

POINTS FOR DISCUSSION WITH PARTIES

MAY 2018

INCREASING AMBITION AND ACTION

Businesses are implementing the Paris Agreement. They are taking Paris-aligned action, driving rapid progress in the real economy and increasing their own ambition. Over 400 companies have committed to or have set science-based emission reduction targets in line with the Paris Agreement, and over 860 more have said they will do so in the next two years. Forward-looking businesses are achieving their renewable electricity goals well ahead of schedule, accelerating deployment of renewables, reducing costs, growing their bottom line and future-proofing their business strategies.

The first round of Paris NDCs, even if fully implemented, will not deliver the goals of the Paris Agreement, so businesses and governments must both continue to increase their ambition and accelerate climate action. Governments are already announcing new goals, for example to phase out coal or end dates for the sale of internal combustion engine passenger vehicles, and many are ahead of schedule on the commitments made in their first NDCs.

Businesses look to Parties to build on this and continue to increase policy ambition. We therefore call for more ambitious targets and measures to be included in 2020 NDC communications, and clearly articulated in domestic climate policies, to bring the overall ambition of Parties ever closer to the Paris Agreement goals. Long, loud and legal policy signals provide the policy certainty needed to inform strategic planning and drive low carbon capital investment and innovation.

For example, Parties can support and further accelerate business ambition by:

- ▶ Accelerating corporate **renewable energy** sourcing by setting ambitious, long-term and credible national renewable energy targets and development plans; enabling direct participation in electricity markets for corporate buyers; and establishing sound and transparent tracking systems for renewable energy.
- ▶ Accelerating the transition to **electric vehicles** through end dates for the sale of internal combustion engine passenger vehicles or increasingly stringent emissions standards; low emission zones in cities; fiscal measures which reduce the total cost of electric vehicle ownership, and support for the development of charging infrastructure.
- ▶ Coming forward with comprehensive and ambitious **long-term, low-GHG development strategies** as soon as possible, which will be used to guide future NDCs and national climate policy. This allows business to factor these policies into low-GHG company investment plans, growth strategies and scenario analysis. The most successful national strategies will be built through stakeholder consultation and participation, including by business, civil society, and regional governments. National strategies should clearly indicate a pathway for delivering a just transition to net-zero emissions ahead of 2050.
- ▶ Setting strong **carbon pricing signals**, to direct finance away from high-emitting activities and toward a suite of cleaner, more efficient alternatives. Parties should set carbon prices consistent with the Carbon Pricing Leadership Coalition (CPLC)'s *High Level Commission on Carbon Prices*, and the 2018 *Carbon Pricing Corridors* analysis, in which CEOs of major power and chemical companies indicate that a price around \$30/tonne by 2020 and rising steadily thereafter is needed to drive change in their sectors.
- ▶ Ending all **fossil fuel subsidies** as soon as possible.
- ▶ Ratifying the Kigali Amendment to the Montreal Protocol, and implementing policies **phasing out HFCs** and addressing other short-lived climate pollutants.
- ▶ Through regulation, supporting the implementation of the Financial Stability Board **Task Force on Climate-related Financial Disclosures** recommendations by investors, companies, and regulators, to ensure that climate risks and opportunities are properly assessed, and that business builds resilience to these risks.

While increasing mitigation ambition is critical to holding warming well below 2°C, it is equally important to act now to build resilience to climate impacts, in particular among the most vulnerable communities. Here too business has a role to play, by building the resilience of their operations, global supply chains and the communities on which they depend.

THE WE MEAN BUSINESS COALITION WORKS WITH THOUSANDS OF THE WORLD'S MOST INFLUENTIAL BUSINESSES, AND STANDS READY TO WORK TOGETHER WITH POLICYMAKERS TO REDUCE EMISSIONS AND BUILD RESILIENCE TO CLIMATE IMPACTS.



PARIS AGREEMENT PROGRAMME OF WORK

Policy certainty accelerates business investment in the low carbon, climate resilient world envisaged by the Paris Agreement. Ambitious business action is built on confidence that policy ambition will strengthen over time. Strong rules completed at COP24 which make increasing government ambition clear and predictable will be important drivers of ambition for decades to come.

- ▶ A **Global Stocktake** that builds political momentum towards the increased ambition we need every 5 years, by effectively and efficiently assessing our collective progress towards the Paris Agreement's purpose and long-term goals, and by using the best available science and information on the real economy, including inputs from businesses, investors and other relevant stakeholders.
 - The outputs of the Global Stocktake should inform all processes under the Paris Agreement, including the communication of successive NDCs.
- ▶ **Common timeframes for NDCs**, so that successive NDCs are communicated every 5 years, and NDCs have common end dates which are 10 years from the date of communication. This will enable businesses to calibrate actions across the global landscape of NDCs.
- ▶ Guidance on the **information to be provided by Parties** which maximizes the clarity, transparency and understanding of NDCs, to give businesses the most accurate basis on which to make capital investment decisions.
- ▶ **Accounting rules for NDCs** which follow the fundamental accounting principles of consistency and comparability, to ensure that the business community has a comprehensive and accurate understanding of NDCs' impact on the atmosphere.
- ▶ A **transparency framework** for action and support which establishes 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.
- ▶ **Strong rules under Article 6** that prevent double counting of emissions reductions and protect the environmental integrity of NDCs, while facilitating the transfer of mitigation outcomes between Parties' NDCs to maximize cost efficiency and enable additional mitigation action.
 - An **emissions mitigation mechanism** which can support additional mitigation and sustainable development, and which will incentivize businesses to find cost-effective emissions reductions around the world.

BUSINESSES ARE ENHANCING THEIR AMBITION, DEMONSTRATING THAT DECARBONIZATION IS POSSIBLE WHILE BOOSTING EMPLOYMENT, INVESTMENT, AND INNOVATION. WE CALL ON PARTIES TO SEND A CLEAR SIGNAL FOR ENHANCED AMBITION AT COP24, WHICH WILL BOLSTER OUR EFFORTS TO TRANSFORM THE REAL ECONOMY.

Over 700 leading businesses around the world are taking Paris-aligned action and driving rapid progress in the real economy through the We Mean Business coalition's **Take Action campaign**.

Collectively, the greenhouse gas emissions (Scopes 1+2) of these companies are equivalent to the total annual emissions of **India** and their collective market capitalization of over \$16.7 trillion is more than 20% of the entire global economy.

Leading steel multinational **Mahindra Sanyo Special Steel** of India recently became the first steel company in the world to have an approved science-based target.

Technology and industrial major **Johnson Controls'** energy productivity improvements have contributed to a 41% greenhouse gas emissions intensity reduction and over \$100 million in annual energy savings.

Wal-Mart, the world's largest company by revenue, saved nearly \$1 billion in a single year and avoided emitting almost 650,000 metric tons of CO₂, as part of its science-based target.

The collective renewable electricity demand of the 130+ companies that have committed to RE100 is more than enough to power **Poland**.

- ▶ Effective modalities for the **Article 15 committee** to increase business confidence that NDCs will be implemented. These include a broad scope of work, initiation procedures beyond self-triggers, and measures which facilitate implementation and promote compliance with the Agreement.
- ▶ Political parity between mitigation and **adaptation action** to ensure the protection of vulnerable ecosystems and communities on which the economy and business depend. This includes enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change; enhancing the work of the Adaptation Committee on private sector resilience; and promoting the development of national adaptation plans with the involvement of non-Party stakeholders.