

GLOBAL CLIMATE ACTION PLAYBOOK 2018

PATHWAYS TO LOW-CARBON AND RESILIENT DEVELOPMENT



United Nations
Global Compact



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PATHWAYS TO LOW-CARBON AND RESILIENT DEVELOPMENT ACTION PLATFORM

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ROLE OF RESPONSIBLE BUSINESS

A COMMON FRAMEWORK FOR RESPONSIBLE BUSINESS

The Ten Principles of the United Nations Global Compact provide a common ethical and practical framework for corporate responsibility — understood and interpreted by businesses around the world, regardless of size, complexity or location. Smart companies understand that principle-based business is about far more than minimum standards or compliance. Principles provide the common ground for partners, a moral code for employees, an accountability measure, and ultimately are the foundation for building trust across the board. By incorporating these Ten Principles into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and planet, but also setting the stage for long-term success.

SUSTAINABLE DEVELOPMENT GOALS

The 2030 Agenda for Sustainable Development and associated Sustainable Development Goals (SDGs) provide opportunities through a powerful agenda for achieving peace and prosperity on a healthy planet. The 17 SDGs and their related 169 targets, commonly referred to as “Global Goals,” balance the three dimensions of sustainable development: the economic, social and environmental.

This distillation of challenges makes them actionable for business leaders, and companies who join the UN Global Compact initiative are stepping up and recognizing the imperative for business action.

THE PARIS AGREEMENT

At the same time, the Paris Agreement on climate change charts a new course for climate action, strengthening the global response to the threat of climate change. Countries have outlined their targets, policies, and programs in nationally determined contributions (NDCs) linked to the Paris Agreement. Together, the 2030 Agenda and the Paris Agreement — twin plans for transformative progress — bring together world leaders, the business community, civil society, academia and citizens around shared challenges to make change happen on a massive scale.

THE BUSINESS ROLE

There is an essential role spelled out for the international business community in the pursuit of each of these objectives. From core business activities — rooted in principles — to strategic social investment, business organizations are advancing true global sustainable development in ways that drive long-term business success and sustainability.

CLIMATE ACTION PLATFORM PARTNERS:

Caring for Climate



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Today, I call on all leaders of Government, business and civil society to back the most ambitious action on climate change for the benefit of this generation and generations to come. Commitments so far could still see temperatures rise by 3°C or more. So we must do our utmost to increase ambition and action until we can bend the emissions curve and slow down global warming... All of us — Governments, businesses, and consumers — will have to make changes. More than that, we will have to ‘be’ the change.”

— António Guterres, UN Secretary-General
Climate Action: Mobilizing our World, New York, 2017

TURNING THE PARIS AGREEMENT ON CLIMATE CHANGE INTO ACTION

The Paris Agreement on Climate Change represents a watershed moment that solidifies international cooperation for climate action and sends a powerful market signal to business. The Paris Agreement recognizes for the first time the role of non-state actors to deliver ambitious climate action and to make progress over time. Today, there are more than 12,500 public commitments from business, investors, civil society, and cities and regions to take climate action.

The challenge now is to bring all sectors of society and economies into alignment with the Paris Agreement's ambition to limit global average temperature to well below 2°C, aiming for 1.5°C, and ensure in parallel, the achievement of the Sustainable Development Goals.

United Nations Secretary-General António Guterres has put forward an action plan to mobilize the world for climate action and to rise to the challenge of increasing ambition to implement the Paris Agreement and achieve the 2030 Agenda on Sustainable Development.

In 2019, the UN Secretary-General will host a Climate Summit inviting all leaders to assess ambition and to recalibrate before the implementation of the Paris Agreement in 2020. The 2019 UN Climate Summit aims to forge even closer alliances between Governments, business and non-state actors for implementing the Paris Agreement. Alongside the Marrakech Partnership for Global Climate Action, six high-impact themes have been identified as action areas in the lead up to 2019:

1. Investment in clean technology
2. Maturing carbon pricing
3. Enabling the energy transition
4. Risk mitigation and building resilience
5. Augmenting the contribution of sub-national actors and business
6. Mobilizing climate finance

All stakeholders are invited to lead by example to attain and raise the ambition of the Paris Agreement.

RISING TO THE CHALLENGE

The *Global Climate Action Playbook 2018* outlines opportunities and priorities for the *Pathways to Low-Carbon and Resilient Development Action Platform*. It challenges businesses and Governments to translate the ambitions of the Paris Agreement into concrete actions.

