

APRIL 2018 SUBMISSION

WBCSD - UNFCCC Talanoa Dialogue

The [World Business Council for Sustainable Development \(WBCSD\)](#) is a global, CEO-led organization of over 200 leading businesses working together to accelerate the transition to a sustainable world. Our member companies come from all business sectors and all major economies, representing a combined revenue of more than USD \$8.5 trillion and 19 million employees.

The member companies of WBCSD are fully committed to supporting the implementation of the Paris Agreement to hold the increase in the global average temperature to well below 2°C above pre-industrial levels.

WBCSD applauds the Parties who are working to achieve this goal through their first Nationally Determined Contributions (NDCs) and encourages all Parties to work towards developing enhanced NDCs in the lead up to 2020. Creating a Paris-compliant pathway will require the successful implementation of this first round of NDCs and a progressive increase in ambition in successive rounds starting in 2020 and communicated every five years thereafter.

WBCSD also applauds all non-Party stakeholders who are undertaking ambitious commitments and implementing concrete action towards the achievement of the Paris Agreement objectives.

[More than 350 companies have committed to setting science-based targets](#) – absolute greenhouse gas emissions reductions in line with the level of decarbonization required to keep global temperature increase well below 2°C.

Hundreds of other global businesses are making commitments to act collectively as sectors and through their supply chains. This includes action such as purchasing 100% renewable energy, scaling up sustainable fuels and ambitious collaborative action plans under WBCSD's [Low Carbon Technology Partnerships initiative \(LCTPi\)](#). Through these initiatives, the private sector is a full partner in collective efforts to accelerate the transition to a net zero emissions economy and climate-resilient society.

WBCSD welcomes participation in the Talanoa Dialogue process in 2018 and is making this initial submission to inform discussions at the UNFCCC sessions in Bonn in May.

WBCSD also welcomes the Talanoa Dialogue as an opportunity to help non-Party stakeholders such as business to better understand where Parties are seeking support for implementation and to identify new opportunities for strengthened collaboration between stakeholders.

WBCSD will seek to contribute and participate actively in Talanoa Dialogue events throughout 2018, including the Technical Examination Process, with a view to demonstrating the commitment and concrete action being undertaken by the private sector, and informing the preparation of the next round of NDCs in 2020.

We will also seek to further develop our input to the Talanoa Dialogue for the October 2018 submission, with more detailed deep-dives into specific aspects and feedback from our 2018 LCTPi activities and Progress Report.

Talanoa Dialogue

WBCSD welcomes the 2018 Talanoa Dialogue as a crucial process to take stock of collective progress towards the long-term goals of the Paris Agreement and to kick off consideration of the 2020 update to Parties' Nationally Determined Contributions (NDCs). The Talanoa Dialogue process should be conducted in a manner that **promotes enhanced ambition**.

We encourage all Parties to **use the Talanoa Dialogue as a means to affirm collective commitment to the Paris Agreement and to enhance NDCs in 2020**.¹

We strongly welcome the [invitation from the High-Level Champions to non-party stakeholders, including the private sector, to engage as partners in this Dialogue](#). Business has an increasingly important role to play in helping design and implement NDCs, to remove barriers to innovation and technological transfer and to drive deep system transformation and structural change across developed and developing economies.

The approach to the **Talanoa Dialogue should reflect a process rather than a specific moment**. We support the invitation to provide input across **multiple forms of engagement throughout 2018**, including during the UNFCCC intersessional meeting, The California Climate Action Summit, The Climate Vulnerable Forum Summit, and at COP24, as well as other initiatives and events convened by Parties and non-Party stakeholders in support of the Talanoa Dialogue.

We continue to encourage the Fijian and Polish Presidencies of COP23 and COP24 to **convene in-person dialogues between governments and non-Party stakeholders including the private sector formally within the UNFCCC sessions in 2018**, as well as informally on the margins of other meetings to harvest insights on the enabling policies needed to further raise business ambition, accelerate development and scale up deployment of climate and resilience solutions.

We believe that Parties should **continue to support a firm link between the Marrakech Partnership and the Talanoa Dialogue**. This collaborative and multi-stakeholder approach supports the long term global transformation required by the Paris Agreement and provides opportunities for critical Party to non-Party dialogue.

