Overview

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1. The UK’s approach to Green Finance, public and private sector collaboration
Green Finance Taskforce

- HM Government commissioned a taskforce on Accelerating Green Finance within the private sector
- The Taskforce, brought together, NGO’s, academia and most importantly a range of private sector stakeholders.
- The report issues 30 recommendations under 10 themes
- Ultimately this is a policy area that requires the combined efforts of the private and public sector
Green Finance Taskforce outreach

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Institutional Investors
- Allianz
- AVIVA
- bp
- Legal & General
- M&S
- Pension Trust Ltd
- UNICUM
- Environment Agency
- Pension Fund
- BlackRock
- Green Investment Group
- BBVA
- TCFD, data and disclosure
- Climate Bonds
- Moody's
- Climate Group
- Green Goddess
- NEF
- CDP
- PRI
- Principles for Responsible Investment
- Bank of England
- ALDERGATE GROUP
- BGF
- J.P. Morgan
2. The Role of the Regulator
The Role of the regulator

• The Bank of England/Prudential Regulation Authority – leading reports on prudential regulation related to climate risk.
  o In 2015, it conducted the first climate-related prudential review by a regulator, focusing on the insurance sector.
  o In 2017/18, it conducted a similar review on the banking sector, issuing a consultation in October on its supervisory expectation for banks and insurers to consider Climate change risk (both physical and transitional).

• Financial Conduct Authority (FCA) – launched a discussion paper:
  o The treatment of contracted out pension schemes
  o Financial Innovation sandbox
  o Call for evidence on disclosures
3. Example of Private and Public sector actions
i) Pensions

- Potential to stimulate large scale demand for green products.

- In 2018 the Department for Work and Pensions consulted on ‘Clarifying and Strengthening Trustees’ Investment Duties’

- Concluded, where trustees prepare a Statement of Investment Principals “they take account of financially material considerations, including (but not limited to) those arising from Environmental, Social and Governance considerations, including climate change”
ii) Green Mortgages and the housing stock

- No set definition of what a green mortgage is, but general consensus is either in the form of a loan to make energy efficiency improvements, or a mortgage when purchasing an energy efficient home.

- UK Energy Performance Certificate (EPC), grades all homes on energy efficiency

- Some research that credit ratings improve with the energy efficiency of a home. Translates to a consumer saving.

- The Energy Efficiency (Private Rented Property)(England and Wales) Regulations 2015 establishes a minimum level of energy efficiency for privately rented property in England and Wales. Introduced a minimum EPC rating for landlords.
ii) The Green Investment Bank and iv) the VC Fund

III. The Green Investment Bank (GIB)

- Public sector bank, focused on green infrastructure lending, specifically for offshore wind, waste and bioenergy, energy solutions and onshore renewables
- Under public ownership GIB committed £3.4bn of capital to 100 projects of total value of £12bn – achieving a private capital mobilisation ratio of 2.5
- Sold to Macquarie Group – now rebranded the Green Investment Group (GIG)

IV. VC fund

- Research indicated a strong market need for new funding to support Cleantech companies in their early stage of development. Supports the development and commercialisation of innovative clean technologies in the UK. Invests under commercial terms with 50% funding from the private sector.