2016 STATUS REPORT

Business Contribution to Global Climate Action

Pathways to Low-Carbon and Resilient Development

PARIS2015
UN CLIMATE CHANGE CONFERENCE
COP21·CMP11

Caring for Climate

UN GLOBAL COMPACT

UNEP

MARRAKECH 2016
COP22 | CMP12 | CMA1
UN CLIMATE CHANGE CONFERENCE

The following is a Caring for Climate report by the United Nations Global Compact (UN Global Compact), the United Nations Environment Programme (UNEP) and the secretariat of the United Nations Framework Convention on Climate Change (UNFCCC). It was developed in cooperation with the Office of the Special Advisor on the 2030 Agenda for Sustainable Development and Climate Change, the French COP 21/CMP 11 Presidency and the Moroccan COP 22/CMP 12 Presidency.

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Vivid Economics supported the research process and drafting of the publication in a consultancy capacity in collaboration with the organizations mentioned above.

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Published November 2016.

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Businesses and investors are central to the transition to the low carbon and resilient world. With the adoption of the Paris Agreement and Agenda 2030, they have an unprecedented opportunity to put this paradigm shift into application and innovate, develop and scale solutions that meet global challenges. Through the Global Climate Action Agenda, hundreds of companies have committed to collective initiatives and individual goals at COP 21 in Paris. All eyes are now on them to implement action and deliver these commitments. This report is a remarkable attempt to take stock of and assess progresses achieved, identify emerging trends and demonstrate momentum — as well as the remaining journey that we collectively have to travel.

Laurence Tubiana
French Ambassador for Climate Change,
Special Representative for the COP 21 and Climate Champion

The impacts of climate change are all-encompassing, with wide-ranging effects across the totality of the Sustainable Development Goals (SDGs). The adoption of the Paris Agreement provides an historic opportunity for all sectors of society to join in the fight against climate change, and sends a powerful signal that all actions should be geared to promoting resilience of livelihoods, societies and economies. In addition, decarbonization of the global economy is inevitable, beneficial and already underway. The business community can and must play an essential role in these efforts by directing strategies and operations towards a climate-resilient path. Without business participation, we will never be able to achieve the SDGs or the objectives of the Paris Agreement.

David Nabarro
Special Adviser on the 2030 Agenda for
Sustainable Development and Climate Change

In 2015, governments of the world united to chart a new direction for global growth and development. In September the Sustainable Development Goals, or SDGs, were agreed. Then in December, the Paris Climate Change Agreement was adopted, rapidly entering into force in November 2016. The vision outlined in these two agreements is one in which our collective action to stabilizes the climate, proliferates peace and prosperity and opens opportunity for billions of people. This vision requires transformation. It will only work if the vision is socialized and acted upon across all of society—from local and regional governments to business, investors and citizens. Everyone has a role to play in amplifying and accelerating action. I encourage businesses and investors to read this report and embrace climate action. I invite the private sector to innovate and invest to deliver sustainable development now and over coming years. The Paris Agreement and the SDGs provide a clear pathway to a better future for every man, woman and child. Companies need to understand that successfully implementing these shared agendas will define their future as well.

Patricia Espinosa
Executive Secretary
United Nations Framework Convention on Climate Change

The growing momentum behind the Global Climate Action Agenda is proof that companies around the world are responding to the Paris Agreement and see new opportunities for growth and innovation through climate action. Many companies have already taken a leadership role on carbon pricing, setting science-based targets or adapting responsibly to climate change through our Caring for Climate initiative, but we know this is not enough. To achieve our climate goals and meet the 2030 deadline of the Sustainable Development Goals (SDGs), we need companies everywhere to rise to the climate challenge.

Lise Kingo
Executive Director
United Nations Global Compact

Executive Summary

This Status Report presents a first attempt at assessing the contribution of key business initiatives to achieving the goals of the Paris Agreement and the 2030 Agenda for Sustainable Development. The signing of the Paris Climate Agreement and the adoption of the Sustainable Development Goals (SDGs) in 2015 were celebrated as watershed moments in the history of international cooperation to address global challenges. They seek to fundamentally transform the way we think about development — ensuring that all have a role to play, and recognising the intimate links between the social, economic and environmental dimensions of development. The focus now turns to delivering on this ambitious agenda. There is widespread acknowledgement that this requires scaled-up and urgent action by the business and investor community.

A myriad of businesses and investor groups have started to join a range of private sector-focused climate action initiatives that also support sustainable development. There are now 30 business-led initiatives registered on NAZCA,[1] a more than threefold increase in the past three year, collectively accounting for more than 3,300 participants. The private sector participant base is increasingly global: the 20 initiatives that responded to a questionnaire formulated for this study have more than 1,900 private sector participants; since COP 21, the number of businesses participating in these initiatives has increased by 17 per cent. And 27 per cent of the business participants have their headquarters in developing or transition economies. The broad coverage means that the initiatives support all three of the objectives of Article 2 of the Paris Agreement. They also exhibit links beyond SDG 13 on climate action and connect to all seventeen of the SDGs. Particularly strong ties exist with goals such as SDG 7 on ensuring access to affordable, reliable, sustainable and modern energy; SDG 12 on ensuring sustainable consumption and production processes; and SDG 17 on strengthening the global partnership for sustainable development.

The potential collective impact of the initiatives on emissions is substantial. A number of individual initiatives suggest that delivering on their goals implies emission reductions of several gigatonnes per year, either relative to a specific year when the initiative was established, or compared to a business as usual baseline. As these reflect the voluntary contributions of non-state actors, which have typically been formulated without a formal link to countries' Nationally Determined Contributions (NDCs), it is unknown if these reductions are additional to those identified in the NDCs. Nonetheless, at the very least, these reductions can support countries in both delivering their current NDCs and facilitating a scale up of ambition over time. They will therefore contribute to ensuring that the most damaging impacts of climate change can be avoided.

A number of initiatives have other specific quantitative goals. Beyond emission reductions, individual initiatives identify quantitative targets in relation to renewable energy capacity (1.5 terrawatts of additional renewable power capacity by 2025); energy savings (1,600 TWh of electricity by 2030) and the restoration of forest land (350m hectares by 2030). All of these will support attainment of specific SDG goals and indicators. Further, the Montréal Carbon Pledge has set a goal to undertake carbon footprinting on $62 trillion of assets and the Portfolio Decarbonization Coalition to decarbonize portfolios with a value of at least $100 billion.

Although it is too early to assess quantitative progress in detail, there are encouraging early signs of progress. Most of the initiatives with specific targets or quantified potential only launched in 2014 and are unable to provide substantive progress update. However, there are some promising early signs:

1 Non-State Actor Zone for Climate Action: climateaction.unfccc.int

- Refrigerants, Naturally!, which launched in 2004, is more than halfway to its 2020 target number of HFC-free refrigerant units, and hence estimates to be contributing annual emissions savings of 33 $MtCO2$ per annum relative to a business as usual baseline
- The Portfolio Decarbonization Coalition (PDC) surpassed its target for decarbonizing $100 billion of assets and, at the time of writing, had succeeded in decarbonizing $610 billion of assets.
- The Montréal Carbon Pledge has secured signatories with $10 trillion assets under management, putting it well on its ways to its $62 trillion target.
- The New York Declaration on Forests has secured commitments towards restoration of 124 million hectares of forest, more than one third of its 2030 target.

Initiatives also cite their rapidly growing participant base as key evidence on progress. Most of the 20 initiatives responding to our survey are more than halfway towards their 2017-2020 participant targets, with the Montréal Carbon Pledge having already met its membership objectives. The initiatives that have been most successful in attracting and engaging business participants have been those that:

- demonstrate how participation leverages business opportunity and/or drives competitive advantage while also supporting societal goals;
- encourage peer-to-peer exchanges and experience sharing; and
- keep the messages simple — and communicate progress.

An enhanced procedure to track and communicate on progress, while respecting the voluntary nature of the initiatives, would be hugely beneficial in allowing stakeholders to better understand the contributions that initiatives are making, enhance their credibility and generate important learnings for the global community. At present, it is difficult for stakeholders to make an evidence-based assessment of progress to date; and while this report aims to help fill this gap, it has only been able to collect responses from a sample of initiatives. The procedure might focus both on the extent to which initiatives are making progress towards their goals, the extent of their contribution to support countries in delivering their NDCs and the SDGs, and, as such, whether, overall the initiatives are moving forward in a manner consistent with the collectively agreed objectives of the international community. Ultimately, it is only possible to manage what is measured.

There is no room for complacency. While this report identifies early signs of encouraging progress, much more needs to be done. The report identifies a number of gaps in the coverage of initiatives, while the existing initiatives report a number of crucial challenges that they need to overcome to reach their goals. Moving forward, the task is to build on these encouraging early signs to ensure that the business and investor community, working in conjunction with policymakers providing an appropriate enabling environment, can scale up their role and help deliver on the ambitious goals agreed upon by the international community.

1 Introduction

Business action on climate change and the SDGs is intensifying

The private sector is increasingly proactive in the transition to a low-carbon, climate resilient future, but action needs to be accelerated and further brought to scale. Unprecedented growth in private sector initiatives in support of the goals of the Paris Agreement and 2030 Agenda for Sustainable Development heralds a new era of business engagement with the challenges of the 21st century. Thousands of businesses have announced individual goals or participation in collaborative initiatives with the aim of spurring the transition towards a sustainable economy. However, this is only a first step: the magnitude, scale and urgency needed for reaching a below 2-degree Celsius sustainable pathway will require comprehensive and far-reaching action, building out from these announcements, encompassing the entire private sector.

The momentum is building as businesses recognize that they can innovate and capitalize on new market opportunities that are in both their own and society's long-term interest. Businesses are increasingly realizing that the low-carbon and climate resilient economy brings new opportunities for provision of goods and services that respond to emerging needs, including changing consumer demands. In addition, many businesses acknowledge that the availability and accessibility of inputs and markets are already being affected by climate policy and climate change impacts, and that this will only increase in future. As a consequence, a growing number of companies advocate for government policies to support this transition such as those that put a price on carbon and build resilience to environmental hazards in vulnerable communities.

Business action on climate change is also essential for attainment of the Sustainable Development Goals (SDGs). The UN Secretary-General Ban Ki-moon has stated that: *"Climate change is the greatest challenge of our time. Its adverse impacts undermine the ability of all countries to achieve sustainable development and the 2030 Agenda … [that the]… entry into force of the Paris Agreement has been achieved is a crucial step towards attaining the goals we set out in the 2030 Agenda for Sustainable Development."*[2] Climate change can reverse some of the hard-won recent development gains as crop yields decline, water resources shift, sea-levels rise and the livelihoods of millions of people are put at risk.[3] Recent research makes clear that climate change will disproportionately impact the poorest communities which are more reliant on food consumption, more vulnerable to the impacts of natural disasters and more exposed to diseases such as malaria and diarrhea that could become more prevalent as the climate changes further.[4] By averting the worst of these impacts, business action to reduce emissions and build climate resilience will generate a huge development dividend. Further, in addition to averting the most damaging climate impacts, the climate change response can — and is — bringing development opportunities as businesses realize that there are new markets in which to seek legitimate profit while at the same time ensuring good social, economic and environmental outcomes.

