

Media Release

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COP26 signals accelerated zero carbon investment drive; severe climate risks remain

Commitments made in advance and during COP26 have put keeping global warming to 1.5°C within reach, accelerating investment towards net zero emissions. Stronger policies and 2030 targets are still required to unlock the trillions of dollars required to avoid the worst impacts of climate change.

“Global warming of above 1.5°C presents irreversible, foreseeable and large-scale risks to investors and financial markets,” Rebecca Mikula-Wright, Chief Executive Officer of the Asia Investor Group on Climate Change (AIGCC), said. “The commitments that have come out ahead and as part of Glasgow have been significant but global action is still falling short.

“The net zero emissions transition is inevitable and already underway, and investors want to seize the enormous investment opportunities, worth trillions of dollars, that will be created. There is a huge opportunity to create new jobs and boost economic growth, but only for those countries that get ahead of the curve.

“Across Asia we call on governments to commit to clear and strong 2030 climate policies that will unlock the capital needed to transition to a net zero economy.”

In the lead up to and at Glasgow over 90 per cent of global GDP has now committed to achieve net zero emissions by or near mid-century, and most G20 countries committed to take more action to 2030 with some notable exceptions. During the two-week climate negotiations, other key commitments were made to reduce methane emissions, phase down coal, reduce deforestation and support global carbon markets. However, the focus must remain on policies which help halve global emissions by 2030 to remain Paris-aligned.

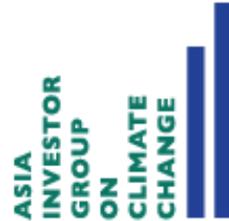
“Global capital is ready to deploy trillions to the zero emissions transition, but more governments need to provide clarity and back up their mid-century commitments with stronger 2030 targets,” Ms Mikula-Wright said. “Climate risk is investment risk.”

In the lead-up to and during COP26 there was stronger than expected climate policy and financing progress across several major Asian economies including Japan, South Korea, China and India.

“For many Asian markets, the discussion is now transitioning from ambition to implementation. Attracting private capital into green industries and infrastructure with strong domestic policy settings will be critical to achieving many countries’ climate goals.

“Importantly COP26 saw a ratchet up in ambition on coal phase out and down across the region. This included new multilateral commitments and dedicated programs for early plant retirement, replicating capital markets’ increasing shift away from funding coal projects.”

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Out of Glasgow a process for a new international board to deliver global climate disclosure standards also emerged. The formation of the International Sustainability Standards Board (ISSB) during COP26 is a welcome development for investors towards achieving an international baseline for climate risk reporting.

“Reaching requirements for globally consistent, comparable and decision-useful public disclosures is a critical priority for investors,” Ms Mikula-Wright said.

“The ISSB climate disclosure standards will help Asian economies as they seek to establish and enhance their domestic disclosure regimes, including ensuring they are contributing to a globally comparable baseline of climate risk reporting.

“Investors will also welcome the resolution of global carbon market rules, which will further accelerate the shift in global capital towards zero carbon projects and provide developing economies in Asia with potential revenue opportunities in green industries and infrastructure.”

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ABOUT AIGCC

The Asia Investor Group on Climate Change (AIGCC) is an initiative to create awareness and encourage action among Asia’s asset owners and financial institutions about the risks and opportunities associated with climate change and low carbon investing. AIGCC provides capacity for investors to share best practice and to collaborate on investment activity, credit analysis, risk management, engagement and policy. With a strong international profile and significant network, AIGCC represents the Asian investor perspective in the evolving global discussions on climate change and the transition to a greener economy. AIGCC has over 50 36 members across 13 markets representing over USD26 trillion in assets under management. www.aigcc.net