



## TALANOA DIALOGUE SUBMISSION

Prepared by the ICC Commission on Environment and Energy

*“Faced with a real and growing problem, the natural instinct of companies is not to be passive but to take action and find solutions.” – John Danilovich, Secretary General, International Chamber of Commerce*

## I. Executive summary

The International Chamber of Commerce (ICC) is the world’s largest business organisation with a network of over 6 million members in more than 100 countries. Our members include many of the world’s largest companies, SMEs, business associations and local chambers of commerce – working across all sectors around the globe.

ICC serves as the UNFCCC Focal Point for business and industry and in 2016, was granted Observer Status at the United Nations General Assembly – the first time a private sector organisation has been admitted formally into the United Nations (UN) system. We are committed to the goals of the Paris Agreement and this commitment is reaffirmed in the ICC Strategy recently adopted by ICC’s Executive Board – to promote sustainable, inclusive economic growth and responsible business engagement in line with the Paris Agreement and the Sustainable Development Goals.

We greatly appreciate the opportunity for global business to engage in an open, inclusive and transparent way with the UNFCCC process and specifically the opportunity to contribute to the Talanoa Dialogue. We firmly believe that meeting the targets of the Paris Agreement will require on-going dialogue and deep collaboration between all stakeholders, including government, global business and civil society. ICC believes that enhancing this collaboration will be essential to meeting the climate challenge and to promoting sustainable and inclusive growth.

This submission builds on the [ICC Talanoa Dialogue Workshop](#), which was held in Paris on 1-2 February 2018. We hope that this submission will help to illustrate ‘where we are’ and ‘where we want to go’, as well as provide a contribution to the question of ‘how we get there’.

Key messages include:

- ICC encourages Parties to keep climate change issues high on the political agenda.
- The Paris Rulebook must be adopted by the Parties at COP24 in order to send a strong signal that there is political will to tackle climate change, provide greater certainty on long-term climate policies, and have an adequate framework upon which business can rely to meaningfully answer the third question of the Talanoa Dialogue: “How do we get there?”
- The Talanoa Dialogue must deliver and achieve its goals of raising ambition and contributing to enhancing nationally determined contributions (NDCs).
- ICC believes that business is an indispensable interlocutor at national and international levels in developing climate policy and the enabling frameworks for business investment and innovation to tackle climate challenges while also increasing competitiveness, creating jobs and promoting sustainable economic growth.
  - At an international level, ICC encourages Parties to engage business through the UNFCCC Focal Point for business and industry.
  - At the national level, ICC encourages Parties to:
    - involve business in the elaboration, assessment, improvement and implementation of NDCs; and

- engage with business on a national level to develop long-term national climate policies – such policies should be holistic across all government bodies and should take into consideration how to convert NDCs into a concrete and bankable project pipeline.
- ICC, as Focal Point for business and industry, could assist Parties in engaging with business at both a national and international level. ICC, through its wide network of national affiliates and sectoral partners in both developed and developing countries, represents all business, from all sectors, from small and medium size enterprises to multinational corporations.

## II. Where are we?

Business comprises a wide range of companies and organisations from multi-nationals through to small and medium-sized enterprises that represent a diverse range of business interests, goods and services, expertise and financial size. No one company or organisation will have the same resources, structure, objectives or strategy as another, and all will compete at a national, regional or global level.

Despite the many ways in which business can differ, one commonality is the undeniable need for all business to take action to tackle climate change. Considerable progress has been made in recent years – businesses of all sizes and from all sectors, around the globe, are offering innovative and practical ideas to tackle climate change and are taking bold climate action:

- Businesses around the globe are continuously making investments that are essential to greening and growing the economy in an inclusive and sustainable way.
- Businesses are striving to drive innovation by identifying new products and processes and continually trying, testing and deploying these on a global scale.
- Businesses are working towards advancing energy access and security and are consistently improving on the energy efficiency of products and processes.
- Businesses are developing new services that generate and will continue to generate solutions for mitigation and adaptation.
- The private sector is aware of the critical role that it needs to play to bridge the climate finance gap. While governments have committed to mobilise USD 100 billion annually from 2020, a 2017 OECD report estimates that USD 6.3 trillion is needed annually until 2030 to meet the global climate change goals.<sup>1</sup> The private sector is making investments, providing financing and developing new business and financial models to help bridge this gap.

