

# BUSINESS AMBITION FOR 1.5°C



## POLICY PRIORITIES AND APPROACH

### COVID 19 ECONOMIC RESPONSE: BUILD BACK BETTER

Governments around the world are taking unprecedented steps to bolster health systems and provide immediate economic support in the COVID-19 pandemic. As they turn their attention to longer-term recovery, they must pair recovery action with ambitious climate action to ensure that they, and the companies they support, emerge stronger than before. Long-term packages, which will set the strategic direction of economies for years to come, must be used to speed the deployment of existing climate solutions and spur the development and demonstration of zero-carbon technologies to accelerate the growth of an inclusive, resilient, net-zero carbon economy by 2050 at the latest.

Recent [studies](#) show that policies and measures which reduce greenhouse gas emissions help ensure a more resilient and sustainable labour market, deliver higher short-term returns per dollar spend and lead to increased long-term cost savings, when [compared](#) with traditional fiscal stimulus.

As businesses now is the time to maximize your voice in the markets you operate and call on governments to provide you with the clarity and confidence you need to unlock further investments in climate solutions.

[More than 170 companies](#) have already signed the statement [“Uniting Business and Governments to Recover Better”](#) urging Governments around the world to align their COVID-19 economic aid and recovery efforts with the latest climate science.

These companies, which are all part of the [Science Based Targets initiative](#), are calling for policies that will build resilience against future shocks by supporting efforts to hold global temperature rise to within 1.5°C above pre-industrial levels, in line with reaching net-zero emissions well before 2050.

Now it is time to take the next step - in the next few pages are some of the top priorities sectorally and geographically that businesses around the world should advocate to policymakers to accelerate climate action.



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## GLOBAL POLICY RECOMMENDATIONS

To boost economic growth, drive job creation and increase resilience to future shocks, governments should prioritize policy and spending to:

► **ACCELERATE ECONOMY-WIDE EMISSIONS REDUCTIONS:** Accelerate the transition to an inclusive, just, resilient, zero-carbon economy. Including:

- Put climate action and resilience at the heart of economic recovery packages;
- Develop a long term strategy to achieve a just transition to economy-wide net-zero emissions by 2050 at the latest;
- Strengthen 2030 NDC targets in line with 1.5°C trajectory; and
- Implement national policies and laws to achieve these targets, including: mandating climate risk disclosure, ending fossil fuel subsidies and implementing strong carbon pricing policies, supporting a just transition for affected workers, and building resilience.

► **ACCELERATE SECTORAL DECARBONIZATION:**

- **Advance the delivery of 100% clean power** — Invest in deploying renewable energy, storage and grid solutions for 100% zero carbon power systems by 2050, and the phase out of coal by 2040.
- **Enable clean mobility** — Design policy incentives and increase funding for electric public transport and electric vehicle charging infrastructure and storage solutions, aimed at ending internal combustion engine sales by 2030.
- **Deliver zero-carbon infrastructure and buildings** — Launch home and building efficiency retrofit programs, and utilize public spending on infrastructure to drive demand for low-carbon steel, cement and materials.
- **Support industry to transition to zero-emissions** — Invest in R&D, demonstration and deployment of emerging zero-carbon technologies and use the power of public procurement to drive demand for zero-carbon materials; set net-zero heavy industry targets by 2050.
- **Invest in nature-based climate solutions** — Support agriculture sector investment in climate smart agriculture to reduce emissions from land use and restore natural carbon sinks.
- **Avoid rollbacks of environmental protections** — Ensure foreign economic assistance is used to support zero-carbon, resilient recovery and development.

## FOCUS ON MAJOR ECONOMIES AND GLOBAL MOMENTS

*Your advocacy is important and can be particularly impactful in all geographies in which your company has a presence. Our campaign will put an added emphasis on the world's major economies, where the vast majority of spending will come from, and who are positioned to set the global agenda, through their individual and collective actions.*

► **MULTILATERAL COOPERATION:** Though COP 26 has been rescheduled due to COVID, the urgency of a global coordinated response to climate change remains unchanged. World leaders must recognize and act



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upon the importance of climate action and science based policy-making when they meet at the G7, G20 and other forums coordinating economic recovery packages. They must ensure that their actions do not make climate change worse by perpetuating high polluting systems and locking in brown investment through recovery packages. They should work together to ensure global financial markets have full information on climate risk and opportunity and that policies, loans and financial investments flow toward zero carbon solutions. This includes ending all market distorting fossil fuel subsidies, instituting carbon pricing, requiring disclosure of climate risk in line with the Task Force on Climate-related Financial Disclosures (TCFD), and collaborating to drive innovation and deployment of zero carbon solutions across sectors.

