

# Investment opportunities in energy efficiency, innovation and clean technology

**G20 Global Summit**  
**12<sup>th</sup> June 2019**

Fiona Reynolds, CEO, Principles for Responsible Investment



# PRI at a glance PRI

Launched in April 2006 at the NYSE, the Principles for Responsible Investment has:

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## UN PARTNERS:

UNEP FINANCE INITIATIVE  
UN GLOBAL COMPACT



# 2400+ 89+

## SIGNATORIES:

ASSET OWNERS,  
INVESTMENT  
MANAGERS  
AND SERVICE  
PROVIDERS



# 89+

## US\$ TRILLION:

ASSETS UNDER  
MANAGEMENT



# 6

## PRINCIPLES:

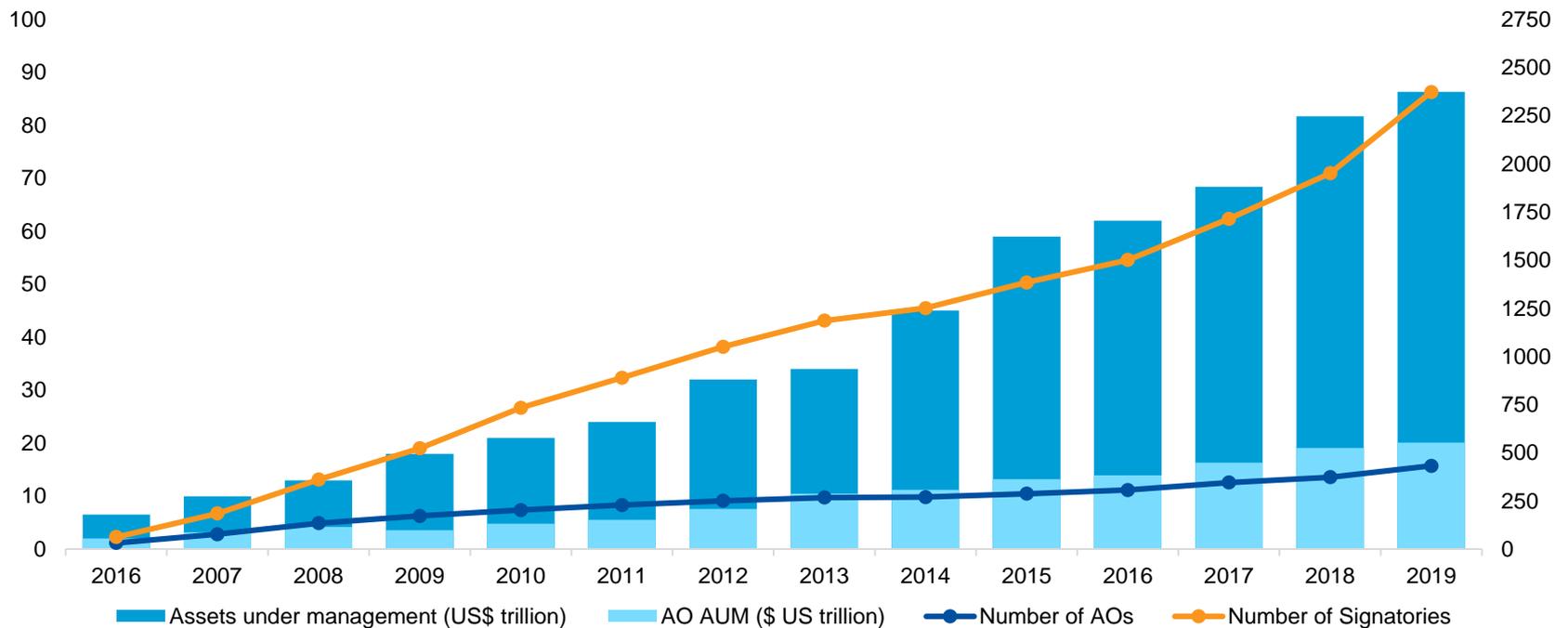
RECOGNISING THE  
MATERIALITY OF  
ENVIRONMENTAL,  
SOCIAL AND  
CORPORATE  
GOVERNANCE ISSUES



# PRI's growing signatory base

Assets under management (US\$ trillion)

N° Signatories



\*Total AUM include reported AUM and AUM of new signatories provided in sign-up sheet that signed up by end of March of that year.