### Concrete examples of business taking climate action:

**Alstom** has ambitious innovation programs that develop green solutions for high environmental performance trains, smart railways systems and value-added services. By continuously improving the environmental performance of its solutions, Alstom reduces its carbon footprint and also the lifecycle cost of their solutions, which reinforces their attractiveness.

**DIHK Service GmbH** has launched the '**SME Initiative Energy Transition and Climate Protection**', a joint project of the Association of German Chambers of Commerce and Industry (DIHK), the Federal Ministry for the Environment, the Federal Ministry for Economic Affairs and Energy and the German Confederation of Skilled Crafts (ZDH), which aims at helping SMEs to identify energy saving potentials and put efficiency measures into practice. This initiative offers information and consultation through a service desk run by DIHK and ZDH, offers up-to-date information online, organizes road shows, webinars and events on energy and climate-related topics and designs and offers participatory projects for SMEs.

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<sup>1</sup> "Growth, Investment and the Low-Carbon Transition", report presented to German G20 Presidency on 23 April 2017. See <http://www.oecd.org/env/cc/g20-climate/>.

**EDF** has developed a 20 MW lithium-ion battery that fulfils two functions: renewable energy storage and electrical grid frequency regulation. EDF has also developed low-carbon energy solutions such as extra-large hot water cylinders which can be incorporated into an urban heating system to deal with consumption peaks, instead of the fossil-fired options which are typically used. In the city of Brest, France, the water in one of these cylinders will be able to avoid more than 12,000 tonnes of CO<sub>2</sub> emissions over a 20-year period.

**HSBC** has placed GBP 1.85 billion of its UK employees' pension savings into an environmentally-friendly fund, and describes action on climate change as “the new normal” for investors.

**Li & Fung Group** aims to mitigate their impact and to support the global fight against climate change. They have introduced a global environmental management system that their companies use to track and manage environmental data on their operations. For their customers, suppliers and industry partners, Li & Fung offers sustainable sourcing solutions including sustainable design, material selection, manufacturing and packaging services to minimize the environmental impact.

**Natura** has been 100% carbon neutral for over 10 years. Natura favours maritime and river transport in an effort to generate less carbon and partners with delivery carriers that are carbon neutral.

**Novozymes**, in collaboration with a number of academic partners, has completed a life cycle assessment addressing a series of impact categories related to agriculture, with an emphasis placed on global warming. The study assesses the environmental impacts of introducing a yield-enhancing microbial inoculant (a seed treatment containing spores of the naturally occurring soil microbe *Penicillium bilaiae*) in US corn production. This would reduce the life cycle impacts of corn production in all investigated categories, particularly for global warming and eutrophication, where reductions of 9-15% are observed, which would reduce the emissions impact of producing one metric ton of corn by roughly 20kg CO<sub>2</sub> equivalents. If applied to all US corn fields, it is estimated that the P.b. inoculant could reduce GHG emissions by 3.8 million metric tons of CO<sub>2</sub>, the equivalent of the annual tailpipe emissions of 810,000 US passenger cars.

**McDonald's** has announced its first targets for reducing greenhouse gas emissions, claiming it will prevent 150 million metric tons of emissions by 2030, through a 36% reduction compared with the restaurant chain's 2015 emissions. The first global restaurant chain to take such targets, McDonald's will meet its targets while continuing to grow through a range of actions. Among them, McDonald's franchisees' will switch to LED lighting, make their kitchen equipment more energy-efficient, and step up sustainable packaging and recycling efforts.

