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WORLD'S LARGEST INVESTORS, WORTH \$20 TRILLION STEP UP CALL FOR URGENT POLICY ACTION ON CLIMATE CHANGE

Doubling in Investor Support Seen For Climate Action

Geneva/London/New York/Melbourne, 19 October 2011 – Despite the global economic crisis, and increased market volatility, the world's largest investors today urged governments and international policy makers to take new and meaningful steps in the fight against climate change.

In a joint statement the group of 285 investors representing more than \$20 trillion in assets, stressed the urgent need for policy action which stimulates private sector investment into climate change solutions, creates jobs, and is essential for ensuring the long-term sustainability and stability of the world economic system.

Investor support for climate action has more than doubled since November 2008, when 150 investors with \$9 trillion in assets under management first came together to urge government leaders to act on climate change.

Current levels of investments in low-carbon technology and infrastructure are substantially lower than the \$500 billion per year deemed necessary by the International Energy Agency to hold the increase of global average temperatures below 2 degrees Celsius – the target agreed in Cancun last year.

Co-ordinated by three leading investor groups on climate change, the US-based Investor Network on Climate Risk (INCR), the European Institutional Investors Group on Climate Change (IIGCC) and the Investors Group on Climate Change (IGCC) in Australia and New Zealand, alongside the United Nations Environment Programme Finance Initiative (UNEP FI), and the Advisory Council of the Principles for Responsible Investment (PRI), the statement represents the largest ever grouping, by both number of signatories and assets under management, to call for policy action on climate change.

The statement is supported by the findings of a report commissioned by the three investor groups and UNEP FI. This report underscores the importance of investment-grade policy which will enable institutional investors to allocate capital towards climate change solutions, including appropriate government incentives to compensate for heightened risk and sufficient scale of

technology deployment. The report also emphasises that long-term policy stability is critical and retroactive changes can significantly damage investor confidence. Contained within the report are case studies on the climate policies of six major emitters and further examples of investment-grade policy, which may prove instructive for national governments and negotiators considering future policy initiatives.

Christiana Figueres, Executive Secretary of the United Nations Framework Convention on Climate Change (UNFCCC) commented that “Governments have clearly signaled their intention to move towards a low-carbon future. To get there fast enough will require huge new investments in clean energy. This is the only way to guarantee the long-term sustainability and security of the world economic system and the stability of returns from global investment, a major part of which is directly linked to the pensions and life insurance of ordinary people around the world. This global investor group has seen this clearly. The Statement from major private sector investors will help to give governments both the confidence and the knowledge to put the right incentives and mechanisms in place”.

Investors sent the statement and report to the G20 and other governments in anticipation of the United Nations Framework Convention on Climate Change at Durban in November/December. Investors will engage with policy makers there and call for domestic and international policy action including:

- The definition by governments of clear short-, medium- and long-term greenhouse gas emission objectives and targets and comprehensive, enforceable legal mechanisms and timelines.
- The creation of lasting financial incentives that shift the risk reward balance in favor of low-carbon assets.
- The design of lasting and comprehensive policies that accelerate the deployment of energy efficiency, cleaner energy, renewable energy, green buildings, clean vehicles and fuels, among others.

International policy recommendations include:

- Continued work towards a binding international climate change treaty that includes all major emitters and sets short-, mid-, and long-term greenhouse gas emission reduction targets.
- Support the development of the Green Climate Fund and other comparable funding mechanisms.
- Accelerate efforts to reduce emissions from deforestation and forest degradation (REDD and REDD+).

Stephanie Pfeifer, Executive Director at the IIGCC said: “Policy risk has a critical influence on investment in low-carbon growth areas such as renewable energy. Attracting capital at the scale required to meet climate change goals will only be possible when low carbon investments are seen as attractive relative to higher carbon investments. Determined leadership on national and international climate and energy policy will be fundamental in shifting this risk/return balance in favour of low carbon investments”.

Frank Pegan, Chair of IGCC Australia/New Zealand commented: "Individual nations will be in a stronger position to attract private capital to stimulate their economies by implementing clear and credible climate policies. As and when governments around the world show leadership and reduce policy risk around climate change for investors, the investment flows will follow".

Mindy Lubber, president of Ceres and director of the Investor Network on Climate Risk said: "The global economy is moving towards a low-carbon future. The governments that act aggressively to enact strong, long-term climate and energy policy will reap the rewards. They will drive the innovation, maintain competitiveness in the 21st century and attract investment."

Paul Clements Hunt, head of UNEP FI said: "The type of smart finance we are calling for, one that clears the way for the low-carbon economy's vast business opportunities, could prompt the reversal of the current climate of economic insecurity. It holds the potential to act as a major driver of growth and job creation."

Dr. Wolfgang Engshuber, Chair, Advisory Council of the Principles for Responsible Investment (PRI) remarked: "Climate change will transform economies throughout the world, creating new opportunities for investors. However, these will gain traction only if governments play their part in laying down well-designed and effective climate change policies. Without such a supportive regulatory environment, we will not see the level of investment that is needed to transform the world's energy supplies and transport systems. Investors will look for an outcome from Durban that goes a long way to provide them with the certainty they seek that concerned governments will indeed create and sustain such an environment".

Signatories to the statement include financial institutions, state treasurers, controllers, pension fund leaders, asset managers and foundations worldwide.

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Notes to editors:

The 2011 Global Investor Statement on Climate Change and a list of signatories can be downloaded at <http://investorsonclimatechange.com/>

The Statement and Report are two separate documents. It should not be assumed that signatories to the Statement also endorse the contents of the report.

About the investor groups:

The Institutional Investors Group on Climate Change (IIGCC) www.iigcc.org

The Institutional Investors Group on Climate Change (IIGCC) is a forum for collaboration on climate change for investors. IIGCC brings together European investors to engage with policymakers, companies and investors on addressing long-term risks and opportunities associated with climate change. The group currently has over 70 members, including many of the largest pension funds and asset managers in Europe, representing assets of around \$10 trillion.

United Nations Environment Programme Finance Initiative (UNEP FI) www.unepfi.org

UNEP FI is a unique global partnership between the United Nations Environment Program (UNEP) and the global financial sector. UNEP FI works closely with over 200 financial institutions who are signatories to the UNEP FI Statements. Its mission is to identify, promote, and realize the adoption of best environmental and sustainability practice at all levels of financial institution operations. www.unepfi.org

Investor Group on Climate Change Australia/New Zealand (IGCC) <http://www.igcc.org.au/>

The IGCC represents institutional investors, with total funds under management of approximately \$700 billion, and others in the investment community interested in the impact of climate change on investments. The IGCC aims 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.

Advisory Council - Principles for Responsible Investment Initiative (PRI) www.unpri.org

The Advisory Council is the strategic governance body of the Principles for Responsible Investment Initiative (PRI). Established in 2006, the PRI Initiative is managed by the PRI Secretariat to promote responsible investment and support investors by sharing best practice and facilitating collaboration.

Investor Network on Climate Risk (INCR) www.incr.com

The Investor Network on Climate Risk (INCR) is a North American network of institutional investors focused on addressing the financial risks and investment opportunities posed by climate change. INCR currently has over 100 members with more than US\$10 trillion in assets. INCR is a project of Ceres, a coalition of investors and environmental groups working to integrate sustainability into the capital markets.