

Race to Zero

UNFCCC High-Level Climate Champions

June 2021



UN CLIMATE
CHANGE
CONFERENCE
UK 2021

IN PARTNERSHIP WITH ITALY

RACE TO ZERO

Agenda

- 01 Welcome and introductions**
- 02 Overview of the Race to Zero
- 03 Joining as a large business: Business Ambition for 1.5
- 04 Joining as a small business: the SME Climate Hub
- 05 Q&A

Paris Agreement goals

Well Below 2°C

- Hold warming well below 2°C and pursue efforts to stay below 1.5°C to significantly reduce the risks and impacts of climate change.
- For this, we need to reduce 45% of global emissions from 2010 levels by 2030 and reach net-zero emissions by 2050.
- An [IPCC Special Report](#) (2018) on the impacts of global warming of 1.5C above pre-industrial levels changed everything.

Net-zero Emissions

- Reach global peaking of greenhouse gas (GHG) emissions as soon as possible.
- Undertake rapid reductions thereafter in accordance with the best available science.
- Reach net-zero by 2050.

Climate Resilience

- Enhance adaptive capacity, strengthen resilience and reduce vulnerability to climate change.

Benefits of climate action

Climate leadership provides tangible and intangible business benefits

Lower Risk

- Improved resilience for supply security
 - Management of current and future price volatility
 - Risk management to avoid operational disruption
- ✓ Within this decade, upgrading to a zero carbon future can create USD\$26 trillion more in economic benefits and 35 million more jobs.¹

Cost Savings

- Direct energy-related cost savings
 - Reduced cost of production and R&D
 - Improved supplier productivity and reliability
- ✓ 63% of company executives say climate targets drives cost-effective innovation²



Increased Revenue

- Differentiate products and services from competition
 - Improved attractiveness to investors
 - Enhancing innovation across the business
- ✓ 52% of company execs have seen **investor confidence** boosted by climate targets²

Improved Intangibles

- Reputation from increased visibility and thought leadership
 - Enhanced stakeholder relationships (talent, consumers, governments, civil society)
- ✓ 55% of company executives have gained competitive advantage thanks to climate targets²

1. The Global Commission on the Economy and Climate, *The New Climate Economy* (2018), [source](#).

2. SBTi, *Six business benefits of setting science based targets* (2018), [source](#).

Our ambition by COP26

30%

Global
economy

25%

Total CO₂
emissions

30%

Global
population

Media coverage
in
**every UN
Nation**

40%
Uptake in
Global South

At least
20%
coverage in
each sector

Prompt ratcheting
of at least
40 NDCs

Prompt net zero enshrined
in law in a further
25 countries

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What is the Race to Zero?

The UN-backed, **global campaign** to **rally leadership and support** from all non-state actors for a **healthy, resilient, zero carbon recovery**.

All members are committed to the same overarching goal: achieving **net zero emissions by 2050** at the very latest.



Nigel Topping

Gonzalo Muñoz

Led by the High-Level Climate Champions for Climate Action, Race To Zero mobilizes actors outside of national governments to join the **Climate Ambition Alliance**.

RACE TO ZERO

And what does it mean?

**Race to Zero is
the credible
'net zero'**

What is needed.

**Net Zero means a
better world for
us**

What is possible.

**The transition
is
accelerating**

What is underway.

Who's in the Race?

The objective is to **build momentum** around the shift to a decarbonized economy ahead of COP26. This will send governments **a resounding signal** that business, cities, regions and investors are **united** in meeting the Paris goals and creating a more **inclusive and resilient economy**.

