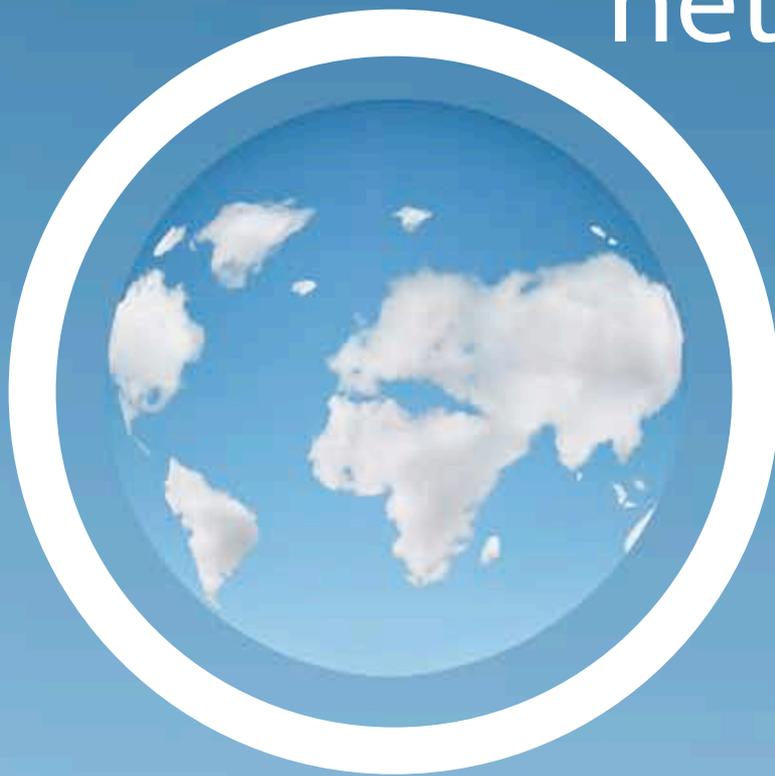


net zero



2015 climate change agreement:
an accelerator for business actions

**WBCSD supports
a universal,
ambitious and
balanced climate
agreement**



WBCSD supports the objective of the Convention to keep global temperature increase to below 2°C. As part of Action2020, WBCSD members have agreed to a societal “must have” to limit cumulative net emissions to a trillion tonnes of carbon, while fulfilling development needs and building climate resilience. Peaking global emissions by 2020 keeps this goal in a feasible range. Action2020 is now working with businesses on solutions to contribute towards these objectives.¹

The scientific case on causes, impacts and potential mitigation options for climate change has been clearly made by the IPCC². Additionally business is becoming increasingly aware of the risks to the global economy, social fabric and infrastructure which are posed by the current rate and unpredictability of climate change.

Business is already taking a range of actions across the value chain on the road to a low carbon economy, including; reporting on GHG emissions, producing new products, changing investment paths to research and development of new technologies, promoting the sustainable management of forests, and working with suppliers to improve their processes.

Although there is a developing, strong business case for ambitious and pragmatic climate action, the global scale-up to prevent the trillionth tonne requires Governments worldwide to enact meaningful, effective, predictable policies. These policies should take into account national socio-economic conditions and development aspirations, to direct investment flows towards a low carbon, climate resilient economy.

Business urgently wants a universal, ambitious and balanced climate agreement from 2020 to drive business action and support a shift to a low carbon, climate resilient pathway, before action becomes extremely expensive or impossible³.

Properly resourced and implemented, low to zero emissions strategies are compatible with economic growth aspirations and can help countries accelerate into the new low carbon economy.

¹ Please see more information on WBCSD business solutions.

² IPCC AR5 reports

³ IPCC 2013 and 2014 reports, Stern (2006), New climate economy (2014)

1

**long-term
international
commitment
to achieving
global net zero
emissions within
the 21st century,
backed by
national
contributions
to create an
upward spiral of
ambition**

net zero emissions



Such an international commitment will give clarity, predictability and direction for long-term emissions reductions in line with science and a 2°C scenario. Individual country contributions would include national emissions reduction goals over a period of time (e.g. up to 2050 with decadal milestones). Countries should also consider the creation of carbon sinks through the rehabilitation of degraded native forests and the expansion of economical forest plantations. Robust country contributions can create an upward spiral of ambition from Parties. Contributions should be comparable and measurable, comprised of sufficient information (base year; GHGs specified; types of reduction targets; assumptions etc.) to provide shared understanding on what they are, how they may be jointly implemented and supported by climate finance. There should also be a transparent process of periodic review against a common accounting and reporting framework to make sure that aggregate ambition is on track. The review process will allow tracking against global objectives, lesson learning between parties, support ramp up and prevent double counting.

