

COP23 POLICY ASKS

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THE FACILITATIVE DIALOGUE

The World Business Council on Sustainable Development is committed to supporting implementation of the Paris Agreement to hold the increase in the global average temperature to well below 2 °C above pre-industrial levels.

The Council applauds the 155 Parties who are working to achieve this goal through their first Nationally Determined Contributions (NDCs). We recognize that creating a Paris-compliant pathway will require the successful implementation of this first round and a progressive increase in ambition in successive rounds starting in 2020 and communicated every five years thereafter.

More than three hundred 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 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 low-carbon climate-resilient economy. We *acknowledge* the Fijian government acting in its capacity as the incoming COP23 President, as it prepares a *Roadmap* for the Facilitative Dialogue. We *welcome* the 2018 Facilitative Dialogue, a process intended to take stock of collective progress towards the long-term goals of the Paris Agreement and to kickoff consideration of the 2020 update to Parties' Nationally Determined Contributions. We *note* the progress made by the Fijian Presidency in the early consultations on the Dialogue conducted at the UNFCCC session in Bonn in May, 2017.

As an input to this process [The We Mean Business coalition / The World Business Council on Sustainable Development] asks the Fijian Presidency to consider the following recommendations:

- 1) In preparing the agenda for the Facilitative Dialogue, we *encourage* the Fijian Presidency to ensure parity between the stocktaking exercise and the commitment to inform the preparation of the next

round of nationally determined contributions anticipated in Decision 1/CP.21 para. 20. **The Facilitative Dialogue should strengthen ambition** and not just review global commitments.

- 2) We *encourage* all Parties to **use the Facilitative Dialogue as a means to affirm collective commitment to the Paris Agreement** and to enhance NDCs in 2020. Article 4 of the Paris Agreement provides Parties 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.
- 3) We *call upon* the Fijian Presidency to **ensure a wider sectoral scope for the next round of NDCs** including the consideration of *inter alia*: ambitious emissions targets; robust carbon pricing; energy transition timelines; roadmaps to decarbonize the transport system; plans to enhance climate smart agriculture and reforestation; plans for low carbon cities and energy-efficient buildings; plans to develop and deploy technologies for carbon utilization and sequestration; adaptation plans to enhance resilience and contribute to SDGs
- 4) We *agree* the **Dialogue should be a process rather than a moment, involving multiple engagements throughout 2018** such as but not limited to two UNFCCC intersessional meetings, The California Climate Action Summit, The Climate Vulnerable Forum Summit, and at COP24.
- 5) We *encourage* the Parties to **provide opportunities for non-party stakeholders including the private sector to engage as partners in this Dialogue**, with business invited to help design and implement NDCs, to remove barriers to innovation and technological transfer; and drive deep system transformation and structural change across developed and developing economies.
- 6) We *also encourage* the Parties to request and **accept written submissions from the private sector** during the preparatory phase of the Dialogue through *inter alia* the Bloomberg New Energy Finance (BNEF) Annual Report; World Economic Forum (WEF) Annual Risks Report; Reports from the Science-Based Targets (SBT) Initiative; Assessments of the We Mean Business (WMB) Action Framework; and Reports from the Global Climate Action Summit; and Reports from the World Business Council for Sustainable Development (WBCSD) Low Carbon Technology Partnerships initiative (LCTPi).
- 7) We *further 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 UNFCCC sessions in 2018** and informally on the margins of other meetings to harvest insights on the enabling policies needed to catalyze business ambition and investment in climate and resilience solutions.
- 8) We *call upon* Parties to **ensure a firm link between the Marrakech Partnership and the work of the Facilitative Dialogue**. The collaborative and multi-stakeholder approach advocated here supports the long term global transformation required by the Paris Agreement and provides, a model for inclusive design of the next round of NDCs.

MARRAKECH PARTNERSHIP

The World Business Council on Sustainable Development is committed to The Marrakech Partnership for Global Climate Action and its goals to strengthen collaboration between governments and non-Party stakeholders in accelerating the transition to a low-carbon climate-resilient global economy.

