Principles for a low-carbon, sustainable and net-zero aligned economic recovery post COVID-19

This paper presents several principles and immediate to medium-term priority actions to help policy makers plan the COVID-19 recovery in a way that maximises the benefits and opportunities presented by clean technologies, improved efficiencies, and in-built resilience. CBI members view the COVID-19 recovery as a real opportunity to do things differently, by delivering the benefits of a low-carbon transition fairly around the country. Warmer, energy and water efficient homes that are cheaper to run; cleaner air with more zero emission vehicles that can be charged and fuelled easily around the country; hubs of industry capturing and storing CO_2, and increasing supplies of low-cost decarbonised electricity from nuclear power stations to new wind farms and even negative emissions from biomass with CCS, connected to a flexible grid. The 2020s remain a critical decade for delivering this vision that will get us on track to achieve net-zero emissions and with COP26, G7 and G20 taking place in 2021 with the UK at the helm, this is the moment to lead on the delivery of such a vision.

While, the ideas set out below do not constitute a fully developed plan to meet net-zero emissions, the CBI highlighted a range of medium to long-term recommendations in the 2019 report *The low-carbon 2020s: a decade of delivery* and many of these remain highly relevant.[1] The report contained a number of priorities to help deliver a coordinated cross-government strategy to deliver net-zero emissions. This remains a priority, and particularly ahead of COP26 next year, there is an urgent need to deliver a shared vision across government on how we will achieve net-zero emissions, including coordinated sector-specific roadmaps, underpinned by a positive environment for investment, regulation that prioritises net-zero, incorporating climate and environmental action into new trade policy, and a focus on delivering a just and fair transition.

Summary of principles

- Prioritise public spending and policy on low-carbon programmes that deliver short-term economic and social benefits and lay the foundations for a resilient, net-zero economy
- With the help of the private sector, deliver on existing fiscal commitments from the Budget to leverage investment and cut emissions
- Look beyond the fiscal remit to drive investment and stimulate a green recovery through smarter regulation and clear policy
- Build the foundations of a green economic recovery into plans to support companies recovering from the pandemic
- Coordinate a global response to the climate crisis

As the coronavirus pandemic continues to drastically impact societies around the world, governments are facing the twin challenge of restarting economies, and recovering from the impacts of the virus and economic shutdowns it has triggered. Tackling the direct health impacts of the pandemic remains a priority, but it is right to also consider the best way to recover from the crisis, learning from its lessons, and building a better future.

The pandemic has highlighted how dependent our society is on a sustainable relationship with our environment and natural world, and it is clear that we will have to do things differently if we are to avoid similar pandemics in the future. This lesson applies to the ongoing climate crisis. The global economic downturn has resulted in improvements to air quality and reductions in carbon emissions that bring the challenge of responding to climate change into sharp focus. Despite a fall in global emissions forecast for this year as a result of the pandemic[2], it is highly likely these will increase again as economies reopen, so the need to act urgently on climate change will remain just as important as before the outbreak of coronavirus. Former and current Bank of England governors Mark Carney and Andrew Bailey have jointly said that we have a "once-in-a-lifetime opportunity" to rebuild the economy and prepare for the shock of climate change.[3] Crucially, acting on climate change can also be a tool for delivering economic recoveries. Investment in low-carbon technologies and infrastructure programmes can offer significant economic benefits from job opportunities to spending, while at the same time building clean and resilient economies that help us towards our climate goals.

In this context, the UK's target to achieve net-zero emissions by 2050 remains a vital objective. The fall in UK emissions resulting from our lockdown does not diminish the urgency of making progress towards net-zero, and this must remain a government priority as an economic renewal is executed. Crucially, the tools needed to achieve net-zero can also help the UK economy get back on its feet, and tackle challenges like unemployment, lagging productivity, and levelling-

[1] https://www.cbi.org.uk/media/3716/cbi-low-carbon-2020s-report-4-november-2019.pdf
[2] https://www.iea.org/reports/global-energy-review-2020/global-energy-and-co2-emissions-in-2020
[3] https://www.theguardian.com/commentisfree/2020/jun/05/world-climate-breakdown-pandemic#maincontent

up regions. This was illustrated earlier this in a report from National Grid the energy sector alone must recruit 117,000 jobs during the 2020s to deliver progress towards our net-zero target.[4]

Since the recession of 2008/09, major cost reductions have been achieved in low-carbon technologies, such as renewable power and batteries, and new technologies like hydrogen and carbon capture are now ready to be scaled up. Meanwhile, the pressing need to deliver a national energy efficiency programme, and the opportunity to transition industries and communities currently reliant on fossil fuels, means that a major employment opportunity presents itself at a time when many thousands will be seeking new jobs. As a result, any recovery programme must include the transition to net-zero emissions and climate resilience at its heart to ensure we build a better future with a clean economy that is resilient to future economic and environmental threats. Doing so also represents an opportunity to do things better, and it is important we plan our recovery around the future we want to achieve.

