

**Notes of the Second Roundtable Discussion on
Investing in a Sustainable Recovery:
Final inputs to G20 London Summit: Investor perspectives and
critical interventions**

held on Tuesday 17 March 2009 organised by
Tomorrow's Company and UKSIF – the sustainable investment and finance association
and hosted by London Pensions Fund Authority

Conclusions of the meeting

1. The group agreed, as an immediate action, to facilitate a letter to the London Summit signed by a group of senior representatives (CEO or CIO level) of institutional investors supporting a strong green focus within stimulus packages to ensure a sustainable recovery, and calling on governments to work with the investment community to design ways for green stimulus packages to leverage in private investment.
2. Tomorrow's Company's event later in March with Bill Becker, Executive Director of the Presidential Climate Action Project offers a way to feed in to the Obama team and open up conversations.
3. Detailed work by smaller groups is needed on the various proposals for green bonds.
4. Our activity should feed into the government's Low Carbon Industrial Strategy due to be published before the summer (see www.berr.gov.uk/whatwedo/sectors/lowcarbon/lowcarbonstrategy/page50105.html).

Attendees (in a personal capacity; organisational affiliations given for information)

Ingrid Holmes	Climate Change Capital
Emma Howard Boyd	Jupiter Asset Management
Aled Jones	LPFA
Sean Kidney	Network for Sustainable Financial Markets
Paul Lee	Hermes
Tony Manwaring	Tomorrow's Company
Nigel Mason	UKSIF
Stephanie Pfeifer	Institutional Investors Group on Climate Change (IIGCC)
Matt Phillips	European Climate Foundation
Nick Robins	HSBC
Penny Shepherd	UKSIF (Chair)
Paul Turner	Lloyds Banking Group
Philip Wolfe	Renewable Energy Association

Related activity taking place

There is a high volume of concurrent policy-making and policy-influencing activity at present. Relevant initiatives identified by participants included:

- Corporate Leaders Group¹, led by executives from 18 UK-based multinationals, and focused on ensuring that political momentum is sustained on planning for a successor to the Kyoto protocol.
- The UNEP Finance Initiative climate change working group²
- The Institutional Investors Group on Climate Change (IIGCC)³, which is encouraging investors to integrate climate change risks and opportunities into investment decision-making.
- E3G's work on a green stimulus package⁴ including green bonds
- World Economic Forum's work with Nicholas Stern and McKinsey on the route to a low carbon economy⁵
- The UK government's consultation on a Low Carbon Industrial Strategy, to be implemented this year in the hope that tangible results are felt before the next general election.

¹ http://www.cpi.cam.ac.uk/programmes/energy_and_climate_change/corporate_leaders_group_on_cli.aspx

² http://www.unepfi.org/work_streams/climate_change/carbon_finance/index.html

³ <http://www.iigcc.org/>

⁴ http://www.e3g.org/images/uploads/E3G_Delivering_a_Sustainable_Low_Carbon_Recovery.pdf

⁵ http://www.mckinsey.com/client-service/ccsi/pathways_low_carbon_economy.asp

- Renewable Energy Association is calling specifically for stimulus funding for a low carbon buildings programme.
- CBI Low Carbon Roadmaps⁶.

Opportunity for action

This may be summarised as follows:

“Governments, including the UK government, have made bold statements about their ambitious intentions for low carbon economies and green stimulus packages, and are now eager for deliverable, investable ideas. They no longer need exhortation; they need practical solutions.

But they feel constrained by the size of stimulus commitments already made, so private investment must be mobilised to fill the gap.

This chimes with the appetite of certain investors, notably pension funds, for say more long-dated bonds to match liability profiles. At the same time, retail investors want new, secure homes for their savings.

Therefore, institutional investors have an opportunity to support the transition to a low carbon, resource efficient economy by influencing how financial incentives and instruments (eg. bonds) might be structured to give them broad appeal to institutional and retail investors on a global scale.⁷

Next steps

1. David Vigar to draft **investor letter** as above. UKSIF to arrange signatures and dispatch. Attendees to seek CEO/CIO investor signatories where appropriate. It was agreed that the letter would not be open to signature below CIO level, ie. it would not be open to “Head of SRI” signatories.
2. UKSIF/Tomorrow’s Company to draft a **high level briefing note** mapping the various initiatives in progress. This note might draw on E3G’s paper.
3. **Expert sub-group(s)** should advise the various groups working on green bonds.
4. Tomorrow’s Company to organise **next roundtable** to take place after the Budget, which is on 22 April

Penny Shepherd and Nigel Mason
Last updated: 14 April 2009

⁶

www.cbi.org.uk/ndbs/Press.nsf/38e2a44440c22db6802567300067301b/67222dc42e35fba080257590003611b8?OpenDocument

⁷ This meeting focused on the finance supply side. Outside the scope of the meeting was the equally pressing matter of precisely what types of project are ready and available (e.g. carbon capture & storage, energy efficiency retro-fit, heating systems) to absorb long-dated finance on such a scale: the demand side of the equation.