BUSINESS CALLS

for Strong Guidelines and Increased Climate Ambition at COP24

The latest science from the IPCC makes it clear that net-zero GHG emissions by 2050 is possible and necessary to achieve the Paris Agreement's 1.5°C goal. Recent studies and real economy trends demonstrate that a just transition to a resilient, zero-carbon future will have many benefits for our economies and societies.

1,350+	830+	$16.9+
Commitments *to bold action*	**Companies** *leading the way*	**Trillion** *market cap*

- Over 830 leading companies, representing $16.9 trillion in market capitalization, equivalent to 20% of global GDP, have made more than 1,350 bold climate commitments, through the We Mean Business coalition's Take Action campaign.
- More than 480 companies, from 38 countries, have committed to or set science-based emission reduction targets through the Science Based Targets initiative. This includes nearly one-fifth of Fortune Global 500 companies.

Companies acting on climate change are experiencing business benefits like growth, innovation, and quality jobs.

Clarity and Confidence to Drive the Transition to a Zero-Carbon Future Faster

The Paris Agreement establishes a framework to pursue efforts to limit warming to 1.5ºC. In 2015, countries put forward first national climate plans detailing initial commitments to start on a path toward this goal, to be revised upwards over time. Hundreds of businesses recognize the transition to a low-carbon economy is the only way to secure sustainable economic growth and a resilient, prosperous society for all.

While substantial progress has been made since 2015, the pace must accelerate across public and private sectors to meet the goals of the Paris Agreement. The time is now for Parties to take the next step.

At COP24, business calls on national governments to:

Participate fully in the Talanoa Dialogue and clearly signal their intention to **increase ambition** - by updating nationally determined contribution (NDC) targets and creating clear net-zero, long-term strategies by 2020.

Complete a strong set of Paris Agreement **guidelines** that will provide clarity and transparency on countries' plans and progress, and help drive ambition and action for years to come.

Policy Support Will Drive Even Greater Business Action on Climate Change

Bold targets and clear timelines from governments give businesses the clarity and confidence they need to put forward even more ambitious commitments of their own, which in turn helps governments to further strengthen and enhance national climate policies.

These positively reinforcing *Ambition Loops* between governments and businesses will help drive the system-wide change needed to achieve the goals of the Paris Agreement and create a resilient, just, zero-carbon future faster.

Business is looking to Parties to build on the progress to date and step up their ambition, clearly charting a long-term strategy for their transition to a zero-carbon future and strengthening policy targets and measures in their 2020 NDC communications.

TO ACCELERATE THE PACE OF CLIMATE ACTION IN KEY SECTORS, BUSINESS ENCOURAGES PARTIES TO CONSIDER AND INCLUDE STRONG POLICIES IN THE FOLLOWING AREAS:

RESILIENT, JUST, ZERO-CARBON ECONOMIES

LONG-TERM STRATEGIES:

Business is looking for strong signals from governments that they are on a pathway to enable a just transition to a zero-carbon future. By communicating robust, long-term strategies before 2020, governments will provide the clarity and confidence business needs to set targets, manage risk, and harness investment opportunities.

Business calls on Parties to communicate strategies aiming for net-zero emissions as early as possible, with leading economies aiming to achieve this by 2050 at the latest. Governments should implement collaborative, participatory engagement processes with key stakeholders; include mechanisms to initiate periodic (e.g. every five years) upwards revisions to targets; and account for employment, education, skills-building, and social planning to ensure a just transition.

JUST TRANSITION:

Transitioning to a net-zero economy will require significant technological, social, and economic transformations—a large share of which must be delivered by the private sector. To do so will require engaging unions, workers and communities as active participants in ensuring that no one is left behind, that jobs are green and decent, and communities are thriving and resilient.

Business calls on Parties, for specific regions and sectors that will undergo a major transition, to instigate tripartite social dialogue with businesses and workers, securing trust and productive coordination between partners. For high-emitting sectors, integrate investment in training and skills provision–as well as social security for workers moving from high-emitting jobs into low-emitting jobs–into sectoral decarbonization pathways; ensure investments and policies incentivize new, decent green jobs.

RESILIENCE:

While increasing mitigation ambition is critical, it is equally important to act now to build resilience to the unavoidable impacts of climate change that have already begun. Companies are building resilience strategies to address climate risks throughout the value chain, and the communities on which they depend.

Business calls on Parties to complete and implement National Adaptation Plans and work with businesses to identify adaptation needs, ensure public investment in projects that build resilience to climate change.

CARBON PRICING:

A meaningful, economy-wide **carbon price** helps direct finance away from high-emitting activities and attracts investment toward cleaner, more efficient alternatives, driving the transition to a zero-carbon economy. Hundreds of companies are using internal carbon pricing to inform strategic decision making.

Business calls on Parties to eliminate all fossil fuel subsidies and establish meaningful economy wide carbon pricing systems.

