



THE PARIS AGREEMENT: BUSINESS WE NEED YOU

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Introduction

2017 was a climate disaster throughout the world. The impacts of climate change have never been more evident:

- 2017 was second-hottest year on record.
- It was the most expensive disaster year on record.
- Vulnerable communities around the world have suffered through record heat waves, floods and storms.
- Carbon dioxide emissions rose for first time in three years.
- The rate at which Antarctica is losing ice has tripled since 2007.

We see the same kinds of impacts occurring in 2018. We must prepare for the reality that the human suffering and environmental damage caused by climate change is set to become worse with each passing year and decade.

This is why in 2015 governments adopted the Paris Agreement to strengthen the effectiveness of the UN Framework Convention on Climate Change. The Agreement seeks to minimize the damage from climate change by limiting the rise in global temperatures compared to pre-industrial levels to well below 2 degrees Celsius. It also calls for pursuing efforts to limit the temperature increase even further to 1.5 degrees Celsius.

To realize these goals, we need to reach zero net emissions by mid-century. This will be challenging – but it is possible with urgent and ambitious action.

The governments that adopted the Paris Agreement, however, cannot do it alone. They must have the full engagement of every one – of local and regional governments, civil society organizations, individual citizens – and businesses.

Business is a major source of emissions. One fifth of global greenhouse gas emissions come directly from industry. Companies also produce indirect emissions as well as additional emissions when customers use their products.

But business is also a major source of innovation and solutions. It is creating processes, technologies and products that are more energy efficient, more water efficient, and more materials efficient.

In its 2014 Fifth Assessment Report, the Intergovernmental Panel on

Climate Change (IPCC) confirmed that business already has access to a wide range of strategic and technological options for cutting its emissions. These include enhanced energy efficiency, material-use efficiency, recycling and re-use of materials and products, product-service efficiency (such as longer product lives), reducing demand for energy-intensive products, and much more.

While perhaps not true 20 years ago, today the climate community views business as an essential part of the solution. We are seeing a growing number of partnerships with business. Business often plays a positive role at the national level and at UN Climate Change conferences.

So we have the answers. We have the technologies, the science and the partnerships that we need. But we need to urgently move faster. We need business to step up and play an even greater role than it already is today.

Climate action is a business opportunity!

The publication Better Business, Better World, recently reported that putting the Sustainable Development Goals at the heart of the world's economic strategy could open USD12 trillion of opportunities and increase employment by up to 380 million jobs by 2030. And according to Nature, achieving the toughest climate change target (1.5-degree Celsius goal) set in the global Paris agreement will save the world about \$30 trillion in damages.

Forward-looking businesses recognize that we are witnessing a global transformation from one human era to the next—one that will be cleaner, greener and more sustainable. This transition offers unprecedented opportunities.

The 21st century economy will be driven by businesses that capture the enormous opportunities that exist right now for green, climate-friendly growth.

The role of corporate board members in capturing these opportunities is critical. The Board of Directors is mandated to ensure that its company prospers by collectively directing the company's affairs. It has remarkable power to guide corporate strategy, to set the corporate vision, and to step back from day-to-day affairs and take a long-term perspective. This must mean addressing climate change.

Fortunately, a growing number of forward-looking companies and

business leaders recognize the need to get ahead of the curve and start climate-proofing their business. They can see that governments are committed to cutting national emissions and that short-term thinking is not in the interests of their investors.

How companies are innovating today

Many companies are making exciting progress in reducing emissions from their production processes, from their products after they leave the factory, and from the suppliers in their value chain.

We can find many good business cases and opportunities for profitability. They range from insurance and investment services, to climate-proofing supply chains for food production, to manufacturing, and much more.

Some specific company examples include:

- Mars—makers of M&M candies - has pledged USD 1 billion to reduce emissions and promote sustainable farming.
- Shell has announced its target to cut its carbon footprint in half by 2050 and to increase spending on clean energy to up to USD 2 billion a year to help meet Paris goals.
- IKEA is becoming a renewable powerhouse. They realized that their roofs represent economic opportunity - so they put solar panels on them. IKEA now has the largest single rooftop installations in more than 10 states in the USA.

Meanwhile, many companies are demonstrating their commitment to climate action through the United Nations Global Compact.

For example, the Science Based Targets initiative is a collaboration between the Global Compact, CDP, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). The initiative helps companies to reduce their emissions in line with the Paris Agreement's goal of limiting global warming to well below 2°C.

Over 100 companies have set science-based emissions targets, and in total more than 400 companies have joined the initiative since it was launched in mid-2015. Leading companies such as Electrolux, L'Oréal and Mahindra Sanyo Special Steel are among the latest companies to have emissions reduction targets approved and recognized.

In 2015, UN Climate Change launched Climate Neutral Now, an initiative that encourages and supports all levels of society to take climate action to achieve a climate neutral world by mid-century. The initiative invites companies (as well as organizations, governments and citizens) to work towards climate neutrality by reducing their climate footprint thanks to a simple three-step method, whereby they shall:

- Measure their greenhouse gas emissions;
- Reduce them as much as possible; and

- Compensate those that cannot be avoided by using UN certified emission reductions (CERs).

Yet another important initiative is Momentum for Change, which publicizes some of the most innovative, scalable and practical examples of what people – including businesses – are doing across the globe to combat climate change.

For example, in 2017 Momentum for Change recognized 19 “Lighthouse Activity” winners. One of the winners was Aviva, which in 2006 became the first global insurance group to offset its entire operational emissions, celebrating 10 years as a carbon-neutral organization in 2016. Over the 10 years since Aviva became carbon neutral, it has saved 1.3 million tonnes of CO₂ through carbon finance projects.

A growing number of companies are collaborating through sectoral partnerships to share ideas and best practices. For example, the Transport Decarbonisation Alliance seeks to reduce the transport sector's greenhouse emissions, which now contribute to some 14 per cent of global greenhouse gas emissions (IPCC AR5). Fortunately, there are great opportunities for limiting transport emissions. Transport companies and managers are already creating innovative solutions involving new materials and designs, the increased use of renewable energy, improved public transport systems, and more efficient management of road, air and other transport networks.

An important event that will further highlight and promote business action on climate change will take place in San Francisco, USA, from 12 to 14 September. The Global Climate Action Summit will be co-hosted by UN Climate Change Executive Secretary Patricia Espinosa, California Governor Edmund G. Brown Jr., United Nations Secretary-General's Special Envoy for Cities and Climate Change Michael Bloomberg and Mahindra Group Chairman Anand Mahindra. The Summit will bring together sub-national governments, business and civil society to showcase climate action around the world, along with new commitments.

Together, these examples of corporate climate action paint an optimistic and encouraging picture. But we must balance this optimism with realism: we are not moving quickly enough today to prevent further climate change. We are not on track to leave a healthy climate for future generations. We – all of us, national and local policymakers, communities, citizens and business – need to accelerate our efforts. Working together, building on past successes and applying all of our knowledge and energy, can still succeed in achieving the goals of the Paris Agreement and minimizing the negative impacts of climate change.

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