



Department for  
Business, Energy  
& Industrial Strategy

**Chris Skidmore**  
Minister of State



HM Treasury

**John Glen**  
Economic Secretary to the Treasury

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Dear Colleagues,

### **GREEN FINANCE STRATEGY**

The Government is in no doubt about the scale of the environmental challenges that we face – from climate change to biodiversity decline, from poor air quality to plastic pollution – all of which require urgent action. The decisions we make today will affect the future of our planet for generations to come.

We have a proud record in tackling climate change and protecting the environment. The UK was the first country in the world to set long-term, legally binding emissions reduction targets, through the Climate Change Act 2008. We have led the G20 in decarbonising our economy. Through our 25 Year Environment Plan, we are delivering our commitment to leave the environment in better condition than we found it. And only last week we became the first major economy in the world to legislate for a net zero greenhouse gas emissions target for 2050.

Transforming our financial system for a greener future is vital to delivering these commitments. The financial sector has a central role to play in delivering the investment we need to meet our environmental objectives – and the strength of that sector means the UK is well placed to grasp the opportunities from leading in green finance, as part of our Industrial Strategy.

We are writing to inform you that the Government yesterday published its Green Finance Strategy, focusing on the twin objectives of aligning private sector financial flows with clean, environmentally sustainable and resilient growth, and strengthening the competitiveness of the UK financial sector. To deliver this, our Green Finance Strategy has three core elements:

1. **Greening Finance:** integrating climate and environmental risks and opportunities into mainstream decision making in the private sector to ensure financial risks and opportunities are effectively managed. This includes taking steps to encourage climate related financial disclosures to become accepted practice by all listed companies and large asset owners by

2022, working with regulators to ensure a coordinated approach, and showcasing how Government is leading by example in this area.

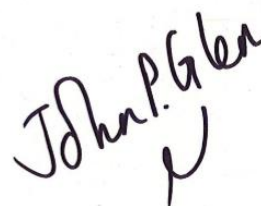
2. **Financing green:** accelerating investment to support the UK's Clean Growth and Environmental Ambitions. This includes a package of policies to mobilise green finance for home energy efficiency, as well as strengthening our engagement with local actors and working with the Green Finance Institute to drive investment where it is most needed.
3. **Capturing the commercial opportunity:** setting out plans to ensure the UK captures the commercial opportunities in green finance. This includes launching the Green Finance Institute, as well as supporting the development of innovative green finance products and services, such as green mortgages, and working with research councils to advance the provision of climate-related data and analytics for financial services.

This ambitious policy package will not only help us deliver our transition to a sustainable and net zero economy, which future generations can enjoy, but also support long-term economic resilience and help ensure the continued vitality and relevance of our financial sector.

Please do not hesitate to get in touch if you have any further questions about the Government's Green Finance Strategy.



**CHRIS SKIDMORE**



**JOHN GLEN**