Businesses understand that any fiscal support from government needs to be rigorously targeted. This can best be done as part of a shared plan across government to deliver net-zero emissions and all its benefits. As it was before the pandemic, significant spending on infrastructure and innovation will need to come from the private sector. This will help deliver large-scale low-carbon infrastructure, alongside the investment needed to ensure flexibility of the power system.

This paper identifies the near-term employment and economic benefits that government can best support, highlight the government spending already committed that should be prioritised, and makes recommendations on how to best unleash the power of business to invest and deliver a clean and resilient future, starting now.

The CBI is calling upon the Government to:

1. Prioritise public spending and policy on low-carbon programmes that deliver short-term economic and social benefits and lay the foundations for a resilient, net-zero economy

Any plans to deploy public spending to help restart the economy and create jobs should include low-carbon programmes that have the potential to deliver quick economic and social benefits as part of the recovery. Many low-carbon investments can deliver quick payback, such as spending on energy efficiency, and it is possible to identify spending priorities that will deliver new employment opportunities that also contribute to building a resilient economy and accelerating progress towards net-zero emissions.

Now is the moment to deliver a national energy efficiency programme that is long overdue. This is an essential element of reaching net-zero emissions and is a 'no-regrets' solution as it helps reduce domestic and business energy use and enables deployment of much-needed low-carbon heat solutions like heat pumps. The social benefits of improved energy efficiency directly relate to the COVID-19 pandemic, as poor energy efficiency linked to fuel poverty contributes to respiratory health issues.

An energy efficiency programme would represent a major employment opportunity, providing much needed jobs across the UK as part of the economic recovery. Renovating buildings is labour-intensive, and frequently delivered by SMEs which dominate the energy efficiency market and are under threat during the pandemic (at the start of 2019 more than three quarters of the industry was made up of the self-employed and firms will fewer than 50 employees). The Energy Efficiency Industry Group (EEIG) has estimated that an energy efficiency programme could support over 150,000 jobs to 2030 spread across all regions of the UK.[5] A conservative estimate in the recent WWF/Vivid Economics report of direct jobs in green building retrofits stands at 85,000 by 2030, which could increase by a further 7,000 if low-carbon heating and cooling installations are included. Some of these jobs could be made available for the large numbers of young people expected to be unemployed as a result of the coronavirus pandemic (an estimate of 600,000 has been made by the Resolution Foundation[6]). Government-backed training programmes, such as the CBI's proposal for a Future Skills Programme, could offer routes to work in growing low-carbon industries would help reduce unemployment, improve productivity, and support the transition to net-zero emissions.

Investment in infrastructure that reduces carbon emissions should also be prioritised, including changes which support active travel. A rolling programme of rail electrification should be implemented, and support provided for other zero-emission rail technologies, such as battery and hydrogen fuel-cell powered trains.

[4] https://www.nationalgrid.com/document/126256/download
[5] Energy Efficiency Infrastructure Group, 2020
[6] Resolution Foundation, Class of 2020, 2020
https://www.resolutionfoundation.org/app/uploads/2020/05/Class-of-2020.pdf

Targeted government action can also support the restart of the economy, by encouraging increased consumer and business spending on products and commercial projects that will help reduce emissions and build domestic supply chains. The uptake of electric vehicles, domestic heat pumps and battery storage are good examples of where increased domestic and commercial spending, encouraged by government intervention, can support labour-intensive manufacture, installation, and servicing.

Priority actions:

- Of the £9.2bn spending on energy efficiency promised in the Conservative manifesto, the £3.8bn allocated for a Social Housing Decarbonisation Fund should be prioritised to deliver immediate employment opportunities from projects delivered by local councils and housing associations that are able to progress quickly. For example, an initial spend of £300m over the next two years could leverage an additional £300m from Registered Social Landlords[7]. This spending would support the goal for all social housing to achieve EPC rating C by 2030 and help build the capabilities of the energy efficiency sector, which will be vital for reaching the government's target of improving the EPC rating of all homes to C or higher by 2035. Taking forward plans for the £2.5bn funding of a new Home Upgrade Grants scheme focussed on those in fuel poverty would also help in delivering energy efficiency improvements and low-carbon heating to those most in need, whilst supporting jobs and growing the low-carbon heat sector.

