

# Privilege Finance

## COP26

### The Time for Action is Now



## #BEBRAVEONCLIMATECHANGE



# What is COP26?

COP26 is the 2021 United Nations climate change conference bringing together climate experts, heads of state and campaigners to agree coordinated action to tackle climate change. COP stands for 'Conference of the Parties' and has been running for nearly three decades.

This November will be the 26th annual summit which the UK will be hosting in Glasgow. It is expected that more than 190 world leaders and tens of thousands of government representatives, negotiators, businesses and citizens will attend for twelve days of talks.

**Many believe this is the world's best last chance to get runaway climate change under control.**

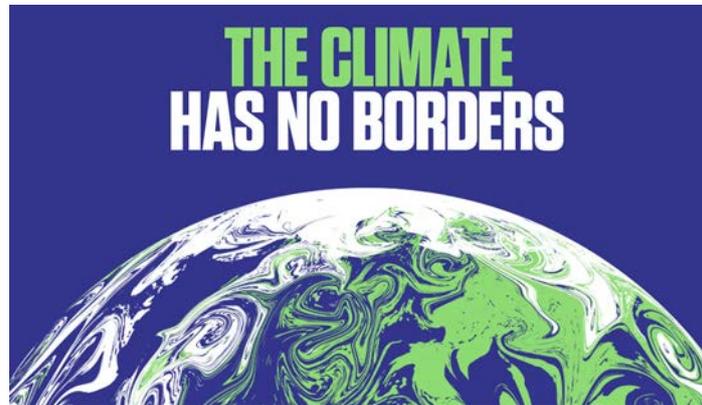
COP26 should of taken place in 2020 however, this was delayed by a year due to the COVID-19 pandemic.

*"Let's make this decade the moment of decisive change in the fight against climate change"*

**Boris Johnson**

# COP26 Goals

This year countries will need to update their plans for reducing emissions and encourage more to commit to tackling climate change. The goals for COP26 this year are as follows:



## 1. Secure global net zero by mid-century and keep 1.5 degrees within reach

Countries are being urged to commit to ambitious 2030 emissions reductions targets that will reach net zero by the middle of the century. It has been suggested that to deliver these targets, countries will need to:

- accelerate the phase-out of coal
- curtail deforestation
- speed up the switch to electric vehicles
- encourage investment in renewables

## 2. Adapt to protect communities and natural habitats

The climate is changing already and will continue to change even as we reduce emissions, with devastating effects. At COP26 everyone will need to work together to enable and encourage countries affected by climate change to:

- protect and restore ecosystems
- build defences, warning systems and resilient infrastructure and agriculture to avoid loss of homes, livelihoods and even lives

## 3. Mobilise finance

In order to deliver the first two goals, it is expected that developed countries must follow their promise to mobilise at least \$100bn in climate finance per year by 2020. It has been highlighted that international financial institutions must play their part and we need to unleash trillions in private and public sector finance to secure global net zero.

## 4. Work together to deliver

Only by working together we can reach these goals. At COP26 this year the conference must:

- finalise the Paris Rulebook
- accelerate action to tackle the climate crisis through collaboration between governments, businesses and civil society.

# The Importance of COP26

COP26 is an extremely important conference and the world has high expectations. Without countries changing their ways and promising climate goals the future looks gloomy. We all need to #bebraveonclimatechange to protect our planet and for future generations.

This event could be the time we really commit to tackling climate change and push full steam ahead for global climate protection. Massive steps need to be taken and we believe COP26 is the conference to make it happen.

If we are serious about climate change we must reduce our carbon footprint. Our government needs to set supportive policies to create a thriving green economy. What's more, these policies need a long-term approach to ensure the development of a true, sustainable circular economy in which nothing is wasted and greenhouse gas emissions are vastly reduced.

We want to see renewable energy policies which provide clear action and outcomes, which will mitigate risk and attract greater investment. For example, this may mean legislation around food waste recycling, which specifies it should be processed to produce green energy. We have the knowledge and technology to reduce our impact on the climate, we just need to adapt and make it happen.

At Privilege Finance, climate change reduction is fundamental to our core values and we believe the work we are doing is impacting the climate in a positive way. One million UK homes are now being powered by green energy, as a result of over £600m of funding invested by Privilege Finance.

We strongly believe that renewable energy plays a significant role in reducing climate change and we want to be part of this journey.



# What We Want To See At COP26

- Long term supportive policies for the renewable energy industry.
- A balanced approach to renewable energy technologies, as one solution does not solve the issue.
- The reduction of investment in fossil fuels.
- Promotion of the AD industry and carbon capture.
- The promise to displace gas from fossil fuels and move towards gas from renewable sources.
- To encourage the development of 'green communities' centred around local energy generation, utilising locally produced organic waste for energy.
- Promotion of a circular economy.
- Support for the renewable finance sector to deploy further green projects.



*“Climate change projects that help reduce Carbon emissions cannot be executed without financial resources, therefore highlighting the significance of financial institutions and the role they play in supporting climate change measures is paramount.”*

*My hope is that decisions made at COP26 will lead to increased policy support for new renewable energy developments. Clear long term policies enable companies such as Privilege to streamline the routes to bring much needed investment to achieve the targets of Net Zero.”*

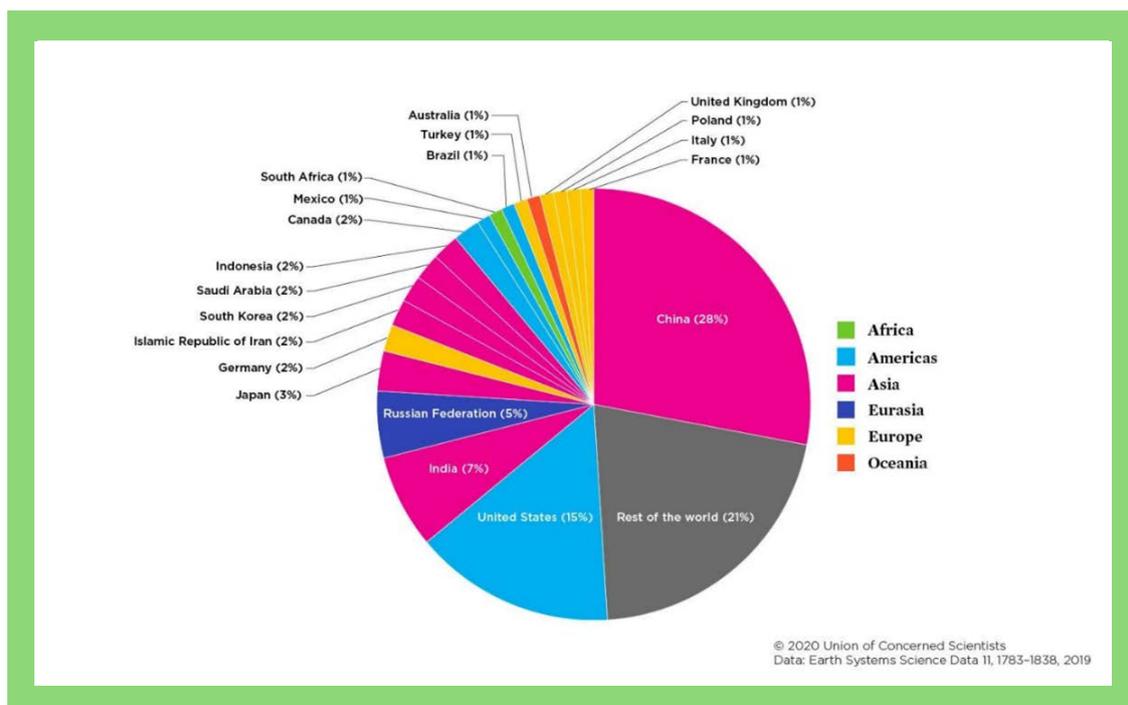
**Chris Winward, Chief Commercial Officer at Privilege Finance**

# Where We Are Now

The world's countries emit vastly different amounts of heat-trapping gases into the atmosphere. The chart below shows data collected by the International Energy Agency, which estimates the carbon dioxide (CO<sub>2</sub>) emissions from the combustion of coal, natural gas, oil, and other fuels, including industrial waste and non-renewable municipal waste.

Emissions need to be cut by 45% this decade, if the world is to limit global heating to 1.5C (2.7F), scientists have warned.

## Each Country's Share of CO<sub>2</sub> Emissions in 2020



*“Climate change is the greatest threat facing humanity and the stakes could not be higher for our planet. The next decade will be make, or break, for cutting global emissions sufficiently to avoid the worst effects of climate change.”*

COP26 President-Designate, Alok Sharma

# Impact of COVID-19

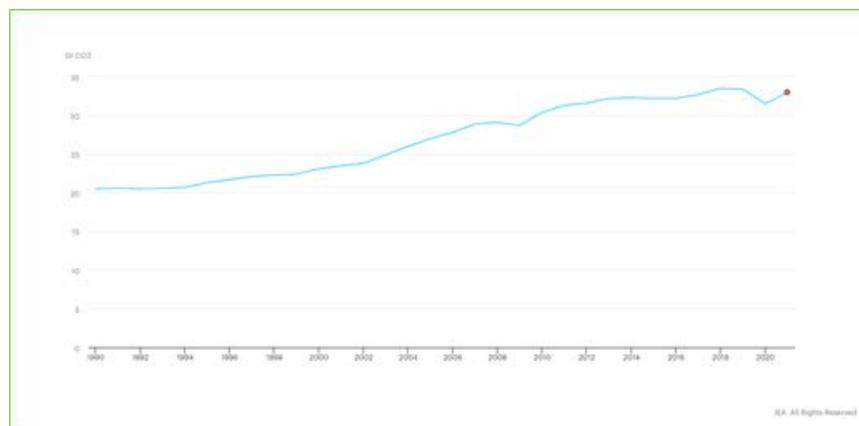
The last eighteen months have seen some monumental global changes, with the Covid-19 pandemic being a major contributor and driving force for some of the developments seen.

Since people across the world have been told to stay at home, we have seen headlines in the mainstream media about air pollution readings plummeting to their lowest levels in years. This, combined with the news that Britain went for its longest period of time without burning coal to generate power, instead relying on electricity from renewable energy, has captured the attention of the general public, and the desire for a ‘green recovery’ has never been more pertinent.

The IEA have recently reported that global CO2 emissions declined by 5.8% in 2020. Despite the decline, global energy-related CO2 emissions remained at 31.5 gigatons (Gt), which contributed to CO2 reaching its highest ever average annual concentration in the atmosphere. This is around 50% higher than when the industrial revolution began.

Unless we rapidly cut emissions to net-zero, global temperatures will continue to rise.

## Global energy-related CO2 emissions, 1990-2021

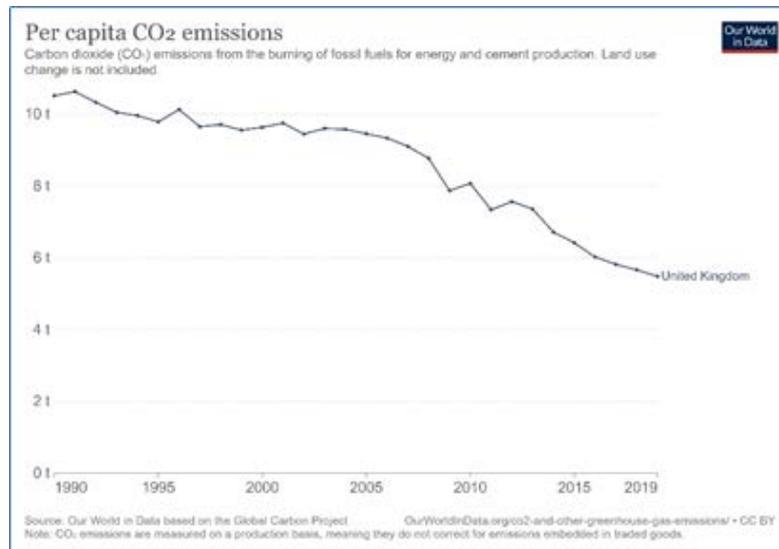


*“Increasing the supply of renewable energy would immediately and significantly reduce energy-related carbon emissions. Heat and electricity from renewables must underpin our future energy systems going forward and we must stop depending on power from fossil fuels.*”

*At COP26 we need to see strategies in place to deploy a balanced portfolio of renewable energy sources.”*

**Chris Winward, Chief Commercial Officer at Privilege Finance**

# What the UK is Doing to Tackle Climate Change



On June 12, 2019, The United Kingdom became the first major economy in the world to pass laws to end its contribution to global warming by 2050. The target will require the UK to bring all greenhouse gas emissions to net zero by 2050.

Recent reports show that UK emissions were 48% below 1990 levels in 2020. This reduction reflects the impact COVID-19 had on emissions in 2020, which unfortunately is not expected to be permanent. Emissions between 2019 and 1990 has fallen by 40%.

The Climate Change Committee (CCC) proposes the carbon budgets to government. The budgets are set more than a decade ahead, to prepare the required policies and investment. These carbon budgets map out the most economically beneficial route to the 2050 target.

The first (2008-12) and the second carbon budget (2013-17) have been met and the UK is on track to meet the third (2018-22) carbon budget. However, the UK is not on track to meet the fourth, which covers the period 2023-27 or the fifth, which covers (2028-32).

