

Our ref: EHB / HRH

Date: 5 November 2018

Dear Sir,

To mark Your Royal Highness's 70th birthday celebrations, I write to thank Your Royal Highness for the actions and leadership inspired by the Accounting for Sustainability Project.

I have been involved with A4S from a very early stage, but under Your Royal Highness's guidance A4S has increased its effectiveness, particularly in the run up to and following the Paris Agreement.

Preparing for climate change

I was in Paris in December 2015, simultaneously taking part in one of the most important international agreements of my lifetime and, separately, being briefed by colleagues back at home about the Environment Agency's response to severe flooding in the north of England.

There are around 5.2 million homes at risk of flooding in England – roughly 1 in 6. Since 1910, 9 of the 17 record breaking rainfall months or seasons have happened since the year 2000. On December 5, 2015 (in the middle of COP 21) a record 341.4 millimetres of rain fell in 24 hours at Honister Pass in the Lake District, the flooding that followed did not let up until February 2016.

High-water like that leaves a tidemark in a community's soul, as Your Royal Highness knows from visits to Cumbria. The work of A4S to bring forward action on climate change is key to limiting the damage severe weather will bring in the future. Making the link between work to limit the impacts of climate change and the goals of the Paris Agreement is essential.

Action in the finance community

The Environment Agency Pension Fund has embedded climate risk in its investment strategy for well over a decade and has delivered outperformance, but we are a relatively small player in global financial terms, so we direct a lot of effort into collaboration and outreach to share what we have learnt.

We helped found the Transition Pathway Initiative with the Church of England's National Investing Bodies, and soft-launched the initiative as part of the 2016 A4S Summit. Just two years later, the TPI, which assesses how companies are preparing for the transition to a low-carbon economy, is now supported by asset managers and owners with over \$9 trillion of assets under management.

I was delighted to support A4S in obtaining a declaration of public support from 17 chairs of pension funds and their pooling partners for the recommendations of the Task Force on Climate-related Financial Disclosures. The establishment of this important and influential Task Force was inspired by Your Royal Highness, and it is encouraging to see how the TCFD recommendations are slowly becoming a very tangible outlet for organizations, who in the past have been less engaged in this agenda, to grasp with both hands. A lot more needs to be done to make adoption of this more mainstream, but the early signs are there.



I am also a keen member of A4S's Asset Owners Network, which brings Chairs of pension funds, their pooling partners, investment committees and endowments together in an informal setting to explore the relevance of material social and environmental risks and opportunities with peers. With membership growing, the network is providing a valuable environment for Chairs to explore how to increase our resilience to risks associated with climate change and other ESG trends, as well as having honest debates with investment consultants and asset managers on how to work together to improve our financial systems. I look forward to the debates and tangible actions coming out of these meetings.

The importance of “resilience”

The Paris Agreement rightly focussed the international community on limiting global temperature rise to 2 degrees above pre industrial levels. Alongside that essential work, I think it is in the interests of international security to prepare for the floods and droughts of worse climate change scenarios.

That work can pay dividends in the future. Climate change brings multi-billion pound opportunities for individuals, businesses and nations, if we make investments that prepare us well. That means adapting in ways that make our infrastructure more resilient. No one would knowingly buy an energy efficient house that could be washed away in a flood. Yet, in major international forums, we have scarcely begun to seriously discuss geopolitical action to protect our investments, livelihoods, and families from the physical impacts of climate change.

What next?

I was recently appointed the UK Commissioner to the Global Commission on Adaptation, led by Ban Ki-moon, Bill Gates, and Kristalina Georgieva, CEO of the World Bank. We are preparing research, to be released in September 2019, to create an evidence-based and widely shared global understanding of the adaptation, and guide high-impact action on urgent issue areas such as food security and rural livelihoods, infrastructure, and urban resilience.

As we approach this year's A4S Summit, I think it would be helpful to get the finance community thinking about how to prepare for the physical risks of climate change. This conversation has already begun in the finance community, but is nowhere near advanced enough. This essential agenda would benefit from Your Royal Highness's focus; it urgently needs attention.

*With very best wishes,
Yours,*



Emma Howard Boyd
Chair, Environment Agency

His Royal Highness The Prince of Wales
The Prince's Accounting for Sustainability Project
Clarence House
London SW1A 1BA
United Kingdom