UNFCCC COP 26

Outcome Document

Action Event: “Industry”

Marrakech Partnership for Global Climate Action

Tuesday, 9 November 2021

11:30 – 14:15

by the Industry Group of the Marrakech Partnership, including World Business Council for Sustainable Development (WBCSD) with support of the High-level Champions of Global Climate Action

MPGCA "Industry": Driving industry ambition and action to deliver net-zero by 2050 and build climate resilience

SECTION 1 - ACTION EVENT

Key Messages:

- **The MP Industry event brought to life key drivers of progress as outlined in the MP Climate Action Pathway for Industry.** For example, the need for social dialogues and involvement of workers and unions for just transitions (with the International Trade Union Confederation (ITUC) and the United Nations Global Compact (UNGC)), progress on multi-stakeholder roadmaps for action (with MPP), disruptive technologies that can improve accountability (with TransitionZero), leveraging the circular economy in new business models (with Mercado Circular), among others.
- **The event showcased some specific collaborations in industry**. For example, the Mission Possible Partnership (MPP) and their collaborative progress in the cement sector (with the Global Cement and Concrete Association (GCCA) programme and roadmap on carbon neutral cement) and chemicals (with the World Economic Forum (WEF) launching a pre-competitive Low Carbon Emitting Technologies (LCET) initiative for the chemical industry), SkillLab's soft launch of a Just Skills Hub to help key partners and stakeholders speed inclusive local and global workforce transitions with data.
- **The event also announced progress on Race to Zero.** For example, announcing the Consumer Goods Forum as a Race to Zero Accelerator for the consumer goods sector, highlighting ambition from retail sector to launch a pledge agreement with retail trade associations to become Race to Zero Accelerator organisations.
- **Collaboration among multiple stakeholders** – national governments,cities, subnational regions, businesses, asset owners, consumers, and civil society – **across value chains and across sectors is essential** to drive the systems transformation needed to achieve net-zero and build resilience in a way that ensures that no one is left behind.

1. **Outcomes:** ***Endorse and drive action aligned with the Marrakech Partnership Climate Action Pathways***

- Promoted heavy industry progress on climate, including:
    - **Cement:** MPP and GCCA launch of Concrete Action for Climate (collaborative platform to drive industry's journey to carbon neutral concrete by 2050) and the 2050 Cement and Concrete Industry Roadmap. Source.

- **Chemicals:** WEF and 10 leading chemical companies recently established a pre-competitive, development platform through the LCET initiative to accelerate net-zero climate technologies. Source.
- **Just transition:** SkillLab soft launched the Just Skills Hub to support smooth workforce transition.

2. ***Generate Convergence around campaigns, Race to Zero, Race to Resilience and 2030 breakthroughs***

- **Retail:** Promoted retail sector commitment to Race to Zero and referenced retail sector Race to Zero Accelerator commitment pledge for trade associations and coalition groups.
- **CG&S**: Spotlighted consumer goods sector commitment to RtZ as Accelerator at the MP Industry Action Event. A "Race to Zero Taskforce" has been established at the CGF. These CGF member companies – representing some of the largest Consumer Goods and Retail companies in the world and $1.65TN in revenue – are now committed to cutting their emissions in half by 2030 and reaching net zero by 2050 at the latest. The CGF has been officially recognised as an Accelerator to the Race to Zero.
- **Other Sectors:** The World Business Council for Sustainable Development, University Oxford, and McKinsey and Company launched a mission to create the Net Zero Action Platform. It will host a diverse inventory of effective digital resources, case studies, tools, and expertise organized to support each step in a company's decarbonization strategy according to their climate maturity. Together, this alliance brings a wealth of commercial insight, resources, and expertise, and welcomes collaboration opportunities with others operating in this space to advance and strengthen this bold mission. The Net Zero Action Platform aims to collaborate with and complement the existing rich and robust target setting, measurement, and reporting landscape, to create a one-stop digital solution for corporate climate action.

3. ***Strengthen the quality and depth of dialogues and collective action between non-Party stakeholders and national governments***

- Government stakeholders and non-Party actors (e.g., MPP, industry CEOs) discussed progress in key industrial sectors and explored demand side levers to incentivise green procurement (e.g., in steel).

4. ***Demonstrate action and evidence of transformation from a diverse range of stakeholders across the climate action community***

- **Just transition:** ITUC and UNGC discussed the need for an inclusive, just transition when considering industrial transition to a zero-carbon, resilient future. SkillLab is collaborating with partners to launch a Just Skills Hub to systematically inform inclusive and durable workforce transitions.
- **Technology:** Financial analytics organisation Transition Zero described the power of sensor technologies and data science to hold investors and companies to account on their decarbonization efforts and better inform decision making to drive zero carbon opportunities.

- **Circular economy:** Start-ups like Mercado Circular described how they are delivering successful, circular business models that are price competitive for consumers.