CHALLENGE TO BUSINESS



*** Translate your company's global climate goals so they have national relevance ***

Create one-page summaries that help explain how and where specific countries' NDCs can send stronger signals to attract investment in climate change solutions.

Look closer at the countries where you source, produce, and sell. Understand the political and social context in those countries. Draw links between climate change and broader sustainable development priorities and challenges. Engage with Ministers and policymakers and lead your industry in a dialogue about how to implement and enhance NDCs. Countries need confidence that your company and industry commitments support their plans and policies efforts to keep temperatures well below 2°C.

CHALLENGE TO GOVERNMENTS



*** Find and use support from the private sector to enhance your NDCs ***

Meet with companies that have made public climate commitments and do business in your country and invite their support of enhancements to your NDC.

Look closer at the signals you are sending the private sector in your NDCs and SDG plans. Identify opportunities to create more clarity. Companies need confidence and clarity from your Government's plans and policies as they evaluate investments in climate solutions for their supply chains, operations, customers and communities.

CLIMATE ACTION ITEM

1

Identify at least two events in 2018, leading up to COP24, where your company can present its climate goals in the context of opportunities to enhance specific NDCs.

TIME TO STEP UP: FURTHER, FASTER, TOGETHER FOR CLIMATE ACTION

Momentum and enthusiasm are promising, but simply meeting the initial climate commitments articulated in countries' NDCs will not be enough. The 2017 UN Environment Gap Emissions Report indicates that current national commitments would only limit the global temperature increase to about 3°C by the end of this century. NDCs will need to be enhanced to meet the 1.5°C ambition.

Meanwhile, countries and companies are increasingly looking inward and confronting individual challenges related to competitiveness, employment, and economic growth. These objectives and climate action can be mutually reinforcing, if pursued smartly. The next two years will be a time for business and Government and others to align, reinforce, and enhance one another's climate and economic priorities.

Strong encouragement and reinforcement from leaders in the private sector can feed into stronger NDCs. Companies and investors have committed to mitigation, adaptation, technology and finance goals and targets — including efforts under the Marrakech Partnership for Global Climate Action.

In 2018, countries and companies can step up together and publicly commit to enhancing their climate ambitions by 2020. There are several critical meetings and milestones coming up that need to be on business and Government leaders' calendars.

2018

Q1

- **WEF Annual Meeting**
23-26 January, Davos
- **Investor Summit on Climate Risk**,
31 January, UN, New York

Q2

- **World Bank/IMF Spring Meetings**,
20-22 April, Washington D.C.
- **Making Global Goals Local Business**,
May, UN Global Compact, Buenos Aires
- **May COP Session – continuation
of the Talanoa Dialogue**