There is a particularly important role for the private sector in re-allocating capital flows and delivering investment in low-carbon and climate resilient solutions that support the SDGs. Globally, an incremental 1.5-2.5 per cent of world gross domestic product (GDP) needs to be invested each year by the public and private sectors to achieve the SDGs. In low and middle income countries, public and private expenditure may need to increase by $1.4 trillion per year (about 4 per cent of the GDP of these countries measured on a purchasing power parity basis) of which it is estimated around half can come from the private sector.[5] This will support investment and risk management in businesses across a wide range of sectors — including, efficient and renewable energy, transport, buildings, water and agriculture. The Paris Agreement

2 General Assembly of the United Nations. (2016). Statement on the Paris Agreement on climate change. Retrieved October 29, 2016, from http://www.un.org/pga/71/2016/10/05/statement-on-the-paris-agreement-on-climate-change/

3 World Bank. (2012). Turn down the heat. Washington D.C.

4 World Bank. (2016). Shock Waves: Managing the Impacts of Climate Change on Poverty.

5 Schmidt-Traub, G. (2015). Investment Needs to Achieve the Sustainable Development Goals: Understanding the Billions and Trillions. SDSN Working Paper (pp. 1—137). Retrieved from http://unsdsn.org/resources/publications/sdg-investment-needs/.

explicitly recognizes that climate action must include "[m]aking finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development" (Article 2.1[c]). Reflecting the urgency of this investment need, UN Secretary-General Ban Ki-moon has, for instance, challenged investors to double — at a minimum — their clean energy investments by 2020.[6]

The Global Climate Action Agenda (GCAA) aims to mobilize broad and ambitious state and non-state actor climate action, including by the business community. It builds on the achievements of the UN Secretary-General's Climate Summit of September 2014 and of the Lima-Paris Action Agenda (LPAA), launched in 2014 in Lima during the UN Climate Change Conference (COP 20) to showcase and amplify actions and commitments of non-state actors including cities, regions, companies, investors and civil society organizations. The GCAA aims to strengthen existing initiatives and support new and more geographically diverse initiatives; connect initiatives and coalitions with national action plans such as Nationally Determined Contributions (NDCs) and those accompanying the implementation of the 2030 Agenda; and bring more transparency, tracking results and demonstrating credibility. It will be instrumental in sustaining business and investor action momentum as a central convening, information sharing and support platform for their initiatives, both pre- and post-2020. Following a decision adopted by governments at the UN Climate Change Conference in 2015 in Paris, the COP 21 and COP 22 presidencies have appointed two high-level champions — Ms. Laurence Tubiana, Ambassador for Climate Change, special representative for the COP 21 and Climate Champion, and Ms. Hakima El Haite, Minister Delegate to the Minister of Energy, Mines, Water and Environment of Morocco, in charge of the Environment to coordinate the Action Agenda.

Part of the Action Agenda's task is to increase transparency, track results and demonstrate credibility of collaborative approaches on climate action, so as to demonstrate and enhance their contribution to a 1.5 to 2 degree global warming pathway and the SDGs. While the signs of building momentum are clear, the full nature and extent of progress and ambitions of business-focused initiatives and individual targets has not yet been assessed. Going forward, the Action Agenda can play a vital role in creating an evidence base around the cumulative impact of this wide diversity of action and the assessment of non-state actor alignment with a 1.5 to 2 degree pathway, building climate resilience and supporting the SDGs.

This Status Report presents a first attempt to assess the contribution of the Action Agenda's business and investor focused initiatives to the UN climate agenda and the SDGs. It intends to shed light on the status and progress of non-state actor initiatives, as well as to explore the links of business initiatives with the SDGs and present additional insights on experience and opportunities to enhance action. It focuses on 30 business-focused initiatives recognized by, or associated with, the LPAA and now the GCAA that are listed under the NAZCA online platform. A Task Team comprising the UN Global Compact, UNEP, UNFCCC, the Executive Office of the UN Secretary-General, the French COP 21/CMP 11 Presidency, the Moroccan COP 22/CMP 12 incoming-Presidency and Vivid Economics selected initiatives that are:

- international or global;
- listed under the NAZCA online platform as of May 2016, and therefore part of the LPAA / GCAA; and
- business-focused, defined as those initiatives that list targets primarily addressing business and/or initiatives to which a significant number or most participants are businesses.[7]

This report draws heavily on information provided by the assessed initiatives themselves. The 30 initiatives were invited to self-respond to a questionnaire that forms the basis of the analysis in this report. 20 initiatives responded to the questionnaire. Where possible, the report covers information in relation to all 30 initiatives, although the bulk of the detailed analysis relies on the 20 initiatives that provided questionnaire responses. In addition, four initiatives were engaged in detail to provide in-depth case studies of experience to date.

6 United Nations News Centre. (2016). Global investors must play full role in shifting world to clean energy, says UN chief. Retrieved October 24, 2016, from http://www.un.org/apps/news/story.asp?NewsID=53101#.WA4R4uArLb0.

7 Notably, while all of the 77 LPAA cooperative initiatives in the NAZCA database may have scope for private sector engagement, not all initiatives explicitly included business in its membership, governance structure, and/or design and where therefore excluded from the sample for this study. However, this does not imply that the sample of 30 is not a useful starting point to gauge key trends in business action.

2 The scope of this report: Overview of the initiatives and their participants

Business-focused initiatives of the Global Climate Action Agenda and their link to UN goals

2.1 Overview of the initiatives assessed in this report

The 30 business-focused initiatives presented in this report can be split into five focus areas relevant to climate change and the SDGs; across all focus areas, most initiatives are led by international organizations. The five focus areas are: energy, industry and transport, natural resources, finance and cross-sectoral (see Table 1). Most of the initiatives have been initiated and/or are co-ordinated by international governmental and non-governmental organizations (including business associations), but some are led by individual companies or government agencies. Annex I presents an overview of all initiatives and their goals.

Table 1. **The 30 initiatives fall into five focus areas: energy, industry and transport, natural resources, finance, and cross-sectoral**

FOCUS AREA	INITIATIVE NAME	LEAD ORGANIZATION(S)	NUMBER OF PARTICIPANTS	LAUNCH DATE
Energy	Oil & Gas Methane Partnership	Climate & Clean Air Coalition	8	Sep-2014
	RE100	The Climate Group, CDP	81	Sep-2014
	REscale LCTPi	World Business Council for Sustainable Development (WBCSD)	15	Dec-2014
	Breakthrough Energy Coalition	Gates Foundation	28	Dec-2015
	Electrification Finance Initiative	Netherlands Development Bank (FMO)	19 Projects	Oct-2014
Industry & Transport	Refrigerants, Naturally!	Member-led	5	July-2004
	Cement Sustainability Initiative	WBCSD	24	Nov-1999
	Taxis4SmartCities	Member-led	24	Dec-2015
	Low-carbon Sustainable Rail Transport Challenge	International Union of Railways (UIC)	208	Sep-2014
	Global Energy Efficiency Accelerator Platform	Sustainable Energy for All (SE4ALL)	37	Sep-2014
Natural Resources	Business Alliance for Water and Climate	CDP, CEO Water Mandate, WBCSD, Suez	44	Dec-2015
	SaveFood	Food and Agriculture Organization (FAO)	718	May-2011
	New York Declaration on Forests	UN Development Programme (UNDP)	191	Sep-2014

FOCUS AREA	INITIATIVE NAME	LEAD ORGANIZATION(S)	NUMBER OF PARTICIPANTS	LAUNCH DATE
	Zero Deforestation Commitments from Commodity Producers and Traders	WBCSD	51	Sep-2014
	Remove Commodity-driven Deforestation	CDP	54	Sep-2015
Finance	Portfolio Decarbonization Coalition	UN Environment Programme Finance Initiative (UNEP FI), CDP	27	Sep-2014
	Divest-Invest Global Movement	Center for Public Interest Research	436	Jan-2014
	G7 InsuResilience	Federal Ministry for Economic Cooperation and Development (BMZ)	7	June-2015
	Statement by Financial Institutions on Energy Efficiency Finance	European Bank for Reconstruction and Development (EBRD), UNEP FI	116	Sep-2015
	The 1-in-100 Initiative	Willis Towers Watson, United Nations Office for Disaster Risk Reduction (UNISDR), Climate Change Support Team of the Executive Office of the Secretary-General of the UN (CCST of EOSG)	25	Sep-2014
	Smart Risk Investing (SRI)	International Cooperative and Mutual Insurance Federation, International Insurance Society	Not known	Sep-2014
	Statement on Fiduciary Duty and Climate Change Disclosure	Climate Disclosure Standards Board (CDSB)		Sep-2014
	Montréal Carbon Pledge	Principles for Responsible Investment (PRI)	127	Sep-2014
Cross-sectoral	Alliance of CEO Climate Leaders	World Economic Forum	79	Oct-2015
	American Business Act on Climate Pledge	U.S. Government	154	Dec-2015
	Business Leadership Criteria on Carbon Pricing	UN Global Compact	70	Sep-2014
	Caring for Climate	UN Global Compact, UN Environment Programme (UNEP), UN Framework Convention on Climate Change (UNFCCC)	460	July 2007
	French Business Climate Pledge		39	Nov-2015
	Science Based Targets	CDP, UN Global Compact, World Resources Institute (WRI), World Wide Fund for Nature (WWF)	184	Sep-2014
	Responsible Corporate Engagement in Climate Policy	UN Global Compact, UNEP, UNFCCC, WRI, CDP, WWF, CERES, The Climate Group, PRI	125	Nov-2013

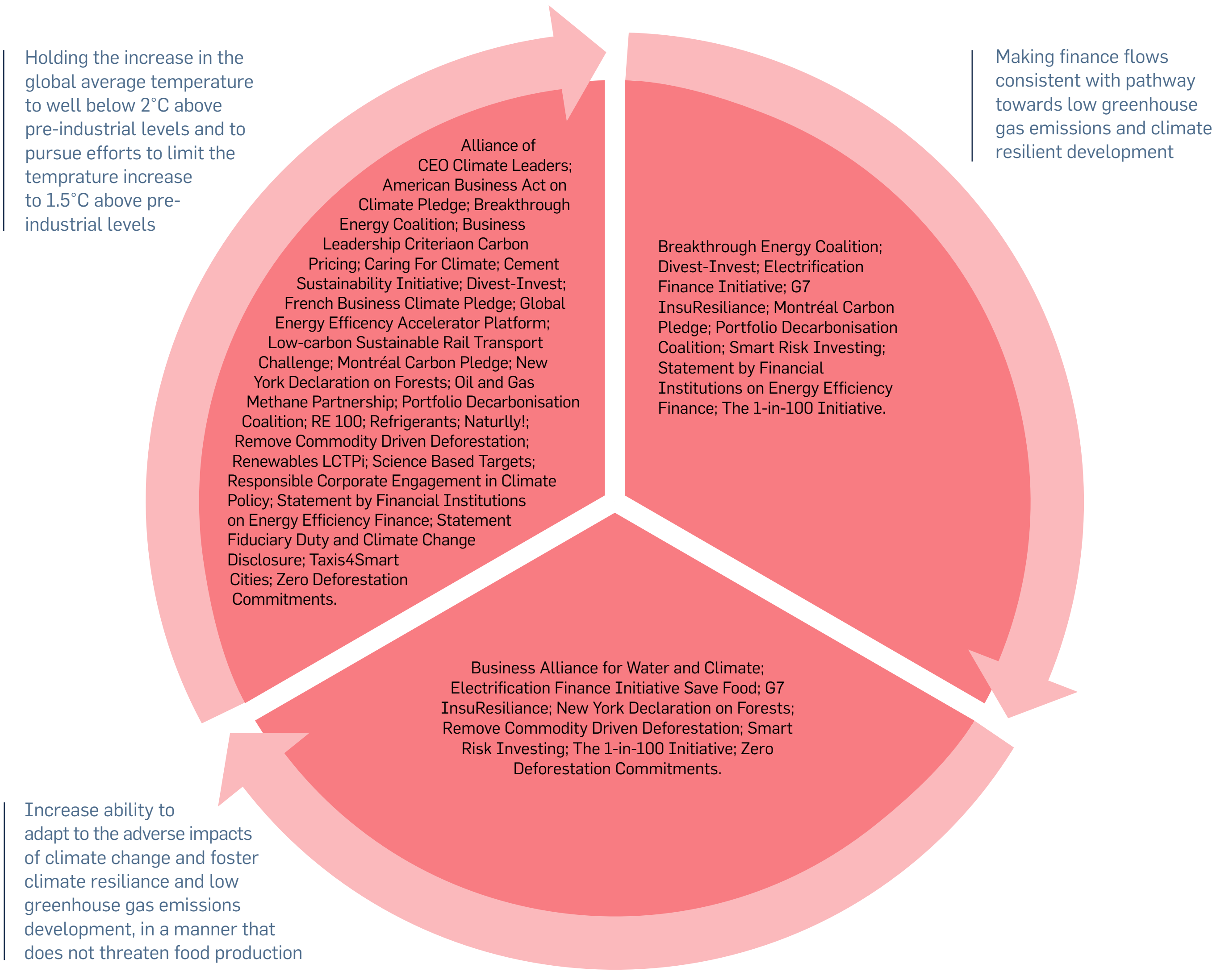
Note: This table relates to all 30 initiatives initially identified as part of the scope of this report. Number of participants includes both business and other participants.

Collectively, the assessed initiatives are expected to support all three objectives of the Paris Agreement. Article 2 identifies three ways in which the Paris Agreement will strengthen the global response to the threat of climate change:

1. Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels;
2. Increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development, in a manner that does not threaten food production;
3. Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate resilient development

Figure 1 shows that the initiatives collectively contribute to all three of these objectives with some relevance to two or even all three objectives.

Figure 1. **Business initiatives are expected to contribute to all three objectives of the Paris Agreement**



Note: This figure covers all 30 initiatives initially identified as part of the scope of this report.

The initiatives aim to contribute to the objectives of the Paris Agreement by promoting a number of different types of goals:

- **Greenhouse Gas (GHG) savings.** Some initiatives set goals that explicitly focus on reducing GHG emissions, e.g., Oil & Gas Methane Partnership, Refrigerants, Naturally!
- **Resource productivity.** Other initiatives have goals that relate to reducing resource use per unit of production, where resources include energy, material inputs, forests, and other natural resources, e.g., SAVE FOOD or Global Energy Efficiency Accelerator Platform.
- **Investment and innovation.** A number of initiatives focus on allocating a certain level of investment in low-carbon assets or innovative low-carbon products and services, or on shifting investments out of carbon intensive assets. This includes initiatives such as the Breakthrough Energy Coalition, the G7 InsuResilience Initiative and the Divest-Invest Global Movement.
- **Sustainable sourcing.** Some initiatives have goals relating to sustainable and low-carbon sourcing of inputs such as energy or commodities such as Remove Commodity-driven Deforestation or the RE100 initiative.
- **Leadership and advocacy.** A number have goals relating to demonstrating leadership on climate change and sustainability, as well as climate related advocacy as practiced by the Alliance of CEO Leaders or Caring for Climate.
- **Organizational processes and disclosure.** Finally, there are some initiatives with goals relating to changing internal company organizational processes such as risk management, procurement and environmental footprinting, as well as public disclosure of climate- and sustainability-related aspects of a business. This covers initiatives such as the Statement on Fiduciary Duty and Climate Change Disclosure and the Montréal Carbon Pledge.

The initiatives also have the potential to make significant contributions to the SDGs. The intertwining of climate and development can be clearly seen in the close correspondence between the goals of some of the initiatives of the Action Agenda and particular SDG indicators. Some prominent examples include:

› Signatories to the American Business Act on Climate Pledge aim to reduce water use by up to 80 per cent, while participants of the Business Alliance for Water and Climate aim to reduce impacts on water availability and quality in direct operations and all along the value chain. Both of these initiatives correspond closely to SDG 6.4 to *'substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity'*

› The Global Energy Efficiency Accelerator Platform's target to double the global rate of improvement in energy efficiency is matched precisely in SDG 7.3

› SAVE FOOD is directly working to *'halve per capita global food waste at the retail and consumer levels'* (SDG 12.3)

› The NYDF's target to at least halve the rate of loss of natural forests globally and restore 150 million hectares of degraded landscapes and forestlands by 2020 is directly linked to SDG 15.1 *'to ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests'* (by 2020) and SDG 15.2, *'to promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally'* (also by 2020).

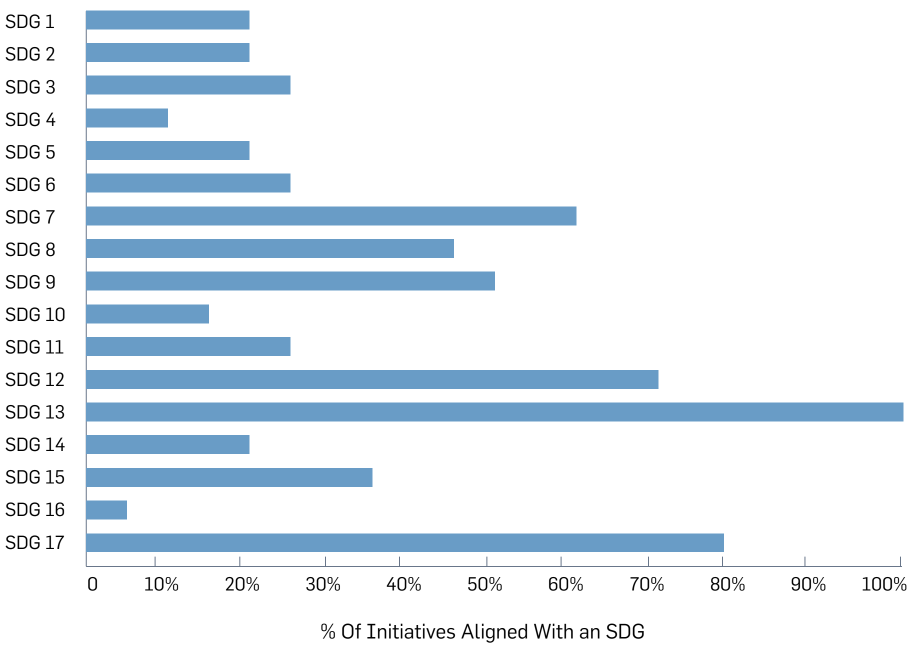
In many more cases, there are links between initiatives' activities and the SDGs, beyond SDG 13 on climate action. Initiatives supporting energy efficiency provide a good example: improving the efficiency of energy use and hence reducing the amount that needs to be spent on energy and the pollutants associated with energy combustion can help reduce poverty (SDG 1); ensure healthy lives and promote wellbeing (SDG 3); improve access to affordable, reliable, sustainable and modern energy (SDG 7); promote sustainable and inclusive economic growth (SDG 7); promote sustainable and inclusive industrialization (SDG 9); make cities and human settlements more sustainable (SDG 11); and ensure sustainable consumption (SDG 12). Figure 2 shows how initiatives view their contribution to different SDGs, either through an immediate correspondence between the goals of the

initiatives and specific SDG indicators, or because activities undertaken by the initiative in support of their goals will have beneficial impacts on attainment of the SDGs. It shows self-identified links to all 17 of the SDGs; in addition every initiative considered that it had links to at least one SDG. This analysis is based on the 20 initiatives that provided questionnaire responses.

the same time, some of the newly emerging initiatives were aggregations of previously existing initiatives.

Many areas where private sector activity is needed to support climate action are addressed by the initiatives within this sample, although some gaps remain. For instance, there is a cross-cutting energy efficiency initiative, and initiatives that focus on carbon and energy savings in specific industries and transport modalities, but so far, there are no initiatives that focus on technological breakthroughs in GHG intensive industries such as iron and steel, aluminum or pulp and paper. Transport initiatives focus on taxis and rail, but within this sample there are no transport initiatives in the maritime or road freight sectors. Similarly, there is relatively little focus, to date, on addressing non-CO2 emissions from agriculture.

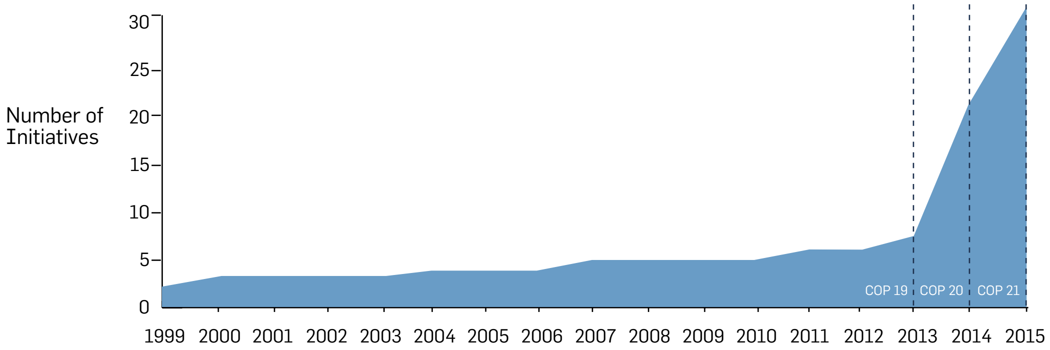
Figure 2. **The initiatives identify alignment with all of the SDGs**



Note: This figure relates to the 20 initiatives that responded to a written questionnaire from the authors of this report.

The number of business-focused initiatives has grown rapidly in recent years. Figure 3 shows that for most of the period from 1999, there were fewer than 10 initiatives, but between 2013 and 2015, the number of initiatives jumped more than threefold to exceed 30. This partly reflects the growing importance attached to climate change by the business community, as well as a deliberate focus by governments on engaging the private sector throughout the three annual UN Climate Change Conferences (COPs) culminating in the Paris Agreement adopted in 2015. At

Figure 3. **The number of business-focused initiatives more than tripled between 2013 and 2015**

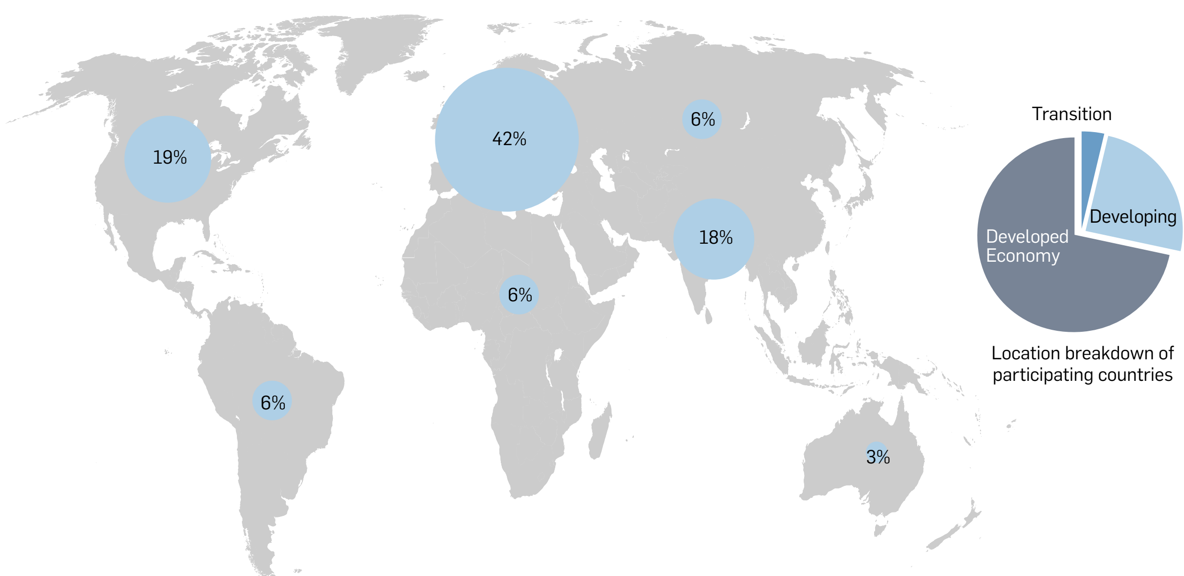


Note: This figure relates to all 30 initiatives initially identified as part of the scope of this report.

2.2 Profiles of the businesses engaging with the initiatives

The 30 initiatives encompass 3,356 participants, covering all sectors of the economy and with an increasingly global focus. Of these, at the time of writing, 2,639 participants were affiliated with the 20 initiatives which provided responses to the questionnaire sent by the authors of this report. 1,909 of these were private companies. Figure 4 demonstrates that these companies are based across all global regions, with around 27 per cent of participants headquartered or based in developing and emerging economies, and the rest in developed economies, primarily Europe. Notably, individual initiatives report that the role of participants in developing and emerging economies is becoming increasingly important. For example, the New York Declaration on Forests (NYDF) reports that its emerging and developing country participants as well as those with activities primarily based in developing countries, such as palm oil producer Golden Agri-Resources, have been particularly prominent.

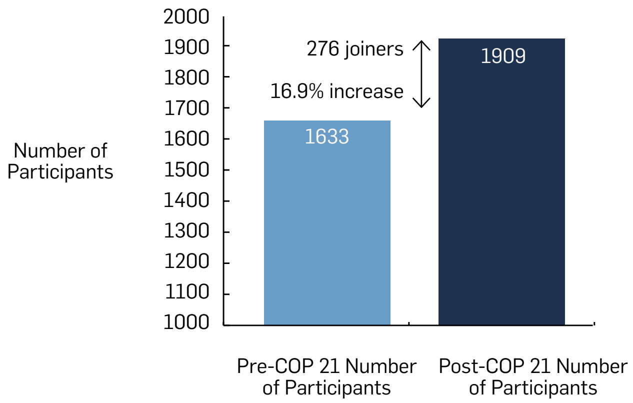
Figure 4. **Participants of the initiatives are headquartered around the world**



Note: This figure relates to the 20 initiatives that responded to a written questionnaire from the authors of this report.

Momentum continues to grow with an almost 17 per cent overall increase in private sector participants across the 20 initiatives providing questionnaire responses at or since COP 21 (Figure 5). Some of the initiatives that have seen the largest increases include the American Business Act on Climate Change which has almost doubled in size as a result of announcements made at COP 21 and Science Based Targets which is growing at a rate of around two new members per week. This growth points to the continued momentum among the business community fostered by the Paris Agreement.

Figure 5. **There has been a marked increase in businesses participating in climate initiatives since COP 21**



Note: This figure relates to the 20 initiatives that responded to a written questionnaire from the authors of this report.

3 Current progress and potential contribution of the initiatives to sustainable development

3.1 Tracking and reporting progress of business action

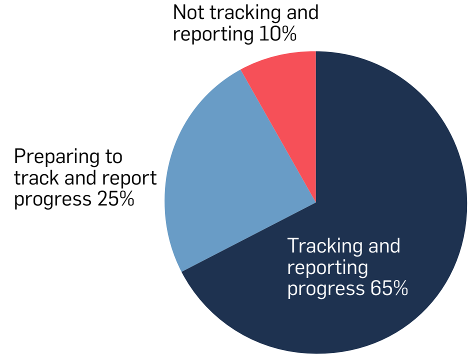
Tracking and reporting progress of participants towards initiatives' goals is necessary to assess whether business action is contributing towards climate goals and the SDGs. High quality, publicly available information on progress not only informs all stakeholders on the contributions of the private sector, but also provides learning opportunities to peers and other stakeholders, strengthens accountability and builds trust. Most initiatives have launched relatively recently, and many are still in the process of defining and shaping their approaches to tracking and reporting progress. This section further explores these tracking and reporting activities.

Most of the 20 initiatives that responded to the questionnaire have processes in place to track, or to start tracking, individual participants' progress towards their goals. Figure 6 shows that 65 per cent of the initiatives reviewed are already tracking progress, 25 per cent are in the process of starting tracking progress, with just 10 per cent not tracking participants' progress. Most do so through a systematic annual stock take of their participants' progress, often in the form of an annual report. Other initiatives, such as the Cement Sustainability Initiative and the Low-carbon Sustainable Rail Challenge, use a dedicated data tool to track progress. Seven out of 20 initiatives cite that they use the disclosure framework of the CDP to track the environmental impact of their participants, which they sometimes complement with their own data collection.

Two initiatives report progress (or intend to report progress) not only of their participants, but also of other businesses, governments and civil society organizations. One of these is the NYDF, which sees tracking and reporting on progress as a core activity (see Box 1). The Global Energy Efficiency Accelerator Platform is also currently in the process of identifying ways to more accurately measure the impact of its work, which would assess action of a much broader set of stakeholders than its own private sector participants. Tracking on this basis can, in the future, provide a richer understanding of how the initiatives are catalyzing broader impact throughout the private sector.

Within the sample of 20 initiatives, all those with quantitative environmental targets track and report progress, or intend to do so shortly; initiatives focused on qualitative activities or facilitating discussion and engagement are less likely to formally track progress. For example, the Alliance of CEO Climate Leaders indicates that it sees its role as a platform for businesses to publicly state their intention to commit to climate action, but does not play an active role in tracking and reporting participants' progress. Similarly, the Statement of Financial Institutions on Energy Efficiency Finance focuses on facilitating regular dialogue between financial institutions through events and joint work, which allows an ad hoc assessment of progress but no structured tracking and reporting. The initiative is currently rolling out a survey to form a view on participants' progress.

Figure 6. **90 per cent of initiatives are tracking and reporting, or are preparing to track and report participants' progress towards the initiative's goals**



Note: This figure relates to the 20 initiatives that provided a response to a written questionnaire issued by the authors of this report.

1

THE NYDF TRACKS PROGRESS TOWARDS ITS GOALS IN AN ANNUAL ASSESSMENT REPORT

A core activity of the New York Declaration on Forests (NYDF) is the preparation of an annual Assessment Report. The Assessment is scheduled to be presented annually at the COP and supported by a coalition of NGO partners that add credibility and visibility to the effort. It presents a framework of indicators for tracking progress towards each goal over time. The Assessment will focus on one goal (or set of related goals) in each report and provide in-depth background information and analysis on that goal.

The 2016 Assessment focuses on the second goal, which is to address deforestation in agricultural supply chains – the most relevant to the private sector. It finds that the number of companies making deforestation-related commitments increased from 307 in 2015 to 415 in 2016, the majority of which address palm oil (59%) and wood products (53%). Soy and cattle receive less attention, which the authors note is troubling, as cattle are the major driver of tropical deforestation with a deforestation footprint that is nine times larger than that associated with palm. It notes that increasing pledges and commitments from the cattle supply chain is challenging: there is a lack of an accepted industry standard for certification, it is a highly mobile commodity, and has a higher percentage of local consumption than is exported to western nations that might impose certification.

3.2 Potential impact and current progress

This section considers the potential impact of the initiatives and evidence on progress towards this impact. It focuses on the goals that the initiatives have set themselves and the evidence on whether they are on track to meet these goals. It also explores the closely related question of the contribution that the initiatives indicate they are making towards the Sustainable Development Goals. The focus of this assessment is based on the goals and links that the initiatives themselves have set or identified. In the future, it would be valuable to undertake a more extensive analysis to understand the extent to which these goals and links are aligned with the attainment of both climate targets and the SDGs (see section 5).

Five of the 20 business-focused initiatives that responded to the questionnaire have either set explicit goals for emissions savings, or estimates exist of the emissions savings they may deliver. The questionnaire responses make clear that a number of individual initiatives might deliver emission reductions of several gigatonnes per year, either relative to a specific year when the initiative was established, or compared to a business as usual baseline. It should be stressed that there is some scope for overlap between the emission reduction impact of different initiatives, making aggregation complex. It also cannot be known whether these emission reductions are in addition to those that countries have identified in their INDCs/NDCs. However, it does shows the potential of these initiatives to reduce emissions and, therefore, the potential they have to allow countries to contribute towards meeting their current INDCs/NDCs or enhance ambition in the immediate or near future.

Many of the initiatives set quantitative goals in terms of something other than emission reductions. These include:

- REscale LCTPi intends to install an additional 1.5 terawatts of renewable power capacity by 2025
- The Global Energy Efficiency Accelerator Platform seeks to save over 1,600 TWh of electricity by 2030
- The New York Declaration of Forests (NYDF) aims to restore 350m hectares of forest by 2030
- The Portfolio Decarbonization Coalition PDC set a goal of decarbonizing $100 billion of assets by COP 21
- The Montréal Carbon Pledge aims to secure measurement and disclosure from all Principles for Responsible Investment (PRI) signatories, totaling $62 trillion of assets under management.

In most cases, it is too early to assess the extent to which progress is being made against the initiatives' goals, although there are some signs of encouraging early progress. Four of the five initiatives with spe-

cific CO2e saving targets or quantified potential only launched in 2014 and are unable to provide substantive updates against these targets. Refrigerants, Naturally! however, which launched in 2004, is more than halfway to its 2020 target number of HFC-free refrigerant units, and hence estimates to be contributing annual emissions savings of 33 MtCO2 per annum relative to a business as usual baseline. In terms of progress towards other goals, PDC surpassed its target for decarbonizing $100 billion of assets and, at the time of writing, had succeeded in decarbonizing $610 billion of assets. The Montréal Carbon Pledge has secured signatories with $10 trillion assets under management, putting it well on its way to its $62 trillion target. The NYDF has secured commitments to restore 124 million hectares of forest, close to the 150 million hectares target set by multiple stakeholders under the Bonn Challenge in 2011 and close to one third of its 2030 target. Under their current rate of progress, both of these latter two initiatives will achieve their goals. Table 2 summarizes the available evidence against these quantitative targets.

Table 2. **The business-focused initiatives have the potential to achieve significant climate goals**

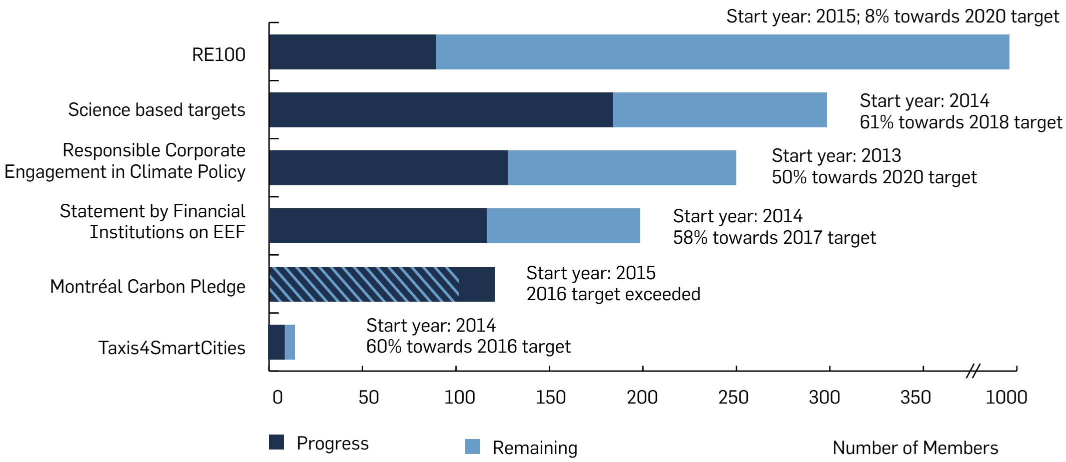
INITIATIVE	TYPE OF GOAL	TIME HORIZON	GOAL/ POTENTIAL	BASELINE ASSUMPTION	PROGRESS (TO LATEST AVAILABLE)
CO2e savings					
Refrigerants, Naturally!	CO2 equivalent savings	2020	60 MtCO2 per annum	Business as usual	33 MtCO2 per annum
RE100	CO2 equivalent savings	2030	1,200-1,500 MtCO2 per annum	Current trends*	
Global Energy Efficiency Accelerator Platform	CO2 equivalent savings	2030	2,634 MtCO2 per annum	Baseline year 2010	
New York Declaration on Forests	CO2 equivalent savings	2030	4,500-8,800 MtCO2 per annum	Baseline year 2014	
Science Based Targets	CO2 equivalent savings	2030	1,900 MtCO2	Current trends*	
Renewable power					
REscale LCTPi	Renewable power generation capacity	2025	1.5TW	Baseline year 2014	47GW
RE100	TWh of electricity procured by RE100 companies			Baseline year 2014	100 TWh
Energy savings					
Global Energy Efficiency Accelerator Platform	Electricity savings	2030	1,500 TWh per annum	Baseline year 2010	
Reduced deforestation					
New York Declaration on Forests	Restoration of forest	2030	350 million hectares	Baseline year 2014	Commitments to restore 124 million hectares
Financial market transformation					
Montréal Carbon Pledge	Size of portfolios that measure and disclose carbon footprint		US$62 trillion	Baseline year 2014	US$10 trillion
Portfolio Decarbonization Coalition	Decarbonized assets	2015	US$100 billion	Baseline year 2014	US$610 billion

Source: Questionnaire responses and CDP & We Mean Business (2016). The business end of climate change.
Notes: As determined by the IEA Current Policies Scenario and the UNEP emissions gap current policy trajectory

A number of initiatives are also making good progress in increasing their membership base in line with their targets. Some initiatives have set goals for the number of participants involved. Figure 7 shows that most initiatives are more than halfway towards their 2017-2020 targets, with the Montréal Carbon Pledge having already met its COP 22 target. Some initiatives also report that the actions of their participants have been replicated by other non-participant businesses. The NYDF reports that although it only has 58 private sector participants itself, the total number of companies making commitments increased to 415 from 307 since last year's report. RE100 also cites anecdotal evidence that the leadership of its participants is leading to increased renewables sourcing by other, non-member businesses.

A number of initiatives also report progress on supporting policy development and implementation, including of (Intended) Nationally Determined Contributions (NDCs) – with more expected to focus on policy engagement in future. For example, PRI, which takes the lead for the Montréal Carbon Pledge, has engaged heavily with G20 countries in relation to green financing (see Box 2). Similarly, Refrigerants, Naturally!, REscale LCTPi and the Cement Sustainability Initiative report engaging with policymakers in a range of jurisdictions including China, the European Union, India, Mexico and the United States. The Business Alliance for Climate and Water and the Low-carbon Sustainable Rail Transport Challenge have engaged in various international processes. Looking forward, a number of initiatives identify policy engagement as an important next step in maturation, including the NYDF, the Global Energy Efficiency Accelerator Platform (building on initial work already undertaken), SAVE FOOD and Taxi4SmartCities.

Figure 7. **Many initiatives report good progress in increasing their membership**



2

THE MONTRÉAL CARBON PLEDGE HAS ACTIVELY ENGAGED WITH G20 COUNTRIES ON GREEN FINANCE

The Montréal Carbon Pledge has been active in the G20 Study Group on Green Finance. This study group, co-chaired by the Peoples Bank of China and The Bank of England, referred to the Pledge, coordinated by the Principles for Responsible Investment (PRI), as an example of investor action on climate change. The pledge was highlighted as illustrating the need for supportive policy measures across the G20 to scale-up low-carbon and green investment. In 2016, the G20 countries adopted several of PRI's policy recommendations, including the need for strategic policy signals and improvement in green standards. China, who co-chaired the study, has since announced a set of detailed policy measures incorporating PRI's policy recommendations, called the "Guidelines for Greening the Financial System." The initiative has also engaged in discussions with Finance Ministries in the US, China, India and the EU around the policy measures needed to attract private institutional investors to low-carbon and green finance.

Underpinning the links between climate action and the SDGs, the initiatives also report a number of activities and actions that are contributing to the SDGs:

Energy sector initiatives tend to have a close relationship with SDG 7 on ensuring access to affordable, reliable, sustainable and modern energy. RE100, for example, is currently active in emerging and developing countries with teams that run capacity-building workshops in both India and China. These workshops aim to raise awareness on opportunities for businesses to source renewable power and to identify and address barriers to access. Similarly, REscale LCTPi has been active in fostering the deployment of low-carbon microgrids in remote areas in Kenya, Myanmar and India. The initiative is developing a decision support toolkit to assist stakeholders in developing microgrids to quickly identify the best solutions.

The transport- and industry-focused initiatives tend to identify substantial links to the SDGs, particularly ones related to water (SDG 6), energy (SDG 7), cities (SDG 11), sustainable production and consumption (SDG 12) and partnerships (SDG 17). As an example, the CSI has previously supported the development of methodology underpinning an environmental product declaration — which provides quantitative information about the environmental impact of a product using life-cycle assessment (LCA) methodology. It is also currently developing the main environmental and social criteria that should be included in the scope of a global Responsible Sourcing Scheme for concrete. These activities directly support SDG 12 on sustainable production and consumption.

As noted above (section 2.1) in relation to the Business Alliance for Water and Climate, SAVE FOOD and the NYDF, there are often close links between the specific goals of the initiatives with a natural resource focus and the SDG indicators. There have been a number of important developments by these initiatives that will support the attainment of the SDGs. For example, the Food and Agriculture Organization (FAO), as the coordinating body for SAVE FOOD, is now involved in food loss and waste reduction activities in around 50 countries. It has developed a tool aimed at providing multi-impact (GHG emissions, climate resilience and socio-economic impact/income) appraisals of interventions. It is now developing food loss assessments in a number of developing countries to determine critical loss points, their causes and solutions as well as capacity-building to manage interventions. Similarly, the NYDF notes that its participants that have made zero deforestation commitments are undertaking great efforts to ensure the sustainable production of commodities, which is likely to push other companies to follow suit.

The finance sector initiatives tend to demonstrate links to SDG 7 on affordable and clean energy as well as SDG 9 on industry, innovation and infrastructure. For example, the Statement by Financial Institutions on

Energy Efficiency notes that its participants, including the banks Banamex in Mexico and Sekerbank in Turkey, have developed and expanded financial products for energy efficiency in real estate and for SMEs which will help make energy more affordable (SDG 7). Its participants are also actively financing energy efficiency activities that will support industry, innovation and infrastructure (SDG 9).

The cross-sectoral initiatives tend to identify fewer links with the SDGs than some other initiatives. However, half of these initiatives indicate a link with SDG 7 on affordable and clean energy, and two thirds with SDG 12 on responsible production and consumption. For example, Caring for Climate participants may be contributing to SDG 7 by taking part in policy dialogue and encouraging local and national governments to invest in new types of renewable energy and other innovative solutions such as smart cities and by providing monetary, in-kind, volunteer and/or pro bono activities to help deliver access to options for energy sources in rural areas.

In summary, the Action Agenda initiatives provide visible demonstration of how tackling climate change and achieving the SDGs can and, indeed, must go hand-in-hand. The opportunity moving forward is for the initiatives to maximize this potential, communicate their successes and lessons learned, and hence contribute to a shared understanding of the best way to secure the mutual attainment of the Paris Agreement and the SDGs (see also section 5).