- The government should also focus on programmes of energy efficiency improvements within the schools that remain closed until the autumn, using the opportunity created by empty buildings to carry out this disruptive work. Some of the £2.9bn allocated for the Public Sector Decarbonisation Scheme to improve energy efficiency in public buildings could achieve immediate impact by funding existing energy efficiency plans through tried and tested delivery architecture. With a phased return to schooling likely, there is a clear opportunity to target buildings that will be empty until the autumn, delivering immediate employment over the summer months. This is also an opportunity to save some of the £3.4bn spent annually by the public sector on energy.[8]

- Bring forward the two-year £100 million Clean Heat Grant scheme currently being consulted on to start this March 2021 (rather than March 2022) and operate in addition to the Renewable Heat Incentive. This will help build the market for heat pumps, supporting jobs during the recovery and accelerate progress towards the long-term challenge of heat decarbonisation. The early introduction would also create an opportunity to support projects that would help develop the low-carbon heat industry.

- As government looks to develop a new skills offer it should prioritise reducing short-term unemployment while laying the foundations for more radical retraining and reskilling within high demand areas, including the low-carbon economy. A Future Skills Programme is needed to support job search, training and reskilling over the immediate period with the goal of keeping people engaged in the labour market post Job Retention Scheme. This fixed programme should cover promoting the upskilling and retraining within specific areas of the economy in future demand including jobs required to achieve net-zero emissions.

2. Deliver on existing fiscal commitments from the Budget to leverage investment and cut emissions

The government has already committed an unprecedented amount of fiscal support to businesses and society throughout the COVID-19 pandemic so that the UK's economy can be protected. We therefore anticipate that government finances will be under considerable pressure in the coming years, meaning that previously committed spend might be reviewed.

The private sector remains committed to investing for the future and will deliver the majority of the long-term investment required to meet the net-zero target. However, there is still an important role for previously announced fiscal measures to help build a clean and resilient economy, and crucially help unlock business investment in technologies where the UK can be world leaders.

[7] Energy Efficiency Infrastructure Group, 2020
[8] Powering Britain's public sector, Centrica Business Solutions
https://www.centrica.com/media/3662/powering_britains_public_sector_web_final.pdf

Renewable and nuclear power, electric vehicle manufacturing and infrastructure, CCUS and hydrogen are all technologies where government spending can stimulate private sector innovation and investment. As the economic recovery is planned, accelerating investment under long-term regulatory frameworks can help deliver cost-effective anticipatory investment ahead of future consumer demand (such as grid investment to support electric vehicle and heat pump uptake). In this context, the government should accelerate the development of low and zero-carbon industrial clusters in targeted regions around the UK. The recent government announcement of intent to deliver high-powered charging points at all motorway service areas by 2023, backed by the £500m of funding announced at the Spring Budget this year, is a welcome development that will support business and consumer confidence. Meanwhile, long-term and predictable market mechanisms should be maintained in order to enhance UK leadership in these sectors that are major employers with significant growth opportunities that are also crucial for achieving net-zero emissions.

Priority actions:

- Build on the success of the Contract for Difference auctioning programme in delivering low-cost renewable power generation such as offshore and onshore wind and solar. The success of these auctions in driving down the costs of renewables means that they will not add to constrained resources. The next auction round taking place in 2021 must go ahead with regular auctions every two years thereafter. Delivering this ambitious programme will be central to a successful clean and resilient recovery, including the government's ambition to increase offshore wind capacity to 40GW by 2030, which will help provide supplies of affordable low-carbon electricity. The opportunity for job creation is also significant, with offshore wind alone capable of supporting 28,000 jobs according to government estimates

- To support new vehicle sales, all pre-existing incentives for low-emissions car purchases must remain in place to build consumer confidence and support new vehicle sales. Maintaining the Plug-in Car and Van Grants would motivate customers and businesses alike to purchase low-carbon vehicles. This would contribute to net-zero progress, help improve air quality and trigger additional investment associated with charging infrastructure. This type of incentive from the government, as part of a wider low-carbon mobility strategy signals the UK's intent to develop markets for zero emissions vehicles, which gives certainty to the private sector investing in this technology. Government should also look at scaling up support for investment in on-street charging infrastructure in those localities where the market will not deliver so as to support a widespread and accessible charging network across the country, recognising the key role for local authorities and network companies in delivering this. Such investment would help to support an economic recovery and support many new jobs in this growing low-carbon sector, addressing pressures on employment whilst supporting 'no regrets' investment needed for net-zero.

