

THE BUSINESS BRIEF

*Shaping a catalytic
Paris Agreement*

WE MEAN BUSINESS

economic opportunity through bold climate action

FOREWORD BY

We Mean Business is a coalition of organizations working with thousands of the world's most influential businesses and investors. We have formed a common platform to accelerate the transition to a low carbon economy in order to secure sustainable economic growth and prosperity for all.

As the global community prepares to meet for the landmark Paris Climate Change Conference – COP21 – we see an unprecedented opportunity to strengthen and support our collective response to climate change by promoting the global transformation to low carbon and climate resilient societies and economies.

The building blocks of a low carbon revolution are already emerging, presenting huge opportunities for businesses and investors. In recent months, more than 160 countries have submitted national climate action plans to reduce greenhouse gas emissions over the coming decade through aggressive deployment of renewable energy and a broad spectrum of financial and regulatory measures. At the same time, a growing volume of companies and cities have pledged to reduce their own climate footprint and are already saving billions of dollars by implementing energy efficiency measures, scaling up low carbon technologies, and introducing new low carbon products and services at an extraordinary rate. This innovation is generating jobs, reducing carbon footprints and saving money.

WE MEAN BUSINESS

We now look to COP21 in Paris to accelerate this momentum and build an effective platform for sustained ambition and innovation. Specifically, we seek to work with governments in shaping a Paris Climate Agreement which fosters the widest possible cooperation by all countries and stakeholders to hold the increase in global average temperature below 2°C or 1.5°C above pre-industrial levels.

The climate agreement in Paris has the potential to be more than a diplomatic settlement among nations. If shaped appropriately, it could become a catalytic instrument that sends clear signals to accelerate low carbon and climate resilient investment in the real economy. With this goal in mind, we offer governments our specific recommendations for policies that are forward-looking and will catalyze business ambition.

We have designed specific asks for the Paris Agreement – based on policy analysis by the We Mean Business partners – which are agreement-ready and politically and technically feasible. They are tailored to the policy alternatives that governments will choose from in Paris. For each recommendation, we have outlined two possible routes for governments to take:

- ▶ **TRANSFORMATION:** Preferred language which would be more catalytic of business action.
- ▶ **LANDING ZONE:** Acceptable language which is less ambitious but delivers much of what business needs to lead.

We provide context to frame the business action that this language will enable. The resulting brief aligns business needs with the collective goal of governments and is deliberately accessible and actionable for the delegates arriving in Paris.

We Mean Business aspires to an international agreement that stimulates the private sector and makes it a partner with governments in implementing ambitious climate action. With this business brief, we send a clear message to national and international policymakers: Let us work together to shape a policy environment which accelerates climate leadership and shows that the transition to the low carbon economy is inevitable, irreversible and irresistible.

We mean business.

ARON CRAMER, President & CEO



PAUL SIMPSON, CEO



KEITH TUFFLEY, Managing Partner & CEO

THE B TEAM

MARK KENBER, CEO

THE CLIMATE GROUP

MINDY LUBBER, President



SANDRINE DIXSON-DECLÈVE, Director



PETER BAKKER, President & CEO



PURPOSE & AUDIENCE

This brief is aimed at two primary audiences:

- ▶ First, this document aims to assist the governments meeting in Paris to finalize the new international climate agreement. Our goal is to be constructive partners in this process, aligning our own understanding of business needs with the collective action governments will undertake at COP21. Our ultimate aim is to contribute to shaping a new agreement that goes beyond a diplomatic settlement among nations and becomes a catalytic instrument for climate ambition.
- ▶ Second, we hope to equip business leaders with a functional script that enables them to translate their call for climate action into specific asks that are both pragmatic and ambitious and to shape the new agreement in a manner that is enabling of both business success and climate ambition.

CONTEXT & FOCUS – THE LEGAL AGREEMENT

In December 2015, 196 Parties to the United Nations Framework Convention on Climate Change (UNFCCC) will gather in Paris to conclude four years of negotiations designed to accelerate the transition to the low carbon economy.¹ The outcome of the Paris Climate Conference – COP21 – is expected to include four pillars, each capable of sending powerful signals to the economy.

- 1.** A new **legal agreement** to be implemented from 2020 onwards, which will create an international climate regime for all countries with the goal of progressively reducing greenhouse gas emissions and enhancing the capacity of economies and communities to adapt to climate impacts. An ambitious agreement will send a political signal that long-term decarbonization is inevitable.
- 2.** In advance of Paris, countries have brought forward **Intended Nationally Determined Contributions (INDCs)** or national climate action plans, with commitments for 2025 or 2030. At the time of writing 142 INDCs, representing 169 countries and capturing 93% of territorial emissions, have been submitted.² This represents nearly four times the scope of the first commitment period of the Kyoto Protocol.³ The INDCs are already sending specific regulatory signals in key economies as governments put in place the domestic laws necessary to carry them out.
- 3.** A scale-up of **climate finance** from public and private sources to build the low carbon economy, including associated market signals from carbon pricing, whether by carbon tax or carbon market. These are critical in driving innovation and shaping financial incentives.
- 4.** The **Lima-Paris Action Agenda** encompasses cooperative initiatives and individual commitments from local and regional governments, businesses and investors, and other non-state actors.⁴ It exemplifies the idea of bold collective action by all stakeholders and provides an opportunity to showcase best practice and replicate successful approaches to reducing emissions and building climate resilience.⁵

We Mean Business supports governments in this effort. A coalition of organizations working with thousands of the world's most influential businesses and investors, we serve as a common platform to amplify the voice of business leadership, catalyze bold climate action by all and promote smart policy frameworks. A successful outcome in Paris requires progress across all of these pillars, resulting in a comprehensive package that:

- ▶ Commits all governments to domestic climate policy ambition at the highest level of their capabilities,
- ▶ Mobilizes finance at scale to fund the transition to a low carbon economy, and
- ▶ Creates an inclusive enabling environment for all stakeholders – including business – to act with sustained purpose on climate change.

With this business brief, We Mean Business focuses on the first pillar, a legal agreement that provides the policy certainty which business needs and the ambition that science demands, establishes a level playing field for business worldwide and accelerates the transition to the low carbon economy.

