

Prince of Wales's Corporate Leaders Group – Letter to G20 and EU Finance Ministers

Friday 30th October 2015

Dear Minister

There is a month to go before Heads of State meet at the start of climate negotiations in Paris. As leaders from the global business community, we urge you to ensure your country is prepared for a smooth, just and rapid transition to a low-carbon and climate resilient economy, and that you have the right measures in place to ensure financial stability in the context of climate change.

The business community has made significant progress in understanding, reducing and reporting our impact on the climate, and is increasing investment in low carbon technologies and business models. Global investment in clean energy, for example, reached \$270bn last year, almost half of which was in developing countries.¹

But to sustain this growth, and the new jobs and investment it promises, effective national policies are required to deliver a strong, low-carbon economy and to ensure resilient adaptation to climate impacts. The best foundation for such policies is a global policy framework to tackle climate change, including provisions to deliver on climate financing commitments, and to unlock the most cost-effective actions, whilst managing competitive impacts on individual economies.

As ministers of finance and the economy, you play a critical role, both in delivering a robust deal at the COP21 summit in Paris and in successfully translating the deal into domestic action. We are therefore asking for your personal support in three key areas:

1. Actively support ***an agreement*** that provides the clarity and certainty we need to invest in a low carbon economy;
2. Ensure that the ***climate finance*** promised to developing countries is delivered and is used wisely;
3. Create ***the right fiscal environment*** that will accelerate private investment into low carbon resilient infrastructure and technology.

Paris agreement

We believe that for a deal in Paris to be credible and durable and provide the clarity we need to invest, it should contain the following:

- *A long-term global emissions goal*, such as peaking emissions as soon as possible and securing net zero emissions well before the end of the century;
- *Agreement to update and improve national mitigation commitments and adaptation plans every five years*;
- *Clear transparency and accounting mechanisms*, so we can be confident that country commitments are comparable and dependable.

Climate finance

Providing climate finance from the public sector is key to ensuring stability and continued development in many part of the world. This finance can be used to leverage much larger flows of private capital by helping to de-risk investments into the industries and infrastructure of the future.

¹ 2014 figure from 'Global Trends in Renewable Energy Investment 2015', UNEP & Bloomberg New Energy Finance, 2015

The Right Fiscal Environment

Creating the right fiscal environment to deliver this transition should also include clear and time-bound commitments to deliver *a robust price on carbon* and to *eliminate perverse subsidies* such as those for fossil fuels, as well the alignment of national finance policy to support climate change goals such as those contained in national INDCs. Combining this with *better corporate disclosure* and *regular stress testing* will help to shine “a light not just on today’s risks, but on those that may otherwise lurk in the darkness for years to come”, as Mark Carney, Governor of the Bank of England and Chair of the G20 Financial Stability Board, recently said.

We, and many other business and finance leaders like us, look forward to welcoming a robust climate deal in Paris and stand ready to work with you to deliver on this future economic direction.

Yours faithfully,