- Carbon capture, utilisation and storage (CCUS) technology has a critical role to play in the UK's decarbonisation journey, especially within carbon-intensive sectors such as steel, cement, manufacturing and oil and gas. Delivering on the £800m CCS Infrastructure Fund announced at the Budget would boost significant short-term regional growth in areas of the country where these sectors are based, developing low-carbon and zero-carbon industrial clusters, bringing employment opportunities (including high-skilled jobs) and importantly, ensuring long-term certainty to sectors, which as a result of COVID-19 are facing severe economic challenges. The UK's oil & gas sector will be integral to the net-zero transition, and the current impact of the pandemic, including the steep fall in oil prices puts this at risk. CCUS will support carbon reduction and job creation across a range of industries, with the Humber industrial cluster predicted to help retain up to 55,000 high-skilled jobs across the steel, cement, chemical and refining sectors.[9] With the cost of CCUS infrastructure substantially high per asset, delivering the CCS Infrastructure Fund will ensure these projects can still progress and attract global investors. Confirming and implementing financial support mechanisms to facilitate carbon capture in power generation, industry and 'blue' hydrogen production, together with the transport and storage of CO_2, is critical to facilitating the development of this industry.

- Heat decarbonisation remains a key topic where rapid progress and leadership is required. Previously announced support mechanisms must now be accelerated, in order to create investor confidence in the delivery programme that is required. In addition to the £100m Clean Heat Grant Scheme, which we recommend is accelerated, other prior announcements that must now be delivered include the Green Gas Support Scheme,

[9] https://www.zerocarbonhumber.co.uk/wp-content/uploads/2019/11/Capture-for-Growth-Zero-Carbon-Humber-V4.9-Digital.pdf

the £270m Green Heat Network Fund and the previously committed £315m Industrial Energy Transformation Fund, which will act as a key driver for industrial productivity and competitiveness. The CBI has established a Heat Policy Commission to provide ongoing support and challenge to government in this vital area, which will report during the summer.

- Carbon pricing remains a crucial catalyst to continue incentivising cost-effective abatement of greenhouse gas emissions. As the UK transitions out of the European Union, it will remain critical that the UK's new Emissions Trading Scheme (UK ETS) is up and running by January 2021 ensuring a smooth exit, and following the 6th Carbon Budget advice from the Committee on Climate Change due in December 2020, any changes to the scheme whether related to the emission cap or sectors included within scope should be implemented by at least January 2023. When developing the UK ETS, government must ensure those sectors negatively impacted by pricing carbon are protected, such as energy intensive industries which will still require compensation and a level of free allowances, to protect competition and mitigate the risk of carbon leakage. Every effort should still be made to link the UK ETS with the EU ETS.

3. Look beyond the fiscal remit to drive investment and stimulate a green recovery through smarter regulation and clear policy

In the months to come policy makers will be tasked with keeping the UK's finances in check having undertaken unprecedented measures to mitigate against the shock to the economy. Therefore, it will be critical for any green recovery to balance the need for spending with an approach that alleviates pressures on public finances. As before the health crisis, this must be a collective effort between government, business, and civil society to deliver low-carbon solutions right across the country.

In addition to confirming and building on the commitments made in the Budget, the government has an opportunity to signal its long-term intent through reviewing barriers to delivery and implementing developments to policy frameworks, regulation, and planning policies. Not only do these changes cost comparatively less to administer but act as key enablers for the development of the technologies required for the net-zero transition, such as the roll-out of electric vehicles, offshore wind and low carbon heating options. For instance, it's positive to see the range of temporary measures introduced by the government to relieve pressures from the planning system but this could go one step further by accelerating the planning process for projects that are ready to go and waiting in the wings for approval[10]. Early progress on 'shovel ready' projects will be key to the recovery not only in providing jobs but in supporting the interconnected supply chains across infrastructure delivery. As the economic recovery is planned, funding can help deliver anticipatory investment ahead of future consumer demand (such as grid investment to support electric vehicle, offshore wind and heat pump uptake).

