

NEWS RELEASE

WORLD'S LARGEST INVESTORS CALL FOR MORE DECISIVE ACTION BY GOVERNMENTS ON CLIMATE CHANGE

Representing trillions in assets under management, global investor groups issue open letter to governments in wake of US President Obama's re-election and Chinese leadership change

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Groups representing the world's largest investors today published an open letter addressed to governments of the world's largest economies calling for a new dialogue on climate change policy in order to avert dangerous climate change and its resulting economic impacts. The letter, announced ahead of international climate negotiations starting on 26th November in Doha calls for:

- Clear, consistent and predictable policies that encourage low carbon investment;
- knowledge sharing between governments on effective climate and clean energy policies, building on successful existing national and regional measures;
- stronger international agreements that send clear market signals about the future of climate policy and reductions in greenhouse gas emissions

According to the 2012 International Energy Agency World Energy Outlook, announced last week, current policies and recent trends will lead to long-term average global temperature increase of 3.6°C, a level which scientists have suggested could cause catastrophic and irreversible changes to the global ecosystem.

The re-election of President Obama in the United States, the leadership transition in China and the upcoming gathering of policy makers in Doha for the UN climate change conference provide an opportunity for investors and governments to begin a new dialogue on climate change and to advance the ambitious policies necessary to substantially reduce emissions and mitigate their potential impact on the world.

The letter was prepared by the European Institutional Investors Group on Climate Change (IIGCC), the North American Investor Network on Climate Risk (INCR), the Australia/New Zealand Investor Group on Climate Change (IGCC), the Asia Investor Group on Climate Change (AIGCC) and the United Nations Environment Programme Finance Initiative (UNEP FI). It is also supported by the UN-backed Principles for Responsible Investment Initiative (PRI).

Drawing on investor experience, the letter outlines the key features of successful climate change and clean energy policy which attract low-carbon investment. These include:

- clear short term, medium term and long-term greenhouse gas emission reduction targets;
- timetables for these targets, alongside enforceable legal mechanisms;
- incentives to shift the risk/reward balance away from high-carbon in favour of low-carbon investment

The four regional climate change investor groups – IIGCC, INCR, IGCC and AIGCC – also announced today the formation of the Global Investor Coalition on Climate Change (GIC) to represent the international investment community on climate change policy and investment issues at a global level. The GIC, which will be working closely with other networks including UNEP FI, PRI and the Carbon Disclosure Project (CDP), will provide a focal point for engagement with international policy-making bodies.

Stephanie Pfeifer, Executive Director of the IIGCC said:

“Serious climate change will only be averted if governments and private investors work together. With severe weather events increasing in frequency and intensity, economic losses as a result of these events is increasing in turn. These losses impact upon the investments and retirement savings of billions of people. Well-designed, stable policy which stimulates clean energy investment is essential to put economies on a low-carbon path and avert the serious economic impacts of climate change.”

Chris Davis, Director of Investor Programs at Ceres and INCR said:

“Strong carbon-reducing government policies are an urgent imperative. Hurricane Sandy, which caused more than \$50 billion in economic losses, is typical of what we can expect if no action is taken and warming trends continue. Investors are rightly concerned about the short and long-term economic risks of climate change and understand that ambitious climate and clean energy policies are urgently needed to avoid catastrophic impact.”

Nathan Fabian, CEO of the IGCC said:

“Investors are ready to allocate more funds to low carbon solutions, which can support the economic development objectives of nations. Realising the level of investment needed to avoid the worst impacts of climate change requires that investors and governments work together. Now is the time for investors and governments to step up their dialogue on reducing climate risk and supporting low carbon investment.”

Alexandra Tracy, Senior Advisor to AIGCC said:

“Billions of dollars of investment will need to be made over the next 20 years to upgrade emerging Asia’s infrastructure and energy systems. In addition to the sheer volume of capital that must be mobilised, this transition requires complex policy development to manage issues of energy security, social equity and environmental impacts. Investors in Asia will look for effective global and national policy frameworks in both developed and emerging markets to support this process.”

Nick Robins (HSBC), a member of UNEP FI’s Climate Change Advisory Group (CCAG) said:

“One priority area for a deeper dialogue between policymakers and investors is energy efficiency, which takes cost out of the economy at a challenging time for economic growth. We now have many effective examples of how public policy and finance can leverage private capital for energy efficiency; these now need to be scaled up and rolled out globally.”

