



# Cleaning Up

LEADERSHIP IN AN AGE OF  
CLIMATE CHANGE

Cleaning Up

Episode 30

Claire O'Neill

**ML**

Cleaning Up is brought to you by the Liebreich Foundation and the Gilardini Foundation. Hello, my name is Michael Liebreich, and this is cleaning up. My guest today is Claire O'Neill. She's the managing director of climate and energy at the WB CSD. That's the World Business Council for Sustainable Development. between 2017 and 2019. She was Minister of State for Climate and Energy under Theresa May's government. And in that role, she pioneered the UK clean growth plan, she launched the Powering Past Coal Initiative, she laid the groundwork for the UK to become the first major economy to target net zero emissions in 2050. And she led the charge to secure COP26 for Glasgow, which will of course take place later this year. By a complete coincidence, Claire and I were also at Harvard Business School together. And in fact, we were even in the same study group. Please welcome to Cleaning Up, Claire O'Neill. So Claire, welcome to cleaning up.

**CON**

Thanks, Michael. I think you've got a slightly nicer background than me but very good to connect with you.

**ML**

Well, I'm stuck out here in Switzerland, in Les Diablerets and a lot of people, when they see this background they go: where are you? Are you in a sauna?

**CON**

Well, are you? This is a good question. You could be later.

**ML**

Okay, so technically, I'm not in a sauna, I'm in my office, although there is a sauna just over there. So now, what I'm going to do, because this is Cleaning up, and we have a thing that we're allowed to drink, if it's the right time of the evening and the kids are put to bed, etc. Then I'm allowed to have a little drink. I hope you've got something there.

**CON**

A cup of tea, yeah. Somebody made me laugh by saying they were having a net zero January. I thought that was quite a good way of describing it.

**ML**

Yes, I'm not having a net zero January. It's not the worst January for hitting the bottle, but it's certainly not net zero. There's too many good white wines around here. And we are actually, Les Diablerets is actually just up in the mountains above the seat of WBCSD, your new gig, isn't that right?

**CON**

Yes. And well done for pronouncing it properly. I did suggest to Peter Bakker that maybe it was time for a name change, but it's been around, it was set up after the Rio Earth Summit, as the place where the private sector would come together to do its part of the sustainability change. So it's got a long and venerable tradition of working with these really ambitious companies. And I was really pleased to join them last year, it's great.

**ML**

It actually has an official function within the UN system. It is the official convener of business... World Business Council for Sustainable Development.

**CON**

That's right. And it also is the sort of corporate partner of the Marrakesh Partnership. Because you and I, you know, been around. You've been around a lot longer than me in this space. You took the early decision to focus on what I came to slightly later in life. But you know, the UN process has always been set up as an inter-governmental convener, and of course, right from day one, there was this question about, what about the private sector? What about the so called real economy, and WBCSD was set up as the place for that to happen and has this role in the Marrakesh Partnership which you know, is the sort of action partnership bit of the COP, which of course has also now been assisted by the hiring of the Climate Action Champions, the wonderful Nigel Topping. And actually I made a lot of terrible decisions as a politician but a very good one was to hire Nigel Topping as the Climate Action Champion for COP26

**ML**

Well, that's right. But now, WBCSD, Peter Bakker, a name you threw in there. He's, I believe, is he not ex-McKinsey?

**CON**

No, no, he's not. He is ex-TNT he was the CEO of TNT, the Dutch logistics company. I don't know if he was McKinsey before.

**ML**

Because your ex-McKinsey, I'm ex-McKinsey. Climate... you've got people, Adair Turner, Jeremy Oppenheim. I mean, it's a sort of graveyard of McKinsey grandees plus me because I never made it to being a grandee. isn't that right?

**CON**

Well, it's really interesting because WBCSD of course has its own staff. But the point of it is to basically bring businesses together to work in a 'pre-competitive space' as we call it on a lot of the issues around decarbonisation sustainability... Really interestingly, WBCSD wrote the greenhouse gas protocol back in the day with WRI. So it was the first organisation to recognise the need to actually have accounting rules, if you like, like we do for cash, for carbon. And so we did lots of stuff on our own with our members, but tonnes of consultants in the space. And we work very closely with McKinsey, also BCG, also Systemic. So, yes, the consulting firms are still going strong. And I guess it's because it's the... you know, look at the Davos agenda this year, this has become the number one topic for businesses, how do you build, how do you build forward in a sustainable way and continue to make money doing so?

**ML**

Now, the greenhouse protocol that is the one that says there's this thing called scope one, scope two and scope three, is it not?

**CON**

Yes, that's right. And it's basically if you're a company, exactly, how do you account and it's being updated... I mean, that this is all very, you know, some people think this is very dull when you say, well, actually, we're updating the GHG Protocol at the moment, because we need to include things like offsets, and insets and land use changes the, you know, the hot new thing about how do you remove as well mitigate. And without that how do we know we're comparing apples to apples? It's super important.

**ML**

Can I make a plea for you? If you are updating protocol, which I didn't know, can you please scrap scope three in any current incarnation? it's utterly absurd. Because the idea, I believe, was to double count, triple count, quadruple count scope three to make everybody feel guilty. But it's absolutely hopeless for any sort of accounting for carbon.

**CON**

Well, everyone's scope three is someone else's scope one, right? So this is what's really fascinating. And actually, at the moment, there are just all sorts of bizarre conversations about you know, when do you account for scope three?

**ML**

Our audience are not all specialists, we're going at great speed, as could be expected with you and me. But we need to back up scope one, scope two, scope three, let's do a quick revision. Can you lead on that? Since you invented the damn thing.

