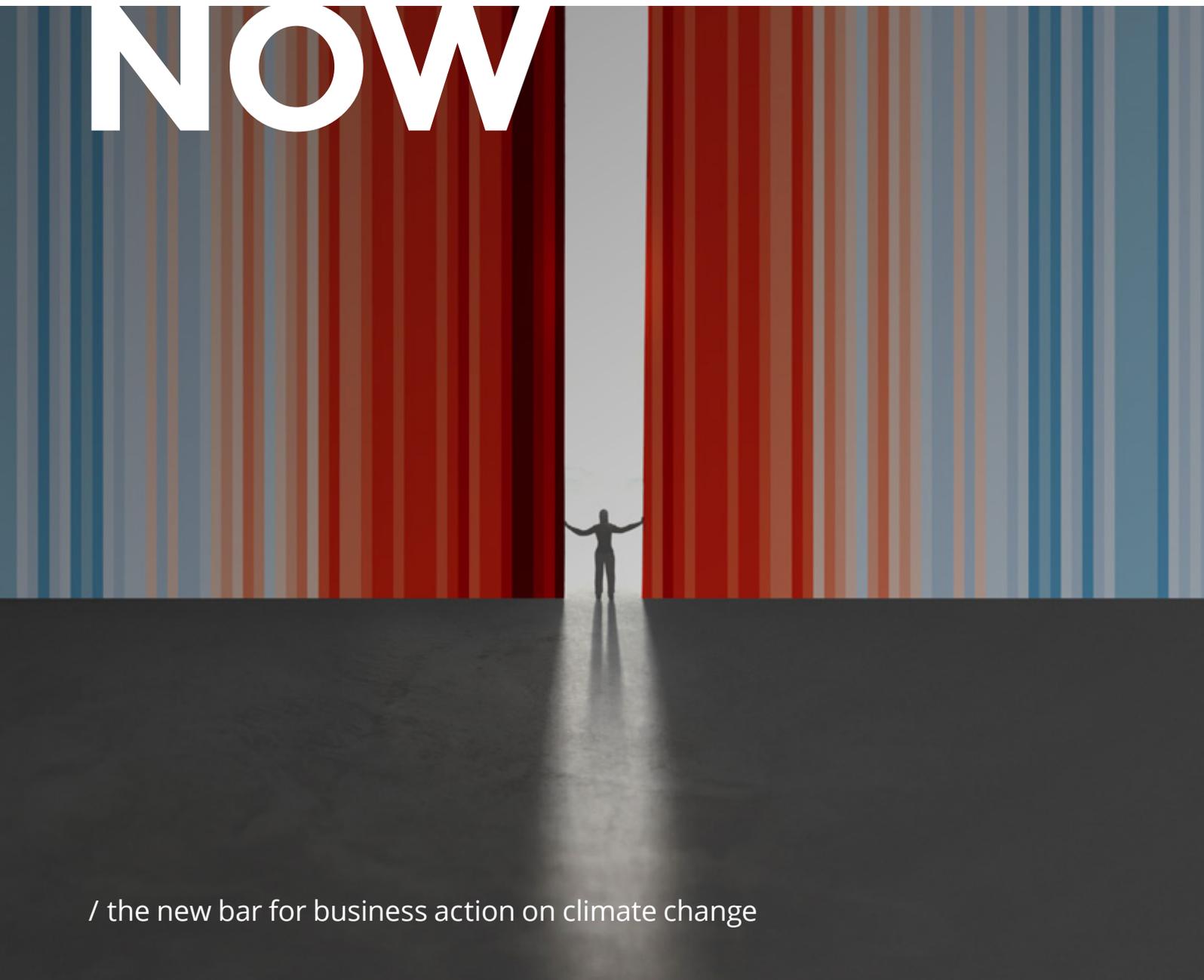


CLIMATE LEADERSHIP NOW



/ the new bar for business action on climate change

WE MEAN BUSINESS
COALITION

 **BSR**

 **CDP**
DISCLOSURE INSIGHT ACTION

 **Ceres**
Sustainability is the bottom line.

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CLG
Europe

 **CLIMATE GROUP**

THE B TEAM ▶

 **wbcSD**

▶ EXECUTIVE SUMMARY

The changing climate poses a huge danger to the global economy and to the viability of business. Fortunately, a constantly growing number of companies are taking action on climate change because they know it is critical for their long-term success and they know leadership brings reward. The role of corporate climate leaders is more important than ever.

The scale of corporate action to date has been impressive, but it is not enough to deliver a sustainable future. The bar of leadership is rising and we know the most forward-looking businesses are rising

to meet it. *Climate Leadership Now* lays out the We Mean Business coalition's shared vision for what corporate climate leadership needs to look like in the coming decade.

Context

The evidence overwhelmingly confirms that the world is warming, predominantly as a result of human activity. Global temperatures are changing at a faster rate than at any time since the end of the last Ice Age. Temperature rises above 1.5°C bring sharply growing costs and impacts for business, as well as putting extreme stress on our society and causing widespread increases in human suffering. To avoid this, a substantial reduction in carbon emissions is required: global emissions need to halve by 2030.

As we have seen with the COVID-19 pandemic, our new reality is one of unignorable systemic risks. Environmental and social resilience are intimately intertwined. Climate action must therefore also embrace issues of diversity, equity and inclusion. For individual businesses and the wider economy, the implications are that resilience is fast moving beyond the sustainability team to be a core part of the business strategy in forward-focused companies. Climate action can provide companies with a springboard into a better business future while also kick-starting the transformation towards a greener, fairer and ultimately more resilient form of capitalism.

What comes next cannot be a simple repeat of what has happened before. Now is the time to act.



Climate action can provide companies with a springboard into a better business future while also kick-starting the transformation towards a greener, fairer and ultimately more resilient form of capitalism.

What does business leadership on climate change look like today?

Leading businesses respond to the climate crisis with Ambition. They deliver on that ambition with Action. They speak up to secure wider change through Advocacy. Only by combining all of these, can businesses be said to be fully leading on climate action.

Ambition

Climate ambition is a commitment to shape the future. It represents a vision for a positive future including business outcomes, better jobs and greater environmental protection. Ambition guides strategy, motivates employees, informs investors and customers.

IT SHOULD INCLUDE:

- ▶ A compelling and positive vision for a net-zero future, centered on the people, the business impacts, and communicating where the company is going and what it is seeking to achieve.
- ▶ Short and mid-term science-based emissions reduction targets aligned with holding temperature rise to 1.5°C, and a long-term commitment to reduce emissions to net-zero by 2050 at the latest.
- ▶ Plans to address emissions from all areas of influence, including the wider value chain, and to deliver risk management and resilience.
- ▶ A drive to go further, faster. Leaders are committing to reduce emissions at even greater pace.

ACCOUNTABILITY:

Targets should be independently verified and executive responsibility to deliver them must be clear.

Action

Climate action is a process of business transformation that can deliver new competitive advantage that will grow as the economy decarbonizes. Conversely, the risks from inaction and delay will also continue to grow as the carbon-intensive business models of the old economy become less viable.

ACTION MEANS:

- ▶ Reviewing core strategy to identify areas of material change. Leaders prioritize what matters and move with urgency to rethink activities across the business including governance, investment, procurement and more.
- ▶ Adopting an innovation mindset. Climate action requires bridging new gaps to unlock new products and markets.
- ▶ Working with others. Change at speed and scale requires new approaches that best emerge from new collaboration.
- ▶ Reaching out for wider influence. Leaders are looking to reach out for the widest deployment of their influence on society to deliver a better future.