The Marrakech Partnership is focused on encouraging activities that galvanize immediate climate actions in the period between now and 2020; to support the realization and overachievement of the Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs); and spur new climate actions on mitigation, adaptation, and the delivery of finance, technology and capacity building to developing countries. The Marrakech Partnership facilitates the convening of Party and non-Party stakeholders; provides a platform to showcase successes and new initiatives for greater ambition; and tracks progress of non-state actors towards the achievement of the goals of the Paris Agreement.

The Marrakech Partnership is also intended to provide a forum to build policy enabling environments catalytic of non-state leadership. The Technical Examination Process (TEPs) and Technical Expert Meetings (TEMs) were tasked with identifying and addressing the domestic policies that undermine ambition and proposing high-impact policy levers for scaling up climate action. This aspect of the Marrakech Partnership has been less successful and now requires revamping and reengagement.

Leading companies are committing to bold climate action. More than six hundred companies representing over US\$8tn in revenue and more than one hundred investors with assets under management in excess of US\$20tn have made over 1200 climate commitments through the We Mean Business coalition of which WBCSD is a co-founder. Together these businesses and investors are committed to going “*Further, Faster, Now*” in partnership with government. With this spirit of ambition, commitment and collaboration in mind we ask the Parties to the UNFCCC to consider the following recommendations:

- 1) We *encourage* Parties to return to the original strategic intent of the Marrakech Partnership by placing **greater emphasis on pre-2020 action and the generation of specific policy recommendations** to spur ambition. This requires renewed investment in the Technical Examination Processes, including Technical Expert Meetings. These integral components of the Marrakech Partnership should be used for structured discussions on policy and not for show and tell.
- 2) **We offer to convene business leaders and representatives of governments outside the UNFCCC** in other relevant fora to maximize opportunities for collaboration and dialogue between Parties and non-Parties. To this end:
 - a) We *ask* for authorization from the Parties to organize these convenings covering multiple government ministries.
 - b) We *commit* to preparing outputs from these meetings detailing the experiences, success stories, lessons learned and progress achieved by companies, complemented with specific recommendations of high-impact policy levers needed for scaling-up action further
 - c) We *ask* Parties to accept these outcomes as an input into the preparation of the Champions Annual Yearbook, the organization of TEPs / TEMs, and the preparation of the next round of NDCs
- 3) We *invite* Parties to **formally recognize the critical role of non-state actors** in accelerating global climate action together through the Marrakech Partnership

- a) We *applaud* the work of the High-Level Champions and their efforts to accelerate the pace of implementation of the Paris Agreement and support their efforts to “give a voice to those driving forward with ambitious action”.
 - b) We *encourage* the Parties to **provide a formal role to those driving forward with ambitious action by establishing a limited panel of Leaders**, composed of senior representatives from all the non-party stakeholder constituencies with the mandate to use their own convening power to bring state and non-state actors together outside the UNFCCC to harvest experiences, share success stories, and develop specific recommendations for high-impact policies to catalyze business leadership on climate change.
- 4) We *call upon* Parties to **ensure a firm link between the Marrakech Partnership and the work of the Facilitative Dialogue**. The collaborative and multi-stakeholder approach advocated here supports the long term global transformation required by the Paris Agreement and provides, a model for inclusive design of the next round of NDCs.

CLIMATE RESILIENCE

The World Business Council on Sustainable Development 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 *also commit* to working with governments to monitor, evaluate and learn from adaptation plans, policies, programs and actions.

As we seek to scale up our efforts to build resilience and decrease vulnerability we ask the Parties to the UNFCCC to consider the following recommendations:

1. We ask the Adaptation Committee to develop modalities to **recognize the adaptation efforts of the private sector** with a view to identifying ways to enhance the effectiveness and coherence of business leadership on climate resilience.
2. We *encourage* the Ad Hoc Working Group on the Paris Agreement to **include inputs from the private sector** in its global stocktake reviewing the state of adaptation efforts, support, and experiences.
3. We *also 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.
4. We *further encourage* the Secretariat to **gather inputs from the private sector** when preparing its annual technical paper on opportunities to enhance adaptation action and to **issue invitations to the private sector** to actively participate in regular technical expert meetings
5. 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.

