

Submission to the Talanoa Dialogue

Coordinated by BSR | April 3, 2018

We Mean Business (WMB) is a coalition of nonprofit organizations working with the world's most influential businesses to take action on climate change. Together we catalyze business leadership to drive policy ambition and accelerate the transition to a low-carbon economy. WMB has seven founding partners: BSR, The B-Team, CDP, Ceres, The Climate Group, The Prince of Wales's Corporate Leaders Group, and the World Business Council for Sustainable Development (WBCSD).

We are fully committed to the implementation of Paris Agreement and to doing our part to achieve the goal expressed in Article 4.1 of the Paris Agreement – net-zero global greenhouse gas (GHG) emissions in the second half of this century, recognizing the transition to a low-carbon economy is the only way to secure sustainable economic growth and prosperity for all. By aligning with the Paris Agreement, companies are growing their bottom line, driving innovation, uncovering new markets, and realizing cost savings and cost stability.

We thank the UNFCCC and the COP23 and COP24 Presidencies for the opportunity to contribute to the Talanoa Dialogue through an open and inclusive process which recognizes the role that non-Party stakeholders play in reaching the long-term goals of the Paris Agreement. Several WMB partners have made individual submissions to the Talanoa Dialogue providing further detail, and as a coalition we are pleased to submit our shared key messages:

1. **Where are we? Businesses are taking Paris-aligned action** and driving rapid progress towards meeting and exceeding their existing commitments, including through the WMB Take Action campaign. This action demonstrates that businesses stand ready to implement the Paris Agreement.
2. **Where do we want to go? Businesses will build the low carbon economy by enhancing their ambition**, showing that decarbonization is possible while boosting economic growth, and that innovation opens the space for enhanced ambition.
3. **How do we get there? Businesses need enhanced policy ambition from Parties to deliver.** Long, loud and clear policy signals, and policy certainty, enable more business ambition. Ambitious climate targets and the implementation of strong domestic policies are critical for businesses to meet the long-term goals of the Paris Agreement.

1. WHERE ARE WE? BUSINESSES ARE TAKING PARIS-ALIGNED ACTION.

Progress towards the low-carbon economy is accelerating and irreversible, and the WMB Take Action campaign has set an ambitious vision for the future. Over 1,000 commitments have been made by nearly 700 companies with combined revenue of over USD15.7 trillion, equivalent to 20% of the entire global economy, and representing some 2.31 gigatons of scopes 1 and 2 emissions, equivalent to the total annual emissions of Russia.

- In 2014, 62 companies had made commitments as part of the WMB coalition's Take Action campaign. This increased five times to 363 companies by COP21 and eight times to 495 companies by the end of 2016. Today over 690 companies are part of the campaign, a more than tenfold increase in less than four years.

- 89% of the 500 largest companies globally now have emissions reduction targets in place, according to CDP.
- More than 360 companies have committed to set, or have approved, science-based targets to reduce greenhouse gas emissions in line with the Paris Agreement goal of holding average temperature increase well below 2°C. Walmart, the world's largest company by revenue, saved nearly \$1 billion in the past fiscal year and avoided emitting almost 650,000 metric tons of CO₂, as part of its science-based target.
- Currently nine B-Team Leader companies have pledged to reach net-zero GHG emissions by 2050: Kering, Unilever, Broad Group, Virgin, Safaricom, Econet, Salesforce, Tiffany & Co. and Natura. Salesforce and Natura have both reached net-zero emissions across scopes 1, 2 and 3 using innovative approaches to efficiency, renewables and offsets.
- Through RE100, more than 130 leading global companies have committed to source 100% renewable electricity. Their collective electricity demand is over 159 terawatt hours per year, which is more than enough to power Malaysia or Poland.
- The maritime carriers in BSR's Clean Cargo Working Group, representing 85% of global container capacity, have increased efficiency by 35% since 2009.
- Members of WBCSD's Low Carbon Technology Partnerships initiative are setting out ambitious collaborative action plans.

2. WHERE DO WE WANT TO GO? BUSINESSES WILL BUILD THE LOW CARBON ECONOMY BY ENHANCING THEIR AMBITION.

Leading businesses are now part of the solution to climate change. They see the imperative to act and will innovate business models to seize the opportunities of the low-carbon economy. Those who have undertaken climate commitments will implement them. Others who are reaching emissions reduction targets ahead of schedule will enhance their ambition. In doing so, businesses will build reliable systems that make clean energy available for all, generate quality employment, and build resilient communities, creating a low-carbon, climate-resilient world where we achieve the Sustainable Development Goals.