Building on government's progress to date must not only stop there, it should include making headwind on those policy consultations already in the pipeline as well as streamlining existing regulations to support the net-zero transition. One such example is the way that policy costs are currently charged between electricity and gas, which acts as a barrier to heat pump deployment as advocated for in the government's recent Future Homes Standard consultation. This is also an opportunity to make further progress on developing a flexible energy system, including local flexibility markets. This will require positive decisions on energy generation and grid capacity post-2024. The drop in energy consumption resulting from the pandemic has highlighted the need to accelerate the development of system flexibility to support increased renewables, and variable demand. In addition, there is a clear link between water and energy use; government should therefore go further in implementing a common standard for homes of 110 litres per person per day and introduce mandatory water labelling for all water using products and appliances.

Getting the policy and regulation environment right will also be vital for unlocking private capital, both domestically and internationally. With capital searching for a return many investors are actively looking for financing opportunities in the low-carbon economy and progressive policy will be key for this finding a home in the UK. However, any recovery must not rely on private capital alone, underpinning the success of any investment must be strong public-private partnerships, including local and regional authorities, that together embed low-carbon practices at the core of rebuilding the economy.

It would be amiss for any policy and regulatory change to ignore the unprecedented shifts seen in the way we live and do business as a result of the crisis. These include amongst others, digital transformation, the adoption of flexible

[10] CBI case studies (annexed)

working patterns and changes to travel. Whilst it is important to note that these trends were already on the horizon, if harnessed in the right way this acceleration of change stands to transform the UK's productivity as well as its response to climate change. However, to do so effectively requires strong partnerships between government and business to develop policy that is not only fit for purpose but promotes the innovation we have seen to date.

Priority actions:

- To help decarbonise UK road transport, government must respond to the phase out of the internal combustion engine consultation by the end of 2020 providing a revised plan for how it will support the transition to any new phase out date. Delivering the right mix of driver incentives, charging and fuelling infrastructure, and support for UK manufacturing will be need for achieving a successful transition. Government should also include a commitment to conduct a review into the taxation of road fuels to support the transition to low carbon transport.

- Government must set out the timeline that shows how the Future Homes Standard is delivered by 2025. This should be ambitious, clear and leave no part of the housing sector and construction industry behind. Clarity around the programme to introduce changes to the regulatory framework and any associated transitional arrangements would provide more certainty, allowing key investment decisions to be made and helping businesses plan effectively and be clear on the expectations on them to deliver over the next five years. A focus on the training requirements for low-carbon skills should also take into account the needs of homebuilders delivering to these new standards.

- The Energy White Paper and National Infrastructure Strategy should be published as soon as possible and used to give industry confidence to invest by setting out a vision the development of low-carbon infrastructure. These publications should take into account the impact of the pandemic and the priorities for delivering a clean and resilient recovery. Testing programmes and creation of market frameworks to support innovation and develop new technologies, such as hydrogen, should also be accelerated, and these publications can provide pathways for such innovation and development.

- This paper has provided some ideas on stimulating the market for low-carbon heat. To accelerate this further, the planned roadmap for decarbonising heat in buildings (the Heat and Buildings Strategy), should be published by the autumn. This should support the roll-out of heat pump solutions (including hybrid systems), heat network investment, and hydrogen-based solutions, which will all support investment and job creation. This will give clarity to the industry and ensure that we make progress with the major infrastructure challenge of heat decarbonisation, which is critical for achieve net-zero emissions, and will create major employment and industrial opportunities.

4. Build the foundations of a green economic recovery into plans to support companies recovering from the pandemic

The transition to a low-carbon economy has been predicated on significant investment taking place across the private sector. This remains the case, but the pandemic will leave companies with high levels of unanticipated debt that could risk much needed investment across the economy as companies are forced to focus on debt-repayments. To respond, we need bold ambition from government and the financial sector to enable indebted businesses to become more sustainable, resilient, and able to invest in our net-zero emissions future.

The UK has already developed a world-leading sustainable finance industry, with products, metrics and best practice that could contribute to this effort. Principles of conditionality could be used to ensure that capital allocated from any new government-backed equity products support best practice in corporate behaviour, including investment plans that are consistent with the net-zero target, and operating in more sustainable ways that promote a circular economy.

