

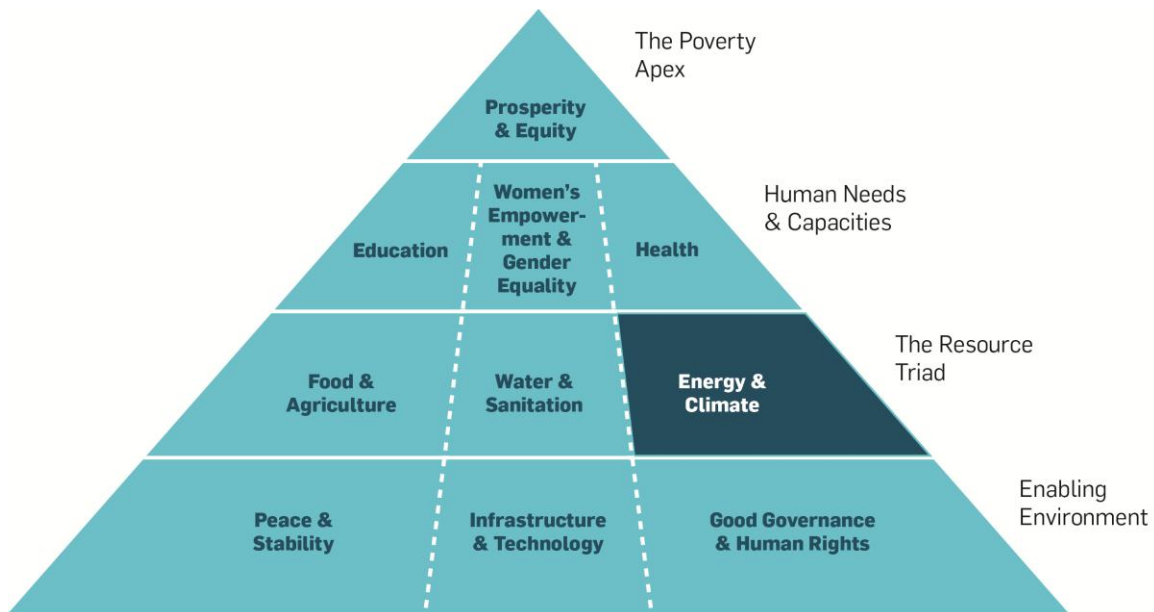
Post-2015 Agenda and Related Sustainable Development Goals Issue Focus: Energy & Climate and the Role of Business

Overview

As governments and policymakers work to develop the Post-2015 agenda, the international community is actively discussing the possible scope of potential sustainable development goals. Climate change and unmet energy demands are challenges that recognize no political or physical boundaries, crossing all sectors and industries globally.

The United Nations Global Compact has been asked to bring private sector perspectives and action to this agenda, creating an historic opportunity to scale up and align business contributions to United Nations priorities. The overlap between public and private interest in sustainable development is becoming increasingly clear, and the development of the Post-2015 agenda will require an unprecedented level of interplay between business, governments, civil societies and other key stakeholders. This public-private convergence and opportunity space is reflected in the Post-2015 Business Engagement Architecture, released at the UN Global Compact Leaders Summit in September 2013. The Architecture provides a resource and roadmap for how to work with the private sector in the new era.

Related to the Architecture, consultations conducted by the UN Global Compact with thousands of companies and stakeholders revealed that businesses committed to sustainability and ethics are energized by the prospect of a newly articulated set of world priorities—including clear goals and targets. From the input received, the UN Global Compact’s LEAD companies developed a series of recommended goals and priority areas (shown below) that they believe would also empower the private sector to make a substantial contribution in the Post-2015 era.



Source: Global Compact LEAD consultations

LEAD companies as well as endorsers and stakeholders of *Caring for Climate*, a UN business climate leadership initiative, strongly support the inclusion of climate and energy issues in the Post-2015

agenda. Further, they have proposed climate and energy as a stand-alone goal and an integral element within the proposed ten goals. This goal and related targets are articulated as follows:

“Goal 7: Sustainable energy for all, targets include:

- Universal access to modern energy services.
- Double the global rate of improvement in energy efficiency in production, distribution and consumption.
- Double the share of renewable sources in the energy mix.
- Reduce by at least 50 per cent the particulate concentration in urban air, not to exclude achievement of more stringent regional targets.”