## Where are we today?

### US\$1 trillion invested in low-carbon by PRI signatories

- US\$397 billion in clean technology including:
  - Energy efficiency
  - Renewables
  
- Examples:
  - New York State Common Retirement Fund \$10 billion in sustainable investment
  - Cbus net zero target for property by 2030

Thematic area	AUM US\$	# of signatories
Clean technology	\$397bn	341
Green buildings	\$407bn	169
Sustainable forestry	\$66bn	88
Sustainable agriculture	\$66bn	101
<b>Total</b>	<b>\$937bn</b>	<b>405</b>



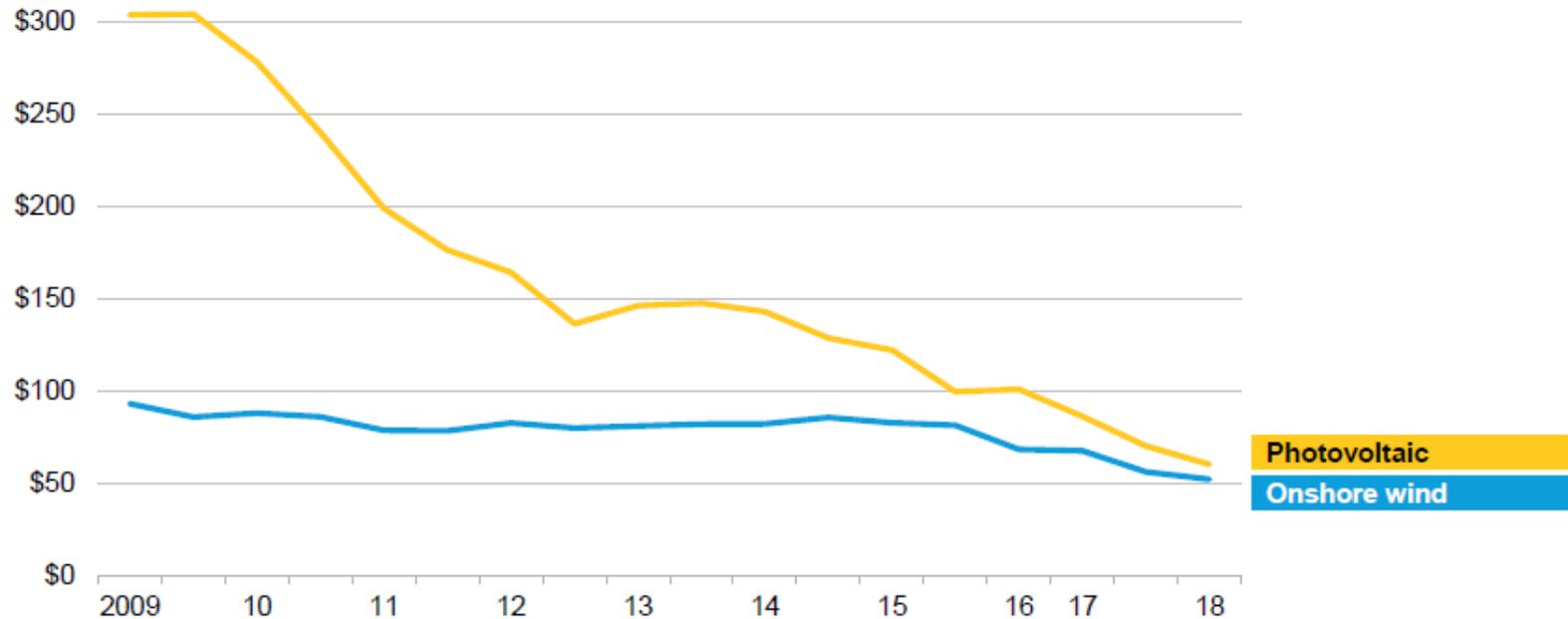
Source: 2018 PRI Reporting Framework data self-reported by PRI signatories

# Where are we heading? Technology-driven transition

Clean power generation costs are falling significantly

## Levelised cost of energy

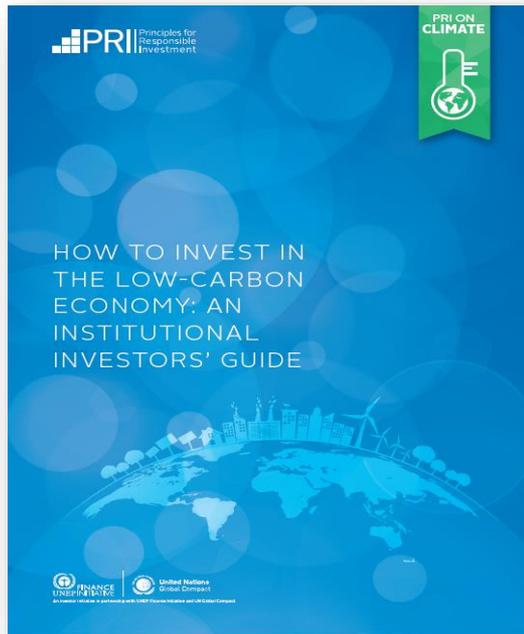
\$350 dollars per megawatt-hour



Source: BloombergNEF. Note: Nominal dollars.

