

10pm AEDT Monday 28/2/22

Latest IPCC Report Must Accelerate Climate Action – Investor Group on Climate Change

The latest IPCC report highlights why climate is a systemic risk to the economy and investment.

The immediate and long term interests of every Australian and New Zealander, including IGCC members' beneficiaries, can only be served if governments and businesses rapidly decarbonise, cutting emissions and helping to limit global warming.

Governments and corporations should therefore expect stronger pressure from superannuation funds and institutional investors who are accelerating climate action plans on behalf of their clients, says the Investor Group on Climate Change (IGCC), whose members control more than \$33 trillion in assets under management.

Quotes from IGCC CEO Rebecca Mikula-Wright:

"The IPCC reports shows that climate change is having a real and significant impact on the economy and community today.

"Without rapid decarbonisation, extreme climate-related events will become even more intense and frequent, and natural systems will suffer more irreversible damage.

"Some communities are already in a constant state of recovery from successive natural disasters, and only rapid decarbonisation will mitigate the economic and financial impacts of these changes.

"Institutional investors also have systemic exposure to climate change risks. Unless emissions are reduced, extreme weather will have worsening impacts on property, infrastructure, agricultural production, and other climate dependent industries.

"Climate change will also have indirect impacts on sovereign credit risks, supply chains, the property market, insurance pricing or wider economic conditions.

"Governments must strengthen 2030 emissions targets to align with the objectives of the Paris Agreement and build on their policies supporting adaptation investment which can protect communities, the economy and investment returns.

"Australia is not yet prepared for the economic and community climate threats that are occurring today, let alone worsening impacts as the planet warms further.

"IGCC looks forward to continuing to work with all governments, businesses and our members to continue to strengthen our national approach and unlock private sector investment in achieving emissions reductions and climate resilience measures this decade."

Quotes from IGCC Chair, Stephen Dunne:

"Institutional investors, responsible for investing trillions of dollars, are increasingly seeking to actively manage the very significant risk that climate change poses to their ability to generate long term returns to their beneficiaries.

"Investors are moving their portfolios to a low carbon position through engagement, investment and divestment.

"Governments play a critical role in setting policies and targets to enable this transition to occur smoothly.

"Without good policy the transition will be unnecessarily painful, costly and wasteful."

The government's National Climate Resilience and Adaptation Strategy, announced at COP26, has taken welcome and important steps to build resilience to the impacts of worsening climate change.

However, Australia's current 2030 target is for emissions 26-28 percent below 2005 levels. It remains far weaker than the average of our major trading partners and allies, which is around 45 percent reduction by 2030.

The Investor Group on Climate Change has identified three sets of policy opportunities for Australia:

- Strengthening Australia's emissions reduction targets for 2030, in line with the international agreements made in Glasgow during COP26,
- Developing and enacting clear and just sector transition plans, so that policies to achieve a net zero economy also support impacted communities,
- Enacting mandatory, standardised and robust economy-wide climate related disclosures.

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About IGCC

The Investor Group on Climate Change (IGCC) is a collaboration of Australian and New Zealand investors focused on the impact that climate change has on the financial value of investments and the opportunities created by the transition to net zero emissions. IGCC represents institutional investors with total funds under management of more than \$33 trillion globally, and others in the investment community interested in the impact of climate change. IGCC members cover over 7.5 million people in Australia and New Zealand.