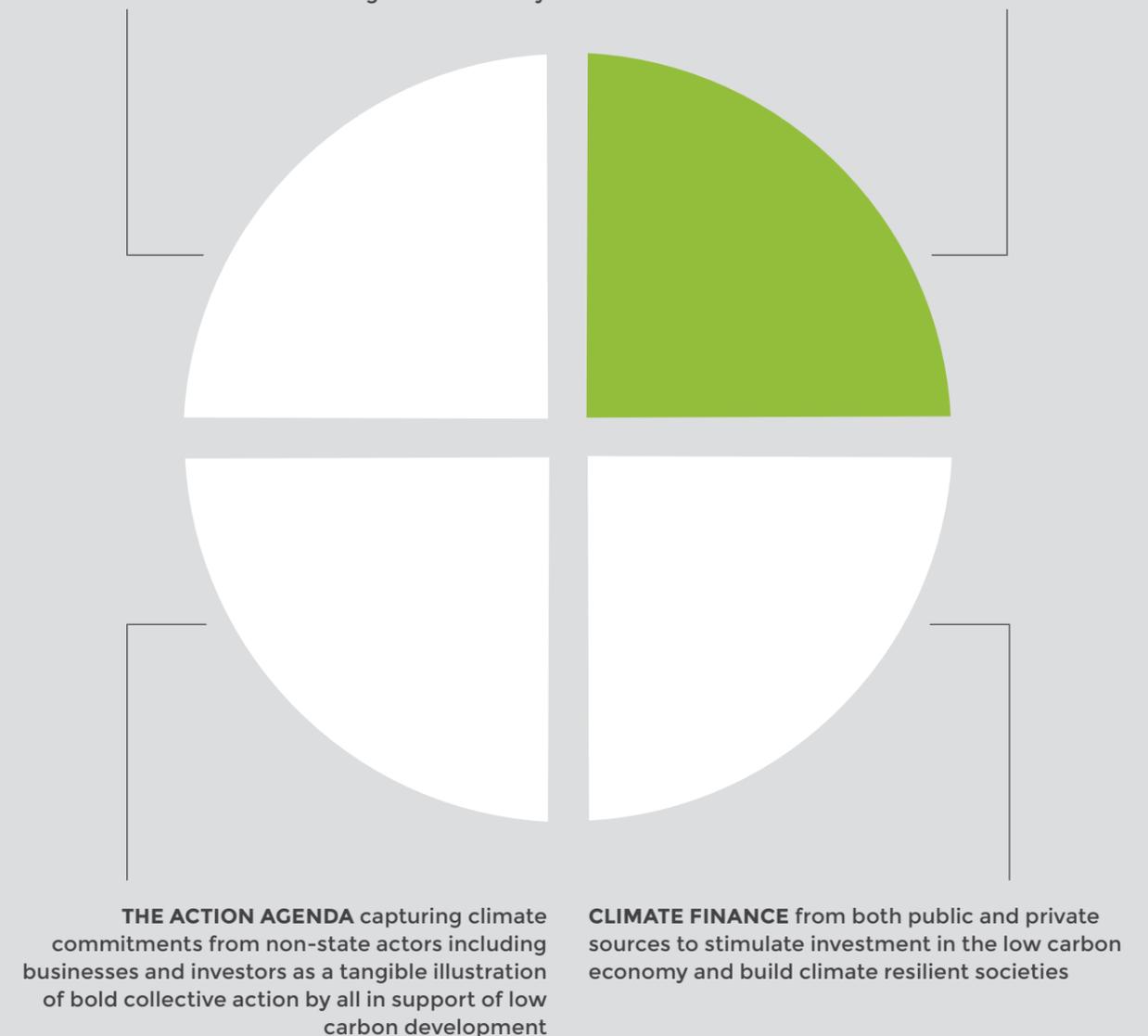
Focusing on eight key components of the new agreement, we take the unprecedented step of translating generic calls to action to set the agenda into specific policy proposals to shape tangible alternatives that are in play and under negotiation in Paris. We propose strings of specific agreement language, written in a form that would catalyze business leadership, satisfy business needs and match the vocabulary used in an international agreement. We also propose specific placements for that language in the text to maximize ambition, recognizing that just as words matter so does their location.

PREPARING FOR PARIS

The building blocks of COP21

INTENDED NATIONALLY DETERMINED CONTRIBUTIONS (INDCs) or national climate action plans expressing government commitments out to 2030 and indicating the types of national policies that will be implemented to create a thriving clean economy

A NEW LEGAL AGREEMENT for the post-2020 climate regime that is applicable to all countries, creates a system to progressively raise climate ambition, and sends a clear and certain signal that long-term decarbonization is now inevitable



WE MEAN BUSINESS POLICY ASKS

If properly designed, the Paris Agreement could be more than a diplomatic settlement between nations – it could be a historic catalyst that drives leadership in all sectors and by all stakeholders, making the transition to the low carbon economy inevitable, irreversible and irresistible.

Leading businesses understand that ambitious climate action makes good business sense. Through the We Mean Business campaign, 325 companies with US\$6 trillion in revenue and 144 investors with US\$20 trillion in assets under management have now made nearly 800 ambitious commitments to climate action at the time of writing.⁶

Our previous report, *The Climate Has Changed*, showed that many companies are achieving an average internal rate of return of 27% on their low carbon investments.⁷ In voluntary climate reporting this year, more than 800 of the largest listed companies around the world explicitly supported a global deal to tackle climate change, emphasizing that an ambitious Paris Agreement will enable business to go further faster by providing an effective enabling environment for innovation and ambition.⁸

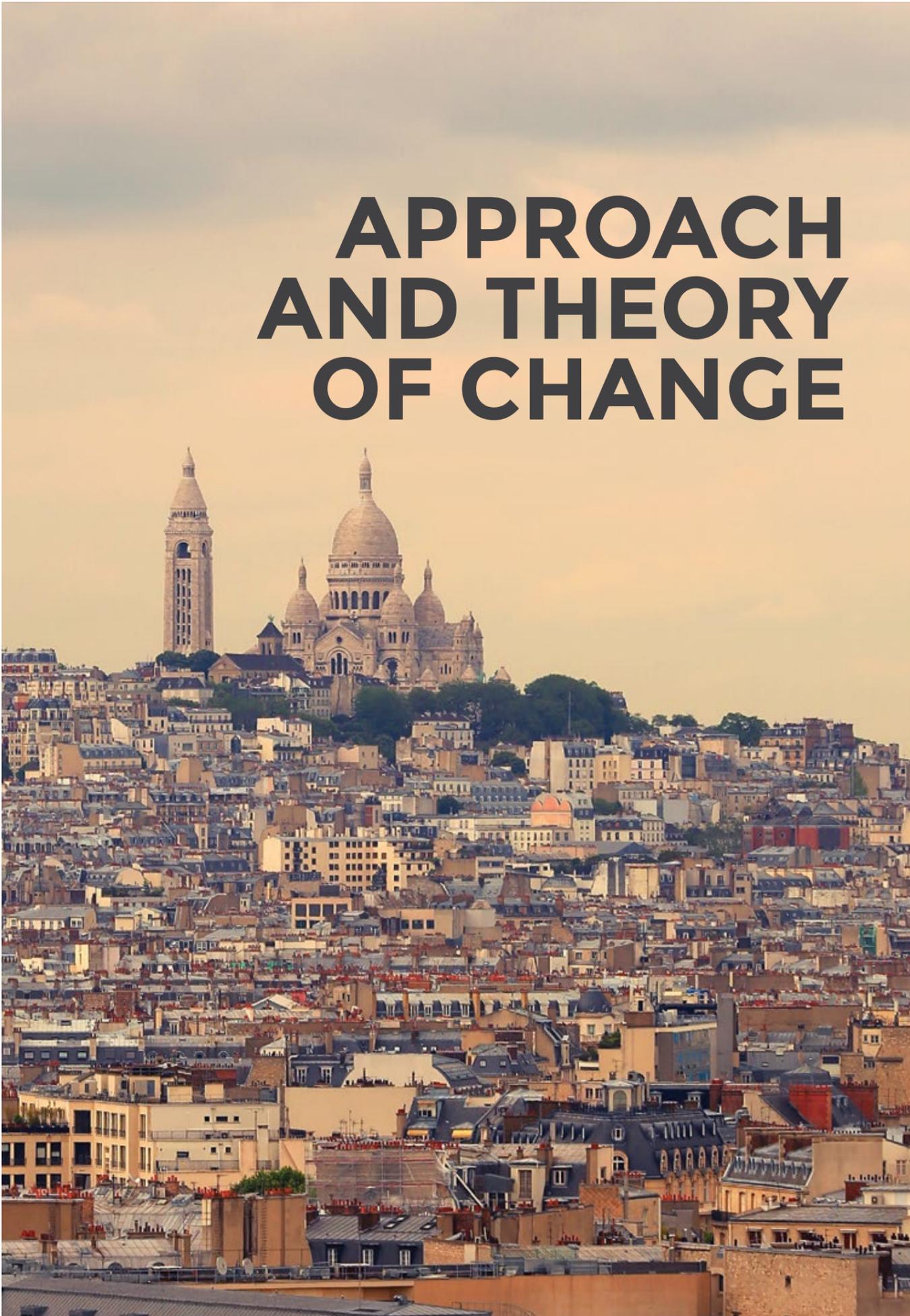
A Paris Agreement which stimulates the private sector in a strategic and clear manner will create a more capable, powerful and aligned partner. Such a partner is crucial to drive ambition, further innovation and implement the real-life solutions required to transition to a low carbon economy. Leading companies have the potential to unleash a wave of innovation in low carbon technologies beyond what we have seen to date, creating new products and services, generating employment, reducing energy consumption and increasing savings. Creating an enabling policy environment for business leadership is therefore a vital benchmark for success in Paris.

