



**Generation Client Conference
London, 4 April 2014**

**Address by
Christiana Figueres, Executive Secretary
United Nations Framework Convention on Climate Change**

Ladies and Gentlemen,

Let me thank Generation Investment Management and its founders, Al Gore and David Blood for inviting me to join you again.

We were last together in September of 2011 at St Paul's ceremonious cathedral. Today we are in an environment more conducive to rolling up our sleeves and getting to work. Perhaps this is a helpful reminder that much of our work is still to be done, if we are to transform the global economy from one of damage and degradation to one of prosperity and opportunity for all.

To achieve that transformation, many still need to come on board now and over the next 18 months, and frankly, I need your help with this.

But let me first recognize that much has changed in the climate change space since we last met.

The science is becoming more specific, and the impacts of climate change are becoming more material. Consider the extensive flooding in the UK, Sandy in New York, Haiyan in the Philippines and unprecedented heat waves in Australia to name a few. This week's release of the report of Working Group II of the Intergovernmental Panel on Climate Change makes sobering reading for everyone, in every region of the world.

On the positive side, national legislation has increased dramatically from under 300 in 33 countries to currently 500 laws in 60 countries covering 90% of global emissions.

We have one trillion dollars cumulative investment in clean energy, one step in the right direction of the trillion the International Energy Agency estimates we need annually.

Institutional investors are paying more attention to the risk of carbon exposure and stranded assets, and their call for increased disclosure is prompting response by some banks and pension funds as well as cities and universities.

The cost of renewable energy, in particular solar, is tumbling while capacity and efficiency is increasing. A report out next week by Bloomberg New Energy finance will underline that in many parts of the world in 2013 renewable energy systems were installed without subsidies. Technologies like rooftop solar have achieved grid parity in countries like Germany, Denmark and Italy, with onshore wind likely to do the same next year.

I see from every government, without exception, consistent and renewed determination to negotiate a universal climate agreement by the end of 2015, with a draft to be on the table by the end of this year in Lima, Peru.

So the question is, does all this good news mean we are on track to the low carbon world we know we need, one that will spare people and the planet from dangerous climate change and keep a global temperature rise below 2 degrees Celsius?

Put another way, does this mean that you will have the regulatory environment that increases the value of your investments in clean technologies and provides the predictability for further investment?

No.

The progress we have made is important but not sufficient. You have been part of the array of actors who have bet on clean energy and clean technologies.

My thanks are sincere but symbolic to you, your profits are real and certainly less symbolic, I trust!

I dare say that although you have proven profitable in low-carbon, mixed signals persist that impede scaling up and speeding up the low-carbon transition to ensure long-term returns either through Generation or (if David and Al will close their ears for a second) other investment avenues.

Consider that, according to the most recent report on 500 leading companies by the Carbon Disclosure Project, more companies are disclosing their carbon footprint and see climate risk on par with climate policy risk.

This is positive, but it is only part of our new reality. As yet, disclosure alone is not having a major impact on emissions.

The recent State of Green Business 2014 report found that globally corporations are emitting about as much now if not more CO₂ as they were in 2008.

This is partly due to what one might bluntly call “policy schizophrenia” in markets where the regulatory signals are confusing and counterproductive or barely distinguishable from the noise.

This must change, and must do so quickly. We need certainty.

So friends, today I stand before you with a strange request: in addition to your day jobs as investors and leaders of forward looking companies (a job you are all doing so well that you are invited here today), I need you to add the night job of becoming political campaigners.

No, Al is not running again, although many of us wish he would.

The candidate for which we all must actively campaign is a low carbon global economy, nationally and-- with my United Nations hat on-- internationally.

As Al knows only too well, in politics you win some and you lose some, but the world simply cannot afford to lose the 2015 detonator of an effective multilayered international climate regime that catalyzes and drives global processes to address climate change.

If we were all sitting in the Al Gore classroom he would probably tell us there are at least four elements of this political campaign.

- 1- **Branding:** every candidate must start by branding herself or himself to connect people with their core message. We have not successfully branded the future we want. There are no low-carbon labels, no exciting vision consumers can buy into. It is up to us to create the brand and the buzz around the brand.