ACCOUNTABILITY:

Full, transparent disclosure is essential for credibility and prompting wider change.

Advocacy

To deliver most climate solutions at scale requires government to make the rules for a zero-carbon economy clear to all. Businesses have a crucial voice and role, and will benefit from policy frameworks that create incentives for decisive climate action.

AN EFFECTIVE BUSINESS VOICE IS:

- ▶ Pro-change. Moving beyond the status quo to make a positive case for a better economy with specific policy changes that can unlock it.
- ▶ Consistent. Ensuring that the call for change is delivered consistently across all routes to policy – including through trade associations.
- ▶ Working with their peers. Mobilizing other businesses in collective calls for change so that policy makers understand the growing size of the economic opportunity.
- ▶ Using their marketing muscle. Beyond policy advocacy, the best leaders are using the power of advertising to help set out a better future.

ACCOUNTABILITY:

Companies need to actively work to manage misaligned messages and to listen to challenging voices when they engage in wider public discussions.

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► INTRODUCTION

We face a volatile and uncertain world. Any clear-eyed analysis of the business environment shows that **the changing climate poses a huge danger to the global economy.**

Fortunately, **the transition to a zero-carbon economy has begun.** A growing number of businesses are already taking action to deliver a zero-carbon economy because they know it is critical for their long-term success. Their actions are driving access to new markets, innovation, greater resilience and higher employee engagement. **But the shift is not happening fast enough.**

The decisions companies take in the next decade will be critical to delivering a resilient and inclusive decarbonized economy. **The role of corporate climate leaders is more important than ever.** The interconnectedness of climate change with other major causes of disruption – economic inequality, environmental injustice, health pandemics – ties climate action into a wider need to shift towards a stronger, fairer, more stable economic system.

Business does not have all the answers, nor can or should it do everything alone. But the power of corporate leaders to help accelerate the transition is profound. **The scale of corporate action to date has been impressive, but it is not enough to deliver a sustainable future.**

The We Mean Business coalition has been at the forefront of business leadership on climate change since it was founded in 2014. Our understanding about how the economy can decarbonize has evolved at pace. Our belief in the power and significance of corporate climate leadership has also grown. **The bar of leadership is rising and we know the most forward-looking businesses are rising to meet it.**

Drawing on a foundation of years of collaboration between us and leading businesses, **Climate Leadership Now lays out our coalition’s shared vision for what corporate climate leadership needs to look like in the coming decade.**

SEPTEMBER 2020

Co-Chair
CELINE HERWEIJER
Partner and Global Innovation and Sustainability Leader, PwC

Co-Chair
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Together, we stand ready to partner with business, investors and policy makers to mobilize around this shared vision of leadership to make the next ten years the decisive decade for climate action that humanity needs it to be. We call on businesses everywhere to join us and lead the way.



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What does business leadership on climate change look like today?

Leading businesses respond to the climate crisis with **Ambition**.
They deliver on that ambition with **Action**.
They speak up to secure wider change through **Advocacy**.

- ▶ Set a 1.5°C aligned science-based target and transition to net-zero emissions by 2050, at the latest.
- ▶ Develop and deliver strategies that integrate robust climate plans into corporate strategy.
- ▶ Consistently ask governments to deliver a just transition to net-zero emissions by 2050 at the latest.



In this report, we set out the characteristics that all well-run companies will need to adopt to progress in each of these areas.

We explain the frontiers of leadership that the most ambitious companies are currently exploring.

We set out how companies will need to demonstrate accountability, to give their leadership credibility.

And we finish with a checklist of steps and actions setting out how companies can show climate leadership.

Hundreds of companies are already on this journey, and most of them have gone further and faster than they believed possible before they started. Thousands more companies will join them and these actions will become the new business as usual.

This is the agenda business needs.
This is the agenda the world needs.

This is Climate Leadership NOW.

1,300+ Companies

committed to bold climate action through the We Mean Business coalition's partners' initiatives

<p>1,900+ COMMITMENTS</p>	<p>\$24.8 TRILLION MARKET CAP (1 fifth of global GDP)</p>	<p>60+ COUNTRY HEADQUARTERS</p>	<p>1+2 SCOPE EMISSIONS (equivalent to India's annual emissions)</p>
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+260 companies committed to 100% renewable electricity through RE100. Creating demand equivalent to Indonesia.

+80 companies committed to accelerating the transition to electric vehicles through EV100 including major fleet operators LeasePlan, Deutsche Post DHL and India's Shuttl.

+100 companies committed to doubling energy productivity, through EP100. Saving more than Germany's annual electricity consumption.



960+ companies are committed to set science-based targets

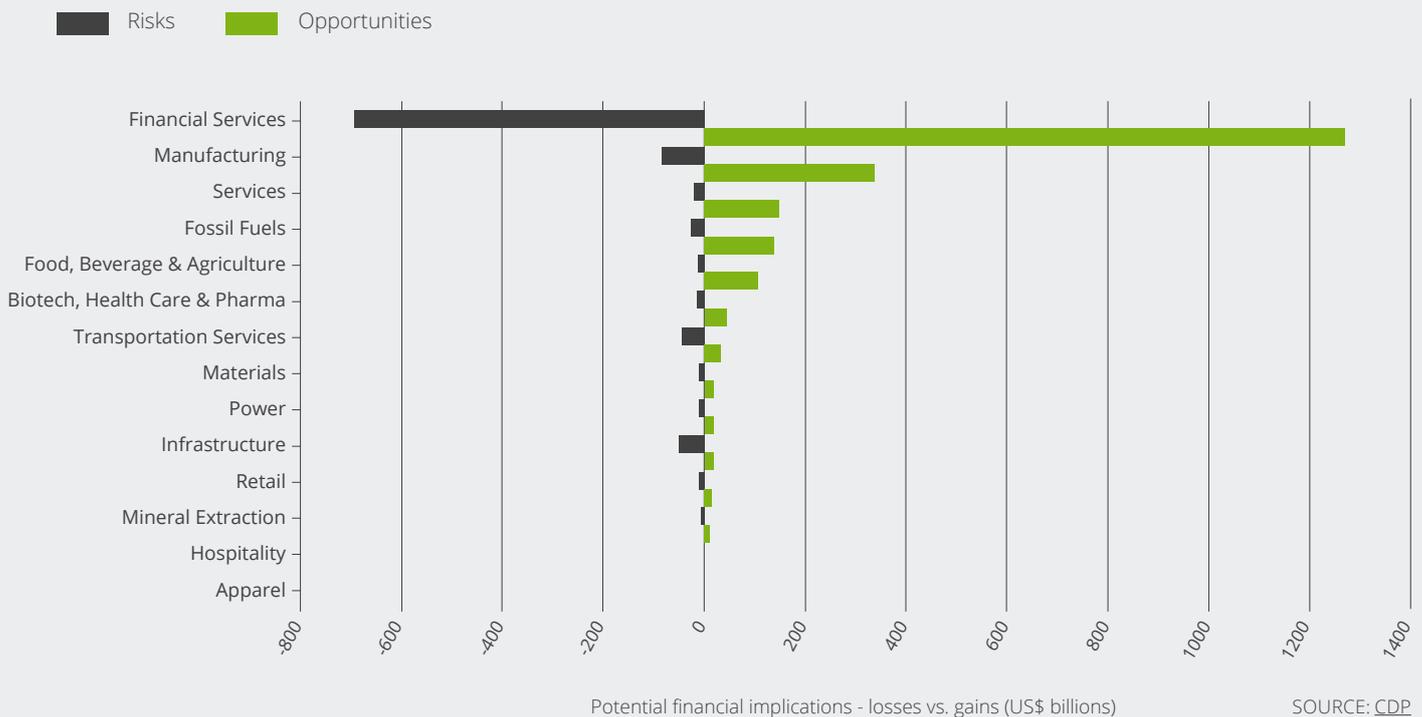
<p>THE WORLD'S LARGEST COMPANIES including Microsoft, Amazon & Walmart</p> 	<p>THE WORLD'S 10 BIGGEST CONSUMER GOODS COMPANIES including Nestlé, P&G and Unilever</p> 	<p>40% ARE MAJOR INDUSTRIAL COMPANIES including chemical company Novozymes and steel company thyssenkrupp</p> 
<p>TWO OF THE WORLD'S LARGEST CEMENT PRODUCERS HeidelbergCement and LafargeHolcim</p> 	<p>+30 EUROPEAN POWER UTILITIES including Iberdrola, EDF and Ørsted</p> 	<p>MAJOR AUTOMAKERS including BMW, Groupe Renault, PSA Group, Nissan Motor and Mercedes-Benz AG</p> 

