Thanks Nick, and it’s a pleasure to be here in Milan for the inaugural Financial Centres for Sustainability Meeting.

An event that might easily be considered a natural extension of Fashion Week, considering how in vogue green finance is at present!

Indeed, climate change has risen rapidly to the top of political, regulatory and business agendas across the Square Mile and beyond. Driven by powerful signals to market actors – by the work of the G7, the G20, the FSB, UNFCCC and of course the Paris Agreement – the UK’s financial sector has begun to industrialise the products and services that have come to be labelled ‘green finance’.

Clearly there is a long way to go yet; ‘industrialise’ is perhaps an ambitious term to use. But there is an increasing realisation that the success or failure of efforts to address climate change rest ultimately with investors.

With those individuals and institutions willing to back new technologies and infrastructure projects. And with the creation of sufficiently deep, liquid and resilient markets for them to access green products and services.

That’s why, over the past year, we’ve seen not only record green bond issuance figures in London and a rising sum of signatories to the UN PRI. But also rapid industry innovation:

- The launch of forestry bonds by the IFC and BHP Biliton, for example.

- The first green masala bond and renminbi-denominated green covered bond.

- Creation of FTSE Russell’s monumental green revenue data model and indices, covering 98.5% by global market capitalisation.

- Crowdfunding of 121 renewable energy projects, providing an average return of 7.36%.

- And HSBC's decision to select a climate-tilted fund as their default UK pension fund equity investment option. As market signals go this was a ground breaking one – HSBC have literally bet the pension on climate-aligned returns.

Such examples – and many others – are raising capital for green projects…, investing savings in low-carbon infrastructure… and facilitating implementation of the Paris Agreement – exactly the contributions, so we in the City believe, that G7 financial centres should make in the drive toward a more sustainable, carbon-neutral economy.

And that is precisely why, in January 2016, the City of London Corporation launched its Green Finance Initiative, or GFI.

Now the Corporation – the body responsible for the Square Mile – has developed a reputation in recent years for promoting and developing emerging sectors, from renminbi internationalisation and Islamic finance to fintech development and cyber security.

It is concerned with the interests of the whole industry, whether based in London, G7 peers or elsewhere, and operates on the principle of endorsing and supporting a shift toward truly twenty-first century capital markets.

The GFI is the latest and perhaps most prudent and promising of these programmes. Led by Sir Roger Gifford – UK country representative for SEB and former Lord Mayor of London – the initiative comprises government and regulatory bodies, academics and market practitioners, UNEP and the London Stock Exchange.

It is global in both outlook and composition, featuring members based in New York, Paris and Stockholm. It has established a ‘formal partnership’ with its peer organisation in China, the PBoC’s Green Finance Committee. And it is supporting, wherever possible, cross-border, public-private sector engagement on green financial issues.

Ultimately, it aspires to help bring thinking in the finance industry together, and to answer the questions we all have about the sector's development: What does green finance mean in practical, quantifiable terms? How can it be made to mean more than simply labelling? Where does it go next, how do we scale-it, and how do we meet the fiduciary targets of investors whilst creating a wholly sustainable, Paris-aligned new asset class?

2017 and beyond

Despite all our enthusiasm there is of course much still to do. Much of which is elaborated upon in the GFI's first report, *Globalising green finance*, which I strongly recommend as reading material for the flight home! The report represents the culmination of the first phase of our work, presenting the GFI's vision of what a vibrant, globalised green financial sector might look like – and the six steps we believe will be required to get there. In short, these amount to:

1. **Setting a clear path**: making clear that environmental objectives will only be met if government and industry work together to build on the Paris Agreement and set a holistic green finance strategy.

2. **Strengthening data and transparency**: engaging in regulatory green forward guidance, extending the analysis and understanding of climate-related risks, and working to implement the FSB's climate-related disclosure framework.

3. **Promoting voluntary principles**: maintaining market integrity whilst removing barriers and permitting the sector room to grow. And building upon the success of the green bond market in other areas, such as the green tagging of loans.

4. **Enabling connection and collaboration** – such as we are doing here today. In short, working to globalise green

finance through international best practice, knowledge sharing and cooperation.

5. **Embedding change**: ensuring that money managers, analysts, consultants and the financial leaders of the future can address climate-related risk and explore green financial opportunities. Basically, we believe environmental awareness must be raised right across the financial sector – not least in relation to fiduciary duty, stewardship and governance guidelines. And…

6. **Delivering public sector leadership**: providing certainty that ratification of the Paris Agreement represented the first step of persistent government support for the low-carbon transition – not its conclusion.

That's the long version of saying there's a huge amount financiers, politicians and regulators could and should do together. And I hope today will contribute toward London and its peers engaging in precisely these sorts of discussions – clearly competition will, in part, drive any new sector or industry. But in green finance in particular, my colleagues and I are convinced there is also ample space and perhaps a necessity for cooperation.

Enhancing green disclosure – point number two from our recommendations and one of those identified by Corporate Knights – is an area we might easily champion, and work jointly toward implementing.

The TCFD's recommendations are a wonderful ambition, and should provide the data and transparency required to really industrialise green fund creation, to tag green loans and to scale-up green financial analysis.

Clearly there are challenges associated with tooling up and adopting such practices – something the TCFD readily admits. But that is precisely what the proposed Green Financial Centre Platform could address: how to encourage such disclosure, to ensure corporates – including SMEs – have access to the tools and skills they need, and how to disseminate best practice.

Elsewhere, we feel financial centres might jointly work to support the process of developing infrastructure as an asset class; and to enhance currency hedging mechanisms or first-loss structures in emerging markets. Steps that will be crucial to the realisation of many climate action plans, or NDCs.

Work might also be undertaken to better quantify green financial flows. In itself, such information will be of value to policymakers, clients and shareholders. And it will be the only way to verify accurately whether we, as an industry, are on track to invest one- or ten-trillion climate-aligned dollars year-by-year.

And it might also help unlock market issuance. Because once enabled to define, measures, tag and verify their 'green' project books, financial institutions could become bastions of green bond issuance, freeing additional green capital in the process and enhancing market liquidity.

For these, and for many of the reasons outlined in the draft Financial Centres for Sustainability Report, the City is delighted to welcome the suggestion of a Green Finance Centres Platform, and to contribute fully toward the attainment of Italy's G7 green financial agenda.

Because when the history books are written on the development of early twenty-first century capital markets – a bestseller title if ever I've heard one – we anticipate that the inculcation of sustainable principles and the industrialisation of green products will feature heavily.

And that ultimately as these markets develop we will no longer be discussing green bonds, green equities or green loans – but capital markets plain and simple, with their green tags made redundant.

That, at least, is London and the UK's objective.

Thank you.