SECTION 2 - PROGRESS AND OUTLOOK

Overview of progress in 2021

- **Aluminium** – large investments are needed in new smelting technologies, and more collaboration and policy support are needed to ensure proper scaling up and higher impact. The newly announced commitment by China to achieve carbon neutrality by 2060 could be a real game-changer, as half of all global aluminium production is in China, with majority of production still fossil-based.
- **Concrete and Cement** – 2020 saw the launch of the GCCA's 2050 Climate Ambition for carbon-neutral concrete by 2050 and the European Cement Association's 2050 Carbon Neutrality Roadmap. Several of the top-producing companies have clear ambition for carbon neutrality by 2050.
- **Chemicals** – reporting on and reducing scope 3 emissions are a particular challenge for the sector, given the length of value chains across many demand sectors. The majority of technologies required to decarbonise the chemicals sector remain in pilot or pre-commercial stages, so initiatives like WEF's LCET initiative for the chemical industry play a key role for large-scale technology demonstration.
- **Metals and Mining** – the sector has a key role to play in supplying the minerals and metals needed for the clean, resilient transition (such as cobalt and lithium for batteries, aluminium and copper for storage), the production of which is expected to increase by 500 per cent by 2050. Boosting renewable electricity supply and storage is critical, as mining emissions are largely driven by electricity.
- **Plastics** – current commitments by governments and industry only reduce the annual volume of plastic flowing into the ocean by 7 per cent by 2040 and do not significantly curb projected growth in plastic production. More ambitious, coordinated policy and regulation on plastic production and waste management is critical, as is more support and funding in local regions and cities to ensure effective recycling infrastructure and funding.
- **Steel** – 20% of global production capacity is now covered by commitments to net-zero by 2050 through the recent announcement by ArcelorMittal, the world's largest steel producer, but only a fraction of these are independently verified by SBTI and Race to Zero. The real economy shows potential for more tangible progress: twenty zero-carbon green steel facilities are being planned for full scale deployment by 2030, which would achieve the 2030 Breakthrough outcome target (if delivered). A US-EU trade agreement to protect market access for green steel and aluminium could support these investments. Subnational collaborations like the Pacific Coast Collaborative in the U.S., and Clean Construction Forum, led by the City of Oslo and supported by C40, will leverage the collective purchasing power and political clout of regions and cities to develop a market for low-emission construction materials and construction equipment, matched by the

SteelZero Initiative's and First Mover Coalition announcement of low-carbon steel procurement commitments in the private sector.

- **CCS/U across Heavy Industry** – substantial short-term growth is unlikely, though breakthrough innovations could unlock new demand sources. The most promising area is building materials, where CO2 can be used to cure concrete, replacing water. Numerous large-scale plants are now operational, with many more planned. Innovation in this space is led by a number of promising companies, backed by the venture, corporate and philanthropic communities.
- **Consumer Goods** – the Consumer Goods Forum's Coalitions of Action and newly-established Net Zero Task Force will help support collaboration around shared goals and coordinate and track momentum towards a sectoral net zero tipping point.
- **Fashion** – efforts are ongoing to develop a commonly-accepted approach of segmenting the fashion value chain so that the source and volume of emissions is better understood and more commonly quantified across the industry. Several key multi-stakeholder organisations convened by UNFCCC Fashion Charter worked on decarbonisation analysis in a cross-industry consultation in 2021.
- **ICT and Mobile** – sector and sub-sector trajectories aligned to a 1.5°C warming scenario have been established. More work is needed to increase renewable energy use in the ICT supply chain, and challenges remain in some markets and for remote mobile sites powered by diesel generators. Further work is needed to strengthen the sectors' focus on enabling resilience in other sectors just as it is focused on enabling decarbonisation.
- **Retail** – in Britain, the industry association British Retail Consortium developed a 2020 Climate Roadmap detailing actions of policy and business, signposting towards key initiatives, and launching net-zero targets across all scopes.

Action during 2022

Efforts to accelerate decarbonisation remain key, and mitigation and adaptation actions must be combined to build resilience and tackle current and future impacts of climate change. Fortunately, there are many levers that can drive sectoral decarbonisation:

- Digitisation and the application of the Internet of Things, AI and machine learning in whole-system design to use resources and energy more efficiently without sacrificing quality or cost in areas like buildings, cities, data centres and manufacturing.
- Stronger reuse and recycling of commodities and products to drive circular resource flows, rather than the linear "take-make-waste" model.
- Substituting low- or net-negative carbon materials for carbon-intensive alternatives, and adapting practices where substitutes are not perfect.
- Accelerating commercialisation of breakthrough technologies.
- A step change in climate change ambition in policies at every level, with climate integrated into active workforce support, product standards, mandates, subsidies, procurement, climate risk disclosure implementation and carbon-pricing.
- Jobs' modelling, social dialogues to develop coherent Just Transition policies and plans

- Increased financial transparency, disclosure, innovation in instruments and institutional action to facilitate accelerated asset retirement, scaled investment, climate risk valuation, and just labour force transitions.
- Data transparency, tracking, and accounting of commodities' carbon and other attributes through supply chains as a force multiplier of other levers.
- The preferential demand for verifiably low- to zero-carbon commodities by businesses, consumers and governments to pull solutions through supply chains.
- Civil society campaigns, calls to action, independent research and community dialogues.

To activate these levers, collaboration among multiple stakeholders – national governments, cities, subnational regions, businesses, asset owners, consumers and civil society – across value chains, across sectors and across regions is essential. Given the short timeframe available, this must aim higher than incremental change. Fundamental transformation of industrial systems by unpacking and redesigning them can make industry fit for purpose in the 21st century.