► CONTEXT FOR LEADERSHIP

As evidence of the climate crisis grows daily, from ever more frequent flooding and violent storms to unprecedented droughts and wildfires that are increasingly difficult to control, it is becoming a more and more critical business issue. Employees are raising concerns; customers are demanding change; investors are calling for greater transparency. And above all, the communities that companies serve and rely on are suffering because of it.

RISK AND OPPORTUNITY

What are the potential financial impacts of your climate-related risks and opportunities?



Transition Time

Many forward-thinking businesses have been taking action on climate change for some time. Some started because they could see it was “the right thing to do,” but any serious long-term commitment to climate action rests on an understanding of business reality – without action there is no long-term growth or resilience. Conversely, with smart, well-designed action, significant competitive advantage opens up. The evidence connecting climate action with business success and market leadership is growing.

And now corporate climate action is entering a new phase. Companies are already experiencing the impacts of higher temperatures and having to manage the associated costs. At the same time, climate change’s interaction and overlap with other crises is becoming ever more evident. Race inequality, economic injustice, gender disparity, health crises, pollution, habitat depletion: all have a climate element to them.

As a result, a growing number of corporate leaders are taking increasingly confident and significant action to cut their climate impact to net-zero. These actions not only reduce their risk exposure but also improve their competitiveness, unlock new innovations and cut costs. They are helping to tip entire sectors and even economies into the zero-carbon future.

“The risk of climate impacts and inaction to address them is so high that there is no viable economic alternative except to address it.”

CORPORATE LEADERS GROUP

GLOBAL TEMPERATURE CHANGE (1850-2019)

1860

1890

1920

1950

1980

2010

Latest Science

The evidence overwhelmingly confirms that the world is warming, predominantly as a result of human activity. Global temperatures are changing at a faster rate than at any time since the end of the last Ice Age, nearly twelve millennia ago.

According to the Intergovernmental Panel on Climate Change (IPCC), temperature rises above 1.5°C bring sharply growing costs and impacts for business. More broadly, they put extreme stress on our society and cause widespread increases in human suffering. In the last few years alone, climate-related events including forest fires in the US, flooding in South Asia, heatwaves in Europe and drought in Africa have taken a huge human and economic toll.

To avoid exceeding a 1.5°C rise by mid-century, a substantial reduction in carbon emissions is required: global emissions need to halve by 2030. At present, the reverse is happening. Between 2009 and 2019, average global carbon emissions rose by 1.5% per year.

SOURCE: [#SHOWYOURSTEIPS / UK MET OFFICE](#)

Present Turbulence

Climate change is just one cause of turbulence in an already turbulent world. Despite huge advances in global health and living standards over the last century, we face major social and economic challenges. Society is riven by income inequality, discrimination, social immobility, endemic poverty and a myriad of other systemic problems. These, in turn, are fueling social unrest, political instability and even conflict.

As we have seen with the COVID-19 pandemic, climate change not only brings these injustices to the fore, but also exacerbates them. In fact, COVID-19 is a dress rehearsal for the climate disruptions to come. Our new reality is one of systemic risks, which cannot be ignored. Environmental and social resilience are intimately intertwined. Climate action must therefore embrace issues of diversity, equity and inclusion.

Future Resilience

For individual businesses and the wider economy, the implications of global turbulence are stark in the extreme. At an operational level, companies face the prospect of supply-side shocks (as climate change results in harvest failure, for instance) as well as severe disruptions to infrastructure (such as damage to transport networks or buildings from flooding). Social disruptions will also be amplified – for example, with likely disruptions in the global labor force as agriculture-dependent areas become less productive and carbon-intensive industries become less viable.

But the world is not without hope. Change is already well underway. For example, investment in installed renewable energy capacity has risen sharply in recent years resulting in power-related emissions in 2019 flattening for the first time this century. Renewable power is now cheaper than any new electricity capacity based on fossil fuels globally. Despite the onset of the COVID-19 pandemic, renewable energy has increased its share of electricity production to record levels. Similarly, electric vehicles (EVs) saw exponential growth in sales during 2019.

Despite the impacts of COVID-19, Europe saw EV sales rise 57% in the first half of 2020, compared with an overall decline of 37% for the whole vehicle market.

At the same time, as innovative businesses, investors and governments push ahead with their commitment to build a zero-carbon economy, existing business models are disrupted by new approaches. This has already driven dramatic changes in sectors like power generation, energy, retail and transport.

As a result, resilience is fast moving beyond the sustainability team to be a core part of the business strategy in forward-focused companies. These businesses seek to better anticipate not just climate change but wider changes in society and the business environment including delivery of the global Sustainable Development Goals. In this way, their capacity to make decisions under today's conditions of growing uncertainty is strengthened.

Tackling climate change is not a guarantee against future business disruption. But, as corporate climate leaders are proving, it can provide companies with a springboard into a better business future while also kick-starting the transformation towards a greener, fairer and ultimately more resilient form of capitalism.

Support to Take Action on Energy and Transport

The Climate Group, one of the We Mean Business coalition's partners, convenes a number of business-led initiatives designed to bring companies together from across diverse sectors to seize the opportunities of the transition to a zero-carbon economy.

CLIMATE GROUP EV100

EV100 aims to accelerate the transition to EVs and make electric transport the new normal by 2030.

RE100

CLIMATE GROUP | CDP

RE100 seeks to achieve 100% renewable electricity (RE) by catalyzing a global shift to clean energy and zero-carbon grids.

CLIMATE GROUP EP100

EP100 sets out to deliver a clean economy by promoting the more productive use of energy through efficiency measures and cleantech innovation.



Join the race.

Climate ambition is a commitment to shape the future. It represents a vision for a positive future including business outcomes, better jobs and greater environmental protection. It is how businesses tell the world they understand the transition to zero-carbon is underway and are up to date and on board with the changes they need to take. Companies that lay out their climate ambition stand to win a reputation for leadership and a head start on their competitors. By joining the race to decarbonize, they position themselves at the forefront of the new economy, ideally set to seize new opportunities and well positioned to comply with emerging regulation.