**CON**

Liebreich Inc. Enterprises: scope one emissions, all the stuff that you are burning, you know, from your servers, from your driving, from cars that you might have associated with company, I'm sure you've bought a Tesla, Michael. Scope two is that plus your energy. What you know, factoring in what is the biggest source of emissions globally. Scope three is all the emissions associated with your business going down your supply chain and forward to your customers. And you'll say, well, that's ridiculous. Because how can I possibly account for, you know, the fact that Claire Perry might be sitting in a home that's powered by coal? How could.... which it isn't by the way, how could I count for her emissions? So then you get into questions of materiality, how far should you incorporate your scope three emissions into your own footprint. And at the moment, it's a bit of a wild west. Companies, the most responsible companies, really want to get involved in decarbonizing their own supply chains, and also helping customers make better, lower carbon decisions. So it's great that they want to go up and down that ecosystem. But it's a minefield. And that's why we're working really hard to try and put some more guidance.

**ML**

So to your point about my car, you've hit a bit of a raw nerve there, because I'm actually very virtuous. And I've got these sort of super insulated homes, my home in London is the only Victorian 1865 building that's actually got an A certificate. And it's all green utilities here in Switzerland, it's all green. But I can't find a 7-seater that can go up and down the hills here in winter in Switzerland, on ice, full of luggage, and, you know, family. And so I drive a petrol 4.4 litre SUV. I'm not proud of that, although it's a hell of a car.

**CON**

I think it's good that you admit this, Michael. And actually, interestingly, I was having this conversation with my boss, Peter Bakker, who is driving a Tesla. Really hard to keep it charged in really cold weather as well. So this is one of the other questions, things that work well in a sort of, you know, a benign environment struggle. So there are clearly technological things that we still have to adopt.

**ML**

And my view is I work personally on the things that I can do personally with, let's call it modest cost and modest sacrifice. And then I work like crazy on systematic change to get the other things fixed, like flights and the right sorts of vehicles. But coming back to scope three, here's the issue I have, the reason I think it needs to be, I don't know, scrapped is probably a bit over the top, but a massive revision. It's that, the scope three is, if you are an airline, then the scope three is well... Is that scope two scope three, the fuel that you burn.

**CON**

Well, it's an interesting question... Steal is a better example.

**ML**

I want to do fuel, because you've got airline you've got Heathrow, you've got the insurance company. You've got the airframe manufacturer, the Boeing or the Airbus. You've got the McKinsey, whose consultant is on the airplane, you've got the catering people, you've got, you know... And they all count the same carbon as scope three, and they should. Because it's very material, it's absolutely core to their business models, those flights and the carbon emissions associated. And so if you're an investor in all of those, if you're an investor in, what's it called, you know, the gates, you know, the people who do the catering and the insurance company and the airline and this and that, then you are going to quintuple count or more those emissions, which makes it impossible to figure out what is the footprint of your investment portfolio.

**CON**

Exactly. Yeah. Well, there...and that's why you... so I think it's you there's an observation, and then there's a incorporation number. So there's sort of, you know, because what you want to see is downward trends in all of those. But there's a question of what can you actually influence in that process? You can influence your fleet, you know, your fuel purchases, you can be investing in lower carbon fuels, you can have a conversation with the airline, you can't really change the energy footprint of the McKinsey consultant who's on the flight, let's say. But isn't it good that we're asking these questions? I think what's so fascinating now, if I just throw one thing at you, is this sense of corporate responsibility? I think, and dealing with these tough questions is running much hotter than many governments, in terms of how they're taking their approach to carbon accounting. And it's really fascinating. One of the things I've seen it that you know, having been in the public space, and then now in the sort of private sector space is, you know, we can talk about COP and the incredible tent-pole moments. But when you actually get to the 'how' of decarbonisation, and these nitty gritty questions, oh, I'm not allowed to say that... and these tough questions. How can you actually... what tools do you need to decarbonize really? And that's one of the things WBCSD does, is sort of answer 'how?' a bit, like writing the first GHG Protocol.

**ML**

Yeah, yeah. I think first of all, I think it is absolutely fantastic that we're asking these questions. I guess, you know, I'm hearing a lot from the finance community, where they want just a sort of simple measure that says, ok, this portfolio, is it an ok portfolio? Or not-ok portfolio? Or, you know, or can I market it even better than that, as a, you know, is it? Is it net zero? Is it a 2040 net zero? Or is it 2050? Or is it not? And for them, simple accounting, accounting without duplication is really, really important. And we've not got that. And it sort of feels to me like we really need to go back to the first principles and say look, what is it? It's the fossil fuels that create the emissions and a few other things. Let's count them and then go downstream until we find the decision

maker that could have said, no, I won't have 4.4 litre petrol SUV, I'll have an electric vehicle, who's chosen the opposite. I think, you know, this idea of responsibility, engineering and <inaudible> science. Absolutely. And then we know, we ought to be using things like distributed ledgers and blockchain to do that.

## CON

Exactly. Two hugely important points, one is that which is that we in no way are using a using sort of fungible tech to support this process. And whether it's, by the way, whether it's accounting for scope three, whether it's accounting for carbon markets, hugely important that we have tools that we can use, and one of the pathfinder projects we are working at WBCSD is exactly that, which is an emissions reporting system grouped around the world leading consumer goods companies, with their supply chain, and enablers like SAP and IBM, who are actually designing a distributed ledger, you know, secure, so we can actually start to measure. But Michael, you should come and be part of my advisory team. So we can throw these things up that people like you, and you can say, that's just complete nonsense. I don't understand any of it. So I'm gonna approach you about that.

