

**BLUEPRINT
FOR BUSINESS
LEADERSHIP
ON THE SDGS**

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ACTION**



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How business leadership can advance Goal 13 on Climate Action



Climate change is caused by human emissions of greenhouse gases associated with electricity and heat production, industry, buildings, transport, and land use. Climate change impacts the planet through higher temperatures, an increase of extreme weather events, changing precipitation patterns, rising sea levels, and ocean acidification. It disrupts ecosystems and human livelihoods, particularly of vulnerable groups such as women, children, and the elderly as resources, food, and water become more scarce.

Business plays a vital role in holding the increase of the global average temperature to well below 2 degrees Celsius above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5 degrees Celsius above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change – the Goal that is at the heart of the 2015 Paris Agreement on Climate Change, an international treaty adopted by the vast majority of countries in the world. The Paris Agreement brings all nations together with a common cause to undertake ambitious efforts to combat climate change and adapt to its effects, with enhanced support to assist developing countries to do so. Business, together with Governments, must act urgently and decisively to fundamentally change the greenhouse gas emissions associated with their products and processes in order to achieve global net zero emissions by the second half of the century. Businesses also play a central role in anticipation, building resilience, and adaptation to the current and expected impacts of climate change.

Leading companies develop and implement innovative, far-reaching solutions to cut emissions in their operations and value chains, contribute to climate resilience, and/or bring about step changes in climate change awareness. They do so in a manner that inspires, and can be replicated in, the world around them. To this end, they can integrate their commitment to Goal 13 into corporate strategy, assess the implications of climate change, create and align policy positions and seize these opportunities to provide constructive input and demonstrate responsible policy engagement to policy-makers while setting ambitious emissions reductions targets in line with climate science. Leading business actions to advance Goal 13 can include building resilience to environmental hazards and shortages of resources, food, and water in their operations, supply chains, and

the communities in which they operate. Leadership can take the form of radically improving the carbon efficiency of own operations; sourcing low-carbon materials and energy inputs from renewable sources; and reducing the carbon footprint over the life cycle of products and services. Companies can also lead on climate awareness and capacity building, implementing ambitious programmes to promote climate conscious behaviour of people and businesses, and building human and institutional capacity to address the skills and governance gap for effective climate action. Innovation is key to climate action and as such, in many cases, transformative leadership is about investment at scale in research, development, and deployment activities that can drive low-carbon and resilience increasing technologies.

There is a strong case for business leadership on Goal 13. Businesses need to manage financial, regulatory, and reputational risks in their own operations and supply chains from climate change impacts. Already, there is a large market for low-carbon and climate change compatible technologies and services, which is set to grow rapidly as the global transition to low-carbon energy gathers momentum. The sizeable opportunity to deliver climate-related investments includes \$100 billion a year in climate finance by 2030, as called for in the Paris Agreement.

Climate action is strongly interconnected with the other SDGs. In its absence, it is virtually impossible to achieve them. Leading action on Goal 13 has strong benefits for energy security (Goal 7), clean air and water (Goal 6), decent work (Goal 8), livable cities (Goal 11), and improved national security (Goal 16). It also benefits sustainable food production systems through implementation of resilient agricultural practices and strengthening capacity for adaptation to climate change (Goal 2). It protect of life on land and below water (Goals 14 and 15). But climate action, particularly where they concern large infrastructure projects such as hydroelectric dams and land intensive activities such as the production of biomass, carries risks of negative impacts on human rights, which must be managed.

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Business Actions in Support of Goal 11

Targets of Goal 10

13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

13.2 Integrate climate change measures into national policies, strategies and planning

13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning

Business Actions

1

Ensure climate resilience of company and supply chain operations, and the communities surrounding them

2

Substantially reduce emissions associated with own and supply chain operations, in alignment with climate science

3

Shift to a portfolio of goods and services that have, and promote, negligible emissions from use

4

Promote climate conscious behavior and build capacity for climate action

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Do your actions satisfy the Leadership Qualities?