**Orange** has partnered with the scientific NGO **CREA Mont Blanc** to launch ‘**CLIMB**’ (Climate Change Impacts on Mountain Biodiversity) to better understand the impact of climate change by allowing the collection of data vital for scientific analysis of environmental changes on climate, species and landscapes in the field and remotely. For the collection, Orange installed 60 automatic temperature measuring stations across the Alpine region to

allow researchers to monitor local climate change with a high degree of accuracy and to compare this climate data with flora and fauna observation data. Orange installed the entire data collection and station maintenance system, stores the data and scientific content and has developed visualisation and consultation interfaces accessible to both researchers and the general public.

**s2e** was recently recognised with a GLOBE Climate Leadership award in the Small/Medium Business Innovator category for the work it has done to develop innovative climate solutions for smart communities, renewable energy, and micro-grid projects, and for its leadership to help advance local solutions to climate change.

**SAP** aims to achieve carbon neutrality by 2025 and shift to 100% renewable energy by investing in innovative technologies and driving efficiency programs such as increasing the portion of e-cars in the corporate fleet to 20% by 2020.

**Sekerbank** developed a loan for Turkish investments in energy efficiency. EKOcredi has provided over USD 200 million in financing, and in doing so has helped over 60,000 retail customers and 7,000 SMEs prevent 4 million tons of CO<sub>2</sub> emissions.

**Siemens** has committed to turning their operations carbon-neutral by 2030 with its Environmental Portfolio, comprising of products, systems, solutions and services that are either energy efficient or use renewable energy. Siemens has also developed interactive tools, including the City Performance Tool and City Air Management, which guide over 40 cities to achieve their environmental targets with the support of more than 80 technologies while providing a cost and job creation indication. Siemens have reduced their global emissions by over 25% to date.

**SSAB, LKAB** and **Vattenfall** have joined forces to create the **HYBRIT® Initiative (HYBRIT)**, a joint venture project that endeavors to revolutionise steelmaking by replacing fossil coal with green hydrogen in primary steel-making. The result will be the world's first fossil-free steel-making technology, with virtually no carbon footprint and a solution for fossil-free steel by 2035. A successful HYBRIT will reduce CO<sub>2</sub> emissions by 10 million tonnes in Sweden and Finland.

**Telefonica** launched the Environment Efficiency Programme to promote fuel reduction and clean energy. In 2016, Telefonica conducted 130 initiatives on energy efficiency and the reduction of greenhouse gas emissions in their networks and offices. These initiatives prevented more than 68,000 tonnes of CO<sub>2</sub> emissions and saved 211 GWh and 22 million euros on their electricity.

**T-Systems** collaborated on an innovative Smart Ports project with the South African Transnet National Port Authority. The project aims to increase efficiency and decrease congestion at the Port of Durban – South Africa's premier multi-cargo port and among the busiest ports in Africa handling over 80 million tons of cargo per annum – using different types of drone, tracking and sensor technology. This leads to an overall decrease in emissions. Drones may also facilitate the communication between the port and the ships and even support the captains in bringing their ships safely into the harbour.

**UC RUSAL**, a global aluminum company, launched a new low carbon aluminium brand, **ALLOW**, which features a significantly lower carbon footprint—specific volume of greenhouse emissions gas as compared to industry average. This reduction was possible due to use of renewable hydro generated electricity which accounts for approximately 95% of the company's total electricity needs.

**Unilever** has partnered with a pioneering British business to trial new technology which cuts carbon emissions from refrigerated trucks to zero. Unilever is now hoping to scale up this solution.

These are only a few examples of the ways in which business, large and small, is taking climate action around the globe. ICC applauds those businesses that continue to explore how they can go further and be bolder in their climate actions and encourages all business to take note of lessons learned (both what has worked and what has not worked) to inform future decisions.