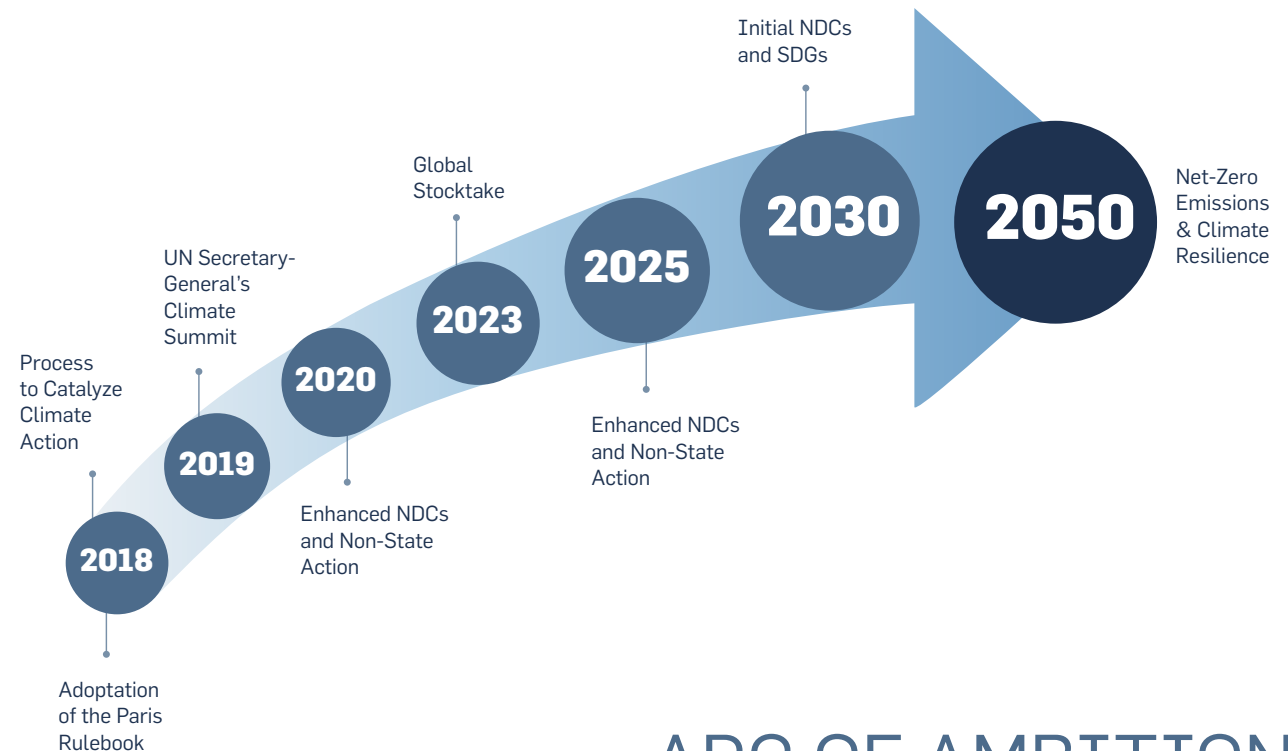
Q3

- **UN High-Level Political Forum
& SDG Business Forum**
9-20 July, New York
- **Global Climate Action Summit**
12-14 September, San Francisco
- **PRI in Person**
12-14 September, San Francisco
- **UN General Assembly Week**,
Week of 18 September, New York
- **UN Private Sector Forum & UN Global
Compact Leaders Summit**
Week of 18 September, New York

Q4

- **COP24/CMP14**,
3-14 December, Katowice, Poland
- **Facilitative Dialogue 2018**

GLOBAL CLIMATE ACTION OUTLOOK: 2018 AND BEYOND



ARC OF AMBITION

2

Use or reference information from a country's NDCs when your company meets with Government representatives (e.g. economic or environment ministries). Initiate conversations and highlight areas where countries' NDCs are — or could be — providing strong signals and support for companies' and investors' goals.

ENHANCING NDCS HOW COMPANIES' AND COUNTRIES' GOALS CAN REINFORCE ONE ANOTHER

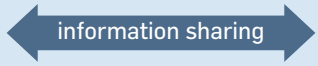
In 2015, countries outlined intended nationally determined contributions (INDCs). These were initial plans to reduce and respond to climate change as part of a global agreement at COP21 in Paris. These plans varied in format and content, but provided a helpful initial signal for companies and investors.

As countries implement their nationally determined contributions (NDCs) to the Paris Agreement, they can find important partners among private sector leaders.

To better understand the opportunities for engagement in 2018, UN Global Compact, World Resources Institute (WRI) and Caring for Climate partners selected 31 countries for an initial landscape analysis in 2017.

This sample represents diverse geographies and economies, as well as countries with high GHG emissions and countries most vulnerable to climate impacts. Additionally, UN Global Compact and WRI sought to include countries that are actively involved in climate action, via platforms such as the NDC Partnership and Global Compact Local Networks.

Australia	Denmark	Ghana	Netherlands	Sweden
Bangladesh	Democratic Republic of Congo	India	Norway	Tanzania
Brazil	Ethiopia	Indonesia	Pakistan	United Kingdom
Canada	Fiji	Italy	Poland	United States
Chile	France	Japan	South Africa	Vietnam
China	Germany	Mexico	Republic of South Korea	
Colombia		Morocco		

