September 23, 2014

His Excellency UN Secretary-General Ban Ki-moon
United Nations
New York, NY 10017

Dear Mr. Secretary-General, Heads of State and Government, and other participants in the UN Secretary-General's Climate Summit:

The combined Assets Under Management of the pension funds and institutional investors that have signed the attached statements represents US$1.3 Trillion. Climate-resilient infrastructure assets with stable long-term returns can be attractive investments for pension funds and institutional investors, providing a good match for their long-duration, rate-sensitive liabilities. To attract capital, these infrastructure investments must compete favorably on a risk-return basis against other investment options. In particular, such investments must provide adequate returns for the risks being undertaken and fit within investors' mandates, risk appetite, and capabilities. They must meet our return and cash yield needs.

Attracting capital on the massive scale necessary to address the problems associated with climate change will require policy makers and regulators to create frameworks that enable structures that have long term cash flows and which appropriately distribute the risk across parties. In particular, three suggestions for policy makers to help catalyze institutional interest in climate-resilient infrastructure are:

1. Set long-term infrastructure strategies and policies that provide credible pipelines for climate-resilient infrastructure projects with attractive long-term contracted and inflation-protected cash flows;
2. Establish an effective and transparent policy and regulatory environment that:
    a. Incentivizes climate-resilient infrastructure investment and addresses key investor risks or issues: renegotiation, procurement process, permitting process and tax policy. This also requires governance and contract mechanisms where both parties benefit, risks are allocated fairly, and local stakeholder concerns are considered. The regulatory framework must be strengthened by having a stable and predictable rule of law and by having global policy mechanisms to mitigate specific country regulatory risks. Rate setting policies should aim at transparency, fairness and provide appropriate incentives to asset owners and operators; and
    b. Appropriately prices negative externalities, which will make climate-resilient infrastructure the more attractive investment option.
3. Develop mechanisms to enable recycling of capital:
    a. International Finance Institutions and Development Banks may be better positioned to assume development and construction risks for new climate-resilient infrastructure projects than institutional investors with their lower risk tolerances.[1] Such organizations could provide

[1] We acknowledge that some institutional investors do include greenfield investment as part of their investment strategy.

development and construction capital and then sell assets to institutional investors once they are operational thus making capital available again for these institutions to invest in further development and construction.

b. Similarly, governments could make capital available to invest in new climate-resilient infrastructure by monetizing existing operating assets. The risk-return profile of these existing operating assets is attractive to institutional investors as they better match the risk profile of pension liabilities.

We see opportunities for cost-effective investments in low-carbon and climate-resilient infrastructure. Investments could be significantly accelerated if governments and International Financial Institutions and Development Banks are able to implement the actions suggested above. Please find attached a statement that outlines our expression of interest in climate-resilient infrastructure investments that meet institutional requirements.

We look forward to working with you on building an investment environment that will achieve our collective goals.

Sincerely,

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PENSION FUND STATEMENT
FOR
THE UN SECRETARY-GENERAL'S CLIMATE SUMMIT
September 23, 2014

We the British Columbia Investment Management Corporation commit to identify and evaluate investment opportunities in climate-resilient infrastructure (including assets that contribute to mitigation of greenhouse gas emissions, reduce the vulnerability of affected communities and enhance adaptive capacity) that:

(1) Fit within an existing asset class in our portfolio;

(2) Have risk and return characteristics that are competitive with other opportunities then available in that asset class; and

(3) Satisfy our portfolio objectives and constraints.

We further commit to incorporate appropriate measures that consider climate change and sustainability in the design, construction and operation of our assets where applicable and are consistent with existing policies, procedures and processes as well as our fiduciary responsibilities to act in the best long-term interests of our beneficiaries.

Our assets under management total $114 billion.

[S] Gordon J. Fyfe — September 17, 2014

Gordon J. Fyfe, CEO / CIO — Date

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION