

Business proposals in view of a 2015 international climate change agreement at COP 21 in Paris

More information at the following website: www.businessforcop21.org

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95 Chairmen / Chief Executive Officers (CEOs) from international companies and 7 organizations have already supported the **“Business proposals for COP 21”**. In order to ensure worldwide awareness of the Business community before COP 21, they call on their counterparts to join them in the coming weeks and sign the Business proposals online: www.businessforcop21.org.

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Executive summary:

Business leaders are ready to address climate change through significant greenhouse gas emission reductions, provided sustainable growth is achieved.

Thus, they strongly support **the adoption in 2015 of an ambitious agreement, reflecting the long term 2°C objective and enhancing an international level playing field**. This agreement must guarantee comparable efforts from all major emitting economies, provide a long-term and predictable framework which encourages investments and scaling of low carbon technologies, in a cost-effective way, focus on the States’ Intended Nationally Determined Contribution (INDCs) and establish a reliable monitoring, reporting and verification system.

In order to efficiently implement such agreement and achieve low carbon transition, the following evolutions, considered as a whole, will be key:

- **Launching a Business Dialogue**, convened by the COP Presidency, between high- level business and government representatives, **ahead of COP 21 and continuing afterwards, with the aim of building a long-term institutional relationship**, while implementing and improving the future agreement expected in December 2015.
- **Boosting investments in low-carbon business solutions and technologies**, by developing the appropriate financial framework relying on mechanisms such as market tools, climate funds and other relevant incentive measures.
- **Intensifying R&D, innovation and deployment of mature and breakthrough technologies**, notably through the reinforcement of existing supportive regulations and mechanisms and the development of international cooperation.
- **Integrating a carbon pricing system in all major emitting countries**, which should guarantee a robust and predictable signal, prevent from competitive distortion, and be coordinated with a phasing out of carbon subsidies. As different national/regional carbon pricing systems are expected, it is essential to work on coordination and potential linking between them, and on the impacts of this fragmentation on competitiveness.

Signatories of the Business Proposals

Company	Name	Title
ACCOR HOTELS	Sébastien BAZIN	Chairman & CEO
ADECCO Group	Alain DEHAZE	CEO
AGC Glass Europe	Jean-François HERIS	President & CEO
AIR LIQUIDE	Benoît POTIER	Chairman
AIRBUS Group	Denis RANQUE	Chairman of the Board
AKZO NOBEL	Ton BUCHNER	CEO
ALCATEL-LUCENT	Philippe CAMUS	Chairman of the Board
ALLIANCE TRUST plc	Katherine GARRET-SCOTT	CEO
ALSTOM	Patrick KRON	Chairman
AREVA	Philippe VARIN	Chairman of the Board
ARKEMA	Thierry le HENAFF	Chairman & CEO
ATR	Patrick de CASTELBAJAC	Chairman & CEO
AVIVA	Nicolas SCHIMEL	CEO
BASF	Kurt BOCK	CEO
BENTELER International Aktiengesellschaft	Hubertus BENTELER	CEO
BNP PARIBAS	Jean LEMIERRE	Chairman of the Board
BOREALIS	Mark GARRETT	Chief Executive
BOUYGUES	Martin BOUYGUES	Chairman
BPCE	François PEROL	Chairman of the Board
CAPGEMINI	Paul HERMELIN	Chairman & CEO
CARREFOUR	Georges PLASSAT	Chairman 1 CEO
CEZ GROUP	Daniel BENES	Chairman of the Board of Directors & CEO
CH2M HILL	Jacqueline HINMAN	Chairman & Chief Executive Officer
CONSOLIS	Pierre BROUSSE	President & CEO
CREDIT AGRICOLE SA	Jean-Marie SANDER	Chairman
DANONE	Emmanuel FABER	Chief Executive Officer
DCNS	Hervé GUILLOU	Chairman
DEUTSCHE POST AG	Frank APPEL	Chairman & CEO
DSM	Feike SIJBESMA	Chairman
EDF	Jean-Bernard LEVY	Chairman & CEO
EGIS	Nicolas JACHET	Chairman & CEO
ENGIE	Gérard MESTRALLET	Chairman & CEO
ERAMET	Patrick BUFFET	Chairman & CEO
EVONIK	Dr Klaus ENGEL	CEO
FFP	Robert PEUGEOT	Chairman & CEO
FIRMENICH SA	Gilbert GHOSTINE	CEO
FONCIERE DES REGIONS	Christophe KULLMANN	CEO
GALERIES LAFAYETTE	Philippe HOUZE	Chairman of the Board
GasTerra	Gertjan LANKHORST	Chief Executive Officer
GROUPE SEB	Thierry de la TOUR d'ARTAISE	Chairman
HERMES INTERNATIONAL	Axel DUMAS	Chief Executive Officer
HOLCIM	Bernard FONTANA	CEO
IKEA FRANCE	Olivier BARAILLE	CEO of IKEA France
IMERYS	Gilles MICHEL	Chairman
INGENICO GROUP	Philippe LAZARE	Chairman & Chief Executive Officer
JC DECAUX	Jean-Charles DECAUX	Co-CEO
KERING	François-Henri PINAULT	CEO
KINGFISHER FRANCE	Daniel BERNARD	Chairman
L'OREAL	Jean-Paul AGON	Chairman
LAFARGE	Bruno LAFONT	Chairman & CEO
LanzaTech	Jennifer HOLMGREN	CEO
LEGRAND	Gilles SCHNEPP	CEO
LVMH	Antonio BELLONI	Group Managing Director
MANPOWER GROUP	Jonas PRISING	Chief Executive Officer
MASISA	Roberto SALAS	Chairman
MICHELIN	Jean-Dominique SENARD	CEO

