

Dear Excellencies:

Climate change threatens business operations and value chains. The IPCC makes clear that to minimize climate risks and hold warming to 1.5°C, we must transition to a net-zero carbon economy by 2050. According to the Global Commission on the Economy and Climate, this transition could create US\$26 trillion in economic benefits and 65 million new jobs by 2030.

Through **We Mean Business** coalition partners' initiatives, more than 980 global companies with combined market capitalization of US\$19.3 trillion – equal to 25 percent of global GDP – have made over 1,550 commitments to bold climate action. These include setting Science-Based Targets in line with the goals of the Paris Agreement, committing to net-zero emissions by 2050 at the latest, switching to 100 percent renewable electricity, doubling energy productivity, accelerating the transition to electric vehicles and committing to implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). What is more, leaders from heavy industries are committing to zero-carbon emissions, including in steel, cement, chemicals and shipping.

This ambition is good for business. Companies that have set Paris-aligned emission reduction targets report improved brand reputation, increased investor confidence, accelerated innovation, and competitive advantage in the marketplace. However, the private sector cannot do it alone. Investing in and building the zero-carbon economy at the necessary pace and scale requires clear, ambitious government policies.

On the eve of the G7 Leaders Summit, we call on G7 governments, representing more than 60 percent of global net wealth and almost 50 percent of global GDP, **to reaffirm their commitment to climate action and the Paris Agreement, and to show leadership this year:**

- ▶ **Set a clear pathway for a just transition to net-zero GHG emissions by 2050;**
- ▶ **Strengthen Nationally Determined Contributions (NDCs) and 2030 targets in line with this trajectory;**
- ▶ Give business regulatory certainty by backing these national plans and targets with **ambitious sectoral goals and policies** that chart a clear path to the full transformation of major economic systems needed to build a net-zero carbon economy.

Building a prosperous, zero-carbon economy by 2050 requires a transformation of unprecedented pace and scale. This transition is achievable, but only when decisive business leadership is complemented by ambitious government policies, each positively reinforcing each other.

- ▶ Over 190 international companies have committed to procuring 100 percent renewable electricity through the RE100 initiative. These companies, with total electricity demand equal to over one-third of Germany's, consistently perform better than their peers on key financial indicators. **To accelerate the transition to a zero-carbon power system, we call on G7 governments to scale up renewable energy deployment to achieve a 100 percent clean power system, establish a moratorium on coal finance and new coal builds, and set an ambitious coal phase-out date.**

- ▶ More than 50 companies are committed to accelerating electric vehicle (EV) deployment through the EV100 initiative. **To accelerate the transition to zero-carbon transport, we call on G7 governments to set an end date for internal combustion engine vehicles, provide fiscal incentives for EVs, and invest in EV infrastructure and zero-carbon public transportation.**
- ▶ Food and consumer products companies, including 7 of the 10 largest consumer goods companies in the world, are committed to bold climate action, including implementing science-based emissions reduction targets, committing to 100 percent climate-smart agriculture and zero deforestation, and working with their suppliers around the world. **We call on G7 governments to accelerate the transition to a land system that supports a net zero carbon global economy and can feed a growing population with sustainable ecosystems and healthy communities, including through climate-smart agricultural practices and ending deforestation.**

To finance the transition to a zero-carbon economy, **markets need full information on climate risks and opportunities, and clear pricing signals and policies that shift global financial flows** away from polluting investments and toward zero-carbon products, services, and business models:

- ▶ Globally, hundreds of companies are using an internal carbon price to inform operations and investment decisions as a powerful tool to understand climate risk, reduce emissions and identify low carbon opportunities, and are supporting and implementing the TCFD's recommendations. **We call on G7 governments to follow through on their 2016 commitment to phase out fossil fuel subsidies by 2025, to implement meaningful carbon prices, and to promote the implementation of the TCFD recommendations through regulation.**

To support a successful transition to a just and prosperous zero-carbon future, we must address the social impacts of the transition and adapt to the climate impacts we already face, leaving no one behind.

- ▶ A just transition is critical for companies to manage the transition to a zero-carbon economy and ensures good labor and community relations. **We call on G7 governments to support a just transition to a zero-carbon economy via social dialogue with businesses, workers, and communities, and by integrating measures outlined in the *Solidarity and Just Transition Silesia Declaration* into NDCs and national climate and energy plans.**
- ▶ Companies are implementing strategies to address climate impacts and integrating climate risks into enterprise risk-management systems, business continuity plans, and investment plans. **We call on G7 governments to build resilience against climate impacts for vital communities that support value chains globally.**

Companies all over the world are stepping up their ambition, building a zero-carbon economy while boosting competitiveness, employment, investment, and innovation. Business is looking to the G7 for leadership and stands ready to work with G7 governments to drive the transformational change we all need to achieve the goals of the Paris Agreement.

Sincerely,

The We Mean Business coalition

We Mean Business is a global coalition of nonprofit organizations working with the world's most influential businesses to take action on climate change. Together we catalyze business action to drive policy ambition and accelerate the transition to a zero-carbon economy.

Coalition Partners