► **UK:** The UK has a critical role to play in leading international diplomacy through the COP 26 Presidency and next year's G7 Presidency. It must lead the way in bringing together national delegations and sectors to strengthen their 2030 climate targets, and pursue 1.5°C aligned emissions pathways in line with the Paris Agreement. Domestically, stimulus packages and infrastructure programmes should accelerate delivery of the net zero target by 2050 at the latest, targeting public investment and clear policy signals for carbon pricing, energy efficiency programmes, carbon capture and storage, EV uptake and the development of zero carbon fuels. Submitting an ambitious UK NDC will be a litmus for both international climate leadership and domestic delivery.

► **EU:** The EU is taking important steps to ensure that stimulus packages are consistent with the transition towards climate neutrality by 2050. The European Commission has placed the Green Deal, its new growth strategy, at the centre of the economic recovery. Recovery packages and related Green Deal policies (Renovation Wave, Sustainable Mobility Strategy, Industrial Strategy, Circular Economy Action Plan and upcoming review of energy and climate legislation) should drive investments into the key transformations needed to meet Europe's net zero emissions target including buildings renovation, renewable energy, clean mobility, industrial innovation and more sustainable land use and food systems. The EU must now lay out detailed guidance and establish proper safeguards to ensure that financing instruments, including the next Multiannual Financial Framework and Next Generation EU fund, are consistent with the achievement of ambitious climate objectives as the decarbonisation of key sectors will bring clear economic and social benefits. By the end of the year the EU NDC should be updated to include at least 55% emissions reduction by 2030.

► **INDIA:** In line with the government's push for "self-sufficient India", economic recovery packages and reforms should help accelerate the zero carbon energy transition, increasing RE and storage capabilities to avoid coal and ensure long-term competitiveness of India's manufacturing sector. They should also support the clean mobility transition at the national level, coordinated with strong state-level EV policies and EV infrastructure development that will help cut transport emissions, keep cities liveable and reduce reliance on oil imports. India should develop a competitive decarbonization framework for heavy industries. Business action and advocacy should seek to accelerate the achievement of 2030 targets and support the development of an ambitious long term deep decarbonization strategy and strengthened NDC.



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- ▶ **JAPAN:** Economic stimulus programs should prioritize climate action and decarbonization policies, particularly in renewable energy and industry. Japan should still consider updating its NDC to include more ambitious 2030 targets. The 2021 Energy Mix review should include a 50% renewables target by 2030, a commitment to coal phase-out, measures to enable corporate RE procurement and the introduction of a carbon pricing scheme that ensures a swift and just energy transition.
- ▶ **US:** In stimulus packages Congress should enact policies to support efforts to mitigate climate risk and invest in a net-zero emissions economy, as well as longer-term solutions. These should include a resilient infrastructure, a price on carbon, requirements that businesses receiving support disclose climate risk and have a plan to reduce emissions. Rollbacks of environmental protections cannot be seen as an option for growth, as it will only make the climate threat worse.
- ▶ **CHINA:** Stimulus packages should help accelerate achievement of current climate goals, and the development policy frameworks that encourage investment in decarbonizing the heavy industry and manufacturing sectors. One of the main avenues for businesses operating in China to have influence is working through their supply chain to reduce emissions and partnering with government in the delivery of its targets to lay the groundwork for strengthening its NDC.

## APPROACH:

**Leading businesses should work to showcase climate ambition in their operations and advocacy in light of the current COVID-19 crisis and stimulus packages. It is a priority to articulate business support for clear and ambitious climate policy to drive economy-wide transition.**

- ▶ **CREDIBLE, VOCAL BUSINESS VOICES** articulating directly to policy makers through a variety of fora and tactics why climate action is important to their business, and what targets and policies they need or want to see to help accelerate the transition. Specifically businesses can sign the "Uniting Business and Governments to Recover Better" statement, more information is available [here](#). Tactics include: public letters, op-eds, public meetings, private meetings, phone calls, etc. In [this guide](#) you find guidelines to provide proactive and constructive input to Governments to advocate for the creation of effective climate policies.
- ▶ **TRADE GROUP ALIGNMENT:** Ensuring that trade groups are consistently and accurately representing company views on climate is essential to ensure policymakers receive consistent signals from business. It is important that businesses publicly articulate if and when their trade group positions are not aligned with their own climate positions, and to engage with trade group leadership to avoid that problem.

## FIND OUT MORE:

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