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Investors make unprecedented commitment to net zero emissions

UN-backed asset owner alliance to drive portfolio companies to carbon neutrality by 2050

New York, 23 September, 2019 – In one of the boldest actions yet by the world's largest investors to decarbonize the global economy, an alliance of the world's largest pension funds and insurers – responsible for directing more than US\$ 2.4 trillion in investments – has today committed to carbon-neutral investment portfolios by 2050.

This commitment by the newly launched, *United Nations-convened Net-Zero Asset Owner Alliance* was announced today at the UN Secretary-General's Climate Action Summit, which brought together governments, companies and civil society to strengthen commitments and accelerate the implementation of the Paris Agreement on Climate Change.

The Net-Zero Asset Owner Alliance is an example of investors stepping up to protect people and planet with the knowledge that companies that transform their businesses to deliver a low carbon economy will benefit most from the opportunities presented by climate change.

Inger Andersen, Executive Director of the UN Environment Programme (UNEP) said,

"There are no short-cuts to decisive climate action. We need to take a long-term view. I applaud the leadership of the investors in this Alliance. Their commitment sends a strong signal that financial markets and investors are listening to science, and moving us to a path of resilience and sustainability."

Asset owners – so called because they are the principal holders of retirement savings or are insurance companies investing their customers' premiums – represent some of the largest pools of capital on the planet. Their investment portfolios are highly diversified and exposed to all sectors of the global economy.

Concerned about the disruptive impacts that unabated climate change will have on societies and economies, now and in the future, responsible asset owners are powerful allies in global action to fight climate change and limit the rise in global temperature to no more than 1.5°C warming.

As long-term investors who must look far into the future to fund their liabilities, asset owners are keen to ensure that the global economy prospers, that climate-related risks are addressed, and that opportunities to invest in a cleaner tomorrow are captured.

The Alliance was initiated by *Allianz, Caisse des Dépôts, La Caisse de dépôt et placement du Québec (CDPQ), Folksam Group, PensionDanmark* and *Swiss Re* at the beginning of 2019. Since then, *Alecta, AMF, CalPERS, Nordea Life and Pension, Storebrand*, and *Zurich* have joined as founding members.

Convened by UNEP's Finance Initiative and the Principles for Responsible Investment, the Alliance is supported by WWF and is part of the Mission 2020 campaign, an initiative led by Christiana Figueres, former Executive Secretary of the United Nations Framework Convention on Climate Change (UNFCCC).

"Mitigating climate change is the challenge of our lifetime. Politics, business and societies across the globe need to act as one to rapidly reduce climate emissions. We, as asset owners, will live up to our responsibility and, in dialogue with the companies in which we invest, steer towards low-carbon business practices. We've already started and, by 2050, our portfolios will be climate neutral," said Oliver Bäte, Allianz's CEO.

The members of the Alliance will immediately start to engage with the companies in which they are investing to ensure they decarbonise their business models. Initiatives such as the UN Global Compact “Business Ambition for 1.5°C — Our Only Future” campaign will be a clear partner in mobilising corporations to commit to net zero emissions. The Alliance will also collaborate with other initiatives, such as the Investor Agenda, Science Based Targets initiative, Climate Action 100+, and the newly announced 2050 Ambition Alliance.

The members of the Alliance will hold themselves publicly accountable on their progress by setting and publicly reporting on intermediate targets in line with Article 4.9 of the Paris Agreement. By committing to transitioning their investment portfolios to net-zero greenhouse gas emissions by 2050, asset owners are significantly raising the bar for other investors, industry associations and, importantly, the global economy.

“The Net-Zero Alliance is the recognition that institutional investors collectively have an important role to play in fostering the energy transition the world needs. For investors like CDPQ, there are so many opportunities to earn commercial returns by investing in low-carbon solutions and to work with portfolio companies to decarbonize,” said CDPQ CEO, Michael Sabia. “Combined with the necessary changes in public policies, investors’ actions will induce real change in every sector.”

To have maximum impact, existing Alliance members actively encourage additional asset owners to join them in their quest to decarbonise investment portfolios and achieve net zero emissions by 2050.

ENDS

Notes to Editors

Magnus Billing, CEO, Alecta,

“As investors we have a part to play in the climate transition, together with businesses, policy makers and society. Joining the Net-Zero Asset-Owners Alliance underlines Alecta’s commitment to strengthen our portfolio’s alignment with the Paris Agreement. We aim to use our voice as owners and engage with companies to increase climate disclosure and transition, to explore new investment opportunities that align good returns and positive climate impact, and to contribute to the development of tools and methods for integration of climate in investment analysis.”

Johan Sidenmark, CEO, AMF Pension

“As a pension company, with customer relationships often lasting for decades, a long-term investment horizon is a natural and necessary approach for us. Integrating sustainability in our asset management –in particular risks and opportunities following climate change - is necessary if we want to fulfil our obligations not only today but also in fifty or a hundred years. Following our commitment to the Paris agreement, we want to be part of the transition towards a low-carbon economy and continuously work with alignment of our investment portfolio with the 1.5-degree target. Therefore, the goal of net-zero emission motivates us, and we look forward to being a part of this promising and timely initiative. ”

Eric Lombard, CEO, Caisse des Dépôts

“For nearly 20 years, Caisse des Dépôts has been actively involved in the fight against global warming, with concrete and quantifiable results. As an institutional investor, it is proud to commit to a 1.5°C roadmap today. This ambition is strong and must be supported by a rigorous methodology, to which Caisse des Dépôts' teams will actively contribute. By joining this alliance, we want to take a further step in aligning our financings with the Paris Agreement objectives and send a strong signal to the companies in which we took participations, creating therefore a leverage effect on the whole economy.”

