

Henderson Global Investors is a leading provider of sustainable and responsible investment (SRI) funds. Climate change is already a major driver behind a number of our investment themes – notably cleaner energy, efficiency and sustainable transport. As part of your initial call for evidence, I would like to submit the following:

- first, it is critical that market frameworks reflect the long-run costs of greenhouse gas emissions in prices and regulatory standards. Despite the introduction of the climate change levy and the EU ETS, consumers of greenhouse gas emitting products still do not bear the external environmental costs of their activities thus weakening the market signals for low carbon alternatives.

- second, it is vital that these frameworks place emphasis on the potential for the transition to a low carbon economy to stimulate growth and innovation in the UK, European and wider global economy: the UK has so far missed out from the economic benefits of low carbon developments leaving these to more far-sighted countries such as Germany and Japan; and

- third, it is essential for the mobilisation of capital that these market signals provide long-term guidance on carbon constraints and energy needs: this means in particular clear guidance on post-2012 targets and timetables as soon as possible.

To add you in your work, I am also attaching web links to two recent reports we have published on the investment dimensions of climate change:

- the first, entitled The Carbon 100 evaluates the emissions of Britain's largest listed companies, normalises these according to a series of financial metrics and then models the financial implications of cost internalisation

http://www.henderson.com/global_includes/pdf/sri/SRICarbon100Report.pdf

- the second, entitled How Green is My Portfolio? conducts the first ever carbon audit of a equity portfolio http://www.henderson.com/global_includes/pdf/sri/SRIClimateFriendly.pdf

I hope these contributions are of use and look forward to hearing from you

Best wishes

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