## ML

Live, I can accept the challenge of being on your advisory group, I'd be absolutely delighted to. As long as we talk about these exact sorts of issues. You know, I do feel that we've sort of... we tend to accept too much and challenge too little of this architecture. And the fact is, if you look back in, you know, if you look back now, and Kyoto... nobody really talks about Kyoto anymore. And in 20 years' time, maybe nobody will talk about scope three, but they will talk about the distributed ledger approach and they will talk about, you know, the the mechanisms, the infrastructure that we put into place today, and it's important to get it right, It really makes it...

## CON

You're right. And I missed a second point of importance which is for me, this is about forming coalitions of the willing that agree to do the same thing. So if you can get you know, the worlds biggest consumer goods companies, the world's biggest utilities to conform, and you can always iterate, you've got a group who work together, then you can start to have some clarity to your investor. What you need is, you know... And it's the same with NDCs, is you need to circulate, you know, an agreement from a coalition of the willing, if you like, to be measured on the same basis. And again, that's something that we do,

## ML

Let's come back to the NDCs. And the pledges, these extraordinary pledges for net zero, but I want to, I want to just throw one other thing where, hopefully, in my new role as a member of the advisory...

**CON**

<inaudible>

**ML**

Offsets. Because, you know, I'm an advisor to Equinor, the Norwegian oil company, but I also talk to people in aviation, and I talk to people of various other points, and they're all, all the ones that are committing to net zero. They're all essentially saying, we're going to get a lot more efficient, and then we're going to offset, but they're actually double counting the offsets as well, aren't they?

**CON**

Hmm, I'm not sure I agree with that. I mean, I guess the issue for me is, you know, anyone setting a net zero pledge, in almost any industry, and indeed, any country is going to have to mitigate the hell out of their emissions, and then remove. And whether they're removed... and really remove, not just reduce, but basically sequester either biologically, or in some industrial way. And by the way, we need to adapt, we never talk enough about adaptation. But with that approach, I think we've spent too much time arguing about offsetting. I mean this has been a painful debate for many years, both in the NGO and the COP space. And you know, I co-chair, the Natural Climate Solutions Alliance with Justin Adams from the WEF, you know, this sense of again, how do you create momentum? How do you create accounting rules around this? And how do you actually create nature positive solutions with a tonne of money that is flowing and... And by the way, doing it with really good guardrails, so you only want companies who are committed to net zero, you only want projects that effectively can nest up to a jurisdictional level. But can we just, you know, bloody well get on with it? Because we've all been debating this question now for years and years. And I think there is incredible opportunity to do high quality natural offsets. And I'm not sure I'd agree that it's double counting.

**ML**

I agree that there's a huge opportunity to create those offsets. By the way, it's not going to be nearly big enough to offset all the things that you know, if you look at all of the, you know, the oil companies that say you're in the last bit we will offset and you look at how much room there is and <inaudible> there isn't enough room. But here's the issue, if British Airways goes net zero, and BP goes net zero, and since we're, you know, using that example, McKinsey, who puts the consultant on the plane says net zero, who has to buy the offset? And how do you make sure that somebody is buying one offset, not zero, but not three? And you know, this is not saying we shouldn't have offsets, not at all, I want to see... And by the way, it's not only can those three players buy the offset, but what do you do when the UK buys the offset, or Norway, and then



gives it or trades it with? I don't know, Gabon, or Mali or Brazil or wherever. How do you keep this stuff straight? Because with no accounting that is robust, the answer is...

## CON

Well, that is the point. And I think the question is, so first of all, I think I have huge, like any exchange, you know, and no exchange will work unless you have clear guidelines about what can trade. Think about the debt markets, right. So whether it's a sovereign debt or corporate debt, everything trade, there's a set of rules, there's a set of accounting principles, there's a ledger effectively. And I think you can do that. And the more you can get disclosure, like the sort we've talked about, that's imperfect, but including scope three, the more you can see where these double counts are and strip them out. And ultimately, if you're a project developer, and you're, you know, accredited, and we know what you're actually sequestering, we know what's happening in terms of the quantum, in terms of the reduction and that's something we don't have right now. We have lots of claims that are essentially reported by the demand side, but not the supply side. And I guess the thing that I think is urgent, Michael, is that you know, you you've been in the space a long time, well, I've been in it now and it brought me into politics, as we know, but in terms of really getting embedded, it's been a lot less time. But the urgency of this stuff just builds up and up and I am fed up having arguments about the perfect, I think we need to do everything well now, and again, one of the... when I wrote the COP action plan for COP26, when I served as the designated president. We've just got to crack through some of these conundrums, and again, it won't be perfect. But if we do it in a transparent, trustworthy way, it will be good. And also things like voluntary markets can be great pathfinders for the so called compliance markets, you know, we don't have to run these two things in separate silos. So I guess I'm just a kind of eco pragmatist who wants to stop... who wants to talk, who wants to improve, but actually also wants to get on with stuff,

## ML

And eco pragmatist is exactly how I label myself, if I'm in the labelling business. So I agree with that. And I will also declare that I'm doing a bit of work with Guy Turner, who is the former head of carbon and then chief economist for New Energy Finance, and then Bloomberg New Energy Finance. Because we both started from this position, saying, we've got to do offsets, we've got to do, by the way, high quality offsets, we've got to make sure that the proceeds gets into the hands of, for instance, you know, African nations that really need to remediate their loss of forestry and their degrading environments, and other countries, Southeast Asia, and so on. And we were just watching all of these corporate saying they were going to do offsets. And so what we're doing is a big piece of work that is about measuring supply and demand of offsets in the voluntary markets. So that's very exciting. And I look forward to revealing that and I'll share it, clearly it will be very relevant. I think one thing I would say is that my simplifying assumption is that the private sector, the voluntary markets, probably, with some regulated, but mainly

voluntary, will be really good at reforestation and carbon capture. There's something very simple about it, you polluted, therefore now you go and put this stuff back. And you can sort of see how that works. But I think it will need to be the nation to nation, it will be the governmental markets that will have to deal with avoided deforestation, with degradation of environments, because that is so multi-dimensional, involves sort of sociology and anthropology and politics and goodness knows what else that I can't see the private sector just sort of say, oh, we're gonna just go ahead and tell I don't know, Guyana, not to chop down it's rainforest. And that's gonna be for a 1000 years, I can't see how private sector can do that.