Setting ambitious climate goals also acts as a rallying call to employees, winning the ear – and energy – of the best and brightest talent. Likewise, investors are increasingly aware of how climate change is shaping the economy of tomorrow and are basing today's

“You need to come up with goals that inspire if you hope to mobilize the energy within your people, your supply chain partners, and others. This is essential to getting your company over the line.”

BSR

investment decisions on that emerging reality. The number of institutional investors committed to divesting from fossil fuel stocks has risen to [more than 1,100](#), from 180 in 2014, including the world's largest asset manager [BlackRock](#). On the one hand, they want to decrease their exposure to at-risk companies; on the other hand, they are anxious to identify the winners in tomorrow's zero-carbon world.

A Vision for the Future

Halve emissions by 2030 and achieve a just transition to net-zero by 2050 at the latest to be a successful leader in a zero-carbon world.

Business ambition on climate leadership is best articulated within a compelling vision of what the future could look like and how business can help make it happen. Ambition expressed through an inspiring vision can galvanize peers, partners and suppliers. With so much to do in so little time, it can draw support from across the business world by presenting an alternative optimistic picture of the future. Central to this picture is the way in which climate ambition feeds into a wider shift in the economy, which creates the win-win of economic opportunity twinned with a cleaner, more stable environment and better lives

for everyone. This ‘big picture’ element gives leading companies the incentive to act by setting corporate climate action as a critical cog in the much larger wheel of clean, green economic growth and job creation. By playing their part in delivering on this vision, climate leaders have the confidence that they are contributing to a more resilient, prosperous future for themselves and for society at large. Finally, being transparent on where a business is heading builds trust with workers, communities and suppliers, engaging them in the process of empowering them to act alongside.

“It’s human nature: you see a small number leading the way and you want to join them.”

THE WE MEAN BUSINESS COALITION



Support to Set Ambitious Targets

All companies should set a science-based emissions reduction target aligned with holding temperature rise to 1.5°C and reduce emissions to net-zero by 2050 at the latest. Those that can go faster should – for example by committing to deliver net-zero carbon by 2040 or earlier.

SCIENCE BASED TARGETS INITIATIVE (SBTI):

Is the benchmark for business to set ambitious climate targets aligned with science.

 **LEARN MORE**

BUSINESS AMBITION FOR 1.5:

Is a campaign of the SBTi working with companies to commit to reduce emissions aligned with holding temperature rise to 1.5°C and reach net-zero by 2050 at the latest.

 **LEARN MORE**

THE CLIMATE PLEDGE:

Calls on signatories to be net-zero carbon across their businesses by 2040 – a decade ahead of the Paris Agreement goal of 2050.

 **LEARN MORE**

RACE TO ZERO:

Brings together leading businesses with cities, regions, universities and investors under the direction of the United Nations Framework Convention on Climate Change (UNFCCC) to generate momentum for a net-zero transition.

 **LEARN MORE**

THE SME CLIMATE HUB:

Mobilizes and supports small and medium-sized enterprises (SMEs) to halve emissions by 2030 and achieve net-zero by 2050 at the latest.

 **LEARN MORE**

Set Science-based Commitments

Ensure short and long-term targets based on science.

Climate change is a scientific reality, so the best guide for judging the adequacy of any action in response is to look to the science. The coalition shares the view of scientists, as documented by the IPCC, that 1.5°C is now the most credible yardstick for climate leadership.

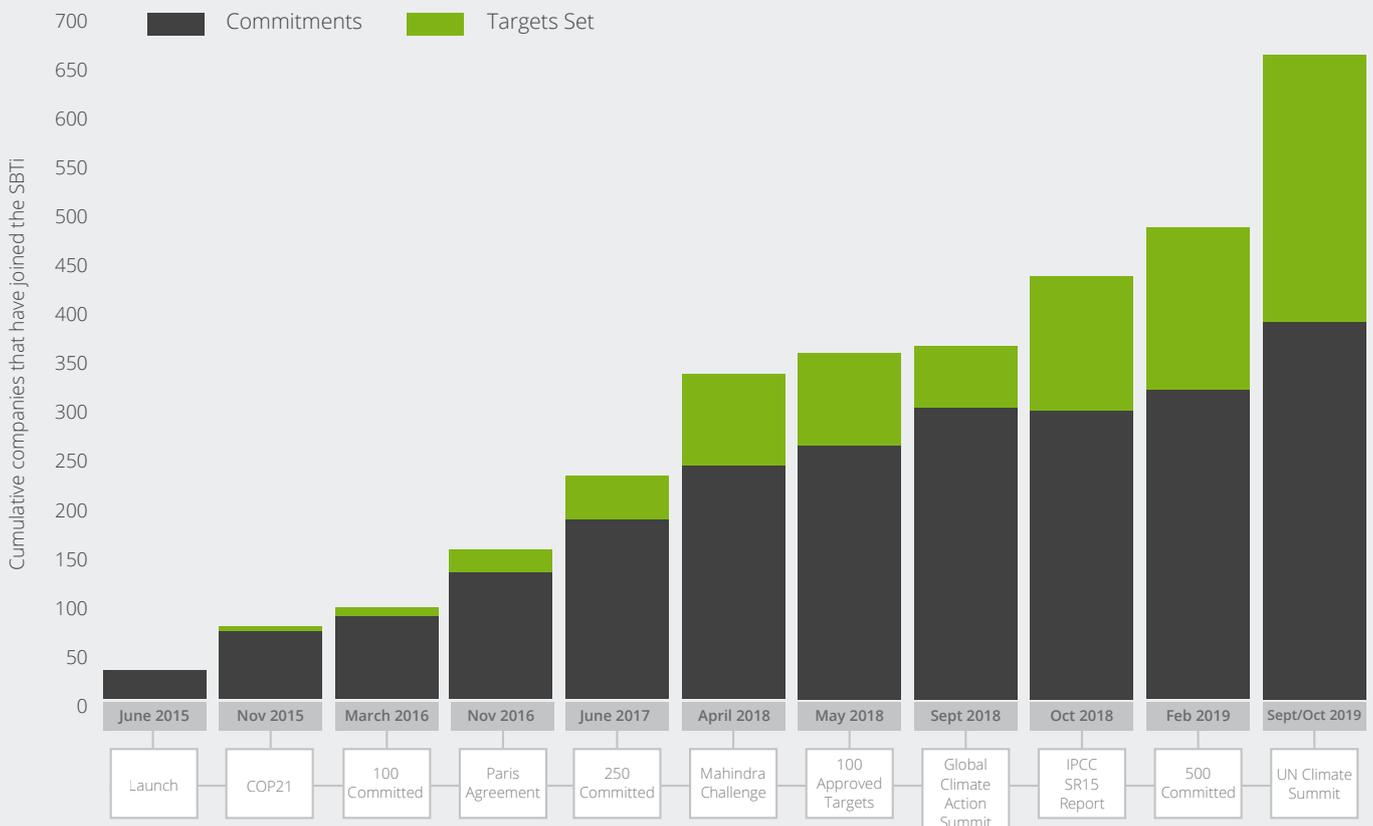
Following the science involves businesses halving emissions by 2030 and decarbonizing to as close to zero as possible by 2050 at the latest. With citizens and politicians attuned to corporate 'greenwashing', a commitment to the science is essential to a company's external credibility. Part of this credibility-building includes breaking down long-term ambitions into specific short and medium-term targets.