Companies can also work in partnership with stakeholders throughout their value chains to build climate resilience into the economies and communities most affected by climate impacts. But again, this requires an enabling policy environment that catalyzes the unique skills and resources of all sectors of the economy.

We therefore have the following eight key asks for the Paris Agreement:

8 KEY ASKS FOR THE PARIS AGREEMENT

- 1. NET ZERO GREENHOUSE GAS EMISSIONS WELL BEFORE THE END OF THE CENTURY**
We call for a long-term mitigation goal that will reduce greenhouse gas emissions to a level that avoids dangerous climate change and holds global average temperature rise below 2°C above pre-industrial levels.⁹ We also call for governments to map out their own national long-term decarbonization strategies to 2050 as part of this collective effort.
- 2. STRENGTHEN COMMITMENTS EVERY 5 YEARS**
We call on governments to return to the negotiating table every 5 years to strengthen their emissions reductions commitments, beginning in 2020, and to establish a clear timetable for new emissions reductions commitments in 5-year blocks from 2030 onwards.
- 3. ENACT MEANINGFUL CARBON PRICING**
We call on governments to expressly support the establishment of carbon pricing, whether through carbon taxes or carbon markets, to enable links between markets, and to ensure strong standards which protect environmental integrity.
- 4. NEW AND ADDITIONAL CLIMATE FINANCE AT SCALE**
We call on governments to fulfill their Copenhagen pledge to mobilize USD\$100 billion per year in climate finance by 2020 and to scale up this effort in the coming decade.¹⁰ But a new, low carbon economy requires not billions but trillions of dollars of low carbon investment and procurement. We therefore call on governments to develop enabling policy environments which drive private climate finance.
- 5. TRANSPARENCY AND ACCOUNTABILITY TO PROMOTE A RACE TO THE TOP**
We call on governments to make their mitigation and finance commitments clear by building shared accounting and reporting rules which hold them accountable for their commitments and track global progress towards our long-term goals.
- 6. NATIONAL COMMITMENTS AT THE HIGHEST END OF AMBITION**
We call on all governments to establish national commitments for 2025 or 2030 at the highest end of their country's potential and to commit that future commitments will be at the highest possible level of ambition, understanding that innovation will unlock more ambition over time.
- 7. ADAPTATION TO BUILD CLIMATE RESILIENT ECONOMIES AND COMMUNITIES**
We recognize that climate change is already adversely impacting businesses and communities around the globe and exacerbating the risks faced by both.¹¹ As a result, the Paris Agreement needs to treat mitigation and adaptation with political parity, with all governments designing national adaptation plans in consultation with the private sector, to leverage private sector finance and build adaptive capacity.
- 8. PRE-2020 AMBITION THROUGH WORKSTREAM 2**
We seek to strengthen engagement with the private sector in both the technical and political processes under the UNFCCC which address pre-2020 ambition, to identify actionable opportunities that increase ambition and progressively overcome barriers to implementation.



APPROACH AND THEORY OF CHANGE

In this business brief, we will give specific recommendations on how our key asks should be accommodated in the new Paris Agreement both in terms of text and placement.

Our approach is heavily influenced by the scholarly work of John W. Kingdon, who argues that the creation of an enabling policy environment includes **(1)** setting the agenda, **(2)** specifying alternatives to choose from, **(3)** an authoritative choice among those specified alternatives, and **(4)** the implementation of that decision.¹²

During the past 18 months, We Mean Business has worked tirelessly with others in the broader climate community to set an ambitious agenda aligned with the transition to a low carbon economy. But we are not content with generic calls to action. The time has now come to address the specific alternatives that governments will choose from in Paris. We recognize that as governments enter the final stages of these critical negotiations, they are more likely to draw upon alternatives that are readily available and politically viable. We have therefore crafted textual options that meet the following two tests:

► **VALUE ACCEPTABILITY.**

We align our proposals with the underlying values that governments are pursuing in Paris – namely the desire to ambitiously and pragmatically reduce climate risk and to enhance the construction of the low carbon economy.

► **POLITICAL AND TECHNICAL FEASIBILITY.**

To be seriously considered, a proposal must be capable of winning the necessary political support for adoption and be technically feasible for implementation.

In consideration of this, we have constructed textual options which meet these two tests while being sensitive to:

- The *power* of the text, including the use of modal verbs such as “shall”, “should” and “may”, the active and passive voice, and the specificity or ambiguity of text.
- The *placement* of the text, for example whether it appears in the preamble of the agreement, which does not create enforceable obligations, in the operative language of the agreement, which is intended to be universal and durable, or in COP Decisions which implement the agreement.

Our textual options meet these tests. They are crafted in a form that is agreement-ready, tailored to the specific alternatives that governments will choose from in Paris.