## **CON**

I think that's an important point. But there are definitely, and this gets back to the kind of jurisdiction, you know, what level can you guarantee an outcome? And I guess, you said something really profound, which is, unfortunately true, which is most of the flows are flowing into private projects in the Northern Hemisphere. So the Trillion Trees project really exciting captured everyone's imagination at Davos last year, you know, some questions about implementation. It's basically planting trees in the US and Portugal, the money is not flowing to the most degraded parts of the world. And frankly, the areas where it could be a huge, important part of a rural transition that particularly benefits women and girls, which I'm picking straight on, I think it's important. The question of avoided deforestation is hugely complicated. And my only question is, having been a politician for 12 years, I find it interesting that we are prepared to trust jurisdictions with all of their political ups and downs in order to deliver this long term outcome. And the complexity of nesting that in a developmental process with additional finance and monitoring, as you say, it's hugely important. But it's also hugely difficult. And I think there are other asset classes. So I'm particularly interested in soil as an asset class, because again, that trails an important economic uplift potentially as well. And also we talk about blue carbon a lot, smaller but important. So I think there are really interesting areas that the voluntary market can get into. I probably agree with you in terms of the big, you know, the big population shifts and structural things that you need to do for avoided deforestation, that is a government to government conversation, but it is fraught with difficulty. You know, I sat through the whole of the article six negotiations in Madrid, it was very painful, had lots of conversations with Ricardo Salles, my mate, the Brazilian environment minister. Politics changes, and then policy changes and then you're in a totally different place. And there's almost... it is very difficult to deal with that.

## **ML**

One of my very early forays into this particular area of offsets and the nature based solutions. I got called an evil beep-beep, dot, dot by the researcher for a Member of Parliament in the UK, because I questioned whether you could simply use carbon payments to stop deforestation in the Amazon. And my thinking was, well at the time there were 22 million people living in the Amazon. So do you just give them payments to sit under trees? Are they allowed to have things

like schools and roads and jobs? By raising that question, I was called, I was told that I was trying to slow down and I didn't understand the penguins, the polar bears, the flooding? I said no, I just want a system that works.

## **CON**

And this is, so exactly. So if you walk in the shoes of, you know, people in the Amazon and you walk in the shoes of the Brazilian government, who's made a number of political promises, that is exactly the thinking, which is, what do we do? We just put up, we just put a fence around a park as big as the EU and say, off you go, be pastoralist, and have some money. And that is the challenge. And also there are so many conversations that are like this, where you say if you're okay, you're South Africa, we really want you to come off coal, I started the Powering Past Coal Alliance, just switch off coal, it's really, really bad. Okay, let's have a real think about that. Let's think about the politics of who you know, the president, supported by the coal miners, let's think about the role that coal mines play in the social fabric and the economic fabric of the country. Let's think about Eskom's financial situation, this is really very tough. And so what you need then is the sort of I think, and this is a conversation to be had with the IMF and others, you need a sort of Bretton Woods type structure, if you really want to move the world off coal, how do you finance that transition at scale and sensibly? It's not enough just to finger wag and tell everyone to just, you know, start only buying renewable energy. So you're right on it. This is what's so important in the climate context. And why I've also learned over the last few years that you have to start with the world as it is and work from there. And you and I will always disagree about the pace of change for renewables. But you know, you can see a lot of the economic stimulus for that change, some of the other social and political arguments are much more difficult.

## **ML**

Well, I'm not sure we will disagree. I mean, I actually don't think so I think we're, I think we're gonna furiously agree. But I also want to move on, because you mentioned Powering Past Coal and how you launched it. What you may be forgetting is I also launched it, I don't know if you remember,

## **CON**

You did, you were there, you were my MC!

## **ML**

I chaired that session and it's one of my proudest memories, because what was fabulous was there was this great room, there was you there was Catherine McKenna, from Canada, the minister of environment at the time, and there were all these nations. And it literally went around and it sort of said, it said UK and it said, Canada, and then it had I think Belgium and it had

various.... And then it had 'Liebreich' and on Twitter there were these people joking, they say oh, I see they gave you your own nation now.

**CON**

But you also remember that it was like one of those, it's like being at a charity auction because lots of countries came up and pledged at that time. And this is I think, often the best thing. So Catherine and I, you know, really enjoy working together. We had the idea of PPCA over a cup of coffee in New York in a climate week, you know, how can we encapsulate the coal transition, the most important thing we can do, and speed it up and create a place of ambition? Because both countries are, you know, in the UK, has got this extraordinary track record now of coming off coal. And it's really caught the imagination, and it was a great thing. And thank you so much for launching it. It was fascinating to see that these countries and indeed, you know, Germany is now in the process of joining the Secretariat, because the German position on coal has changed so markedly in the last five years. So it was a really good thing to do. And I think there's still more we can do to advance that.

