



Robeco Active Ownership Call for concrete COP25 commitments to address the climate emergency

- Call to action for participants of COP25 climate change summit
- Investor initiatives aim to reduce companies' carbon footprints
- Voting and engagement work supports lower-carbon transition

Nations meeting at COP25 need to get back on track to combat global warming, says Robeco's Carola van Lamoen. Protecting the oceans is the central theme of the 25th meeting of the United Nations Climate Change Conference (COP25) to be held in Madrid from 2-13 December 2019. Rising sea levels is a major consequence of global warming as ice caps melt, while warmer oceans and increasing pollution is threatening marine life.

Recent reports show that the world is nowhere near meeting the main targets of the Paris Agreement, signed at COP21 four years ago. This seeks to limit global warming to a maximum of 2 degrees Celsius above pre-industrial levels by 2100, and ideally limit it to the less destructive 1.5 degrees.

While the main onus has been on governments to steer their countries towards becoming carbon neutral, investors also have a significant role to play in what should be a joint global effort to limit temperature rises, says Van Lamoen, Head of Active Ownership at Robeco.

Concrete commitments

"We need more concrete and short term commitments to combat global warming, as it is clear we are not on track to meet the Paris Agreement targets," she says. "We need leadership from the nations meeting at COP25 to accelerate a more urgent transition to a lower carbon world."

"This should all be a joint global effort – the goals of the Paris Agreement can only be met with the joint action of

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countries, companies and individuals. Investors have a key role in encouraging the energy transition, moving away from reliance on fossil fuels and increasing investment in renewable energy.”

“We all need to step up our efforts, as several alarming reports were recently published that show the world is already suffering the consequences of rising temperatures, such as an increasing number of severe weather incidents, and record levels of melting ice.”

Reports make grim reading

Analysis by the International Panel on Climate Change (IPCC) in September predicted that sea levels would rise by at least 1.1 meters by 2100 unless the world takes action now. The Arctic saw record melting this summer, with a Greenland glacier losing 11 billion tons of ice in one day.

However, global carbon emissions continue to rise, with a record 33.1 billion tons of fossil fuel related CO₂ released into the atmosphere last year, according to the International Energy Agency. Burning coal was found to be responsible for 0.3 degrees of the 1 degree rise average rise in world temperatures since the industrial era began in the 18th century.

At COP24 last year came the revelation from the World Meteorological Organization that atmospheric carbon dioxide levels had reached 405 parts per million, a level not seen in three million years, when sea levels were up to 25 meters higher than today.

The role of investors

Some progress is being made to reverse the situation: at the UN climate summit held in the US in September, 77 countries and more than 100 cities committed to becoming carbon neutral by 2050.

Investors are increasingly using their financial muscle to force companies to align themselves with climate change goals. The biggest initiative of recent years is Climate Action 100+, an alliance of more than 370 investors with more than USD 35 trillion in assets under management, pressuring investee companies such as oil and gas producers to decarbonize.

The Transition Pathway Initiative is another investor-backed effort to assess the preparedness of high-carbon producers such as utilities and carmakers for moving to a low-carbon economy. In the Netherlands, Robeco and other members of the financial sector have committed to support the Dutch Climate Agreement, which aims to reduce greenhouse gas emissions by 49% in a cost-effective manner compared to 1990.”

‘Investors are playing an increasing role in using their financial muscle to force companies to align themselves with climate change goals’

Collaboration is key

“Robeco is active in all these initiatives, along with a wide range of others, and has operated a climate change policy that includes decarbonization and divestment of thermal coal in its sustainable fund range,” says Cristina Cedillo Torres, Engagement Specialist at Robeco.

“Collaborating with other investors, non-governmental organizations and data providers is definitely the way forward in accelerating the transition to a low-carbon economy.”

“We have been stepping up voting and engagement efforts. We engage with carbon-intensive sectors aiming for change; in our dialogues with automotive companies, for example, we ask for clear steps in the energy transition, including a switch to electric vehicles.”

“We engage with real estate companies to increase the energy efficiency of buildings, which contributes to reducing carbon emissions. A major engagement with the oil and gas industry was completed this year.”

“We also engage to make the palm oil industry more sustainable, including using satellite technology to stop deforestation, which is a major contributor to global warming.”

Looking to the future

Climate change has been a key feature of Robeco’s Active Ownership report for many years. Encouragingly, we are now starting to see some concrete results, but much more work still needs to be done, says Van Lamoen.

“Last year, Shell agreed to set short-term targets for cutting carbon emissions and will link executive pay to meeting these objectives for the first time,” she says. “That was the result of a very intensive engagement conducted by Robeco and other investors.”

“We also see similarly encouraging steps from other companies who can use the framework developed during this engagement as a model for transitioning their own companies to a more sustainable footing.”

“An increasing number of companies from our engagement program are also starting to set Science Based Targets, which we also see as a good step in the right direction. What we need now though is sector-wide moves in this direction.”

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