

Press release

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259 Investors Representing over \$15 Trillion Call for International Action on Climate Change

Statement calls for policies to unlock the vast potential of low-carbon markets and avoid economic devastation caused by climate change

LONDON – The world's largest global investors have a powerful message for climate negotiators in Cancun and all national governments: take action now in the fight against global warming or risk economic disruptions far more severe than the recent financial crisis.

The statement was signed by **259** investors from the United States, Europe, Asia and Australia with collective assets totaling over **\$15** trillion—more than one-quarter of global capitalization. Signatories included many of the largest European pension funds and a dozen U.S. public pension funds and state treasurers. It is the largest-ever group of investors to call for government action on climate change.

Citing potential GDP losses of up to 20% by 2050 and the attractive economic benefits of shifting to low-carbon and resource-efficient economies now, investors released a major statement calling for national and international policies that will encourage private investment into low-carbon technologies.

“A basic lesson to be learned from past experience in renewable energy is that, almost without exception, private sector investment has been driven by consistent and sustained government policy. Experiences from a number of countries around the world show how structured policies can bolster investor confidence, help ramp up renewable energy investments, bring technologies down the cost curve and thereby eventually strengthen their competitiveness,” said **Ole Beier Sørensen, Chairman of the Institutional Investor Group on Climate Change and chief of Research and Strategy at the Danish pension fund ATP, with EUR56 billion in assets.**

“We cannot drag our feet on the issue of global climate change,” said **Barbara Krumsiek, Chair of UNEP Finance Initiative and CEO of US-based investment firm Calvert Investments.** “Calvert is deeply concerned about the devastating impacts climate change - if left unaddressed - will have on the global economy. Based on the Stern Report, we know these impacts could reach global GDP cuts of an unimaginable 20% per year. Why should we take that risk? The solutions are quickly emerging and we must deploy these solutions to help secure the innovation and sustainable growth our economies need.”

While low-carbon global investment is increasing, especially in Asia, investors say substantially more private capital would be available for renewable energy, energy efficiency and other low-carbon technologies, if stronger policies were in place. Global clean energy investments are expected to eclipse \$200 billion in 2010, up slightly from 2009 but substantially less than the

roughly \$500 billion required annually by 2020 to restrict warming to below 2 degrees.

Reflecting its weaker policies, North America lags well behind Europe and Asia in clean energy investing, supporting \$20.7 billion in renewable energy projects in 2009, in comparison to \$43.7 billion for Europe and \$40.8 billion for Asia, according to a recent report by the United Nations Environment Programme (UNEP). The gap has increased this year, with the U.S. investing only \$4.4 billion in third-quarter 2010 while China's investments topped \$13.5 billion and Europe \$8.4 billion.

Investors had a particularly sharp message for the new U.S. Congress.

"Climate change may be out of vogue in Washington today, but it poses serious financial risks that are not going away and will only increase the longer we delay enacting sensible policies to transition to a low-carbon economy," said **Jack Ehnes, chief executive officer of the California State Teachers' Retirement System (CalSTRS)**, the nation's second largest public pension fund. "The nation's leaders should take the cue from California, where strong clean energy policies have spurred American innovation and created thousands of jobs."

Today's statement comes in advance of key negotiations in Cancun, beginning Nov. 29, to map out plans for a new international climate change treaty after the Kyoto Protocol expires in 2012. No major agreement is expected from these talks, in part because the U.S. Congress has balked at enacting national climate legislation to reduce greenhouse gas emissions.

"Current investment levels fall well short of what is needed to stem the rise of global temperatures and adapt to a warming world," said **Mindy Lubber, president of Ceres and director of the U.S.-based Investor Network on Climate Risk**. "Strong government policies that reward clean technologies and discourage dirty technologies are essential for closing the climate investment gap and building a low-carbon global economy."

