

Input for the Talanoa Dialogue

Question 2 – Where do we want to go?

Submitted on behalf of the 'Alliance of CEO Climate Leaders'

Vision of the future for your organization and/or sector in terms of its possible role in achieving the 1.5/2 degrees' goal and a net-zero emission world by this mid-century.

In order to step up the pace of change and demonstrate progress towards achieving the targets of the Paris Agreement by 2020 – the next key milestone in the global climate action agenda - it is critical that the private sector steps up to the challenge of cutting emissions in a range of areas across the economy¹. It is also of critical importance that economic development and climate protection go hand in hand. Such an approach can encourage countries to move ahead with implementation and enable social acceptance from a broad majority of people.

Key action areas include:

- Energy: replacing fossil fuels with renewables as the main source of power;
- Infrastructure: making all new infrastructure compatible with climate targets; and achieve 100% net zero carbon buildings by 2050².
- Transport: making zero-emission transport people's first choice;
- Land use: ending large-scale deforestation;
- Heavy industry: aiming towards bringing iron and steel, cement production and chemicals in line with the Paris targets. This will require new technologies, and investment in R&D needs to start now.
- Finance: invest in low-carbon businesses and technologies and create an enabling framework for such investments, while also driving climate-risk reporting.

In the run up to 2020, the Alliance of CEO Climate Leaders will continue to provide a platform to accelerate and demonstrate more ambitious action on climate from the private sector, by setting targets for companies and their supply chains. More specifically, CEOs will focus on the following key areas:

1. Continue to demonstrate commitment from the group at key moments in the climate action calendar by actively engaging in efforts to reduce emissions and ensuring high-level business visibility and support for increased climate ambition by governments;
2. Proactively manage climate-related financial risks and opportunities by supporting the thinking behind the implementation of the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and improved climate governance on Boards as a group and by engaging with other business leaders;
3. Working within and across sectors to collectively enable the low-carbon transformational changes that are needed in key value chains.

In addition to activities undertaken collectively and as a group, individual CEOs will champion specific issue areas in key sectors and regions, and leverage their leadership, influence and networks - in

¹ Mission 2020 Campaign and Friends of Climate Action community : <http://www.mission2020.global/>

² World Green Building Council : <http://www.worldgbc.org/news-media/infographic-pathways-net-zero-carbon-buildings>

their industry and other multi-stakeholder fora – to help take forward key pieces of the climate action agenda including climate governance, climate-smart agriculture, low-carbon mobility and resilience amongst others.

Possible and potential new commitments and pledges of to achieve the 1.5/2 degrees' goal and a net-zero emission world by this mid-century.

Specific focus areas for action from the group have been identified, as key vehicles to contribute to the implementation of the Paris Agreement targets:

- **Encouraging bold political ambition:** in order to achieve ambitious climate action in all countries by demonstrating continued high-level business visibility and support for a more ambitious action plan to tackle climate change at key moments in the calendar with a focus on COP24 in 2018, and the World Economic Forum Annual Meeting and the UN Secretary General Climate Summit in 2019.
- **Work towards delivering low-carbon transformational change** by collaborating across sectors and value chains, to scale for example climate-smart agriculture, or clean mobility in urban systems.
- **Managing risks and supporting investment opportunities associated with climate change** by scaling effective board-level climate governance to implement tools such as the Recommendations of the Task Force on Climate-related Financial Disclosures, and support implementation of effective carbon pricing mechanisms.

Foreseen positive impact of these commitments once they are realized, including contributions to the sustainable development agenda.

Potential impact of engagement in the Alliance focus areas for action is the following:

- **Climate-smart agriculture:** Food and agriculture represent about one quarter of global GHG emissions – it is one of the most vulnerable sectors to climate change because of the impacts on people and ecosystems, while being under enormous pressure to sustainably meet the needs of 10 billion people by 2050. In addition, 90% of the NDCs submitted by States under the Paris Agreement include agriculture, but none of them have set pathways, targets or goals. Climate-smart agriculture (CSA) can be a powerful vehicle to drive equitable and sustainable solutions at the scale required to enable systemic change. In 2018-2019 members of the Alliance of CEO Climate Leaders will join other corporate leaders across the agriculture value chain and other key enabling sectors (finance, technology, etc.) to support CSA, and implementing actions across the three CSA pillars to work towards making science-based and measurable commitments by 2030. By showing alignment across sectors and generating a loud demand signal, this effort can help drive ambition for the implementation of agricultural NDCs, along with SDGs 2, 3, 12, 13 and 15.
- **Effective climate governance on Boards:** The value of financial risk from climate change to the total global stock of manageable assets ranges from \$4.2 trillion to \$43 trillion between now and the end of the century. On the other side, climate change is estimated to be a \$23 trillion investment opportunity between now and 2030³. The TCFD Recommendations have raised climate risk and opportunity management to corporate leadership and created a new

³ 'Unlocking the Inclusive Growth Story of the 21st Century', The New Climate Economy, August 2018, <https://newclimateeconomy.report/2018/>

urgency to present an integrated picture to stakeholders, particularly to investors. Ensuring that Boards are well equipped to effectively oversee management can help ensure that climate risks and opportunities are appropriately addressed, and that companies are steered towards develop long-term low-carbon and climate resilience business strategies.

- **Working across value chains:** Working beyond individual companies' action is essential to scale low-carbon innovation. The decarbonisation of certain sectors - such as energy, mobility and construction - requires engagement across industry sectors in collaboration with other stakeholders like cities and local authorities for example. These interactions can create a positive dynamic to accelerate change.