

This is going to hurt: what halving of emissions by 2030 really means

A white paper in the investing for tomorrow (IFT) environment series



- Currently, the world is not on track to halve emissions by 2030.
- The finance industry lags other sectors in their commitment to emissions disclosure, reduction targets and emission reduction achievement.
- The working group members believe that the transition will be painful and likely disorderly.
- To be on track to halve emissions investment organisations can frontload the decarbonisation process, as evidenced by science-based targets, reducing the probability of triggering climate tipping points.
- To do so investors would need to stop investing in high emitting assets such as thermal coal, invest in substitutes such as renewable energy and in negative emissions technologies, requiring a fundamental shift in mindset and approach.
- The working group supports a three-step framework to help the investment industry with this shift:
 - Thinking right to left: consider your strategy from the viewpoint of what a world with 50% fewer CO2 emissions would look like
 - Thinking left to right: identify current barriers to action, and work on mitigating them
 - Bridging the gap: what are the necessary interventions to bridge the gap between what you are doing now and what needs to be done?
- Moving from left to right requires more emphasis on resourcing, stewardship, and collaboration.
- Bridging the gap between left and right thinking would require visionary leadership and thus the adoption of 3D investment frameworks and new investment conventions.

Figure 1: Bridging the gap between the left and the right