ENHANCE ENGAGEMENT AND IMPLEMENTATION: Transparency, enabling environments, accountability, and partnerships to achieve goals			
COUNTRIES' COMMITMENTS		TOPIC FOR MEETINGS IN 2018:	OPPORTUNITIES TO ENGAGE PRIVATE SECTOR
<p>Only 7 of 31 countries in the landscape analysis have NDCs that explicitly intend to involve the private sector in implementation.¹</p>	<p>Colombia, Indonesia, Japan, and Tanzania engaged multiple stakeholders and sectors in development of their NDCs.</p>	<p style="text-align: center;"></p> <p>What public climate commitments has your company made?</p> <p>What does your Government's NDC look like?</p>	<p>There are currently:</p> <ul style="list-style-type: none"> ● Nearly 130 companies are committed to responsible engagement in climate policy² ● Nearly 80 companies are committed to carbon pricing leadership³ ● More than 160 companies are committed to report climate change information in financial disclosures⁴ <p>H&M, Iberdrola, Natura, Nestlé, Royal Philips, Suez, and Unilever are among those companies that have committed to Science Based Targets for GHG emissions, as well as complementary commitments related to policy engagement, carbon pricing and climate disclosure.</p>
ENHANCE MITIGATION: Stronger targets, policies, and measures to reduce global greenhouse gas (GHG) emissions			
<p>Few countries in the landscape analysis have NDCs and GHG reduction targets that fully align with pathways to limit global temperature increases to 2°C or 1.5°C.⁵</p>	<p>Morocco's NDC includes GHG reduction targets that align with a 1.5°C trajectory.⁶</p>	<p>Where and how do your climate goals (NDCs, SBTs) help me achieve mine?</p>	<p>More than 300 companies have committed to set Science Based Targets (SBTs) that aim to reduce GHG emissions targets for 2°C or lower.⁷</p> <p>BT, Carlsberg, an Tesco have validated SBTs and have additionally claimed to aim for well below 2°C.</p>
ENHANCE ADAPTATION: Clearer information, plans, goals, and visions for building resilience to climate impacts			
<p>20 of 31 countries in the landscape analysis have NDCs that refer to adaptation priorities, plans and/or financing.⁸</p>	<p>Bangladesh, for example, outlines extensive adaptive measures in its NDC, including estimates for implementation costs.</p>	<p>Where are our communities and value chains most vulnerable to climate impacts?</p>	<p>A few dozen companies have committed to evaluate and ensure water availability in a changing climate.⁹ But more private sector understanding and engagement on adaptation is needed.</p> <p>CDP, CEO Water Mandate, The Nature Conservancy, WRI and WWF have called for companies to set context-based water targets that address local needs.¹⁰</p>
For example, companies should be asking Governments to:			
<p>Aim for well below 2°C <i>Strengthen GHG targets and timelines so that their trajectory aligns with global ambition for 1.5°C.</i></p>	<p>Provide clear policy signals <i>Specify the types of policies, and implementation plans that will shape private sector mitigation and adaptation.</i></p>	<p>Explain sector expectations <i>Identify the specific sectors and the contributions they are expected to make toward the country's NDC.</i></p>	<p>Spur markets & innovation <i>Outline any plans to use market mechanisms and incentives to support innovation and demand.</i></p>
<p>Morocco and Ethiopia have strong examples of GHG targets in their NDCs.</p>	<p>Colombia, Ghana, Mexico, and Vietnam have strong examples of policy signals in their NDCs (e.g., specific plans and institutions responsible for implementation).</p>	<p>Bangladesh, Chile, Japan, and Tanzania have strong examples of sectoral expectations in their NDCs.</p>	<p>China, Ghana, and South Africa have strong examples of roles for market signals in their NDCs.</p>

¹ Based on World Bank INDC database. See indc.worldbank.org

² See: www.wemeanbusinesscoalition.org/commitment/responsible-engagement-in-climate-policy/

³ See: www.wemeanbusinesscoalition.org/commitment/put-a-price-on-carbon/

⁴ See: www.wemeanbusinesscoalition.org/commitment/commit-to-implement-the-recommendations-of-the-tcfd

⁵ For example, according to Climate Action Tracker's assessment, there are only two countries (Morocco and The Gambia) with targets compatible with a 1.5°C pathway. See: climateactiontracker.org/countries.html

⁶ See: climateactiontracker.org/countries/morocco.html

⁷ See: www.sciencebasedtargets.org

⁸ Based on World Bank INDC database. See indc.worldbank.org

⁹ See: bafwac.org

¹⁰ See: pacinst.org/wp-content/uploads/2017/04/context-based-targets.pdf

CLIMATE ACTION ITEM

3

Review the *Blueprint for Business Leadership on the SDGs* (pages 124-131) for guidance on how your company can lead your industry and identify actions that link climate action with SDG priorities.