¹ Article 4 of the Paris Agreement provides each Party with the option to adjust its existing NDC with a view to enhancing its level of ambition. It further calls on Parties to communicate new NDCs every five years with each successive NDC representing a progression and reflecting the highest possible ambition.

Where are we?

The Paris Agreement provides a unique opportunity for the effective and progressive response required to address the urgent threat of climate change. It provides the basic architecture for a net zero emissions economy and climate-resilient societies.

Ensuring the success of the Paris Agreement will require its swift implementation, including clarity and transparency on the process to enhance ambition. We support efforts by those Parties who have reaffirmed their strong commitment to swiftly implement the Paris Agreement and encourage all Party and non-Party stakeholders to work towards the same objective.

However, **the first round of Nationally Determined Contributions (NDCs) submitted by Parties, even if fully implemented, will not deliver the long-term goals of the Paris Agreement.** In order to enhance ambition over time, the Paris Agreement provides that successive NDCs will represent an enhancement compared to previous NDCs and reflect the highest possible ambition.

Similarly to Parties, companies have been making important commitments and implementing significant action towards the Paris Agreement. [More than 350 companies have committed to setting science-based targets](#) – absolute greenhouse gas emissions reductions in line with the level of decarbonization required to keep global temperature increase below 2°C.

Hundreds of other global businesses are making commitments to act collectively as sectors and through their supply chains. This includes action such as purchasing 100% renewable energy, scaling up sustainable fuels, and ambitious collaborative action plans under the WBCSD's [Low Carbon Technology Partnerships initiative \(LCTPi\)](#). Through these initiatives, the private sector is a full partner in collective efforts to accelerate the transition to a net zero emissions economy and climate-resilient society.

As we move from plans to action, the eight LCTPi groups have been able to mobilize companies to implement the solutions developed. This includes starting a GBP £1 million demo project in the UK to create the first data and asset sharing platform to optimise road freight vehicles, with potential to reduce GHG emissions by up to 32%. Similarly, in [REscale](#) 22% of the PPA capacity worldwide is covered by WBCSD members: 4.4 GW out of 19.6 GW. WBCSD members have outpaced the PPA market showing +54% growth in 2017, against a global increase of +32%.

We still require a comprehensive set of implementing guidelines (“the Paris rulebook”), that strengthens the integrity of the Paris Agreement including a transparency framework, which promotes confidence in NDC implementation; accounting rules and information for NDCs which make their impact clear and understandable; global rules which link and foster convergence of national / regional carbon pricing mechanisms; accounting rules to prevent double counting of emissions reductions and ensure the environmental integrity of NDCs; and a process to deliver more ambitious NDCs.

Where do we want to go?

The World Business Council for Sustainable Development reaffirms its commitment to the Paris Agreement, and in particular the principal goal outlined in Article 2 to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels.

We confirm unanimous and strong support across the global business community for the Paris Agreement. Indeed this community believes that the transformation of our economies is accelerating and irreversible, to align with the stated ambition of the Paris Agreement. As engines for growth, jobs, innovation and investment, the private sector is already making investments and aligning their strategies with a Paris-compliant economy. We want to go further and faster, in partnership with local, regional and national governments.

WBCSD is committed to accelerating this transformation by supporting action and implementation of the Paris Agreement globally.

The Talanoa Dialogue is a key opportunity to take stock of collective efforts by Parties towards the long-term Paris Agreement objectives, and to inform the process towards the preparation of NDCs reflecting enhanced ambition needed to bring us ever closer to such objectives.

The Talanoa Dialogue should take stock of the collective efforts of Parties in relation to progress towards the long-term and to inform the preparation of the next round of NDCs. This must be the ultimate focus of the Talanoa Dialogue: **to enhance ambition with a view to bringing the NDCs in line with the long-term objectives of the Paris Agreement.**

We believe that communicating our ambition to Parties as well as to non-Party stakeholders will be crucial to create the necessary momentum required for further and more ambitious commitments and action. **We stress the need for Parties and non-Party stakeholders to work in partnership to achieve the goals of the Paris Agreement and the SDGs.** In this context, we believe that countries, as well as the multilateral climate process itself, should enhance consultation with the business community as a means to catalyse and accelerate climate action.

How do we get there?