Business driver:

Business requires a clear, long-term international commitment to provide the essential long term signal for decision making on assets, investments and business strategies. Most of the Action 2020 business solutions rely on this clarity to make the business case: forests carbon sinks, sustainable forest management, CCS, renewables, energy efficiency in buildings, zero emission cities, etc. Businesses making long term, multi-decadal, investments need the confidence that stable rules provide. A shared accounting and reporting framework provides openness and transparency and a means to assess fairness. It will also incentivise comparable actions across the economy or within sectors minimising negative impacts on business competitiveness.

2

an international framework that enables robust national policies, including measures leading towards global carbon pricing⁴, to incentivise transformative low-carbon actions



An international framework should support new and existing markets for climate action. Key components will be robust institutional structures, architecture for public and private climate finance, capacity building, credible procedures for monitoring, reporting and verification, and recognition of state and non-state actions. A global, robust and stable carbon price allows the lowest cost pathway for GHG emission reductions across the economy, as well as flexibility on mitigation options.

Such a framework allows governments to enact appropriate policies, plans and legislation, and incentivises companies to take progressive actions to move away from business as usual:

- a Optimising current business models: getting companies up to speed and taking advantage of quick win opportunities such as energy efficiency, sustainable use of renewable natural resources, reporting and benchmarking against other actors; harmonizing standards and initiating joint actions worldwide.
- b Pushing the boundaries: governments can put in place incentives and tailored fiscal measures for low carbon investments and reasonable market preference for renewable products, thus making low carbon action economical within strong national frameworks. Natural forest conservation, plantations and reforestation on degraded lands should be stimulated in all countries, since forest carbon sinks can be a very cost effective route to significant carbon sequestration.
- c Innovation and scale up: government can provide incentives to intensify research and development and support investment in promising pilot projects.

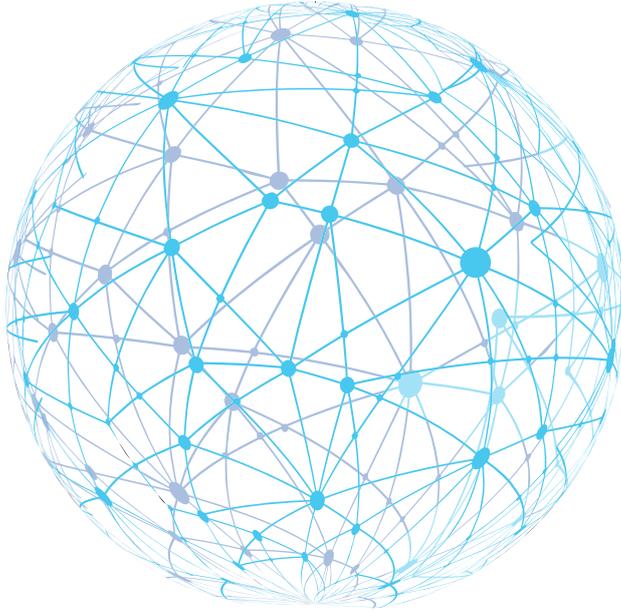
Business driver:

Business will invest in viable, economic projects especially when there is policy certainty. National policies and measures will provide positive signals to business for delivery of competitive business solutions. For example, energy efficiency standards will help the deployment of energy efficiency in buildings and sustainable mobility solutions. Global harmonization of standards will reduce the cost of technologies deployed worldwide. A stable policy environment will lower the risks of investment increasing the attractiveness of some low carbon projects. A suitable combination of legal framework and market mechanisms will reduce illegal logging and promote sustainable forest management. Finally, a meaningful carbon price will make low carbon projects more competitive and change the rules of the game. Overall, measures should be balanced to avoid carbon leakage.

⁴ A Carbon Price can be “direct” (e.g. a cap-and-trade or a carbon tax) or “indirect” (e.g. the implementation of emission standards or Best Available Technology (BAT)). The choice of the specific policy tool depends on a country’s national circumstances and on the affected economic sector. For more information please see: [Carbon Pricing: The role of a carbon price as a climate change policy instrument](#)

3

**enhanced
international
cooperation for
improved local
and regional
resilience,
supported by
innovation and
optimising risk
management
frameworks**



Resilience and adaptation measures minimize negative climate impacts and improve the continuity of business and community operations⁵. Measures are especially important for developing and emerging economies which are significantly more vulnerable to climate change. Enhanced engagement between the private and public sector, especially on infrastructure planning, disaster risk reduction and preservation of natural resources, and collaborative working relationships between communities, governments and companies, will support a low carbon, climate resilient future.

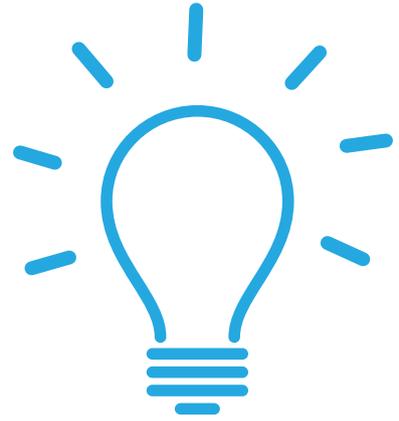
⁵ For more information please read [Building resilience in the power sector](#)

Business driver:

Impacts of climate change are already being felt and business has a growing understanding of the risks and unpredictability of climate change. There are many opportunities for companies to mainstream adaptation action and capitalise on markets. Climate risk management frameworks will be enhanced by international cooperation, exchanging best practices, sharing resources and encouraging mutual support. This will build synergy across sectors and institutions, support understanding of climate risks and facilitate a more cost effective response.