TCFD:

Forward looking companies are measuring and analyzing their climate risk to inform strategic planning. Over 500 companies and organizations publicly support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Implementing these recommendations helps ensure that capital markets have full and accurate information to inform investments and guide a more efficient allocation of capital, improve the dialogue among all financial players and support a smooth, well-informed and rapid transition to a low-carbon economy.

Business recommends Parties to require large listed companies and financial sector institutions to disclose carbon related information in alignment with TCFD recommendations; and pledge to work together to ensure an aligned, consistent approach to their requirements, which will maximize the impact on financial markets by creating useful, comparable inter-jurisdictional market data.

ZERO-CARBON GRIDS, FLEETS & BUILDINGS

ZERO-CARBON GRIDS:

The industrial and commercial sectors consume two-thirds of all electricity produced worldwide. Thus business plays an essential role in enabling the structural shift to zero-carbon power. 150+ of the world's most influential companies have committed to source 100% renewable electricity through RE100[1], creating demand for 184 TWh of renewable electricity annually - more than the total annual consumption of Poland.

Business recommends Parties to set ambitious, long-term and credible national renewable energy targets and development plans; implement policies to support an orderly transition from fossil fuels that avoids stranded, or non-performing, assets; enable direct participation in electricity markets for corporate buyers and renewable energy developers; establish sound and transparent tracking systems for renewable energy certificates; in addition to government mandates, offer options for companies to source renewable energy; and attract direct investment in self-generation of renewable energy.

ZERO-CARBON FLEETS:

Advancing technology, infrastructure, investment, and growing demand, alongside declining costs and the progressive decarbonization of electricity supply, are accelerating the shift to a zero-emissions transportation future.

Through the EV100[3] initiative, over 25 forward looking companies have committed to accelerating the transition to electric vehicles (EVs) and making electric transport the new normal by 2030. Virtually all of the world's major

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ZERO-CARBON FLEETS CONTINUED…

automakers have committed to total or partial fleet electrification. Countries such as France and the UK are setting dates to end sales of all internal combustion engine vehicles, which further incentivizes the transportation sector to move toward electric mobility.

Heavy transport sectors are increasingly looking to utilise low-carbon and sustainable fuels to reduce their overall emissions footprint, including through the below50[4] initiative, in which companies are collaborating to create the demand and market for these fuels to scale up their deployment.

Business recommends Parties to, set ambitious targets for phasing out fossil fuel use in transport; establish sales targets for EVs, progressively increase emissions standards for all road vehicles; and introduce fiscal measures to stimulate demand for EV use and ownership.

ENERGY EFFICIENCY AND ZERO-CARBON BUILDINGS:

Energy efficiency will reduce the cost of related decarbonization efforts by up to $2.8 trillion.
For companies, saving energy improves financial performance, major companies have reported savings of hundreds of thousands of dollars a year in operational costs as a result of efficiency measures.

A growing group of energy-smart companies have joined the EP100[2] initiative. One of the key routes for companies to join the EP100 initiative is through committing to owning, occupying or developing buildings that operate at net zero carbon by 2030, with energy efficiency as a core component. The Net Zero Carbon Buildings Commitment is led by the World Green Building Council as part of EP100.

Business recommends Parties to commit to improving national energy productivity 3% per annum; develop public-private partnerships to facilitate the flow of energy efficiency financing to the private sector; provide government incentives such as subsidies for energy audits, technical assistance, and other mechanisms to support wide scale adoption of energy management systems; and commit to owning, occupying or developing buildings that operate at net-zero carbon by 2030, with energy efficiency as a core component. Businesses also call parties to ratify the Kigali Amendment to the Montreal Protocol and implement standards to phase down HFCs.

ZERO-DEFORESTATION & 100% CLIMATE SMART LAND-USE

CLIMATE SMART AGRICULTURE (CSA):

Ensuring food and nutrition security for a growing global population, while meeting the goals of the Paris Agreement, requires Parties to support CSA. The CSA 100[5] initiative brings together one hundred leading companies to make science-based and measurable commitments across the three pillars of CSA to 2030. By 2030, WBCSD companies aim to make 50% more nutritious food available while minimizing losses in the value chain to strengthen the climate resilience of farming communities, and reduce agricultural and land-use change emissions from agriculture by 50%, while building carbon stores in soils and vegetation.

Business calls on Parties to prioritize infrastructure investments to improve access to finance for smallholders; create an enabling environment for agricultural financing; ensure existing and new agricultural financial flows and climate finance mechanisms align with CSA principles; work with businesses to develop CSA metrics and monitoring; increase access to information on CSA practices, particularly location and crop-specific guidance and tools; reduce vulnerability of marginalized farming populations, including small-shareholder and women farmers and set policies to ensure sustainable land use and zero deforestation, aligned with REDD+.

1 RE100 is led by The Climate Group, in partnership with CDP

2 EP100 is led by The Climate Group, in partnership with the Alliance to Save Energy

3 EV100 is led by The Climate Group

4 below50 is led by The World Business Council for Sustainable Development

5 CSA 100 is led by WBCSD and BSR

Business Backs Strong Paris Agreement Guidelines

At the 2018 UN Climate Conference (COP24) in Katowice, Parties will decide on a set of guidelines (the "Paris rulebook") that will make the Paris Agreement operational. A common system that provides clarity on when and how Parties will communicate their climate plans and how they will monitor and report on progress, will drive short-term ambition by clarifying and tracking implementation of Parties' first NDCs, and will boost long-term ambition as they inform and encourage governments in adopting and communicating progressively more ambitious new NDCs.

