

The importance of disclosure in the climate emergency

I'm glad it is finally going to rain today. We need it.

The UK had 266 hours of sunshine in May.

The previous record for a month was 265 hours in June 1957.

Until now, no year has ever had more than 555 hours of sunshine in the spring. This year, we had 626 hours.

We also had the wettest February on record. Highest or second highest river levels on record were reached on 13 rivers.

The water levels were higher than the summer floods of 2007 when 55,000 properties flooded.

Professor Liz Bentley, chief executive of the Royal Meteorological Society, told BBC News:

"It's unprecedented to see such a swing from one extreme to the other in such a short space of time. That's what concerns me.

"We don't see these things normally happening with our seasons.

"It's part of a pattern where we're experiencing increasingly extreme weather as the climate changes."

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So what can you do?

Two weeks ago, researchers at Leeds University published a list of the top ten ways people can reduce their carbon footprint.

The list includes cutting vehicle use and switching to renewable electricity, among other things, but that's not why I mention it.

In the release, the lead author, Dr Diana Ivanova, said:

"The recent coronavirus crisis 'lockdown' has shown the world that options such as living car-free ARE POSSIBLE and have a huge impact on the environment."

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Disclosure is a big part of this.

People increasingly want to know what their money is doing.

Millions around the world, with money in pensions, want to support projects that produce a return AND reduce emissions.

How can consumers trust that companies are taking meaningful action if they don't have access to clear and understandable data?

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Investors increasingly demand transparency.

Last year, the filmmaker – and founder of Comic Relief – Richard Curtis, announced a new campaign “Make My Money Matter” to help people choose sustainable investments that benefit people and planet.

He said: “We are on the edge of a second Consumer Revolution – where the public realises just how powerful their own money can be.”

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That power is already being felt economically and democratically.

What action looks like was expressed by the Committee on Climate Change in a letter to the Prime Minister last month:

They said that in the coronavirus recovery, immediate steps must be taken to:

- support reskilling, retraining and research;
- build a climate-resilient economy;
- scale up housing retrofits and build new homes that are fit for the future;
- invest in low-carbon, resilient infrastructure such as improved broadband instead of new roads;
- make it easy for people to work remotely, walk and cycle
- and, to expand tree planting, peatland restoration, green spaces and green infrastructure.

The Chair of the Committee on Climate Change's Adaptation Committee, Baroness Brown of Cambridge, said:

“This pandemic has shown that global risks need global solutions. As President of next year's pivotal COP26 climate summit, the UK now finds itself in a unique position to ramp-up climate action at home and supercharge the international response to climate change abroad.”

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On Monday, over 200 businesses – including the Environment Agency and the Environment Agency Pension Fund – also wrote to the Prime Minister saying:

“The net zero and environmental agenda now provide the UK government with the opportunity to rebuild the economy back better in a way that will deliver lasting social, competitiveness and resilience benefits.”

The Prime Minister has said he wants COP26, in November 2021, to set the world on a path towards “a fairer, greener and more resilient global economy”.

On Monday Nigel Topping, High Level Climate Action Champion for the UN climate talks, spoke at the CDP Global workshop about his ambitions for COP26’s Race to Zero.

It’s a race we all need to win, but with nature and adaptation also high up the COP26 agenda – perhaps we also need a Race for Resilience?

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The economic opportunities in realising both are demonstrable.

The Environment Agency Pension Fund is showing larger pension funds around the world that you can put in a strong financial performance while influencing organisations to reduce emissions and increase resilience.

Three years ago, along with the Church of England National Investing Bodies, we set up the Transition Pathway Initiative.

In that short time, it has been supported by investors representing over \$18 trillion combined Assets Under Management and Advice, who use the results of the TPI’s analysis to inform investment decision-making and engagement with companies.

Also, in the last year, we have been attending the annual general meetings of companies we are invested in...

...to ask if they are preparing supply chains and assets adequately for escalating climate impacts.

Asking questions at AGMs may seem like a campaign tactic, but our main objective in doing this is protecting our beneficiaries’ retirement money in an uncertain future.

It just makes sense.

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At the end of last year, I announced that the Environment Agency had set itself the goal of becoming a net zero organisation by 2030.

We adopted a tough, internationally recognised definition of net zero that includes:

The carbon we produce (currently 44,000 tonnes a year). And, the carbon we consume through our supply chain (136,000 tonnes a year).

We won’t stop:

- building flood defences;
- pumping water out of people’s homes if they flood, or around the country

- to alleviate drought;
- travelling;
- or heating our buildings.

But, we will reduce our emissions 45 per cent by 2030, and offset what remains through activities including tree planting, restoring soil quality and peat bogs.

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We want to see private companies do likewise.

That's one of the reasons we are helping green projects attract private sector investment to tackle climate change and restore nature.

On Monday, along with Defra, the Esmée Fairbairn Foundation and Triodos Bank UK, we launched four projects which will protect and restore valuable habitats, attract private sector investment, and deliver long-term environmental benefits and sustainable financial returns.

The four projects receiving funding are:

- Devon Wildlife Trust's restoration of the Caen wetlands
- Rivers Trust's work on natural flood management in the Wyre catchment in Lancashire
- NFU's work to reduce nitrate pollution in Poole Harbour
- Moors for the Future Partnership's restoration and conservation of peatlands in the Pennines.

Caroline Mason, Chief Executive of Esmée Fairbairn Foundation, said:

"If we understand the models that can make money and can be funded through private capital, we can raise additional money for nature and make sure that public and philanthropic funding goes where it's most needed."

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I don't pretend that these projects are anywhere near the scale of public and private sector investment needed to address the climate emergency.

But by demonstrating their effectiveness, I hope that businesses will see the opportunity to scale up such work around the world.

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That international effort is something I have been working to encourage as UK Commissioner to the Global Commission for Adaptation.

Last year, the GCA released a report that says investing 1.9 trillion dollars in adaptation efforts globally from 2020 to 2030, could guarantee 7 trillion dollars in total net benefits.

These investments need to be made resilient to meet the challenges of rapid

urbanisation, increasing disaster risks and a changing climate.

Get this right and climate adaptation can deliver a “triple dividend” by:

- avoiding future losses;
- generating positive economic gains through innovation, and
- delivering social and environmental benefits.

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It’s vital that international work on adaptation and resilience is catalysed by governments at COP26 next year.

As Nigel Topping has said: “Just because it’s difficult, we can’t not think about it.”

But, businesses don’t have to wait for international political agreements to make sensible investment decisions.

We need action now.

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To conclude:

2020 was originally planned as the first year of the climate decade.

While the coronavirus pandemic has taken hold this year, we have also seen Super Cyclone Amphan cause devastation in India and Bangladesh, and we have experienced record wet and dry weather here in England.

The climate emergency has not gone away.

The Carbon Disclosure Project’s work to support companies, cities, states and regions to manage their risks and opportunities on climate change, water security and deforestation continues to be vital.

We need both disclosure and action to ensure that we are continually building back better for a fairer, cleaner and more resilient future.