# What do investors want? Investment opportunities to allocate more

PRI guidance to support investors in scaling-up investment and we are leading on the new EU taxonomy



# What do investors want?

## Policies to support investment opportunities

### Global Investment Statement on Climate Change sent to 2019 G20

- Supported by over **400 investors**, representing **US\$34 trillion** in AUM
  
- Calls on G20 global leaders to:
  - 1. Achieve the Paris Agreement's goals**
    - Update and strengthen nationally-determined contributions
  
  - 2. Accelerate private sector investment into the low carbon transition**
    - Put a meaningful price on carbon
    - Phase out fossil fuel subsidies
    - Phase out thermal coal power worldwide
  
  - 3. Commit to improve climate-related financial reporting**
    - Publicly support TCFD



[www.theinvestoragenda.org](http://www.theinvestoragenda.org)

# What do investors want?

## Companies taking action on the energy transition

Investors signed on to Climate Action 100+ are requesting the boards and senior management of companies to:

1. **Implement a strong governance framework** which clearly articulates the board's accountability and oversight of climate change risk
2. **Take action to reduce greenhouse gas emissions** across their value chain, consistent with the Paris Agreement's goal
3. **Provide enhanced corporate disclosure** in line with the final recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).



*The Climate Action 100+ is a five-year investor-led initiative to engage systemically important greenhouse gas emitters and other companies across the global economy that have significant opportunities to drive the clean energy transition and help achieve the goals of the Paris Agreement.*

# Corporate disclosure enables investors to assess material climate risks and opportunities

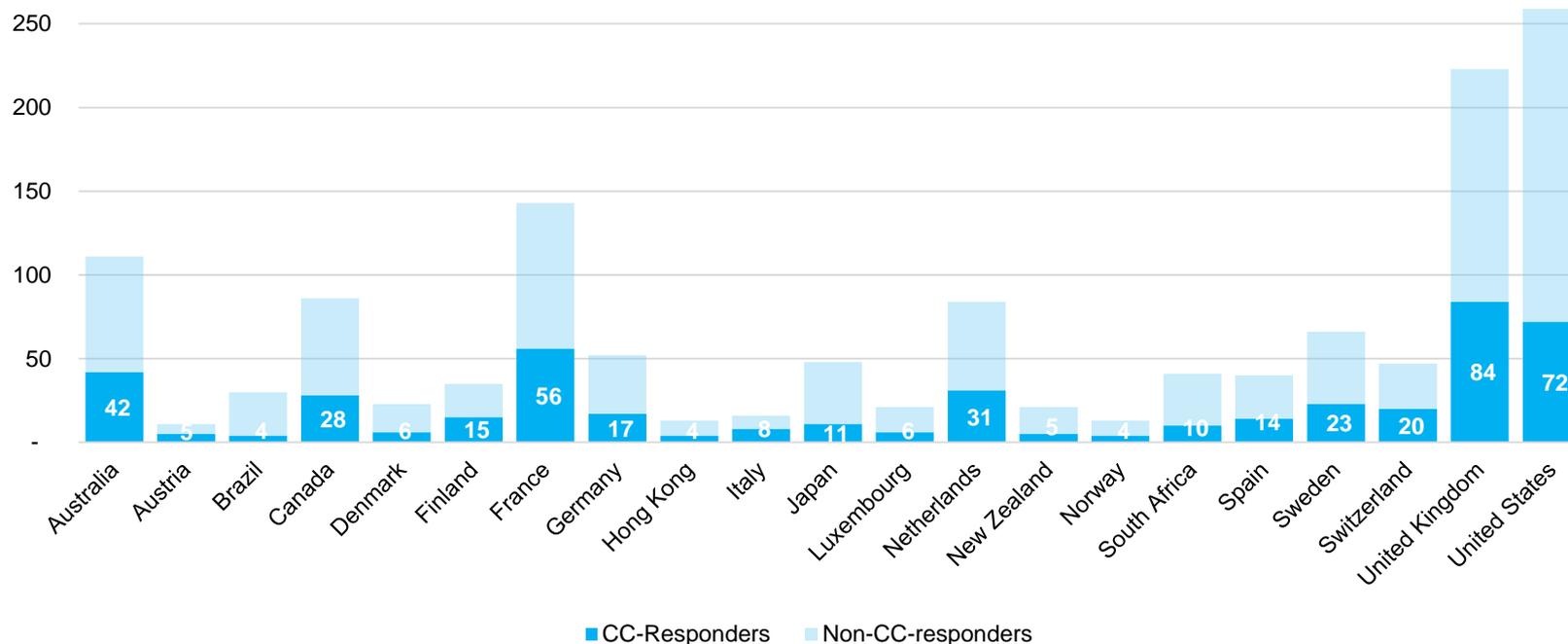
- The 2019 TCFD Status Report highlights more companies need to implement TCFD and provide decision-useful information to investors