Climate action is at the heart of the ICC Strategy recently adopted by ICC's Executive Board and we are proud to work with business across the globe – including the world's largest companies, SMEs, business associations and local chambers of commerce – to share best practices and provide business with tools to move towards a carbon-neutral future. What has been achieved to date is just the beginning of an economic and societal transformation towards a carbon-neutral future – it is certain that we must accelerate the pace of change and business has a vital role to play in this regard.

### **III. Where do we want to go?**

The Paris Agreement has shown us where we want to go. ICC is committed to the UNFCCC and to the Paris Agreement – We call on all governments to keep climate change issues high on the political agenda, to implement the Paris Rulebook by COP24 and to engage business in developing appropriate climate-related policies and planning, both at the national and international level.

The goals of the Paris Agreement are to hold the increase of global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels, as well as aim to reach global peaking of greenhouse gas emissions as soon as possible and to achieve net greenhouse gas neutrality in the second half of this century.

#### **(A) Business must increase climate action**

Business sees both the risks of climate change and the opportunities of climate action. On one hand, business recognises that, left unchecked, climate change will contribute to geopolitical, social and economic instability – disrupting the supply chains and power supplies on which private sector operations depend. On the other hand, business also recognises that taking action on climate change is part of a winning business model, especially when supported by appropriate climate policies aimed at global markets and competitiveness. Achieving global sustainable development objectives opens up USD 12 trillion of market opportunities in various sectors and markets specifically aligned with the UN's 'Global Goals' have the potential to grow three times faster than average GDP over the next five years.<sup>2</sup> In addition, business understands that it has a genuine responsibility to take action and contribute to solutions to tackle climate change. For all of these reasons, businesses are developing new sustainable business models to support the United Nations climate and Sustainable Development Goals.

While there has been much progress, more needs to be done: All businesses must increase their climate action. ICC works with global business to share best practices and provide business with tools to move towards a carbon-neutral future. We aim to accelerate this work to help more businesses increase ambition and align with the goals of the Paris Agreement.

#### **(B) Trade and climate policy**

To realize the ambition and scale of the UNFCCC and Paris Agreement, we will require economy wide action, supportive policies and markets both inside and outside the international climate change regime. One area where this is particularly true is in the area of international trade and climate policy.

Trade policy and climate policy each present complex, distinct architectures that have been developed in independent arenas over the course of many years. Business sees a need to improve synergies and eliminate barriers between the current frameworks, especially in respect of these three shared characteristics:

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<sup>2</sup> Report on the private sector's role in delivering on the SDGs - "Better Business, Better World" (Business and Sustainable Development Commission, 2017). See [http://report.businesscommission.org/uploads/BetterBiz-BetterWorld\\_170215\\_012417.pdf](http://report.businesscommission.org/uploads/BetterBiz-BetterWorld_170215_012417.pdf)



- Their potential benefit is greatest with full global participation.
- Their positive impact will be increased through multilateral synergies rather than unilateral actions.
- They are fundamental to sustainable development and inclusive economic growth.

Yet as governments seek to accelerate the implementation of their diverse ambitions, commitments, programs and policies – both individually and collectively – under the UNFCCC and the Paris Agreement, there is growing tension and risk of climate-related trade disputes. These tensions are a matter of concern and uncertainty to global business on several fronts:

- They come at a time when multilateral trade relations are under stress.
- Trade tensions will increase costs, slow deployment of advanced and more efficient technologies and complicate international cooperation.
- Trade tensions have the potential to negatively impact access to energy and inclusive economic growth, jeopardizing the UN Sustainable Development Goals promise to leave no-one behind.

We must work toward policies that promote free trade and encourage efforts to anticipate, resolve and avoid climate – trade tensions so that we can meet the ambitions of the Paris Agreement as quickly as possible.

## **IV. How do we get there?**

The ongoing UNFCCC processes and the upcoming COP24 in Poland include two very important lighthouse activities: the Talanoa Dialogue and the finalization of the Paris Rulebook.

