

John Glen speaks at the Green Finance Summit

It's a pleasure to join you for the City's third Green Finance Summit.

This event gets bigger every year, which reflects the momentum growing behind Green Finance in the Square Mile, and beyond.

I'd like to thank Sir Roger Gifford for all he has done to champion this cause as chairman of the Green Finance Initiative.

It also gives me great pleasure to welcome Dr Rhian-Mari Thomas, the newly appointed CEO of the Green Finance Institute, which is launched today.

I can't think of a better person to have at the helm as the Institute charts a bold and exciting course towards low carbon future.

International leadership

Today also marks the publication of the government's Green Finance Strategy.

Together with the Green Finance Institute, it represents a new and exciting step in the UK's long history of international leadership on climate change.

Indeed, this year is an important anniversary in that journey.

It was 30 years ago this November that Margaret Thatcher spoke at the United Nations, becoming the first major world leader to call for a coordinated global response to the climate challenge.

Mrs Thatcher may seem like an unlikely heroine of the environmental movement.

But she was a chemist by background, for whom the facts of ozone depletion, acid rain and rising temperatures were readily apparent.

And while her legacy in this area, as in so many others, is a matter of continuing debate, there is no doubt that her intervention was significant.

Before 1989, environmental concerns had been a fringe issue, on the margins of public debate.

But Mrs Thatcher gave it mainstream political respectability. She planted it firmly on the international agenda, where it has remained ever since.

It's a reminder that the UK has always led from the front.

Yes, we were the first country to industrialise.

But we were also one of the first countries to sound the alarm, and then one of the first to act by introducing legally-binding emissions reduction targets.

Getting the economics right

This leadership continues today.

Last month, the Prime Minister pledged to end the UK's contribution to global warming entirely by 2050.

We are now the first G7 country to legislate for net zero emissions.

But the scale of this commitment – coupled with the urgency of the challenge – demands we step up a gear.

Few people doubt the need for far-reaching action.

The question is what form it should take.

Some would have us make a choice between growth on the one hand and sustainability on the other.

The climate threat is so great that it can only be tackled by turning back the clock to simpler times, sweeping away years of social and economic progress in the process.

I don't believe it needs to be this way.

We won't become greener by making ourselves poorer.

Quite the reverse in fact.

Back in 1989, Mrs Thatcher pointed out that economic growth and environmental responsibility must work hand-in-hand.

"As well as the science" she said, "we need to get the economics right".

"We must first have continued economic growth in order to generate the wealth required to pay for the protection of the environment, but it must be growth which does not plunder the planet today and leave our children to deal with the consequences tomorrow."

This belief is at the heart of the government's green finance ambition.

The financial sector has perhaps more potential than any other part of our economy to bring about a greener future.

It is the City that can bring forward new financial products and services to meet rising demand for sustainable investment.

It is the City that can unlock capital for renewable energy and other clean technology required to reduce emissions in this country, and overseas.

And it is the City, with its restless commercial zeal, that will seize the opportunities of clean and resilient growth, and lead us toward a low carbon future.

The strategy

The potential is evident today.

More than 100 green bonds have been listed on the London Stock Exchange.

Billions of pounds of private and public capital have been raised for renewable energy projects: not just in the UK, but overseas too.

And on the retail side, some lenders now offer green mortgages for self-build properties and discounted borrowing for home improvement.

These are encouraging first steps: but the climate challenge, and the climate opportunity, demand we go much further.

Our Strategy seeks to bring about a complete change in the way the City thinks and acts.

We must ensure the financial risk and opportunities from climate change are integrated into mainstream decision-making.

Because let's be clear: the climate challenge poses an existential risk to the future of the planet and, by extension, our economy too.

If our financial system is to remain resilient – and relevant – then the City must adapt.

But while most banks rightly identify climate change as a risk, only one in ten is taking a strategic approach to manage this.

That's why the government endorsed the recommendations of the Task Force on Climate-Related Disclosures in 2017.

The government is leading by example. Publicly-funded financial bodies must include climate-related disclosures in their accounts as soon as possible.

Hundreds of companies are also disclosing details of how they are mitigating climate risk on a voluntary basis.

But today I want to go further, which is why I'm calling on all public listed companies and large asset owners to do the same.

I want to see these disclosures become accepted practice across the financial services sector by 2022.

I don't want to resort to legislation straight away.

But I do expect to see far greater uptake in the coming months from across all industries.

The government will monitor progress and publish an interim report by the end of 2020, which will inform our next steps.

And behind the scenes, we will coordinate our approach with the regulators;

and I welcome the joint statement today that confirms their shared understanding of climate change risk.

Skills

If the City is to change how it works, then it must also be equipped with the tools for a green future.

A new Green Finance Education Charter will help embed sustainable thinking at every stage of professional development.

We want the skills and expertise required for this task to have the professional standing they merit.

Data will be key too – which is why we will take steps to develop the right environmental and data analytics to support climate-related financial disclosures.

Finally, we cannot act in isolation.

We must offer leadership, partnership and example to the rest of the world.

Our aim is for the UK to become the undisputed global hub for green finance.

This will be driven in part by the Green Finance Institute. But we will bring all the levers of government behind this task.

This includes ensuring our aid budget supports green investment in the developing world.

It is the world's poorest, after all, who will bear the brunt of the consequences if we fail to act.

We will keep this issue on the agenda at the United Nations, and in all our international dealings.

And as other nations become alive to the potential of green finance, we stand ready to support them.

Conclusion

I'd like to end with a word of thanks to those in government, and the City, who have worked tirelessly over the past few years to drive the green finance agenda forward.

The publication of the Strategy – alongside the creation of the Institute – is testament to your efforts to date.

But our Strategy is more than just a document – it's a call to action.

And our ambitions are just words unless they are matched by meaningful action and measurable progress, which is why we will review the Strategy and its objectives in 2022.

Every country, every business, every individual, has a part to play.

The task is urgent, and vital – but it's exciting too.

Because while the challenges of creating a sustainable economy are great, the opportunities are greater still.

Our efforts today will help determine the prosperity of our country – and the wellbeing of our planet – long into the future.

The threat is real, the opportunities are growing, and the world is watching.

So the time for action has come. The City must lead the way.