

Rt Hon Liz Truss
Prime Minister
Prime Minister's Office, 10 Downing Street
London SW1A 2AA

London, 20th September 2022

Re: CEOs of leading investor groups call on new government to uphold net zero ambition

Dear Prime Minister,

We would like to congratulate you on your recent election as Conservative Party Leader and appointment as Prime Minister. As the CEOs of organisations working with a significant number of financial services institutions and investors based here in the UK and globally, we are writing to you to emphasise the need to uphold the UK's net zero commitment and to accelerate near-term delivery against this commitment.¹

The UK has a strong track record of leading efforts to tackle issues of global importance such as climate change – it is vital, and in the UK's national and economic interest, that this momentum and prominent global status is not lost. Critically, the investment community stands ready to support the UK's climate ambitions and to provide the capital necessary to the transition to net zero, thereby creating wealth and new jobs, promoting energy security in the long-term and cementing the legacy of UK leadership at COP26. Over 450 financial institutions, including many of our members, have committed to align capital with the achievement of net zero by 2050 under the Glasgow Financial Alliance Net Zero (GFANZ).

Tackling the climate crisis and avoiding the worst of its impacts are in the UK's national and economic interest, and a top priority for UK citizens.² To realise the economic and social benefits of the transition, the Government must now provide investors with clarity on the near-term policy actions and milestones that will create the right enabling environment to support the ongoing and positive transformation of the UK economy.

Investment in a net-zero energy system is the best way to deliver energy security and affordability. We recognise the immediate priority to keep people and homes warm and bring fuel cost down. The UK government's 'Energy Price Guarantee' offers much-needed short-term relief for consumers and businesses. For the mid- to long-term, the solutions required to address the ongoing energy security and cost of living crises are the same solutions we need to achieve the UK's longer-term climate objectives. As a priority, the UK Government should swiftly deliver on energy efficiency measures and pursue power sector decarbonisation and renewables integration at pace. Scaling up clean energy solutions today will pave the path towards a more affordable, stable, and resilient energy system in the UK.

¹ This letter was developed in collaboration with a number of IIGCC, PRI and UKSIF members, but does not necessarily represent the views of the entire membership, either individually or collectively.

² Opinion polls in the UK have consistently indicated that net zero is the fourth most important issue for all voters [and the fifth most important for Conservative-leaning voters in the general population] - Onward Getting to Zero: The Conservative Politics of Net Zero (July 29, 2022)

Staying the course on the implementation of robust climate policies will support the Government's pro-growth, inflation reducing agenda. The net zero transition could attract £10 billion per year of investment into the UK³ and create 600,000 new green, decent jobs by 2030.⁴ In addition, ramping up efforts to increase the share of renewables in the energy mix not only contributes to long-term climate ambitions, it also boosts energy security and affordability – for instance, the new record-low price for UK offshore wind is now nine times cheaper than new gas plants.⁵ Moreover, policies that enable a fair transition to a low-carbon economy will help to ensure that livelihoods are protected, and socio-economic benefits reaped by communities.

In contrast, the costs of failure to take action during the next crucial decade will be substantial. The intensification of recent extreme weather events is an indication of the need for further investments in adaptation and future-proofing infrastructure. The total cost of climate change damages to the UK are currently projected to increase from 1.1% of GDP to 3.3% by 2050 and 7.4% by 2100.^{6,7} Fundamentally, the cost of inaction – economically, socially and environmentally – brought about by delays or abrupt changes in policy are profound and far higher than if the UK stays the course on net zero.

Just as the case for net zero is clear, so too is the role of investors in helping deliver it. It is only by significantly scaling up investment from the private sector into climate solutions and a shift in capital allocation that the necessary progress will be made. This includes addressing the immediate energy challenges that businesses and households across the country face and delivering on the UK's longer term ambitious emissions reduction targets. But to do so, investors need supportive, stable and clear policies from Government now.

We therefore call on the Government to set out a clear delivery plan for the transition of the real economy and financial services, with credible sectoral roadmaps underpinned by the near-term policies, actions and milestones needed to shift financial flows towards net zero. The starting point must be policies that transform the real economy, prioritising sectors whose transition will contribute most to the UK's economic, social and climate goals and sending the right policy signals to investors. This must be supported by the implementation of the UK's updated green finance strategy and clarity on planned policies to deliver on the COP26 commitment for the UK to become the world's first net zero aligned financial centre.⁸

Your continued leadership on these areas will ensure that the UK remains at the forefront of climate action on the global stage and that the short, medium and long-term benefits of the transition to net zero are realised. We urge you to seize the opportunity.

Yours sincerely,



Stephanie Pfeiffer
Chief Executive



David Atkin
CEO



James Alexander
Chief Executive

³ Derived from UK CCC estimates that £50bn per year of investment is needed to reach net zero (Sixth Carbon Budget report), UK government's Ten Point Plan outlines £12bn in public investment to mobilise £42bn in private capital by 2030.

⁴ Oxford Economics [Green Growth: Opportunities for the UK \(July 2021\)](#)

⁵ As [reported](#) on 25th August 2022

⁶ LSE [What will climate change cost the UK? Risks, impacts and mitigation for the net-zero transition \(May 2022\)](#)

⁷ Strong mitigation action, on the other hand, could reduce the impacts of climate change damages to the UK from 7.4% to 2.4% of GDP by 2100.

⁸ As [announced by the UK Government](#) in November 2021.

Signed:

Amanda Blanc

Chief Executive Officer, Aviva plc

Laura Chappell

Chief Executive Officer, Brunel Pension Partnership

Morten Nilsson

Chief Executive Officer, BT Pension Scheme Management

Kerrin Rosenberg

Chief Executive Officer, Cardano Investment

Saker Nusseibeh, CBE

Chief Executive Officer, Federated Hermes Limited

Ian Simm

Founder and Chief Executive, Impax Asset Management

Andy Briggs

Chief Executive Officer, Phoenix Group

John Dickson

Senior Partner, Hymans Robertson

CC:

Rt Hon Kwasi Kwarteng, Chancellor of the Exchequer;

Rt Hon Jacob Rees-Mogg MP, Secretary of State for Business, Energy and Industrial Strategy;

Rt Felicity Buchan MP, Exchequer Secretary to the Treasury;

Graham Stuart MP, Minister of State (Minister for Climate) for Business, Energy & Industrial Strategy;

Rt Hon Alok Sharma MP, COP26 President;

Ranil Jayawardena MP, Secretary of State for Environment, Food and Rural Affairs;

Rt Hon Chris Skidmore MP;

Chloe Smith MP, Secretary of State for Work and Pensions;

Background on IIGCC, PRI, and UKSIF**IIGCC**

The Institutional Investors Group on Climate Change (IIGCC) is the European membership body for investor collaboration on climate change and the voice of investors taking action for a prosperous, low carbon future. IIGCC has over 365 members, mainly pension funds and asset managers, across 23 countries, with over €51 trillion in assets under management.

PRI

The Principles for Responsible Investment (PRI) is the world's leading proponent of responsible investment. Supported by the United Nations, it works to understand the investment implications of environmental, social and governance (ESG) factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole. Launched in New York in 2006, the PRI has grown to more than 5,000 signatories, managing over US 121 trillion.

UKSIF

The UK Sustainable Investment and Finance Association (UKSIF) is a membership organization for those in financial services committed to the growth of sustainable and responsible finance in the UK. Our 290+ members include investment managers, pension funds, banks, financial advisers, research providers, NGOs, among others, representing over £10 trillion in assets under management.