



# Columbia Center on Sustainable Investment

A JOINT CENTER OF COLUMBIA LAW SCHOOL  
AND THE EARTH INSTITUTE, COLUMBIA UNIVERSITY

The 11<sup>th</sup> Annual Columbia International Investment Conference

## Climate Change and Sustainable Investment in Natural Resources: From Consensus to Action

November 2-3, 2016  
Columbia University

### PROGRAM

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## Conference Organizers and Supporters

### **Columbia Center on Sustainable Investment (CCSI)**

The Columbia Center on Sustainable Investment (CCSI), a joint center of Columbia Law School and the Earth Institute at Columbia University, is a leading research center and forum dedicated exclusively to the study, practice and discussion of sustainable international investment (SII) worldwide. Through research, advisory projects, multi-stakeholder dialogue and educational programs, CCSI constructs and implements an investment framework that promotes sustainable development, builds trusting relationships for long-term investments, and is easily adopted by governments, companies and civil society.

For more information, see: <http://ccsi.columbia.edu>.

### **Norges Bank Investment Management**

Norges Bank Investment Management manages the Government Pension Fund Global, valued about 880 billion dollars. The fund is invested worldwide in equities, fixed income and real estate. Our goal is to secure a long-term return within the investment mandate set by the Ministry of Finance. We aim to achieve this with acceptable risk, as a responsible investor and through an efficient organisation. Our mission is to safeguard and build financial wealth for Norway's future generations.

For more information, see: <http://www.nbim.no/en>.

### **Sabin Center for Climate Change Law**

The Sabin Center for Climate Change Law at Columbia Law School develops legal techniques to fight climate change, trains law students and lawyers in their use, and provides the public with up-to-date resources on key topics in climate law and regulation. The Sabin Center works in conjunction with the scientists of Columbia University's Earth Institute, and in close cooperation with governmental and nongovernmental organizations grappling with the legal and policy issues raised by climate change.

For more information, see: <http://web.law.columbia.edu/climate-change>

### **UN Sustainable Development Solutions Network**

The UN Sustainable Development Solutions Network (SDSN) operates under the auspices of UN Secretary-General Ban Ki-moon to mobilize global scientific and technological expertise and to promote practical problem solving for sustainable development, including the design and implementation of the Sustainable Development Goals (SDGs). The SDSN supports the implementation of the SDGs at local, national, and global scales, and promotes integrated approaches to the economic, social, and environmental challenges confronting the world. Its global member institutions, notably universities and think tanks, work closely with United Nations agencies, multilateral financing institutions, governments, the private sector, and civil society.

For more information, see: <http://unsdsn.org>

The Paris Agreement, reached last December at the 21st meeting of the Conference of the Parties of the UN Framework Convention on Climate Change (COP21), marks a historic milestone in curbing human-induced climate change. Significant challenges lie ahead, in implementation. The Paris Agreement sets the goal of limiting global warming to “well below two degrees Celsius” above pre-industrial levels, and commits parties to pursue efforts to limit the increase to 1.5 degrees Celsius. Achieving this goal will require dramatic, rapid, coordinated, and global decarbonization of energy systems.

The Paris Agreement also recognizes that the reduction of emissions should be “on the basis of equity, and in the context of sustainable development and efforts to eradicate poverty.” The fundamental link of climate action with sustainable development is also underscored by the inclusion of climate change control as SDG 13 of the 17 Sustainable Development Goals. Both the SDGs and the Paris Agreement make clear that climate change mitigation and adaptation must be pursued within the broader agenda of ending poverty, promoting economic development, ensuring social inclusion, and protecting the physical environment.

Addressing climate change and implementing the Paris Agreement and the SDGs will require a tremendous amount of ambition, participation and collaboration across society, including governments, businesses, investors, international organizations, civil society, and the general public. Difficult questions must be confronted. For example, to what extent should poorer countries be allowed or encouraged to use their fossil fuel resources while the richer countries cut back sharply on fossil fuel use? What, operationally, are “common but differentiated responsibilities” in the new framework established under the Paris Agreement?

This Conference will take place one week before COP22, which will be chaired by the Government of Morocco in Marrakesh. Our meeting will offer a high-level opportunity to explore the complex challenges of the Paris Agreement in light of sustainable development, the SDGs, and the real challenges facing developing countries within the global economy. The outcomes of the Conference will provide inputs to COP22, notably in the “Low-Emissions Solutions Conference” that will take place at COP22.

