

The Rt Hon Alok Sharma MP  
COP26 President  
House of Commons  
London  
SW1A 0AA

10 June 2021

Dear Mr Sharma

### **Path to COP26 Campaign**

The finance sector needs to act together to achieve decisive action at COP26, the most important summit since Paris in 2015.

With a global footprint, from roots in Edinburgh, the Global Ethical Finance Initiative (**GEFI**) has brought together leading financial services stakeholders, managing over £2 trillion of assets, which are committed to action at COP26. The objective of the Path to COP26 campaign is to make finance work for COP26, and COP26 work for finance.

The economy needs to decarbonise at a rate of 11% every year to meet our 2050 Paris commitments, and every year this fails to happen, the annual rate of required decarbonisation increases. The scale of economic change required is unprecedented and global leadership needs to set clear expectations for society and business to deliver. Market forces, divestment and shareholder activism are making a difference, but they are not enough. Government policy is imperative to effecting the necessary changes, but recent research has shown that, on current plans, governments' policies will only deliver a one-third reduction in the carbon intensity of balance sheets by 2050. The financial institutions represented here stand ready to support the bigger job of financing the remainder of this transition to net zero. Many of these stakeholders are already signatories to the UN Principles for Responsible Banking and the UN Principles for Responsible Investment - they will apply these responsible principles for banking and investment which is based on the true price of carbon and to fully account for the risks of failing to meet Paris obligations. These stakeholders will work closely with the Net Zero Asset Owners and Net Zero Asset Managers Alliances and support the work of the High-Level Climate Champions in developing a net zero transition plan for finance.

In your role as COP President, we ask that your negotiations deliver a deal that is not only unambiguous in delivering a fair set of country nationally determined contributions (NDCs) but also delivers credible timebound transition plans for reducing carbon intensity through pricing, taxation and appropriate trading mechanisms. The Pensions Scheme Act 2021 is a demonstration of how greater transparency in carbon intensity and climate risk can be achieved. The finance sector now needs clear investment proposals from governments and companies based on an understanding of how NDC transition plans will affect operations across the globe.

Of particular importance will be stewardship of brown asset as, again, divestment alone will not deliver net global carbon reductions. Highly developed economies must consider their potential impact and seek to: avoid further new brown asset investment; mitigate emissions from running down brown assets; invest in natural capital-based solutions and provide finance for net zero technology including support for grassroots innovation.

**Start now.** These transition plans – the road map for the next steps in the race to net zero - must begin immediately to enable the finance sector to mobilise so that they can deliver the necessary capital to support these plans. Without proactive steps now to ensure a smooth transition, we risk having to take rapid corrective action in the future which could result in a major economic shock.

Throughout 2021, the Path to COP26 stakeholders will be driving action ahead of COP26 and we will keep your team updated. This week, many of our stakeholders, together with financial institutions, multilaterals from around the world and the Economic Secretary to the Treasury, have been meeting virtually at the

Ethical Finance Summit. We would like to invite you and your team to join us once the Summit has finished, to hear our conclusions from the discussions and our plans for COP26, as well as hear directly from you about the issues raised from your programme of bilateral negotiations as COP26 President.

Yours sincerely,



Omar Shaikh

Co-Founder and Managing Director

## Signatories to the Path to COP26 Campaign

Aberdeen  
Standard  
Investments



Making Finance  
Work for Africa



Aer Beatha



McKellar  
Consultants



Ario Advisory



NatureScot



Aviva Investors



NatWest Group



Baillie Gifford



Norton Rose  
Fulbright



BLI Global



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Centre for  
Responsible  
Banking & Finance



Personal  
Finance Society



Chartered Banker  
Institute



Phillip Lee



Chartered Institute  
for Securities and  
Investment



Prosper Social  
Financial



Climate &  
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RJ Fleming &  
Co.



Cornerstone Asset  
Management



Royal London



DDCAP Group



Scottish  
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Protection  
Agency



Dundas Global  
Investors



Scottish  
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burgh Napier  
University | The  
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ESG Tech



Scottish Wildlife  
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Hub



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Wedderburn



Ethical Futures



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Gatehouse Bank



Treeconomy



Global Canopy



Tribe Impact



Global Garden



Unburdened  
Solutions



Global Ocean  
Trust



UK Government



Green Angel  
Syndicate



UK Islamic  
Finance Council



Heriot-Watt  
University



United Nations  
Development  
Programme



ING Bank



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Glasgow, Adam  
Smith Business  
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