

Applying a gender lens to Climate Finance Thinking: an opportunity

Thank you, Gilles, for your kind words. I'm delighted to be here for this webinar.

27 years into my foreign policy career, one of the issues I've seen the most change on has been the understanding that to make genuine and sustained progress on the most difficult issues facing humanity – health, conflict and climate – decision makers need to take gender into account.

And if you were looking for a challenging issue, they don't come bigger than the climate change crisis, which threatens our nature, our economies, our security and our societies. Even in a year when the pandemic is reminding us of our human frailty, climate change remains a yet bigger challenge.

So, I jumped at the chance to participate in the event today, which is about bringing gender and climate together when we think about a key aspect of how we run our countries: financial decision making.

For those who aren't already familiar with our work, this webinar is part of the UK's ASEAN Low Carbon Energy Programme. The programme is designed to support ASEAN as it seeks to harness the benefits of deploying low carbon energy by leveraging on the UK's extensive expertise and learnings, both in green finance and in energy efficiency.

I'd like to thank Gilles Pascual, Ernst & Young's Programme Director, and Smita Biswas who leads the programme's Gender & Inclusion work, for bringing us together.

This event today should allow us to share our commitment to both gender and climate change at the heart of everything we do. Far from compromising or confusing our other objectives, we know that we can only succeed by bringing all voices to the table to build a more sustainable future.

Today we will explore how we can bring a gender lens to investments that target the climate crisis and a climate lens to gender-smart investments. I know many of you will be familiar with applying a climate lens to your businesses and investments – it forms a central pillar of ESG reporting. And gender equality is receiving a lot of attention as a result of corporate diversity disclosures, but gender lens investing is a newer piece of the landscape.

Gender lens investing means incorporating gender considerations into financial analysis to achieve better financial and social outcomes. It has the potential to deliver for business, women and the world, including by advancing the UN Sustainable Development Goals.

So why is the gender and climate nexus important?

I want to first talk briefly about the practical and developmental reasons to bring climate and gender together. There is a substantial and ever-growing body of evidence that proves women have a huge role to play in delivering climate change mitigation and adaptation. But they remain under-represented, both in key decision-making positions and as users of capital.

Moreover, those hit hardest by the climate crisis will be those who are already the most disadvantaged. Women and girls will therefore be worst hit because of existing pervasive social, cultural and economic disadvantages. Merging the gender and climate investment agendas has the power to improve our response to climate change and deliver social justice at the same time.

In the past, climate change and gender equality have sometimes been seen as something for governments and NGOs to worry about. But it is fast becoming clear it is something everyone needs to worry about.

At the macro level, McKinsey estimate that up to US\$28 trillion (or 26%) could be added to the global GDP in 2025 by closing the representation gap between men and women in the economy. As COVID-19 ravages the global economy, there has never been a more pressing need for easy wins.

Businesses that ignore this are being left behind.

Companies with high gender diversity are 15% more likely to have financial returns above their industry medians. Companies with at least 30% women executives outperform those with lower women representation. Venture and private equity funds with gender balanced teams have 20% higher returns than their peers.

Companies without strong gender values are finding it increasingly difficult to recruit the best talent from an increasingly values-driven workforce. There are reputational risks and potentially even regulatory risks to ignoring the gender dimension to business operations. Even Governments fall foul of this, with Australia's 'gender neutral' COVID-19 recovery being publicly criticised for largely supporting jobs in construction and infrastructure – typically, heavily male-dominated industries.

So, with an insight into the benefits of getting this right and the risks of ignoring it, let's turn to what we can do by considering what it means to apply a gender and climate lens to investment, particularly as we look to recovery.

Incorporating gender and climate analysis into the practice of investing includes how value is assigned, how relationships are structured and how processes work.

If you're investing in climate businesses, you can bring gender into your due diligence process by asking businesses where the women are and why; how their business model impacts women; or how the products and services they offer impact the lives of women and girls.

From a social and environmental impact frame, you can also ask: how women and girls are currently being left out of climate related investments; how they

are affected by climate impacts; how they are benefiting or being negatively impacted by climate finance initiatives. COVID-19 presents a serious challenge to those of us fighting for a more sustainable and equal future. It has had both economic and social impacts that gender and climate investment look to tackle. The maelstrom of social and economic challenges arising from the global health and economic crises calls for increased urgency and intention to address the specific challenges women face.

The investment community should look to build more sustainable, diverse and impactful portfolios. This pandemic raises the importance of taking a long-term approach to our investment strategies – one that looks at gender and climate in concert. Now more than ever we need to frame women equally as leaders, innovators, employees, value chain members and consumers.

I must thank Suzanne Biegel, co-founder of the GenderSmart initiative and Wolfgang Hafenmayer, founder of Sagana, who are key Thought Leaders in this field and are supporting today's webinar.

I hope the discussion today will be fruitful and it marks an important step in developing long term partnerships in this area between the UK and Southeast Asian countries. I will also be staying with you for the first half of the session to learn.

I strongly encourage everyone to continue these conversations after this event, and together we can construct an economic recovery from COVID-19, which places Climate and Gender at its core, delivering a sustainable, resilient future that delivers for women, society and the planet.

Thank you.