The economic rebuild from the pandemic creates a unique opportunity to embed the principles of stewardship, including environmental, sustainability and governance (ESG) goals into business practices that if established now, could help deliver a successful recovery that leads to a global economic system that favours investment and business models that contribute to our climate goals, supports communities and is more resilient to external threats. As highlighted by the Committee on Climate Change's recent letter on building a resilient recovery[11], private sector capital can help drive the recovery as part of a longer-term response to climate change. Investors are increasingly looking for opportunities to

[11] https://www.theccc.org.uk/publication/letter-building-a-resilient-recovery-from-the-covid-19-crisis-to-prime-minister-boris-johnson/

provide capital that will help achieve the Paris agreement goals, satisfy increasing ESG demand and take advantage of the returns on offer from green investment. Progress on green finance also needs to be made, such as the Financial Stability Board's Task Force on Climate-Related Disclosures (TCFD) recommendations, which the CBI believes should form the basis of voluntary disclosure requirements for all firms across the UK.

Priority actions:

- As government and financial institutions plan a response to this challenge of avoiding economic stagnation resulting from high debt levels, net-zero principles could be built into any elements of conditionality, such as may be found in options for transferring debt to equity. This could involve conditions that support companies' sustainability and climate goals that support the UK's progress to net-zero.

- Government should ensure that the public procurement process is used to prioritise and enable spending on products and services that support domestic resilience and help reduce emissions, whilst also supporting an ambitious skills agenda. With total government procurement expenditure of roughly £300bn per year, there is significant opportunity to strengthen UK manufacturing and supply chains, including opportunities for apprenticeships in new growth sectors, whilst embedding resilience and reducing carbon emissions. The vital role of local authorities in enabling sustainable and economically active places should be recognised and government must prioritise and support local authority prioritisation for a green economic recovery.

- As short-term decisions are made to support specific sectors and businesses that are hard-hit by the pandemic, government should consider how any financial aid could be used to help tackle the long-term transitions needing to take place. This encompasses the need for new skills and retraining as part of new active labour market policies, the avoidance of creating stranded assets, and helping businesses that are carbon-intensive develop pathways that will enable them to become low-carbon in the future. As an example, the importance of developing the Sustainable Aviation Fuels industry is a priority area for helping to tackle this sector's emissions and creating UK industrial capabilities and competitiveness in new technologies. The sector's recently published roadmap highlighted that £500m of matched public/private funding over five years (totalling £1bn) could support a flagship first-of-a-kind commercial plant across the UK.

5. Coordinate a global response to the climate crisis

The COVID-19 pandemic has demonstrated just how interconnected our economies are, whether through supply chains or demand for goods and services and has made clear the importance of acting together as an international community in the face of global threats. Coordinated international action will be critical to building the resilience needed to respond to such shocks in the future. The relationship between pandemics and climate change has been well documented since the beginning of the crisis, and the lessons to be learned are numerous.

As the UK hosts COP26 in 2021 in partnership with Italy, and has the presidencies of the G7 and G20, we have an opportunity to lead the international response to the ongoing climate crisis and focus multilateral efforts to address that threat while at the same time recovering from the pandemic. This can be achieved through international policy frameworks, which the UK will be seeking to shape as it develops a post-Brexit strategy for international trade and diplomacy. Our future relationship with the European Union will also help shape our combined long-term efforts to reach net-zero emissions and restore the natural environment.

Crucially, we first need to act at home to get the UK on track to reaching our net-zero target. This starts with government policy providing the signals to local and global investors alike that the UK is a world leader in tackling climate change. We need an action plan for how we intend to reach net-zero by 2050 and we need sector roadmaps to aid the low-carbon journey across every industry.

Priority actions:

- Now that dates for COP26 have been confirmed, government should prioritise working with businesses to build their involvement into plans for the summit. Early engagement will give businesses a clear understanding of how to help plan their positive action ahead of COP, such as setting science-based net-zero targets and joining climate initiatives.

- To support global progress towards developing low-carbon economies, the government can use its presidency of COP26 to commence and engage in clean investment dialogues involving key stakeholders, such as private

sector developers, investors' funders, finance ministries and development banks. This will help countries involve local and international stakeholders with investment experience as part of their policy development processes at an early stage to attract private capital at scale and on reasonable terms.

- The government should increase efforts to develop international policy frameworks that support emissions reduction across connected regions and sectors. For example, coordinated action on aviation emissions through the carbon offsetting and reduction scheme for international aviation, continued development of carbon pricing and international trade regimes that promote emissions reduction and circular economies. We must also work to ensure that the EU Green Deal is introduced and deployed fairly and consistently as it will have wider reaching impacts beyond the EU and its states, including the UK.