



COP26: Green Finance and Taxonomy with Lord Callanan

Tuesday 26th October 2021: 10:00-11:00 CET

On the 26th of October, the Sustainability Committee welcomed Lord Callanan, Minister for Climate Change and Corporate Responsibility, for our event 'COP26: Green Finance and Taxonomy', kindly sponsored by Third Way.

The event kicked-off with a brief introduction to the challenges that Green Finance face today. Due to the complexity of market structures, Green Finance has not properly flourished. Governments need to ease the process of sustainable investment practices by providing the right guidelines and practical support. Enhanced collaboration between the private and public sector is suggested to be a key priority to effectively shape green policy and mobilise sustainable finance.

Following the Prime Minister Boris Johnson's 10 Point Plan, the UK government published the Landmark Net Zero Strategy on October 19th 2021. This strategy outlines specific plans to reach net zero emissions by 2050. Since 1990, the UK has halved its greenhouse emissions, the economy has grown by 29% and the energy resources industry has increased by 44% - faster than any other G7 country. The Landmark Net Zero Strategy will support the UK's ambition to achieve a net-zero future by outlining how the UK will secure 440,00 well-paid jobs and unlock £90 billion in investment by 2030 on its path to reduce the country's Climate footprint. More specifically, the strategy sets out a comprehensive economy-wide plan to support British businesses and consumers in making the transition to clean energy and green technology.

Next, it was discussed the role that the UK has in hosting the COP26 in Glasgow between the 31st of October and 12th of November 2021. During COP26, countries will meet to discuss their domestic plans to fight against Climate Change. The UK has the opportunity to illustrate to other world economies the need of a global transition towards Green Finance. In order to mobilise green investment and accelerate this process in both the private and public sector, it was suggested that countries should follow the TFCF (Task Force on Climate-Related Financial Disclosure) disclosure to establish a Sustainability Discloser Requirements document so that governments, corporate groups, asset managers, asset holders and investors recognise how their practices have an impact on Climate Change.

In addition to Green Finance, a Green Taxonomy is needed to provide a framework that classifies what business activities are categorised as green (activities with zero-emission contributions), or economically sustainable (activities that yield financial revenue - and ensures that future generations will have access to those resources - but may have minimal environmental impact). A Green Taxonomy will help with the implementation of a Sustainability Disclosure Requirements document. In this light, it was suggested that the IFRS (International Financial Reporting Standards) foundation could be deployed to create a solid framework to classify sustainability standards. Sustainability standards could in turn provide a global principle of sustainability standards that countries can follow.

During the Q&A session, participants were particularly concerned about the Sustainability Disclosure Requirements and the UK Green Taxonomy, mainly inquiring about what business activities they will cover, and if the UK's Green Taxonomy will serve as a basis for future investments. The Sustainability Disclosure Requirements and the UK Green Taxonomy will cover all financial products and provide information based on FTR (Foundational Technical Review) criteria to every operator working in the financial industry – from investors to asset managers. Participants were also interested in the energy sector and how the UK plans to support the Hydrogen and Low Carbon Energy

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markets. The UK government and investors need to mobilise capital as new technologies will be key to deliver the net-zero climate ambitions set for 2050.

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