Sustainable Business Australia Limited trading as
Business Council for Sustainable Development Australia
ABN 48 052 135 609
Level 27
20 Bond Street
SYDNEY NSW 2000
+ 61 2 8005 0780
bcsda@bcsda.org.au
www.bcsd.org.au

Submissions
Climate Change Authority
GPO Box 787
Canberra ACT 2600

3 September 2019

By email: submissions@climatechangeauthority.gov.au

Dear Authority,

Submission in response to updating the Authority's advice on meeting Australia's Paris Agreement commitments

The Business Council for Sustainable Development Australia (**BCSDAustralia**) welcomes the opportunity to make this submission to the Authority.

We would also welcome the opportunity to speak directly on these points at the appropriate time.

Yours faithfully,

Yours faithfully,

Andrew Petersen
CEO I **Business Council for Sustainable Development Australia**
World Business Council for Sustainable Development Australian Partner
CDP Australian Partner
We Mean Business Coalition Australian Partner
[redacted] I [redacted]

Summary

- Global action since the adoption of the Paris Agreement is multi-faceted:
    - it is helping to close the gap in action and financing to meet the goals of the Paris Agreement;
    - it is beginning to re-shape the business and finance sector to help transition to a net-zero carbon and resilient society; and
    - it is becoming more transparent and measurable.
- Driving climate action at the scale and speed necessary to meet climate goals under the Paris Agreement requires effectively addressing socio-economic and behavioural aspects, technology, market and trade conditions, financial, regulatory and institutional frameworks, financial support and significantly building capacity at the individual, institutional and/or systemic level.
- Australia is transitioning towards a lower-emission society and economy. Progress is visible, but the pace remains slow.
- Australia's plan and timeline for transition to well below 2^{O} or meeting $1.5^{O}C$ requires clear policies with long-term market signals for power generation, the built environment, transportation, heavy industry, land, agriculture and forests. To do this, Government should seek out leaders from the private sector – among other stakeholders – to build engagement and commitment to the transition in key sectors. Evidence of this can be found around the world. Examples include bold renewable energy targets in India and clear rules for power purchase agreements (PPAs) in Europe, mandates and incentives for electric vehicles in Norway and California, clear financing for electric buses in China, new partnerships for transparency in food supply chains in many parts of the world and changes to financial regulatory requirements in France, China and other jurisdictions.
- As more and more companies make public commitments, the Australian Government has an opportunity to use that support and evidence from the private sector to advance a portfolio of approaches that spur even bolder investment in clean electricity, clean transportation, our nation's restored land and forests and sustainable finance.

BCSD Australia's position on climate change

Australia must develop a blueprint for action on energy, industry, the built environment, transport, infrastructure, ICT, agriculture, forestry systems and finance that:

1. Meets societal development needs by ensuring adequate provision for basic needs for all people, respecting human rights and creating good and decent jobs for an appropriately qualified labour force;
2. Undergoes the necessary structural transformation ensuring emissions reach net zero in a timeframe supporting achievement of the Paris Agreement goals of limiting temperature rise to well below 2°C and preferably 1.5°C;
3. Builds resilience and adaptation to expected and likely changes in climate; and
4. Provides a framework for disclosure, reporting and accountability

BCSD Australia considers there is a pathway for effective implementation of this transition, broadly outlined as follows:

A. Unlock the potential of Australia's Nationally Determined Contribution (NDC) to drive low-carbon solutions and innovation

1. Review and strengthen Australia's NDC to take it to its highest level of ambition:
   - Increase emission reduction targets to ensure an aggregate effect matching the Paris Agreement goal of staying well below 2°C or meeting 1.5°C
   - Ensure a wider sectoral scope including:
     - Energy-related targets and energy transition timelines to scale up renewable energy sources and improve energy efficiency within the next four (4) years;
     - A roadmap to decarbonize the transport system;
     - Plans to enhance climate smart agriculture, reforestation and landscape management;
     - Plans for low carbon cities and energy-efficient buildings, including improved building and equipment standards and codes;
     - Plans to develop and deploy technologies for carbon sequestration;
     - Plans to enhance adaptation plans to enhance resilience and contribute to the delivery of the Sustainable Development Goals (SDGs); and
     - Plans to align the financial system with the above objectives
   - Engage with business and finance to design and implement domestic policies that remove barriers to innovation, technological transfer and finance; and drive deep system transformation and structural change to transition our economy.

2. Negotiate internationally to ensure there is a transparent and harmonized United Nations Framework Convention on Climate Change (UNFCCC) review mechanism to promote a race-to-the top at the global level:
   - Support standardized timelines for all NDCs in line with the five-year review cycle starting in 2020, using the same baseline;
   - Support inclusion of business and finance in the discussions on the use of standardised methods for accounting, reporting and verification;
   - Share best practice guidelines on high-performing NDCs to increase the successful implementation of other NDCs.

B. Contribute to the scale up financial resources to invest in a low-carbon future

1. Scale up public and private investment:
   - Design sustainable finance roadmaps where additional sources of finance contribute to the target of USD 100 billion/year by 2020, national mitigation and adaptation and the delivery of the Paris Agreement goals and SDGs;
   - Facilitate private sector engagement on the Green Climate Fund Board and simplify pathways for private sector involvement at Fund and country level to leverage and amplify the level of private capital flows.
2. Implement meaningful carbon pricing mechanisms (Article 6):
   - Ensure robust and complementary carbon pricing mechanisms (such as carbon tax, market-based mechanisms, standards or a combination of these and other appropriate mechanisms) to redirect investments towards low- carbon solutions;
   - Ensure coherent regulations between national and regional carbon markets and alignment between the various systems with clear global rules aiming for global coverage in order to prevent economic distortions and carbon leakage; and
   - Set up global market-based mechanisms in the international aviation and maritime sectors.
3. Set clear timelines for the removal of fossil fuel subsidies

To contribute to the achievement of these goals, BCSD Australia and its members will:

1. **accelerate** and scale up business and finance solutions and action in the transformation of a low-carbon economy;
2. **demonstrate** leading practice and economically sustainable, competitive commercial solutions to climate challenges;
3. **leverage** networks to share, develop and collaborate on solutions within and across sectors;
4. **enable** our employees, supply chains, customers and communities to minimise and disclose climate and de-carbonisation risks as well as pursue energy efficiency, clean energy, and low carbon solutions;
5. **create** awareness to identify, develop and responsibly market technologies, goods and services that are consistent with those required to meet our combined emission reduction commitments;
6. **advocate** for a just transition for affected communities and industries; and
7. **promote** transparency about the progress being made through the activities of BCSD Australia and its members.

