

UNFCCC CONSULTATION: THE ROAD MAP FOR GLOBAL CLIMATE ACTION

ABOUT THE PRI

The United Nations-supported Principles for Responsible Investment (PRI) is the world's leading initiative on responsible investment. The PRI has 1500 signatories globally with \$60 trillion in assets under management. Signatories commit to six principles, including incorporating environmental, social and governance (ESG) factors into investment decision making and encouraging appropriate disclosure from investee companies.

Responsible investment is an approach to investment that explicitly acknowledges the relevance to the investor of environmental, social and governance (ESG) factors, and the long-term health and stability of the market as a whole. It recognises that generating long-term sustainable returns is dependent on stable, well-functioning and well governed social, environmental and economic systems.

THE CONSULTATION

The PRI commends the high-level champions, Her Excellency Ms. Laurence Tubiana, French Ambassador for Climate Change and Her Excellency Ms. Hakima El Haite, Minister Delegate to the Minister of Energy, Mines, Water and Environment of Morocco, in Charge of the Environment, as well as the UNFCCC Secretariat for their commitment to seeking the input of Party and non-Party stakeholders through this consultation. The PRI Executive welcomes the opportunity to submit its views to this consultation.

1. THE CURRENT SITUATION

This is an accurate description, but more can be done to focus the champions on accelerating private sector institutional investment, with candid and constructive dialogue on how hurdles to scaling up institutional investment can be overcome.

The PRI welcomes the approach of building on existing initiatives, and supporting new and more geographically diverse initiatives. We plan to expand our own initiatives to engage global investors on climate risk and opportunity to include proportionally less engaged regions, including for example the USA and South Africa.

We welcome the focus on implementing Nationally Determined Contributions. Investors look to see national investment plans that enable private institutional investors to a) understand the scale of total investment needed including priority sectors/technologies from a national policy maker perspective, b) understand the climate-related investment opportunities for private institutional investors and c) collaborate with national policy makers on public-private investments that further implementation of Nationally Determined Contributions while meeting investors' requirements in terms of investment suitability and risk/return profiles. This collaboration will require focusing on specific "high-impact" asset classes, such as green infrastructure and green bonds, addressing how investment can be scaled up, as well as policy maker signals on fiduciary duty and material climate risk.

2. THE ROLE OF THE HIGH-LEVEL CHAMPIONS

This is an accurate description. In addition, the high-level champions should have "acceleration of private sector institutional investment" within their role descriptions, recognising the private investment will be key to delivery of Nationally Determined Contributions. The champions should additionally prioritise the interface between institutional investors and investor groups (such as those represented on the Investor Platform for Climate Actions <http://investorsonclimatechange.org>) as key stakeholders for pre-2020 ambition plans.

3. TRANSPARENCY AND TRACKING

We consider that credibility of initiatives, assessment and transparency are essential to effective non-state actor action and achievement of the Paris Agreement long-term goal. For our own initiative, the Montréal Carbon Pledge, we have undertaken and will publish in 2016 an independent review of implementation by investors. We welcome opportunities to challenge the robustness of our initiative and to improve our transparency further. Any ideal set of criteria needs to include impact on accelerating action by institutional investors to both invest in a transition to a low carbon economy and align investment practices with a transition, including contribution to achieving the long-term goal in The Paris Agreement.

NAZCA's role should be to encourage transparency by all initiatives on their contribution to a long-term goal, with several broad illustrative categories and a free text box on the NAZCA site. Failure to report on contribution - at least in some narrative way on an annual basis - should result in delisting from the NAZCA site. NAZCA could design the categories to enable some kind of aggregation on an annual basis.

However, the PRI cautions against unnecessary duplication of tracking and transparency by NAZCA and the high-level champions. Any work on transparency and tracking should seek to align with existing NAZCA data providers' processes, for example, those on the Investor Platform for Climate Actions.

4. HIGH-LEVEL EVENT

As a non-state actor representing US\$60 trillion in assets of global investors, we expect the high-level event to initially drive and inspire, and eventually showcase investor action on climate

change specifically to senior-level policy makers including country leaders, who should be encouraged to attend. The high-level event must go beyond and achieve more than simply being an insular conference of the “usual suspects.”

In terms of timing, the PRI supports the scheduling of this event for the northern hemisphere summer of 2018, but before summer school holidays start in key countries, so as to allow attendance and presentations from as diverse pool of speakers as possible. Timing the event earlier in summer (e.g. June) will enable more investors to attend. For senior-level (CEO) investor attendance, significant advance notice is needed.

5. THE ROLE OF THE TEMS

We welcome increased use of Technical Expert Meetings (TEMs) in order that strong, thoughtful approaches are considered and practical implementation is supported. We welcome voices from diverse regions, particularly developing countries (including potentially “non-traditional” experts), also having a mechanism to give input to technical sessions, to ensure these are grounded in the reality and experiences of citizens impacted by climate change.

Technical expert meetings should include mainstream institutional investors from different regions to ensure the global investor perspective is reflected in any strategies/approaches considered relevant to investors (e.g. climate finance involving private sector institutional investors).

The PRI stands ready to offer any additional expertise or clarification to the high-level champions and/or the UNFCCC Secretariat on this and other areas where input from non-state actors is sought. To discuss this submission further, please contact Sagarika Chatterjee, Associate Director, Policy and Research by email to sagarika.chatterjee@unpri.org.