

BMO Climate Institute

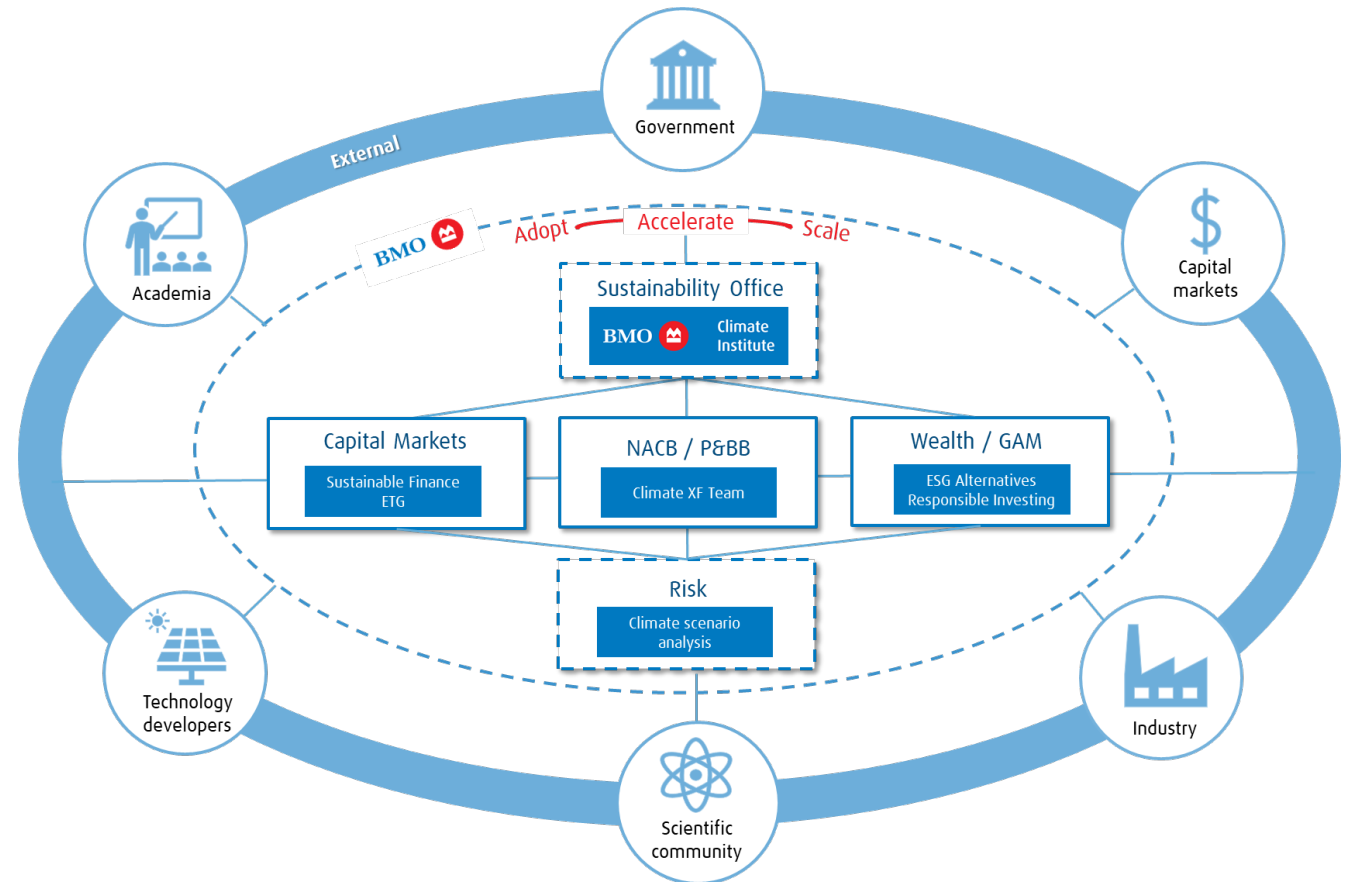
Harnessing the experience of private capital to
shape Canada's energy transition and unlock
solutions

About the BMO Climate Institute:

A Centre of Expertise helping shape the market for climate solutions

BMO's Climate Institute is a centre of expertise within BMO bridging policy, science and finance to help shape the market for climate solutions.

