal power”, “put a meaningful price on carbon” and “phase out fossil fuel subsidies.”

Investors highlight the “ambition gap” the U.N. has determined exists between governments’ commitments and what is needed to deliver on the goals of the Paris Agreement – in limiting global warming to well below 2°C – and ensuring the necessary transition to a low-carbon economy. They stress their “great concern” about the gap, noting consequences of an otherwise “unacceptably high temperature increase” and “substantial negative economic impacts.”

Without greater action, Schroders, which is a signatory to the statement, point to long-run temperature rises of around 4°C, with \$23 trillion of associated global economic losses over the next 80 years. This is permanent economic damage three or four times the scale of the impacts of the 2008 Global Financial Crisis, while continuing to escalate².

Investors signing the statement include some of the world’s largest pension funds, asset managers and insurance companies, alongside faith-based groups, state treasurers and comptrollers, impact investors and venture capital funds. The signatories describe their own efforts to invest in climate solutions and low carbon assets, but add: “The global shift to clean energy is underway, but much more needs to be done by governments to accelerate

the low carbon transition and to improve the resilience of our economy, society and the financial system to climate risks.”

The intervention come as findings of a recent U.N. report show that nations must triple their efforts to meet their commitments under the Paris Agreement³. Only weeks earlier the Intergovernmental Panel on Climate Change’s 1.5°C Special Report showed that considerable additional emission reductions are achievable, delivering significant benefit to society and the climate⁴.

A strong agreement by governments at COP24 is important in setting rules for how the Paris Agreement will be implemented. It also provides an opportunity for governments to signal how they will jointly step up efforts to cut emissions, reducing associated impacts and the costs of climate change. The process for governments to increase ambition of their climate commitments is built into the design of the Paris Agreement⁵, with investors calling on governments to start the process this year.

The investors also call for the phase out of coal power worldwide as one of the supporting actions that governments should take. As highlighted in the briefing accompanying the Statement, this includes welcoming growing support for the global Powering Past Coal Alliance. Launched by the UK and Canada, the Alliance now has 28 national government signatories, alongside other sub-national and corporate supporters⁶. This includes nine states across the United States of America.

New York State Comptroller Thomas P. DiNapoli, New York State Common Retirement Fund, responsible for a \$207 billion pension fund, explains: “Despite the misguided policies of the Trump Administration, global efforts to address the very real threat climate risk presents to the economy, financial markets and investment returns are ongoing. At the New York State Common Retirement Fund, we are still in and remain committed to supporting the Paris Agreement's climate goals. The transition to a low carbon economy presents numerous opportunities to create value, and investors who ignore the changing world do so at their own peril.”

Analysis produced for the Powering Past Coal Alliance, shows that EU and OECD countries must phase out unabated coal-fired electricity generation no later than 2030, with the rest of the world following no later than 2050⁷. Findings of the Lancet Countdown on Health and Climate Change show that coal use is responsible for 460,000 premature deaths globally each year⁸.

Peter Damgaard Jensen, Chair of the Institutional Investors Group on Climate Change and CEO of PKA, a Danish pension fund with \$41 billion in assets, adds: “There is no place for coal in the clean energy future that is essential to addressing climate change. It’s therefore encouraging to see ever more countries set necessary dates for the phase out of coal. Investors, including PKA, are moving out of coal in their droves given its devastating effects on the climate and public health, compounded by its poor financial performance.”

The investors are also clear on the need for a meaningful global price on carbon to be put in place. The phase out of fossil fuel subsidies, also pinpointed as necessary by investors, could

deliver reductions of up to 10 per cent in global CO₂ emissions by 2030, according to the findings of a recent U.N. report⁹.

The Global Investor Statement is one of the actions on [The Investor Agenda](#). Launched earlier this year, The Investor Agenda calls on investors to step up action on climate change. It provides a way for investors to directly report actions they are taking on climate change, and scale-up their commitment to act, across four key focus areas: Investment, Corporate Engagement, Investor Disclosure, and Policy Advocacy. The 'Global Investor Statement' comes under the Policy Advocacy activity.

Chris Newton, Executive Director Responsible Investment, IFM Investors, which has \$81bn in assets under management, adds: "The reality is that the long-term nature of the challenge has, in our view, met a zombie like response by many. This is a recipe for disaster as the impacts of climate change can be sudden, severe and catastrophic. We need our infrastructure assets to continue to provide essential services to communities and economies around the world. We have a duty to our investors to act for the long term when others are clearly sidestepping the challenge".

The Investor Agenda has been developed by [Asia Investor Group on Climate Change](#), [CDP](#), [Ceres](#), [Investor Group on Climate Change](#), [Institutional Investors Group on Climate Change](#), [Principles for Responsible Investment](#) and [UNEP Finance Initiative](#).

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Notes to editor:

1. See a full copy of the Global Investor Statement to Governments on Climate Change (including signatories) and accompanying briefing paper as an attachment accompanying this press release.
2. 'Climate Progress Dashboard', Schrodgers, [link](#).
3. 'Nations must triple efforts to reach 2°C target, concludes annual review of global emissions, climate action', UN Environment, [link](#).
4. 'Special report on the impacts of global warming of 1.5 °C', IPCC, [link](#).
5. 'Timeline: the Paris agreement's 'ratchet mechanism'', Carbon Brief, [link](#).
6. Powering Past Coal Alliance, [link](#).
7. 'Implications of the Paris Agreement for Coal Use in the Power Sector', Climate Analytics, [link](#).
8. 'The 2018 report of the Lancet Countdown on health and climate change: shaping the health of nations for centuries to come', Lancet Countdown on Health and Climate Change, [link](#).
9. 'Nations must triple efforts to reach 2°C target, concludes annual review of global emissions, climate action', UN Environment, [link](#).

About The Investor Agenda

The Investor Agenda calls on global investors to accelerate and scale up the actions that are critical to tackling climate change and achieving the goals of the Paris Agreement. It is a comprehensive agenda for investors to manage climate risks and capture low-carbon

opportunities, and a mechanism to report and showcase their actions in four key focus areas: Investment, Corporate Engagement, Investor Disclosure and Policy Advocacy. The agenda has been developed by [Asia Investor Group on Climate Change](#), [CDP](#), [Ceres](#), [Investor Group on Climate Change](#), [Institutional Investors Group on Climate Change](#), [Principles for Responsible Investment](#) and [UNEP Finance Initiative](#). Visit www.TheInvestorAgenda.org for more information.