Company	Name	Title
NESTLE	Richard GIRARDOT	Chairman
NEUFLIZE OBC	Philippe VAYSETTES	Chairman of the Board
NEXANS	Frédéric VINCENT	Chairman of the Board
NEXITY	Alain DININ	Chairmn & CEO
ORANGE	Stéphane RICHARD	CEO
PERNOD RICARD	Alexandre RICARD	Chairman & CEO
PEUGEOT	Carlos TAVARES	Chairman of the Board
PHILIPS	Frans van HOUTEN	CEO ROYAL PHILIPS
	Eric RONDOLAT	CEO PHILIPS LIGHTING
PLASTIC OMNIUM	Laurent BURELLE	Chairman & CEO
PUBLICIS	Maurice LEVY	Chairman & CEO
RATP	Christian GALIVEL	Executive Vice-President, Projects, Engineering and Investments
REMY COINTREAU	Valérie CHAPOULAUD-FLOQUET	CEO
RENAULT	Carlos GHOSN	Chairman
REXEL	Rudy PROVOOST	Chairman
RIO TINTO	Pierre MENARD	Chairman
SAINT GOBAIN	Pierre-André de CHALENDAR	Chairman
SANOFI	Olivier BRANDICOURT	Chairman & CEO
SCHNEIDER ELECTRIC SA	Jean-Pascal TRICOIRE	Chairman
SCOR SE	Denis KESSLER	Chairman & CEO
SEDIGAS – Spanish Gas Association	Antoni PERIS	President
SEQUANA	Pascal LEBARD	Chairman
SIEMENS	Joe KAESER	President and CEO AG
SMURFIT KAPPA Group PLC	Gary McGANN	Group Chief Executive Officer
SNCF	Guillaume PEPY	Chairman & CEO
SOCIETE GENERALE	Frédéric OUDA	Chairman
SOLVAY	Jean-Pierre CLAMADIEU	Chairman of the executive Committee
SOPRA STERIA	Vincent PARIS	CEO
STMICROELECTRONICS	Carlo BOZOTTI	President & CEO
SUEZ ENVIRONNEMENT	Jean-Louis CHAUSSADE	Chief Executive Officer
THALES	Patrick CAINE	Chairman
TITAN Cement Co. S.A.	Dimitri PAPALEXOPOULOS	Chairman & CEO
TOTAL	Patrick POUYANNE	Chief Executive Officer
UNIBAIL RODAMCO	Christophe CUVILLIER	Chairman of the Board
UNILEVER	Paul POLMAN	Chairman
VALEO	Jacques ASCHENBROICH	Chief Executive Officer
VALLOUREC	Philippe CROUZET	Chairman
VEOLIA	Antoine FREROT	Chairman
VINCI	Xavier HUILLARD	Chairman
ZODIAC AEROSPACE	Olivier ZARROUATI	Chairman of the Executive Board and Chief Executive Officer