- Momentum behind science-based target setting will continue to grow. In 2017, 864 companies reported to CDP that they intend to set a science-based target within two years. Together with those that have already formally set or committed to set science-based targets through the Science Based Targets initiative, nearly 1,200 companies spanning some 50 countries and 70 sectors, could align their operations with the Paris Agreement by 2020.
- At least five new global MNCs will make the net-zero by 2050 pledge (across scopes 1, 2, and 3) and an interim science based target by September 2018. In addition they will commit to a just transition, producing a tangible commitment to decent job protect protection and creation.
- Forward-looking businesses will achieve their renewable electricity goals well ahead of schedule: Google, Wells Fargo and Autodesk are among the 25 companies that already have achieved their goal to source 100 percent of their electricity needs from renewables. Getting all businesses to source 100% of their electricity from renewable sources will enable the reduction of global CO₂ emissions by 15%, contributing significantly to the objectives of the Paris Agreement.

- Companies will use a carbon price to determine where they want to go. From 150 global companies in 2014, over 1,300 companies disclosed to CDP in 2017 that they are using an internal carbon price or plan to do so within the next two years to inform planning and investment decisions.

3. HOW DO WE GET THERE? BUSINESSES NEED ENHANCED POLICY AMBITION FROM PARTIES TO DELIVER.

The first round of Paris NDCs, even if fully implemented, will not deliver the long-term goals of the Paris Agreement. To go further and faster, businesses and governments both need to continue to enhance their ambition. Businesses look to Parties to enhance their policy ambition – both in their NDCs and through domestic legislation and regulation – to set a regulatory landscape that fosters even greater corporate action on climate.

We therefore call on Parties to:

- Complete a robust Paris rulebook at COP24 which includes:
 - A transparency framework for action and support which promotes business confidence in NDC implementation.
 - Accounting rules and information for NDCs which make their impact clear and understandable to the business community.
 - Global rules which align national and regional carbon pricing mechanisms with the aim of global coverage, and robust accounting rules to prevent double counting of emissions reductions and ensure the environmental integrity of NDCs.
 - A global stocktake which supports progressively more ambitious NDCs, bringing us ever closer to the Paris Agreement's long-term goals, and which includes inputs from the private sector.
 - Recognition of the importance of both mitigation and adaptation, in light of the climate impacts we already face.
- Come forward with long-term, low-GHG development strategies as soon as possible, which will send a clear signal to enable low-GHG company investments and strategies. National strategies should clearly indicate a pathway to net-zero emissions ahead of 2050, include countries' planned peak years, build on existing strategies and goals, and provide details on support needed.
- Set strong carbon pricing signals, to direct finance away from high-emitting activities and toward a suite of cleaner, more efficient alternatives. An effective price will provide a signal for investment in low-carbon and climate-resilient growth. Governments should set carbon prices consistent with the Carbon Pricing Leadership Coalition (CPLC)'s *High Level Commission on Carbon Prices*, and other similar analysis.
- Accelerate corporate renewable sourcing through:
 - Policy visibility, certainty and stability which enable companies to make long-term decisions about their electricity supply. Ambitious, long-term and credible national renewable energy targets as well as plans to get there are critical.
 - The ability to directly participate in electricity markets, which enables companies to have a more direct impact on renewable capacity deployment. Countries with the most favourable environments have seen the largest uptake in corporate renewable PPAs.
 - Sound and transparent tracking systems for renewable electricity, which facilitate corporate renewable sourcing as they provide companies with a credible way of claiming progress and showcasing their ambition.

- Accelerate the transition to electric vehicles through:
 - Measures setting out a long term trajectory for government ambitions, such as end dates for the sale of internal combustion engine vehicle or driving the market towards low-emission solutions through increasingly stringent emissions standards.
 - Low emission zones in cities with limited access for polluting vehicles, which also provides a positive vision for how electro-mobility can lead to healthier, more liveable cities for all.
 - Measures that reduce total cost of ownership of electric vehicles to cost parity in the interim period while markets are moving to scale (e.g. subsidies, tax exemptions/reductions, free parking, and access to fast/bus lanes).
 - Support and collaboration on the development of EV charging infrastructure, through their own planning and investment, especially for fast charging corridors and on street facilities, as well as by removing regulatory barriers for the installation of infrastructure by private entities.
- Implement climate-related financial reporting frameworks within national regulation, including supporting the implementation of the Financial Stability Board Task Force on Climate-related Financial Disclosures recommendations by investors, companies, and regulators.
- Prioritise a just transition to an inclusive economy that creates decent jobs and opportunities for workers and communities, leaving no one behind, by integrating just transition planning and allocated funding into NDCs and low-GHG development strategies.