The Conference’s sessions will address issues including:

- the rapidly changing role of hydrocarbons in the global energy system, including how to plan for, implement and manage the hydrocarbon and coal reserves that will have to be “stranded” in the process of decarbonization;
- how low-carbon strategies can and should be adapted to the development needs of low-income countries;
- how to manage land use to mitigate climate and environmental impacts and to maximize benefits for development, including for local communities;
- the role of private sector finance in shaping investment in natural resources; and
- the roles that international legal frameworks and global governance can play in shaping national-level actions.

## November 2, 2016, Wednesday

8:30- 9:00      **Breakfast and Registration**

9:00-9:10      **Opening Remarks:** **Lisa Sachs**, Director, Columbia Center on Sustainable Investment

9:10 – 10:00    **Opening Address:** **Jeffrey D. Sachs**, Director, Center for Sustainable Development, Columbia University

10:00 –13:00    **Session I: The Future for Fossil Fuels**

The Intergovernmental Panel on Climate Change has stated that no more than 275 Gigatons of Carbon (GtC) of the world's reserves of fossil fuels can be used this century, if we are to keep global warming under the critical threshold of 2°C. And yet, we have 746 GtC of known reserves, and companies continue to explore for new resources. The world's governments, together with other international stakeholders, including companies producing fossil fuels, will have to determine what, ultimately, must stay in the ground.

This challenge of oversupply is further complicated by the projected growth in world energy demand, which according to BP's 2016 energy outlook, is expected to increase by 34% by 2035. More than one third of the energy demand growth is projected to come from power generation, particularly from countries with high population growth rates and lack of adequate electricity access. Some projections forecast that fossil fuels will remain the dominant energy form, but these projections are inconsistent with the IPCC's recommendations as they would result in global warming way above the agreed 2°C limit. These projections thus highlight the challenge that governments and the fossil fuel industry face to satisfy future energy demand while reducing emissions.

This panel will address how to safely and constructively adapt the role of fossil fuels within global energy systems, how to plan for, implement and manage the reserves that will need to be "stranded," and how to manage potential impacts on global financial markets.

*Questions this panel will consider include:*

- What would a long-term responsible fossil fuel company strategy that takes climate change seriously look like?
- What information can and should fossil fuel companies be gathering to help prepare for and implement the transition away from fossil fuels, and how should this information be disclosed?
- Can gas serve as a transition fuel?
- How can collaboration be ensured among publicly listed and privately-held state-owned companies, the latter of which hold the rights to the majority of world reserves?
- On what basis can a selection be made of which assets are to be stranded and who makes that determination?
- What pricing and redistribution mechanisms, including policies and incentives, are necessary to ensure that non-fossil fuel energy projects are implemented in developing countries, which will face the largest energy demand growth?

Moderators:

- **Michael Gerrard**, Director, Sabin Center for Climate Change Law
- **Michael Burger**, Executive Director, Sabin Center for Climate Change Law

Panelists:

- **Mark Gainsborough**, Executive Vice President, New Energies, Shell
- **Éric Martel**, President and CEO, Hydro-Québec
- **Pedro van Meurs**, President, Van Meurs Corporation
- **Minister Amina J. Mohammed**, Minister of Environment, Nigeria
- **Francesco Starace**, CEO and General Manager, Enel
- **Jim Williams**, Director, Deep Decarbonization Pathways Project, Sustainable Development Solutions Network

13:00 – 14:00 **Lunch**

14:00 – 17:00 **Session II: Climate Change Policy and the Extraction and Use of Fossil Fuels by Developing Countries**

While the industrialization of developed countries was underpinned by the exploitation of fossil fuels—especially coal—the current climate imperative to transition away from fossil fuels and to minimize carbon emissions is perceived by many developing countries as unfairly limiting their ability to similarly modernize and develop their economies. Resource rich developing countries are generally *not* the biggest contributors of greenhouse gas emissions, yet they stand to *lose* the most from global commitments to reduce the world’s reliance on fossil fuels. Given the increased global consensus on climate change action, commitments to reduce carbon emissions may require fossil fuel majors to curtail their investments in resource rich developing countries, while also setting limits for the domestic reliance on fossil fuels. Such policies would not only limit the availability of energy choices countries may have to industrialize, but also cut off an important revenue stream for fossil fuel exporting countries. This panel will explore whether, how, and to what extent low-carbon strategies can and should be adapted to accommodate the needs of developing countries to find ways to industrialize their economies in a world that is becoming more conscious of its environmental footprint; and what alternative revenue streams resource dependent countries could rely on going forward.

