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# Making icebergs our business

*On 12 July, the Larsen C ice shelf broke away from Antarctica, creating an iceberg the size of Brunei. This poses the question: if a one-trillion-ton chunk of ice crashes into the sea, does anyone hear it?*

By **Lise Kingo**, CEO & Executive Director, United Nations Global Compact

**M**any in the global business community hear it – and they are working feverishly to develop climate solutions. These companies, large and small, understand that climate change represents unprecedented risk, and time is of the essence.

The recent *2020: The Climate Turning Point* report from Mission 2020 makes a forceful and science-based case that global emissions must peak by 2020. This effort demands more than any one group of stakeholders can deliver. Unless all players – business, government and non-profits –

strive together to steer the planetary ship past this virtual precipice, it will be difficult or impossible to achieve the Sustainable Development Goals (SDGs) by 2030 or a net-zero emissions world by 2050.

The deadline is indeed vitally necessary, desirable and achievable. To that end, UN Global Compact members commit to deliver this outcome and keep the promises of the Paris Agreement through a heightened level of collective action between non-state players and government.

It is inspiring to see the business community stepping up to the climate challenge – identifying risk, driving innovation, creating solutions and improving both top and bottom lines in

the process. The UN Global Compact is doing its part to facilitate such action by providing business leaders with peer networks, action platforms, guidelines and key performance indicators for measuring impact – a true and complete toolset. These capabilities are especially important given the urgent timeframe required. Our toolset, with its focus on responsible policy engagement, make it the partner of choice.

Since corporate efforts are not always aligned with the plans and targets of those companies' own national governments, however, their efforts and innovations are less scalable. Purposeful collective action will yield exponentially greater impact.

◀ A railway destroyed by floods in Rio Largo city, Brazil. There are investment opportunities in sustainable transportation in Argentina, Brazil, Colombia and Mexico, worth up to US\$2.6 trillion

Partnering benefits business, society and the environment. It can even work to slow the melting of ice.

### What opportunities does climate change present?

To define the potential of collective action, one need only look at why companies are making public commitments to climate action in ever-increasing numbers. Simply put, more and more businesses want to mitigate the risks and seize the opportunities presented by a very different future.

Setting science-based targets is a particularly effective way for companies to define opportunities aligned with their strategic priorities and with reality – and which are tangible and measureable. Science-based targets to reduce greenhouse gas (GHG) emissions, for example, or to limit global warming to less than 2°C, can be set using economic and/or physical activity measures that allocate GHG emission-reduction efforts among companies.

It is well documented that factoring climate change into business practices allows companies to reduce costs, develop innovative products and services, recruit and retain the best people, and build brand equity and competitive advantage. These are powerful objectives, and opportunities abound. According to the World Bank, climate investment opportunities will total \$23 trillion in emerging markets by 2030. Examples include:

- green buildings, where China, Indonesia, the Philippines and Vietnam show a climate-smart investment potential of \$16 trillion;
- sustainable transportation, where the potential for investment in Argentina, Brazil, Colombia and Mexico is \$2.6 trillion;
- climate-resilient infrastructure, where \$2.5 trillion of opportunities exist in India and Bangladesh.

The cost of solar has plummeted, making it more affordable than coal. Wind power, especially in Europe, has transformed the energy landscape. CEOs of many of the world's largest corporations, several of them oil and gas monoliths, personally petitioned the US White House to stay in the Paris Agreement. Why? Because they believe it is good for business.

### How best to prepare?

As companies work to realise the opportunities that make the most sense for their business, they are striking out in new directions to protect against risk, tap new markets and enhance their brands. As they forge ahead, aligning with government targets and plans is not always at the top of their priority list. Consequently, they make less headway. It is also increasingly clear that a nation's ability to achieve the targets committed in Paris and see emissions capped by 2020 depends in substantial part on making sure its businesses succeed, and as rapidly as possible.

Businesses that operate in a favourable regulatory environment flourish. Responsible policy engagement should be a priority for any company, large or small. Companies play an important role in providing proactive, constructive input to help governments create effective climate policies. Making a commitment to sustainability is an important first step, but it is critical to connect the dots between this commitment and corporate policy positions.

Legislation and regulation are key ingredients in the climate effort. Emerging businesses need support to scale at pace. The explosive development and growth of the solar and electric vehicle industries are prime examples of the power of national and subnational customer incentives. This has been vividly demonstrated in Germany, China, India, the United States and, increasingly, all over the world. Across a wide range of sectors, many companies – such as Siemens, Natura Cosmetics, Tesla and Unilever – are generating tremendous excitement and hope for a better world.

### How to facilitate collaboration

If the mutual benefits are so clear, how

can we ensure the productive discussions, aligned planning and prioritisation, and shared data needed? Building on a decade's work with the Caring for Climate initiative, the UN Global Compact is uniquely positioned to help scale the progress already made by businesses on global climate action. Now, it can translate it into national action through its Global Compact Local Networks and UN partners.

The UN Global Compact announced its new Pathways to Low-Carbon and Resilient Development platform in Marrakech in November 2016. The platform, which went live in early 2017, is designed to mobilise the private sector to become a catalyst for enhancing country-level action to meet the ambitions of the Paris Agreement and the SDGs. It provides a collaborative space for companies and key stakeholders to share, learn and identify effective ways to contribute to intended nationally determined contribution and SDG implementation.

### Together, companies and governments can make it happen

Even with the Paris Agreement pledges, ancient icebergs are calving and the world is heading for a temperature rise of 2.9–3.4°C this century. Our planet recorded yet another 'warmest global temperature' in 2016, at 1.1°C above the pre-industrial period. Faced with this reality, the need to help business and government work together to achieve these urgent goals has never been clearer or more critical. Communicating, planning, implementing and reporting on climate actions in a shared environment will have substantially more impact than isolated efforts – however successful those might be. Setting an effective price on carbon, such as the \$100 per metric ton recommended by the UN Global Compact in 2016, is the most direct and effective way to reduce CO<sub>2</sub> emissions.

Together, let's help companies and governments at all levels develop responsible policy that benefits business, society and the environment. Effective policy and legislation make climate progress and business success synonymous. We must, and we can, do this – together. ●