

# How Business Can Act on the Paris Climate Agreement

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The Paris Agreement on climate change, adopted last December by 196 countries, marks a historic turning point for the global economy. For the first time, countries rich and poor agreed to reach net zero greenhouse gas emissions in the second half of this century, a goal that leading businesses are also adopting. Also for the first time, the United States and China committed, together, to build low-carbon, climate-resilient economies. On April 22, representatives from more than 160 countries, including 60 heads of state, will sign the agreement at UN Headquarters in New York.

To mark this occasion, the We Mean Business coalition<sup>[1]</sup> has produced an analysis of the Paris Agreement<sup>[2]</sup>, led by BSR, which translates the government ambition expressed in Paris into practical actions for the private sector.

Businesses that act on climate benefit from an average 27 percent internal rate of return on their low-carbon investments<sup>[3]</sup>, alignment with incoming climate and energy regulation, first-mover advantages in low-carbon markets, more resilient operations and supply chains, and a strong reputation among employees, consumers, and other stakeholders.

In our analysis, we identify five actions the private sector can take now to drive forward the Paris Agreement. It's time for businesses and investors to:

- **Seize new and expanded low-carbon market opportunities.** The national climate plans under the Paris Agreement cover all major economies and collectively represent US\$13.5 trillion in low-carbon energy investment through 2030<sup>[4]</sup>. These enormous markets—in renewable energy and in energy-efficient transport, buildings, and industrial production—will only grow as low-carbon technologies mature and governments become more ambitious.
- **Take advantage of long-term policy certainty.** Governments make our economic destination clear through goals in the Paris Agreement—a world with net zero greenhouse gas emissions in the second half of this century, a world that holds warming well below 2°C, and a world that is resilient to climate impacts. To achieve this, governments will formulate new national climate plans every five years, further reducing emissions and building resilience each time. With long-term goals and processes in place, businesses can align their decisions to long-term policy certainty, instead of being caught off-guard by short-term fluctuations in the regulatory environment.
- **Manage your climate risks.** Failure to mitigate or adapt to climate change is the highest impact risk to business for the years to come, according to the World Economic Forum<sup>[5]</sup>. And in a BSR/CDP survey and report<sup>[6]</sup>, three-quarters of suppliers recently stated that climate risks could significantly impact their operations, revenue, or expenditure. Businesses that manage these physical,

regulatory, market, and reputational risks will increase investor confidence and protect their operations.

- **Lead on level playing field.** A universal climate agreement means that global business operations, supply chains, and investment portfolios are all subject to the same international policy framework. This will promote comparable effort by all countries, minimize competitive imbalances between economies, and harmonize global standards for low-carbon technologies. More than 95 percent of countries (covering nearly 99 percent of global greenhouse gas emissions) have now submitted national climate plans. As these plans are implemented, a harmonized global carbon price can become reality.
- **Stand up and be counted.** While the cost of inaction is growing, the cost of action is falling. The We Mean Business climate commitments for businesses and investors<sup>[7]</sup>, including to reduce emissions in line with a 2°C trajectory, procure 100 percent renewable energy, and put an internal price on carbon, represent the gold standard for climate action.

As governments formally join the Paris Agreement and implement the ambitious policies in their national climate plans, the time for business action has arrived. Together, governments have mapped out our path toward a thriving clean economy. And BSR stands ready to work with businesses and investors to seize the trillions in opportunities to build it.

### Referencias

- <sup>1</sup>^ We Mean Business coalition ([www.wemeanbusinesscoalition.org](http://www.wemeanbusinesscoalition.org))
- <sup>2</sup>^ analysis of the Paris Agreement ([www.wemeanbusinesscoalition.org](http://www.wemeanbusinesscoalition.org))
- <sup>3</sup>^ average 27 percent internal rate of return on their low-carbon investments ([www.wemeanbusinesscoalition.org](http://www.wemeanbusinesscoalition.org))
- <sup>4</sup>^ US\$13.5 trillion in low-carbon energy investment through 2030 ([www.worldenergyoutlook.org](http://www.worldenergyoutlook.org))
- <sup>5</sup>^ World Economic Forum ([www3.weforum.org](http://www3.weforum.org))
- <sup>6</sup>^ BSR/CDP survey and report ([www.cdp.net](http://www.cdp.net))
- <sup>7</sup>^ We Mean Business climate commitments for businesses and investors ([www.wemeanbusinesscoalition.org](http://www.wemeanbusinesscoalition.org))