Network	Name	Title
Afep	Pierre PRINGUET	President
BUSINESS EUROPE	Emma MARCEGAGLIA	President
CARBON TRACKER INITIATIVE	Antholy HOBLEY	CEO
CERCLE DE L'INDUSTRIE	Philippe VARIN	President
MEDEF	Pierre GATTAZ	President
UN GLOBAL COMPACT		
WBCSD	Peter BAKKER	President

Business proposals in view of a 2015 international climate change agreement at COP 21 in Paris

Climate scientists and experts are clear: there is an urgent need to address climate change through significant greenhouse gas emissions reductions worldwide (*see Annex 1*).

Implementing such reductions raises substantial technological, economic, social, and institutional challenges. Business will only thrive if sustainable growth is achieved, and thus **strongly supports the adoption in 2015 of an ambitious agreement which reflects the long-term objective of limiting global warming below 2°C. This agreement should enhance an international level playing field and in particular:**

- guarantee comparable efforts from **all major emitting economies** (*see Annex 1*), ensuring fair competition between economic players;
- **provide a long-term and predictable framework** which encourages investments and scaling by business of efficient carbon reduction and adaptation technologies, in a cost effective way;
- focus the future climate framework on the States' **Intended Nationally Determined Contribution (INDCs)**, which should avoid competitive distortions, be coherent and detailed, in a five to ten-year term, and on fostering international cooperation;
- establish a **reliable** monitoring, reporting and verification system.

Business is ready to contribute to the success of such an agreement, to efficiently achieve the low-carbon transition and to bring solutions to the market. In this view, **we business believe the following evolutions will be key and need to be considered as a whole:**

1. Launching a constructive and lasting Business Dialogue convened by the COP Presidency, between the business community and governments

We welcome the launching **of an open and flexible dialogue ahead of COP 21 and continuing afterwards, with the aim of building a long-term institutional relationship, while implementing and improving the future agreement expected in December 2015** (*see Annex 3*). This dialogue should aim at better understanding the economic and transversal implications that might arise from the INDCs, discussing the enabling conditions for scaling up concrete solutions and lifting the existing/potential barriers to effectively achieve the low-carbon transition. This should enable national negotiators to be collectively aware of the issues at stake, and business to identify and implement appropriate carbon intensity reduction strategies. This continuous dialogue will be complementary to the **Business and Climate Summit**, gathering in Paris CEOs and Ministers worldwide, which took place on May 20th and 21st as well as to the **international Climate Finance Day** on May 22nd.

2. Boosting investments in low-carbon business solutions and technologies

Investments required for a low-carbon transition are **massive**, although feasible, **and often risky**, especially when it comes to **bringing new technologies to market-deployment**. Yet, there are critical gaps in the existing available funding sources and methodologies, resulting in under-investment in such technologies.

We believe it is necessary to develop an appropriate framework in order to efficiently support and encourage investments needed to achieve emission reductions and adaptation objectives, especially through:

- **developed and reinforced carbon market tools**, which will help stimulate investments in innovative technologies, installations and products in a competitive way;
- **climate funds, including the Green Climate Fund (GCF)**, which should act as catalyst for low carbon investments, as well as financial tools designed to better share risks between private and public sectors, and thus leverage private financing;
- **generally, all measures and tools which aim at encouraging private investments**, through incentives rather than penalties, should be developed.

3. Intensifying R&D, innovation and deployment of mature and breakthrough technologies

The international community should **enforce mechanisms dedicated to the development and deployment of mature and breakthrough technologies**, and thus:

- **pursue the development of supportive regulation and funding** for market-introduction of **promising technologies**;
- **encourage international cooperation for the development and deployment of those breakthrough technologies at worldwide scale**;
- **reinforce** existing mechanisms, such as the **UNFCCC Technology Mechanism, under the current framework**, and facilitate their inter-operability;
- promote the adoption of **major proposals from the New Climate Economy report** which aims at **scaling-up low-carbon innovation and moving towards connected and compact cities**.

These mechanisms must respect the principles of technology neutrality and cost-effectiveness.