- Coordinate **one bank approach** to the climate change ecosystem.
- **Drive insights** on climate solutions in the bank and **amplify** barriers and solutions.
- Convene partnerships for **bankable climate action** with industry, government, academia and investors.
- Inform direction and content of **climate change policy**.



External landscape: Unprecedented attention on climate change



- Launch of 2030 emissions reduction plan and corresponding 2022 Budget
 - Accelerated investments in climate solutions
 - Heightened engagement with private sector on public policy design
-



- Proposed SEC rules to enhance and standardize climate investor disclosures
 - Accelerated investments in electrification value chain
 - Focus on Climate Justice
-

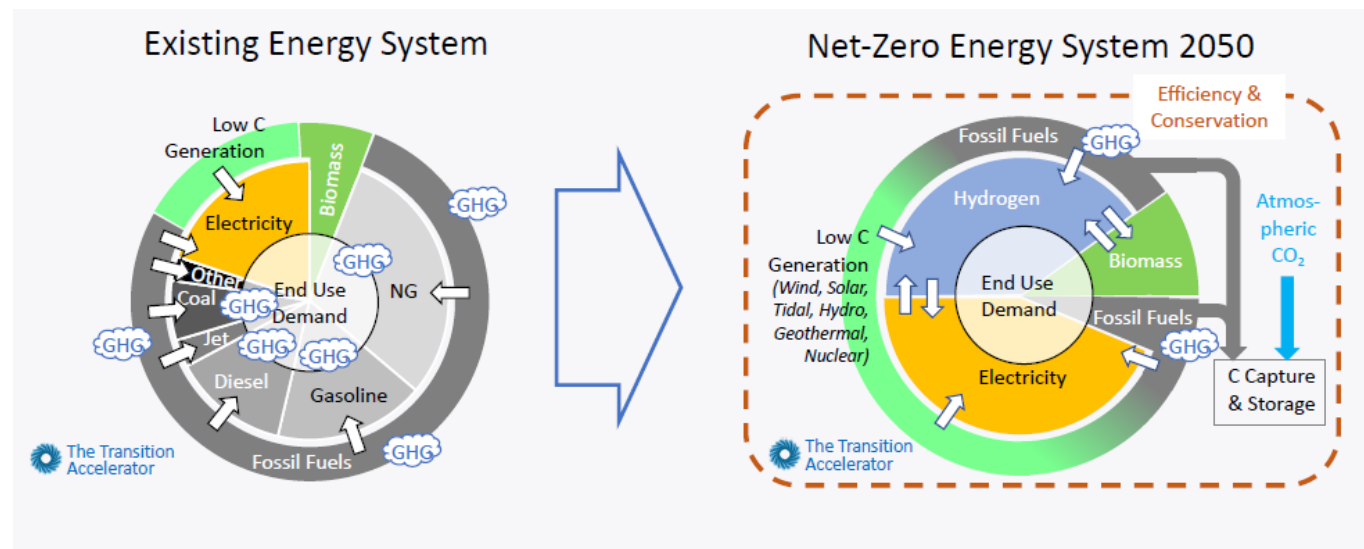


- Heightened focus on climate risks and implementable mitigation roadmaps
 - Growing momentum to enhance disclosures
 - Increasing energy security concerns
-

Getting to Net Zero

“Net Zero” refers to a future state of the global economy where greenhouse gas (GHG) emissions released from human activity are equal to the amount of GHG emissions removed from the atmosphere.

Every sector in the economy will need to innovate and transform to meet this objective.



The financial system has a critical role to play in driving these transformations through the allocation of capital to support the transition to a low carbon economy.