“We need long-term ambitions, but we need to see short-term action on emissions reduction.”

CORPORATE LEADERS GROUP

THE RATE OF UPTAKE OF SBTS

Growth in number of companies setting SBTs



Change across the Board

Ensure strategy addresses all material contributions to and impacts from climate change.

Credible corporate ambition targets need to be backed up by plans that prove the company is thinking about its whole footprint and its influence on society. These targets should inform the core corporate strategy, in a way that drives change throughout the business. Ambition targets also need to include tangible, verifiable details about a company's anticipated pathway to net-zero. This includes targets for reducing emissions in the value chain (Scope 3), as well as in direct operations (Scope 1) and electricity consumption (Scope 2). It should also support risk management by detailing the company's preparations for climate impacts and risks, from physical risks through to legal and policy risks, including the assumptions about how climate might impact markets and suppliers. Finally, there should be clear ambitions to use the wider influence of business in society to help address the climate challenge.

“What leaders do is set very clear ambitions, saying ‘we’re going to do this, within these parameters and this is how we’re going to get it done’. Not general, open statements.”

THE CLIMATE GROUP

Frontier of Leadership

A Timeframe that Matters

The best leaders are picking up the pace.

Successful companies set out plans that establish a long-term vision, a concrete end goal and interim steps – based on the science and covering all material areas. But leading-edge companies go further, infusing their ambitions with a sense of short-term urgency. One effective way of communicating such urgency is bringing forward major climate goals, such as becoming ‘net-zero’ well ahead of the 2050 deadline required by the 1.5°C threshold. More and more companies are setting net-zero targets for 2030, or 2040, and some leaders are already nearly there, and aiming their company for net-positive impact.

ACCOUNTABILITY:



Independent Verification

Setting out goals and targets and articulating a strategy to deliver them is essential. But for those targets to be credible to the broadest range of external stakeholders, they should be independently verified.



Executive Responsibility

Ultimate responsibility for companies' climate goals falls squarely with executive management boards. This carries two implications. First, everyone on the executive board should be aware of the implications of climate change on their company's strategy. This does not oblige them to be technical experts, but understanding the climate crisis is essential to understanding future business prospects, and should have attention and knowledge equivalent to any other core management competency. Second, it implies that climate performance should be reflected in board members' incentives. The most advanced corporate climate leaders seek to cascade a spirit of individual accountability throughout their organization. Integrating climate goals into employee training and incentive programs are two popular strategies for doing so.

“The more personal you can make climate responsibility, the better.”

B TEAM

► ACTION

THE RESILIENCE OF ESG MARKETS IN THE FACE OF COVID

The CDP climate change A List: 5.3%
Outperformance Per Year

- STOXX® Global Climate Change Leaders EUR (Gross Return)
- STOXX® Global 1800 EUR (Gross Return)



SOURCE: CDP, STOXX, DECEMBER 2019

Deliver Change.

After setting out a leading ambition, business needs to deliver on it. This is a process of innovation and change that, done right, can unlock business transformation to be a leading part of the economy of the future. It can deliver new competitive advantage that will grow as the economy decarbonizes. Conversely, the risks from inaction and delay will also continue to grow as the carbon-intensive business models of the old economy become less viable.

And more and more other actors will expect nothing less. As stock valuations and capital flows increasingly demonstrate, investors see the growing value of rapid decarbonization and are directing their money accordingly. As policy makers set their own plans and ambitions, the growing weight of law and regulations will also reaffirm this direction.

Of course, the flip side is that without action business runs the risk of being accused of greenwash. Ambition without action is empty – if you want to be seen as a leader you have to deliver on what you promise and do so transparently, determinedly and matter-of-factly.

There is no doubt – the time to act is now.

“We have an index that tracks the performance of all the companies that we give an ‘A’ rating to and they always outperform the market, every single time. Why? Because they’re ahead of the curve, they’re innovating.”

Move the Mainstream

Shift your core strategy with clear priorities for what matters.

Delivering substantive climate action is not a side project – it’s about looking rigorously at the core business strategy and thinking about where the material areas of change need to be – exploring areas as diverse as governance, innovation, capital investment, procurement, recruitment and all the rest. As a business explores what needs to change to advance climate ambition, it will also unveil new ways of working.

Of course, in a world of limited resources, and against an urgent challenge, it is essential to prioritize what makes a material difference. This may not be where you initially expect – for example, engaging with your top-tier suppliers may yield less impact than isolating emissions hotspots further up the supply chain. The actions of leading companies focus on where the gains from decarbonization are greatest.

Business strategies are diverse and the pathway to decarbonize will also be varied – reflective of the differences in companies’ business models, operational impacts and the distribution of their carbon footprint. But there are still shared tenets of action: reduce use of and exposure to fossil fuels, increase energy efficiency, ramp up climate R&D and engage suppliers to reduce emissions. One clearly under-addressed area is the impact on natural systems and the potential for nature-based climate solutions to reduce emissions.

“Incrementalism doesn’t work. We need pace and scale, and we need it now.”

THE WE MEAN BUSINESS COALITION

Seize the Innovation Challenge

Climate action requires and drives innovation.

While many of the solutions for a zero-carbon transition already exist and much of the route has already been mapped, there are still major innovation opportunities, and implementing those solutions requires rethinking standard operating practice. Renewable energy is one of the success stories of the last decade, but it needs further innovations in how society uses and stores power, and how people and goods move around the world. This has two implications. First, climate action is an innovation strategy that has already pushed companies to develop new products, explore new markets and find cost savings that other approaches failed to reach. Second, the job of corporate climate leaders is to help bridge the significant intellectual, policy, technological and finance gaps that still lie ahead, both by applying their own innovation but also by releasing innovation in others.



“Being innovative will help join multiple threads around climate action within the complexities of systems, economies and cultures that businesses operate across.”

THE CLIMATE GROUP

Work with Others

Find new approaches that can unlock unprecedented collaboration and partnership for change.

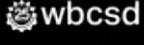
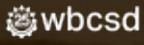
The opportunities are huge, but so is the scale of change. The threat of global temperature rise is too large and multi-faceted for any leader to face alone. Transitioning to a zero-carbon economy is a collective endeavor. The only answer is to collaborate. Collaboration can open the door to business impact on policy, technology and finance – essential to deliver

climate action at scale. For business, this involves working in new ways and with new partners, both within industry and beyond. One practical starting point for corporate collaborators is to identify common interests and pre-competitive spaces that permit joint actions.

“Collaboration is a word that’s been bandied around forever. This is not a fancy way to show that you’re a nice, collaborative spirit. This is the only way to get it done.”