*Questions this panel will consider include:*

- Should developing countries be allowed to have the right to be the last to extract fossil fuels and, if so, should extraction be limited to satisfying domestic use?
- Should developing countries be exempted from global carbon-reduction commitments and if so, to what extent and for how long?
- In the short to medium term, what strategies and policies could be implemented to help developing countries reduce their carbon-footprint and greenhouse gas emissions, without adversely impacting economic development?
- In the medium to longer run, what financial and technical support will developing countries need to transition their economies away from fossil fuel-dependence? Is it possible to leapfrog to clean energy without relying on fossil fuels as their primary revenue and/or energy source?

Moderator:

- **Perrine Toledano**, Head, Extractive Industries, Columbia Center on Sustainable Investment

Panelists:

- **Albert Bressand**, Professor, International Strategic Management in Energy, Rijksuniversiteit Groningen
- **Minister Bambang Brodjonegoro**, Minister of National Development Planning, Indonesia
- **Luca Cosentino**, Executive Vice President, Energy Solutions, Eni
- **Naoko Ishii**, CEO and Chairperson, Global Environment Facility (GEF)
- **Jérôme Schmidt**, Senior Vice President Sustainable Development & Environment, Total

## **November 3, 2016, Thursday**

8:30-9:00      **Breakfast**

9:00-12:00      **Session III: Land Use, Land Rights, and Investment in Natural Resources**

Resource investments, land use, and land rights interact in complex ways. Investment in renewable resources (for food, energy, and other reasons), as well as investment in nonrenewable resources (for energy or minerals), frequently requires shifts in land use. These shifts can have detrimental climate impacts. For example, investment for agricultural commodities is a significant driver of deforestation, releasing carbon and contributing to climate change. Land use shifts also can have significant impacts on the people who rely on those lands.

In addition to the resource investments described above, other land-intensive investments aimed at climate change mitigation, such as carbon finance/emission reduction projects, are increasingly prominent. While potentially positive for the climate, these projects are not immune from creating negative impacts for individuals or communities, particularly regarding their land rights. At the same time, strengthening land rights, particularly for indigenous forest users, is arguably one of the most effective ways to limit deforestation and attendant climate impacts.

This panel will consider the interplay between land use, land rights, and resource investments, exploring how the world can provide the food, fuel, minerals, and other resources demanded by a growing population with changing diets and lifestyles while respecting land rights and staying within planetary boundaries. In particular, the panel will discuss the mechanisms needed to ensure that changes in land use relating to resource investments are responsible and sustainable in an era of climate change.

*Questions this panel will consider include:*

- How can the impacts of land use shifts resulting from investment in natural resources be managed in order to mitigate negative climate impacts or maximize positive climate impacts?
- What role should public and private stakeholders play in addressing land use shifts due to natural resource investing?
- What safeguards are needed to ensure that land-intensive investments, including for carbon finance projects and clean energy activities, benefit rather than harm local individuals and communities? What role do the land rights of affected individuals and communities play in this context, and how best can they be protected? Are soft law principles, human rights-based approaches, and risk management frameworks sufficient to ensure that these rights are protected?
- What incentive structures are needed to encourage more sustainable practices in respect of land use changes tied to resource investments?

Moderator:

- **Kaitlin Cordes**, Head, Land, Agriculture and Human Rights, Columbia Center on Sustainable Investment

Panelists:

- **Penny Davies**, Program Officer, Equitable Development, Ford Foundation
- **Andrea Illy**, Chair and CEO, illycaffè S.p.A.
- **Chris Jochnick**, President and CEO, Landesa
- **John Roome**, Senior Director, Climate Change Group, The World Bank
- **Andrew Steer**, President and CEO, World Resources Institute

12:00 – 13:00 **Lunch**

- **Keynote Address: Petter Johnsen**, Chief Investment Officer Equity Strategies, Norges Bank Investment Management

13:00-14:50 **Session IV: The Role of Private Sector Finance**

Staying within the agreed 2°C trajectory requires trillions of dollars worth of investments, a large proportion of which will have to come from the private sector. Private sector financial actors—including institutional investors, venture capital and banks—therefore have an important role to play in mitigating climate change. Such actors have increasingly focused on efforts to reduce GHG emissions, through their engagement with companies as well as through their divestment and investment decisions. For example, at 2016 shareholder meetings in the US, a record number of resolutions were filed seeking to compel firms to curb carbon emissions and prepare for potential impacts of climate change.<sup>1</sup> Assets under management of institutional investors that have divested in some form from fossil fuel companies have grown fifty-fold in 3 years to \$2.6 trillion in 2015,<sup>2</sup> while the demand for investment products such as green bonds and climate-friendly indices has increased dramatically in recent years, highlighting investor interest in low-carbon projects.<sup>3</sup> These shifts are important for supporting a move towards a low-carbon economy, and will shape the future of foreign direct investment in natural resources.