For each of our policy asks, we elaborate two textual options as follows:

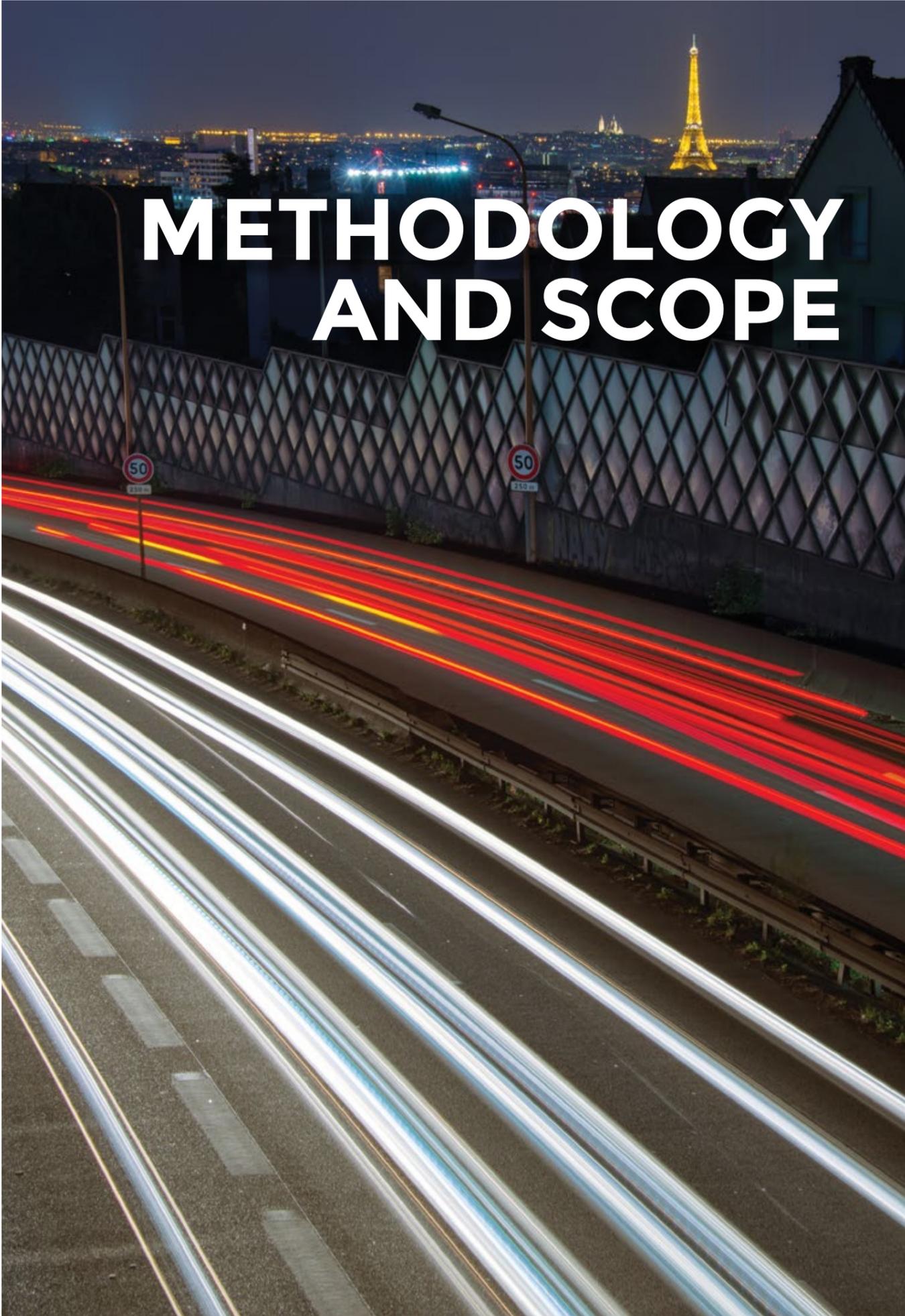
- 1.** Our preferred option is described as **Transformation**. This is a direct translation of our We Mean Business policy ask and is considered more catalytic of business action.

For example, the first We Mean Business policy ask is for a long-term mitigation goal of net zero greenhouse gas emissions well before the end of the century. Our preferred option here proposes to include text in the objective of the Paris Agreement on the global transformation to low carbon and climate resilient economies, text under the mitigation article establishing this collective net zero emissions goal, and COP Decision language calling for national decarbonization strategies to 2050, to provide detail on how each country will contribute towards this long-term goal.

- 2.** Our fallback option is described as **Landing Zone**. This option proposes language and placement we could live with because it succeeds in delivering much of what business needs to lead on the transition to a thriving, clean economy, represents a point on which governments could find consensus, and therefore is calibrated with where parties currently are in the negotiation. Although less ambitious, it is sufficiently meaningful to warrant inclusion.

For example, the “Landing Zone” option for the long-term mitigation goal includes the more ambiguous collective destination of “decarbonization” on the more ambiguous timeframe of “in the second half of this century” and provides more flexibility to Parties in crafting “mid-century low emission development strategies”.

In each case, we explain why our asks are needed for both climate ambition and business benefit and how they will enhance the capacity of the private sector to serve as an implementation partner and a multiplier of further ambition beyond Paris. We therefore provide governments with the opportunity to enhance the Agreement while being clear about the costs of failing to capitalize on our current collective momentum on tackling climate change.



METHODOLOGY AND SCOPE

We have used a mixed methods research approach to build our evidence base and develop our policy asks. This included review of key climate literature, semi-structured interviews with thought leaders from the climate community and discussions held within focus groups. Our mixed methods approach enabled us to gather inputs from a cross-section of perspectives. This enabled us to get a sense of what level of ambition was desirable but critically what level was politically feasible.

The legal analysis for this work was conducted in partnership with DLA Piper, one of the largest business law firms in the world with practices in the Americas, Asia Pacific, Europe, Africa and the Middle East. DLA Piper advised on the legal aspects of our work, including the evolving Paris negotiating text in relation to our policy asks and placement, to maximize their impact in the overall agreement.

The political analysis for this work was conducted in partnership with the seven co-founding partners of We Mean Business including The B Team, BSR, CDP, Ceres, The Climate Group, The Prince of Wales Corporate Leaders Group and the World Business Council on Sustainable Development.

Our textual options have been constructed based on the October 23 version of the Draft Agreement and Draft Decision on Workstreams 1 and 2 of the Ad Hoc Working Group on the Durban Platform for Enhanced Action, completed at the October UNFCCC session in Bonn.¹³ It includes sections dealing with the purpose of the agreement; greenhouse gas emissions reductions or mitigation; adaptation, loss and damage; finance; technology development and transfer; capacity building; transparency; periodic stocktaking; compliance; and governance.

We have also built this work on the We Mean Business policy engagement strategy adopted by all seven co-founding members of the coalition.

It is anticipated that the negotiating texts will continue to evolve right up to the close of COP21. As a consequence, this is a deliberately agile methodology. Our textual options will continuously evolve as the negotiating text itself changes. We intend to continue to be agile in response to what is an iterative and unpredictable process. Our principles will remain solid but our preferred language will be deliberately organic as our ultimate goal is to achieve the highest possible level of ambition while operating within a dynamic political environment.

In this work, we have avoided the temptation to take positions on key political cleavages and longstanding geopolitical disputes. Our paradigm is that bold collective action by all, with each public and private actor contributing to the limits of its own capability, is essential to avoiding the manifest injustice and heightened material risks of breaching the 2°C threshold. This holds true for businesses in different sectors as well as for governments at different stages of development. An effective outcome in Paris is therefore one that shares both the burdens and opportunities of the transition to a low carbon economy and provides equitable access to sustainable development for all.

Without a clear and actionable long-term goal, businesses and investors will have reduced confidence in making long-term, low carbon investments.