The statement calls for the following domestic policies in both developed and developing countries:

- Short-, mid- and long-term greenhouse gas reduction targets
- Energy and transportation policies to vastly accelerate deployment of energy efficiency, renewable energy, green buildings, clean vehicles and clean fuels;
- Strong and sustained price signals on carbon emissions and well-designed carbon markets;
- Phase out fossil-fuel subsidies, as agreed to by G-20 leaders in 2009;
- Adaptation measures to reduce unavoidable climate change impacts, and;
- Corporate disclosure of material climate-related risks.

While no comprehensive agreement is expected, investors are hoping for some forward movement during the international negotiations in Cancun. Among the investors' key priorities is delivery of promised fast-start climate financing, consistent with pledges at last year's U.N. climate negotiations in Copenhagen. The U.S. and other developed countries vowed at that time to channel up to \$100 billion a year of climate finance from multiple sources by 2020, in addition to \$30 billion of "fast-start" funding from 2010 to 2012.

Donald MacDonald, trustee, BT Pension Scheme, and chair, Principles for Responsible Investment commented: “Investors need greater policy certainty from governments. Deferring climate change agreement adds to investor concerns that climate change risks and costs are not taken seriously. The Cancún talks provide an opportunity for all concerned governments to take leadership on this important issue and start framing an agreement needed to create a sustainable investment environment.”

Other areas where investors hope to see agreements or progress in Cancun:

- The financial architecture (access, governance, etc) of climate funding, which will facilitate a greater role for private investment;
- A rapid timeframe for implementation of efforts to reduce emissions from deforestation and forest degradation (REDD) and REDD-plus);
- Robust measurement, reporting and verification (MRV) to increase confidence in national climate policies
- Expanding and deepening the international carbon market, including greater clarity on the future interplay of the Carbon Development Mechanism (CDM), Joint Implementation (JI) and emerging crediting mechanisms such as Nationally Appropriate Mitigation Actions (NAMAs) and REDD-plus;
- Support for the creation of well-functioning markets in developing countries for energy efficiency and renewable energy to accelerate effective large scale deployment of those technologies;
- A clear mandate to adopt a legally binding agreement next year at COP 17 in South Africa.

-Ends-

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Notes to Editors:

Ceres is a leading coalition of investors and environmental groups working with companies to address sustainability challenges such as climate change. Ceres also directs the Investor Network on Climate Risk, an alliance of 90 institutional investors with collective assets totaling \$9 trillion. For more information, please visit www.ceres.org

The Institutional Investors Group on Climate Change (IIGCC) is a forum for collaboration on climate change for European investors. The group’s objective is to catalyze greater investment in a low carbon economy by bringing investors together to use their collective influence with policymakers, sectors and investors. The group currently has 65 members, representing assets of over €5trillion. For more information, please visit: www.iigcc.org



The Investor Group on Climate Change Australia/New Zealand (IGCC, Australia/New Zealand)

represents institutional investors operating in Australia and New Zealand, with assets around A\$500 billion, and others in the investment community interested in the impact of climate change on investments. The IGCC aims to ensure that the risks and opportunities associated with climate change are incorporated into investment decisions for the ultimate benefit of individual investors. For more information, please visit www.igcc.org.au

The United Nations Environment Programme Finance Initiative (UNEP FI) is a global partnership between UNEP and the financial sector. Over 190 institutions, including banks, insurers and fund managers, work with UNEP to understand the impacts of environmental and social considerations on financial performance. Through its Climate Change Working Group (CCWG), UNEP FI identifies the roles of the finance sector in addressing climate change, and advances the integration of climate change factors – both risks and opportunities – into financial decision-making. This is done through a comprehensive work programme encompassing research, training, events and regional activities. For more information, please visit: www.unepfi.org

Principles for Responsible Investment (PRI)

Principles for Responsible Investment, an investor-led initiative convened by UNEP FI and the UN Global Compact, was established to help investors achieve better long-term investment returns and sustainable markets through improved analysis of environmental, social and governance issues. The Initiative has over 800 signatories from 45 countries with more than \$ 25 trillion of assets under management. For more information, please visit: www.unpri.org