# PRI is enabling investors to disclose on climate based on TCFD through annual reporting

Number of responses to the PRI 2018 climate indicators - 480 investors representing US\$42trn AUM

**Signatories reporting on Climate Change**

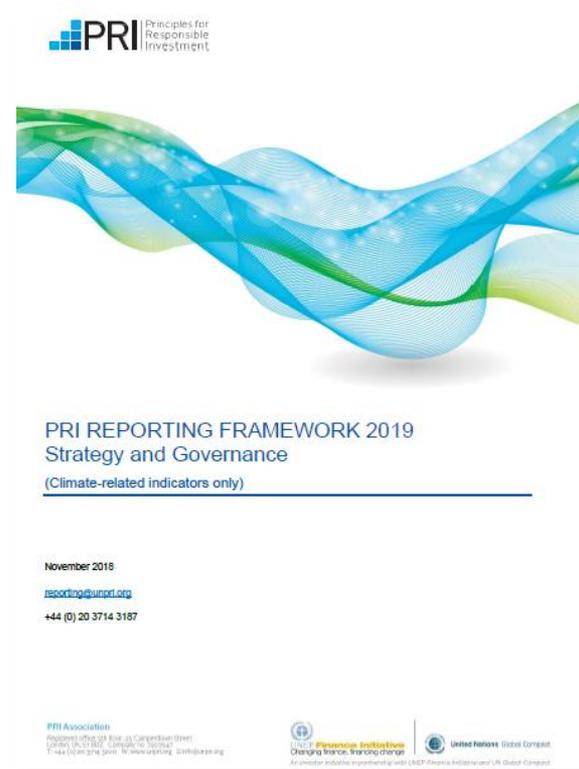


*In depth analysis of responses published in the PRI climate snapshot*

# PRI is introducing mandatory TCFD reporting

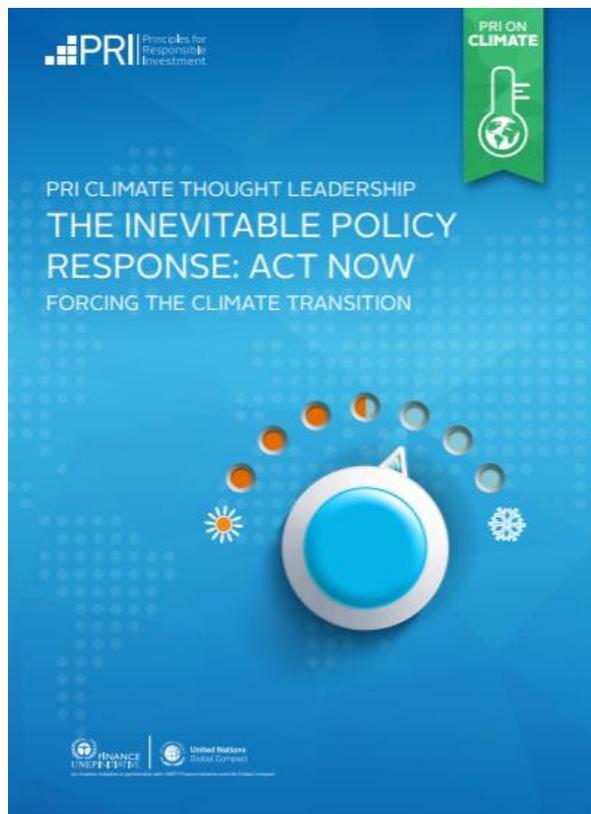
## For Strategy & Governance Indicators

- Governance & strategy indicators to become a reporting requirement at the end of March 2020.
- Mandatory to report, but voluntary to disclose.
- Indicator question published in the press release with links to a resources page and indicator guidance
- Requirement for all PRI signatories – covering over 2,000 global investors in 50 markets