ASK #1:

NET ZERO GREENHOUSE GAS EMISSIONS WELL BEFORE THE END OF THE CENTURY

Businesses and investors need a strong long-term goal in the Paris Agreement that sets a clear destination and time frame, and that operationalizes a global emissions pathway which holds warming below 2°C. This would provide the policy certainty and clarity needed to drive low carbon and climate resilient investment in the real economy. By providing long-term details in national decarbonization strategies to 2050, governments will increase business confidence in making multi-decadal low carbon capital investments.

Transformation

Article 2 (Purpose)

"The purpose of this Agreement is to hold the increase in global average temperature below 2°C and preferably below 1.5°C above pre-industrial levels by **ensuring deep cuts** in global greenhouse gas emissions, and to **achieve the global transformation to low carbon and climate resilient economies and societies.**"

Article 3 (Mitigation)

"To achieve the long-term temperature goal set out in Article 2 of this Agreement, Parties collectively aim to reach **net zero global greenhouse gas emissions well before the end of this century.**"

COP Decision

"Strongly encourages Parties to formulate and communicate, by 2018, **national decarbonization strategies to 2050**, to facilitate the mobilization of climate finance and investment."

Without a clear and actionable long-term goal, businesses and investors will have reduced confidence in making long-term low carbon investments. Without national strategies that contribute towards this goal, they will not have the detail they need to allocate capital effectively.

ASK #2:

STRENGTHEN COMMITMENTS EVERY 5 YEARS

After COP21, from 2016 to 2020, businesses will unleash additional low carbon innovation and investment. Continuous improvement should apply not only to businesses but to governments as well. By strengthening their commitments every 5 years, starting around 2020, governments will keep pace with private sector innovation, stimulate increased private sector ambition, and progressively realize the transformation of the global economy.

Aggressive emissions reductions during the period 2015 to 2030 are critical to holding global warming below 2°C. Leaving scope to raise ambition progressively over this period is therefore vital. In contrast, capping government ambition for 15 years will make it difficult, if not impossible, to meet the below 2°C goal.

For each new round of commitments, governments should:

- ▶ Take stock of their collective progress towards the long-term goals in the Paris Agreement, at least a year in advance, to inform the formulation of their next commitments.
- ▶ Dialogue on their proposed commitments, to ensure that everyone is doing their fair share.
- ▶ Inscribe their new commitments under the Paris Agreement.

Transformation

Article 3 (Mitigation)

"Successive nationally determined commitments shall be communicated **every 5 years.**"

"Each Party **shall progressively strengthen the ambition** of their successive nationally determined commitment every 5 years from 2020 onwards, **informed by the global stocktake** set out in Article 10 **and by the best available science**, until the ultimate objective of the UNFCCC and the objective of this Agreement are achieved."

Article 10 (Global Stocktake)

"The CMA shall, **in 2024 and every 5 years thereafter**, take stock of the implementation of this Agreement, to **assess collective progress** towards achieving the ultimate objective of the UNFCCC and the objective of this Agreement, **in order to inform** the formulation and communication of successive nationally determined commitments."

COP Decision

"Requests all Parties to **communicate an updated nationally determined commitment** well in advance of the twenty-sixth session of the COP (by the first quarter of 2020 for those Parties ready to do so), **with a view to enhancing the ambition** of their nationally determined commitment."

"Decides to **convene a dialogue among Parties in 2019 to take stock of the collective efforts** of all Parties, to inform the communication of their updated nationally determined commitments."

If governments fail to update the policy environment around 2020 and every 5 years thereafter, their progress will lag behind that of businesses and investors, slowing progress in constructing the low carbon economy. It will also become unclear how global warming can be kept under 2°C, exposing the private sector to the substantial additional risks of an even warmer world.

Landing Zone

Article 3 (Mitigation)

"Successive nationally determined commitments shall be communicated **every 5 years.**"

"Each Party's successive nationally determined commitments **shall be progressively more ambitious over time, in light of the global stocktake** set out in Article 10."

Article 10 (Global Stocktake)

"The CMA shall, **in 2024 and every 5 years thereafter**, take stock of the implementation of this Agreement, to **assess collective progress** towards achieving the ultimate objective of the UNFCCC and the objective of this Agreement, **with a view to enhancing the implementation** of this Agreement."

COP Decision

"Decides to **convene a dialogue among Parties in 2019 to take stock of the collective efforts** of all Parties, to inform the consideration, by all Parties, of the enhancement of their ambition."

ASK #3:

ENACT MEANINGFUL CARBON PRICING

Carbon pricing is one of the key policy instruments needed to harness the power of business to tackle climate change. With the majority of INDCs either putting or considering a price on carbon, whether through carbon taxes or markets, the Paris Agreement should recognize their efforts and the merits of these approaches to driving emissions reductions. Over a thousand companies have reported using an internal carbon price or plan to do so, in anticipation of future regulation.¹⁴ A price on carbon incentivizes low carbon innovation, shifts investment towards low carbon technologies, and helps ensure sustained economic competitiveness. To be effective, carbon pricing needs to be adopted globally, to reach high enough levels to change investment decisions and behavior towards lower carbon ones and to converge to avoid trade friction.

By fostering cooperation between Parties, the Agreement will establish best practice for carbon pricing whilst promoting efficient and cost-effective mitigation. For those Parties which choose to use internationally transferred outcomes to fulfill their mitigation commitments, standardized rules which are premised on environmental integrity will build robust markets which deliver real emissions reductions. Unified accounting rules can also assist and incentivize Parties to link trading mechanisms by reducing fragmentation and sunk costs for those who elect to use carbon trading.

Transformation

Preamble

“Emphasizing that many Parties **have already put a price on carbon**, and that where the price is sufficient to drive lower carbon investment and behavior, this is an **important, efficient, and cost-effective** approach to achieving deep cuts in global greenhouse gas emissions.”

Article 3 (Mitigation)

“The CMA shall further **facilitate international cooperation** between Parties in the implementation of mitigation activities.”

“Parties shall **ensure the environmental integrity of internationally transferred mitigation outcomes** used towards the fulfillment of its nationally determined mitigation commitments. Internationally transferred mitigation outcomes must **avoid double-counting** and be **real, permanent, additional and verified**.”

COP decision

“Invites all Parties to **consider further international cooperation** in the implementation of nationally determined mitigation commitments.”

“Requests that the IPC commence a work program to develop standardized accounting rules which ensure the environmental integrity of internationally transferred mitigation outcomes, with a view to the IPC making recommendations to the CMA at its first session.”

“Decides that the CMA shall, at its first session, **adopt standardized accounting rules which ensure the environmental integrity of internationally transferred mitigation outcomes**.”

NDCs

- ▶ Many submitted NDCs put a price on carbon, whether through carbon taxes or markets, and if through markets, anticipate potential links to other markets.

Landing Zone

Preamble

“Recognizing that putting a price on carbon is an **existing, cost-effective and efficient** approach to achieve deep cuts in global greenhouse gas emissions.”

Article 3 (Mitigation)

“Parties **may continue to cooperate** in the implementation of their nationally determined mitigation commitments.”