ACHIEVE SDGS

Solving climate change will mean taking action in the context of countries' development opportunities and vulnerabilities. Companies and investors can find ways of advancing countries' NDCs and Sustainable Development Goals (SDGs).

EXAMPLE: SDG OPPORTUNITIES IN NDCS

According to IFC, there is already more than \$1 trillion per year invested in solutions to climate change that advance other sustainable development priorities, including: renewable energy (\$297 billion); energy storage (\$2.5 billion); green buildings (\$388 billion); climate-smart urban transport (\$288 billion); water recycling (\$23 billion); and municipal waste management (\$160 billion).

Importantly, many countries are sending signals of support for increased investment by highlighting these sectors in their NDCs. For example, IFC notes that:

- 114 NDCs include renewable energy
- 31 NDCs include energy storage
- 86 NDCs include energy-efficient buildings
- 82 NDCs include transportation
- 33 NDCs include water conservation and reuse
- 84 NDCs include waste management

Another 184 NDCs mention agriculture, including 61 that emphasize climate-smart agriculture.



See: International Finance Corporation, 2017 "Creating Markets for Climate Business: [An IFC Climate Investment Opportunities report](#)"

COUNTRY CONTEXT FOR SDGS & NDCS

Companies and investors must reinforce NDCs and SDGs in the context of each country's economic development pathways. For example, in looking for information in a countries' NDCs, SDG plans, and economic goals, it is possible to identify and connect your company's climate goals to specific national priorities. Consider the following illustrative examples (figures from World Bank, 2013 data; GDP in constant 2010 US\$):

ETHIOPIA

GHGs per capita = 0.1 MTCO₂e

GDP per capita = \$421



Middle income consumption expected to grow by more than 1000 percent by 2030

Context:

- Ethiopia aims to reach middle income status by 2025.
- Industrial production growth rate of 9 percent (7th fastest in the world) and ambition to be Africa's leader in light manufacturing.
- Ethiopia's NDC priorities include development priorities such as increased incomes, job creation, and sustainable economic development, as well as four pillars:
 1. Improve crop and livestock production practices for food security and incomes while reducing emissions.
 2. Protect and reestablish forests for their economic and ecosystem services.
 3. Expand electric power from renewable energy.
 4. Leapfrog modern and energy efficient technologies in transport, industry and building sectors.

INDIA

GHGs per capita = 1.6 MTCO₂e

GDP per capita = \$1,550



Middle income consumption expected to grow by 475 percent by 2030

Context:

- India aims to ensure all citizens have access to electricity by the end of 2018.
- India aims to create affordable housing for all by 2022.

India's NDC outlines plans to train 400 million workers in various sectors with skills for sustainable development, along with ambitious clean energy goals for 2022, including:

- 10 GW of biofuels
- 60 GW of wind power
- 100 GW of solar power

Achieving clean energy goals could help achieve additional development priorities, including:

- Good Health and Well-Being
- Gender Equality
- Clean Water and Sanitation
- Decent Work and Economic Growth

CHINA

GHGs per capita = 7.6 MTCO₂e

GDP per capita = \$5,722



Middle income consumption expected to grow by more than 200 percent by 2030

Context:

- China, in the next five years, aims to lift all 55.75 million rural residents living below the current poverty line out of poverty, and to double GDP and people's per capita income of 2010.
- Industrial growth rate of 6 percent, (26th fastest in the world).
- China's NDC notes the country's ambition to: "embark on a new path of industrialization, developing a circular economy."

It also highlights sector ambitions, including:

- 200 GW of wind power
- 100 GW of solar power
- Overall 20 percent non-fossil fuels in primary energy consumption by 2030
- Tax incentives to develop and provide access to solar, wind and hydro power
- 30 percent public transport in cities by 2020

COUNTRY CONTEXT FOR SDGS & NDCS *continued*

COLOMBIA

GHGs per capita = 1.9 MTCO_{2e}

GDP per capita = \$7,051

Middle income consumption expected to grow by 47 percent by 2030



Context:

- Colombia has plans to address inequality, poverty, and unemployment, while closing technological and infrastructure gaps.
- Colombia has also been focused on ending the longest internal conflict in the Western hemisphere.

Colombia has been reference as a “front-runner” in terms of linking its NDC and SDG priorities.

Colombia's NDC, for example, highlights the role for adaptation and resilience building in national security. It also makes note of potential for mitigation and adaptation to enable peace and equity, with the potential to reduce conflict and violence in the country.

