Climate change impacts are projected to raise **global average surface temperature** 2.6–4.8°C by 2100.

Climate change will affect **all sectors of the economy**, and is relevant to investors and financial institutions.

However, **not all macroeconomic changes and microeconomic conditions will apply equally** to all investments.

Climate change impacts can significantly effect investments and transactions via:
- Previously unforeseen risks
- Policies to restrain climate change
Climate Change: **Physical Impacts**

Physical impacts of climate change will affect assets, investments and transactions.

Climate change and extreme weather events will affect agriculture and food supply, infrastructure, precipitation and the water supply in ways that are only partially understood.

Physical risks include:
- Sea-level rise, floods and drought
- Food security
- Labour capacity and productivity
- Insurance liability

Decisions made by private sector investors and financial institutions will have a major influence on how society responds to climate change.
Climate Change: Implications for Investors and Financial Institutions

There are **risks and opportunities** associated with policy measures directed at reducing greenhouse gas (GHG) emissions.

**Patterns of investment and financing will need to change considerably** to meet the internationally agreed target of keeping the global average temperature rise since pre-industrial times below 2°C.

- Significant **decreases** in investment in fossil fuel extraction and conventional fossil fuel-based power generation.

- Significant **increases** in investment in low-carbon energy and energy efficiency.
Climate Change: Capital Investment

There will be significant demand for capital, with governments looking to the private sector to provide much of it.

To keep global temperature rise below 2°C:

- Additional investment required in the energy supply sector alone is estimated between USD 190 and 900 billion per year through to 2050.
- There will need to be a significant shift away from fossil fuels towards low-carbon sources such as renewables and nuclear.

Investment opportunities are likely to open up in fields such as renewable energy and energy efficiency.
For more information

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