3

CARING FOR CLIMATE – THE WORLD'S LARGEST BUSINESS COALITION FOR CLIMATE ACTION

Since 2007, the Caring for Climate initiative, led by the UN Global Compact in partnership with UNEP and UNFCCC, has brought more than 450 chief executives together from 65 countries to advance the power of sustainable business. It is the largest coalition of businesses that are taking action on climate. Over the past decade, UN Global Compact and Caring for Climate partners provided a leadership framework for companies to contribute to key global goals and international processes. Leading up to and after COP21, more than half of its companies engaged in the Global Climate Action Agenda from carbon pricing, science-based targets, responsible policy engagement to building resilience. Most recently, the UN Global Compact called on companies to set an internal price on carbon at a minimum of $100 per metric ton over time as a means to spur innovation, unlock investment and shift market signals.

4 Lessons learned to date: catalyzing effective business action

This section presents emerging lessons and opportunities for successfully catalyzing business action on the Action Agenda and the Sustainable Development Goals (SDGs) from experience to date. It builds on the questionnaire results as well as in-depth case studies on the New York Declaration on Forests (NYDF), RE100, the Portfolio Decarbonization Coalition and the Global Energy Efficiency Accelerator Platform. Section 5.1 starts with a synthesis of success factors for attracting and engaging businesses in global cooperative initiatives, an area in which many initiatives have made good progress to date. Section 5.2 sheds light on the interaction of the initiatives with the regulatory and economic environment in which businesses operate, highlighting factors that support and inhibit progress towards their goals and demonstrating how some initiatives proactively address those factors.

4.1 How initiatives successfully attract and engage businesses

There are a number of common success factors that have helped initiatives attract and engage businesses. All initiatives seek to increase the number of business participants in order to reach the needed scale and impact to achieve UN climate goals and the SDGs. Initiatives are more likely to attract and retain business participants if they manage to successfully:

- demonstrate the business case: initiatives can leverage business opportunity and/or drive competitive advantage while pursuing societal goals;
- encourage peer to peer exchanges and experience sharing; and
- keep the messages simple — and communicate progress.

4.1.1 Demonstrate the business case: Initiatives can leverage business opportunities and drive competitive advantage while pursuing societal goals

initiatives that demonstrate how emerging technologies and practices can provide win-win solutions that both reduce operational costs or grow markets, while also contributing to the Paris Agreement and the SDGs, have tended to be particularly successful. Examples include:

› **Initiatives helping to demonstrate the benefits of new technologies.** The Global Energy Efficiency Accelerator Platform and its individual Accelerators are successfully leveraging the commercial appeal of energy efficiency in a wide range of economic sectors. It operates with implementation partners from the private sector that are market leaders in certain segments of energy efficiency solutions and that see their affiliation with the Platform as an opportunity to expand existing markets and access new ones. Similarly, RE100 participants cite falling costs of renewables procurement due to technological progress as a reason to commit to its goals. For example, IKEA Group reports significant cost savings associated with its renewable energy procurement and has set a target of producing as much renewable electricity as it consumes by 2020. It has already deployed about €1.5 billion in renewable energy projects and has committed to a further €500 million investment in wind power and €100 million in solar power. REscale LCTPi is issuing a series of reports that will show why scaling corporate procurement of renewable energy makes business sense and how developing renewable-based Low-carbon Microgrids is a viable business opportunity.

› **Initiatives helping to show the financial risks of inaction.** The Portfolio Decarbonization Coalition is successfully harnessing a shift in investment managers' views that portfolio decarbonization can be beneficial for investment returns. It set a goal of $100 billion of decarbonized assets by 2015 and easily surpassed this goal by securing $600 billion of decarbonized AUM by COP 21 in Paris. This reflects a broader trend among many institutional investors and asset managers to increase the focus on low-carbon

investment opportunities which other finance initiatives, such as the Montréal Carbon Pledge, also seek to harness. However, the PDC acknowledges that much remains to be done to sustain the market shift away from carbon-intensive assets.

› **Helping adapt to evolving consumer demands and manage reputational risks.** The NYDF notes that most of its private sector participants are firms that face consumer pressures to remove deforestation products from their supply chains.

4

THE PORTFOLIO DECARBONIZATION COALITION (PDC) IS ALIGNING WITH A MARKET SHIFT AWAY FROM CARBON INTENSIVE ASSETS

The 27 PDC participants have taken a variety of actions to implement their decarbonisation commitments, including decreasing or eliminating their coal holdings, increasing their investments in clean energy and engaging with carbon-intensive portfolio companies to reduce their greenhouse gas emissions. They do so with the understanding that portfolio decarbonization can be achieved without compromising investment performance; in fact, many PDC members believe that decarbonization can enhance performance.

Achieving these benefits requires PDC and its investors to engage with and address a series of complex technical and methodology issues. These include:

- Improving the quality of information being reported by companies on their emissions and on the wider life-cycle impacts of their products and services
- Developing decarbonization measurement and assessment methodologies such as how to conduct 2 degrees stress testing, measure the carbon footprint of investment portfolios and measure the emissions produced or emissions saved from the use of a company's products
- Developing tools that enable the aggregate effect of portfolio decarbonization efforts on the real economy to be assessed and reported
- Building the market for decarbonization including increasing asset owner demand for these products, and encouraging asset managers to develop innovative products, across asset classes, that meet asset owner needs
- Helping develop the investment case for decarbonization and enhance understanding of the contribution that portfolio decarbonization can make to the goal of a low-carbon, climate resilient economy

4.1.2 Harness the expertise and credibility of participants

Initiatives with a business-led governance structure appear to be particularly successful in getting the support of participants, as these may create enhanced opportunities for peer-to-peer recognition and learning. Many initiatives identify as being business-led, meaning that participants take the lead on setting the initiatives' agenda and play a key role in their outreach and engagement activities. These engagement activities are often structured as peer-to-peer learning opportunities. A good example is RE100, which has been successful in attracting high-profile multinational corporations and as a result has increased its ambitions to expand to 1,000 participants by 2020, compared to more than 80 today. One of RE100's key success factors is its business-led model, as it reports that businesses are more likely to take action when they hear success stories from their peers (see Box 4). Peers are often more aware of each other's needs than a convening organization and can speak from a credible point of view. This experience is echoed by the PDC, which reports that commitments from peers have been instrumental in getting other investors on board. Other initiatives also use peer-to-peer learning as a cornerstone of their participant engagement. For example, the Statement by Financial Institutions on Energy Efficiency Finance aims to produce case studies on best practices of energy efficiency finance by banks to be shared and replicated among its signatories. Similarly, The Business Leadership Criteria on Carbon Pricing has issued a guide on business leadership on carbon pricing at COP 21, highlighting the business case for pricing carbon with input from 100 companies and a dozen interviews.

Initiatives with a multi-stakeholder governance structure may be particularly valuable in facilitating public-private sector dialogue. For example, the Global Energy Efficiency Accelerator Platform governance model stimulates interaction between governments and businesses on both policies and investment in energy efficiency. The NYDF similarly involves multiple stakeholders. In its experience, different perspectives of actors can be chal-

lenging to reconcile, as governments are often more process-oriented and businesses more action-oriented. However, facilitating a dialogue between business and government has been a key success factor for the initiative and many businesses have been attracted because it enables access to key government decision makers. REscale LCT-Pi also has a multi-stakeholder governance model and is using multiple channels to collaborate and work with policy makers and regulators to address key barriers to renewables deployment.

businesses can easily understand, communicate and translate into own company targets. NYDF then facilitates the communication of businesses' forest commitments to a wider audience, including at events such as the COP. Similarly, RE100 has found its clear and concise goal — "to become 100 per cent renewable" — to resonate well with businesses and their customers. This has enabled the initiative to enlist prominent multinational corporations, which in turn have lent the initiative more recognition and raised its profile.

5

MUCH OF RE100'S SUCCESS IS DUE TO THE BUSINESS-LED NATURE OF ITS ACTIVITIES

RE100 was launched at the 2014 Climate Week NYC and aims to increase demand for – and supply of – renewable energy by demonstrating clear corporate support. The initiative is led by The Climate Group in partnership with the CDP and is part of the We Mean Business coalition. Companies joining RE100 make a public commitment to 100 per cent renewable electricity through procurement of renewable electricity sourced from generators and suppliers in the market, and/or production of renewable electricity from their own on-site and off-site facilities. It is not mandatory to set a target year of achieving 100 per cent renewable electricity, but participants are encouraged to do so and/or set interim goals towards the 100 per cent target, which the vast majority have done. Its membership covers large global companies across all sectors with aggregate revenues of more than $11 trillion and including global brand names.

The initiative helps participants to see and make the business case for renewables and provides technical guidance through facilitating peer-to-peer learning. Throughout many of its activities, RE100 puts its participants centre stage to help companies address the barriers they face. It also organizes a regular webinar where an audience can learn from its peers' experiences and energy expert views. The RE100 website features interviews with participant businesses' internal renewables champions.

This model also increases public recognition of their efforts. With its emphasis on showcasing success stories, RE100 hopes to have a demonstration effect beyond its participants and lead other businesses, including in participants' supply chains, to procure electricity from renewable energy sources and potentially join the initiative. An example of this is International Flavors & Fragrances, which joined RE100 following one of its main customers, Unilever.

4.1.3 Keep the messages clear and simple – and communicate progress

Initiatives report that having clear goals that are easy to communicate can be a powerful tool for engaging businesses. For example, the NYDF has summarized the goals of various prominent forest-related initiatives into an overarching goal to halve the rate of loss of natural forests globally by 2020 and strive to end natural forest loss by 2030, and sub-goals that

Initiatives indicate that a sound strategy to communicate achievements can be instrumental for gaining traction. For example, RE100 has an active media outreach strategy with a monthly newsletter, frequent website updates and a large audience through social media. It uses this outreach to communicate not only its headline annual progress, but also incremental progress, e.g., with case studies on new participants that join the initia-

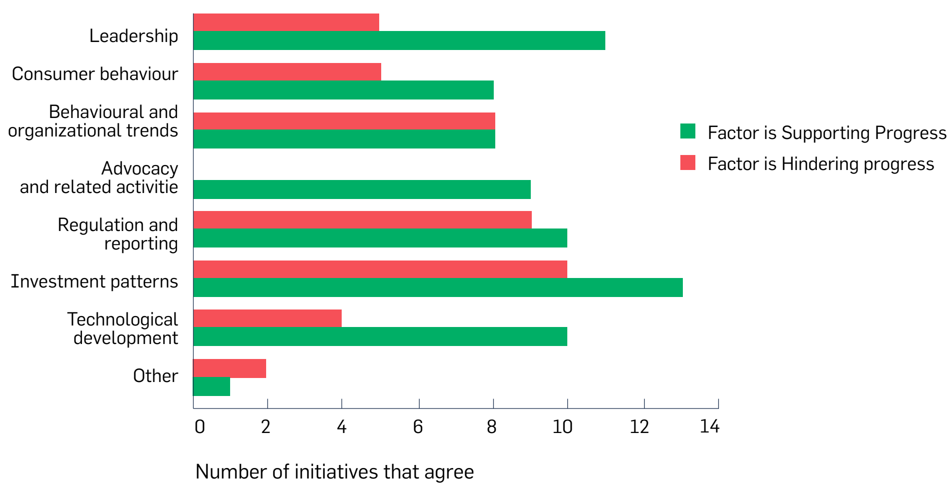
tive or on specific progress by individual participants. The PDC releases its annual report at the COP and supplements this by outreach and publicity around the report with articles in trade press and distribution through UNEP FI networks. Caring for Climate analyses the progress of its business participants advancing the initiative's goals in a dedicated annual report, as well as other media. It also presents progress in international events and through local policy dialogue.

