

COP26: CONCLUDING ARTICLE

By Stephen Jones, global CIO Multi-Asset & Solutions and Equities

"We can only rise to the challenges of the climate crisis by working together."— Excerpt from COP26 goals

On the eve of the COP26 summit in Glasgow the science community has continued to stress in the strongest terms the need to act immediately if we are to contain the worst effects of climate change.

These warnings are backed-up by an ever-increasing list of frightening statistics. Earlier this year, [Nature](#) published research suggesting that the atmosphere could probably absorb **no more than** another 440 gigatonnes (gt) of carbon dioxide if we are to limit the rise in temperature to 1.5°C. Meanwhile the [Global Carbon Project](#) estimates that we are currently emitting 36 gt per annum—and rising. By this measure we have around 12 years to avoid what is potentially an unimaginable disaster.

COP26 has set out a number of goals to address this enormous task:

1. Secure global net zero by mid-century and keep 1.5 degrees within reach
2. Adapt to protect communities and natural habitats
3. Mobilise finance

We have commented on these goals over recent weeks in our Sustainability Soapbox. There is, however, a fourth goal to be covered in the summit which is titled: **Work together to deliver.**

This may seem like a rather obvious declaration to make, but its importance cannot be overstated. If we do not work together the other goals mentioned above will not be met. The fourth goal goes on to state that we must: **"accelerate action to tackle the climate crisis through collaboration between governments, businesses and civil society."**

The statement highlights the folly of relying on governments to address climate change on their own. As public servants their job is to address the needs of populations now as well as in the world of tomorrow. Earlier this year, for example, we commented on the UK government's controversial decision to re-start a coal-fired power station in order to meet the current demand for energy. While coal reduced to just 1.6% of the country's electricity mix in 2020 the decision presented a stark reminder that we are not yet at the stage where we can discard fossil fuels. There is a strong argument to make

that governments globally should have acted earlier to adopt alternative energy sources and to address other environmental issues. Given the urgency of the climate change crisis, however, hindsight is a worthless activity.

We know that achieving real change will need more than government policy—it will require us as individuals and consumers to amend our behaviours. That type of change is already taking place in everything from how we travel to what we eat. The business world is also embracing the challenge, with the rise of responsible investing perhaps the most demonstrable example of how companies are addressing climate change and other social issues. **Increasingly, a company's 'strategic positioning' is strongly related to the sustainability of its products or services.** And as asset managers, acting on behalf of investors, we recognise that environmental, social and governance practices—whether strong or poor—are often a good proxy for 'management effectiveness'. In short, **asset managers have both the opportunity and in some cases an obligation to ensure that client capital is deployed responsibly.** Companies that do not exhibit responsible practices are increasingly at risk of being left behind.

If COP26 follows the pattern of previous summits, we should expect some good news laced with loudly proclaimed promises that prove to be bereft of substance. The direction of travel, however, is unmistakable. In the next decade the environmental revolution is likely to bring a level of change that took the industrial revolution over 100 years to achieve. As responsible investors, we look forward to being part of that movement.

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