BCSD Australia and its members support policies that meet the following criteria:

1. Decisive collaborative action on climate change because it makes good business and financial sense now and for the future.
2. True pricing of goods and services which internalise the cost of pollution, including its monitoring, reporting and verification.
3. Consistent and effective policies and measures to drive the transition to net zero-carbon economy, that incentivises the private sector to innovate and deploy (e.g. market mechanisms) and regulate, enforce and penalise non-compliance (e.g. minimum energy performance standards).
4. Independent institutional frameworks that research, develop, commercialise and monitor low-carbon technologies, systems and adaptation responses.
5. Smart policies and standards to increase energy efficiency (inc. buildings, vehicles and appliances).
6. Disclosure of energy and greenhouse gas emissions data across all sources and sinks throughout the economy.

Key developments since the adoption of the Paris Agreement

Since the adoption the Paris Agreement, a number of important international and Australian developments have occurred, which influence the context for domestic climate and energy policy. Below is an outline of some of the key developments, including links to relevant publications and resources:

- **Many jurisdictions are driving progress to net zero emissions:**
    - *Net-zero targets now cover one-sixth of global economy*: According to *analysis* by the Energy and Climate Intelligence Unit (ECIU), 16 percent of GDP is now covered by net-zero carbon emission ambitions, with fifteen nations, states and regional areas intending to reach the target by 2050.

    - *Long-term climate strategies can drive sustainable economic growth***.** Analysis by the World Resources Institute highlights the critical role of long-term strategies (LTSs) and NDCs in advancing the G20 goal of strong, sustainable, balanced, and inclusive growth. In addition, it argues that while LTSs and NDCs make distinct contributions to enhancing global climate action, they are also closely interlinked. Because of the interdependencies between near-, medium-, and long-term planning and policies, G20 countries can benefit from undertaking these processes in tandem.

- **Scrutiny of climate change-related risks by regulators and investors has intensified:**

    - *The Taskforce on Climate-related Financial Disclosure (TCFD) says more companies need to disclose decision-useful climate-related financial information.* The TCFD's 2019 Status Report finds that efforts to disclose climate-related data aligned to the recommendations of the TCFD have increased by more than 50 percent, but companies are not providing enough information to inform the investor community. Furthermore, the report highlights that of those companies using scenarios, the majority do not disclose information on the resilience of their strategies. Investors need this information to be more capable of making sound decisions.

    - In Australia, the TCFD's recommendations have been endorsed by APRA, ASIC, and the RBA, with each organisation announcing it intends to increase its focus on climate risk.

    - *The Bank of England asked British insurers to stress test their portfolios against three climate change scenarios* to examine potential impacts to financial markets, and in April 2019,the Prudential Regulatory Authority published Supervisory Statement 3/19 'Enhancing banks' and insurers' approaches to managing the financial risks from climate change'.

    - APRA released its March 2019 information paper – Climate change: Awareness to action

    - In August 2019 ASIC published updates to clarify the application of its existing regulatory guidance RG 228 and RG 247 on the disclosure of climate change related risks and opportunities.

- **Analysis of the physical impacts of climate change has revealed significant economic costs:**
    - Reduced emissions would save the Australian economy $550 billion by 2050 according to research by the University of Melbourne.

    - *Climate change could slash the viability of farms in parts of Australia*, according to modelling by Energetics and CSIRO for the Commonwealth Bank.

    - "**Impact of climate change on Queensland economy laid bare in new reports"**: The impact of climate change on the Queensland economy of 2050 has been forecast in a new wide-ranging report that has stark warnings for the tourism and agriculture industries.

- **Strong action to reduce Australian emissions has economic benefits irrespective of the impact on global temperatures**
    - Australia's abundant wind and solar resources will deliver cost reductions in electricity of up to 30 per cent, lead to the electrification of much of transport, building and industrial use, and re-position Australia as major manufacturing centre with low cost and low carbon power, according to McKinsey and Co.

- **Existing national policy settings need strengthening to drive economic decarbonisation**:
    - *National emissions reach a record high***.** According to Ndevr Environmental, an emissions-tracking organisation that publishes quarterly greenhouse gas emissions data, Australia's emissions are again the highest on record, driven by

an increase in emissions from the electricity sector, which rose to their highest levels in two years (AD (The Guardian).

- *The Emissions Reduction Fund fails to increase carbon abatement***.** According to data published by the Clean Energy Regulator on 1 August, the Federal Government's central climate change policy, the Emissions Reduction Fund (ERF), appears to not be achieving its forecasted carbon abatements (ABC News)**.**

- *Lack of emissions policy increases electricity prices*. CSIRO's latest Australian National Outlook finds that even highly ambitious decarbonisation scenarios result in lower electricity prices than prolonged policy uncertainty.

- **Climate related technology development and deployment is shifting to the Asia-Pacific region**:
  - Solar costs have dropped precipitously in the last decade across South Asia and the Pacific, new research from consultancy Wood Mackenzie shows (Axios).

  - **Asian Development Bank (ADB) to stop funding coal-fired power plants:** The ADB has plans to stop funding coal-fired power plants, except in selected countries where the bank considers the alternatives to be limited. Its strategy, unveiled in July 2018, promises up to US $80 billion in climate adaptation and mitigation spending primarily to support renewable energy and energy efficiency projects, and highlights the bank's shift of focus from poverty reduction to creating climate resilient and inclusive growth for the region (*Eco Business*).

  - **South Korea Steps:** South Korea is set to unveil a new 15-year energy plan later this year that is expected to close as many as 20 coal-fired generators while expanding green energy in the country, Reuters reports. While South Korea formerly pledged to hit a goal of 35% renewable energy by 2040 — this new plan should increase that goal at the expense of imported coal.

  - Carbon emissions from China could peak as soon as 2021, which is nine years before the voluntary deadline in its Paris Agreement pledge, a new peer-reviewed study finds (Axios),

- **Australia's trading and investment partners move ahead:**
  - The UK has become the first major economy to legislate the end of its contribution to global warming by passing a law to **cut greenhouse gas emissions to "net zero"** by 2050.

  - **Japan walks away from new coal, denting prospects for NSW coal exports:** The demand for new coal-fired power stations in Japan has collapsed dramatically over the last four years, as Japan prioritizes new renewables projects over fossil fuels (Reneweconomy).

  - **Japan energy policy targets "urgent" low-carbon push**: Japan's Cabinet last week adopted an energy White Paper which highlighted the "urgent" need to reduce carbon emissions in its electricity sector and which reiterated the country's goal of increasing renewable energy to account for 22-24% of its power supply by 2030 (Reneweconomy).

