

Joint Communiqué: One Planet Sovereign Wealth Fund Working Group



The Élysée Palace, Paris, 12 December 2017: On the occasion of the One Planet Summit, we met at the Élysée Palace to establish the “One Planet Sovereign Wealth Fund Working Group” as its founding members in order to accelerate efforts to integrate financial risks and opportunities related to climate change in the management of large, long-term asset pools through the following commitments to:

1. develop an environmental, social and governance framework (the “ESG Framework”) to address climate change issues, including methods and indicators that can inform investors’ priorities as shareholders and participants in financial markets; and
2. to publish the ESG Framework, methods and indicators in 2018.

Heretofore signed by the Abu Dhabi Investment Authority, Kuwait Investment Authority, the New Zealand Superannuation Fund, Norges Bank Investment Management (NBIM), the Public Investment Fund of the Kingdom of Saudi Arabia, and the Qatar Investment Authority and championed by President Macron of France.

Notes to Editors

Sovereign Wealth Funds (SWFs) are increasingly prominent in global financial markets. Total assets under management are projected to reach over USD\$15 trillion by 2020. Having both size and long-term investment horizons, SWFs are uniquely positioned to promote long-term value creation and sustainable market outcomes. Their future returns are intrinsically linked to global growth and prosperity. Appropriate to their investment objectives, they can demonstrate management practices that optimise profits while simultaneously supporting the COP21 objectives. The years ahead are crucial for all actors to take urgent action to close the gap between current greenhouse gases emissions and limiting global warming below 2°C.

A common platform around the business risks of climate change and the opportunities of an increasingly lower carbon economy does not currently exist among Sovereign Wealth Funds. Some SWFs already have taken a lead in advancing environmental, social and governance (ESG) issues. There is, furthermore, general agreement that an effort to help foster a shared understanding of key concepts, appropriate methodologies, and relevant ESG indicators could accelerate the integration of such considerations in long-term asset management. An ESG approach broadens the opportunity set available to investors and may help SWFs identify risk. A notable example is understanding the impact of transition and physical risks of climate change on financial markets.

President Macron engaged in consultations with the leadership of those countries with Sovereign Wealth Funds that are advancing ESG practices linked to supporting the objectives of the Paris agreement.

Based on those consultations, a group of six funds all with practices related to climate risk and who collectively govern over \$2 trillion are coming together to establish the One Planet Sovereign Wealth Fund Working Group: Abu Dhabi Investment Authority, Kuwait Investment Authority, Norges Bank Investment Management, the Public Investment Fund of the Kingdom of Saudi Arabia, the Qatar Investment Authority (five of the largest SWFs in the world) and the New Zealand Superannuation Fund, currently the chair of the International Forum of Sovereign Wealth Funds. The group will be facilitated with support from the Élysée, and we anticipate additional SWFs joining in the coming months.

The purpose of the group is to develop an environmental, social and governance framework to address climate change issues and contribute to long-term value creation. Efforts to achieve the COP21 objectives will support this goal. In a dialogue with other institutional investors, the group will assist SWFs in exploring ESG frameworks, specifically appropriate to SWF's roles and characteristics. There is growing evidence that institutional investors that prioritise ESG through ownership and investment are also well positioned to reap financial benefits and that is the intention of this group. In addition to collaboration with the International Forum of Sovereign Wealth Funds, we will draw on international initiatives as appropriate.

A photo of the One Planet Sovereign Wealth Fund Working Group is available to download [here](#).

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