AT COP24, BUSINESS CALLS ON PARTIES TO ESTABLISH THE FOLLOWING GUIDELINES:

A GLOBAL STOCKTAKE THAT DRIVES AMBITION

A **Global Stocktake (GST)** will accelerate the transition to a zero-carbon future through a thorough and efficient assessment of collective progress towards the goals of the Paris Agreement every five years, that maximizes high level political attention to kickstart national processes to strengthen successive NDCs. The GST process should highlight opportunities for greater action, including inputs from business and other relevant stakeholders as well as information on real economy trends, and lead to a clear political decision on its outcomes by Ministers.

A regular, comprehensive, global assessment of challenges and opportunities, that is technically rigorous and given high-level political attention is critical to ensuring that subsequent rounds of NDCs reflect the highest possible ambition over time.

FIVE YEAR NDC IMPLEMENTATION PERIODS TO HARNESS RAPIDLY EVOLVING OPPORTUNITIES

NDCs should have common, five-year implementation periods, so that the target end date is 10 years after the date of communication of each successive NDC. This would improve comparability and enable businesses to more accurately calibrate decisions across a set of globally aligned NDCs. Businesses are constantly monitoring market and regulatory trends and working to adapt in real-time to the pace of innovation and disruption in the real economy. NDCs that are updated regularly enough to reflect current trends and signal new opportunities will better inform business planning.

AN ENHANCED TRANSPARENCY FRAMEWORK WHICH CREDIBLY TRACKS PROGRESS

The enhanced transparency framework for action and support should establish business confidence in NDC implementation globally, with a single set of guidelines implemented flexibly for those with less capability and whose impact is less material, and which improve over time.

This framework will need to ensure complete and accurate GHG inventories; transparency of progress against NDCs; transparency of adaptation measures undertaken by Parties; clear accounting for climate finance, and effective technical expert review and multilateral assessment of Parties' reports.

For businesses, a strong transparency framework under the Paris Agreement has many benefits. It makes individual NDC targets credible and progress against them clear. It increases overall ambition by allowing governments to clearly observe each other's progress. It also produces information which can be used as inputs by businesses in the construction of climate strategies and goals.

STRONG GUIDELINES TO PROTECT THE ENVIRONMENTAL INTEGRITY OF CARBON MARKETS AND ENABLE THE LOWEST-COST EMISSION REDUCTIONS

Voluntary cooperation between Parties to implement their NDCs under market and non-market mechanisms of Article 6 of the Paris Agreement should contribute to maximizing the ambition of future NDCs. Cooperation under market approaches includes Internationally Transferred Mitigation Outcomes (ITMOs) as well as a more centralized mechanism "to contribute to the mitigation of GHG emissions and support sustainable development" (Sustainable Development Mechanism or SDM).

Cooperative implementation of NDCs through market mechanisms has several advantages for businesses. It enables businesses to seek out cost-effective emission reductions. It also remains neutral as between low-carbon technologies, giving businesses strategic flexibility in how to transition to the low-carbon economy. But, if such mechanisms are not designed well, they can come with potential pitfalls. For example, a lack of strong rules could result in loopholes which leads to the miscalculation of actual emissions reductions, and lack of trust in the system.

The We Mean Business coalition also calls on parties to develop guidelines that deliver:

NDCS THAT ARE CLEAR, TRANSPARENT AND READILY UNDERSTOOD BY BUSINESS

STANDARD ACCOUNTING GUIDELINES WHICH FOLLOW THE FUNDAMENTAL PRINCIPLES OF CONSISTENCY AND COMPARABILITY

AN EFFECTIVE COMPLIANCE COMMITTEE TO INCREASE BUSINESS CONFIDENCE THAT NDCS WILL BE IMPLEMENTED

GUIDELINES WHICH SUPPORT THE PROTECTION OF VULNERABLE ECOSYSTEMS AND COMMUNITIES

VISIT WWW.WEMEANBUSINESSCOALITION.ORG/POLICY/COP24 FOR FURTHER DETAIL.

We Mean Business is a global coalition of nonprofit organizations working with the world's most influential businesses to take action on climate change. The coalition brings together seven organizations: BSR, CDP, Ceres, The B Team, The Climate Group, The Prince of Wales's Corporate Leaders Group and the World Business Council for Sustainable Development. Together we catalyze business action to drive policy ambition and accelerate the transition to a low-carbon economy. The coalition stands ready to work together with policymakers to reduce emissions and build resilience to climate impacts.

Coalition Partners

BSR · CDP · Ceres · THE B TEAM · THE CLIMATE GROUP · THE PRINCE OF WALES'S CORPORATE LEADERS GROUP · wbcsd

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