**ML**

Definitely. You're right. There were countries, because I was trying to chair this session. And I keep on I kept on having sort of sherpas coming up and saying, I'm sorry, I can't remember all of the countries.

**CON**

Portugal wants to join.

**ML**

The minister demands, you know, a minute to speak. And I was like, well, I'll give you <inaudible, laugh> But your role in government? Because you were Minister of State for Energy. Now, give me the full title because I'll forget,

**CON**

I was I was I was. So I was Minister for Climate Change. And it rapidly turned into Minister for Energy and Clean Growth in Theresa May's cabinet. So I attended cabinet in that role.

**ML**

Right. And that period that you were in cabinet was from sort of, you know, fairly early in 2017 to 2019. Powering Past Coal is one of the things but you also did the clean growth plan. You did the application for the UK, for Glasgow to become the seat of COP, you lead that I actually remember you canvassing opinion and saying, do you think we should go for this? And I said, Absolutely. We should. We should 100% go for it.

**CON**

Which was not the view of the government, by the way. So it took a lot of work back at home to say oh, seriously, we should go for this, so I think...

**ML**

Now, I mean, if you're look at it, President Biden first telephone call to a non-North American leader on assuming the presidency and it's to Boris, to the UK. I don't believe that would have happened had we not been the seat of COP26

**CON**

Yeah, I well, I yeah, I probably would agree. I mean, I'm still waiting for that 'thank you' note from Boris. Michael, can I just say

**ML**

That's an interesting question. You know, it's tempting to you know, you're only drinking tea, I wish you drunk a few glasses of wine <inaudible>, whether you still on on his Christmas card <inaudible>

**CON**

Absolutely... No, no... Politics is one of those weird games, politics is absolutely brutal. And I you know, clearly it was... I was very sad to be sort of ousted, it was in a way understandable because... the boring bit about politics is you have to command your own little division in the political system in order to get stuff done. And as soon as I stopped being a minister, as soon as I left politics, which was a decision, I was trying to do the COP presidency as a non-politician, it became almost impossible, because simply the COP unit couldn't get enough traction with department. So it's entirely Boris's decision, it was not Dom. Well. Dominic Cummings signature was to dump a bucket of manure over everyone's head once, you know, six months or a month after they'd fallen out. So I'm jolly glad he's gone. But now I text Boris and Carrie and I don't believe in burning bridges ever. And I'm really pleased that this has given the country and the government some fantastic opportunities to do the right thing. And I think by and large, they're seizing them. I've been really impressed with what the government's been pledging to do.

**ML**

But do you think part of the reason was also Brexit? That, you know, you were a Remainer, quite outspokenly. And, you know, the thinking was, of course, before COVID COP was going to be it was going to fall just at this critical moment where not only the EU negotiation, one of the many, you know, deadlines, but also the US negotiation was potentially coming to a head. And do you think that was part of it that just said, you know, we're gonna have a semidetached minister,

who's going to be seeing things only through a climate lens, potentially being very rude about President Trump, because that's who it would have been at that time. Was there an element to that? Do you think?

## **CON**

I don't think so. I mean, I've actually reached out to President Trump's chief of staff in Davos last year, because I said, frankly, you misunderstand the Paris Agreement and the opportunity for homegrown green jobs. And what you should be campaigning for is a trade adjustment on carbon. That would play right into the Trump playbook. So look, it was just a whole swirling mass of things. And ultimately, the government wants to put who they want in the role. And I'm really pleased Alok is going to do it full time. You know, I think Kwasi is a great business minister, I think the COP role, if you're going to do it properly, if you're not just going to sit there for 10 days, and wield the gavel if you're actually going to try and build the consensus and bridges out of the NDC space into the the real economy as it's quite sweetly called, I think you've got to do it full time. And I wish him well, and I, you know, I'm working with the various elements of the COP team and doing what I can to help.

## **ML**

On President Trump and trying to get his advisors or him to see the light on clean energy related jobs and how this should be such an engine for growth. In 2015 somebody approached me and said, I've got, you know, half an hour with the key advisors, I need your help prepping me because we're going to tell how many jobs there are in wind and solar and in this and that. And I just said, you are kidding yourself if you think that in any way, they're going to listen, this is all about the semiotics, the signaling, and all of this stuff is just being portrayed as evil, there's nothing we can do to change it. I'm a never-Trumper, count me out. And I'm glad I did. Because frankly, it would have been pointless.

## **CON**

Waste of time. And also the tweet, the tweet about caring more about the citizens of Pittsburgh than Paris. Dude, there's one atmosphere. It's 60 miles thick. We're all dependent on it. Could you just like for a second, use your <inaudible>

## **ML**

The mayor of Pittsburgh has already been extremely clear that he remained here that he was one of the 'we are still in'

## **CON**

I love the Mayor of Pittsburgh, he's a great...

**ML**

Now, and I think you know that there is... look, we could do a whole separate session or drinking session on why climate and why energy technology has become this kind of tribal marker. But I want to get back to some of the things you said about you know about COP and some of the things that you did while you were minister there, because there was also the clean growth plan. That was the first industrial strategy really, that the UK had since Margaret Thatcher was it not?

