

The sustainable recovery, investor collaboration on COVID-19 recovery and the climate emergency

Good afternoon everyone and thank you to the London Stock Exchange for organising this event.

Many people across the world are looking to governments during this global emergency to provide leadership and clarity to overcome the unprecedented challenges that we are facing.

Countries across the globe have taken the extraordinary measures to shut down large swathes of their economies in order to combat the coronavirus public health emergency.

In the UK, we did this on 23 March (2020) and we also launched a series of major policy initiatives to support businesses and individuals through the pandemic. Our aim has been to protect businesses, workers and consumers through these measures.

And while we will sadly not be able to save every business and every job, we hope that our measures have provided some certainty and consistency of support.

So as we emerge from the public health pandemic, we not only want to support businesses to bounce back as quickly as possible, but also to do so in a way that meets the UK's big, structural challenges.

This is why we want to deliver a green recovery. And we want to do that in partnership with business and finance.

I am here today, as the Business Secretary in the UK government, and as President for COP26, to underline the role you, the business community, can play in that joint endeavour.

Because finance and investment are the lifeblood of net zero projects – and we can only meet this challenge together.

1. Experience working in the private sector

I know the role finance can play in delivering this change, having worked in corporate finance myself for over 15 years before I came into politics.

I know the drive to deliver a return on investment and the search for growth areas in the economy.

When I worked in the banking sector, certainly at the start of it, green finance was a nascent initiative.

But things have changed and they do change.

So much so that today we have a former Governor of the Bank of England, Mark Carney, whose warning that if some companies fail to adjust to a net zero world, they will fail to exist.

The risks are clear, but actually the opportunities are clearer yet.

And actually it is worth pointing out that since 1990, the UK economy has grown by 75% but at the same time we have cut emissions by 43%.

In the UK we have shown that green growth is possible.

The International Energy Agency has estimated that \$13.5 trillion of public and private investment in the global energy sector alone will be required between 2015 and 2030 to meet the Paris Agreement targets.

And the International Renewable Energy Agency recently found that renewable energy would bring returns of between 3-8 dollars on every dollar invested.

BlackRock found that in the first quarter of 2020, during the pandemic, 94% of a set of sustainable funds outperformed their non-sustainable counterparts.

So my message is simple, and I say this as a former financier to the current cohort: the UK is the place for you to invest in green assets.

And you will be welcomed and right to do so.

2. BEIS

My department, the business department, is leading work to support a green recovery.

Helping our world-leading offshore wind industry reach 40GW by 2030.

Building the first fully-deployed carbon capture storage cluster by the mid-2020s.

Supporting energy intensive industries as they move to low-carbon techniques.

Helping to improve the energy-efficiency of homes, schools and hospitals.

And delivering 2 million new high-quality jobs in clean growth over the next decade.

Today, nearly half a million people across our country are employed in the low carbon economy and its supply chains.

And recovering from this pandemic makes these projects more necessary and more important than ever. And many of them require private finance to deliver.

Which is why I am currently engaging with businesses across the country on the opportunities that arise from our net zero commitment and how they can support a green recovery.

And we will continue to do so, so I invite all of you to [contribute to our thinking by submitting written responses to the questions](#) that we have set out on GOV.UK, and if you'd like to know how to do it then please get in touch with us.

But of course this is alongside our [Green Finance Strategy](#), which aims to accelerate investment in green infrastructure.

And my department will continue to work at pace to deliver these policy commitments over the course of this Parliament.

3. COP26

And now, as we look forward to COP26 next November (2021), our aim is to ramp up ambition towards a climate-resilient, zero-carbon economy.

We want all countries to submit more ambitious Nationally Determined Contributions, committing to further cuts in carbon emissions by 2030.

With all nations committing to reaching net zero emissions as soon as possible.

And ahead of COP26, we have defined 5 areas which need particular attention:

- clean energy
- clean transport
- nature based solutions
- adaptation and resilience
- and, of course, making all of this possible, finance

Whenever I mention the 5 campaigns, I always make a point of mentioning finance last.

Because, from preserving ecosystems, to manufacturing electric cars and solar panels, it all needs to be paid for.

Again and again, I have seen first-hand how finance turns good ideas into action.

In January this year, I helped launch East Africa's first 'green bond' on the Nairobi securities exchange, followed by its dual listing on the London Stock Exchange. Helping to fund environmentally friendly housing in Nairobi.

And, through the Powering Past Coal Alliance, the UK has worked with Climate Action 100+, Institutional Investors Group on Climate Change, UN Principles for Responsible Investment and Ceres, all of whom are here today, to help align coal finance and investments with the aims of the Paris Agreement.

So your contribution will be absolutely central to a successful COP26 summit

next year.

And ahead of COP, we want to see investors take crucial actions, such as setting a target for net zero and publishing a clear transition plan on how to achieve this.

And this will be underpinned by scenario analyses and of course, methodology reviews.

And while we have seen progress on the Task-Force on Climate-Related Financial Disclosures, this must accelerate.

And I urge you all to continue signing up to the recommendations of the TCFD to build a greener and more resilient financial system.

In February, I joined Mark Carney to launch the COP26 Finance Action Plan to help private finance support the global economy transition to net zero.

Last year at the UN, Prime Minister Boris Johnson announced a doubling of the UK's international climate finance commitment to £11.6 billion over 2021 to 2025.

This, in turn, will mobilise further finance from public and private sources. Helping us meet and indeed move beyond the 100-billion-dollar goal, as we begin discussions in the UNFCCC on the goal that will replace it from 2025.

Since 2011, the UK's international climate finance has already supported over 100 countries and helped to reduce or avoid a total of 16 million tonnes of greenhouse gas emissions, which is equivalent of taking 3.3 million passenger vehicles off the road for a year.

Our UK Pact programme has been part of this.

Since last year, it has helped financial institutions around the world drive down emissions.

Projects in Mexico and China, for example, helped harmonise national definitions of green bonds with global ones. Giving global investors the confidence to invest.

And I can announce today that, from August we will be launching the first round of our [UK PACT Green Recovery Challenge Fund](#).

This is a £12 million challenge fund, that British and international organisations can bid into, to support countries in Africa, Asia and South America to develop their green industries. This will major on green finance and ways that companies can increase transparency and the disclosure of financial risks.

The UK government will fund the best projects and approaches to be deployed globally, and share UK expertise to support others with their own green recovery.

Conclusion

So in conclusion I hope you take away from today the clear message that you and your organisations are absolutely vital in supporting the green recovery and transition to net zero.

Not only because it's the right policy, but because it is the right business and investment decision.

Because government will stand behind you every step of the way when you make these decisions.

So we can build a better world, through our economic recovery together.

Thank you.