Guiding Questions
to apply to the Leadership Qualities to your business

Intentional

- Is your company committed to supporting the achievement of Goal 13? Have you developed a holistic strategy that reflects this commitment, covering end-to-end operations and the wider community?
- Are you committed to learn from your actions and do you have processes in place to improve them accordingly?
- Is your strategy supported by the highest levels of management, including the Board of Directors?

Ambitious

- Do your actions achieve long-term outcomes that greatly exceed those resulting from current industry practice?
- Are your actions aligned with what is needed to achieve Goal 13?

Consistent

- Is support for Goal 13 embedded across all organizational functions?
- Are staff and board incentives aligned with achieving Goal 13?

Collaborative

- Do you proactively look for opportunities to partner with Governments, UN agencies, suppliers, civil society organizations, industry peers and other stakeholders to inform how to advance Goal 13?

Accountable

- Do you publicly express your commitment to advance Goal 13?
- Do you identify, monitor, and report on impacts, including potentially adverse impacts?
- Do you mitigate risks associated with your action?
- Do you remediate negative impacts associated with this action?
- Do you engage stakeholders in a meaningful way?

Key Considerations
for Goal 13

Intentionality and top-level leadership are key to realize the fundamental shifts in business required for successful climate action. Indeed, to date, leading companies on climate action have all built on the commitment of highly engaged CEOs.

Action on climate is leading if it aligns with science-based targets. For mitigation, this involves action on emissions associated with all stages of production and service life cycles. For resilience building, this requires planning and action reaching far beyond own operations.

Intentions must be matched by all organizational functions for climate action to be credible and successful. For mitigation action this crucially includes government relations and lobbying departments, also if that carries short term cost increases due to climate policy.

Climate action involves long, complex trajectories, especially as climate is largely an intergenerational issue that risks being forgotten by citizen action and political agendas. Long-term collaboration with a wide range of stakeholders is therefore critical.

Monitoring and publicly reporting on climate action is key to gauging progress at a global level. Where action reaches areas with vulnerable populations and ecosystems, social and environmental safeguards must be in place, and risks of negative impacts carefully managed.



How taking action on Goal 13 is interconnected with other Goals



The Global Goals are inherently interconnected. Action taken toward one Goal can support or hinder the achievement of others. Identifying and addressing these interconnections will help business to build holistic and systemic solutions that amplify progress and minimize negative impacts. To help build a greater understanding, we have illustrated some of the ways in which the Goals connect. These are not exhaustive, and we encourage business to consider how they apply in their own operations.



Maximise likelihood of positive impact on:



Climate action is a critical pillar to achieving sustainable development, and all 17 Goals require efforts to address climate change. In its absence, it is virtually impossible to achieve them. Leading action on Goal 13 has strong benefits for energy security (Goal 7), clean air and water (Goals 3 and 6), decent work (Goal 8), liveable cities (Goal 11), and improved national security (Goal 16). It also benefits sustainable food production systems through implementation of resilient agricultural practices and strengthening capacity for adaptation to climate change (Goal 2 and 12). It protect of life on land and below water (Goals 14 and 15).



Minimise risk of negative impact on:



Climate change mitigation actions such as using hydroelectric dams and bio-based energy may have significant land requirements that displace people from their homes and affect agriculturally productive areas. Impacts on food production (SDG 2), access to decent work (SDG 8) and inequalities (SDG 10) should be managed in the implementation of climate action. Bio-based energy may also cause deforestation, further hampering climate action.

