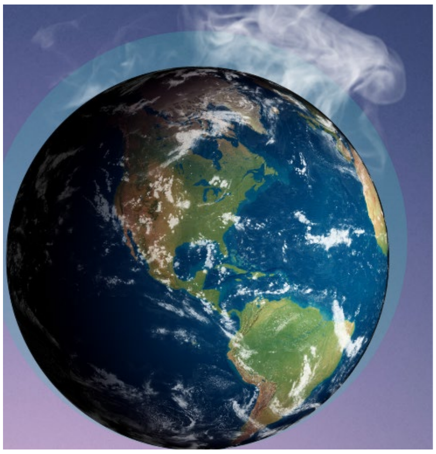
“Twenty-five years ago, people could be excused for not knowing much, or doing much, about climate change. Today, we have no excuse.” *Archbishop Desmond Tutu*

For decades, warnings about global warming were easy to dismiss as problems for “future generations.” That future has now arrived and climate change is no longer a theoretical risk, it’s an economic, environmental, and social reality. In Ireland and across the world, its financial costs are rising, its physical impacts are intensifying and its solutions require participation from us all.

This article explores three connected realities:

1. The impact of global warming on our planet
2. The cost to Ireland of missing EU climate goals
3. How each of us, through informed choices and responsible investing can play a part in shaping a more sustainable future.



The Global Impact of Climate Change

Global warming is accelerating, and fast. According to the Intergovernmental Panel on Climate Change **(IPCC)**, human activity has already caused approximately 1.1 °C of global warming since pre-industrial times. Without decisive action, the planet is likely to exceed 1.5°C, the threshold scientists say will trigger more severe and irreversible damage, within the next two decades.

At **COP27** in Sharm el-Sheikh (2022), world leaders warned that the window for meaningful action is rapidly closing (UNFCCC).
A year later, **COP28** in Dubai (2023) concluded with the first global agreement to begin “transitioning away from fossil fuels,” highlighting just how urgent the situation has become.

Rising risks worldwide

- **Extreme weather**: The World Meteorological Organization confirmed that 2023 was the hottest year on record, with a high percentage of extreme weather events now influenced by climate change.
- **Economic loss**: The World Bank estimates that climate-related disasters are already costing the global economy over US$300 billion a year.
- **Human impact**: The UN reports that more than 3 billion people live in regions highly vulnerable to climate impacts. Rising sea levels threaten major cities while droughts and floods are displacing millions.

As polar explorer Robert Swan once famously said, “**The greatest threat to our planet is the belief that someone else will save it**.”

That belief, that Governments, corporations, or scientists will "fix it" is no longer tenable. The scale of change needed involves everyone; policymakers, businesses, and individuals alike.

The Cost of Missing Climate Goals, Ireland's Challenge

More closer to home, for Ireland also, the consequences of inaction aren't only environmental, they're financial.

The **Irish Fiscal Advisory Council (IFAC)** and the **Climate Change Advisory Council (CCAC)** jointly estimate that Ireland could face **between €8 billion and €26 billion** in costs by 2030 if it fails to meet EU emissions-reduction targets.
These costs would arise from the need to buy carbon credits from other EU countries under the *Effort Sharing Regulation*.

If additional climate measures are implemented, this could be reduced to around €3 billion to €12 billion, still a substantial burden. For context, that's roughly equivalent to Ireland's entire annual education budget.

Economic and lifestyle consequences

- **Higher taxes and borrowing costs**: Failing to meet our obligations could put pressure on public finances, potentially leading to higher taxes or reduced spending in other areas.
- **Infrastructure strain**: More flooding and coastal erosion could require billions in adaptation and repair.
- **Agricultural impact**: The Environmental Protection Agency notes that agriculture accounts for 38 % of national greenhouse-gas emissions. Reducing this footprint while keeping the sector viable will require investment, innovation, and behavioural change.
- **Insurance and property costs**: The Central Bank of Ireland has warned that climate-related weather events could increase claims and premiums, affecting household finances and mortgage risk.

Economically, these impacts are significant. But they also have human consequences, homes in flood-prone areas, coastal communities under threat and livelihoods tied to changing weather patterns.

As U.S. politician Jay Inslee put it, "**We are the first generation to feel the sting of climate change, and the last generation that can do something about it**."

How We Can All Make a Difference

If the challenge feels overwhelming, then remember, the collective impact of our individual decisions is powerful and we as consumers, voters, and investors can all make a difference. This is where **responsible investing** enters the story.

What is "responsible investing"?

Responsible investing means directing your money, through your pension, savings or investment funds towards companies and sectors that operate sustainably and manage their environmental, social, and governance (ESG) risks effectively.

Unlike traditional investing, which focuses solely on financial return, responsible investing not only focuses on returns but also integrates additional criteria such as:

- **Environmental**, how a company uses energy, manages waste, and cuts emissions.
- **Social**, how it treats employees, customers, and communities.
- **Governance**, the integrity, diversity, and accountability of its leadership.

It's sometimes confused with *ethical investing*, which typically excludes industries seen as harmful (e.g., tobacco, arms, fossil fuels). Responsible investing is broader, it's about inclusion and engagement as well as exclusion. Investors can encourage companies to improve their behaviour in this regard, by only investing in companies or funds that have a positive record in Responsible Investing.

Why it matters for investors

Beyond its ethical appeal, there is growing evidence that Responsible investing can make financial sense in the long run.

- Analysis by **AXA Investment Managers** found that in research of 2,200 empirical studies on the link between ESG and corporate financial performance, approximately 90% of those showed a relationship between ESG and financial performance, with a large majority showing a positive performance.
- A **Harvard Law School** review concluded that sustainable investing "is consistent with competitive financial performance and can reduce long-term portfolio risk"
- The **UN Principles for Responsible Investment (PRI)** highlight that integrating ESG factors helps investors identify long-term risks and opportunities that traditional analysis may overlook

How capital creates change

When investors direct funds toward companies advancing renewable energy, sustainable agriculture, or low-carbon innovation, they help re-shape market incentives. It becomes cheaper for climate-positive businesses to raise capital and more expensive for polluters to ignore their footprint.

This is what's known as the **circular economy**, an economic system that reduces waste by re-using, recycling, and regenerating materials rather than discarding them. Supporting companies that operate within this framework helps lower emissions and resource use, creating more resilient, less wasteful supply chains.

How even our own individual small steps can make a difference

- Review your pension or savings funds to see if they offer a responsible or sustainable investment option.
- Ask your adviser how these funds select investments and whether they engage with companies to encourage better environmental performance.
- Think long-term, as responsible investing isn't just about short-term but long-term profit and aligning your money with the future you want to live in.

Conclusion

Climate change is the defining financial and ethical issue of our generation. The science is clear, the costs are real and the solutions are still hopefully within our reach. As archbishop Desmond Tutu warned nearly a decade ago at this stage (*that introductory quote was back in 2016 by the way*), we no longer have the excuse of ignorance. Each of us has a part to play, through how we live, consume, and invest.

At **Lifestyle Financial Planners**, we're committed to helping clients align their pension, investment and savings choices with their values and the world they want to see their children and grandchildren grow up and live in. Together, we can turn awareness into action, ensuring our financial futures contribute to a sustainable one for the planet.

If this article has touched something in you and you would like to ensure your funds are being responsibly invested, then why not Contact us here at Lifestyle Financial Planners today to schedule your review, get in touch Email info@lifestylefinancialplanners.ie or call 096-75951 to reserve your complimentary **Discovery Meeting** and get your company or partnership financially and legally protected.