  - **Carbon prices in Europe are getting to the point where they really matter.** Emissions allowances, which were the top performing asset class last year, are nearing the psychologically important threshold of 30 euros per ton, amid signs that the region will tighten rules on polluters and place green issues at the heart of the political agenda, writes Bloomberg's Mathew Carr.

  - **NZ unveils climate plan to strengthen price on carbon, adoption of EVs**: The Ardern Government in New Zealand has unveiled the country's Climate Action Plan, its response to a Productivity Commission inquiry that found a transition to a strong zero-carbon economy is achievable with the right policies in place (Reneweconomy).

- **Business action globally and nationally is beginning to trump national governments' responses** in scale and speed:
  - **The breadth of commitments being made are significant and global, spanning cities, regions, businesses, investors and civil society:** While numerous studies differ to some extent, commitments have been made by more than 9,000 cities from 128 countries (16 percent of the global population), around 240 states and regions from more than 40 countries (17 per cent of the global population) and more than 6,000 businesses in 120 countries representing US $36 trillion.[1]

[1] Source: http://www.climategroundswell.org

- **Business hits back at Canavan on carbon price:** Big business and oil and gas companies responded to Resources Minister Matt Canavan's suggested that they should give up on a carbon price, saying climate change is not going away and they will still factor it into their business plans (The Australian Financial Review).

- **The Australian beef industry is on track to be carbon neutral by 2030, says new report**: The beef industry is on track to become carbon neutral by 2030. That's the finding of the 2019 Australian Beef Sustainability Annual Update, which reports against the priorities of the Australian Beef Sustainability Framework, which was launched in 2017 by industry to meet changing community expectations and support a thriving beef industry (The Weekly Times).

- **Insurance industry's anti-coal stance will deliver long-term benefits – report**: The insurance industry's anti-coal stance will deliver significant long-term benefits despite potential short-term losses, according to data and analytics company GlobalData. (Insurance Business). Two large insurers have recently put restrictions on their underwriting or investing in coal. Bloomberg Opinion's Nathaniel Bullard parses Zurich Insurance Group's and Chubb's statements for deeper meaning.

- A survey of U.S. business leaders finds 59% view climate change as a medium or high priority **"Climate Resiliency: Business Leader Views and Actions"** (AT&T) analyses survey responses from 619 U.S. business leaders to better understand how businesses are preparing for climate change. Other findings included:
    - 27% of business leaders surveyed have experienced a negative financial impact due to severe weather events, including hurricanes, flooding, wildfires, and droughts.
    - 39% believe businesses should be an active participant or a participant in public discourse on climate change.
    - 40% say their company is quantifying potential financial impacts of climate change, and 81% say their company expects the financial impact of climate change to be at least somewhat significant.

Responses to the Authority's specific questions

In relation to the specific questions raised by the Authority, BCSD Australia responds as follows:

Questions to be Addressed	Responses
What aspects of the Authority's previous recommendations remain valid and why?	The Authority's recommendations have been underpinned by rigorous and credible research and analysis, ensuring they largely remain valid. Below we note where specific recommendations may benefit from revision in light of recent developments. • Enhancement of the safeguard mechanism by declining safeguard baselines – this remains essential for the mechanism to contribute to achievement of Australia's commitments under the Paris Agreement. Further delay in setting declining baselines implies steeper declines in future. • Implementation of an emissions intensity scheme in the electricity sector – a policy framework to guide an orderly transition from emissions-intensive electricity generation to lower- and eventually zero-emissions generation remains necessary. While technology cost declines mean that renewable energy is increasingly viable in the absence of policy, energy investors and consumers would benefit from a mechanism that facilitates orderly replacement of ageing and high-carbon generation. • Introduction of emissions standards for light vehicles – this remains a valid policy. However, forecasts that electric vehicles (EVs) will become cost-competitive with conventional cars by the mid-2020s suggest that policies for emissions reductions in vehicles should go beyond emissions standards to also proactively consider EVs, particularly how EV uptake can be facilitated and shaped in ways that allow for the significant potential impacts on the electricity system and fuel tax revenue to be considered and addressed. • Harmonising and enhancing regulation in the waste sector – remains valid. • Harmonising and enhancing energy efficiency schemes, and updating and expanding energy efficiency standards for appliances and buildings; and point of sale and lease energy performance disclosure for residential building – some of this work is underway. This remains an important area for policy development. • Support for research, development and import/export of low emissions technologies and products – This remains an important area for government policy. Finally, although this was not raised in the consultation paper, we endorse the Authority's approach to calculating a national carbon budget for Australia. State governments, industry groups and companies have drawn on the Authority's work in this area and see value in continuing to do so. However, the carbon budget developed by the Authority in 2014 would benefit from an update to take into account Australia's emissions in the intervening period; developments in the science of carbon budget calculation; the well below 2C and pursue efforts to limit temperature increase even further to 1.5C objective in the Paris Agreement, and the implications of warming beyond that level as discussed in the IPCC SR15. It would also be useful to get a view of Australia's contribution to global emissions from Scope 3 emissions or exports.
What has changed since this advice was given and how should the advice be updated to account for those changes?	In broad terms, the changes identified above (See: Context) have occurred since the advice was given. Of particular note are: • Release of the IPCC 1.5C report, highlighting the risks to Australia and the world of even the minimum projected temperature rise. • Release of the TCFD recommendations on climate-related financial disclosure, and their voluntary adoption by Australian and international corporate and financial organisations. • Moves by Australia's financial and corporate regulators and standards institutions to investigate and issue guidance on climate risk disclosure and management. • The publication of legal opinions on company directors' duties with regard to climate change by Noel Hutley SC in 2016 and 2019. • Analysis for the Climate Council that finds that current climate and emissions trends imply an accumulated loss of wealth due to reduced agricultural productivity and labour productivity exceeding $19 billion by 2030 and $211 billion by 2050.

