

# REALIZING THE AMBITION

## *of the Paris Agreement*

### UNPRECEDENTED CATALYSTS FOR CLIMATE ACTION

The We Mean Business coalition works with thousands of the world's largest businesses to reduce greenhouse gas emissions, build climate resilience and unlock climate finance. We have formed a common platform to catalyze bold climate action and to support policies which put us on a well below 2°C trajectory by 2020.

The Paris Agreement on climate change is unprecedented in its scope, will define the global economy of the 21st century, and has immediate impact on businesses and investors around the world.

#### The agreement has entered into force with unprecedented speed.

Over 80 Parties representing 60% of global emissions have now formally joined the agreement, including the largest emitters China, the US, the EU, and India. In total, 191 Parties representing 98% of global emissions have signed it and can be expected to join the agreement.

The private sector is ready to be a partner in ambition with governments across the globe. At COP22 we need to move from adoption of the Paris Agreement to its speedy implementation.

#### We look to governments to:



Scale up enabling policies through the Global Climate Action Agenda and the Technical Examination Processes



Fully implement NDCs through domestic legislation and regulation



Drive towards net zero emissions by communicating long-term low GHG development strategies



Connect non-state action to an increase in ambition with every five-year NDC cycle, starting in 2018



Mobilize climate finance at scale from public and private sources



Enact meaningful pricing of carbon



Build climate-resilient economies and communities

We also celebrate a new amendment to the Montreal Protocol, which will phase down highly warming hydrofluorocarbons, and a global sectoral agreement to control aviation emissions at ICAO. In coming months, the recommendations of the Financial Stability Board's Task Force on Climate-Related Financial Disclosures will help to mainstream climate risks, ensuring that investors increasingly price these risks accurately as they allocate capital. Like the Paris Agreement, these are unprecedented catalysts for climate action.

# STRENGTHENING THE GLOBAL CLIMATE ACTION AGENDA



We Mean Business supports the implementation and improvement of NDCs in three ways.

**1** →  *Leading companies commit and encourage their industry peers and suppliers to commit as well.*

## COMMIT

We encourage new and additional commitments from the private sector.

Through our corporate action framework, nearly 500 companies with over \$11 trillion in market capitalization have now undertaken well over a thousand ambitious commitments to climate action.

**2** →  *Benchmarking shows climate action by peers.* →  *Tracking makes the "business determined contribution" credible.*

## DEMONSTRATE

We demonstrate that businesses are implementing their commitments and taking ambitious action on climate change.

Demonstrating implementation is critical to the company benchmarking, peer learning, and confidence building required for more businesses to make commitments. Tracking and verifying progress on business commitments is also critical to the credibility of the "business determined contribution" to the global effort.

**3** →  *Leading companies dialogue with governments about the policies they need to go further and faster.*

## ADVOCATE

We help companies advocate for the enabling policies that catalyze business leadership.

Leading companies are a vital source of insights on potential new ambition and on the specific policies that they need to fulfill their climate commitments.

These include both the typical climate policies in the current NDCs, and also non-traditional policies set across government ministries. For example, increasing climate ambition may rest on enhancing the rule of law to attract foreign direct investment, on addressing the cost of capital, or on tackling the production, procurement and cost of renewable energy.

Through 2020, the Global Climate Action Agenda and the Technical Examination Processes (TEPs) will showcase non-state actor initiatives and take stock of their progress.

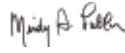
**To successfully drive pre-2020 ambition, the Action Agenda and Technical Examination Processes must be outcome-driven and tangibly scale up the policy, finance, and implementation solutions that will enable additional business action.**

We therefore support TEPs which create curated conversations where governments and non-state actors explore specific issues in depth. To reach this level of depth, and to change the TEPs into venues where governments and non-state actors do business, they can:

- ▶ Convene in different UN regions, piggybacking on existing sectoral convenings such as the Clean Energy Ministerial.
- ▶ Gather specialists selected from non-state actors and from relevant sectoral ministries.
- ▶ Encourage interactive dialogue through a small roundtable format and expert facilitation.
- ▶ Further narrow the focus of TEP meetings to particular specialized partnerships and concrete solutions.