Colombia's NDC overall demonstrates links to 40 of the 169 SDG targets, including several of those aiming to address:

- Poverty
- Hunger
- Education
- Decent Work and Economic Growth
- Peace and Justice

JAPAN

GHGs per capita = 9.8 MTCO_{2e}

GDP per capita = \$46,249

Middle income consumption expected to grow by 2 percent by 2030



Context:

- Japan has prioritized multiple areas for development, inspired by the 17 SDGs.
- Japan aims to achieve SDGs through Private Action for Partnership in cooperation with stakeholders, as well as via conversations with private sector at SDGs Promotion Roundtable Meetings.

Japan's NDC emphasizes “human resource development and promotion of development and diffusion of technologies relating to emission reductions in developing countries.”

It also prioritizes energy-related CO₂, which account for approximately 90 percent of total GHG emissions in Japan. It aims to:

- Improve efficiency of electricity consuming facilities
- Introduce energy efficiency and conservation process technology in petrochemicals
- Improve consumer products, such as air conditioners

SWEDEN

GHGs per capita = 4.6 MTCO_{2e}

GDP per capita = \$52,723

Middle income consumption expected to grow by nearly 20 percent by 2030



Context:

- Sweden is working to address development challenges around production and consumption; gender equity and income gaps; employment (especially for migrants, youth, elderly and those with disabilities).
- Sweden is also focused internationally to increase cooperation and new partnerships between countries, business, and civil society to address poverty and inequalities.

Sweden's climate ambitions are part of the broader European Union's NDC, but the country has been pricing carbon since 1991. Its CO₂ tax has increased over time from 29€ in 1991 to 125€ in 2014 for households and services.

The market signal has helped shift investments from fossil fuel to renewable energy sources. As a result, GHG emissions have decreased (down 23 percent from 1990-2013) while GDP has increased (up 58 percent from 1990-2013).

THREE CLIMATE ACTION ITEMS FOR 2018

Join the [Climate Action Platform](#) of the UN Global Compact to connect your climate commitments with actions and decision-makers from key countries. Work with UN Global Compact and its Caring for Climate partners, including World Resources Institute and Principles for Responsible Investment on the 2018 global climate action items below:

- 1. Identify at least two events in 2018** leading up to COP24, where your company can present its climate commitments in the context of a Government's Nationally Determined Contributions (NDCs).
- 2. Use or reference information on a country's NDCs** when your company meets with Government representatives (e.g., economic or environmental ministries). Initiate conversations and highlight areas where countries' NDCs are or could be providing strong signals and support for companies' and investors' goals.
- 3. Review the [Blueprint for Business Leadership on the SDGs](#)** for guidance on how your company can lead your industry and identify actions that link climate action with SDG priorities.

In support of these action items, UN Global Compact, WRI and Caring for Climate partners will offer new tools, analysis and engagement opportunities throughout 2018.

Contact: Caring4Climate@unglobalcompact.org

KEY TAKEAWAYS FOR GLOBAL CLIMATE ACTION

- **Next couple of years are critical moments for global climate implementation:** 2018 is a crucial moment with engagements — such as the California Global Climate Action Summit and COP24 — where countries and companies can reinforce one another to ramp up ambition.
- **Reinforcing private sector engagement is critical to enhancing NDCs:** Countries goals (Nationally Determined Contributions) do not yet speak directly to companies' interests and companies' goals (e.g., Science Based Targets) do not yet speak directly to countries' interests.
- **“Making Global Goals Local Business” is an essential strategy for climate and development implementation:** National context — particularly countries' interests in the SDGs — will be essential to implementing and enhancing the NDCs.
- **Companies must look across their value chains to find opportunities to advance climate action and development.** Companies based in just a handful of countries make up the wide majority of public commitments to climate change, so they will need to engage their supply chain partners to ensure all countries are delivering on their stated climate goals.
- **Collective momentum is needed to expand resilience and finance commitments:** There may be a critical mass of companies with mitigation goals, but there are far fewer ambitious commitments to finance and adaptation.

UNITED NATIONS GLOBAL COMPACT TEN PRINCIPLES



HUMAN RIGHTS

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.



LABOUR

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.



ENVIRONMENT

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.



ANTI-CORRUPTION

10. Businesses should work against corruption in all its forms, including extortion and bribery.

The Ten Principles of the United Nations Global Compact are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.