



PETER LACY SHARES HIGHLIGHTS FROM WEEK 1 AT COP26

VIDEO TRANSCRIPT

I'm Peter Lacy, Accenture's Global Sustainability Services Lead and Chief Responsibility Officer. And I'm here with an update of what we took away from the first week at COP26 and our expectations from Week 2.

Not surprisingly, it was a busy week, whether it was from world leaders, financiers, businesses, NGOs or community representatives. We learned about many new commitments, initiatives, and announcements from more ambitious national climate pledges, on the one hand, to stopping deforestation, to aligning climate reporting standards and converging standards bodies, to ending coal financing, to federating trillions of dollars of assets under management that could be mobilized towards climate action.

And while this growing momentum is all very positive and I believe it is positive and we've already seen that actually we may be now up to a 1.8 degree world, we certainly remain far from seeing the concrete actions and plans that will allow us to truly restrict global temperatures, to 1.5 degrees centigrade, above pre-industrial levels, which is the foremost task of this conference of parties in Glasgow. Encouraging progress, but still a long way to go. But I come out of Week 1, optimistic and giving it a decent score.

Today, I want to cover three big topics. One, potential greenhouse gas emissions reductions

based on the latest NDC or National Plan Submissions to the UNFCCC, to how we are mobilizing the capital and innovation needed to accelerate efforts. And three, the unresolved issues that remain critical to solve this week.

First, the potential emissions reductions from submitted national climate pledges. At the end of last week, the International Energy Agency, the IEA, claimed the latest national climate pledges put us on a 1.8 degree centigrade warming pathway, bringing us much closer to the 1.5 degree centigrade ambition outlined in Paris. And an improvement on the 2.7 degrees of warming we were heading for before COP and even more than that if you take the long version of COP over the last 18 months.

However, the UN and other bodies have called for a cautious reading of this assessment. In fact, the UNFCCC, which is the body that oversees climate change globally for the UN, has alerted that global greenhouse gas emissions are rebounding to pre-COVID levels and forecast, they will increase by about 14% by 2030 in comparison to 2010 levels. Such an increase would, of course, take us way off track from the 45% reduction emissions needed this decade that the IPCC tells us is required. Others believe that that may be needed to be even 50% or more, if we are to limit the temperature increase to 1.5 degrees by 2100.



We have some good news on concrete action to address methane emissions, however. Another of the major greenhouse gases and the low hanging fruit in terms of technoeconomic and political feasibility. At COP, 80 countries agreed to reduce methane emissions by 30% by 2030. Fulfilling that pledge could help limit warming alone by 0.2 degrees centigrade from 2050. That is a big, big gap and a big, big gap that is closing. As we heard last week, there are no silver bullets for climate change, but we do have a set of silver buckshot in addressing methane will be one of those key pieces.

Second, on mobilizing capital innovation and nature-based solutions. The private sector has played a major role in helping identify the capital goods and deployment needed for the global transition to net zero. Addressing the financing gap for mitigation and adaptation was, of course, one of the core COP26 objectives. This is being addressed by the joint commitments made by the 450 businesses joining the Glasgow Financial Alliance for Net Zero, GFANZ, as it's being called or the GFANZ Group, who represent hundreds of trillions of assets under management. At the same time, the formation of the new International Sustainability Standards Board by the IFRS, which I was lucky enough to be in the room for last week, which brings together an harmonized climate related disclosure standards is expected to enable a much better understanding by investors and scrutiny by the financial community of climate related risks and opportunities.

And it's really an important segue, I think, to driving corporate performance and transparency. Against our own 10-point agenda for business at COP, which I outlined on Day 1, based on our CEO study of 1,200 CEOs, we see progress across three areas. First, honoring the \$100 billion per year commitment in climate mitigation and adaptation and financing for the global south. For instance, Spain, Italy, Japan, and Canada, all agree to raise their contributions to the UN Green Climate Fund. This is welcome, but we're still short of several billion dollars per year, as well as on the rules for how they will be effectively distributed and used.

The second area against the CEO set of objectives for COP, the same momentum has increased R&D into key transition technologies, 41 countries and the European Union signed up to a breakthrough agenda, which aims to advance R&D investment in four critical areas, spanning affordable renewable energy, accelerating zero emissions vehicles, near zero emissions steel and making hydrogen, green hydrogen, affordable.

The third area that I want to talk about is the acceleration of new initiatives on nature-based solutions and biodiversity protection. Nearly 100 corporations outlined commitments to get nature positive by 2030. Many companies are joining the science-based targets for nature initiative which will help establish common standards for biodiversity protection and strengthen the climate nature nexus which as we heard this morning, in one of our own biodiversity sessions, is an absolute imperative. And the Natural Climate Solutions Alliance launched an investment accelerator seeking to get demand of one gigaton of nature-based solutions per year by 2025. And just this morning, we had leaders from SAP, Credit Swiss, National Geographic, the Nature Conservancy and an inspiring youth activist from Panama discussing the role of business and realizing a nature positive economy. Their call to action was clear, business needs to do a lot more to understand and to protect nature and to build it into a clear business case.

From, our assessment of 1,200 CEOs from 113 countries, including 400+ from the global south, only 21%, yes, 21% of CEOs said that they see biodiversity degradation as a risk to their business. I find that incredible. For me, that's a 100%. This needs to change. Our land and ocean, ecosystems are the best technology we have today to remove carbon from the atmosphere and much needs to be done to expand ocean and land ecosystem conservation and restoration.



The third wrap up is on the unresolved issues critical for Week 2. One of the key issues on which we need a lot more clarity is how we will incentivize emissions reductions and favor deployment of cleaner technologies and value chains. The Article 6 discussions that are really all about carbon pricing and carbon pricing mechanisms will be had this week and will, of course, be a major component of that. But we also have a long way to go in terms of expanding the carrots and sticks for decarbonization from national and regional and, hopefully, coordinated carbon prices, taxes and emission trading schemes, to grant some support for new infrastructure to new roles and rules that can foster much needed and called for cross industry pre-competitive collaboration for innovation.

As promised, we will continue to track progress and keep you up to date throughout this final week of COP. We also commit to continue to keep ourselves honest by going back again and again to the findings of our CEO study with the United Nations Global Compact for the Secretary General and his leadership to be able to track the 10 key asks that CEOs had of COP, but also to expand the agenda to include interrelated issues like biodiversity, like the circular economy, so that we really ensure there is a holistic agenda that tackles not only net zero and the 1.5 degree reality we need to tackle, but also delivers on the broader sustainable development goals.

So that's all from me from the first day of the second week. Last week, I came away optimistic and positive. I was very upbeat about the business situation of a number of different measures, like the IFRS convergence announcement, getting to 1.8 degrees was no small thing, but much remains to be done and commitments and disclosure are not the same as delivery and performance. And this is the decade to deliver on net zero and climate change and this is the decade to deliver on the SDGs and this is the decade to deliver on a new era of competitiveness.

So let's make sure that we hold everyone in account and let's hope that this next week proves to be another positive one. Join me again tomorrow for a short update in our COP at Speed Series. Many thanks.

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