“Parties, when cooperating in the implementation of their nationally determined mitigation commitments, **shall apply standards which ensure environmental integrity, avoid double counting**, and deliver **real, permanent, additional and verified** mitigation outcomes.”

COP decision

“Requests that the IPC commence a work program to **develop best practice standards and guidelines** on internationally transferred mitigation outcomes, with a view to the IPC making recommendations to the CMA at its first session.”

NDCs

- ▶ Many submitted NDCs put a price on carbon, whether through carbon taxes or markets, and if through markets, anticipate potential links to other markets.

If the Paris Agreement does not recognize that many governments have put a price on carbon, and encourage and help others to do so, businesses will lack a key financial signal to invest in low carbon innovation. Without cooperation between governments, the private sector cannot seek out the most efficient and cost effective emissions reductions. Without rules to ensure environmental integrity, carbon markets cannot flourish and cannot deliver real reductions.

ASK #4:

NEW AND ADDITIONAL CLIMATE FINANCE AT SCALE

The satisfaction of the Copenhagen pledge to mobilize \$100 billion per year of climate finance by 2020 to address the needs of developing countries, is key to an ambitious deal in Paris. But building the low carbon economy will take trillions – not billions – of dollars in climate finance. To shift these trillions, the Paris Agreement will need to improve the predictability of financial flows, improve domestic enabling environments to facilitate climate investment, and direct international support towards low emission and climate resilient investment.

Transformation

Article 6 (Finance)

“Developed country Parties, **and other Parties willing to do so**, shall **scale up** the mobilization of climate finance from USD 100 billion per year from 2020.”

“Parties **shall improve the predictability of finance flows**, including through the transparency system set out under Article 9.”

“All Parties **shall strive to improve domestic enabling environments**, to **encourage the mobilization of climate finance from a wide variety of sources**, including public and private, bilateral and multilateral and alternative sources.”

“Parties shall **enhance international support for low emission and climate resilient investments**, and **reduce international support for high emission and maladaptive investments**.”

COP Decision

“Decides that Parties shall, in accordance with their national circumstances, consult and cooperate to mobilize climate finance and investment, **including partnering with other Parties and with the private sector**.”

Landing Zone

Article 6 (Finance)

“The mobilization of climate finance shall be scaled up from USD 100 billion per year from 2020.”

“Parties **should strive to improve the predictability of finance flows**, including through the transparency system set out under Article 9.”

“All Parties **should strive to improve domestic enabling environments**, to **encourage the mobilization of climate finance from a wide variety of sources**, including public and private, bilateral and multilateral, and alternative sources.”

Without the fulfillment of the Copenhagen climate finance pledge, there will be insufficient trust in the negotiations to secure a strong agreement. And without clear signals to the private sector to shift the trillions of dollars needed to build the low carbon economy, the Paris Agreement risks becoming merely a diplomatic settlement among nations for the harms caused by climate change, rather than a stimulus to build the economy which can address it.

ASK #5:

TRANSPARENCY AND ACCOUNTABILITY TO PROMOTE A RACE TO THE TOP

A strong transparency system under the Paris Agreement will reassure businesses and investors that all governments will be accountable for their commitments. By making collective progress towards a global 2°C trajectory clear, transparency will allow businesses to prepare for the climate impacts of projected warming. Shared accounting and reporting rules will prevent governments from gaming their commitments, which would distort the perceived risks of climate impacts.

A transparency system which requires recent, clear and comprehensive information from governments accounting for their greenhouse gas emissions and climate finance will also help businesses see the regulatory risks and opportunities available to them worldwide.

Transformation

Article 9 (Transparency)

"The purpose of the system for transparency of action is to:

- (a) provide the **clearest possible understanding of the emissions and removals of individual Parties, and of global aggregate net emissions** relative to the objective of this Agreement in Article 2, and the long-term mitigation goal in Article 3;
- (b) **ensure clarity and tracking of progress** made in implementing and achieving individual Parties' nationally determined mitigation commitments;
- (c) provide a clear understanding of Parties' progress in implementing adaptation actions..."

"The purpose of the system for transparency of support is to:

- (a) **ensure clarity on support provided and received** by individual Parties;
- (b) **provide a full overview of aggregate support** provided, mobilized and received..."

"In tracking progress towards achieving their nationally determined commitments, Parties shall apply the principles of **transparency, accuracy, completeness, comparability and consistency** according to **rules** adopted by the CMA at its first session."

"Each Party shall, **subject to its respective capabilities**, provide information **at least biennially**. This information shall be reviewed, subject to the Party's respective capabilities, by an **expert review team**, which shall identify any issues related to facilitating implementation and compliance under Article 11."

Without a strong transparency system which allows businesses and investors to see progress being made on emissions reductions and climate finance, and which makes emissions clear sector by sector, businesses cannot observe how governments are fulfilling their commitments, and cannot perceive and act on the global landscape of high carbon risks and low carbon opportunities.

ASK #6:

NATIONAL COMMITMENTS AT THE HIGHEST END OF AMBITION

An agreement with the broadest possible participation will address business concerns around maintaining competitiveness on a fair playing field. Broad and ambitious participation is also crucial to addressing climate change. Businesses will need to be confident that national commitments made by governments are more than words, and will be implemented. Countries joining the Paris Agreement should therefore commit to implementation and not merely communication of their national climate action plans.

If governments lowball their national commitments, they abandon ambition which is a crucial signpost for businesses. The Paris Agreement should therefore require that national commitments be at the highest possible level of ambition, understanding that such ambition will also grow over time. This parallels the approach that leading businesses are already taking with their own commitments.

Transformation

Article 3 (Mitigation)

"Each Party **shall regularly formulate and communicate** a nationally determined mitigation commitment **that it shall implement.**"

"Each Party's successive nationally determined mitigation commitment shall be at that Party's **highest possible level of ambition as of the time of its formulation.**"

NDCs

- ▶ **The Paris Agreement is universal.** Nearly all countries covering nearly all global greenhouse gas emissions submit nationally determined commitments for the Paris Agreement and become Parties to the Paris Agreement.

Without the broadest possible participation, the Paris Agreement will neither address competitiveness concerns nor climate change itself. Without a commitment to implement the national climate action plans that governments have brought forward, businesses can only be reassured of implementation by examining domestic laws and regulations.

Landing Zone

Article 3 (Mitigation)

"Each Party **shall regularly formulate and communicate** a nationally determined mitigation contribution, and **implement domestic policies and measures with the intent to achieve** that nationally determined mitigation contribution."

"Each Party **shall ensure** that its successive nationally determined mitigation contribution **reflects that Party's highest possible ambition as of the time of its formulation.**"

NDCs

- ▶ **The vast majority of countries, covering the vast majority of global emissions**, submit nationally determined contributions for the Paris Agreement and become Parties to the Paris Agreement.

ASK #7:

ADAPTATION TO BUILD CLIMATE RESILIENT ECONOMIES AND COMMUNITIES

Even if warming is held below 2°C, businesses will need to adapt to substantial climate impacts. By treating adaptation with the same political parity as mitigation, including with a long-term global vision on adaptation, the Paris Agreement will signal that all actors must build climate resilience while they reduce emissions. Businesses can play a constructive role in building this resilience not only within their own economic infrastructure, but also within the workforce, communities, and ecosystems on which they depend. Private sector consultation in national adaptation planning will help to facilitate this.

