



To G8 Heads of State
(name and address inserted)

30 May 2007

Dear (name inserted)

Subject : G8 Heiligendamm Summit and climate change negotiations

As long-term investors, we are writing to you ahead of the G8 Heiligendamm Summit next month to underline the importance of laying the foundations for a post-2012 policy framework on climate change.

We believe that it would be beneficial for the negotiations of a post-2012 framework that the G8 (+5) agree on the key elements of such a framework at the Summit in June. The UNFCCC Bali conference in December must then agree a clear mandate for negotiating a post-2012 treaty and set a deadline of December 2009 for the end of these negotiations.

As institutional investors, we consider that credible and effective climate change policy is critical for protecting and enhancing the value of our investments on behalf of our clients and beneficiaries. Early agreement on a post-2012 policy framework is essential for companies and their investors to plan effectively how to respond to climate change risks and opportunities.

We believe that a post-2012 framework should be shaped by the following considerations:

- Global agreement on a target for the stabilisation of temperatures, or of greenhouse gas concentrations in the atmosphere.
- Ambitious absolute greenhouse gas emission reduction targets for industrialised countries for the medium and long-term, with credible mechanisms to ensure compliance.



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- Direct involvement of developing countries in reducing global emissions, with technological and financial support from industrialised countries to help them to achieve this.
- An expanded global carbon market, with links between trading schemes of different countries, regions and sectors to create deep and liquid markets.
- Greater use of a credible, streamlined and more efficient Clean Development Mechanism (CDM) and Joint Implementation (JI) processes, focused on enabling a structural shift to a low carbon economy in developing countries.
- Support for energy efficiency programmes, and for R&D into low carbon solutions including carbon capture and storage.
- Commitment to increasing the share of renewable energy, taking into account the wider environmental impacts of some sources such as biofuels.
- Inclusion of all sectors in the mitigation effort, including reducing emissions from deforestation and tackling growing emissions from international transport.
- Support for adaptation to the unavoidable physical impacts of climate change

Agreement between the leaders of the G8 (+5) on the key elements in a post-Kyoto Treaty are likely to facilitate the negotiations through the UNFCCC, and would give business and investors greater confidence about the continuation of an international public policy framework directed at achieving a low carbon economy.

Yours sincerely,

Peter Dunscombe (on behalf of the IIGCC), Chairman, IIGCC

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About IIGCC

The Institutional Investors Group on Climate Change (IIGCC) is a forum for leading asset owners and asset managers to promote the assessment and active management of the investment risks and opportunities associated with climate change. The group currently comprises 36 members with assets under management in excess of €3trillion.



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BBC Pension Trust	HSBC Investments
Bedfordshire County Council Pension Fund	Insight Investment
BlackRock	Integral Development Asset Management
BNP Paribas Asset Management	Joseph Rowntree Charitable Trust*
CCLA Investment Management	London Borough of Hounslow Pension Fund
Central Finance Board of the	London Borough of Islington Pension Fund
Methodist Church	London Pensions Fund Authority
Church Commissioners for England	Merseyside Pension Fund
Co-operative Insurance Society	Morley Fund Management
Climate Change Capital	PGGM
Corporation of London Pension Fund	Prudential Property Investment Managers
Credit Agricole Asset Management	Schroder Investment Management (UK)
Environment Agency Pension Fund	Transport for London Pension Fund
Ethos Foundation	Universities Superannuation Scheme
F&C Management Ltd	West Midlands Metropolitan Authorities
Generation Investment Management LLP	Pension Fund
Greater Manchester Pension Fund	West Yorkshire Pension Fund

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