### **(A) The Paris Rulebook**

A globally harmonised understanding of the Paris Agreement and transparent rules are essential for effective and efficient climate policies. The Paris Rulebook must be adopted by the Parties at COP24 in order to:

- send a strong signal that there is political will to tackle climate change;
- provide greater certainty on long-term climate policies that take into consideration both mitigation and adaptation;
- foster effective enhancement and implementation of the NDCs; and
- facilitate climate action.

Without an adequate framework upon which business can rely, it is not possible to meaningfully answer the third question of the Talanoa Dialogue: “How do we get there?”

### **(B) The Talanoa Dialogue, business engagement and the NDCs**

The purpose of the Talanoa Dialogue is to take stock of the collective progress towards achieving the goals of the Paris Agreement and enhancing the NDCs, notably the forthcoming five-year review cycles of NDCs from 2020 onwards. An exchange on the long-term strategies until 2050 is equally important as business welcomes long-term guidance and transparent framework conditions. Equally, business will look to the Talanoa Dialogue for clear forward looking signals that will translate into greater confidence and enhanced ambition.

NDCs are the backbone of the Paris Agreement and provide an overview of country level climate pledges and actions. We realise that the aggregate ambitions in the initial NDCs are not enough to get the international community on track to achieving the goals of the Paris Agreement. The Talanoa Dialogue therefore represents an opportunity for the global community to work together to determine the ways in which ambition can be increased.

ICC encourages Parties to take full advantage of the depth and breadth of business engagement and experience with climate change issues and to partner with business in a meaningful way to help inform the NDCs. This, for example, includes dialogue with government at international, national and regional levels, on expectation and ambition setting, and on the type of framework conditions necessary for business to increase invest and innovation in a sustainable and inclusive manner. Business can also help to assess the results of implementation of NDCs. In addition, it is imperative that the policy discussion is holistic across ministries.

We have seen that in countries where business has had the opportunity to provide inputs on NDCs, the process can already be seen to have benefited from such business engagement.

ICC believes that business is an indispensable interlocutor at regional, national and international levels in developing climate policy and the enabling frameworks for business

investment and innovation to tackle climate challenges while also increasing competitiveness, creating jobs and promoting sustainable economic growth. Companies and organisations have, and, are adopting objectives and targets for their own operations, these have included, *inter alia*: emission reduction targets, carbon neutrality, internal carbon pricing, energy efficiency targets, and investment targets.

Climate change will be tackled through actions at all levels – whether local, national, regional or international. The sharing of the experiences gained by businesses and governments is a vital part of achieving the objectives of the Paris Agreement. It is essential that appropriate fora are established to enable the sharing of good and bad experiences. The Global Climate Action Agenda is an important step forward but this needs to be expanded, for example to include improved communication of concrete actions needed for replicable and scalable solutions to be implemented globally.

### **(C) Capacity building**

Moreover, without public acceptance of policy choices, it will be difficult for governments to propose and take actions to drive solutions. Fundamental to such decision-making is education and communication at all levels of society of the issues as well as the implications and costs of proposed policies (for example, carbon pricing, taxes, and incentives) as well as realistic analyses of the consequences of inaction.

Communication with business of all sectors and at all levels, from the smallest SMEs to the largest multinational corporation, is essential to enable a clear understanding of both the opportunities and threats of different proposed policies, as well as the impacts on competitiveness across the board. Such discussions must occur at all levels and in many fora and can potentially lead to buy-in for further ambition. Cross-sector discussions at a national/regional level can lead to the sharing of ideas and solutions. ICC, as the leading business organisation with over 6 million members, of all sizes, across all sectors and all jurisdictions, can be a key partner in this regard.

