

Climate Change: Implications for Investors and Financial Institutions

Key Findings from the
Intergovernmental Panel on Climate Change
Fifth Assessment Report

July 2014



UNIVERSITY OF
CAMBRIDGE

Cambridge Judge Business School
Cambridge Institute for Sustainability Leadership



UNEP **Finance Initiative**
Changing finance, financing change

Climate Change: Key Findings

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**

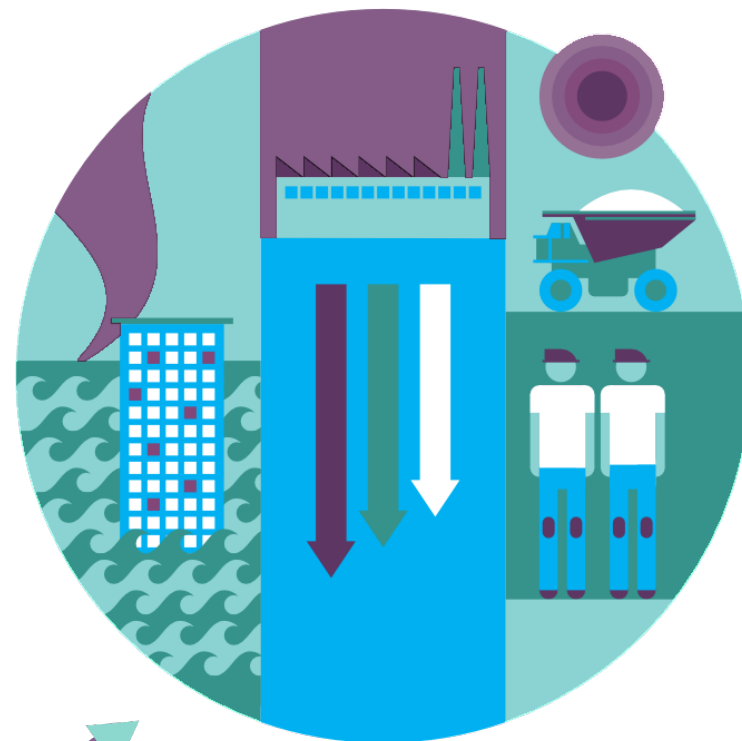
Climate Change: Physical Impacts

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.

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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**.

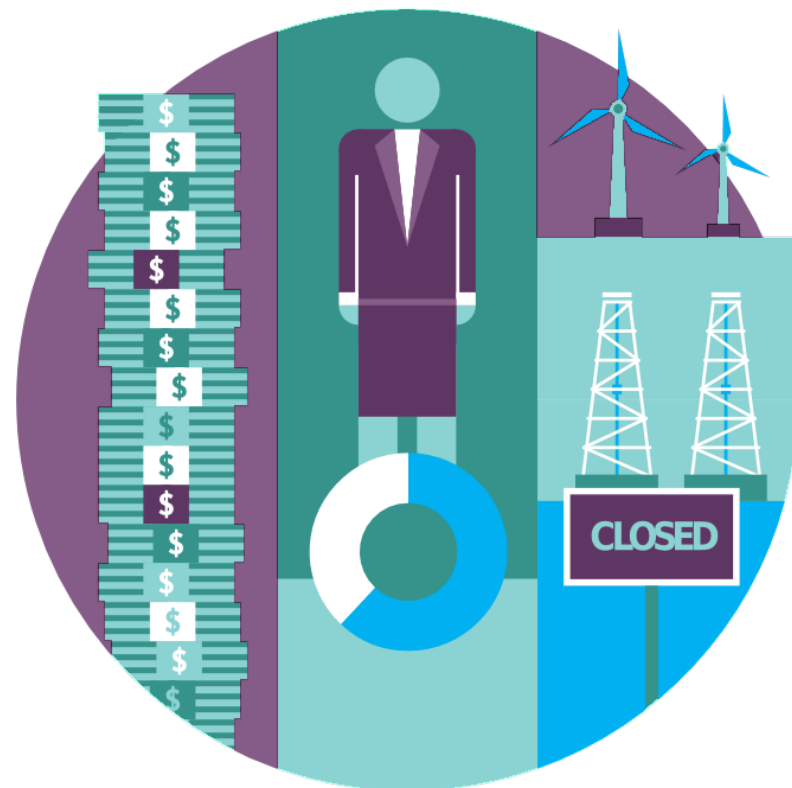
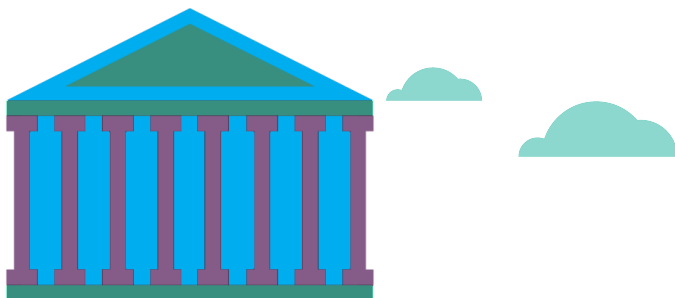


Climate Change: Capital Investment

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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