4

**enhanced
international
cooperation
and policy
frameworks
for scaled up
investment in
technology
innovation**



Technologies for mitigation and adaptation already exist but barriers to deployment need to be overcome. Other technologies need to be tested and made commercially viable. And yet other technologies have not emerged. The urgent need for action requires public policies to accelerate the whole research, development demonstration and deployment (RDD&D) process and make space for business to compete in a cost effective manner. Competition and market mechanisms have a track record of driving RDD&D. Additionally international programmes supporting public-private RDD&D, infrastructure development, capacity building and de-risking instruments will speed up innovation, commercialisation and deployment.⁶

⁶ For more information please see [Innovation for Green Growth](#) and [Enabling frameworks for technology diffusion](#)

Business driver:

Many business solutions are currently available, but the scale of the climate problem will require technologies which are not currently commercially viable e.g. CCS, new materials, renewable energy and energy storage solutions amongst many others. Investment in RDD&D for low carbon technologies is motivated by the potential profits of successful developments. This type of investment requires some predictability in demand and stability in regulation. A strong international commitment to a low carbon, climate resilient pathway will redirect RDD&D investments. Public and private international partnerships and persistent investment in research and innovation will be critical for the discovery of solutions to meet the demands of a zero carbon future

Climate and Energy Priority Area

Led by the World Business Council for Sustainable Development (WBCSD), and based on science and the latest understanding of the social and environmental challenges we face, Action2020 is a platform for business action on sustainable development to 2020 and beyond. Central to Action2020 is a set of societal targets - 'Societal Must-Haves' - related to critical environmental and social areas. These are the targets we need to meet if our planet's systems are to return to a sustainable track over the next decades. Global in nature, the Societal Must-Haves can only be met by business, government and society working together.

About the World Business Council for Sustainable Development (WBCSD)

The World Business Council for Sustainable Development (WBCSD), a CEO-led organization of some 200 forward-thinking global companies, is committed to galvanizing the global business community to create a sustainable future for business, society and the environment. Together with its members, the council applies its respected thought leadership and effective advocacy to generate constructive solutions and take shared action. Leveraging its strong relationships with stakeholders as the leading advocate for business, the council helps drive debate and policy change in favor of sustainable development solutions.

The WBCSD provides a forum for its member companies - who represent all business sectors, all continents and a combined revenue of more than \$8.5 trillion, 19 million employees - to share best practices on sustainable development issues and to develop innovative tools that change the status quo. The council also benefits from a network of 70 national and regional business councils and partner organizations, a majority of which are based in developing countries.

Climate Change Must Have

With the goal of limiting global temperature rise to 2°C above pre-industrial levels, the world must, by 2020, have energy, industry, agriculture and forestry systems that, simultaneously:

- Meet societal development needs;
- Are undergoing the necessary structural transformation to ensure that cumulative net emissions⁷ do not exceed one trillion tonnes of carbon. Peaking global emissions by 2020 keeps this goal in a feasible range;
- Are becoming resilient to expected changes in climate.

⁷ Anthropogenic CO₂ emissions from preindustrial levels as outlined in the IPCC Working Group Fifth Assessment Report. One trillion tonnes carbon = 3.67 trillion tonnes CO₂

Acknowledgements

Climate and Energy Cluster Board

The Climate and Energy Cluster Board brings together Council Members that are currently leading [WBCSD business solutions](#) that contribute to the Climate Change Societal Must Have. The companies currently represented in the Cluster Board are: UTC; Fibria; Lafarge; Solvay; Schneider Electric; Shell; ERM; Statkraft; Toshiba, DNV GL; RWE; and Pepsico.

This publication was developed by the Climate and Energy working group. Barbara Black, Helen Baker and María Mendiluce (WBCSD) coordinated the development of this document and discussions.

Contact

María Mendiluce, Director Climate and Energy
E-mail: mendiluce@wbcsd.org

Disclaimer

This publication is released in the name of the WBCSD. Like other WBCSD publications, it is the result of a collaborative effort by members of the secretariat and senior executives from member companies. A wide range of members reviewed drafts, thereby ensuring that the document broadly represents the majority view of the WBCSD membership. It does not mean, however, that every member company agrees with every position.

business solutions for a sustainable world

World Business Council for Sustainable Development

Maison de la Paix, Chemin Eugène-Rigot 2, Case postale 246, 1211 Geneve 21, Switzerland, info@wbcsd.org, Tel. +41 (0)228393100