### **(D) Market mechanisms**

At an international level, business strongly supports the use of market-based approaches and calls on Parties to progress with establishing guidance on Article 6 of the Paris Agreement through the Paris Rulebook – the rules that will attempt to define *how* the goals of the Paris Agreement, in particular, environmental integrity, avoiding double counting, and linking across trading schemes, will be implemented and that will measure, account for and review global climate action. Such guidance will not only permit Parties and non-Party stakeholders, including business, to identify and enable the most cost-effective options to meet mitigation challenges facing society at large but, if well-designed, will also create new channels for climate finance, lead to technology transfer and capacity building and hence support sustainable development in many areas. This in turn will help Parties to increase their level of ambition.

### **(E) Innovation**

Innovation lies at the heart of our ability to confront the challenges posed by climate change and exploit the opportunities for society-at-large. Whether matching local needs and the

environment with the appropriate solutions, identifying suitable business and financial models that allow them to take hold, or developing novel technology approaches, we need fresh thinking to bring about meaningful transformation. But innovation will remain stagnant without a framework that encourages and nurtures it. A consensus is emerging that nations across the spectrum of development – ranging from developed, middle-income, to least developed - can pursue several types of pro-innovation, pro-technology policies to attract innovators from abroad, encourage home-grown innovation and collaborative technology partnerships, and to move up the innovation value chain. These innovation-enabling factors include: taxation and fiscal policy; regulatory stability; rule of law and an honest, independent judiciary; infrastructure investment; foreign direct investment; education and workforce policy; and intellectual property rights.

The current UNFCCC technology instruments should be expanded and developed further to achieve closer linkage of NDCs and technology needs assessments, develop more practical technology action plans and engage national designated entities more strongly globally.

ICC has provided a number of in-depth views on climate finance, employment and re-skilling/transitions and adaptation, resilience and capacity building. Some excerpts of these recommendations are included in an Annex for reference.

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We thank you for the opportunity to share our views and look forward to participating further in the Talanoa Dialogue.

## Annex

### (A) Climate finance<sup>3</sup>

The mitigation and adaptation strategies necessary to transition to a low carbon economy and manage the impacts of climate change will require access to finance beyond ‘business as usual’. While governments have committed to mobilise USD 100 billion annually from 2020, the 2017 OECD report<sup>4</sup> for the German G20 presidency specifies that USD 6.3 trillion is needed annually until 2030 to meet the global climate change goals.<sup>5</sup> The private sector is needed to help bridge this climate finance gap.

The Paris Agreement recognises that achievement of its ambition will require engagement with a broad community of stakeholders. In respect of climate finance, Article 9 establishes the platform for this cooperative model declaring that Parties should mobilise climate finance from a wide variety of sources. The private sector has the capacity and the desire to invest in projects to deliver mitigation and adaptation outcomes and is ready to work with the Parties to develop the cooperative model proposed in Article 9 of the Paris Agreement.

From the private sector perspective, climate financing is not only available through long term financing but market and non-market mechanisms may also create new channels for climate finance. To access the opportunities available, and as declared by the UNFCCC, cooperation between Parties and between private and public-sector stakeholders is considered crucial.<sup>6</sup> In its recommendations to the Parties at COP 22, ICC submitted the broader requirements for creation of new channels for climate action and climate finance through market mechanisms, requirements that are common for each of the sources of climate finance, and remain true today.<sup>7</sup> As well, climate finance is not restricted to investment in climate friendly assets and installations. It is sometimes also needed for financing higher operating costs of more climate friendly operations, especially outside the energy sector. This needs to be adequately reflected in any climate finance-related policies.