  
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## WELL BELOW 2°C BY 2020

With the Paris Agreement now in force, it is time for countries to fully implement their NDCs through domestic legislation and regulation, which will provide additional policy certainty to the private sector. Business has an important role to play in shaping the regulatory and market policies that will achieve each country's NDC.

One of the most ambitious features of the Paris Agreement is the communication of successive NDCs every five years, each progressively more ambitious than the last. To put us on a path towards the Article 2 goal of holding warming well below 2°C, successive NDCs will need to follow the trajectory set out in Article 4, peaking GHG emissions as soon as possible, followed by rapid reductions to achieve net zero emissions.

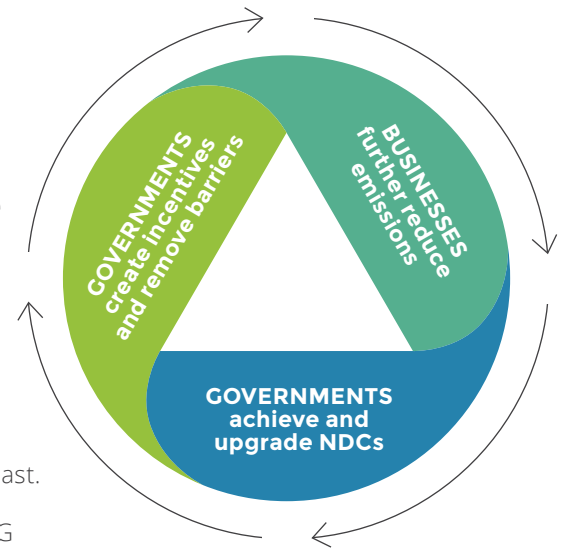
A growing number of businesses are leading the way by setting Paris-compliant emissions reduction goals. At the time of printing, 190 companies have committed to adopt science-based targets along a well below 2°C trajectory. These companies will not only contribute to the global effort by reducing their own emissions, they will be leaders in encouraging their industry peers and suppliers to do so as well.

### By 2020, we aim to establish Paris-compliant trajectories as the new normal for businesses and governments alike.

Following a dialogue in 2018 on collective progress towards net zero global emissions, governments will next update their NDCs in 2020. Governments are now negotiating technical rules under the Paris Agreement. The agreement also invites governments to communicate mid-century low GHG development strategies by 2020, with the first ones arriving this year.

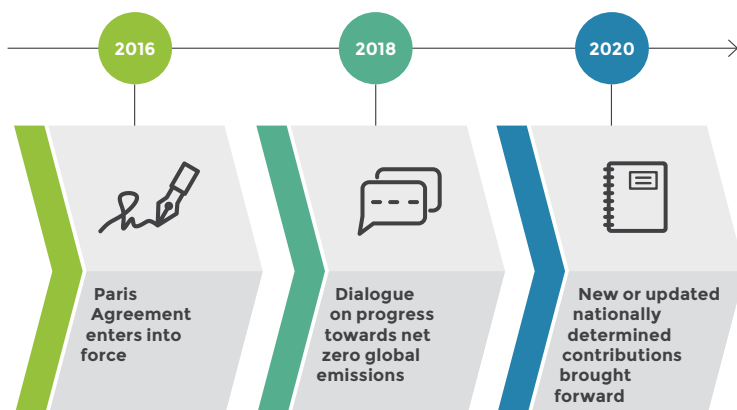
In a virtuous circle, NDCs catalyze ambitious climate action by businesses, which in turn implement NDCs and enable improved NDCs. Business action is therefore a valuable input into the preparation of Parties' successive NDCs, the global stocktakes under the Paris Agreement, and the 2018 facilitative dialogue. This input enables governments to formulate NDCs which account for ongoing innovation by the private sector.

► The Paris rulebook for NDCs needs to be finalized and adopted by COP24, before the



next update of NDCs begins. This includes important rules on the information to be provided with successive NDCs, how emissions reductions are accounted for, the global stocktake held every five years, the transfer of emissions outcomes between countries, and a global successor to the Clean Development Mechanism.