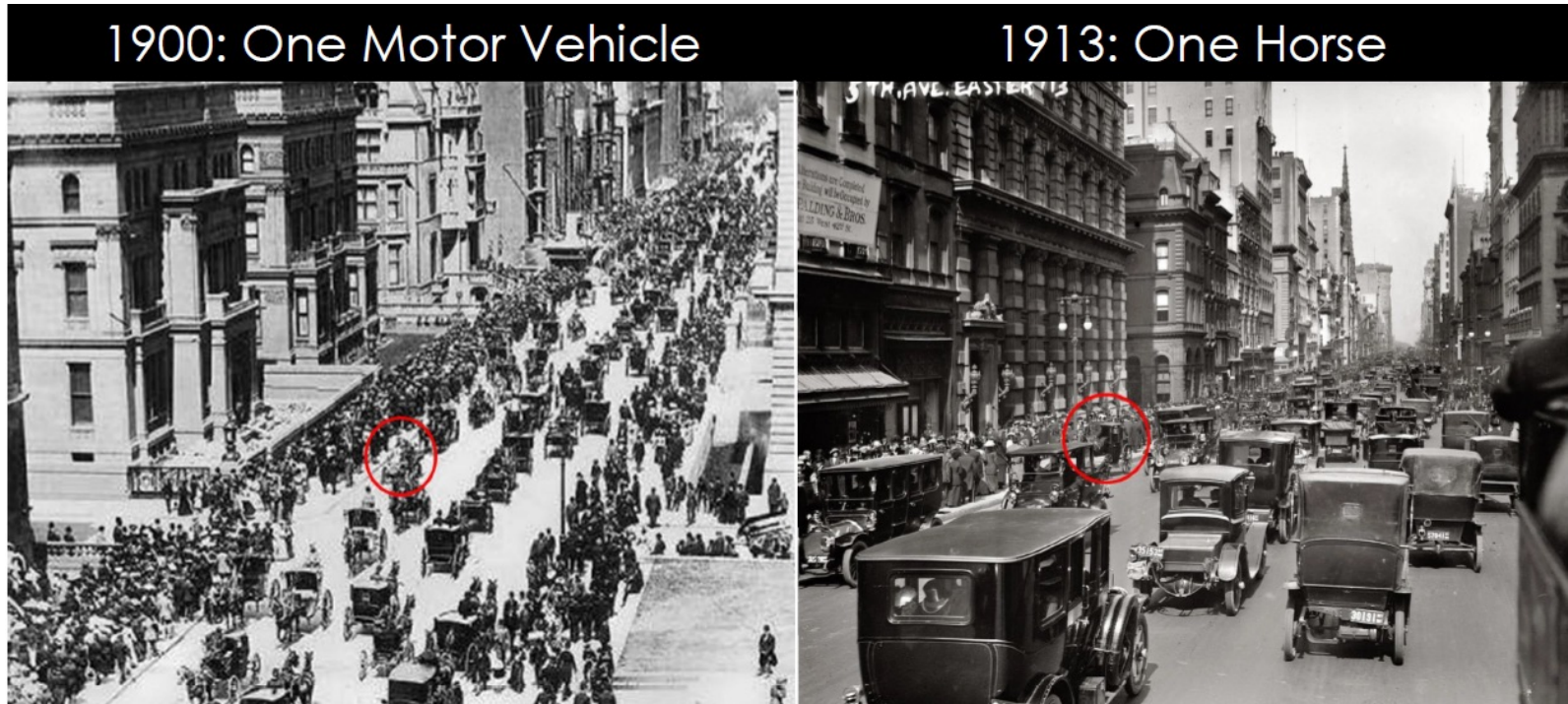
Getting to Net Zero



Source of image: Financial Times

- Very few options to eliminate
 - Near term reduction options could lead to dead ends on path to 2050
- Complete systems change required
 - Incremental change won't yield a new system
- Build on science, engineering and traditional knowledge
 - Economics will follow