BSR

Support to Take Action:

<p>SOS 1.5:</p>	<p>Provides companies with a cross-sectoral framework to help them develop a tailored roadmap for achieving meaningful climate action.</p>	<p> LEARN MORE </p>
<p>TRANSFORM TO NET ZERO:</p>	<p>Aims to deliver guidance and business plans to enable companies to set themselves on a science-based net-zero trajectory.</p>	<p> LEARN MORE </p>
<p>RESCALE</p>	<p>Drive collaboration for corporate buyers of renewable electricity.</p>	<p> LEARN MORE </p>
<p>MISSION POSSIBLE PLATFORM:</p>	<p>Enables collaboration between business and government leaders, academic researchers and civil society to unlock industrial decarbonization pathways.</p>	<p> LEARN MORE </p>

ACCOUNTABILITY: Tell the Full Story

Credible action requires transparency. Disclosing information about climate action should leave external audiences with a rounded sense of how a company is moving forward; successes as well as setbacks. This requires climate data to not only be comparable and verifiable, but also set in full context. Reporting on climate should

focus on ‘materiality’: i.e. relating to issues that play a critical role in companies’ decarbonization strategy. This includes value chain data as well as direct operations. It’s also useful to share assumptions. What are the beliefs about the world that ground your strategy? Lastly, external audiences want

to know how climate data informs your business strategy. It is a point to which investors and financiers are now particularly attuned. The recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) provide a good steer on the kind of information that financial markets look for.

“Companies can no longer just make a commitment on climate. They need to disclose what they are doing to deliver. For this information to be useful, stakeholders need to be able to understand it.”

EMISSION SINKS, REMOVALS AND OFFSETS

Emission removals refers to solutions that in some way remove greenhouse gas emissions from the atmosphere. These solutions might be natural in origin, such as tree planting and soil sequestration (which are essential actions regardless), or technological, such as direct air capture of carbon

linked to carbon storage facilities. Corporate climate leaders need to double down on cutting emissions as this is the surest way of limiting the physical greenhouse gases that are causing climate change.

At the same time, it is important not to overlook the value of investing in natural carbon sinks, which urgently need support and which could potentially deliver more than one-third of the emissions reductions that we need by 2030.

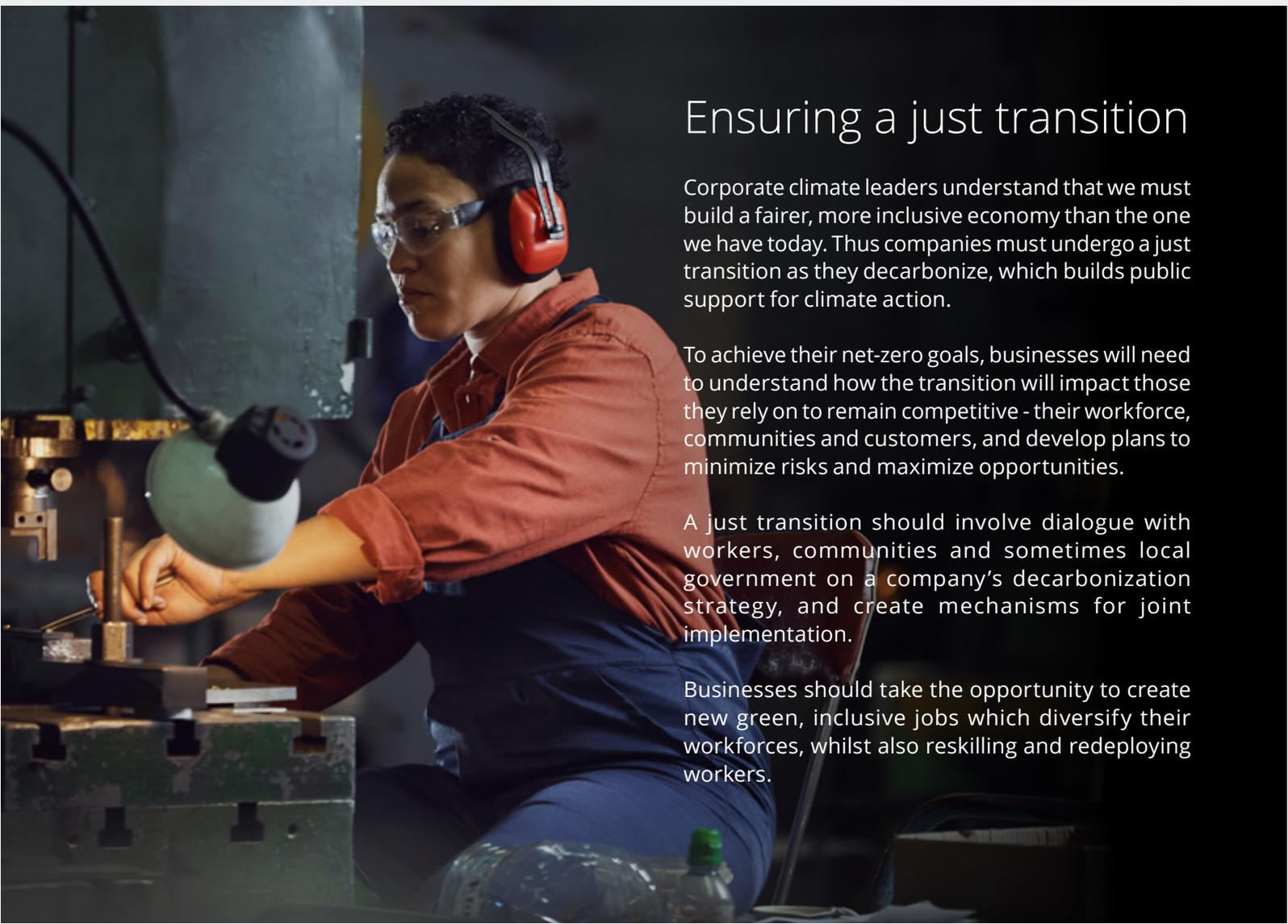
Some companies may also want to invest in developing negative emission technologies with a view to bringing these into the range of solutions being deployed at scale. In all cases it is essential that companies act responsibly and credibly – looking at the potential for unintended consequences and range of possible impacts.

Offsetting (and insetting) is a tool that companies can use to shift the burden of their target into investment opportunities in other areas, or within their value chain.

“The credibility of offsetting requires companies to be very transparent about the reasoning for offsetting and also clear about how much they are decarbonizing.”

THE WE MEAN BUSINESS COALITION

If responsibly used, these solutions may be useful to cover the ‘last mile’ to reach net-zero emissions, once all decarbonization efforts have been exhausted.



Ensuring a just transition

Corporate climate leaders understand that we must build a fairer, more inclusive economy than the one we have today. Thus companies must undergo a just transition as they decarbonize, which builds public support for climate action.

To achieve their net-zero goals, businesses will need to understand how the transition will impact those they rely on to remain competitive - their workforce, communities and customers, and develop plans to minimize risks and maximize opportunities.

A just transition should involve dialogue with workers, communities and sometimes local government on a company's decarbonization strategy, and create mechanisms for joint implementation.

Businesses should take the opportunity to create new green, inclusive jobs which diversify their workforces, whilst also reskilling and redeploying workers.

Frontier of Leadership

Think Big

The most inspiring leadership is coming from companies that are looking to deliver change in society at scale.

The immediate focus on climate action tends to be on a company's direct emissions and those related to electricity consumption. Without minimizing the importance of these two steps (both are vital), corporate climate leaders must look to their value chain (Scope 3 emissions) and beyond. This requires a different approach: greater partnership and collective action with suppliers and customers becomes vital. This is not always easy, as some stakeholders may be reluctant to act, while others may not have the resources to do so. Corporate climate leaders may need to encourage, support, facilitate, model, share and inspire to bring those in their wider sphere of influence on board.

“We have more and more businesses taking account for their direct emissions and putting plans in place. We have far fewer that are looking comprehensively at the emissions in their total value chain.”