Transformation

Preamble

“Emphasizing that adaptation is a global challenge which must be addressed with the **same urgency** as mitigation.”

Article 4 (Adaptation)

“Parties establish the **long-term vision of increasing resilience and reducing vulnerability to climate change**, recognizing that adaptation is a challenge faced by all, with local, national, regional and international dimensions, and **impacts on all sectors**, and that it is a key component of a contribution to the longer-term global response to climate change to protect people, livelihoods, ecosystems, **and economies.**”

“Parties recognize that adaptation will be needed **regardless of the level of mitigation reached** and that **the greater their mitigation efforts, the less adaptation will be needed.**”

“Each Party shall engage in a **national adaptation planning process** and enhance its adaptation plans, policies and actions...”

COP Decision

“Decides that the national adaptation plans, policies and actions referred to in Article 4 should be **developed in consultation** with relevant stakeholders including...**the private sector.**”

A Paris Agreement which does not treat adaptation and mitigation with the same urgency ignores the climate reality that communities – and businesses – are already facing. Adaptation planning which does not include the involvement of the private sector would slow the mobilization of private climate finance for adaptation, leaving businesses and the communities they operate in less able to manage unavoidable climate impacts.

Landing Zone

Preamble

“Emphasizing that adaptation is a global challenge which must be addressed with the **same urgency** as mitigation, that adaptation **will be needed regardless of the level of mitigation reached**, and that **the greater our mitigation efforts, the less adaptation will be needed.**”

Article 4 (Adaptation)

“Parties **share the goal of increasing resilience and reducing vulnerability to climate change**, recognizing that adaptation is a challenge faced by all, with local, national, regional and international dimensions, and **impacts on all sectors**, and that it is a key component of a contribution to the longer-term global response to climate change to protect people, livelihoods, ecosystems, **and economies.**”

“Each Party shall engage in a **national adaptation planning process** and enhance its adaptation plans, policies and actions...”

COP Decision

“Acknowledges that adaptation action should follow a country-driven, gender-responsive, participatory and fully transparent approach, taking into account vulnerable groups, communities, and ecosystems...and **promote the engagement of sub-national and local authorities, and other stakeholders such as the private sector.**”

ASK #8:

PRE-2020 AMBITION THROUGH WORKSTREAM 2

In the years 2016 to 2020, Workstream 2 under the Durban Platform can raise pre-2020 ambition by exploring and scaling up technical solutions to reduce emissions and build climate resilience. Two high-level champions will give this effort the political profile needed for success. An annual high-level event can build upon the many initiatives that have been launched under the Lima-Paris Action Agenda at COP21, and promote new efforts. Business is the key government partner in generating additional pre-2020 ambition. Active engagement in Workstream 2 will allow businesses to bring forward low carbon innovations and solutions needed to close the gap to a 2°C emissions trajectory.

Transformation

COP Decision on Workstream 2, High-level Dialogue/Events

“Decides that **two high-level champions**, with relevant experience in leadership positions **in government and the private sector**, shall be appointed to facilitate the scale up and launch of new or strengthened efforts, voluntary initiatives and coalitions, through strengthened high-level engagement in the period 2016-2020, including by:

- (a) Working with the UNFCCC Executive Secretary and the current and incoming presidencies of the COP to coordinate **an annual high-level event** that provides an opportunity to announce new or strengthened efforts;
- (b) Engaging intensively with interested Parties and non-Party stakeholders, including **the private sector**; and
- (c) Providing guidance on the organization of the Technical Examination Processes.”

COP Decision on Workstream 2, Mitigation

“Requests the appointment of **co-facilitators to guide the Technical Examination Process on mitigation** and, in consultation with Parties and high-level champions referred to above, to create a **detailed work program** for 2016 and 2017 focused on scaling up implementation.”

“Encourages Parties, Convention bodies, international organizations and non-Party stakeholders, **including the private sector**, to engage actively and effectively in this process, to submit their experience and suggestions...to this process, and to cooperate in implementing the policies, practices and actions identified during this process...”

COP Decision on Workstream 2, Adaptation

“Decides to launch a second **Technical Examination Process on adaptation** in the period 2016-2020...with the meaningful participation of non-Party stakeholders, to enhance adaptation action and support, share best practices and address gaps in implementation, knowledge, finance, technology, planning and institutional capacity.”

Without strong high-level leadership, Workstream 2 will be less able to scale-up pre-2020 ambition to close the gap to a 2°C trajectory. Without improved engagement from non-state actors including the private sector, we will miss opportunities to build innovative partnerships between businesses and governments. These include opportunities both to reduce emissions and to increase climate resilience, protecting the communities in which businesses operate and which they depend upon.

Landing Zone

COP Decision on Workstream 2, High-level Dialogue/Events

“Decides that **two permanent facilitators** shall scale up and launch new or strengthened efforts, voluntary initiatives and coalitions, through **strengthened high-level engagement** in the 2016-2020 period, including by:

- (a) Working with the Executive Secretary and the current and incoming COP presidencies to coordinate **an annual high-level event** that provides an opportunity to announce new or strengthened efforts;
- (b) Engaging intensively with interested Parties and non-Party stakeholders, **including the private sector**; and
- (c) Coordinating with the secretariat on the organization of the Technical Examination Processes.”

COP Decision on Workstream 2, Mitigation

“Encourages Parties, Convention bodies, international organizations and non-Party stakeholders, **including the private sector**, to engage actively and effectively in this process, to submit their experience and suggestions...to this process, and to cooperate in implementing the policies, practices and actions identified during this process...”

COP Decision on Workstream 2, Adaptation

“Decides to launch a second **Technical Examination Process on adaptation** in the period 2016-2020...with the meaningful participation of non-Party stakeholders, to enhance adaptation action and support, share best practices and address gaps in implementation, knowledge, finance, technology, planning and institutional capacity.”

OUR CALLS TO ACTION

OUR CALL TO GOVERNMENTS

The Paris Agreement must be measured by changes in the real world, not by handshakes behind closed doors as part of a diplomatic settlement among nation states. Businesses and investors play an essential role in translating the Paris Agreement into a catalytic step worthy of its place in history. We therefore call on governments to reach for an agreement that is catalytic of business action and transforms the real economy.

With this business brief, we have crafted language using your vocabulary and working with your structure to maximize your efforts to enable broad-based action on climate change. We now urge you to incorporate this language in the Paris Agreement and establish a new method to work with business as a partner in securing climate ambition.

OUR CALL TO BUSINESSES AROUND THE GLOBE

In recent months, businesses across the globe have unveiled ambitious climate commitments, expressing vocal support for a comprehensive global agreement and expressing support for domestic climate regulation in key economies. It is vitally important that the business community maintains this active support over the course of the coming weeks. With this in mind, we ask the business community to do the following in the weeks leading to COP21 in Paris:

- ▶ Continue to lead by example by **committing to climate action through the We Mean Business Campaign** and by pushing ahead with effective implementation of existing commitments. We dramatically increase our credibility to ask for an enabling policy environment when we take action ourselves.
- ▶ Shape the Paris Agreement in a manner conducive to business ambition by supporting the specific, tailored and sophisticated policy

asks outlined in this report. In particular, use the text presented in this report to advocate for government action in your bilateral meetings, your public statements and when speaking at events leading to and during COP21 in Paris.