**CON**

I have a copy of it, which I carry around with me, heavily annotated. So basically, when I came in, and Nick Hurd was my predecessor, he was a great guy. And again he's got hugely amazing credentials in the space, but it struck me that we were speaking about the UK's ambition in an apologetic tone. So our position was, we're terribly sorry that we haven't done more and my view was holy shit, we've got the climate change committee, I'm one of almost the only ministers in the world with carbon budgets, we're 93% or 97%, towards our carbon budgets ending in 5 and 10 years' time. So you know, we're on track. And this is a massive opportunity to basically try and align all of our economy around this very optimistic narrative that's good for jobs, good for growth, good for finance. So I basically turned it from a sort of slightly hair-shirted thing into a full-throated, 'this is amazing'. And also, I was very keen that it wasn't just the usual load of stuff that comes out often in government reports, it was a very clear set of policies and actions and principles that would... including actually, you know, hydrogen, carbon capture and storage, the offshore wind,

**ML**

Offshore wind, the whole plan, right?

**ML**

The offshore wind sector deal to me again, and super relevant actually, for these Mission Possible deals that we're doing. If you can align the public and private players together around, you know, the outcome you want and the price you want the investment you want, you can do extraordinary things. Why? Because you can turn out demand signals in a way that the markets love, and which governments find really hard to do. They say, oh, you can't possibly be committed to buying wind in the next Parliaments - like, well, then you're not going to see the price that you should. And it was really, and you know, huge... <inaudible> were great in that process.<Inaudible> was super good. And we just we came up with a really good outcome, and particularly around the supply side stuff, right? The big row now is, how are we going to onshore some of this offshore wind production, and that was part of the offshore wind sector deal with these minimum targets. And that was a really good thing. And actually, one thing I was super proud of was framing and bringing in the net zero legislation, because again, we were the first industrial country in the world to do that followed 24 hours later by France, to be fair, but we got there first, and it was done.

**ML**

Although we're competitive.

**CON**

It's because we're a better country. Now, you know, you know, I don't believe that. I think we're all great countries. But it was actually the consensus we had. And interestingly, Michael, the political consensus, one of my big things was that we all basically want the same thing. We're just disagreeing about the rate of change with a few holdouts. Some of the individual politicians, including Jeremy Corbyn, who was a great fan of coal mining back in his day, would object to different parts, but essentially, all the political parties wanted the same thing. And we had extraordinary consensus in that period of time. And that's one of the reasons it was easy to get stuff done.

**ML**

But when you look at it now, you were a minister at a very critical moment where there was all this kind of architecture being put into place. Not the climate change act, but a lot of the kind of what we see today, the net zero and so on. Were you not worried that it would be dismantled or downgraded? Are you not... Let me flip that around. Aren't you sort of shocked and pleasantly surprised just how much people are singing from the same song sheet is. I mean, Kwasi Kwarteng was not a climate warrior, Andrea Leadsom was not a climate warrior. And yet when you listen to them now, this is the song sheet This is. There doesn't appear to be a different one or a resistor movement anymore.

**CON**

So, I guess there was a, you know, confluence of that, you know, with the rise of the protest movements that you know, this became very... it was... people were having very uncomfortable conversations with their kids. When the IPCC report came out in 2018.

**ML**

It was from October 2018, one and a half degrees.

**CON**

Yeah, that was on the front page of The Telegraph. So suddenly, these questions had gone mainstream and, I very slightly flatter myself that I was able to persuade a big chunk of the government and other political parties that this was something that was a no regrets thing to actually do.

**ML**



I also give Michael Gove a lot of credit, because I think he thought it through. And he is somebody who tries to be internally consistent in his views and logical, you know, so I have seen his influence in this maybe more than it really was.

## **CON**

He was a great ally. So around the cabinet table, you know, the Treasury would always be reluctant. So 'we don't want to do the COP'. You know, 'this is so expensive'. There was always that institutional resistance from the Treasury, delighted by the way that they're now issuing a sovereign green bond because it just makes good sense. That was a huge battle. Michael was always brilliantly consistent. Theresa May was extraordinarily positive about this. And again, huge credit to her for just making this front and centre of basically the Tory offering and Boris, you know, with Zac around him and his partner, and Boris has definitely got <inaudible> on this. Boris is a pragmatist, when we were having that conversation about should we have the COP in Glasgow. He was foreign secretary at the time, he was one of the first people I phoned. And I said, this is a brilliant opportunity for post Brexit Britain, and he just got it completely. So he's, you know, he's behind it, too.

## **ML**

And you and I both worked with him, because I was on the Board of Transport for London. And, you know, he does, he does understand the simple idea and the symbolism of doing it in Glasgow, we're having a discussion about the Union, we've got to demonstrate that Scotland is better off as part of the Union than separate. And, you know, the stage that will be... the international influence that will be in Glasgow, in November this year, it's going to be quite extraordinary. So I think, you know, he does see these things just very simply,

## **CON**

Absolutely. And I think, you know, and I wrote a fairly critical letter when I left the COP team, because for all the opportunity, it was painfully difficult to get the government to engage at, remember, this was when we thought COP was last year, we had 6000 hours left, and we didn't have a plan, we didn't have a negotiation strategy. Thank goodness, we are in a very different place.

## **ML**

I'm so glad that it was that it was postponed. Because it just, we're gonna go through, it's gonna be an enormously painful period. And it still is, but getting everything... having the time to get everything in order. And really kind of do the ground work. And, you know, whoever the president is having the time to sort of run the diplomatic trap, so And now look at this, you know, we're going into COP, and we just calculated, my team today 76% of the world economy, has now made some form of net zero pledge, 76%. If you include obviously the US and China.

**CON**

Which you have to, right?. So that is the big... the big things we have to get are the US, thank goodness, China and India, to a position of, you know, both pledging, but also delivering, and this is what's so important. We're in a totally different place. It's really exciting.

