

12 March 2019

Dear members of the Committee on Climate Change,

## UK'S LONG-TERM EMISSIONS TARGET

I am writing to you in my capacity as CEO of the Institutional Investors Group on Climate Change (IIGCC) to ask that the CCC recommends a long-term decarbonisation objective for the UK to achieve net zero emissions by 2050 at the latest. Investors have made similar requests to Governments as part of the most recent Global Investor Statement to Governments on Climate Change<sup>1</sup>, and IIGCC is also engaging with the EU to call for a goal of net-zero emissions by 2050<sup>2</sup>.

IIGCC is a network of 165 European institutional investors overseeing just under £20 trillion in assets globally, whose members take a pro-active approach to managing the risks and opportunities related to climate change. Just under half of our members are based in the UK; many others invest directly in the UK. Our mission is to mobilise capital for the low carbon future by amplifying the investor voice and collaborating with business, policy makers and fellow investors. In particular, we recognise that low-carbon and climate-resilient technologies, markets and business models present significant investment opportunities which can promote economic growth and boost job creation, energy import savings, energy security, and citizens' health and wellbeing.

In parallel to stepping up investor commitments to sustainable and responsible investment<sup>3</sup>, we also look to policy-makers to enable the scaling up and acceleration of this action with the right policy framework. Clear, long-term legislative programmes are critical to the ability of investors to assess and manage climate-related risks, to support innovation and invest in opportunities that will sustain a low-carbon, more energy efficient and climate-resilient world.

In this context, the crucial work of the CCC in reviewing the UK's long-term emissions target and considering the date by which the UK should achieve net zero emissions presents a timely opportunity to push for the UK Government to align all relevant policy frameworks with the goals of the Paris Agreement and therefore send clear and positive long-term investment signals. The role of private finance must be taken into account in the CCC's review and in the UK Government's ultimate decision if the UK is to mobilise the necessary capital to fund the low-carbon transition.

Notwithstanding the current uncertainty caused by Brexit, investors have long had confidence in the UK's leading commitment to tackling climate change through robust policy-making. In order to bolster and further support investors' decision-making processes into the future, IIGCC asks that the CCC recommends **a long-term decarbonisation objective for the UK to achieve net zero emissions by 2050 at the latest**. We would support this objective being anchored within a holistic decarbonisation strategy

<sup>1</sup> See the statement and signatories at <https://theinvestoragenda.org/wp-content/uploads/2019/03/190304-GISGCC.pdf>

<sup>2</sup> See the position paper at

[https://www.iigcc.org/resources/?programme=Policy+programme&sub\\_programme\\_policy=&sub\\_programme\\_corporate=&sub\\_programme\\_investor=&resource\\_topic=&document\\_type=&published\\_year=na#](https://www.iigcc.org/resources/?programme=Policy+programme&sub_programme_policy=&sub_programme_corporate=&sub_programme_investor=&resource_topic=&document_type=&published_year=na#)

<sup>3</sup> See the list of investors taking action on climate change at <https://theinvestoragenda.org/areas-of-impact/investment/>, as well as examples of investor commitments at <https://theinvestoragenda.org/wp-content/uploads/2018/09/The-Investor-Agenda-Fact-Sheet-final.pdf>

in which all sectors, instruments and actors play a fair role, and where public and private financial flows are supported in an orientation towards its achievement.

Given the aforementioned leadership shown by the UK in this area, at such a vital moment in the international climate change negotiations much rests on the ambition, credibility and success of the UK's approach. From a global perspective, it will be invaluable for the UK to be able to demonstrate to its partners that it is possible to reach the Paris Agreement goal of creating a prosperous and fair net zero emissions economy by mid-century.

Investors have an urgent vision of a world where the physical and transition risks associated with climate change have been reduced and the investment opportunities created by the need for low-carbon technologies and markets have been exploited to their full potential, reaping widespread environmental, social, economic and financial benefits.

In its hugely influential role at a crucial moment, the CCC has an opportunity now to hold the UK Government to account in terms of how it will fulfil – and indeed, step up – its commitment to meeting the goals of the Paris Agreement. We urge you to seize it.

On behalf of IIGCC



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