Climate Change and the Reserve Bank of New Zealand

Presentation to the Assembly of Investment Chairs

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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?

Network for Greening the Financial System (NGFS)





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There are a number of domestic and international regulatory projects and changes:

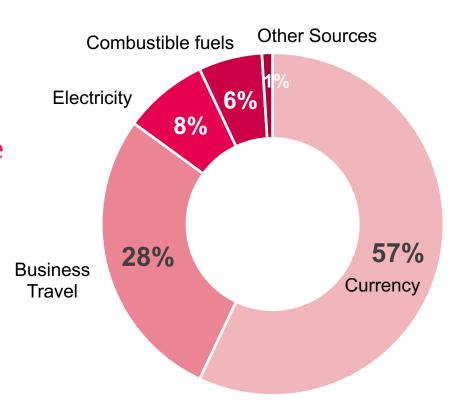
- Membership of more than 50 central banks and supervisors and 10 observers around the world
- Committed to understand and manage the financial risks and opportunities associated with climate change
- The NGFS issues recommendations, which are not binding but are aimed at inspiring all central banks and relevant stakeholders to take necessary actions to foster a greener financial system.

RBNZ Climate Change Strategy:

1. Monitoring and managing our own climate change impact



Proportion of Reserve Bank greenhouse gas emissions by source



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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