	• Continued increase in national greenhouse gas (GHG) emissions – this is increasing the speed at which Australia is expending its limited carbon budget and increasing the scale of Australia's future emission reduction task – while the time available to do so decreases. • Transition in Australia's electricity sector continues slowly – but a lack of integration of energy and climate policy results in ongoing policy uncertainty. • The impact of existing policy tools is either diminishing or not yet fully established. Existing policies could be adjusted for a post-Paris Agreement framework for Australia. • The NSW Independent Planning Commission charting new ground with United Wambo expansion plan: Australia's climate change commitments under the Paris Agreement could be linked to a NSW coal mine for the first time under proposed conditions for a Hunter mine expansion that have been both welcomed and criticised by environment groups (The Newcastle Herald). • The Australian Sustainable Finance Initiative has been launched and begun its work to develop a sustainable finance roadmap for Australia, aligned to the Paris Agreement, the SDGs and the Sendai Framework for Disaster Risk Reduction. • Consideration is increasingly being given to factors required to ensure we have a just transition to a low carbon economy. An important common feature of many of these changes is the consideration of climate change as a source of significant risk (and opportunity). The TCFD's risk and opportunity categories have been a helpful framework for the development of greater understanding of climate change-related risk. It is now increasingly clear that climate risks are diverse, pervasive, and affect economic activity in many ways beyond the cost of policy compliance. The Australian financial regulators have clearly articulated that climate change is a systemic financial risk. We recommend that the Authority revise its advice in light of this richer understanding of climate risk to consider how its recommendations can help public and private organisations manage their climate risks and access opportunities.
How can the Government assist the positioning of the Australian economy to best take advantage of opportunities associated with the global transition to net zero emissions, while managing any risks? – And what are these opportunities and risks?	The global transition to net zero emissions presents major risks to existing emissions-intensive industries and activities: • Future emission reduction policy could cause significant adjustments or shocks in the domestic and global economy. • These industries could be replaced by lower emissions alternatives or could be powered by renewable energy to make Australia a low carbon industrial hub. • Customer demand could shift to lower emissions alternatives – leading to stranded assets and significant decrease in company value causing losses for Australian shareholders. Risks to these industries flow through to the broader economy. At the same time Australia must manage transition risk; the transition offers an important opportunity for Australia to develop and provide lower emission solutions to the world. The government's role in addressing these risks and opportunities could involve: • encouraging progressive decarbonization across emissions-intensive industries to reduce exposure to policy shocks; • building on Australia's strengths in renewable energy resources and technology development; • mechanisms for providing data on risk and transitions scenarios available to the community and business to enable better scenario analysis; and • updating or developing policies and frameworks that complement emissions reduction by empowering consumers to manage their energy use and emissions and addressing community concerns regarding the impacts of transition
Should particular regions or communities and emissions-intensive trade-exposed industries be assisted in the transition, and if so how?	Yes - Reduce uncertainty about timing and pace of transition for all impacted segments of the economy - Establish and co-ordinate transition arrangements;

	- Empower communities and regions to develop transition opportunities that suit their specific situation, considering what would help make this a just transition; - Examples of transition assistance include the UK Green Finance taskforce and Germany's management of its declining coal mining industry.
What is the role of prudential regulation and macroeconomic policy in assisting the Australian economy transition?	Prudential regulation should ensure that macroeconomic risks to the economy (such as climate risk) are transparently reported and better managed. Such regulation would provide a level playing field for business, and give confidence to the community that there will be an equitable burden sharing of the transition. Transition and physical risk is considered by the private financial sector and management of climate risk is presently included in their financial supervisory frameworks.
What are the current and projected costs of, and potential for, abatement across different sectors and how does that influence the choice and timing of policy across sectors?	Abatement costs across sectors have been investigated in the following reports, among others: - CSIRO – Australian National Outlook 2019 - CIE – Economic impacts of the timing of emissions abatement - Energy Transitions Commission - Mission Possible: Reaching net-zero carbon emissions from harder-to-abate sectors by mid-century - McKinsey – Decarbonisation of industrial sectors: the next frontier - Reputex – The marginal cost of net-zero emissions under the Paris Agreement. We note that projections of abatement costs are highly uncertain, given the difficulty of predicting the timing and speed of technology cost changes, so emphasis should be placed less on expected abatement costs than on the ability of targeted policies to facilitate cost declines and adapt to changes in abatement costs.
What are the barriers (regulatory and non-regulatory) to realising emissions reductions and are there any additional supporting policies, regulations or government actions that could drive emissions reductions in cost effective ways?	The key barrier is the lack of financial or regulatory incentive to invest in opportunities to reduce emissions if they have a long payback period or increase costs. Beyond policies that directly target emissions reduction, however, there are barriers in the broader policy, social, economic and regulatory environment that need to be addressed for emission reduction policies to be most effective. These barriers tend to be the result of systems that were established before climate change was a concern – examples include energy market challenges to affordability and reliability; fears for the future of regional jobs and economies; or urban planning frameworks. More specifically a number of recent reports have articulated current barriers and potential supporting policies: • AGL submission to the Victorian government's consultation on reducing Victoria's greenhouse gas emissions • Independent expert advice on interim targets: As part of implementing the Climate Change Act 2017, the Victorian Government sought independent expert advice on interim emissions reduction targets for 2025 and 2030, to set Victoria on a path to achieving net zero emissions by 2050.
How should sectoral policies be linked to ensure efficient economic outcomes and to minimise the cost of abatement across the economy?	Ideally sectoral policies can be linked through: • National adoption of market mechanisms (e.g. Canada, China, EU, UK); • Elimination of subsidies; and • Harmonization of sub-national policies to facilitate adoption of least-cost technology. Such policies provide a framework against which alternative policies can be assessed. For example, if sector-by-sector regulation is used instead of a market mechanism, as far as possible the regulation could approximate the effects of a market to ensure that sectors face roughly equivalent impacts. It is important to consider efficiency and cost minimization over the long-term. Higher-cost abatement in the short-term may create lower long-term costs if it unlocks more efficient decarbonisation in the future. The mitigation of policy-related risk is an aspect of long-term policy efficiency. **Prepare the Australian labour market for ongoing transformation and a just transition:** Transforming the decarbonisation of Australia's economy represents a major opportunity for a large number of companies and numerous jobs and new skills can be created. They may also lead to the revaluation of industrial assets and impact some industrial activities in Australia,

