PRESS RELEASE

Major European investors call on EU leaders to sign off climate neutral target

- €6 trillion in assets represented by 40 plus investor signatories to letter
- €21 trillion in global losses projected without greater action on climate change

Madrid: Leading investors have written to all EU heads of state and government, urging them to pass a net zero emissions target into European law as a matter of urgency. The intervention is led by the Institutional Investors Group on Climate Change (IIGCC), and signed by over 40 CEOs and senior executives, representing over €6 trillion in assets\(^1\). IIGCC is the European membership body for investor collaboration on climate change.

Key highlights from the investor letter include:

- “The urgent need to act” in the face of the climate emergency.
- Investor support for a “net-zero emissions target for the EU, to be achieved by 2050 at the latest”.
- How “the costs of inaction will be catastrophic”. Without greater action, projected losses from a 4°C global temperature rise are €21 trillion over the next 80 years\(^3\).
- That greater action on climate change could deliver €23 trillion in global economic benefit to 2030\(^4\).
- EU specific benefits of adopting the target, including an estimated two percent boost to GDP across the EU through to 2050 and the creation of 2 million new jobs\(^2\). Importantly, this does not include the additional benefit of avoided climate change and adaptation related costs.
- How committing to the net zero emissions target will further strengthen the EU’s global leadership role in tackling climate change.

Signatories include some of Europe’s largest investors such as Legal and General Investment Management, Aegon NV, DWS, Aberdeen Standard Investments and Allianz Global Investors\(^5\).

“Investors expect EU member states to show continued global leadership on climate change,” explains Stephanie Pfeifer, CEO, IIGCC. “Agreeing the net zero emissions target will strengthen Europe’s ability to attract investment, support clean growth and create jobs. EU leaders should embrace this opportunity without delay.”
The next opportunity to agree the target will be the EU leaders' summit in Brussels on December 12th to 13th. The letter from investors also coincides with the UN COP25 climate change conference underway in Madrid.

“Decisive action on the climate emergency is in the interest of both investors and society,” adds Sacha Sadan, Director of Corporate Governance, Legal and General Investment Management. “The Paris Agreement has been clearly recognised as a landmark on action on climate change. As investors, we will continue to engage with companies and support policymakers as they increase ambitions. One thing is clear, inaction is no longer an option.”

“With global climate negotiations underway in Madrid, the EU has the opportunity to show global leadership by demonstrating greater action on climate,” said James Bevan, CIO, CCLA. “Committing to a net zero future will help raise the bar in terms of ambition and bring added momentum to the need for others to follow their lead. The world is watching.”

“Investors support the idea of a Green Deal for Europe, as new policies would help unlock investment in equitable economic growth across Europe,” explains Roelfien Kuijpers, Head of Responsible Investments, DWS and IIGCC board member.

“The climate emergency is real and we have no time to lose,” said Ingrid Holmes, Head of Policy and Advocacy, Hermes Investment Management. “We urge EU leaders to act now.”

One of the UN Secretary General’s key priorities has been to encourage more countries to set net zero emission targets. 65 countries have committed to work to achieve net zero emissions by 2050 or have already set targets. The UK, France and Sweden are EU members states that have already completed the process with targets passed into law, while Finland, Denmark and Portugal are actively working towards implementation. Adoption of a target is under discussion across other member states.

The letter from investors ends by highlighting how, “much rests on the ambition, credibility and success of the EU approach. The signals you send at the December Council and beyond will be essential. Investors stand ready to work with you to deliver a prosperous and net-zero emissions economy.”

One of the UN Secretary General’s key priorities has been to encourage more countries to set net zero emission targets. 65 countries are actively considering the prospect of achieving net zero emissions by 2050, or have already set targets. The UK, France and Sweden are EU members states that have already completed the process with targets passed into law, while Finland, Denmark and Portugal have made policy commitments. Adoption of a target is under discussion across other member states.

The United Nations Environment Programme earlier this month showed that global greenhouse gas emissions need to fall by 7.6 per cent each year between 2020 and 2030, in meeting the 1.5°C temperature goal of the Paris Agreement. The adoption and delivery of net zero emissions targets is regarded as a key aspect of necessary action required to ensure this is achievable. Its analysis also shows, that even if all current unconditional commitments under the Paris Agreement are implemented, temperatures are expected to rise by 3.2°C, “bringing even wider-ranging and more destructive climate impacts.”
Notes to Editors

A full copy of the open letter sent to EU leaders is available to read in advance here.

1. Signatories to the letter represent over €6 trillion in assets. This is greater than the combined GDP of the UK and Germany, as the EU’s two largest single economies (the exact figure is €5.8 trillion).

2. See findings of EU Commission analysis here. Additional benefits highlighted – but not referenced in the letter – include the EU’s fossil fuel import bill (currently at €266 billion per year) falling by over 70%, while health damages from air pollution caused by fine particulate matter decrease by around €200 billion per year.

3. See this academic research paper. It’s important to note this is just one modelled assessment of the potential financial implications of climate change. This analysis has been cited by Schroders among others.

4. See New Climate Economy 2018 report key findings here.

5. Each of the investors named in the list has over €500 million assets under management.

6. See here for detail on the Climate Ambition Alliance: Net Zero 2050 and supporting remarks by the UN Secretary General at the opening of COP 25 here.

7. See here for details of EU member state countries that have passed net zero emissions legislation or are working on this as a live process.

8. See here for copy of the 2019 UNEP report.

9. As above.

Media Contacts
Tom Fern, Head of Communications, IIGCC
E-mail: tfern@IIGCC.org
Mobile: +44 (0) 7867 360 273

About IIGCC: The Institutional Investors Group on Climate Change (IIGCC) is the European membership body for investor collaboration on climate change and the voice of investors taking action for a prosperous, low-carbon future. IIGCC has more than 190 members, mainly pension funds and asset managers, across 14 countries, with over €28 trillion assets under management.

Our mission is to mobilise capital for the low carbon transition and to ensure resilience to the impacts of a changing climate by collaborating with business, policy makers and fellow investors. IIGCC works to support and help define the public policies, investment practices and corporate behaviours that address the long-term risks and opportunities associated with climate change.

For more information visit www.iigcc.org and @iigccnews.