To bring us on track towards the Paris Agreement objectives, WBCSD continues to support the call for further climate action well in advance of 2020, taking into account the specific needs and special circumstances of developing countries, the least developed countries and those particularly vulnerable to the adverse impacts of climate change.

Parties should **provide wider sectoral scope for the next round of NDCs**, including consideration of inter alia:

- Ambitious long-term emission reduction targets with clear milestones;
- Robust carbon pricing;
- Clear timelines and plans for:
 - decarbonizing the energy system;
 - decarbonizing the transport system;
 - enhancing natural climate solutions including climate smart agriculture and reforestation;



- low carbon cities and energy-efficient buildings;
- developing and deploying technologies for carbon utilization and sequestration;
- Scaling up efforts through international cooperation;
- Adaptation plans to enhance resilience and contribute to the SDGs, including SDG 7 (affordable and clean energy), SDG 12 (responsible consumption and production) and SDG 13 (climate action), among others.

We welcome the concept of **distributed leadership**, highlighting the role of multiple Parties and non-Parties in taking leadership in their respective communities. WBCSD is taking leadership to drive accelerated and increasingly ambitious climate action, and business is ready to act.

We **commit to offering strong leadership from business in the spirit of distributed leadership**. We can only fulfil the Paris Agreement ambitions and achieve the scale of transformation that is urgently needed by working together in the spirit of **solidarity and collaboration**.

Already more than six hundred companies representing over USD \$17 trillion in market capital have made nearly **1,200 climate commitments** through the [We Mean Business Coalition](#), of which WBCSD is a key partner and founder. Together these businesses are working with government towards a global economy on track to avoid dangerous climate change by 2020, while delivering sustainable growth and prosperity for all.

We support calls to enhance the provision of **urgent and adequate finance** with concrete steps to provide US\$100 billion annually by 2020 for mitigation and adaptation and to continue collective mobilization through 2025 from this floor taking into account the priorities of developing countries and the need to leverage private sector finance.

The world needs more businesses to implement ambitious climate action programs to meet the Paris Agreement. Since 2015, hundreds of global businesses have been making commitments to act collectively as sectors and through their supply chains. This includes action such as **purchasing 100% renewable energy, scaling up sustainable fuels, action to move towards a circular economy and ambitious collaborative action plans** under WBCSD's [Low Carbon Technology Partnerships initiative \(LCTPi\)](#).

LCTPi is a unique, action-oriented program that brings together companies and partners to accelerate the development and deployment of low-carbon technology solutions to stay below the 2°C ceiling. Working within and across sectors, LCTPi provides focused, value-adding opportunities for businesses to engage on “big lever” climate solutions to fill gaps in climate action and achieve major impact.

LCTPi is exploring ways to expand its reach through coalitions such as We Mean Business, company supply chains and targeted engagements around the world. This enables LCTPi to have impact beyond its members, spreading industry best practice to regions that are less involved in global discussions, and to companies who do not have access to the most advanced work on climate action for their sectors or value chains.

Read more about this initiative in our [LCTPi Progress Report 2017](#).

Ambitious NDCs support action-oriented initiatives such as LCTPi. It is therefore critical that by developing innovative solutions and best practice cases, such initiatives and programs inform the development of improved and more ambitious NDCs.

Climate Resilience

WBCSD is committed to the global goal on climate resilience established under Article 7 of the Paris Agreement and **dedicated to enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change**, with a view to contributing to sustainable development.

We acknowledge that **climate risk is global** and given the interconnected nature of our earth systems and global supply chains, we are all impacted irrespective of where we are and the industries in which we operate. As such, **our response must be global and involve our full supply chains and stakeholders**. Our experience shows that working beyond our own operations, with local and especially vulnerable communities is essential.

Climate change is a material risk to business, experienced horizontally across complex global supply chains and vertically impacting strategy, finance, operations, human resources, compliance and marketing inside individual businesses. In recent years the private sector has made great strides in understanding climate risk and enabling climate resilience inside companies, across the supply chain and within frontline communities vulnerable to climate impacts.

The private sector is committed **to facilitating the sharing of good practices, experiences and lessons learned**; identifying actions that could significantly enhance the implementation of adaptation actions; promoting cooperative action on adaptation with a specific focus on vulnerable sectors and regions; and identifying opportunities to strengthen policy enabling environments conducive to climate resilience.

