



Green Horizon Summit

The Pivotal Role of Finance

Bill Gates, Founder, Breakthrough Energy

Hello, everyone. Thanks for inviting me to close out what I'm sure has been a very productive discussion. We know what we have to do. Right now, every year, the world emits roughly 51 billion tonnes of greenhouse gases. We need to get that to zero in the next few decades. That'll take many new technologies, new policies and new markets, for low carbon solutions. None of it will be easy. Greenhouse gases are a byproduct of many parts of the modern economy. The electricity that powers our lives, the transportation that gets us from place to place, the food we eat, the buildings we live in, work in, and the objects we use every day, there are emissions in almost every physical process, and we'll have to tackle them all to get to zero.

There is good news that many people around the world see the urgency of the crisis and understand the need to act quickly. It's been especially great to see this momentum in the financial services sector over the last five years. As more and more companies think about climate impacts, and work to decarbonize their business models we will push closer and closer to that zero emission goals. Companies, investors and shareholders can play a pivotal role in this transition by mobilising capital toward the technologies and businesses we need to build the net zero future. A key is whether clean finance is actually at a lower rate than normal finance and making sure that we're only assigning credit when it's done in a special way, taking unique risk, including backing innovations. We need to finance the transition but bringing down the cost of that is where we should assign credit.

We also need to invent and deploy new technologies that will transform the way we make key elements, for example, making fuels without carbon for

heavy transport, making steel without carbon, making cement without carbon, and finally carbon removal technology so that we can offset any of the emissions, that innovation doesn't get rid of. This all will be very difficult. If we look back at the journey of successful climate technologies like wind power, solar electric, we see that it took decades to get to the point where the costs were the same as the previous approach. And so you had to get scale that was subsidised to get that learning curve going.

Now, we can't wait decades for all of these inventions, we need to accelerate the innovation cycle. So we need to invest now, even in technologies that still have a premium price, and get volume so that, with scale, that premium price comes down. We need a creative approach to this including new metrics, and new public private partnerships, to catalyse these volumes that will get us the same reduction in cost that we've seen with other technologies. Investors who are willing to spend capital for their offset money to drive this scale, that's what is super important. We need leading companies to make procurement commitments that provide sources of revenue for these low carbon products, even when they come at an extra cost, which we call the green premium. So it means taking on risk. It means funding procurement, even at the early stage of technologies. Those who take these steps now will not only help the world avoid climate disaster, they'll position themselves for success in this new world. They'll be the best equipped to finance, produce and buy the clean solutions that will underpin our future economy.

Obviously, that's a lot to do across many different sectors. That's one reason why I'm putting even more of my time into supporting these innovation bootstraps to make the climate transition. I launched Breakthrough Energy in 2015 to help encourage the private sector to be more ambitious about tackling climate change. One effort was the creation of a venture capital group called Breakthrough Energy Ventures that did a first billion dollar fund and is now doing a second fund and it's building a network of investment

vehicles and advocacy approaches to smooth the path to get to that net zero by 2050. We have a long road ahead of us, but I'm confident if we work together to support innovation, we will get this done. So let's go to work. Thank you.