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BUSINESS ACTION 1

Ensure climate resilience of company and supply chain operations, and the communities surrounding them



Companies control the operation and maintenance of their capital assets, and decide on investments in upgrades, which has ramifications for their resilience to the impacts of climate change such as increased climate variability and environmental hazards. At a minimum, companies can ensure that their own assets are resilient to climate impacts. Leadership requires such action to be replicable and inspire others to bring about a step change in climate resilience, for example by developing and deploying innovative solutions for resilience. Companies can also lead by building resilience across multiple tiers of the supply chain and the communities surrounding these. Climate change is already affecting the most vulnerable countries and populations, which implies that leading action to increase resilience of and around supply chain operations in least developed countries and the small island developing States is particularly vital. Action might include setting supplier standards; and providing capacity building, technical, and financial support to relevant stakeholders, including through engagement with Governments and local partners to support context specific resilience and/or adaptation plans.

Example practice

- An agricultural equipment company works with an NGO to use **modified trucks for screening videos and host workshops, coupled with hands-on instruction at demonstration plots**, to train maize and dairy farmers in Kenya on improved agricultural practices that lead to greater climate resilience
- A furniture company commits €1bn to climate action, of which **€400m is aimed at supporting families and communities in nations vulnerable to impacts of climate change** such as floods, droughts and desertification



Consider the leadership qualities and interconnectedness of your action, including...

Ambition: planning and investing for long-term resilience of own operations is good business practice, but would not in itself be leading unless it can be replicated by, and inspires, other actors

Accountability: action to boost resilience in areas with vulnerable populations must be fully accountable, with attention for managing risks of negative impacts and providing opportunities for redress

Collaboration: as resilience is a systemic property, action always requires extensive collaboration, including on institution building and adaptation planning

Interconnectedness: action on climate resilience provides opportunities for advancing no poverty (Goal 1), zero hunger (Goal 2), and good health and well-being (Goal 3). It can also create jobs (Goal 8) and reduce inequalities if it focuses on vulnerable populations (Goal 10).

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BUSINESS ACTION 2

Substantially reduce emissions associated with own and supply chain operations, in alignment with climate science



The urgency of climate action, driven by the necessity to achieve net zero emissions by the middle of the century, calls for significant mitigation efforts by all businesses. Leading companies inspire such efforts at scale. They recognize and disclose emissions from all sources throughout the life cycle of products and services, including direct emissions of own operations (Scope 1), indirect emissions from power and heat consumption (Scope 2), and emissions associated with the supply chain (Scope 3). Leading companies set time-bound, absolute reduction targets in line with the latest available scientific evidence. They act on these targets by committing to urgent and decisive action across end-to-end operations. This may include developing replicable low-carbon technologies and business models, identifying and resolving deforestation problems in the supply chain, and powering own and supply chain operations from renewable sources.

Example practice

- A food manufacturer commits to reduce absolute GHG emissions across its full value chain by 41-72% (compared to 2010) to achieve sustainable levels in line with scientific consensus by 2050. More than two-thirds of GHG emissions fall outside its own operations, primarily in agriculture, and it takes action to reduce those through **sustainable sourcing initiatives**
- A food and beverages conglomerate commits to eliminate the use of fossil fuel energy and greenhouse gas emissions from its operations by 2040. It only sources beef, palm oil, pulp and paper, and soy **from producers and suppliers that comply with its deforestation prevention policy and develops metrics to measure GHG emissions across its entire supply chain**



Consider the leadership qualities and interconnectedness of your action, including...

CONSISTENCY: leaders ensure that all business activities, including lobbying activities, are consistent with the emission reductions needed to deliver the Paris Agreement goal of restricting temperature increases to well below 2 degrees celsius

Collaboration: responsible engagement and collaboration with governments is particularly pertinent in the context of emissions reductions, as success relies on effective carbon prices and other climate policy

Accountability: ambitious action on climate will always take into account human rights and other social protections

Interconnectedness: climate change mitigation is fundamental to all other Goals as a stable climate underpins all livelihoods and ecosystems.