The economic transition



Source: Electrifying Canada

- Industrial decarbonization
- Physical resilience
- Climate Justice

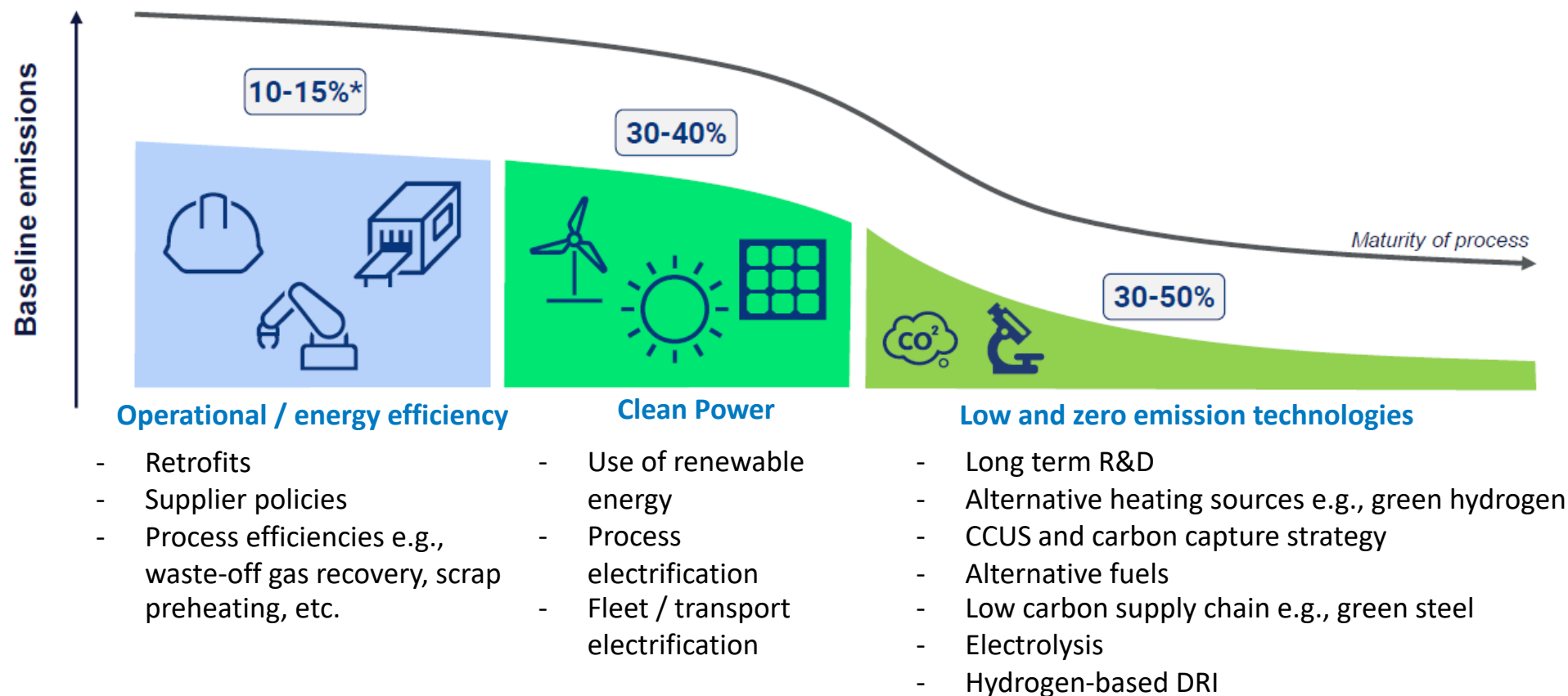
To meet Paris-aligned objectives, we will need an unprecedented reallocation of capital from high to low emissions assets. [The earlier we start, the smoother the transition.](#)

Carbon reduction pathway hierarchy

Emission abatement opportunities range from low impact efficiencies to high impact “gamechangers”

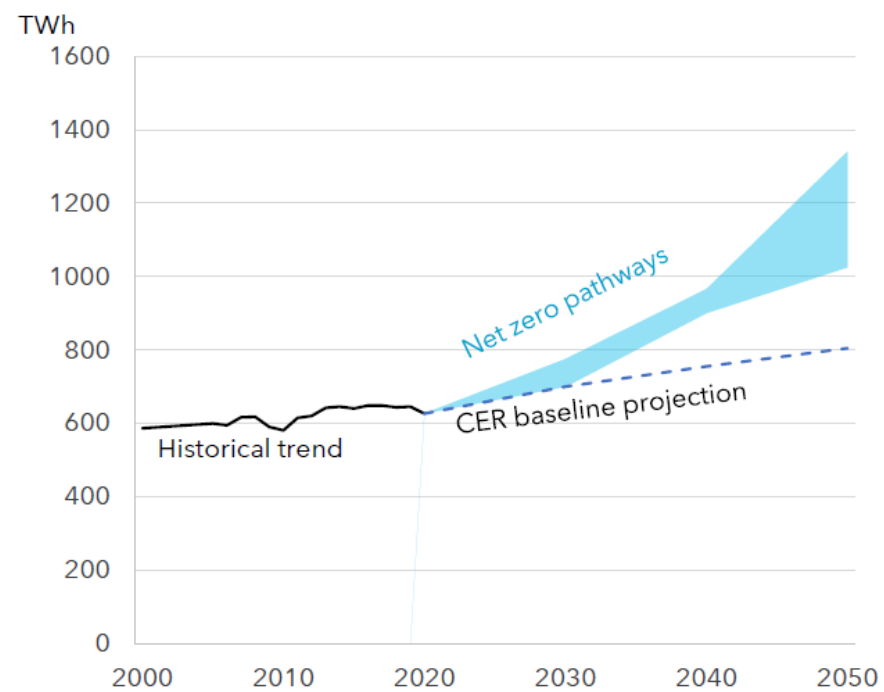
Illustrative pathway to GHG emission reduction