Karsten Loeffler (Allianz), a member of UNEP FI’s Climate Change Advisory Group (CCAG) said:

“Investors are ready to support policymakers in the transition to a low-carbon economy but the right framework conditions are still missing. A renewed dialogue could help unlock efforts at different stages of the investment chain. The roll-out of a market-driven pricing of carbon would help sending the appropriate investment signal to place low-carbon assets into the mainstream of capital markets.”

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Notes to editors

About the Institutional Investors Group on Climate Change (IIGCC)

The Institutional Investors Group on Climate Change (IIGCC) provides with a collaborative platform to encourage public policies, investment practices and corporate behaviour that address long-term risks and opportunities associated with climate change. The group currently has around 80 members, including many of the largest pension funds and asset managers in Europe, representing assets of over \$10 trillion. In detail, the IIGCC's objectives are to:

- change market signals by encouraging the adoption of public policy solutions that ensure an orderly and efficient move to a low carbon economy as well as measures for adaptation which are consistent with long-term investment objectives;
- encourage a pro-active approach on climate change amongst asset owners and asset managers in order to preserve and enhance long-term investment values.

For further information visit www.iigcc.org

About the Investor Network on Climate Risk (INCR)

The Investor Network on Climate Risk (INCR) supports 100 institutional investors with assets exceeding \$11 trillion in addressing the financial risks and investment opportunities associated with climate change. INCR works with its members on climate-related investment practices, corporate engagement, corporate disclosure and policy issues.

INCR is coordinated by Ceres, a US-based coalition of investors, environmental groups and other public interest organizations working with companies to address sustainability challenges including climate change and water scarcity.

Launched by 10 investors in 2003 at the first Investor Summit on Climate Risk hosted by Ceres at the United Nations, INCR has grown to include leading North American institutional investors. It works to shape responsible investment practices among state and city treasurers and comptrollers, public and labour pension funds, foundations, other institutional investors and a wide range of asset managers.

For further information visit www.incr.com

About the Investor Group on Climate Change Australia/New Zealand (IGCC)

The Investor Group on Climate Change Australia/New Zealand (IGCC) represents institutional investors, with total funds under management of nearly \$1 trillion, and others in the investment community interested in the impact of climate change on investments. IGCC's 60 members aim to encourage government policies and investment practices that address the risks and opportunities of climate change, for the ultimate benefit of superannuants and unit holders. We also aim to:

- Raise awareness of the potential impacts, both positive and negative, resulting from climate change to the investment industry, corporate, government and community sectors;
- Encourage best practices approaches to facilitate the inclusion of the impacts of climate change in investment analysis by the investment industry; and
- Provide information to assist the investment industry to understand and incorporate climate change into the investment decision.

For further information visit www.igcc.org.au

About the Asia Institutional Investors Group on Climate Change (AIGCC)

The Asia Investor Group on Climate Change (AIGCC) was established in 2011 by the Association for Sustainable and Responsible Investment in Asia (ASRIA) as a forum for investors, insurers and banks in Asia to examine risks and opportunities associated with climate change and low carbon investment in the region. Offering Asia-specific tools, resources and research, AIGCC is a platform for financial institutions to share best practice and collaborate on investment activity, risk management, engagement and policy. AIGCC provides a strong Asian voice on climate change to compliment perspectives from other parts of the world.

For further information please visit <http://aigcc.asia.org/>

About the Principles for Responsible Investment Initiative (PRI)

The Principles for Responsible Investment (PRI) count more than 1,100 institutions managing more than \$32 trillion in assets as signatories. The six Principles provide a voluntary framework to enable investors to incorporate consideration of environmental, social and governance factors into their investment decision-making and ownership practices, thereby contributing to the development of a more sustainable global financial system.

The investor letter is supported by the PRI Initiative – the body that supports signatories in their implementation of the Principles. The views and recommendations set out in the letter do not necessarily represent the views of individual signatories or the signatory base as a whole.

For further information please visit <http://www.unpri.org/>

About the United Nations Environment Programme Finance Initiative (UNEP FI)

The United Nations Environment Programme Finance Initiative (UNEP FI) is a strategic public-private partnership between UNEP and the global financial sector. UNEP works with over 200 banks, investment firms, insurers and a range of partner organisations, to understand the impacts of environmental, social and governance issues on financial performance and sustainable development.

Through its Climate Change Advisory Group (CCAG), UNEP FI aims to understand the roles, potentials and needs of the finance sector in addressing climate change, and to advance the integration of climate change factors – both risks and opportunities – into financial decision-making.

For further information please visit <http://www.unepfi.org/>