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BUSINESS ACTION 3

Shift to a portfolio of goods and services that have, and promote, negligible emissions from use



Companies have, within their Scope 3 emissions, a critical role to play in reducing emissions from use and consumption by supplying low-carbon products and services. All companies should aim for products and services that have the least possible emissions from use. Leading action would imply development and deployment of novel technologies, business models, and solutions that radically reduce or promote the reduction of emissions from use. These should be designed in a way that can fully replace carbon intensive alternatives in existing portfolios. They could be technologies impacting the emissions intensity of activities in major energy end use sectors including manufacturing, transport, buildings and appliances, and land use; or innovative solutions such as financial service offerings that are tailored to spur low-carbon

Example practice

- An investment bank leads an initiative under which it provides green finance, including green project bonds, green asset-backed securities, and philanthropic funds as catalytic first-loss capital to promote investment in energy access. As part of the initiative the bank partners with the Global Alliance for Clean Cookstoves and other commercial and development finance institutions **to raise \$100m to help provide clean cooking solutions to millions of households in the developing world**
- an automobile manufacturer develops **high-performance, affordable electric vehicles; makes its technology publicly available to enable an industry-wide switch to EV; and partners with a rooftop solar company** to provide solutions for allowing EVs run on electricity from renewables
- an insurance company creates **products to incentivize customers to make environmentally responsible choices, provides energy efficient replacements to customers, works with specialists to restore more of their customers' items, and engages with the companies it invests in** on climate change to deliver renewable energy products and other activities to mitigate greenhouse gases



Consider the leadership qualities and interconnectedness of your action, including...

Ambition: inspiring and enabling others to take climate action at scale requires making innovative solutions that radically reduce emissions intensity, are accessible and replicable

Accountability: ambitious action on climate will always take into account human rights and other social protections

Interconnectedness: climate change mitigation is fundamental to all other Goals as a stable climate underpins all livelihoods and ecosystems

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BUSINESS ACTION 4

Promote climate conscious behavior and build capacity for climate action



Companies have an important role in shaping public debate on climate change and building stakeholder capacity for climate action. As Governments are vitally important for climate action in their role as designers and implementers of ambitious climate policy, all companies should publicly support their actions and practice responsible public policy engagement. Leading companies actively promote climate conscious behaviour through building climate change awareness and education programmes. To this end, they can implement a climate change-specific communications, education and awareness raising strategy targeting behavioral change in the workplace, marketplace, and community. They can practice responsible engagement with government, and build capacity and assist stakeholders in areas where they are well positioned to do so, especially where institutional capacity and will are lacking. Companies can lead in building capacity for channelling climate finance, especially capacity and will of peers through co-financing arrangements, as private finance is critical for achieving finance flows of US\$100 billion per annum by 2020 as agreed under the UNFCCC.

Example practice

- An agricultural equipment company works with an NGO to use **modified trucks for screening videos and host workshops, coupled with hands-on instruction at demonstration plots**, to train maize and dairy farmers in Kenya on improved practices that lead to greater climate resilience
- A detergent manufacturer **launches an industry-wide initiative to promote washing clothes in 30 degrees Celsius water** in an effort to reduce household emissions
- A major insurance company pledges financial capacity and expertise to support governmental climate action. It commits to having **advised 50 sovereigns and sub-sovereigns on climate risk resilience by 2020, and to have offered them protection of USD 10 billion against this risk**



Consider the leadership qualities and interconnectedness of your action, including...

Collaboration: behavioral change and building capacity for climate action are long, complex trajectories, especially as climate is largely an intergenerational issue that risks being forgotten by citizens and political agendas. Long-term collaboration with a wide range of stakeholders is therefore critical

Accountability: meaningful engagement is key to successful awareness raising and capacity building. This includes understanding and supporting national development plans and priorities, and minimising the risk of negative impacts on human rights – especially crucial when operating in developing markets

Interconnectedness: building capacity for climate action is interconnected with all other Goals, particularly through institution building (Goal 16) and partnerships for the Goals (Goal 17).

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