**ML**

I'm very worried, I'll be honest, I am worried about India, and Africa, and the big developing countries, you know, the Indonesia, Malaysia, Egypt, Iran, Bangladesh, Thailand, Vietnam, very populous countries. And, you know, if you look at why did Kyoto fail, because nobody anticipated the extraordinary surge in Chinese wealth, productivity, but also environmental footprint, and I worry that we're going to do all of this work and declare victory in November this year. And then over the next 15 or 20 years, in some way or many ways, thankfully, these countries are going to become very wealthy. But they're going to be the next problem, the next set of problems from an environmental perspective.

**CON**

I think that's absolutely right. We, you and I, and others who are watching this will know so so Kyoto was extraordinarily difficult because there was an element of mandation. Paris, you know, incredible diplomatic achievement, but very, very light touch in terms of what was required, show up with your plan, the plans can be somewhat inconsistent, and there's no mandation to do anything other than show up with a new plan every five years. And the key challenge, again, is when you visit those countries you mentioned and you say, how are you going to do this? That politician say my first pledge is to give the people of my country 24/7 electricity. How can you expect us to suddenly be installing, you know, different grid systems paying for expensive renewables, of course, renewables dropping, we just need to get on with this development pledge. And that is always the argument or the conversation I want to have with what can feel like a very Northern European group advocating for much more rapid emissions reduction, I think it's doable, I think it's much more difficult. I, as you know, think there is a role for gas in the transition mix, and particularly clean gas, gas where you can do CCS on it, because I just think that, you know, whether it's moving straight more to renewables, or including hydrogen, these are just great ideas that I don't think can be scaled to meet the development needs. And the other thing and this gets back to your point about sort of some of the poorest countries, you know, a billion people in the world have no access to energy as we'd recognise it. 3 billion are still using primary biomass, wood and dung. Again, I mean, the debates that we have in a highly integrated, developed electricity market are irrelevant for a third of the world's population and we can't forget that. We have to try and make this a transition that works for everybody.

**ML**

And you won't find me disagreeing at all on those without energy access. I was on the High Level Group for Sustainable Energy for All from before its inception. I would disagree on the importance of gas, I'm not absolutist. But I think that you know, what we're seeing. And, you know, you mentioned we might disagree, what we're seeing is such low costs for renewables. That doesn't mean that makes the sun shine at night or the wind blow when there's no, you know, when there's no pressure to blow the wind. But what it does mean is that in many countries, there's already enough fossil generating capacity to balance massive new additions of renewables, because these are countries that do not have the 50% of, you know, Germany, or the 40% of Texas or the 35%-40% of the UK, you know, they've got sort of 6% variable renewables, and then they've got massive amounts, relative as a percentage term. And so you could definitely grow. Now, when you get to 60%-70%-80% renewables, you've got to figure out the remaining you know, how to keep the balance... Yeah, when you say gas with CCS, I think I agree, except that it's likely to take the form, frankly, of blue hydrogen, because when you build gas, the CCS, it's so capital intensive, you won't want to run it just for the sort of two or three difficult months or the one month or three weeks a year, you would want to run it 24/7. what you'll do is run it 24/7 but then store the hydrogen and use that when there's no wind and no sun. And by the way geothermal...

**CON**

Use that in your high heat industrial processes. I think that's right, I guess I just..

**ML**

I think industrial processes are going electric, sorry, but that's a whole other session, we're gonna have to talk...

**CON**

Having been energy minister and spent more time than I ever cared to at trying to understand the capacity market

**ML**

You were lobbied by people who want you to believe that high heat can only be done by gas.

**CON**

No, I don't believe that I was gonna say more that we still haven't figured out how to spread the system's cost over renewables, at least in the capacity markets.

**ML**

That is, now... you're lucky because it's not your job anymore. But that's an interesting... you know, we've solved this much technology and that much how to spread the cost. But I've got a few things I want to just touch on, and we've got a few minutes left. One is trade. And the other is the some of the sort of social side of things and particularly gender. But let's deal with trade quickly if we can. I've been appointed advisor to the Board of Trade. And it's a tremendous... I've actually, I did do quite a bit of work on the environmental goods agreement, which fell apart, sadly, in 2016. But now all these issues are back on the table, free trade in environmental goods and services, but also something you mentioned, carbon border adjustment. So tell me what should my position be on the Board of Trade?

**CON**

Well, this is a fascinating question. I mean, I, so I'm not a trade expert. And this might feel crude, but it seems to me the only way to provide an incentive for exporting developing countries to truly decarbonize and to accept that this has to be part is to have some form of carbon border adjustment. And that also, back to the Trumpian position, I think helps you know, socialise, what are completely necessary policies in the so called <inaudible>

**ML**

Do I get a follow-up a question on that? Which is: how do you make sure that that isn't just rich country protectionism?

**CON**

Well, this is true. And also, how do you make it WTO compliant? And I don't know the answers to that. But I think with our new WTO president, who is fabulous there's an opportunity for conversation and what I'd urge you to do in your role, you know, I know that you've been advocating for some of these positions, I think there's sometimes a knee jerk reaction in our trade conversations, which is if the EU suggests to me, it must be bad. And I would urge you to try and encourage all of your fellow trade envoys to look at the bigger picture and see how this can be can be implemented.

**ML**

So my answer so far, again, it might be crude, because I'm not a trade lawyer, is I think we do need, not for most sectors, there's a few sectors where we will need carbon border adjustments, because otherwise, we will simply, you know, pith our own industries, lose all the jobs, all the skills <inaudible> make the same things in a much higher carbon way. But if we're going to have a carbon border adjustment, then I think, I'm going to sort of insist that it's matched to the extent that I can with technology transfer and skills transfer so that... Because in an ideal world, the developing world competes in making low carbon or zero carbon steel and cars and etc. And then we can have a libertarian dingdong and see who wins but not a race to the bottom.