We acknowledge that **adaptation action should follow a country-driven, gender-responsive, participatory and fully transparent approach**, taking into consideration vulnerable groups, communities and ecosystems, and should be based on and guided by the best available science and local knowledge systems, with a view to integrating adaptation throughout corporate operations and across complex global supply chains.

We commit to **promoting assessments of climate change risks inside individual companies and across complex supply chains** with a view to encouraging implementation by companies, taking into account vulnerable people, places and ecosystems.

We encourage the facilitators of the Technical Examination Process on adaptation to **partner with the private sector in identifying concrete opportunities** for strengthening resilience, reducing vulnerabilities and increasing the understanding and implementation of adaptation actions.

We call upon Parties to **work with the private sector** to identify effective adaptation needs, priorities, practices and collaborative actions to implement across global supply chains including *inter alia* enhancing early warning systems; emergency preparedness; managing slow onset events; and developing comprehensive risk assessments.

Carbon Pricing

WBCSD is **committed to effective carbon pricing policies** that maintain competitiveness, create jobs, encourage innovation, deliver meaningful emissions reductions, ensure environmental integrity and minimize social costs. We believe that investment and energy system turnover guided by a carbon price can reach net-zero emissions globally over the course of this century and support the near-term acceleration needed.

Article 6 of the Paris Agreement introduces the prospect of carbon unit trading through its internationally transferred mitigation outcomes (ITMO) and emissions mitigation mechanism. The combination of these applied on a widespread basis to carbon emissions mitigation could lead to the development of a global carbon market, comprised of interlinkages between emission trading systems and transfer of carbon units, guided by environmental integrity and aligned with the achievement of sustainable development goals.

WBCSD is committed to carbon pricing, using this tool to drive change within their operations and investment portfolios. Business is also actively participating in the [Carbon Pricing Leadership Coalition](#) hosted by the World Bank, as well as making commitments to implement the recommendations of the G20 [Task-force on Climate-related Financial Disclosures](#).

WBCSD member companies confirm that **carbon pricing is one of the most efficient means of driving change across economies and an important tool for policymakers**. Indeed, we see a USD \$5-10 trillion investment opportunity across WBCSD's Low Carbon Technology Partnerships initiative (LCTPi) and carbon pricing can play a critical role in mobilizing this new investment.

In this context we encourage more Parties to **implement robust and complementary carbon pricing mechanisms** (such as carbon tax, market-based mechanisms, standards or a combination of these and other appropriate mechanisms) to redirect investments towards low carbon solutions under Article 6 of the Paris Agreement.

The Talanoa Dialogue provides a means to inform the next round of NDCs and consequently an opportunity for Parties to adopt and implement the most suitable approaches to carbon pricing in their jurisdictions as soon as possible.

We also encourage Parties to **set carbon prices that are Paris-compliant**. Governments should set carbon prices consistent with the Carbon Pricing Leadership Coalition (CPLC)'s *High Level Commission on Carbon Prices* and other similar analysis. CPLC's High Level Commission on Carbon Prices: the explicit carbon-price level consistent with achieving the Paris temperature target is between US\$40–80/tCO₂ by 2020 and US\$50–100/tCO₂ by 2030, provided a supportive policy environment is in place.

Read more on the importance of carbon pricing in our WBCSD paper "[Why Carbon Pricing Matters](#)" published in November 2017.

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About the World Business Council for Sustainable Development (WBCSD)

WBCSD is a global, CEO-led organization of over 200 leading businesses working together to accelerate the transition to a sustainable world. We help make our member companies more successful and sustainable by focusing on the maximum positive impact for shareholders, the environment and societies.

Our member companies come from all business sectors and all major economies, representing a combined revenue of more than USD \$8.5 trillion and 19 million employees. Our global network of almost 70 national business councils gives our members unparalleled reach across the globe. WBCSD is uniquely positioned to work with member companies along and across value chains to deliver impactful business solutions to the most challenging sustainability issues.

Together, we are the leading voice of business for sustainability: united by our vision of a world where more than 9 billion people are all living well and within the boundaries of our planet, by 2050. <http://www.wbcasd.org>

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