Marcie Frost, CEO, CalPERS

"CalPERS recognizes that climate change poses urgent and systemic risk given our responsibility to protect our members financial assets and provide the long term returns that can pay pensions for this and coming generations. The net zero alliance gives us the platform to drive the change needed to achieve the demanding goals of the Paris Agreement. We are committed to the advocacy, engagement and integration of climate risk and opportunity across our portfolio to meet that challenge as fiduciaries to nearly 2 million Californian public servants".

Michael Kjeller, Executive Vice President and Head of Asset Management and Sustainability, Folksam Group:

"The Folksam Group has worked with responsible investments for nearly 20 years and we were part of the investor group that founded the UN PRI. Our good experience of collaborative engagements and the clear commitment we have signed set high expectations on the outcome of the Alliance. We believe in active ownership and that an asset owner can make a difference in the needed transition towards a 1.5 degree world. I wish that we in 2050, at the latest, can look back and see that companies have made the climate transition we have been part in pushing and encouraging them to do."

Katja Bergqvist, CEO Nordea Life & Pension:

"Asset owners have an important role in the transition to a low-carbon and climate-resilient economy. We strongly believe that such a transition requires clear commitments, joint industry efforts and full transparency. We have joined the alliance because it represents a strong platform for enabling this".

Torben Möger Pedersen, CEO, PensionDanmark:

"To achieve net-zero emissions in the real economy by 2050 we will need to enhance the impact we make ourselves as investors in new clean technologies, renewable energy infrastructure and sustainable buildings among others in order to provide realistic and feasible alternatives for the big CO2-emitters to change

their businesses. Against this background the Alliance can act together as active owners and ask companies to transform their business models to comply with the Paris agreement and limit the temperature increase to 1.5C.”

Odd Arild Grestad, CEO, Storebrand:

“Our pensions, savings and investments are one of the most powerful tools we have at our disposal to address the massive challenges raised by the IPCC Reports. We can no longer overlook the impact we all can have if we move our resources towards a clean energy future. The Net-Zero Asset Owner Alliance is a great opportunity and a force for change. Sustainable investments are already generating good returns showing that a sound investment strategy is a win-win for people, planet and profit.”

Guido Fürer, Group Chief Investment Officer, Swiss Re:

“As an early mover to integrate ESG across our investment portfolio, committing to a net-zero GHG emissions by 2050 is a great extension to our approach.”

Urban Angehrn, Group Chief Investment Officer, Zurich Insurance Group:

“Our customers across the globe are facing the challenges associated with climate change already today. That is why we strongly believe that asset owners like Zurich must act now to tackle those challenges, in particular – by leveraging capital markets to fund solutions to the pressing environmental issues of our time. After signing earlier this year the UN Global Compact Business Ambition for 1.5°C pledge, we are delighted to join the Asset Owner Alliance, which is an important step in transitioning towards a low-carbon economy.”

Christiana Figueres, Convenor of Mission 2020:

“The urgency of the climate crisis demands decisive leadership, so it is encouraging to see asset owners flex their financial muscle and guide companies they're invested in towards a net-zero emissions world. The science is clear, we need to halve our planet warming emissions by 2030 to get on track. Investors are waking up to the enormous economic transformation that entails and starting to put their money behind it, but we are going to need more money, more scale and

more speed if we are to deliver a liveable future for the young people calling for action from the streets."

Fiona Reynolds, CEO, Principles for Responsible Investment:

"There is a tremendous urgency around addressing climate change. Pension funds and insurers who own large pools of assets are at the top of the investment chain in that they can direct/mandate the companies they invest in to move away from carbon intensive energy sources to more sustainable ones. They have the ability more than any other investors to move this agenda forward by outlining the material risks of climate change to those managing their assets."

Margaret Kuhlow, Finance Practice Leader, WWF:

"This is welcome leadership from major asset owners. The message from the scientific community is clear, and as we experience the impacts of a warming Earth, it is more evident every day that we need to act more quickly. Limiting global temperature rise to 1.5°C is not about saving the planet as much as it is about saving the lives and livelihoods of our children and our grandchildren. Those who manage financial resources for our future have a vested interest in a more sustainable world and need to be strong advocates for public policy change."

About United Nations Environment Programme Finance Initiative (UNEP FI)

UNEP FI is a partnership between United Nations Environment Programme and the global financial sector created in the wake of the 1992 Earth Summit with a mission to promote sustainable finance. More than 260 financial institutions, including banks, insurers, and investors, work with UN Environment to understand today's environmental, social and governance challenges, why they matter to finance, and how to actively participate in addressing them.

More information: www.unepfi.org/about

Contacts

Sally Wootton: sally.wootton@un.org, +41 22 917 8591

Oliver Wagg: oliver.wagg@un.org, +44 7885 377 264

Net-zero Asset Owner Alliance website: unepfi.org/net-zero-alliance