Despite the increased willingness of private sector financial actors to channel their influence and funds away from carbon intensive projects towards more climate-friendly investment, a significant funding gap remains to achieve the 2°C target. This panel will discuss the success to date of strategies implemented by such actors, as well as the bottlenecks that need to be addressed in order to unlock further funding from the private sector.

*Questions this panel will consider include:*

- What efforts have been undertaken by financial actors to encourage responsible and climate-sensitive strategies on the part of companies directly or indirectly tied to resource investments, and what more could be done in this area?
- Has institutional investor engagement on climate change issues influenced FDI in the natural resources sector? Are there success stories that can provide guidance for engagement strategies moving forward?
- Engagement, divestment and investments in low-carbon projects are often discussed in isolation. How can these strategies be optimally combined in order to achieve a rapid transition to a low-carbon economy?
- What innovative finance solutions are required to attract additional funding to low-carbon investments?
- What is the actual and potential impact of green bonds? (How) can securitization be used to advance climate policy goals?

Moderator:

- **Nicolas Maennling**, Senior Economics and Policy Researcher, Columbia Center on Sustainable Investment

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<sup>1</sup> <http://www.asyousow.org/wp-content/uploads/2016/04/Intl-Business-Times-Climate-Change-2016-As-Proxy-Season-Arrives-Shareholder-Activists-20160407.pdf>

<sup>2</sup> [https://www.oecd.org/sd-roundtable/meetings/Chair's%20Summary\\_32nd%20OECD%20Round%20Table%20on%20Sustainable%20Development.pdf](https://www.oecd.org/sd-roundtable/meetings/Chair's%20Summary_32nd%20OECD%20Round%20Table%20on%20Sustainable%20Development.pdf)

<sup>3</sup> <http://www.eib.org/infocentre/events/all/eib-stakeholder-engagement-workshop-09-2016.htm>

Panelists:

- **Danielle Fugere**, President, As You Sow
- **Stephen Heintz**, President, Rockefeller Brothers Fund

15:00-17:15 **Session V: Global Governance: Transforming Consensus into Concerted Global Action**

Adoption of the 2030 Agenda for Sustainable Development and the Paris Agreement represents crucial consensus on climate change action. Realizing the shared vision embodied in these agreements now requires concerted action from public and private actors across the globe.

In order for public and private sector actors to take the necessary steps, legal frameworks have to send them the right signals and permit them the appropriate room to maneuver. One key question, therefore, is whether international legal frameworks such as trade and investment treaties satisfy those criteria; and, if not, what changes are necessary to those agreements.

Given that the Paris Agreement places such weight on the responsibility of individual governments to set and achieve their own plans of action, what are the opportunities and imperatives for international legal frameworks to support, if not mandate, those national-level actions? Are there areas in which such international frameworks make relevant actions difficult or impossible? In this context, how can global governance rules be harnessed to drive and harmonize the implementation of commitments to combat climate change? How do, and how can, trade and investment treaties such as the recently signed 12-country Trans-Pacific Partnership agreement and the Trans-Atlantic Trade and Investment Partnership Agreement presently being negotiated between the US and Europe measure up when judged from a climate policy perspective?

Usefully, SDG 17 identifies several targets that can help assess whether and to what extent international governance is meeting needs and expectations for achieving climate policy objectives. These include targets on financial commitments, technology transfer, capacity building, and systemic issues such as policy coherence. One year after COP 21, and as we approach COP 22, what do we know about how we are performing on these targets including, in particular, the targets on policy coherence? Where are we getting things right? What improvements should be made and what actors/actions are needed to implement relevant changes?

*Questions this panel will consider include:*

- What are the key international legal frameworks that can or could meaningfully influence government and private sector action on climate change?
- How do and how can international trade and investment agreements contribute to useful collaboration and cooperation on climate change?
- How and to what extent do international trade and investment agreements contribute to conflict or create tensions that can stymie progress on climate policy? If increased policy coherence is needed, how can that be achieved?

Moderator:

- **Lise Johnson**, Head, Investment Law and Policy, Columbia Center on Sustainable Investment

Panelists:

- **Hon Timothy Groser**, New Zealand Ambassador to the United States
- **Nezha Larhrissi**, Senior Advisor, Ministry of Environment, Kingdom of Morocco
- **Petros Mavroidis**, Edwin B. Parker Professor of Foreign and Comparative Law, Columbia Law School
- **Iana Solomon**, Director, Responsible Trade Program, Sierra Club
- **James Zhan**, Director, Investment & Enterprise Division, UNCTAD



17:15 – 17:50 **Closing Keynote: Jeffrey D. Sachs**, Director, Center for Sustainable Development, Columbia University

17:50-18:00 **Closing Remarks**