4. The need of carbon pricing

Carbon pricing is **essential** to guide business decisions and investments towards low-carbon technologies. In that respect, it is supported by numerous businesses and countries through, for instance, the international coalition statement in favour of carbon pricing adopted in September 2014 by the World Bank, the UN Global Compact, Caring for Climate and the Carbon Disclosure Project, which has been supported by a significant number of nations and companies.

The agreement should **lay the foundations for the integration of a carbon pricing system, in all major emitting countries, which:**

- is **robust and predictable**, thereby stimulating action on emissions and enabling investment decisions in low-carbon technologies in the best cost-effective way;
- prevents from **competitive distortions**;
- is coordinated with a **phasing-out of all existing carbon subsidies**;
- relies on **relevant tools** such as emission trading schemes, or taxes/extensions of trading schemes/ shadow pricing instruments, with a view to mobilizing economy-wide;
- can get along with **other mechanisms** such as standards, voluntary agreements, other regulatory instruments...

As it is expected that business as a whole will have to cope with the different systems implemented by countries/regions, it is essential to **work on the means by which carbon pricing can be introduced**, such as:

- **governance** at domestic level (what are the different instruments at play, how do they interact ?);
- **coordination and potential linking** between different carbon pricing systems, in particular by embedding in the agreement a mechanism for international transfers of emission units and a unified project-based crediting mechanism built on best UNFCCC practices;
- **impacts of different carbon pricing policies on competitiveness**.

We are fully aware that the COP 21 and the 2015 agreement will be an important step towards the low-carbon economy transition. Reaching this target will take time and requires continuous long-term efforts from the world community as a whole, especially by using international forums. Business is conscious of being a driving force for scaling up solutions and is ready to play major role.

Annex 1

The challenges of climate change: facts and figures

This annex is mainly based on the IPCC report (Nov. 2014) and the New climate Economy report (Sept. 2014).

1. Businesses recognize there is an urgent need to address the climate change issue

According to the November 2014 IPCC Report:

- since 1950's, many of the observed changes are unprecedented over decades to millennia. For instance, **each of the past 3 decades has been successively warmer than the preceding decades since 1850s;**
- **climate change is directly linked to human greenhouse gas (GHG) emissions, which have significantly increased since the pre-industrial era, and are now higher than ever;**
- without further GHG emissions reductions, **global mean surface temperature should increase in 2100 from 3.7 to 4.8°C above the average for 1850-1900 for a median climate response**, with irreversible impacts for people and ecosystem (i.e. increasing risks on species extinction, food security, human health, urban systems, etc.).

2. They understand it implies huge environmental, economic and social challenges...

- According to the IPCC report, limiting global warming to 2°C relative to pre-industrial levels and reaching near zero net human emissions of CO₂ and other long-lived GHGs by the end of the century, would mean that :
 - with 1900 GtCO₂ having already been emitted between 1870 and 2011, no more than **1000 GtCO₂ may still be released in the atmosphere, corresponding to 20 years** if the current annual rate (50 GtCO₂) is maintained;
 - it requires to reduce global GHG emission **by 40-70% from 2010 to 2050;**
 - it requires to reduce emissions by around **80% by 2050 compared to 1990** for France and other developed countries.
- According to the Commission 2050 roadmap, it means to reduce by 2050 CO₂emissions in the EU by 80-95% compared to 1990.
- Regarding the financial effort, following the New Climate Economy report, in order to reach the 2°C target, a **large share of investments in infrastructures** will have to be reallocated. For instance, between 2015 and 2030:
 - Additional **US\$8.8 trillion** of incremental investment would be needed to improve the energy-efficiency of buildings, industry and transport;
 - Deploying low-carbon technologies including renewable, nuclear and carbon capture and storage (CCS) could require another **US\$4.7 trillion**.