ICC, in its “Green Economy Roadmap”,<sup>8</sup> submitted that private sector sources of climate finance require open and competitive markets; metrics, accounting and reporting; and policy intervention to influence the risk/return profile of investment. To that end, policy interventions that can be considered by Parties to mobilise finance include:

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<sup>3</sup> Climate finance refers to local, national or transnational financing, which may be drawn from public, private and alternative sources of financing. Climate finance is critical to addressing climate change because large-scale investments are required to significantly reduce emissions, notably in sectors that emit large quantities of greenhouse gases. Climate finance is equally important for adaptation, for which significant financial resources will be similarly required to allow countries to adapt to the adverse effects and reduce the impacts of climate change (UNFCCC Climate Finance Portal. See [http://unfccc.int/focus/climate\\_finance/items/7001.php#intro](http://unfccc.int/focus/climate_finance/items/7001.php#intro)).

<sup>4</sup> Growth, Investment and the Low-Carbon Transition”, report presented to German G20 Presidency on 23 April 2017. See <http://www.oecd.org/env/cc/g20-climate/>.

<sup>5</sup> The OECD (2017) report to the G20 also observes that this investment delivers co-benefits of for example fuel savings of up to USD 1.6 trillion per year through 2030. Hence, investing in climate and investing in growth and prosperity are not mutually exclusive.

<sup>6</sup> See [http://unfccc.int/cooperation\\_support/market\\_and\\_non-market\\_mechanisms/items/7551.php](http://unfccc.int/cooperation_support/market_and_non-market_mechanisms/items/7551.php)

<sup>7</sup> “Six recommendations to combat climate change with market mechanisms” (ICC, 2016). See <https://iccwbo.org/media-wall/news-speeches/six-recommendations-combat-climate-change-market-mechanisms/>

<sup>8</sup> “Green Economy Roadmap – a guide for business, policymakers and society” (ICC, 2012)

- Strategic, forward-looking, long-term planning reflected in the regulatory framework that promotes policy certainty.
- Strengthening core climate policies, through measures such as removal of subsidies for fossil fuels and implementing carbon pricing, while maintaining adequate safeguards against carbon leakage.
- Broadening finance and investment conditions.
- De-risking interventions and providing incentives for investment, technology development and transfer.
- Creating a financial climate to facilitate low-cost financing, including lowering the cost of longer-term debt.<sup>9</sup>
- Creating a pipeline of bankable projects through adequate planning and a establishing a track record of successful projects.
- Proving objective information and data to assess and quantify climate risks and developing appropriate insurance products.
- Developing financing instruments and finance infrastructure as an integral part of a country's NDCs.
- Ensuring that the UN's Green Climate Fund is focused on mobilising private investment by using its own core funds to reduce the risks or lower the cost of capital so as to crowd-in private capital.
- Putting into place a policy framework that would promote development and diffusion of a broad variety of new clean and enabling technologies.
- Ensuring a closer link with the technology mechanisms of the UNFCCC, especially the Technology Needs Assessment.

Private sector investment, in addition to and in cooperation with Parties, can ensure the transition to a low carbon economy. To achieve this outcome, it is essential that Parties provide the conditions necessary for the cooperation between Parties and between private and public-sector stakeholders to mobilise climate finance.

## **(B) Employment and re-skilling/transitions**

The Paris Agreement<sup>10</sup> takes into account the imperative of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities – responsibilities that are now conferred on the Improved Forum<sup>11</sup> through the Response Measures Contact Group.

In fulfilling these responsibilities, the optimum outcome will be achieved by effective engagement with business. The significant role of the private sector in the delivery of sustainable development and in climate change policy is reflected in a range of instruments adopted by members/Parties of international agencies.<sup>12</sup> There are also many examples of private sector and enterprise initiated action.<sup>13</sup> These references are important because they

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<sup>9</sup> "Green Finance and Investment. Using policy levers to accelerate green capital flows" (OECD, 28 April 2017)

<sup>10</sup> Preamble to the Paris Agreement, paragraph 10.

<sup>11</sup> Paris Agreement and Decisions, Decision 11/CP.21 2015 at paragraph 5.