Crucially, these budgets were set against the previous target of an 80% reduction in emissions by 2050. The new Net Zero target (all greenhouse gas emissions 100% reduced by 2050) means that progress will need to be extremely accelerated.

# Privilege Finance Thoughts



In order to reach future carbon budgets and our net zero goal we need to use a combination of energy efficiency improvements, investment in low-carbon power generation and targeted use of sustainable biofuels.

The government will need to shape policies and regulations to create an economy that increases a demand for low-carbon solutions and will encourage sustainable investment. Renewables are the way forward, and investment will now be critical to ensuring we reach the government's target of net zero emissions by 2050, while also aiming to end sending waste to landfill.

At COP6 we urge the government to be open to all solutions available and not to fall into the trap of seeing problems in separate boxes, such as a 'need for renewables' box and a 'waste management' box, as there are integrated approaches that can resolve multiple issues simultaneously.

In recent times we have seen the growth in the UK renewable energy industry and this is fantastic to see. However, we need to do more. We all need to accept renewable energy plants into our towns, recycle our food and waste less.

*"The Government has made historic climate promises in the past year, for which it deserves credit. However, it has been too slow to follow these with delivery. This defining year for the UK's climate credentials has been marred by uncertainty and delay to a host of new climate strategies. Those that have emerged have too often missed the mark. With every month of inaction, it is harder for the UK to get on track."*

Climate Change Committee

# The Importance of Renewable Energy



Burning fossil fuels to make power is the biggest source of CO<sub>2</sub> emissions in the UK, which makes it vital that we phase out fossil fuels as quickly as possible, moving towards a 100% renewable future by 2050.

Anaerobic Digestion plays an important part to the renewable energy mix. The UK currently produces renewable energy from a wide range of sources including renewable biomethane using anaerobic digestion (AD) technology. Unlike its fossil fuel equivalent, natural gas, biomethane does not release additional carbon into the atmosphere which has been locked away for thousands of years, as it recycles the carbon that exists in the present environment.

AD also produces CO<sub>2</sub>, which can be captured from the biogas produced in the digestion tanks when it is upgraded to biomethane. This CO<sub>2</sub> is chemically identical to the gas supplied to the food and beverage industry and would stop the need to have fossil fuel factories to make the gas.

AD is a proven technology that it is ready to help the UK Government decarbonise the nation's economy and meet its climate change target. AD turns waste into biomethane and can help process the 10.2 million tonnes of consumer food waste we throw away every year in the UK. AD also produces digestate, a nutrient rich fertiliser, as part of the same process. This could prevent manmade fertilisers being produced which emits harmful carbon dioxide gases.

If the government commits to supporting biomethane production further the AD sector could provide even more renewable gas for UK homes and businesses. This would displace gas from fossil fuels and the subsequent further release of greenhouse gases into the atmosphere. According to the Anaerobic Digestion and Bioresources Association (ADBA), a supportive policy environment could enable the production of eight billion m<sup>3</sup> biomethane per year using AD technology, which is enough to heat 6.4 million homes.

**The world should see sending organic waste to landfill as unacceptable as plastics in the oceans.**

# Our Aspirations

Privilege Finance has an aspiration for the UK to be totally energy self-sufficient, send zero food waste to landfill, and exceed its carbon reduction targets.

Our goal is to make people aware of the vital role energy from waste plays in achieving these goals; highlight the barriers to making this happen and garner support and provide solutions to overcome these challenges.

We have invested in over 40 anaerobic digestion (AD) plants which is helping to provide electricity and gas for up to one million homes. Our investment is helping decarbonise the energy network in the UK and is helping the government to achieve its net zero goal by 2050. We promise to continue to invest in only green projects and to promote this sector.

We believe AD provides a clean, closed loop solution and if we located an AD plant on the edge of every town to produce green electricity and gas we would create a resilient, sustainable circular economy. This is our true aspiration and we promise to work towards this, but this can only happen if the government support the renewable energy sector well.

Find our environmental mission statement [here](#).



Join the Climate Race Now!

**Now is the time we ask everyone to “Be Brave on Climate Change” whether you are a leader of a country or just making changes to your everyday life we can all make a difference.**

As COP26 approaches we should all make tackling climate change our priority and work together to make a greener future. Our government must #bebraveonclimatechange and make the right decisions to protect the planet, before it is too late.

The UK has a great platform this year at COP26, let’s watch this space and see if we are committed to the climate challenge.

If you need some ideas to reduce your own carbon footprint, check out our [manifesto](#) to find some simple steps we can all do.



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