- In Paris we called for NDCs in common five-year blocks from 2030 onwards, and we continue to do so.
- Mid-century low GHG development strategies should map out the sectoral pathways and technologies each country needs to follow the Article 4 trajectory towards net zero emissions, so that successive NDCs can be aligned with these pathways.
- As your implementation partner, we call for a structured and actionable dialogue between business and governments on how NDCs can be strengthened to catalyze additional business ambition, to inform the preparation of the next round of NDCs.



## UNLOCKING CLIMATE FINANCE

We recognize that realizing the ambition of Paris requires both public and private finance at scale.

**We welcome the concrete road map to jointly provide USD 100 billion per year of climate finance by 2020.**

Developed countries need to honor their Copenhagen pledge. And we are ready to play our part to maximize the private climate finance leveraged by public climate finance. Yet building the low-carbon economy will require not billions but trillions in low-carbon investment. It is the effective implementation of NDCs through domestic policies, and their progressive improvement, that will drive this investment.

**Carbon pricing is one of the key policy instruments we need to unlock climate finance.**

More than 90 NDCs include proposals for emissions trading systems, carbon taxes, and other carbon pricing initiatives. At the same time, over 1,200 companies have reported using an internal carbon price or plan to do so, in anticipation of regulation. For leading businesses, an internal carbon price is a key tool to implement business strategies which deliver emissions reductions and build climate resilience.

The rules and guidance being developed under Article 6 of the Paris Agreement, which will enable the transfer of emissions outcomes between countries and establish a new global market mechanism, can support the uptake of carbon pricing policies. This will help business to unleash the power of markets to drive down the costs of emission reductions. We therefore call on governments to:

- ▶ Provide robust accounting guidance to prevent double counting of emissions reductions.
- ▶ Speed completion of negotiations under Article 6 by using and adapting existing mechanisms.
- ▶ Focus on investments in large-scale projects and programs, delivering the scale of emission reductions we need.

## BUILDING CLIMATE RESILIENCE

We Mean Business welcomes the new global goal on adaptation in the Paris Agreement.

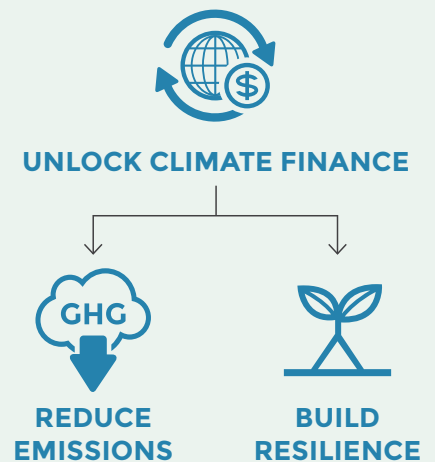
**Climate risk is material to businesses across the globe.**

The private sector can strengthen our collective ability to manage climate risk by enhancing adaptive capacity within companies, strengthening resilience across supply chains, and influencing policy enabling environments.

In building climate resilience, businesses should develop approaches that are country driven, gender responsive, participatory, and fully transparent with a focus on vulnerable groups and sensitive ecosystems.

The private sector wants to be an implementation partner. We Mean Business is developing business commitments on climate resilience, and has launched a commitment to improve water security. To accelerate business leadership on resilience, we call on governments to:

- ▶ Recognize, through the global stocktake, the role the private sector already plays in strengthening resilience. Businesses already build adaptive capacity by developing early warning systems, contributing to emergency preparedness, comprehensively managing risks, providing access to financial services, investing in capital assets, and responding to disasters.
- ▶ Strengthen institutional arrangements within the UNFCCC to deepen private sector involvement in the resilience agenda. In particular, actionable dialogues to identify challenges and barriers to private sector leadership will help to resolve them in partnership with governments. The Technical Examination Process on Adaptation is critical. It needs to be more than a showcase of best practices and lead to policy changes.
- ▶ Involve the private sector in the formulation, implementation, and assessment of national adaptation plans. Vulnerability is often driven



by local conditions. Companies and their supply chains can have substantial impact at the community level, and consequently public-private partnership in securing resilience is vital.

- ▶ Include the private sector in the 2017 Adaptation Committee review of adaptation-related institutional arrangements to ensure greater consistency between public and private efforts to build resilience.
- ▶ Ensure private sector participation in the Warsaw International Mechanism task force which will develop recommendations to address displacement from the impacts of climate change.