<sup>12</sup> UNFCCC Paris Agreement, Article 6.4b and Article 6.8b (UNFCCC, 2015); International Labour Organisation (ILO) Tripartite Meeting of Experts on Sustainable Development, Decent Work and Green Jobs, paragraph 19.d and paragraph 20.3 (ILO, 2015); ILO Declaration on Multinational Enterprises (ILO, 2006); OECD Guidelines on Multinational Enterprises, (OECD, 2011); UN Global Compact Guide to Corporate Sustainability (UN Global Compact, 2015).

<sup>13</sup> Report on the private sector's role in delivering on the SDGs - "Better Business, Better World" (Business

demonstrate the interdependence of government decision-making and the private sector, and accordingly that business is best placed to advise governments on the appropriate climate change policies and programmes to facilitate the transition of the workforce.

While Parties have committed to the Paris Agreement, with very few exceptions do NDCs acknowledge the labour market impacts, or express a commitment to a just transition. Strategies to manage greenhouse gas emissions are uniquely local and reflect many influences, such as the domestic economic, social, cultural and political situation of a country – all factors that have an impact on the labour market. In the transition to a low carbon economy, some jobs will be lost, some jobs created and some jobs changed. On balance, there will be net growth in employment and all sectors of industry will be affected.<sup>14</sup> To that end, it is essential that climate change policy reflect the need and benefit of labour market planning from the perspective of employers and employees. Business should be engaged in this process to ensure that policy decisions are tailored to country-specific, sector-specific circumstances – there is no single policy template that can be applied in all circumstances.

Policy also needs to reflect that skills gaps and shortages could be a binding constraint on the transition to a low carbon economy. It is not merely the single dimension of labour and skill shortages, but also the re-crafting of occupational profiles and the emergence of new occupations involved in the delivery of a low carbon installation that must be supported by skill development programmes for new entrants and transition programmes for the exiting workforce. A labour market plan developed as a result of dialogue between business and government is essential if the transition to a low carbon economy is to be effective and deliver economic growth and productive employment.

### **(C) Adaptation, resilience and capacity building**

The Paris Agreement recognises the need for adaptation and resilience – responding to the impacts of climate change that are already being felt and preparing for the future effects of climate change.

From the business perspective, climate change is already having an impact on business operations, infrastructure, supply chains, customers and the people and communities where they operate. Companies around the globe are responding by developing technologies, products and services to adapt to the effects of climate change and by building resilience into their operations, supply chains, policies and risk management strategies.

Coordinated action with all stakeholders is imperative if we want to build more resilient economies and communities. Business stands ready to collaborate and partner with governments, and indeed all stakeholders, including on holistic adaptation and resilience planning. This can include knowledge-sharing; modelling; research; technology development and transfer; finance; insurance; capacity building and public-private partnerships.

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and Sustainable Development Commission, 2017); the annual Business & Climate Summit that works to build the partnerships needed to scale up and accelerate the low carbon transition; the action agenda for private-sector leadership on climate change by “Business for a Better World” (Cameron et al., 2015); “Ikea’s 1 billion euro pledge to clean energy and climate action” (The Guardian, 2015); the global coalition of firms intent on converting to renewable energy (Gillis & Fleur, 2015); International Chamber of Commerce “Call for Climate Action” (ICC, 2015) and “Green Economy Roadmap” (ICC, 2012).

<sup>14</sup> “Green jobs: Towards decent work in a sustainable, low-carbon world” (Worldwatch Institute, 2008).

### About the International Chamber of Commerce

The International Chamber of Commerce (ICC) is the world's largest business organisation with a network of over 6 million members in more than 100 countries. We work to promote international trade, responsible business conduct and a global approach to regulation through a unique mix of advocacy and standard setting activities—together with market-leading dispute resolution services. Our members include many of the world's largest companies, SMEs, business associations and local chambers of commerce.

ICC is the UNFCCC Focal Point for global business and in 2016 was granted Observer Status at the United Nations General Assembly (UNGA), the first time a private sector organisation has been admitted formally into the United Nations system.

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