The purpose of this issue paper is to inform governments and policy makers of the responsible business community’s willingness to meet global energy needs, address climate change in our time and shift towards energy efficiency and renewable sources.

Business Platforms for Action and Partnership

Growing energy demands, dwindling fossil fuel sources, and the increasing negative effects of climate change make clear that a global shift towards renewable energy sources must take place. The private sector has a crucial role to play as solutions-providers in mitigating and adapting to the impacts of climate change and ensuring energy security, while simultaneously generating attractive financial returns.

Business is uniquely positioned to address the environmental, social and developmental challenges related to energy and climate. Corporate efforts are addressing provision of dependable energy supply to fuel economic growth and to bring electricity to poor and under-served households. They are increasing the energy efficiency of operations, promoting renewable technologies, investing in modern energy infrastructure, and encouraging others in the industry or along the value chain to do the same.

One particular area that the private sector has a critical role to play is through the development of new and innovative solutions to climate and energy challenges, which often require an investment of time and capital. The private sector has proven ability to combine innovative capacity with access to finance.

To reach scale, businesses are finding ways to collaborate and form partnerships, seizing opportunities for greater investment in technological solutions and leveraging innovative strategies. Major energy producers are in the process of developing joint efforts at efficiency and renewable sources. The lighting industry has recorded success in connecting low-income families to energy grids or creating new sources to light and heat their homes.

Accelerating responsible climate practices and driving higher levels of innovation, ambition and collaboration are critical. Responsible policy advocacy in climate and energy is central and has recently been demonstrated through *Caring for Climate*, initiated by the Global Compact in collaboration with the World Resources Institute, CDP, World Wildlife Federation, Ceres and The Climate Group.

Besides responsible policy engagement corporate long-term goal setting is likely to become a key mechanism for businesses to transparently and consistently demonstrate how they are aligning business practices to advance climate solutions. Other collective efforts are underway to raise standards, increase efficiency and reduce emissions.

Key Driver: Public Policy and Enabling Incentives

Governments have a unique role to play in supporting the development and implementation of solutions to today's climate change and energy challenges. While progress by business is visible in many areas, the urgency and scope of climate challenges requires broader and even more concerted efforts by business and investors. An inaugural United Nations-led Business Forum launched in 2013 through *Caring for Climate* discussed policy incentives for improved corporate performance, in the context of the annual UN Climate Change Conference.

Some public policy measures that can help:

- Reaffirm and reinforce international commitments, such as limiting the increase in global average temperature through equitable reductions in greenhouse gas emissions.
- Develop, implement, improve and harmonize technical standards in critical green areas such as transportation, housing and energy consumption.
- Establish long-term national energy plans to create stability and predictability, and to reduce the risk for companies making long-term investments. It should also be ensured that Government action on climate and energy is sensitive to marginalized groups.
- Implement other energy pricing measures, including “critical peak pricing” or “peak time rebates” for electricity, externality pricing with respect to renewable energy, and long-run marginal cost pricing for electricity in energy poor areas.
- Implement skills training programmes, which address the worker skills gap resulting from a progressive shift from fossil fuels to renewable energy industries.

Accountability

In recent years, increasing numbers of companies are reinforcing sustainability efforts with public commitments in relation to accountability, responsibility, and transparency. To build trust and be considered a credible partner in the Post-2015 era, companies should be – and increasingly are – transparent about not only their social and environmental impacts, but as well how economic practices create or deplete value for society, and what they are doing to improve their performance.

At the same time, companies are being encouraged to publicly commit to longer-range sustainability objectives and goals in order to better align their efforts and strategies in relation to the broad global sustainable development agenda. Participants of the UN Global Compact have made public commitments to the Global Compact's ten principles and are required to report annually on their sustainability efforts through a Communication on Progress (COP) report. Businesses engaging with the UN Global Compact's Issue Platforms, such as *Caring for Climate*, are also asked to additionally report on their efforts surrounding those particular issues.

Generally speaking, the UN Global Compact organizes its companies into three categories based on the level of COPs submitted. These levels – Learner, Active and Advanced – allow the UN Global Compact to encourage and challenge participants to use more sophisticated methodology and release more detailed COPs. Companies are increasingly rising to the challenge to report in a more advanced, detailed and transparent manner. This sort of accountability is crucial in instilling confidence in all stakeholders that companies are truly making meaningful progress towards global sustainability.

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