

Financing Our Future

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COP 26 Finance Day

Chancellor, thank you.

Six years ago in Paris, countries reached a historic agreement to limit temperatures to less than 2 degrees, targeting 1.5 degrees.

And in finance, we launched the TCFD so that leading companies could disclose their climate-related risks, allowing finance to measure what matters.

Despite these breakthroughs, in the years that followed, few countries pursued the necessary policies, business investment in decarbonisation was limited, net zero transition plans were the exception, and most in finance considered climate change to be a CSR issue not a strategic imperative.

Too many thought that solving climate change was someone else's problem.

And so two years ago, in the UN General Assembly, Greta Thunberg blasted Presidents, Prime Ministers, civil society and business leaders:

You have stolen my dreams and my childhood with your empty words...and she warned...[she warned]...

...We will not let you get away with this. Right here, right now is where we draw the line.

We were failing.

Social movements like Fridays for Future won't settle for worthy statements followed by futile gestures. They won't settle for governments that make announcements at COPs that they don't meet at home. They won't settle for companies that speak green but don't manage their carbon footprints.

As Prime Minister Johnson warned on Monday, society is at a tipping point because our climate is at a tipping point. Today finance is at a tipping point.

The UK/Italian COP presidency knows that finance will be decisive. The more the financial sector focuses on the transition to net zero, the more it will drive the transition.

To get the world on track for 1.5 degrees will require more than \$100 trillion in investment over the next three decades. Investment on this scale can only come from mainstream finance. And for that, we need three things.

First, a new financial system in which every decision takes climate change into account. To that end, last year, we set 24 major initiatives for COP26 to transform the information, tools, and markets at the heart of finance. Today, we're delivering them all.

Second, we need money committed to climate action. When we assumed the COP Presidency two years ago, only a handful of asset owners had pledged to align their \$5 trillion of assets with net zero and 1.5 degrees.

Today, the Glasgow Financial Alliance to Net Zero (GFANZ) covers the entire waterfront of finance: banks, insurers, pension funds, asset managers, export credit agencies, stock exchanges, credit rating agencies, index providers and auditors.

GFANZ now has over 450 major financial institutions from 45 countries committed to managing assets totalling over \$130 trillion in line with 1.5 degrees.

GFANZ is the gold standard for net zero. All members followed rigorous internal governance processes to make commitments that will reshape their business models and fund the sustainable transformation of our economies. And GFANZ members haven't just committed to net zero financed emissions by 2050 at the latest. They also target their fair share of the 50% greenhouse gas emissions reductions by 2030 that are needed to keep the world on track for 1.5 degrees. And they're using the most rigorous and stringent science-based scenarios to set detailed five-year emissions reduction plans. Every GFANZ member will report their progress against all their targets annually.

Third, we need an action plan to deploy this capital to where it's needed most: the emerging and developing economies, who have done the least to cause climate change but will be most affected by it. To ensure they have the extra \$1 trillion a year in financing they need, we are catalysing initiatives to build country platforms and high integrity carbon markets.

Right here, right now is where finance draws the line: the money for the global transition to net zero and 1.5 degrees is here.

Now let's put it to work to deliver the sustainable future that people have been demanding, and future generations deserve.