“A small gavel, but it can do great things.”
Getting things done at COP21

With the swing of his tiny green gavel and more than a touch of emotion, French Foreign Minister Laurent Fabius announced a final, historic climate agreement and the close of the 2015 Paris Climate Conference, COP21, on December 12th.

Before the world begins dissecting the precise terms and implications of the agreement, or pointing out its potential limitations and loopholes, it is important to take a moment to celebrate it for the unexpected achievement it is. The COP21 agreement demonstrated a rare moment of global solidarity and goodwill in the midst of a geo-political landscape rife with acrimony and bitter divisions. Just weeks after a senseless act of terrorism threatened to derail the talks, brinkmanship was temporarily suspended, and our fragile interdependence, both on one another and on the earth, was universally conceded by all participating nations. Global leaders, confronted with the shared threat of climate change, together found common cause in a plan to try to combat it.

For the first time, 187 countries - nearly every country in the world - acknowledged their individual responsibilities to submit targets for GHG emissions reductions to keep global warming below 2˚C increase considered by experts to be the point of no return. These commitments signal a giant leap forward from prior COPs and, along with significant pledges from leading brands and investors to comply with governmental agreements, augers well for accelerating the transition to a low-carbon energy future.

When viewed in this context, the agreement was nothing short of a miracle.

These are the key agreements:

1. Greenhouse gas emissions (GHG) should peak as soon as possible, to inhibit a further increase in global warming to well below 2˚C, and to below 1.5˚C if possible. The lower temperature target is vital to protect vulnerable communities from rising sea levels and intense weather, particularly given the climate impacts already being felt.

2. To review progress on reducing GHG emissions every five years, beginning in 2018, in a transparent process in which all countries will be required to report regularly on their progress towards achieving their nationally determined contributions. While countries aren’t legally bound to meet the targets, they are compelled to report every five years, which establishes a much needed accountability mechanism which investors should applaud.

3. Reduction targets will be differentiated to allow developing nations to achieve their goals without unduly prejudicing their economies. ICCR members believe a rapid transfer of clean energy technology to the developing world would help accelerate the building of the low-carbon economy we need.

4. To provide $100 billion annually to developing nations through a combination of public and private flows (with the primary mechanism being the Green Climate Fund), to aid in the mitigation of GHG emissions and adaptation to climate change. Financial commitments on this order, and larger, are a cost-effective means of preserving the climate stability we need for functioning global supply chains and thriving communities.

The Moral Argument
For ICCR members, who have been engaging corporations on climate-related topics for nearly three decades, climate change has always been one of the most critical moral issues of our time and the COP21 meetings helped to clarify this reality. In the words of
Rev. Séamus Finn, ICCR’s Board Chair, “With a missionary presence and relationships in the world’s most vulnerable communities, faith institutions recognize climate change’s potential to exacerbate the suffering caused by extreme poverty and inequality. The environmental crisis facing our planet transcends politics, economics and science; it is, at bottom, a moral and ethical crisis.”

In June, Pope Francis published his groundbreaking Encyclical, Laudato Si’ calling all people to be in right relationship with the earth and to acknowledge climate change for the threat to justice and economic equality it represents. President Obama made climate change a central focus of his administration in 2015 and in August introduced the Clean Power Plan to reduce the carbon emissions of U.S. power utilities, calling it “a moral obligation”.

Bolstered by these and other voices from faith communities and environmental groups demanding climate justice for the climate vulnerable, in 2016 the ICCR community will be amplifying its voice in the climate change discussion. Apart from the standard risks – financial, legal, reputational – that comprise most investor dialogues, this year investors are speaking more forcefully to the moral risk of inertia on climate change, which if left unchanged, will prove catastrophic for generations to come. To underscore this, a 2016 shareholder proposal filed with ExxonMobil calls for the company to acknowledge the moral imperative to limit global warming to 2 degrees C citing the societal consequences of climate change, including forced migration, food insecurity, and conflict.

**Additional Initiatives**

Outside of the main work to hammer out a climate agreement there were many side initiatives that cropped up as a result of the COP talks. Here are a few that we are watching with interest:

**Mission Innovation/Breakthrough Energy Coalition**: At present, the gap between the financing that exists and what is needed to build a sustainable energy future is vast: the Ceres Clean Trillion report calls for an additional one trillion in clean energy investment each year through 2030. In an attempt to incentivize just such a shift to renewables, the Mission Innovation and Breakthrough Energy Coalition seeks to forge public-private partnerships that will help make renewables more affordable. Participants include 20 countries committed to doubling their governmental and/or state-directed clean energy research and development investment over five years. These investments will be guided by a set of principles, intended to drive the commercialization and deployment of zero-emission technologies worldwide. Its group of 28 world renowned investors will make an unprecedented commitment to invest patient capital in early-stage technology development. We look forward to hearing about the successes this group is bound to produce.

The American Business Act on Climate Pledge was launched by the Obama administration in July, 2015 to establish corporate climate leaders and create a race to the top that will inspire sector laggards. The pledge includes company-specific commitments including reducing GHG emissions by 50%, pursuing zero net deforestation and purchasing 100% renewable energy. To date, the pledge has been endorsed by 81 companies representing a combined market cap of $5 trillion.

Launched in May, the **Science-Based Target initiative**, a collaboration of CDP, WRI, WWF and the UN Global Compact, works with companies to set science-based emissions targets and only approves corporate targets that meet its strict criteria. More than 114 companies committed in the months leading up to Paris to set emissions reduction targets and to date, 10 companies have successfully developed science-based targets, again establishing a race to the top that will hopefully spur others to bolder action. ICCR members have long advocated for the setting of GHG reduction targets in line with climate science. This year alone, ICCR members filed 12 resolutions requesting that corporations commit to science-based targets. The new Target initiative will provide investors with a valuable benchmarking resource for corporate engagements on climate.

**Beyond Paris**

ICCR members formally submitted comments on the EPA’s proposed rule governing methane emissions on December 3, 2015. While energy companies have resisted regulation in the past, in light of the corporate commitments generated by the COP21 meetings, ICCR is actively soliciting strong industry support of the proposed rules. In the coming months ICCR members will follow up with their companies to discuss exactly how they plan to implement the agreements reached at COP21.

We hope that the many agreements and innovations the talks set in motion are successfully implemented, and that the “small gavel” used to signal the end of the meetings comes to symbolize the beginning of a new, yet vital spirit of collaboration among world leaders to act aggressively on climate change.