



University
of Victoria



UNIVERSITY OF VICTORIA NEWS RELEASE

April 14, 2021

FAQs: the Climate Finance project

What is the Climate Finance project?

Climate Finance: Integrating Climate Change Mitigation and Adaptation Considerations into Investment Decisions is a three-year, \$180,000 research partnership at the University of Victoria and funded by the Pacific Institute for Climate Solutions (PICS) [Opportunity Projects Program](#).

Led by the UVic Peter B. [Gustavson School of Business](#) in partnership with [British Columbia Investment Management Corporation](#) (BCI) and [PICS](#), the project partners will co-develop decision-making tools and frameworks for integrating climate change risk evaluation and climate mitigation opportunities into investment portfolios. The work will leverage and build on BCI's existing climate change scenario risk analysis and valuation framework, and incorporate the best available academic and applied research.

The project will also evaluate global government stimulus and green recovery packages in response to the COVID-19 pandemic, and their potential implications for investment management approaches supporting the transition towards a net-zero emissions future.

Why is this project needed?

This project is important on multiple fronts. First, institutional investors such as pension funds can accelerate society's shift to a net-zero and resilient economy through their portfolio choices and investment activities. They can direct capital to low-emission industries, invest in clean technologies and low-carbon infrastructure, engage with companies to increase disclosure and investment in abatement, support regulators and standard setters, and work through capital markets to encourage companies to align with a low-carbon future.

Second, large asset owners need to manage the risks and take advantage of the opportunities presented by climate change. These actions will ensure the long-term sustainability for pension beneficiaries and fulfill investment managers' fiduciary duty. In order to make long-term strategic investment choices, large asset owners need to: (1) quantify and manage the physical and transition risks from climate change, and (2) identify investment opportunities associated with a low carbon and resilient economy while protecting investors' financial security.

Third, this project will contribute to building the knowledge and tools required to integrate climate finance into university and executive courses, as well as inform the training required for professional designations, industry standard setters and regulators.

Fourth, the Climate Finance project is part of a growing field of integrated climate research that combines insights from climate science (the natural sciences) with the tools and theories used in finance and economics (social sciences).

Who can use the findings?

The outputs from the Climate Finance project are anticipated to be used by a broad range of stakeholders whose objectives are to incorporate climate risk and opportunities into investment decision making. Research insights will be useful for asset owners and managers in Canada and globally. This project will share the lessons learned with external audiences, including the business community, academics, policymakers and the public. Some of the research outputs will be relevant to integrate into teaching at universities and colleges, training by professional societies and standard setters and other educational settings.