DISTRIBUTED LEADERSHIP

The World Business Council on Sustainable Development is committed to accelerating the transition to a low-carbon climate-resilient economy.

We *support* the unanimous call in the Marrakech Proclamation 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.

We further support calls to enhance the provision of urgent and adequate finance with concrete steps to provide USD 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.

We *welcome* the Leaders' Communiqué from the G7 Summit in Taormina in May and the G20 Leaders' Declaration from the Summit in Hamburg in June. Both noted the decision of the United States to

withdraw from the Paris Agreement and on both occasions all other countries reaffirmed their strong commitment to swiftly implement the Paris Agreement and stated that the Agreement is irreversible.

We *confirm* the 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.

We *recall* that already more than six hundred companies representing over US\$8tn in revenue and more than one hundred investors with assets under management in excess of US\$20tn have made over 1200 climate commitments through the We Mean Business coalition of which WBCSD is a co-founder. Together these businesses and investors are committed to going “*Further, Faster, Now*” in partnership with government.

We *welcome* the concept of distributed leadership, highlighting the role of parties and non-parties in taking leadership in their respective communities. Business is ready to show leadership to drive accelerated and increasingly ambitious climate action.

We *affirm* our 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 *commit* to offering strong leadership from business in the spirit of distributed leadership. We must continue the collaboration that brought the Paris Agreement into being. We can only fulfil its ambitions and achieve the scale of transformation that is urgently needed by working together.

In the spirit of distributed leadership:

1. We *call* upon all **Parties to reiterate their commitment to the Paris Agreement**. We also ask that Parties implement their NDCs with specific and sound policies, effective economic mechanisms and a view to increasing ambition in 2020.
2. We also *call* upon **cities, states and regions to pursue climate action** to the limit of their capabilities. We also ask that they mobilize their citizens in support of ambitious climate action.

CARBON PRICING

The World Business Council on Sustainable Development 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.

Business *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 Forum* hosted by the World Bank, as well as making commitments to implementing the recommendations of the *G20 Task-force on Climate Related Financial Disclosure*.

The private sector *confirms* that carbon pricing is one of the most efficient means of driving change across economies and an important tool for policy-makers. Indeed, we see a US\$ 5-10 trillion investment opportunity across the WBCSD's Low Carbon Technology Partnerships initiative and carbon pricing can play a critical role in mobilizing this new investment.

Carbon pricing is an economic signal that drives behavioral change including those related to investments and procurement. However, the signal needs to be credible and predictable. As we seek to provide the degree of certainty need to implement new behavior criteria, new investment strategies or new business lines we ask the Parties to the UNFCCC to consider the following recommendations:

1. 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. Carbon pricing is growing as a policy tool, but it operates in less than a quarter of the global economy. The 2018 Facilitative 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.
2. We *also encourage* Parties to **set carbon prices that are Paris-compliant**. Current carbon pricing policies set the carbon price in a range between \$5 and \$15 per tonne. Governments should set carbon prices consistent with the Carbon Pricing Leadership Coalition (CPLC)'s *High Level Commission on Carbon Prices* and other similar analysis.¹
3. We *call upon* Parties to **ensure robust and coherent regulations between national and regional carbon markets** and alignment between the various systems with clear global rules aiming for global coverage in order to prevent economic distortions and carbon leakage
4. We *emphasize* the need to **establish robust accounting rules** to ensure transparency and good governance. These rules should prevent double counting of emissions reductions, offer new confidence in offset use and ensure that environmental integrity around the national contributions is maintained.
5. We *also emphasize* the need to **consider the social impacts of carbon pricing** and ensure that the policy design of carbon pricing mechanisms should include compensating measures to prevent economic disparity and support the most vulnerable.

¹ 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