To accomplish this, we can start by increasing disclosure of carbon intensity for all products, from food to consumer goods to financial products. There are responsible choices that empower consumers and take us to a fun future that is good for investors.

- 2- **Canvassing:** In our campaign, you can and must be instruments of inspiration and of change. This means personally reaching out to peers up and down your supply chains and across industries to raise awareness and understanding of the urgent transformation needed to manage risks that threaten corporate stability and business continuity. We need everyone rowing in the same direction.

Are they a business? Green operations and supply chains!
Are they expanding facilities? Green buildings!
Are they an institutional investor? Green bonds!

- 3- **Communications:** The time has come to take your financial leadership to the bully pulpit. Your experience and voice can clearly communicate the need for and the benefits of managing risk while catalyzing new industries, new jobs and new opportunities with action that benefits climate and community. Above all, your loudspeakers must be directed at governments of the countries you operate in.

Provide the confidence and comfort needed to achieve a macro shift in policy. Provide a counterpoint to lobbyists working against sustainable growth, lobbyists who you may be surprised to learn work for associations

you are members of. Take control of the messages said on your behalf, especially when they work against your progressive investing interests.

- 4- **Endorsements:** Political endorsements are a powerful factor in a tight race. In the low-carbon campaign, much forward impetus can come from endorsements in particular from “unexpected and surprising” allies. I do not count myself in that category, so my speaking in favor of migrating capital to clean technologies somehow does not create the same stir as a statement from, for example, one of the Koch brothers!

We must reach beyond the usual suspects and bring on board those still sitting on the fence. They must be convinced and then speak out themselves, echo the fact that the cost of inaction is too high and the returns from acting are too good to ignore.

Given the political analogy overload, by now you are probably eager to sever all ties with Al Gore who is to blame for all this, and with me for exposing you so intensely, but I cannot resist one more detail.

Every election Al has participated in started with a primary. Our primary is December 2014 in Lima. Governments have committed and are working to put a draft agreement on the table for consideration in Lima. If we do not win that primary we have no chance at the election in 2015.

The draft agreement must be strong on two accounts.

First, it must recognize and harvest all action that is currently underway or planned on the part of governments and non-state actors, in a measurable and verifiable manner. But we already know the sum total of that will not suffice to bend the curve of emissions.

Second, the draft agreement must also provide the confidence and the mechanisms for further accelerated action that will allow the global economy to peak in the next 6-10 years, and quickly decline afterward to global carbon neutrality in the second half of the century.

Admittedly this is a tall order from where we stand now, but the only way to stay under the 2 degree warming limit, avoiding a systemic risk that could become unmanageable.

Ladies and gentlemen, managing that risk is the challenge, and using it to accelerate the energy transformation is the opportunity of this century. Some call it the new normal.

You know that, I know that but many more governments, companies, cities and citizens need to take home and internalize that reality. Those earning dividends from the new normal must help increase understanding of its benefits to people and profitability.

In your investment decisions, you have transformed risk into profits. But that cannot be the end of the journey because we are only scratching the surface when we need to be putting on our running shoes.

Indeed, from my perspective the biggest risk to a low-carbon world is not that the transition will not happen, but that through complacency, inertia and a perceived lack of urgency it will happen too late.

It is time to take risk management and entrepreneurship to the next level and scale up and accelerate ambition.

Today I ask you to renew your ambition towards the next steps needed to shift the global economy from a good start towards the winning tape. Do this because you want to be profitable or moral, or both.

For many years the issue of climate change was characterized as one of sacrifice, of giving up things to save the world. Today the value proposition is fundamentally different. The cost of inaction is disaster and risk management will deliver the prize.

As investors and companies you have put some financial capital into sparking a new economy and starting a new pathway for the world. I urge you to invest your intellectual and political venture capital into an enabling environment for low-carbon prosperity.

Invest your wide range of assets in raising the ambition of governments in national and international processes that guarantee you and your companies better returns in the years and decades to come. This starts not in 2015, but in 2014 when that draft comes to the table in Lima.

And, borrowing from the name of those who convened this meeting today, hand over a healthy, functioning planet and economy to the next Generation and many generations to follow.

Thank you.