4.2 External factors that influence the success of initiatives

Initiatives can play a role in shaping the operating environment of businesses, which is crucial for making progress towards their goals. This section presents questionnaire results on factors in the broader business environment that support or inhibit progress towards UN climate goals and the SDGs. It also highlights examples of how initiatives interact with and shape the broader operating environment to harness opportunities and overcome challenges to achieving their goals.

Initiatives identify investment patterns as the most pertinent factor that affects progress towards their goals (Figure 8). As an example, The Science Based Targets initiative notes that changing their investment patterns is particularly crucial for reaching their emission reduction targets for companies that are carbon and capital intensive and with assets with a lifetime of more than 20 years. Similarly, the Montréal Carbon Pledge notes that misaligned incentives in the investment chain mean that investors do not always want to measure portfolio emissions or take further actions on climate change. It also provides an example of how initiatives address such challenges, as it is working closely with asset owners to explore how fiduciary duty links to material climate-related risks, and through investor guidance.

Figure 8. **Factors cited as supporting and inhibiting progress towards achieving initiatives' goals**



Note: This figure relates to the 20 initiatives that responded to a written questionnaire from the authors of this report.

Strong executive leadership is crucial for success. Recognizing this, many initiatives, such as the Business Leadership Criteria on Carbon Pricing and the Alliance of CEO Climate Leaders, aim to garner support at the CEO and Board of Director level. For example, Royal DSM (Netherlands) has been a front-runner in the Business Leadership Criteria on Carbon Pricing initiative with board-level leadership requiring all business units to work with a carbon price of €50 per tonne. Royal DSM's CEO is also a co-chair of the Carbon Pricing Leadership Coalition and the company has been a progressive voice in the global policy arena. The Cement Sustainability Initiative also identifies itself as a CEO-led program, citing its experience of how leadership is essential to drive companies to scale up their improvements. Similarly, Caring for Climate notes how leadership within participating companies is key to ensuring that commitments are implemented into action. Some initiatives are taking action where they perceive insufficient executive leadership, e.g., PDC plans a campaign in the US and EU to build investor awareness of decarbonization and targeted engagement with the world's largest institutional investors to encourage them to join the initiative.

Effective regulation on certification and business disclosure is often viewed as being a major contributor to success; a lack of regulation, or misguided application, is considered to be a significant barrier. For the NYDF, the Roundtable on Sustainable Palm Oil (RSPO) certification has been key in engaging the palm oil sector. However, the same initiative also demonstrates the problems of limited regulation and reporting rules: a lack of certification tools in the beef sector means there is no clear accessible strategy for businesses to demonstrate progress towards this aspect of the NYDF goals. Similarly, RE100 reports some challenges for businesses with operations in China due to a less favourable regulatory context for purchasing renewable energy credits.

The importance of regulation and reporting requirements means that some initiatives have taken the lead in either developing voluntary approaches or supporting government-led processes, with some marked successes. For example, the Montréal Carbon Pledge has harnessed the opportunity to fill a lack of carbon footprint reporting requirements and supports voluntary collective action on this front. The Vehicle Fuel Efficiency Accelerator, part of the Global Energy Efficiency Accelerator Platform, has been successfully engaging the government of Kenya to promote the adoption of policies to import more fuel-efficient vehicles (see Box 5). Initiatives also support their members in engaging with policy makers. For example, Business Leadership Criteria on Carbon Pricing participant Braskem (Brazil) has been a champion at the local level working with policymakers, the Global Compact Network Brazil, companies and think tanks to initiate a policy discussion around carbon pricing in Brazil.

Initiatives cite consumer behaviour as often being an important factor in supporting business change, but on occasion also being a barrier that requires additional consumer awareness campaigns. REscale LCTPi notes the positive impact of consumers and corporations that are starting to demand renewable electricity from their suppliers. On the other hand, Refrigerants, Naturally! cites apprehensive feelings toward some natural refrigerant solutions as a barrier to progress while SaveFood notes that consumer behaviour and unsustainable consumption patterns are a key barrier to reducing food waste. Both initiatives are working on consumer awareness campaigns. For example, SaveFood is working closely with a Danish civil society organization, the Stop Wasting Food Movement, which has been instrumental in the fight against food waste and led to a 25 per cent reduction in wasted food in the country over the past five years.

Behavioural and organizational trends are seen as just as likely to hold back progress as to support it. For example, the Cement Sustainability Initiative notes that cement is often sold through public procurement and that rigidities in these policies can inhibit progress by specifying the purchase of Ordinary Portland Cement (OPC) even though blended cements could meet the necessary technical specification and also have a lower carbon footprint than OPC. This example points to the need for continued efforts to align societal norms and associated policies towards the needs of a low-carbon economy.

6

THE VEHICLE FUEL EFFICIENCY ACCELERATOR IS ACTIVELY ENGAGING THE KENYAN GOVERNMENT TO CHANGE THE FUEL ECONOMY OF VEHICLES IMPORTED BY PRIVATE FIRMS

Kenya's light duty vehicle fleet is growing and becoming more carbon intensive. The number of light duty vehicles (LDVs) in Kenya is expected to reach at least five million by 2030, up from two million in 2012. Yet the fuel economy and therefore carbon footprint of vehicles imported into Kenya is getting worse, increasing from an average CO2 emissions of 178g/km in 2010 to 185g/km in 2012. With 99 per cent of registered vehicles imported as second-hand or used vehicles, this calls for urgent policies to shift imports towards cleaner, more fuel-efficient vehicles, as one important element of a country's sustainable transport strategy.

The Vehicle Fuel Efficiency Accelerator has been working with Kenya's Energy Regulatory Commission to develop policies to improve vehicle fuel economy. The Accelerator supported an inventory study of imported vehicles to assess the trend in average fuel economy and CO2 emissions. A media launch of the study's findings in April 2015 saw the government committing to promoting imports of more fuel-efficient vehicles. Subsequently, the government announced changes to the excise duty in the 2015 budget to encourage importation of newer vehicles with potential for lower emissions. The expected benefits of this project are threefold: lower oil import bills for the government and consumers; improved urban air quality; and reduced greenhouse gases.

The Accelerator is currently supporting Kenya and other African countries to develop further strategies to encourage the import of more fuel efficient vehicles. This includes fiscal guidelines such as CO2-based taxation, consumer awareness schemes like mandatory vehicle labelling and new vehicle purchase schemes. The Accelerator is also providing advice and support on developing similar fuel economy policies to other governments in East Africa, including advocating the need for harmonizing vehicle policies. As a result, Uganda has recently concluded their vehicle inventory study and the Accelerator is expanding its support for countries across Africa.

5 Looking Ahead

This Status Report is intended to be a first attempt at a stock take of business activities related to the Global Climate Action Agenda and the Sustainable Development Goals (SDGs). It is an initial assessment based on self-responses to a questionnaire plus other available literature and a series of detailed case studies. It is envisaged as the first contribution in a series of further reports and assessments that will help deepen the understanding of the role that business are and might play in advancing the integrated climate and SDG agenda.

In particular, moving forward, there is scope to explore the role of the private sector in other Action Agenda initiatives. This report focused only on those initiatives that list targets primarily addressing business and/or initiatives to which a significant number (or most participants) are businesses. However, as of May 2016, there are 77 initiatives listed on the NAZCA online platform. Many of these will have scope for additional contributions by businesses and investors that might be explored in the future.

To strengthen understanding of the role of business initiatives and their impact, a basic procedure to track and communicate on progress would be hugely valuable. This report has largely been based on a self-reported questionnaire of only 20 of 30 initiatives; and while offering some insights, it provides only a partial assessment of progress. Moreover, partly reflecting the nascent status of many initiatives, the analysis shows that there is not yet consistent tracking at the initiative-level of progress against goals. This makes it difficult for stakeholders to develop an evidence-based assessment of progress to date. A basic monitoring procedure and reporting practice, which provides a core level of standardized information while respecting the voluntary nature of the initiatives, could address this gap. The procedure might focus both on the extent to which initiatives are making progress towards their goals, the extent of their contribution to support countries to deliver their Nationally Determined Contributions (NDCs) and the SDG agenda, and, as such, whether the initiatives overall are moving forward in a manner consistent with the collectively agreed objectives of the international community. Ultimately, it is only possible to manage what is measured.

It is clear that business-focused initiatives have made important steps towards catalyzing business contributions to the Action Agenda goals and the SDGs, but further urgent action is still required. The report has shown a marked increase in the number of initiatives in the last few years with coverage across all three objectives of the Paris Agreement and with participants from all parts of the world. Momentum has carried forward from COP 22 in Paris and most initiatives are on track to meet the established membership goals. There are also encouraging signs in terms of early results. However much remains to be done, with some gaps in initiative coverage and initiatives reporting a number of crucial challenges that they need to overcome to reach their goals. Moving forward, the task is to build on these encouraging early signs to ensure that the business and investor community, working in conjunction with policymakers providing an appropriate enabling environment, can scale up their role and help deliver on the ambitious goals agreed by the international community.

