

## ▶ EXECUTIVE SUMMARY

The changing climate poses a huge danger to the global economy and to the viability of business. Fortunately, a constantly growing number of companies are taking action on climate change because they know it is critical for their long-term success and they know leadership brings reward. The role of corporate climate leaders is more important than ever.

The scale of corporate action to date has been impressive, but it is not enough to deliver a sustainable future. The bar of leadership is rising and we know the most forward-looking businesses are rising

to meet it. *Climate Leadership Now* lays out the We Mean Business coalition's shared vision for what corporate climate leadership needs to look like in the coming decade.

### Context

The evidence overwhelmingly confirms that the world is warming, predominantly as a result of human activity. Global temperatures are changing at a faster rate than at any time since the end of the last Ice Age. Temperature rises above 1.5°C bring sharply growing costs and impacts for business, as well as putting extreme stress on our society and causing widespread increases in human suffering. To avoid this, a substantial reduction in carbon emissions is required: global emissions need to halve by 2030.

As we have seen with the COVID-19 pandemic, our new reality is one of unignorable systemic risks. Environmental and social resilience are intimately intertwined. Climate action must therefore also embrace issues of diversity, equity and inclusion. For individual businesses and the wider economy, the implications are that resilience is fast moving beyond the sustainability team to be a core part of the business strategy in forward-focused companies. Climate action can provide companies with a springboard into a better business future while also kick-starting the transformation towards a greener, fairer and ultimately more resilient form of capitalism.

What comes next cannot be a simple repeat of what has happened before. Now is the time to act.



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# What does business leadership on climate change look like today?

Leading businesses respond to the climate crisis with Ambition. They deliver on that ambition with Action. They speak up to secure wider change through Advocacy. Only by combining all of these, can businesses be said to be fully leading on climate action.

## Ambition

Climate ambition is a commitment to shape the future. It represents a vision for a positive future including business outcomes, better jobs and greater environmental protection. Ambition guides strategy, motivates employees, informs investors and customers.

### IT SHOULD INCLUDE:

- ▶ A compelling and positive vision for a net-zero future, centered on the people, the business impacts, and communicating where the company is going and what it is seeking to achieve.
- ▶ Short and mid-term science-based emissions reduction targets aligned with holding temperature rise to 1.5°C, and a long-term commitment to reduce emissions to net-zero by 2050 at the latest.
- ▶ Plans to address emissions from all areas of influence, including the wider value chain, and to deliver risk management and resilience.
- ▶ A drive to go further, faster. Leaders are committing to reduce emissions at even greater pace.

### ACCOUNTABILITY:

Targets should be independently verified and executive responsibility to deliver them must be clear.

## Action

Climate action is a process of business transformation that can deliver new competitive advantage that will grow as the economy decarbonizes. Conversely, the risks from inaction and delay will also continue to grow as the carbon-intensive business models of the old economy become less viable.

### ACTION MEANS:

- ▶ Reviewing core strategy to identify areas of material change. Leaders prioritize what matters and move with urgency to rethink activities across the business including governance, investment, procurement and more.
- ▶ Adopting an innovation mindset. Climate action requires bridging new gaps to unlock new products and markets.
- ▶ Working with others. Change at speed and scale requires new approaches that best emerge from new collaboration.
- ▶ Reaching out for wider influence. Leaders are looking to reach out for the widest deployment of their influence on society to deliver a better future.

### ACCOUNTABILITY:

Full, transparent disclosure is essential for credibility and prompting wider change.

## Advocacy

To deliver most climate solutions at scale requires government to make the rules for a zero-carbon economy clear to all. Businesses have a crucial voice and role, and will benefit from policy frameworks that create incentives for decisive climate action.

### AN EFFECTIVE BUSINESS VOICE IS:

- ▶ Pro-change. Moving beyond the status quo to make a positive case for a better economy with specific policy changes that can unlock it.
- ▶ Consistent. Ensuring that the call for change is delivered consistently across all routes to policy – including through trade associations.
- ▶ Working with their peers. Mobilizing other businesses in collective calls for change so that policy makers understand the growing size of the economic opportunity.
- ▶ Using their marketing muscle. Beyond policy advocacy, the best leaders are using the power of advertising to help set out a better future.

### ACCOUNTABILITY:

Companies need to actively work to manage misaligned messages and to listen to challenging voices when they engage in wider public discussions.