

Climate Change and the Reserve Bank of New Zealand

*Presentation to the Assembly
of Investment Chairs*

Simone Robbers

*Assistant Governor / GM Governance,
Strategy and Corporate Relations*

27 November 2019



Our Why:

**Why climate change matters
to the Reserve Bank**



Our What:

The implications of climate change to the New Zealand economy and the financial system

Non-Financial Risks



Operational Risk

Extreme weather event impacting continuity of business



Legal Risk

Increased litigation associated with lending or lack of positive action



Reputational Risk

Damage to a firm's reputation due to shifting consumer values



Strategic Risk

Operating model changes in response to science and technology developments, as a result of climate change



Opportunity Costs

Product and service changes associated with transitioning to a lower-carbon economy



Our How: Climate Change Strategy and Response

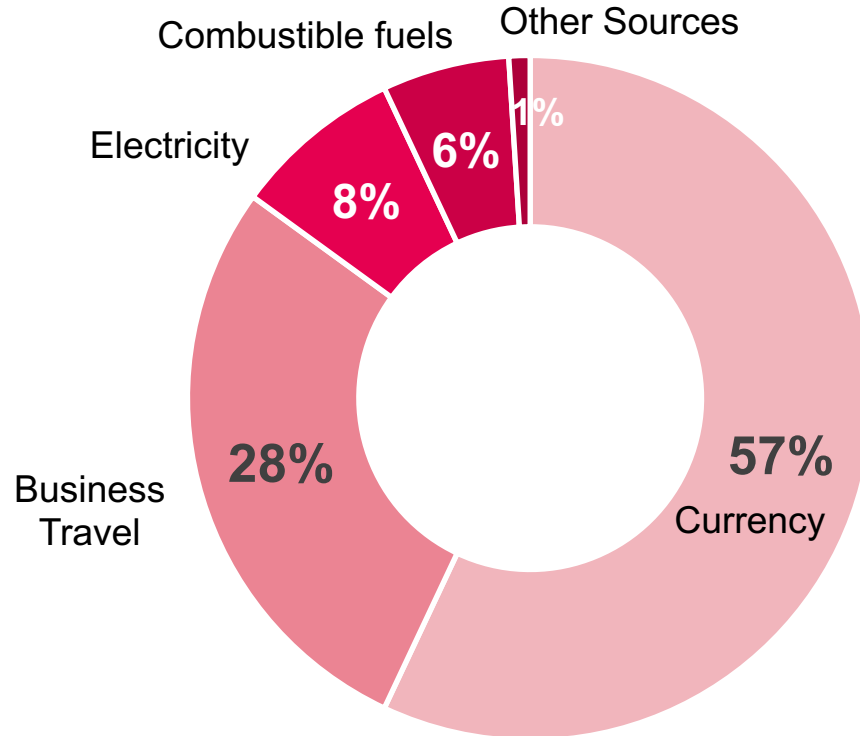
How are we responding to climate change?

RBNZ Climate Change Strategy:

1. Monitoring and managing our own climate change impact



Proportion of Reserve Bank greenhouse gas emissions by source



RBNZ Climate Change Strategy:

1. Monitoring and managing our own climate change impact



The Reserve Bank has confirmed its investment of US\$100 million of green bonds, made via the Bank for International Settlements' USD Green Bond Investment Pool

“As a long-term focused Reserve Bank, we are committed to acting as a leader in the finance sector in fostering responsible, sustainable investment with long-term benefits.”

– Adrian Orr



How should financial institutions respond?



EVERY ACTION MATTERS
EVERY BIT OF WARMING MATTERS
EVERY YEAR MATTERS
EVERY CHOICE MATTERS

Full report: <https://ipcc.ch/sr15>, including the Summary for Policymakers, 5 chapters, 10 FAQs and the Glossary.

Database of SR15 mitigation pathways: <https://data.ene.iiasa.ac.at/iamc-1.5c-explorer/>

Source: IPCC