708

Cities

24

Regions

2,360

Businesses

163

Investors

624

Institutions

15%

Global
economy

7%

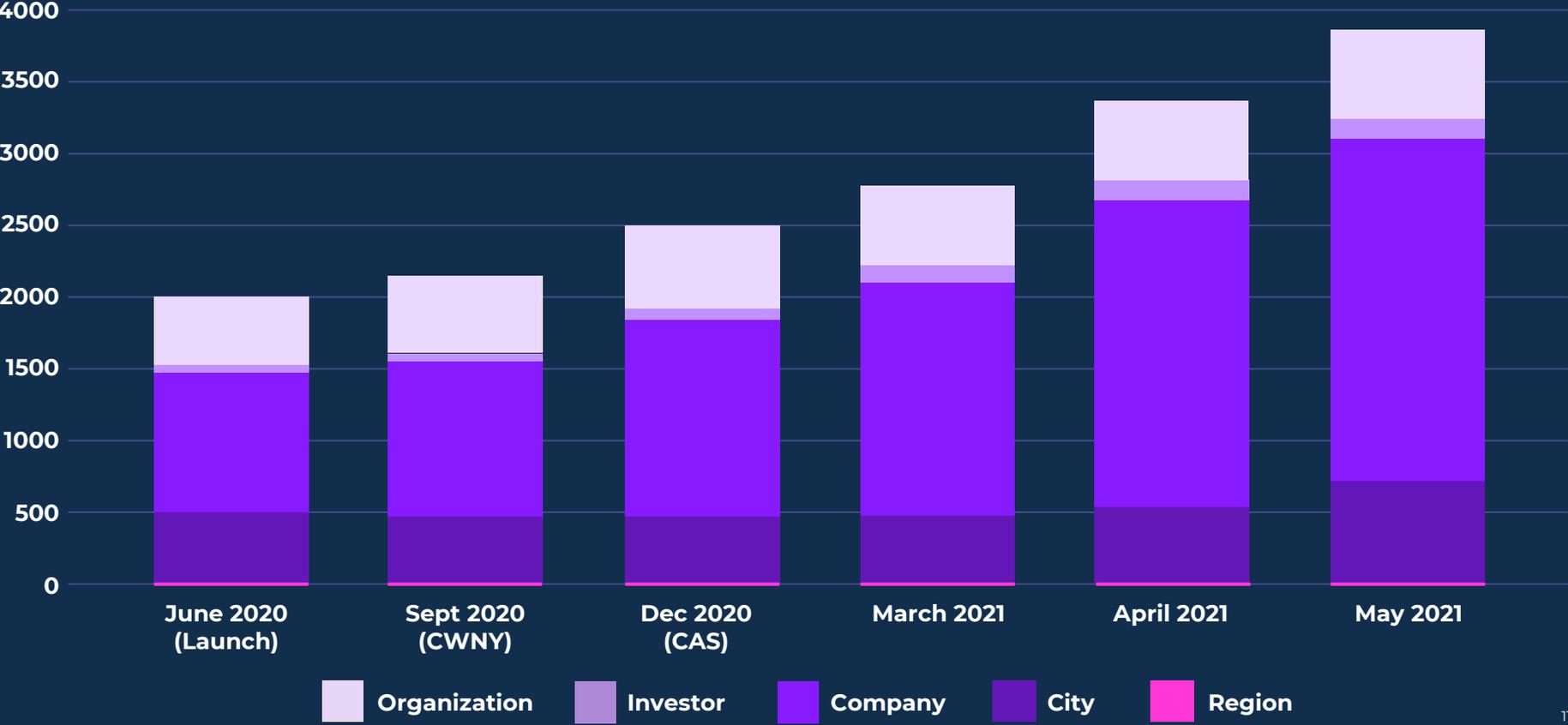
Total CO2
emissions

0.62

Billion
people

GROWTH RATE

RACE TO ZERO



Six key priorities drive industry and non-state actor ambition



- 1 Deliver a 10x increase in **net-zero commitments** from non-state actors



- 2 Drive breakthrough **industrial systems transformation** for 10 sectors



- 3 Support **diplomatic efforts** through non-state actor channels



- 4 Enhance **engagement and agency** across NSA groups



- 5 Win the **narrative battle** on climate action and progress



- 6 Refresh the **Marrakech partnership** for Global Climate Action (ICP25) to drive a decade of climate action

Race to Zero minimum criteria

1. PLEDGE

Pledge at the head-of-organization level to reach (net)-zero as soon as possible.

2. PLAN

Within 12 months of joining, set an interim target representing your fair share of 50% reduction by 2030.

3. PROCEED

Take immediate, meaningful action toward achieving net zero within the first 12 months of joining.

4. PUBLISH

Report progress annually by publishing against your targets on a public platform.

ALL SCOPES

Targets must cover all GHG emissions:

1. Including Scope 3 for businesses and investors
2. Including all territorial emissions for cities and regions

RESIDUAL EMISSIONS

1. Offsets are not included in the calculation of emissions reduction
2. Any neutralization of residual emissions must transition to permanent, like-for-like removals.
3. Encourage immediate contributions to the preservation and restoration of natural sinks.