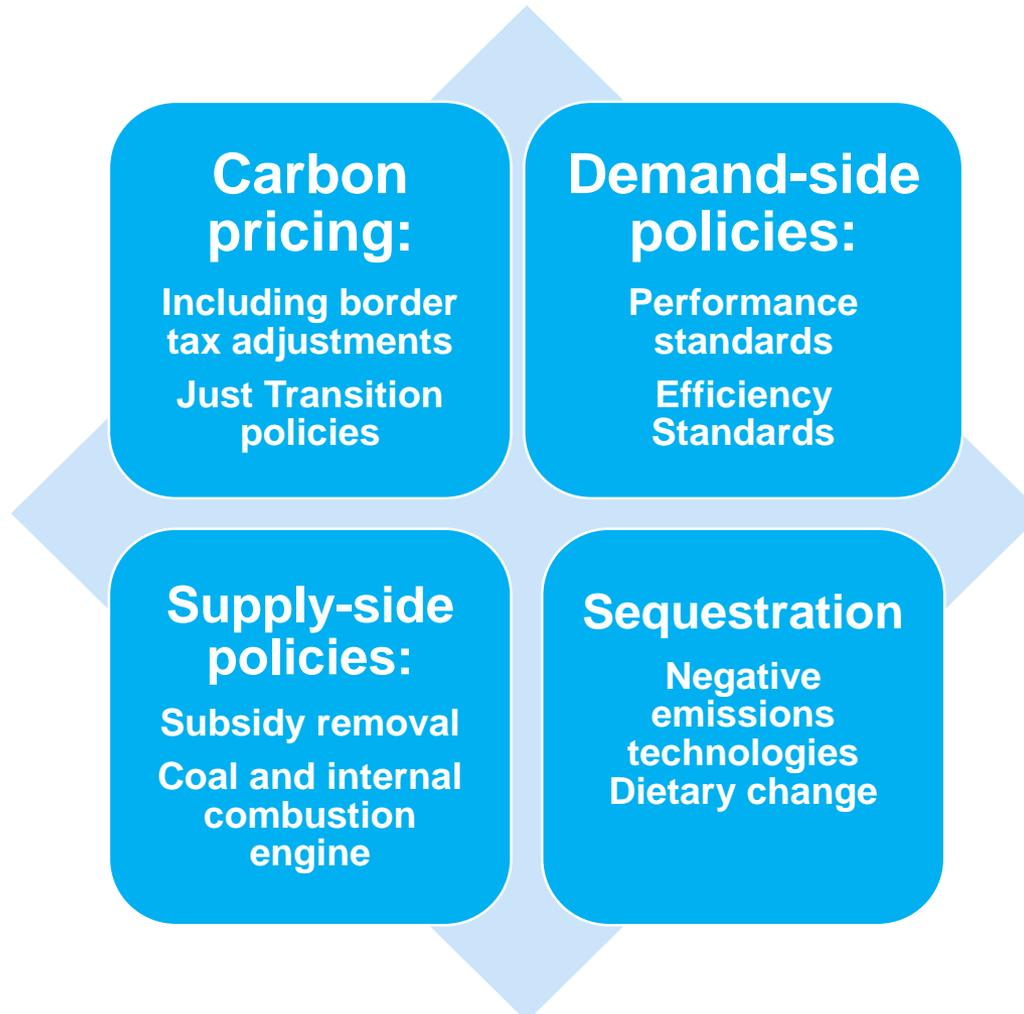
# The Inevitable Policy Response: Act Now

Need for critical thinking on climate scenarios



- The PRI is supporting the development of a recommended body of work on an inevitable, rapid and forceful climate policy response.
  - The longer the delay in climate policy action, the more forceful and urgent the policy will inevitably need to be.
  - The longer the delay the more the disruption.
  - This not yet priced into todays markets and investment allocations.
- This work will support investors in taking action to build resilience across investment portfolios, now and into the future.

# What forceful policies are needed to limit global warming?



# Summary

- Investors are already taking action
- Investors are looking to scale-up investment in energy efficiency, innovation and clean technology
- For policymakers - the trend is your friend
  - Investors urgently need policies supporting energy efficiency, innovation and clean technology.

# Thank you