	such as the manufacturing industry, the energy sector or the transport sector. For companies to commit to the sustainable transformation of their business models, they need to be supported during this transition with economic, social and labour market policies that ensure the necessary level of skills and qualifications required for new emerging jobs and for existing jobs and which provide for the necessary flexibility to adapt and remain competitive. Anticipating these changes by Government is crucial so that companies and communities in adversely affected regions and sectors are assured that the level of employment, qualifications and skills is improved.
Should changes be made to the Emissions Reduction Fund to explicitly target multiple benefits (such as environmental outcomes) as well as abatement outcomes?	The market is already doing this (e.g. Natural Climate Solutions) and the development of the National Environmental Economic Accounting Framework should, over time, reveal better value economic dividends and environmental stewardship for certain sectors, particularly in the Agriculture Sector. Recognising that it is not a comprehensive or permanent solution to curbing dangerous carbon pollution, the ERF is the key national policy in terms of emission reduction policy – its focus should be on achieving its intended purpose. Any expansion of the ERF's focus to include other benefits should only be undertaken if it can be relied upon not to interfere with its ability to drive emissions reduction. If this is the case, consideration needs to be given to policy mechanisms to embolden business and community resilience and to support adaptation, given a certain level of climate change has already been locked in.
How should the Government ensure that major infrastructure investments remain resilient to future climate change impacts and policies?	Assessments of the value of a major infrastructure investment should include scenario analysis in line with the recommendations of the TCFD. This would involve consideration of the infrastructure's resilience to the transition and physical risks most relevant to the specific investment. Business has been taking an active stance in support of this by making commitments to implementing the recommendations of the TCFD. To support the implementation of the TCFD recommendations, the World Business Council for Sustainable Development (WBCSD) and the TCFD have convened the TCFD "Preparer Forums" for priority sectors and industries: oil and gas, electric utilities, chemicals, construction, automobiles and food, and agriculture and forest products. These approaches are helping business to manage climate-related risks and opportunities in a way that provides useful decision-making information to financial institutions and investors. Government should be adopting this prudential approach. This exercise should be repeated at key decision points. Identify the most relevant tools (public partnerships, private, financial de-risking tools, etc.) to reduce the financial risks inherent in infrastructure (energy, transport, construction, etc.) and low-carbon innovations.
What role should the Government play in enabling the development and uptake of low-emissions technologies and development of associated industries?	**The Government should play the role of 'Incubator' and 'Facilitator'** in the following ways: • Enabling a 'customer' centered energy sector approach to ensure broad accessibility and adaptability of the network; • Fund research in early stage innovation (e.g. integration of distributed energy, waste to energy, microgrids) to leverage private sector investment; • Foster collaboration for commercialising solutions; and • Ensure regulatory frameworks are capable of facilitating market uptake of new lower emission technologies (e.g. virtual power plants integrating into existing networks, EV infrastructure).
What role is there for Government in developing an enabling environment to support increased flows of green finance?	**Be guided by the UK Government which recently unveiled its Green Finance Strategy (the Strategy)**; This strategy outlines how better climate disclosure from corporates can help the finance sector drive progress towards net-zero emissions. The UK Strategy: • is set to position the UK financial services sector at the centre of efforts to tackle climate change and reduce emissions to net zero by 2050; • builds on the recommendations of the **TCFD** and focuses on investment and funding for green projects, infrastructure and homes; • includes expectations for publicly listed companies and asset owners to disclose climate risk and impact data by 2022 and to work with regulators as to whether this becomes a mandatory requirement; and

	• includes a Green Finance Education Charter which will also be launched to place green finance and climate understanding as part of future qualifications and certificates for financial practitioners. **Growth of green finance can be encouraged by government** in the following ways: • Carefully consider and adopt recommendations to be made by the Australian Sustainable Finance Initiative when it publishes its recommendations for an Australian Sustainable Finance Roadmap. • **Support improving the understanding of companies' climate strategy** - Environmental, Social and Governance (ESG) non-financial reporting by the financial community, in order to facilitate green investments in every sector of the economy; • **Promote the harmonisation of practices**: as stated earlier, public and private sustainable finance initiatives are increasing (e.g. TCFD). To provide coherence and ensure visibility for financial stakeholders and companies in an environment of fair competition, there is a need for a harmonisation of initiatives and the development of common voluntary practices using the existing widely- used international framework that relies on a single language at the international level, and which considers the business community's experiences and contributions.
What role should international units have in Australia's response to climate change, and how should risks around availability, cost and quality be managed?	Credible international units should be available for use by emitters to comply with emissions limits, but the extent of their use could be limited, with access prioritised for sectors facing the highest abatement costs and most limited abatement opportunities. Care taken with respect to those who have the highest cost of abatement.
What role should carryover from earlier commitment periods play?	Kyoto carryover units should not be used to meet Australia's national 2030 target. This is not their purpose, is not consistent with the ratchet mechanism of the Paris Agreement and, if replicated by other countries who overachieved their Kyoto targets, would significantly undermine global emission reduction. Further, it will mean that we again defer the transformation to a low emissions economy and miss out on opportunities that stem from that transition.
Should the Government facilitate the import of international units or export of Australian Carbon Credit Units?	Yes – explore alignment of Australian system with existing systems and those in development.

Appendix 1: Leading Business Groups' climate action

For the convenience of the Authority, we have sourced and referenced the latest views from a number of leading business led organisations, relating to business action around ambition, action, solutions, transition around the Paris Agreement. This information is included as provided in the original sources, and does not necessarily represent the views of the BCSDA or its members. We also note the work of the UNEP FI, UNGC, the PRI and the PSI.

CDP (www.cdp.org)

- **COP24: Time to ramp up the Paris Agreement**: The next 10 years will be crucial in the fight against climate change. The Intergovernmental Panel on Climate Change (IPCC) has sent a clear and unavoidable message: the global economy needs to undergo rapid and far-reaching decarbonization. We need to reduce emissions 45% by 2030 and hit net zero by 2050 to hold off the worst impacts of climate change. There is no time to lose and we need the most powerful tools for the job.

The Paris Rulebook, meanwhile, will set the framework for action, providing a set of robust guidelines to fully operationalize the agreement and provide much-needed transparency and clarity. It is expected to include detail on how countries communicate their climate plans, outline how, and how often countries should update these plans, and against what metrics they will monitor and report on progress. Most importantly it will lay out the foundations for countries to move at varying speeds, and how they will support each other to collectively move the dial on ambition. Together these processes will set the groundwork for action. In an increasingly uncertain world and of growing political turmoil from all corners of the globe – including Europe, the US and Brazil – this rule-based regime will also provide the clarity to the real-world economy that, when it comes to climate change, there is only one way forward.

Rules and transparency vital for businesses: At CDP we see first-hand, every day, the steps that companies, investors, cities, states and regions are taking to build a sustainable economy for both people and planet. We saw it through the wealth of commitments and progress at the Global Climate Action Summit, through the 1300 new companies disclosing to CDP in 2018, including 240 companies in the US and 180 in China; and the over 480 companies committed to set science-based emission reduction targets, including 26 companies in India and 11 in South Africa. The transition is underway; and it is unstoppable. But as the world continues to move along the zero-carbon transition, transparency and accountability from all stakeholders will be essential to ensure we are on track, and to continue to drive ambition. We know that rules and transparency matter to the business community – it's how markets operate. We also know that when governments send a signal, business acts. When it comes to climate change, the Paris Agreement sent the signal, but a clear roadmap – laid out in the Rulebook – will enable them to go further, faster.