% scale of impact on emission abatement



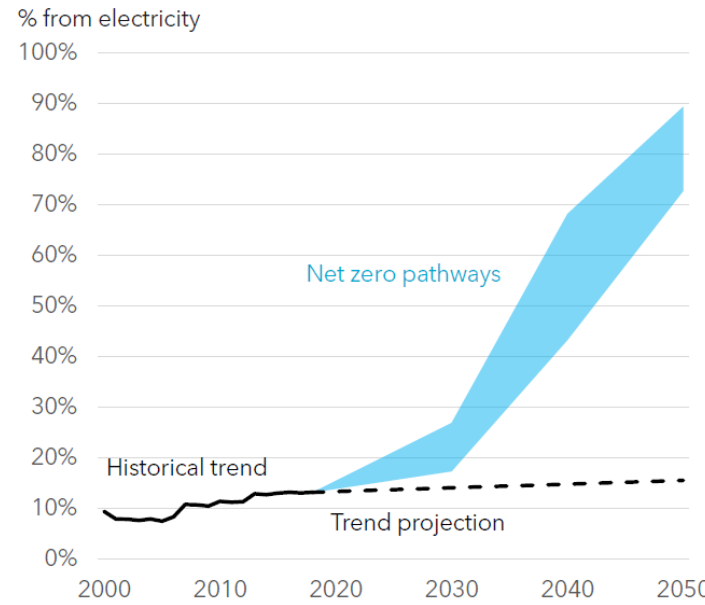
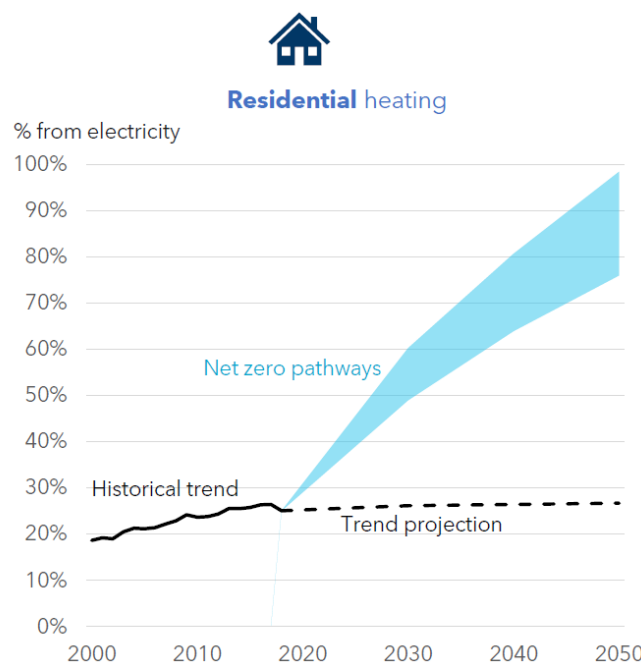
Financing the transition to net zero

Decarbonizing Power & Buildings



Confidence	Policy direction (source)	Policy direction (build out)	Technology direction (source)	Technology direction (build out)
	High	Low	Moderate	Moderate

Confidence	Policy direction	Technology direction
	Low	High



Source: Electrifying Canada

Financing the transition to net zero

Barriers and strategies to address them

1. No business case for making a change
2. No access to decision-useful data
3. No appetite to identify and address associated trade-offs



1. Confidence in net-zero aligned policies
2. Rapid acceleration of performance standards, labelling, disclosure requirements and audits
3. Identification, evaluation and decisions on how to address **trade-offs** associated with the transition such as:

Discussion