CORPORATE LEADERS GROUP



Support to Take Action on Supply Chain Emissions



The [SME Climate Hub](#) is mobilizing SMEs to halve emissions by 2030 and achieve net-zero by 2050 at the latest. The hub is the first platform to consolidate a bold commitment to climate action, resources to act on that commitment and a mechanism to report progress in a simple and standardized way. Large businesses in the process of establishing 1.5°C-aligned supply chains can participate in the hub as '1.5°C Supply Chain Leaders'. 1.5°C Supply Chain Leaders incentivize SMEs to commit to bold action by making climate-related performance a key supplier purchasing criterion and providing SMEs with tools and resources to implement a robust climate strategy and drive action.

[LEARN MORE](#)



“Science-based climate policy advocacy must pair high-level support for climate action with support for the specific near-term policies needed to accelerate that action.”

CERES

Speak Up for Wider Change.

Most climate solutions require system-wide changes in the way society operates. The private sector is a unique and powerful engine for developing and delivering those solutions. To accelerate the transition, government needs to be on board to make the rules for a zero-carbon economy clear to all. For this to happen, corporate climate leaders must step into the arena of public discussion and political debate, and – together with like-minded allies – clearly and confidently make the case for change. At We Mean Business, we know that ambitious company action emboldens governments to set stronger policies, which in turn are essential to enable the scale-up of business actions. We call this the ‘ambition loop’ and leading companies recognize the role they play in it.

Corporate climate advocacy doesn’t require companies to forego their private interest for the greater good. It is a recognition that climate action benefits business as much as other sectors of society.

Most governments are showing they are willing to listen. The Paris Agreement explicitly acknowledges the role that corporations have in helping transition to a zero-carbon economy.

The opportunity for companies to engage comes at a critical moment. Firstly, we are falling far behind where we need to be to stand any chance of securing the 1.5°C goal. Governments urgently need to raise ambition and accelerate to ensure we minimize the social and economic impacts of climate change. Secondly, we are at a time of polarization and change, and the old implicit understanding that business success should improve people’s lives is increasingly controversial and contested. Decades of short-term profit maximization have led to an economic system that enriches some but impoverishes others – the planet included. By publicly advocating for rapid decarbonization, corporate climate leaders can demonstrate business as a force for wider good.

Pro-Change

Be prepared to challenge the status quo by bringing a positive story about how things can be better.

While our societies and our economies have delivered an unprecedented quality of life for huge numbers of people and, until recently, a sense of ongoing progress, a natural attachment towards the status quo cannot hold back necessary change.

Businesses that understand the implications of climate change know that science-based climate policies are essential to their own economic interests and business lobbying against climate policy is detrimental. They are keenly aware of the business value and extra resilience that come from a decarbonized economy. And even in the current political environment, they know that speaking out on climate change can enhance their reputation and drive trust with climate-concerned customers.



This leads them to frame their pro-change advocacy in a resolutely positive manner, with ‘yes’ and ‘now’ replacing the more habitual ‘no’ and ‘not yet’ of industry lobbyists. Climate advocacy must focus on specific policy interventions that promise to make

a demonstrable and immediate difference to the pace of change. This is about showing politicians and other public decision makers that business is in favor of climate action. Doing so creates the political space for greater policy ambition.

“This positive framing is based partly on the fact that the science says it’s possible, and partly on a conviction that this is the best route to business success and resilience.”

WBCSD

Consistency

Don’t call for climate ambition while also undermining it.

Nothing undermines confidence and credibility more than conflicting messages. Corporate climate leaders echo their commitment to climate action throughout their organization, from the podium speeches of the chief executive to the briefing notes of junior analysts. This includes the positions taken on behalf of the company by trade associations, think tanks and other bodies funded to support policy engagement. Consistency

leaves politicians and the public in no doubt about the sincerity of a company’s climate ambition and the seriousness of its intent. A commitment grounded in science, and demonstrable action underway to deliver on that commitment, are critical to ground corporate climate advocacy on a baseline that is independently established and widely accepted.

Examples of corporate lobbying against pro-climate action policies occur with regularity, with trade associations often misaligned with members that have made bold climate commitments. Negative lobbying dilutes companies’ own individual efforts to accelerate decarbonization, while also compromising the voice of business more generally in the climate debate.

“We want companies to lobby in favor of science-based climate policy. But, given the limited time for action, we equally want them to lobby against policy efforts that do not meet these criteria.”

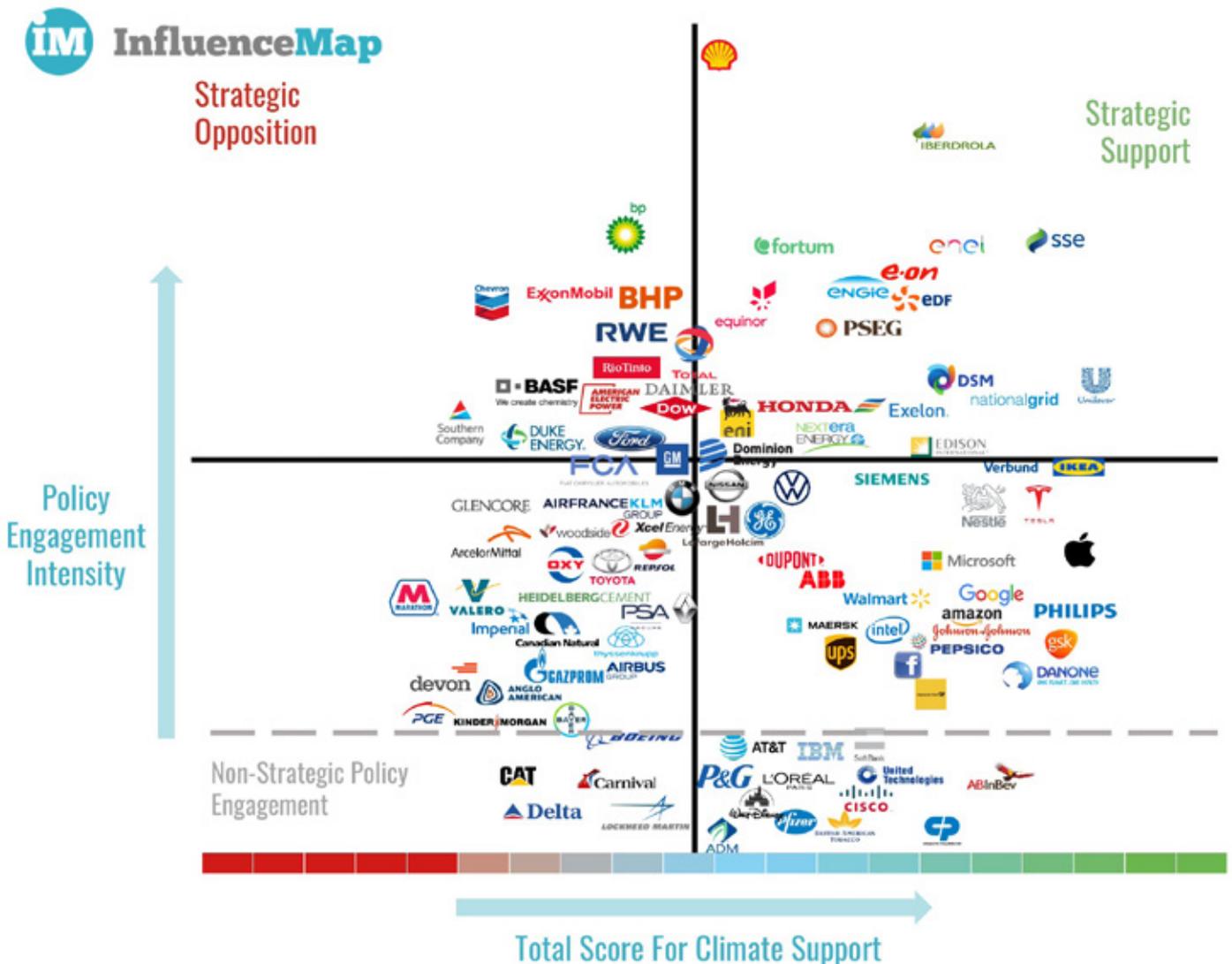
CERES

“We cannot have companies that lobby against climate action, no matter what their reason for doing so.”