The power of disclosure: At CDP we understand the power of transparency. For almost two decades we have been asking companies, cities, states and regions around the world to disclose their environmental risks, opportunities and strategies in a bid to transform capital markets and build a sustainable economy for all. We believe that transparency is the vital foundation for action: and over the last 18 years, we have been proved right. By measuring their emissions, for example, we have seen companies achieve greater reductions over time. In their first year responding to CDP, some 38% of suppliers have emission reduction targets. By year three that number has jumped to 69% of companies. In fact, in 2017, some 89% of companies responding to CDP had emission reduction targets in place. Meanwhile, some 70% of companies reported board-level oversight of water issues, and 73% have committed to remove or reduce deforestation in their supply chains. As more stakeholders step-up to realize the opportunities they see in a low-carbon, water secure and deforestation-free world. Take for example, cities. Since the Paris Agreement was agreed in 2015, the number of cities setting emission reductions targets has increased by 90%.

Building out the rulebook: what governments can learn from business: By its very nature, transparency can lead to scrutiny. It is precisely this that makes it such a powerful tool for improved performance and finding efficiencies. We know that asking the right questions, in a consistent, global manner, means we can gather meaningful and comparable data – allowing companies, investors, cities, states and regions to benchmark themselves, those they invest in, and those they buy from. For example, as businesses look to be transparent and make their environmental data available to their investors and customers, they have been getting their emissions data independently verified and following common, global standards, such as the GHG Protocol and ISO standards, allowing for comparison and building confidence. This allows them to adhere to one common set of criteria, while building in nationally appropriate factors. At CDP we also understand that this global challenge does not affect all stakeholders equally. When it comes to business, some sectors can, and should, do more than others. At CDP we have turned to sector-based reporting to help overcome these challenges and provide more meaningful data.

The ambition loop: driving real economy action: As we have seen through CDP's disclosure platform, the Paris Rulebook can provide such a framework for the world's governments. A framework that provides a strong, global set of rules, asks the right questions, and provides consistency, but also flexibility to build action and ambition over time. Meanwhile, by providing the right signals in Poland, government will send the clear message back to the real-world economy that it too can go further. By

setting clear rules, governments will map the direction of travel, while government support for the IPCC's findings will mark the destination.

The Climate Group (www.climategroup.org)

- EV100 is a global initiative bringing together forward looking companies committed to accelerating the transition to electric vehicles (EVs) and making electric transport the new normal by 2030. The transport sector is the fastest-growing contributor to climate change, accounting for 23% of global energy-related greenhouse gas (GHG) emissions. Electric transport offers a major solution in cutting millions of tons of greenhouse gas emissions per year, as well as curbing transport related air and noise pollution. With businesses owning over half of all registered vehicles on the road, it is crucial that companies lead the shift to electric vehicles. Through their investment, and influence on millions of staff and customers worldwide, they can address rising global transport emissions. They can also significantly enhance mass demand for electric vehicles. By setting out their future EV purchasing requirements on an ambitious timescale, companies can drive mass roll-out and make electric cars more rapidly affordable for everyone around the world. To find out more, read the EV100 Progress and Insights Annual Report 2019.

- RE100: **The world's most influential companies committed to 100% renewable power.** We're working to accelerate the scale-up of renewable power to help us deliver a better, healthier and more sustainable world for what will soon be 9 billion people. Businesses are already taking bold and ambitious action to help create the transformative change we need to drive the clean energy transition. One of the ways they are doing this is by switching to renewable power. This is a smart business decision. As well as delivering on emission reduction goals, renewable power can help manage fluctuating energy costs and improve competitiveness. It also shows leadership on climate change – crucial alongside robust government policy that boosts confidence and enables long-term investments. Led by The Climate Group in partnership with CDP, as part of the We Mean Business coalition, RE100 is a global corporate leadership initiative bringing together influential businesses committed to 100% renewable electricity. RE100's purpose is to accelerate change towards zero carbon grids, at global scale. Switching corporate energy demand to renewables is transforming the global energy market and accelerating the transition toward a clean economy. The initiative works to increase corporate demand for – and in turn supply of – renewable energy, by:
  - Bringing together major companies committed to sourcing 100% renewable electricity globally in the shortest possible timeline (by 2050 at the latest);
  - Setting the bar for corporate leadership on renewable electricity, holding members to account, and celebrating their achievements to encourage others to follow;
  - Communicating the compelling business case for renewables to companies, utilities, market operators, policymakers and other key influencers;
  - Highlighting any barriers to realizing the business and economic benefits of renewable electricity as reported by RE100 members;
  - Working with RE100 members and in partnership with others to highlight and address policy and market barriers to corporate sourcing of renewable electricity.

For the full list of members and to find out more visit RE100.org

- **The Under2 Coalition**: The Under2 Coalition is driven by a group of ambitious state and regional governments committed to keeping global temperature rises to well below 2°C. The coalition is made up of more than 220 governments who represent over 1.3 billion people and 43% of the global economy. The Climate Group is the Secretariat to the Under2 Coalition and works with governments to accelerate climate action through three workstreams.

2050 PATHWAYS**:** Deep decarbonization pathway planning**:** supporting governments to develop robust medium and long-term (2050) emissions reduction plans in line with the goals of the Paris Climate Agreement.

POLICY ACTION: Scaling innovative policy solutions: spreading today's best climate policies and developing new policies to ensure full decarbonization.

TRANSPARENCY: Mainstreaming transparency: supporting governments so they have the expertise and systems in place to assess their emissions accurately, track progress and ensure policies remain fit for delivering against climate targets.

- **The zero emission vehicle (ZEV) challenge:** For the first time, state and regional governments, cities and businesses representing millions of dollars in purchasing power have united to accelerate the global manufacture of Zero Emission Vehicles, and signal an endgame for fossil-fuel vehicles.

The scale of opportunity is bigger than we've ever seen before as businesses, cities, states and regions, and NGOs unite bringing together global purchasing power for electric and other clean vehicles. The ZEV Challenge asks leaders in the automotive industry to signal an endgame for fossil-fuel vehicles and drive forward progress towards a clean future. Within just one year, over 60 states, cities and businesses have committed to the targets contained within the #ZEVChallenge. The

governments represent a population of over 237 million and the businesses have a combined revenue of over half a trillion US dollars.

The ZEV Challenge is now being supported by a number of states and regions, businesses and cities: States and regions committed to the Under2 Coalition Zero Emissions Vehicle Challenge run by The Climate Group include; Australian Capital Territory, Australia; Broward County, Florida, USA; The Basque Country, Catalonia and Navarra, Spain; Drenthe, Netherlands; Emilia Romagna and Lombardy, Italy; Quebec, Canada; Scotland, UK; The State of California, Washington, USA; and Akershus, Norway. 12 cities committing to C40 Green & Healthy Streets (Fossil Fuel Free Streets) Declaration – Birmingham, Greater Manchester, Oxford, London, UK; Honolulu, West Hollywood, New York City, Pittsburgh, Santa Monica, USA; Medellín, Columbia; Oslo, Norway; Rotterdam, Netherlands; Seoul, South Korea; Tokyo, Japan; Warsaw, Poland; Milan, Italy; Copenhagen, Denmark; Mexico City, Mexico.