LEADERSHIP PRINCIPLES

Seek to enable all actors to contribute to the global transition toward net zero through engagement, information sharing, access to finance, and capacity building. Develop pledges, plans, and actions in consideration of equity, drawing on, inter alia, the Sustainable Development Goals and Articles 2 and 4 of the Paris Agreement.

How to join Race to Zero?

To join, entities must fulfil the minimum criteria:

Pledge. Plan. Proceed. Publish.

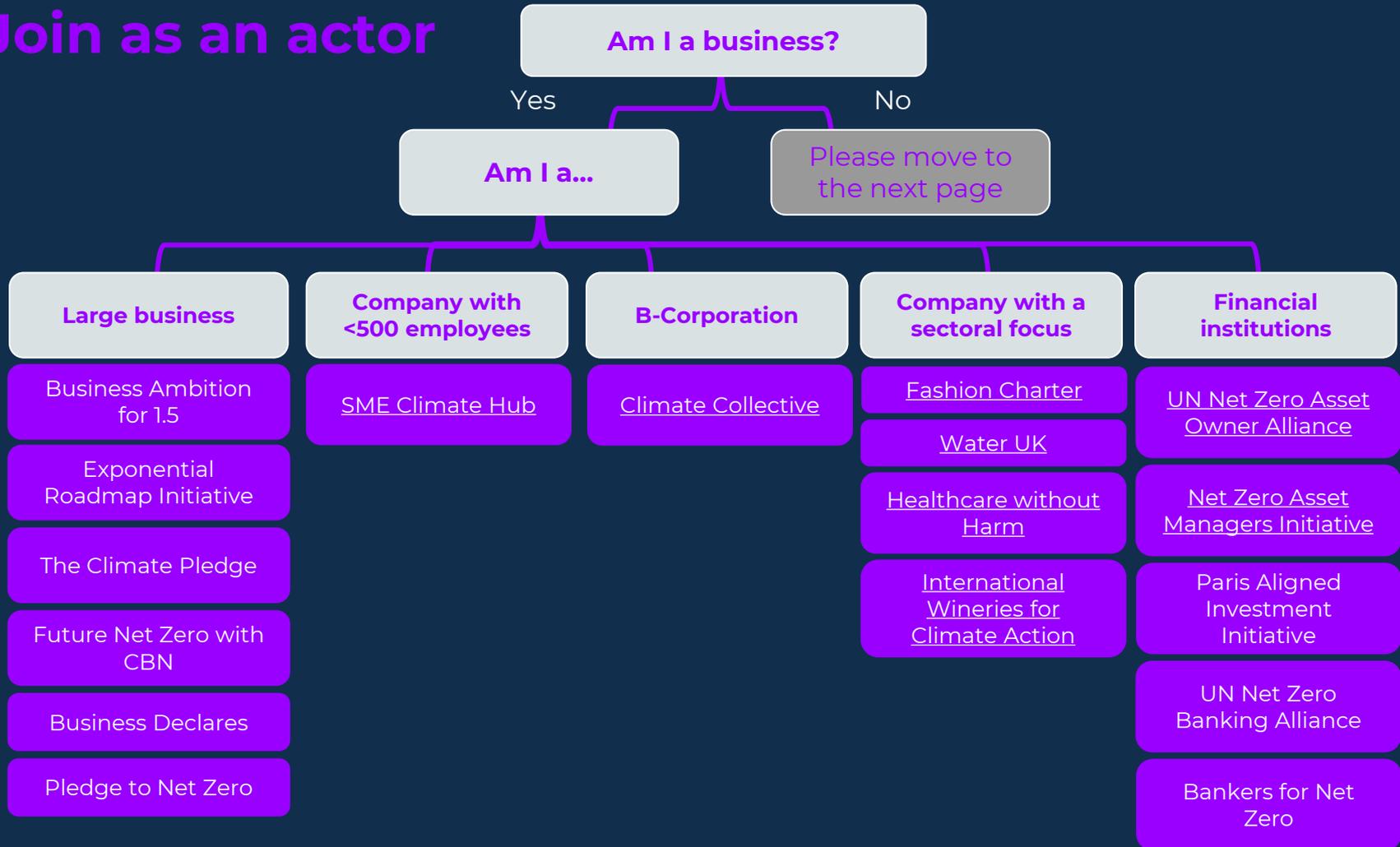
BECOME A PARTNER

If you are an **initiative or a coalition**, you can join as a Partner. You will facilitate the exponential growth of members into Race to Zero.

