

ENVIRONMENTAL POLICY FORUM

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Mark Carney
Governor of the Bank of England
Bank of England
Threadneedle Street
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19 August 2014

Dear Governor,

ENVIRONMENTAL DEGRADATION AND THE FINANCIAL SECTOR

I am writing to you on behalf of the Environmental Policy Forum (EPF). The EPF is a network of UK environmental professional bodies promoting environmental sustainability and resilience for the public benefit. The EPF's member bodies have a collective membership of around 40,000 environmental professionals, many of whom are individually chartered in environmental practice, science and engineering disciplines. The EPF is committed to assisting the UK Government and other bodies in promoting environmental sustainability and resilience for the public benefit.

With reference to your speech *Inclusive capitalism: creating a sense of the systemic*¹ presented at the Conference on Inclusive Capitalism in London on 27th May 2014, we welcome the discussion on this topic and agree that the UK must play its part in ensuring that we have sustainable and resilient social capital and intergenerational equality.

Your speech stressed the importance of social capital and inclusive capitalism and that "*Central banks' greatest contribution to inclusive capitalism may be driving financial reforms that are helping to re-build the necessary social capital.*" You continued, in terms that resonate very strongly with the EPF, with the words "*environmental degradation remains unaddressed, a tragic embarrassment now seldom mentioned in either polite society or at the G20*". Although only part of the wider issues you address, we believe most strongly that our economic and social prosperity is underpinned by the natural environment, our natural capital.

The UK's ecosystems – and the multitude of services that they provide – continue to be degraded^{2,3} and we continue to lose biodiversity⁴. Whilst much is being done in collaboration with economics and policy-making to reverse these trends, both in the UK (Natural Capital Committee⁵, Natural Capital Initiative⁶, etc.) and at the international level (TEEB⁷, Natural Capital Coalition⁸, IPBES⁹, etc.), there is still much work to do as you suggest in your speech.

¹ <http://www.bankofengland.co.uk/publications/Documents/speeches/2014/speech731.pdf>

² <http://uknea.unep-wcmc.org/>

³ <http://randd.defra.gov.uk/Default.aspx?Menu=Menu&Module=More&Location=None&Completed=2&ProjectID=18081#Description>

⁴ http://www.rspb.org.uk/Images/stateofnature_tcm9-345839.pdf

⁵ <https://www.naturalcapitalcommittee.org/>

⁶ <http://www.naturalcapitalinitiative.org.uk/>

⁷ <http://www.teebweb.org/>

⁸ <http://www.naturalcapitalcoalition.org/>

With forthcoming uncertainty caused by diminishing natural resources and climate change, we will need the skills and expertise of ecological and environmental professionals, economic and financial experts, and others to engage in a multidisciplinary approach to securing a sustainable and resilient future.

The Bank of England's stated purpose is "*to promote the good of the people of the United Kingdom by maintaining monetary and financial stability*". We would, therefore, like to open discussions with you and your colleagues as to how the Bank of England and the financial sector can contribute to dealing with environmental degradation. A part of such discussions should be to explore how environmental professionals can work with the financial sector to ensure that inclusive and effective capitalism is underpinned by environmental resources, natural capital and ecosystem services.

Yours sincerely,



John Box CECOL CENV FCIEEM
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Chartered Institute of Ecology and Environmental Management (CIEEM)

For and on behalf of:

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Chief Executive Officer
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⁹ <http://www.ipbes.net/>