- ▶ Encourage your peers within industry groups and across sectors to use these policy asks. Governments are ready to heed an authentic call for action from the private sector for the Paris Agreement to be a catalytic instrument.
- ▶ Do not wait until Paris – speak now and speak often! National negotiating mandates and positions are being finalized in capitals as we speak. Use your domestic leverage to encourage key economies to come to Paris with a mandate for greater ambition.

We are building a thriving, clean economy – and Paris will show us how to finish the job.

The transition to the low carbon economy is inevitable, irreversible and irresistible. The world is already decarbonizing faster than anyone predicted possible, using both existing technologies and new innovations to reduce global emissions.

In recent months, 169 countries – covering 93% of the world's emissions – have come forward with pledges, which will reduce global temperature rise from an original baseline of nearly 5°C to between 2.7°C and 3°C. At the time of writing, 325 companies with US\$6 trillion in revenue and 144 investors with US\$20 trillion in assets under management, have now made nearly 800 ambitious commitments to climate action. More companies and investors are joining this commitment to bold leadership on climate action than at any time in history and are already reaping the financial benefits of doing so.

The climate change negotiations in Paris offer the world a historic economic opportunity to build on this momentum. A successful outcome in Paris will result in a comprehensive package that commits all governments to domestic climate policy ambition at the limit of their capabilities, mobilizes finance at scale to fund the transition to a low carbon economy and creates an inclusive enabling environment for all stakeholders to take bold and sustained climate action.

And Paris will deliver more than the negotiating text. The multilateral agreement will be complemented by the INDCs, bolstered by commitments on finance and emboldened by the unprecedented levels of leadership and action from regions, cities and business.

A clear investment signal from the Paris COP will enable business and investors to move further and faster, unleashing innovation, creating new low carbon products and services, growing jobs and helping countries effectively implement their INDCs.

We Mean Business – a coalition of organizations working with thousands of the world's most influential businesses and investors – wants a bold Paris Agreement that creates an enabling policy environment, establishes a level playing field for business worldwide and accelerates the transition to a thriving, clean economy.

With the policy asks, we invite governments and other stakeholders to work with us to create the enabling environment for ambition, and together we will finish the job.

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Disclaimer:

This report was prepared on behalf of organizations participating in We Mean Business ("We Mean Business partners").

The We Mean Business partners work closely with thousands of businesses and other stakeholders. This report has benefited from the input of the organizations comprising We Mean Business, but does not represent the views or positions of the businesses with which these organizations work.

ENDNOTES:

- 1 For more information on the United Nations Framework Convention on Climate Change (UNFCCC) Conference of the Parties (COP) 21, please see the official website: <http://newsroom.unfccc.int/>.
- 2 Countries formally submit their INDCs to the UNFCCC; submissions to date can be viewed here: <http://www4.unfccc.int/submissions/indc/Submission%20Pages/submissions.aspx>.
- 3 The Kyoto Protocol was adopted on December 11, 1997 and entered into force on February 16, 2005. The first commitment period began in 2008 and ended in 2012. Official website: http://unfccc.int/kyoto_protocol/items/2830.php.
- 4 The Lima-Paris Action Agenda is an initiative spearheaded by the Peruvian and French COP presidencies, the Secretary-General's office, and the UNFCCC Secretariat, with more information here: <http://newsroom.unfccc.int/lpaa/>.
- 5 Commitments made through the We Mean Business coalition campaign illustrate the type of non-state commitments the LPAA aims to generate. See these commitments here: <http://www.wemeanbusinesscoalition.org/take-action>.
- 6 Commitments through the We Mean Business campaign to date can be seen on the official website: <http://www.wemeanbusinesscoalition.org/>.
- 7 We Mean Business, The Climate Has Changed Report, 2014, p. viii.
- 8 CDP, CDP Policy Briefing: Business and the Paris Agreement, 2015.
- 9 In 2007, in its fourth assessment report, the IPCC deemed 2°C the level of temperature increase to avoid dangerous climate change. Based on this assessment, governments formally agreed to this threshold during the Cancun Conference of the Parties in 2010. IPCC, 2007: Summary for Policymakers. In: Climate Change 2007: The Physical Science Basis. Contribution of Working Group I to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change [Solomon, S., D. Qin, M. Manning, Z. Chen, M. Marquis, K.B. Averyt, M.Tignor and H.L. Miller (eds.)]. Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA. UNFCCC, Decision 1/CP.16, 2010, Para. 4. <http://unfccc.int/resource/docs/2010/cop16/eng/07a01.pdf>.
- 10 At the Copenhagen Conference of the Parties, developed countries agreed to a goal of mobilizing jointly USD\$100 billion dollars a year by 2020 to address the needs of developing countries. UNFCCC, Copenhagen Accord, 2009, Para. 8: <http://unfccc.int/resource/docs/2009/cop15/eng/11a01.pdf>
- 11 IPCC, 2014: Summary for policymakers. In: Climate Change 2014: Impacts, Adaptation, and Vulnerability. Part A: Global and Sectoral Aspects. Contribution of Working Group II to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change [Field, C.B., V.R. Barros, D.J. Dokken, K.J. Mach, M.D. Mastrandrea, T.E. Bilir, M. Chatterjee, K.L. Ebi, Y.O. Estrada, R.C. Genova, B. Girma, E.S. Kissel, A.N. Levy, S. MacCracken, P.R. Mastrandrea, and L.L.White (eds.)]. Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA, pp. 1-32.
- 12 Kingdon, John. Agendas, Alternatives and Public Policies, 2nd ed. (New York: Longman, 1995).
- 13 UNFCCC ADP Contact Group, Draft agreement and draft decision on workstreams 1 and 2 of the Ad Hoc Working Group on the Durban Platform for Enhanced Action, October 23, 2015: <https://unfccc.int/files/bodies/application/pdf/ws1and2@2330.pdf>.
- 14 CDP, Putting a price on risk: Carbon pricing in the corporate world, 2015.

GLOSSARY:

BSR	Formerly Business for Social Responsibility
CDP	Previously known as Carbon Disclosure Project
CMA	Conference of the Parties service as the Meeting of the Parties to a new Paris Agreement (proposed under the latest negotiating text)
COP	Conference of the Parties to the UNFCCC
COP21	21st Conference of the Parties to the UNFCCC
INDC	Intended Nationally Determined Contribution
IPC	Intergovernmental Preparatory Committee (proposed under the latest negotiating text)
NDC	Nationally Determined Commitment or Contribution (still to be determined)
UNFCCC	United Nations Framework Convention on Climate Change



WE MEAN BUSINESS

economic opportunity through bold climate action

We Mean Business is a coalition of organizations working with thousands of the world's most influential businesses and investors. These businesses recognize that the transition to a low carbon economy is the only way to secure sustainable economic growth and prosperity for all. To accelerate this transition, we have formed a common platform to amplify the business voice, catalyze bold climate action by all, and promote smart policy frameworks.

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