Annex

Table 3. **The business focused initiatives that formed the scope of the report**

INITIATIVE	DESCRIPTION	QUESTIONNAIRE RESPONSE RECEIVED
Alliance of CEO Climate Leaders	Seeks to catalyse and aggregate action and initiatives from companies from all industry sectors to deliver concrete climate solutions and innovations. It acts as an informal leadership group on climate solutions, with individual members expected to undertake voluntary actions to lower their environmental impacts.	Yes
American Business Act on Climate Pledge	Requires participant companies to demonstrate an ongoing commitment to climate action including specifying company-specific goals, such as purchasing 100% renewable energy or achieving zero waste-to-landfill. The initiative collates and publicises the commitments from its members.	Yes
Breakthrough Energy Coalition	A group of 28 high net worth investors to form a fund committed to funding early-stage clean energy companies.	No
Business Alliance for Water and Climate	Seeks integration of water challenges into the global climate policy and for businesses to commit to address water and climate challenges. Members agree to measure their water footprint and reduce the water impacts of their activities.	Yes
Business Leadership Criteria on Carbon Pricing	Aims to share experience of carbon pricing and to expand the evidence base for the most effective carbon pricing systems. It requires members to set an internal carbon price, promote responsible policy and communicate their progress.	Yes
Caring for Climate	Mobilizes business leaders to implement and advocate climate change solutions. It provides a high-visibility platform to increase the profile of companies' actions and enable sharing of best practice. Signatories are expected to follow five commitments including setting emission reduction targets and engaging with policymakers. A progress report is published annually.	Yes
Cement Sustainability Initiative	Provides a platform for a shared understanding of sustainability issues within the cement industry. It incorporates an anonymous database reporting mechanism and requires members to develop a climate change mitigation strategy.	Yes
Divest-Invest Global Movement	A movement of institutions and individuals committed to divesting from fossil fuels. The initiative requires commitments from members to avoid investments in the top 200 fossil fuel producers and to have a portion of their portfolio invested into climate solutions.	No
Electrification Finance Initiative	Provides funding for electrification projects to improve access to modern, affordable and sustainable energy solutions services. Nineteen projects have been shortlisted so far for potential findings, and a second call for proposals will be launched at the end of 2016.	Yes
French Business Climate Pledge	Founded in the lead up to COP 21, signatories were required to commit to limit global warming to 2°C and to contribute to making COP 21 a success. Member companies are taking concrete steps to lower their carbon footprints and plan to invest €45 million into renewable energy and low-carbon technologies.	No

INITIATIVE	DESCRIPTION	QUESTIONNAIRE RESPONSE RECEIVED
G7 InsuResilience	Aims to provide climate change insurance for up to 400 million vulnerable people in developing countries by 2020. Its goals are the creation of effective climate risk insurance markets and the smart use of insurance-related schemes for people and risk-prone assets.	No
Global Energy Efficiency Accelerator Platform	The initiative facilitates policy makers in adapting energy efficiency policies and promotes public-private partnerships to facilitate knowledge sharing and scale up energy efficiency policies. It is a flagship programme of the Sustainable Energy for All Initiative, which aims to double the global rate of energy efficiency improvement by 2030.	Yes
Low-carbon Sustainable Rail Transport Challenge	Sets out ambitious targets for future efficiency, reductions in GHG emissions and usage within the rail sector. The initiative tracks and publicises achievements, requiring members to report on their progress, which is then released in an annual report.	Yes
Montréal Carbon Pledge	Requires investors to annually measure and disclose the carbon footprint of their investment portfolios so as to increase stakeholder awareness of the issue.	Yes
New York Declaration on Forests (NYDF)	Lists 10 goals around forestry, including ending natural forest loss by 2030 and restoring 150 million hectares of degraded forestlands by 2020. These goals cover both the private and public sector, and the initiative has over 50 companies and 36 governments participating. It acts as a platform for gathering and disseminating evidence on progress.	Yes
Oil & Gas Methane Partnership	Aims to reduce methane emissions in the oil and gas sector. It collates and facilitates members' commitments on methane emission monitoring and emission-reduction technology, as well as reporting on their progress.	No
Portfolio Decarbonization Coalition (PDC)	Aims to mobilise a critical mass of institutional investors committed to decarbonizing their portfolios. The initiative requires members to set concrete targets for portfolio decarbonization (e.g., having a significantly lower carbon footprint than a benchmark portfolio, implementing a climate-oriented capital reallocation strategy, and/or corporate engagement strategy). Targets are member determined and progress is relayed to the PDC for inclusion in the annual progress reports.	Yes
RE100	A global, collaborative initiative of influential businesses committed to 100% renewable electricity, working to increase demand for – and delivery of – renewable energy.	Yes
Refrigerants, Naturally!	Promotes implementation of climate-friendly, natural refrigerants through encouraging best practices and encouraging the development of a regulatory framework to encourage investment in those technologies. The initial goal is to have 10 million HFC (hydrofluorocarbon)-free refrigeration units installed by 2020.	Yes
Remove Commodity-driven Deforestation	Aims to eliminate commodity-driven deforestation from all supply chain by 2020. Member companies commit to addressing the issue and can follow the CDP's 'Deforestation Roadmap' which provides guidance in transitioning from commitment to action.	No

INITIATIVE	DESCRIPTION	QUESTIONNAIRE RESPONSE RECEIVED
REscale LCTPi	Brings together companies to accelerate the development of low-carbon technology solutions in nine focus areas, so as to support efforts for temperature increases to stay below 2°C. The REscale LCTPi is working to promote the deployment of low-carbon microgrids, facilitate the integration of renewable energy into electricity markets and scale up renewable energy procurement .	Yes
Responsible Corporate Engagement in Climate Policy	Seeks to ensure companies' engagement on climate policy is comprehensive, aligned, and transparent by asking companies to commit to adhering to a set of best practice steps, as well as to report annually on their progress.	Yes
SAVE FOOD	Encourages increased collaboration, awareness and policy development for solutions to reduce food loss and waste amongst stakeholders in the food supply chain, as well as providing project support. Information and progress is shared by partners on a voluntary basis.	Yes
Science Based Targets (SBT)	Supports companies to set emission reduction targets in line with scientific assessment of what is necessary to keep global warming well below 2°C. Members of the initiative commit to setting science-based targets, which are then checked by the SBT's official quality team before being approved and publicized.	Yes
Smart Risk Investing (SRI)	SRI focuses on the insurance community to ensure that risk and resilience are taken into account in their stock selections across all assets classes. It encourages self-assessment and aims to monitor investments into smarter risk and resilience projects.	No
Statement by Financial Institutions on Energy Efficiency Finance	Strives for banks to embed energy efficiency finance into their strategy and business operations and to further promote the topic to their clients. It is informing banks on the issue and mobilizing them to express their interest in financing energy efficiency by regularly engaging its participants, disseminating best available practises and raising awareness.	Yes
Statement on Fiduciary Duty and Climate Change Disclosure	Targets the lack of information for climate-related corporate performance. Participants are required to produce comprehensive and comparable climate-change information (such as sources of environmental risks and management's environmental policies) using a recognised international framework, like the CDSB Climate Change Reporting Framework.	No
Taxis4SmartCities	Promotes the idea of taxis being both compatible with and an integral part of sustainable cities. It requires members to commit to certain CO2 emissions levels for their new cars and monitors their progress.	Yes
The 1-in-100 Initiative	This initiative aims to integrate natural disaster and climate risk into financial regulation globally, specifically by having its members incorporate the 1-in-100 year 'stress test.' This test assesses the maximum loss that could be expected once in a hundred years to better guide risk management.	No
Zero Deforestation Commitments	Participants aim to eliminate deforestation from the production of agricultural commodities by 2020. More than 20 global food companies have already committed to deforestation-free sourcing of palm oil.	No

A report by the UN Global Compact, UNEP and the secretariat of UNFCCC with support from partners

ABOUT THE UNITED NATIONS GLOBAL COMPACT

The United Nations Global Compact is a call to companies everywhere to align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to take action in support of UN goals and issues embodied in the Sustainable Development Goals. The UN Global Compact is a leadership platform for the development, implementation and disclosure of responsible corporate practices. Launched in 2000, it is the largest corporate sustainability initiative in the world, with more than 9,000 companies and 3,000 non-business signatories based in over 160 countries, and more than 70 Local Networks. www.unglobalcompact.org

ABOUT THE UNITED NATIONS ENVIRONMENT PROGRAMME

The United Nations Environment Programme (UNEP) is the voice for the environment in theUnited Nations system. It is an advocate, educator, catalyst and facilitator, promoting the wise use of the planet's natural assets for sustainable development. The mission of UNEP is to provide leadership and encourage partnership in caring for the environment by inspiring, informing and enabling nations and peoples to improve their quality of life without compromising that of future generations. The Division of Technology, Economics (DTIE) is the division within UNEP responsible for working with business and industry. With its longstanding activities in the areas of green economy, climate change, resource efficiency, harmful substances and hazardous waste, finance and corporate responsibility, it provides solutions to policy makers and helps change the business environment by offering platforms for dialogue and co-operation, innovative policy options, pilot projects and creative market mechanisms. http://www.unep.org/

ABOUT THE UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

With 197 Parties, the United Nations Framework Convention on Climate Change (UNFCCC) has near universal membership and is the parent treaty of the 2015 Paris Climate Change Agreement. The main aim of the Paris Agreement is to keep a global average temperature rise this century well below 2 degrees Celsius and to drive efforts to limit the temperature increase even further to 1.5 degrees Celsius above pre-industrial levels. The UNFCCC is also the parent treaty of the 1997 Kyoto Protocol. The ultimate objective of all agreements under the UNFCCC is to stabilize greenhouse gas concentrations in the atmosphere at a level that will prevent dangerous human interference with the climate system, in a time frame which allows ecosystems to adapt naturally and enables sustainable development. http://unfccc.int

ABOUT CARING FOR CLIMATE

Launched by the UN Secretary-General Ban Ki-moon in 2007, "Caring for Climate" is the UN Global Compact, UN Environment Programme and United Nations Framework Convention on Climate Change's initiative aimed at advancing the role of business in addressing climate change. It provides a framework for business leaders to advance practical solutions and help shape public policy as well as public attitudes. Chief executive officers who support the statement are prepared to set goals, develop and expand strategies and practices, and to publicly disclose emissions as part of their existing disclosure commitment within the UN Global Compact framework, that is, the Communication on Progress - Climate. Caring for Climate is endorsed by more than 450 companies from 60 countries.

ABOUT VIVID ECONOMICS

Vivid Economics is a leading strategic economics consultancy with global reach. We strive to create lasting value for our clients, both in government and the private sector, and for society at large. We are a premier consultant in the policy-commerce interface and resource- and environment-intensive sectors, where we advise on the most critical and complex policy and commercial questions facing clients around the world. The success we bring to our clients reflects a strong partnership culture, solid foundation of skills and analytical assets, and close cooperation with a large network of contacts across key organisations.

The UN Global Compact and Caring for Climate would like to thank the following stakeholders for their valuable financial and in-kind support in 2016: Acciona, Danone, Deloitte Touche Tohmatsu Limited, Iberdrola, Mars, State Grid Corporation of China, Suez Environnement and Volvo Car Corporation.

THE TEN PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT

HUMAN RIGHTS

1.
Businesses should support and respect the protection of internationally proclaimed human rights; and

2.
make sure that they are not complicit in human rights abuses.

LABOUR

3.
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

4.
the elimination of all forms of forced and compulsory labour;

5.
the effective abolition of child labour; and

6.
the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

7.
Businesses should support a precautionary approach to environmental challenges;

8.
undertake initiatives to promote greater environmental responsibility; and

9.
encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

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

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