CDP

UK think tank InfluenceMap has identified and mapped the companies most influential in shaping climate and energy policy around the world. Some are in opposition while others are championing ambitious national-level policy to support their decarbonization plans. All, as major corporations, play a major role in policy-making globally both directly and through their trade associations.

RESPONSIBLE POLICY ENGAGEMENT - INFLUENCE MAP



Peer Persuasion

Climate leaders can help build a movement for change.

Speaking out on climate change is not just to convince policy decision makers. It's also key for business to convince their peers. Here, progressive companies have two clear advantages. First,

those in industry listen to others in industry, a truism even for fierce competitors. Second, business can make an argument to its peers with a credibility no one else can. Who else can point out the business logic of climate action with as convincing a voice as those businesses already living it? The more peers that climate leaders can persuade, the greater the momentum behind

decarbonization – and the more obvious the logic becomes. That is why business alliances are becoming more and more crucial – whether speaking out in support of a carbon tax on Capitol Hill, a Green Deal in Brussels, making the case for carbon pricing in Tokyo, or building support for EVs in New Delhi.

ACCOUNTABILITY:

Managing Misalignment

Systematic lobbying by powerful business groups has consistently proven to be one of the most significant hurdles to climate action. The [Institutional Investors Group for Climate Change](#) (itself a membership body, representing over 240 European investors) recommends a series of steps for avoiding potential misalignment. The list starts with individual businesses disclosing their own climate lobbying efforts alongside those of their trade associations. In the event of any inconsistencies, companies should address these immediately and publicly report all steps taken. The first such step should be to push for a change in the trade body's position. If this proves unsuccessful, climate leaders should consider joining with like-minded companies and renouncing their membership.

Openness to Dialogue

Recognizing the value of listening to all stakeholders, corporate climate leaders should listen before they speak. This better attunes them to public sentiment and alerts them to differing views. Indeed, the very best of companies intentionally cultivate a network of 'critical friends'; individuals and organizations who will tell them frankly where business is falling short and how progress could be accelerated. These conversations are rarely comfortable for corporations, but they serve to build trust and, over time, create consensus around certain policies. In this way, when companies do eventually speak out, they do so in an informed manner and with the backing of a wider section of society.

“Companies can leave trade associations or they can try to change them. Our advice is to create a coalition within a trade association to make this happen. If as a group you can't achieve this, then you all leave as one.”

THE WE MEAN BUSINESS COALITION

Frontier of Leadership

Uplifting Advertising

Align all external influence with climate goals.

As with political lobbying, brand communications also exert a powerful force over the shape of today's world and tomorrow's. The explosion of social media and streaming services has expanded

the reach of brand advertisers enormously over recent years. With that reach comes responsibility. First, to move against climate denial online, much as some brands have begun to act on racism

(e.g. pulling advertising from influential social media platforms accused of promoting hate speech). Climate denial merits a similar zero-tolerance approach. More constructively, brands are now uniquely placed to help positively shape public imaginations of a zero-carbon future and spark conversations about the upsides of a just transition for people's lives and livelihoods.

▶ STEPS TOWARDS LEADERSHIP

AMBITION



Align targets with science

- ▶ Set science-based targets to establish a clear, accountable pathway to hold temperature rises to 1.5°C.

[The Science Based Targets initiative](#)



Aim for zero

- ▶ Commit to halving emissions by 2030 and deliver net-zero emissions by 2050 at the latest.

[Business Ambition for 1.5](#)
[The Climate Pledge](#)



Factor in your value chain

- ▶ Address emissions linked to value chains – referred to as ‘Scope 3’.
- ▶ Design a specific strategy for engaging and supporting small and medium-sized suppliers.

[Climate Action in the Value Chain](#)
[The SME Climate Hub](#)

ACTION



Allies for action

- ▶ Work with science-based action-collaboratives to guide and galvanize delivery on climate targets at pace.

[RE100, EV100, EP100](#)
[SOS 1.5](#)
[Transform to Net Zero](#)



Inform your investors

- ▶ Implementing the TCFD recommendations makes a company resilient to climate risks.

[The Task Force on Climate-related Financial Disclosures](#)



Connect climate and equality

- ▶ Take action with full consideration for the issues that intersect with climate and impact the degree to which a just and inclusive transition is delivered.

[Sustainable Development Goals](#)
[B Team Just Transition Guidance](#)
[BSR Just Transition Guidance](#)

ADVOCACY



Make your voice heard

- ▶ Advocate for science-based climate policies and call out policies that run contrary to scientific consensus on climate.

[Ceres Blueprint for Responsible Policy Engagement on Climate Change](#)



Address trade associations

- ▶ Map links to trade associations, determine the degree to which their positions on climate change align with holding temperature rises to 1.5°C, and take action if they are misaligned.

[InfluenceMap](#)



Persuade peers

- ▶ Integrate positions on climate into corporate and brand communications to create the conditions for other businesses to step forward and lead. Set up or join business coalitions for action.

[Ceres](#)
[Corporate Leaders Group](#)
[JCLP](#)

ACCOUNTABILITY



Report on progress

- ▶ Disclose environmental impact and provide robust and transparent integrated reporting against targets.

[CDP](#)



Listen & Learn

- ▶ Introduce formal mechanisms and procedures to engage a cross-cutting range of stakeholders. Ensure critics are listened to; start with employees.
- ▶ Ensure corporate climate strategy aligns with the latest science and the evolving expectations of your key stakeholders.



Executive board

- ▶ Develop a climate committee supported by advice from the company’s directors and open to the input of expert external stakeholders.

[Earth on Board](#)

ESSENTIAL READING

B Team: *Just Transition: A Business Guide*

B Team / Ceres: *Getting Climate Smart: A primer for corporate directors in a changing environment*

BSR: *The Business Role in Creating a 21st-Century Social Contract*

BSR: *Climate Action in the Value Chain: Reducing Scope 3 Emissions and Achieving Science-Based Targets*

CDP: *Towards a Science-Based Approach to Climate Neutrality in the Corporate Sector*

Ceres: *Blueprint for Responsible Policy Engagement on Climate Change*

Corporate Leaders Group: *Aiming for Zero: a growing business movement*

Energy Transitions Network: *The Future of Fossil Fuels*

Global Commission on the Economy and Climate: *The New Climate Economy*

UNFCCC: *Special Report on Global Warming of 1.5 °C*

WBCSD: *SOS 1.5: The road to a resilient, net-zero carbon future*

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