A range of businesses are supporting the ZEV Challenge by installing new charging points and/ or committing to the EV100 program, run by The Climate Group. EDF Energy, LeasePlan, ChargePoint, EVBox, Hydrogen Council and Unilever are all supporters of the ZEV Challenge, and the total of EV100 businesses is now at 31. The zero emissions leaders supporting the ZEV Challenge are urging the global auto industry to commit to accelerating the manufacture of electric vehicles and step up production to satisfy the growing demand. This marks the first time some of the world's largest states, regions, cities and businesses are uniting to show the global auto industry the full scale of demand that already exists for electric vehicles. It brings together existing, world leading programs, which up to now have been focused on separate sectors, to amplify their collective purchasing power and influence on the market. The ZEV Challenge provides an opportunity for key players in the auto sector to position themselves as leaders in the large-scale transition to electric vehicles, increase the speed to a Zero Emissions Future, and play a full role to deliver the goals of the Paris Agreement. THE ASKS:

- Auto sector – Automakers are being asked to signal their willingness to work towards an endgame for combustion engine vehicles, and in the meantime commit to a ZEV percentage of sales by 2025.
- Businesses – more multinational businesses are being challenged to join EV100, the lead business commitment to fleet electrification by 2030 and charging infrastructure, run by The Climate Group.
- States and regions – are called upon to join a new Under2 Coalition ZEV initiative, run in close cooperation with the ZEV Alliance, focused on procurement, infrastructure and policy.
- Cities – some of the largest cities in the world are today also backing this call.

This announcement is designed to accelerate trends already underway in several nations, regions, states and cities. Several countries like France and the UK have already announced end dates for the sale of vehicles powered by gasoline and diesel-fuelled engines. Others like California have committed to putting 5 million zero-emission vehicles on their roads and highways by 2030.

- **The Climate Group's Annual Disclosure,** in partnership with CDP, provides a transparent, global picture of the impact, progress and climate action driven by state and regional governments around the world.

WHAT IS ANNUAL DISCLOSURE? Each year states and regions from around the world disclose their climate action, targets and progress to CDP. This data provides an insight into progress towards reaching the Paris Agreement and keeping the global temperature rise to well below 2°C. The process also supports governments to better understand the risks and opportunities presented by their emissions, so they can improve their emissions reduction strategies.

ANNUAL DISCLOSURE 2019: The 2019 Annual Disclosure process is now open and we call on all states and regions, particularly those in the Under2 Coalition, to disclose to CDP. By disclosing annually, governments are leading the way to a more transparent and collaborative approach to climate action. The 2018 Update showcased the ambition and action of 120 state and regional governments around the world, with leading states and regions committing to decarbonize twice as fast as G20 governments. The data from Annual Disclosure is at the heart of our work at The Climate Group driving our work across climate action with state and regional governments. Using insight from the process we are able to respond to demand, provide analysis and create tailored projects and knowledge sharing opportunities across the Under2 Coalition.

We Mean Business Coalition (www.wemeanbusiness.org)

The We Mean Business coalition is pleased to submit the following recommendations to the Talanoa Dialogue for ways in which Parties can help drive the system-wide change needed to achieve the Paris Agreement goals - accelerating the shift to zero-carbon grids, zero-carbon fleets, zero-carbon buildings, zero-deforestation and 100% climate smart agriculture, while increasing resilience throughout society and ensuring a transition that promotes jobs and growth and leaves no one behind. The coalition stands ready to work together with policymakers to reduce emissions and build resilience to climate impacts. We encourage Parties to strengthen policies in the following areas to spur private sector ambition on climate action. Further detail can be found here.

The **Low Carbon Technology Partnerships initiative** (LCTPi) is comprised of over 160 companies and 70 partners that are committed to accelerating the transition to a low-carbon economy. Led by the World Business Council for Sustainable

Development (WBCSD) and supported by We Mean Business partners, LCTPi offers a collaborative platform for businesses and policymakers to scale up deployment of business solutions to a level and speed that are consistent with limiting global warming to below 2°C. More information on how companies can engage in this initiative can be found here.
We Mean Business Co-Chair Steve Howard highlights five key rules for businesses looking to harness climate action as a driver of growth.

The **Climate Ambition Benchmarks project** is a joint initiative of the ClimateWorks Foundation, the European Climate Foundation and the We Mean Business coalition. The project seeks to break down the overall goal of limiting global warming to no more than 1.5°C, into a set of intermediate sectoral benchmarks, to demonstrate what can and must be achieved in key systems and geographies to be on track. Based on publicly available data, the Climate Ambition Benchmarks translate the Paris Agreement's global long-term temperature goal into specific, "highest plausible ambition" targets.

The **We Mean Business coalition and BSR introduce The Climate Policy Tracker** – a freely available online platform designed to help businesses determine which climate policies are relevant across key countries and industries.

The We Mean Business coalition – representing nearly 900 global companies committed to bold climate action through its partners' initiatives – call on Japan as host of the summit to develop an ambitious long-term strategy that charts a clear path to net-zero domestic greenhouse gas emissions in Japan by 2050 at the very latest.

World Business Council for Sustainable Development (www.wbcsd.org.)

World Business Council for Sustainable Development (WBCSD) launched the first guidelines to help companies successfully develop and execute an integrated energy strategy. These guidelines provide companies with an understanding of the business case for sourcing and using low-carbon energy, while driving innovation across their value chain. In the course of 2019, WBCSD's New Energy Solutions project will build on these guidelines by developing follow-on principles that explain how to work with upstream and downstream stakeholders on reducing energy consumption through energy efficiency, sourcing low-carbon energy and investing in natural climate solutions.

Business collaboration grounded on Climate Action and Policy. Business is leading the transition to a low-carbon economy. WBCSD is harnessing the power of collaboration to implement solutions at scale. Businesses can go further and faster when we work together.

Business has the capability and responsibility to develop and champion solutions to mitigate and adapt to climate change. Many of these solutions could be scaled up if the right regulatory frameworks were in place. The challenge lies in obtaining clear, consistent policies and economic incentives to enable action and investments by business into a low-carbon future.
We successfully help create clear and consistent climate policy across industries and geographies through dialogue between business and policy-makers and global collaboration among business leaders. Collaboration at this scale is necessary to ensure inclusive action and ambition at a global level.