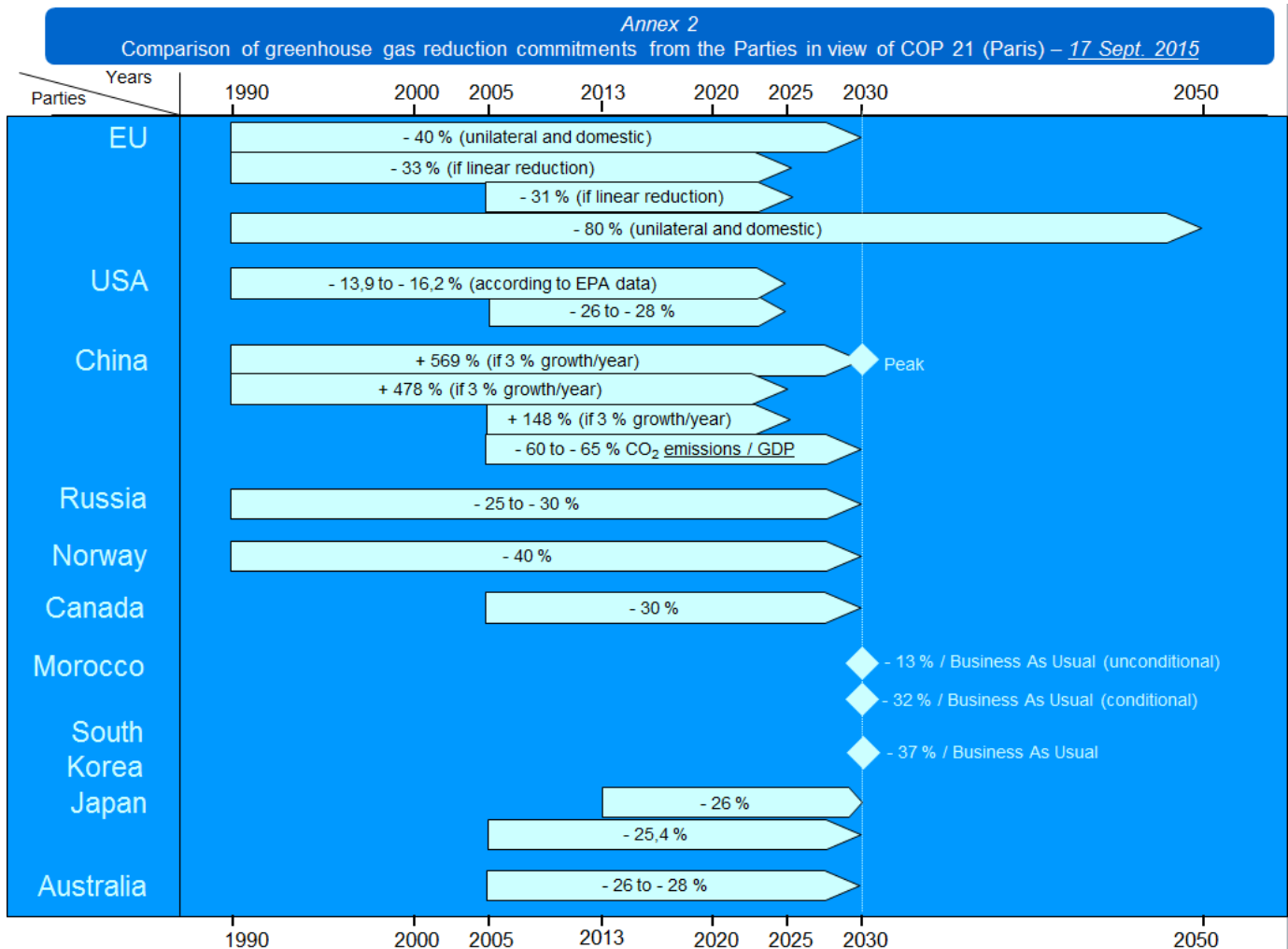
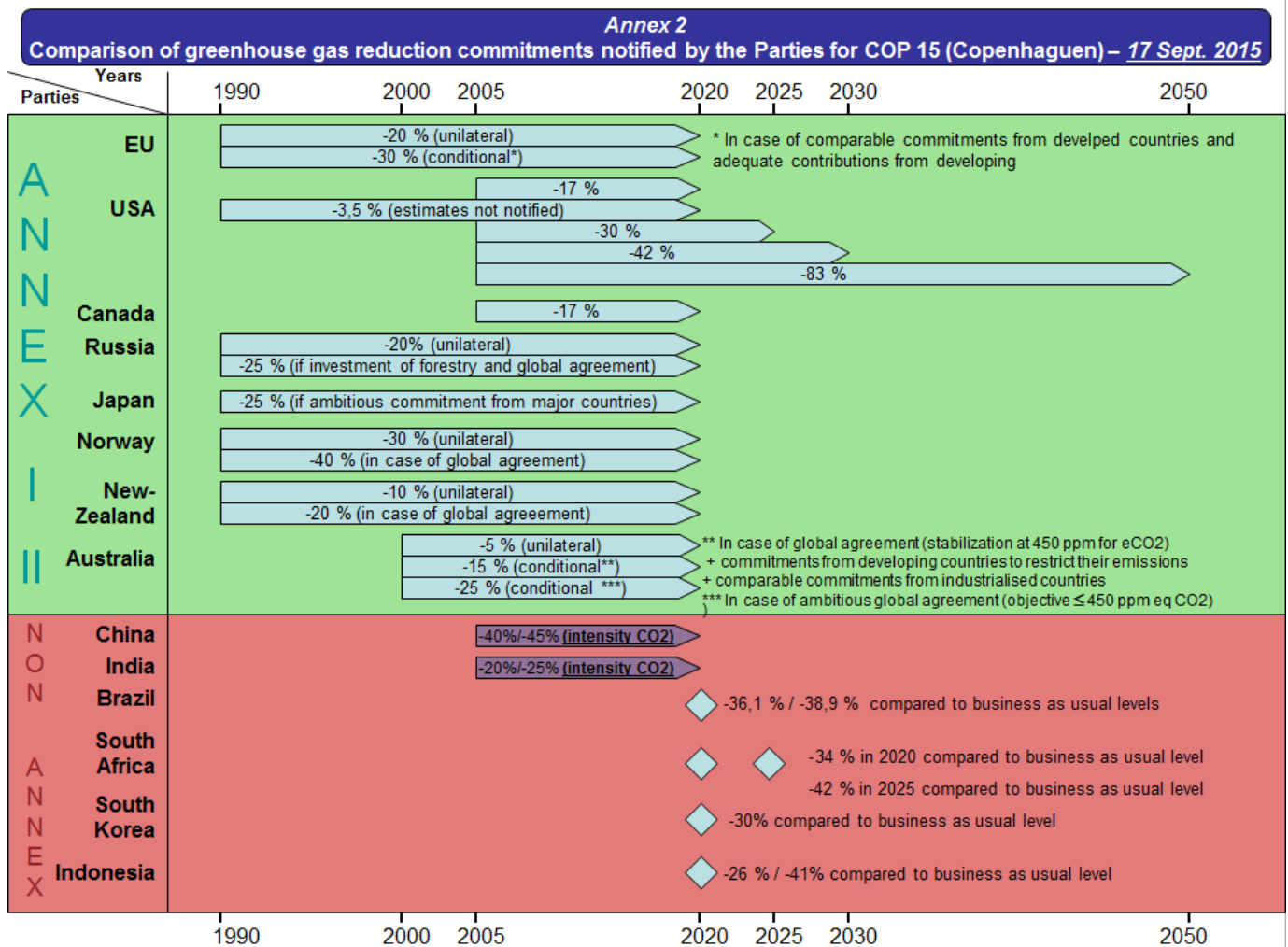
3. ... But they consider that these challenges are not insurmountable