**CON**

And it was interesting to see the Chinese steel company announcements today, but again, you know, we I don't think we should just assume that developing world is always going to be high carbon and low tech, I mean, quite the opposite. So I think it's a fascinating question, but it seems to me it's a tool in the armoury, that we haven't sharpened properly and used. And so good luck with that one, Michael.

**ML**

And hopefully as we go forward to COP, I'll refine... and in fact, the Board of Trade is working on a report and hopefully we'll see some progress on that. The other area when I talked about the sort of social issues and gender, you came into parliament, and were dubbed by elements of the press, a Cameron cutie, and I saw a tremendous spin session after I'm going to say the 2017 elections when you were in the studio late at night with John McDonnell, who was Corbyn's shadow chancellor, shadow finance minister, who was so oozing with patronising sort of sexism, frankly. And you absolutely put him back in his place. I don't know how to turn this into a question. But what are your thoughts now? You know, you've been through that mill, you come out the other side, there are gender issues in energy, but there are also gender issues in energy and climate and finance and political sort of executives...

**CON**

And everything really,

**ML**

What advice would you would you have?

**CON**

So I think so first of all, you know, politics is a horrifically sexist place. And you know, and John McDonnell. Of course, had famously asked... said that Esther McVey... he'd been at a rally where they've been calling to, you know, hang her and it was just horrendous. And that and it's grim and honestly speaking, the current government could help itself a lot by finding and promoting some more talented women because it's basically, it looks like a boys club at the moment. And I was really proud actually to serve under Theresa May and also David Cameron have a real effort made to try and balance that. In the world we're in now. You're quite right. So if you look at the industries, the finance industry, the energy industry is super light on women. And when you find women like Helen McGregor, who's just taken over Engie in France.

**ML**

Taking over from another woman CEO.

**CON**

Exactly.

**ML**

It shouldn't be newsworthy.

**CON**

But there's something really interesting in the climate space that I think is fascinating. So there is a sort of climate sisterhood that has built up over the years and it was something that I was informally saying we should sort of promote at the COP. So you think about you know, Christiana Figueres, Laurence Tubiana, Patricia Espinosa, Izabella Teixeira, there are these amazing, amazing women <inaudible> who've been in the space who've been highly influential, and were huge mates of mine Teresa Ribera in the COP process and who were utterly appalled when I was moved on. And I think there's something very powerful there and I'm actually working with some young women on whether we should recreate a sort of climate sisterhood.

**ML**

So I have Christiana Figueres on Cleaning Up. And I asked her I said, look, wasn't the Paris Agreement, fundamentally the women's agreement because the men had failed for 20 years. And then you've got this, what you call the sisterhood that took over? And it was all of them, Anne Hidalgo. There's another one that we missed and so on. And I listed all these women and, you know, didn't just sort of Laurent Fabius turn up at the last minute? And she was actually outraged, she sang Laurent Fabius' praises and said, but she also made a point that, you know, you shouldn't even be able to list these women, it should be just so obvious, 50/50. I am on the advisory board, the global advisory board or something called the Hawthorn Club, which is for very senior women in energy. And what I might do since you've co-opted me onto your advisory board, I might have to co-opt you to speak to the Hawthorn Club. Meade Harris who runs it is it just an incredible force of nature. And and what they do very interesting is they don't work on women's issues in energy. They just work on energy. Other than me, most often, there's no other man in the room. You know if I'm there, then I'm the only guy and it's such an impressive group. So if you were to look...

**CON**

Yeah, it's a diversity question. And actually interesting, to go back to the COP thing. I mean, every COP there is a discussion about gender and equality. And it is true that women and girls are facing down the barrel of climate change disproportionately, and can also benefit from climate recovery through creation of economic opportunities. We don't do enough around that. And one of my

thoughts with WBCSD is how can I get the global business community to focus on that as an outcome in their climate recovery plans as well, so that might be something else to...

**ML**

At least in the developed world, it is also linked to women in engineering. Because at the end of the day, energy, transport, infrastructure, you know, adaptation, a lot of these are, you know, construction, energy efficiency, real estate, they are, you know, they are replete with engineers. And so we need to work on that as well. I think.

**CON**

We've got a lot to do, Michael, in the next few years. And i know you haven't mentioned it, but I did say one of the funny thing was that we did actually, you know, 30 years ago, have a study group going at HBS. And, and I have kept in touch with, you know, a good handful of people from business school, you're one of them. And, you know, it was we should have done more with renewable stuff like you did back then.

**ML**

Well, I have to say that over the last few years, I did cull a few Trump donors from amongst my business school friends that just could no longer... I don't try to sort of speak only to people who agree with me politically, but there are limits I have to... Claire, it's been a huge pleasure. And we've got a couple of follow-ups. So I know that we're going to be interacting a lot more over the next year than we have over the last few years where you've been so busy. But thank you so so much for joining us here tonight on Cleaning Up.

**CON**

Thank you, Michael. It's been such a pleasure and keep up the good work. It's great. Really enjoyed it.

**ML**

Thanks a lot.

**CON**

Thank you.

**ML**

So that was Claire O'Neill, Managing Director for Climate, Energy and Nature-based Solutions at WBCSD and of course Minister of State for Energy from 2017 to 2019 in the Theresa May government in the UK. My guest next week is another extraordinary leader in the area of climate and sustainability. She's the current chair of the Environment Agency in the UK, and a former

board member of DEFRA that's the Department for the Environment, Food and Rural Affairs.  
Please join me at this time next week for conversation with Emma Howard Boyd.