Policy and Market Mechanisms: Our Climate Policy Working Group members meet regularly to shape key messages, share insights and plan for events to bring the voice of business. Topical issues today include Paris Agreement implementation and ambition, carbon pricing and Science-Based Targets (SBTs). As a registered UNFCCC observer, we provide yearlong access to negotiations, most importantly the annual Conference of the Parties (COP). We collaborate with We Mean Business to amplify our voice at key events. A core component of our Climate Policy activities is to foster strong policy signals and economic incentives promoting a race-to-the-top where sustainable solutions can succeed. We actively call for policies that are consistent with ambitious action on climate and enable business-led solutions to scale and speed implementation of the Paris Agreement.

Technology: Low Emissions Economy Partnership (LEEP).The Low Emissions Economy Partnership (LEEP) is a strategic initiative to bring together a cross-sectoral group of companies and some selected cities to jointly drive greenhouse gas emissions reduction projects through a new type of public-private partnership. LEEP offers a neutral place for discussions between cities, business and other local stakeholders in a pre-commercial environment; it fosters trust and works towards a common vision that will lead to the implementation of projects. The project will establish local LEEP offices that will work to remove barriers to commercialization, accelerate investment and reduce emissions.

Finance: The **Australian Sustainable Finance Initiative** (ASFI), which is includes BCSD Australia member organizations IAG, National Australia Bank, Investor Group on Climate Change (IGCC), QBE Insurance and Australian Ethical Investment, is to create a Sustainable Finance Roadmap to better enable the financial services sector to contribute to delivering on international commitments, such as the Paris Agreement on Climate Change and the UN Sustainable Development Goals while underpinning economic stability and prosperity for Australia. Further details can be found here.

Accountability and Transparency: Through collaboration with the World Business Council for Sustainable Development (WBCSD), eleven leading companies across chemical and electric utility sectors provide an in-depth look at climate-related financial disclosure in two landmark reports.

Energy Projects

- **SBT4Utilities**: The electricity sector is responsible for 40% of global greenhouse emissions. As leading energy companies are setting ambitious targets to reduce them with the use of Science-Based Targets initiative (STBi), WBCSD is developing a sector guidance to clarify the benefits and challenges of SBTi's for electric utilities to uptake their decarbonization targets. It provides information and understanding of the SBTs and how to set them, as well as the Scope 3 emissions targets. The engagement process and the resulting document will help more utility companies develop ambitious emissions reduction targets through collaboration and alignment.
- **New Energy Solutions**: To avoid the most devastating impacts of climate change, we need to urgently reduce energy-related emissions in the short-term by using the low carbon sources currently available. This project identifies energy solutions that allow energy-users to go low-carbon instead of using fossil fuels, hence reducin CO2 emissions in line with the Paris Agreement. We're working to scale the use of solutions that allow companies to go low-carbon today by increasing demand for new energy solutions, facilitating the development of innovative business models as well as raising awareness with investors.
- **REscale**: The speed at which the electricity sector can be decarbonized and grow to satisfy increasing demand will critically influence our ability to limit global warming to 1.5°C. Renewable energy is the main lever to decarbonize electricity consumption. The main challenges are accessing new finance instruments, ensuring bankability and improving the integration of growing proportions of renewables into grids and electricity markets. REscale members share the ambition to scale up renewable deployment beyond average growth to achieve 3.5 terawatts of capacity by 2025. REscale has four action plans:
- **Renewable finance**: Facilitate the scale up of finance by exploring new investment vehicles.
- **Corporate Renewable PPAs**: Increase understanding and use of Corporate Renewable Power Purchase Agreements.
- **Market structures**: Facilitate dialogue between private sector and policymakers to integrate renewables into electricity markets.
- **Low-Carbon Microgrids**: Demonstrate technologies and innovative business models.

Climate Programs

- **Natural Climate Solutions**: "Natural Climate Solutions" (NCS) help nature do what it's been doing for millions of years: sequester and store carbon. It's critical to limit global warming to well below 2°C to avoid catastrophic impacts, but we still haven't done enough. To get back on track, we need to start pulling carbon out of the atmosphere. One of the best ways to do this is through protecting and restoring natural landscapes. But a lack of awareness and understanding, as well as low levels of investment, have stalled progress. Unlocking the potential of natural climate solutions requires raising global awareness, enabling policy and voluntary action. Our work with Nature4Climate centers on building a collective voice to raise the profile of these vital solutions. Our engagement with policymakers delivers the business perspective on natural climate solutions at global events and key moments.
- **Transforming Heavy Transport:** This project is, in collaboration with Smart Freight Center and the We Mean Business coalition, geared towards reducing emissions from freight and logistics operations including air, sea, land and transshipment centers. Our vision is to achieve net-zero logistics emissions globally by 2050. Heavy transport is 90% dependent on oil products. It accounts for 20% of global energy and process-related CO2 emissions and 27% of total global final energy consumption. Global transport energy use is set to increase 75% by 2050. Transforming Heavy Transport is an opportunity for businesses to respond to increased demand for clean transport from both consumers and policy makers. Through Transforming Heavy Transport, we're building a global business community of multinationals, organizations and initiatives focused on managing GHG emissions and air pollutants from freight and logistics. The project is developing a business-wide strategy to identify and address key gaps for lowering emissions from heavy transport. See the full project description here.
- **Low-Carbon Freight:** Our Road Freight Lab (RFL) project explored the untapped and unmapped potential for emissions reduction, through optimization and collaboration between road freight transport companies. Now, we're working to test the solutions presented in the RFL research in the real world. Research shows that deploying dynamic data and asset sharing platforms could unlock freight efficiency to enable route and load optimization across multiple freight vehicle fleets, with multiple benefits for aggregators, shippers and cosigners. WBCSD has embarked on a 30-month collaborative research initiative called FreightShare Lab (FSL) that aims to demonstrate how strategic data and asset sharing between road/rail carriers and shippers can reduce empty running and under-utilization of freight vehicles looking to validate the Road Freight Lab's findings. The consortium is led by RouteMonkey.
- **Climate Action and Policy:** Businesses are leading the transition to a low-carbon economy, and they can go further and faster when we work together. A core component of our Climate Policy activities is to foster strong policy signals and economic incentives promoting a race-to-the-top where sustainable solutions can succeed. We actively call for policies that are consistent with ambitious action on climate and enable business-led solutions to scale and speed

implementation of the Paris Agreement. The challenge lies in obtaining clear, consistent policies and economic incentives to enable action and investments by business into a low-carbon future. Climate Policy Working Group members meet regularly to shape key messages, share insights and plan for events to bring the voice of business. Topical issues today include Paris Agreement implementation and ambition, carbon pricing and Science-Based Targets (SBTs). As a registered UNFCCC observer, we provide yearlong access to negotiations, most importantly the annual Conference of the Parties (COP). We collaborate with We Mean Business to amplify our voice at key events.