According to the "Better Growth, Better Climate" report:

- a low-carbon scenario could save money in some areas (e.g. US\$5.7 trillion saved in fossil-fuelled power plants and along the fossil fuel supply chain, and up to US\$3.4 trillion from building more compact, connected cities and reducing sprawl);
- actually, the **net incremental infrastructure investment needs in the framework of a low carbon transition up to 2030 would only be 5% higher than those same needs in a business as usual scenario** (where infrastructures spending needs are projected to amount to almost US\$ 90 trillion), provided the capital is appropriately allocated;
- recent modelling suggests economic costs of climate action for a 2°C path are likely to be limited, representing **around 1.7% (median) of baseline GDP in 2030**, although delayed action would increase that cost.

Business, which is at the core of the definition and implementation of low carbon solutions, strongly supports policies and instruments aiming at reducing carbon emission in a cost-effective way while maintaining competitiveness of our economies.

Annex 2



Annex 3

Proposals for an efficient and constructive Business Dialogue between the business community and governments in the framework of the preparation for COP 21 and beyond

1. Context and objectives

- The Conference of the Parties to the UNFCCC decided to reach an international agreement in 2015 in Paris (COP 21). Above and beyond the actual commitments made by governments, a new climate regime requires to address the involvement level from various actors in society. This particularly impacts companies that have already incorporated climate change into their strategies.
- In that respect, we welcome the launch, by the French and Peruvian governments, of an **open and flexible high-level dialogue between public authorities and business, ahead of COP 21**. Beyond that, it is essential that this dialogue **continues afterwards, with the aim of subsequently building a long-term relationship, while implementing the future agreement which is due to be adopted in December 2015**.
- This international dialogue should aim at discussing concrete solutions and lifting the existing/potential barriers to effectively achieve the low-carbon transition. **This would enable national negotiators to be collectively aware of the issues at stake, and give business the visibility required to determine and implement appropriate carbon intensity reduction strategies.**

2. Our proposals

This “Business dialogue”, which should mobilize both high-level government representatives and CEOs, should be structured in two phases:

- an initial phase supporting the preparation of the agreement to be negotiated by the Parties to the UNFCCC;
- an implementation phase after COP 21.

In that respect, it must be supported by the successive Presidencies of the Conference of Parties and involve high level policy-makers and negotiators and the global business community. CEOs will support it and take an effective part in it.

a) Objectives:

The objectives of this dialogue will be to:

- help public authorities **identify business expectations** in view of an ambitious global climate agreement and **determine concrete proposals** helping to achieve this agreement and its implementation;
- **identify:** (i) the most cost-effective **mature high potential technologies** that can help to reduce the carbon intensity of our economies; (ii) the **breakthrough technologies** requiring research and development programs to fulfill their potential;
- **provide information** that would help to choose appropriate policies for the deployment of low carbon solutions and technologies;
- better understand the economic and sectoral **implications that might arise from the Intended National Determined Contributions (INDCs)** submitted by the major emitting countries **in the first half of 2015**.

b) Content:

This dialogue would be based on two phases:

- i. The **first phase** of the dialogue could **address priority topics, in the framework of dedicated meetings**, in view of reaching a global agreement in December 2015; those would be the following:
 - On May 20th: **sharing the overall expectations for the future agreement, but also a common understanding of the main issues at stakes, and of the Intended National Determined Contributions and of their impacts on business;**

- End of September: **market mechanisms and carbon pricing (including the potential links between national/regional schemes)**;
- October: **fostering deployment in key low-carbon business solutions and derisking of investments**.

The conclusions based upon the discussions could be presented at the Conference of the Parties in December 2015.

- ii. The **second phase** (following COP 21, i.e. from January 2016 onwards) would aim to pursue the dialogue towards an effective low-carbon transition, through a **medium and long-term work programme**, jointly built by the business community and governments.

c) Method:

- The dialogue should involve **all international business organisations** working on climate issues (WBCSD, Global Compact, BizMEF, B20 Coalition, B7, ICC, ERT, Business Europe, IETA, WEF, etc.) and be coordinated with the activities and initiatives of other institutions (IEA, OECD, World Bank, BIAC, TEC, etc.) and relevant actors (think tanks, observatories, local authorities, etc.).
- The dialogue might take the form of **thematic international roundtables located in the major emitting regions** (e.g. Europe, East Asia, Southern Asia, Africa, the Americas), led by business and public authorities, both through technical (experts) and general high level (CEOs and governments' top representatives such as Ministers) meetings.

Being held under Chatham House rules, this dialogue should be **complementary** to already planned international events, such as:

- the **Business Climate Summit**, supported by the most prominent international business organisations, on 20-21 May 2015: it should be a **key milestone** for shedding light on business' positions on the international climate agreement;
 - the **"International Finance Day on the road to COP 21"**, sponsored by the Caisse des dépôts group and the European Investment Bank, on 22 May 2015;
 - The **70th general assembly of the UN on September 15-22** in New York;
 - the **Low Carbon Technology Partnership Initiative (LCTPi)** in Paris in May, in September in South Africa, India and Brazil, and in October in Japan and China;
 - The Innovation for **Cool Earth Forum, held in Tokyo on October 7-8**.
- **In order to ensure wide and effective involvement of companies and their representatives**, two high level personalities, recognized both by the global business community and public authorities, will, as "leaders" of the Business Dialogue mobilize all existing international political and economic networks, such as the network of French and foreign ambassadors and the networks that supported the coalition statement in favour of carbon pricing.