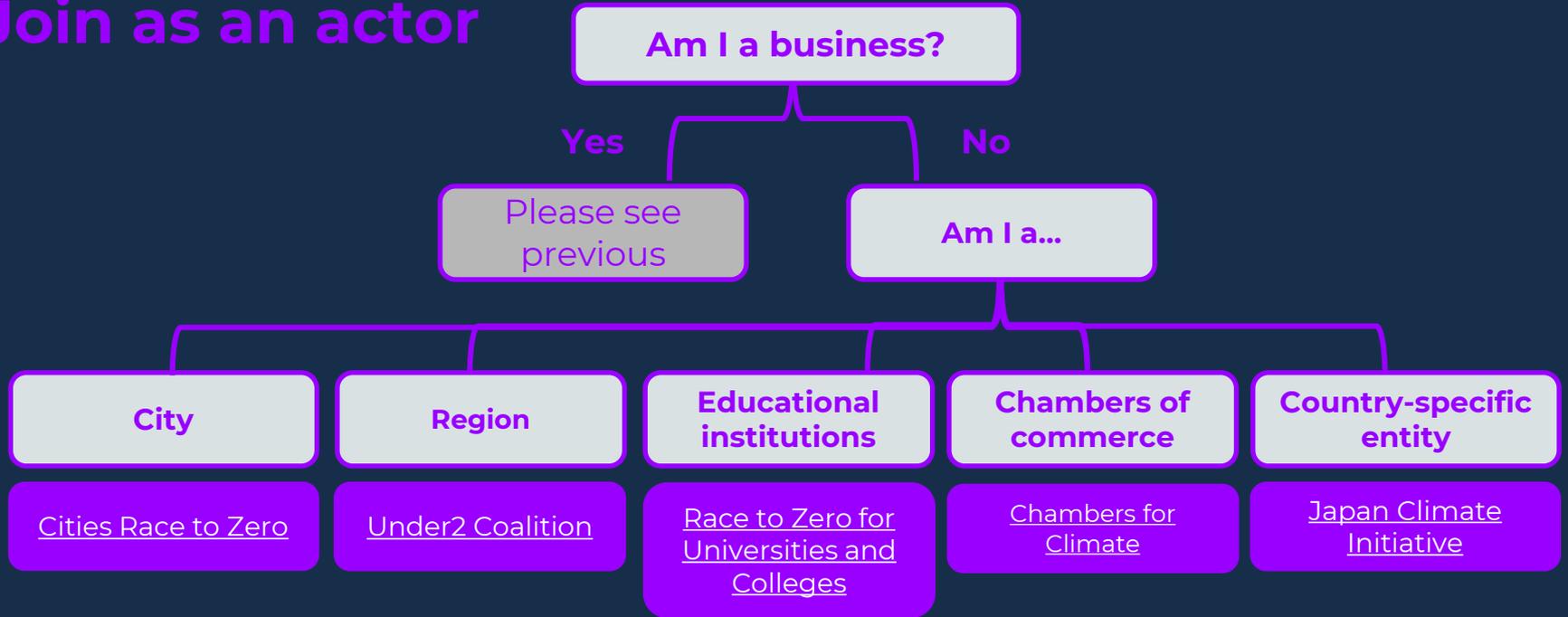
BECOME AN ACTOR

If you are an **individual entity** (business, city, university, region etc.), you are invited to join an initiative or network, which is an **official Race to Zero partner**.

Join as an actor



Join as an actor



How actors can participate in Race to Zero



Raise ambition

- ❖ Join the Race to Zero (e.g. Business Ambition for 1.5, Exponential Roadmap, or Climate Pledge)
- ❖ Encourage suppliers to join the Race to Zero (e.g. via SME Climate Hub)
- ❖ Become a sponsor
- ❖ Develop and understand pathways to net zero, aligned to the MPGCA Pathways, e.g.:
 - ❖ Sustainably sourcing raw materials
 - ❖ Extending producer responsibility
 - ❖ Operating efficient, net zero sites powered by renewable energy
 - ❖ Moving to zero-carbon logistics
 - ❖ Helping customers live low-carbon lifestyles



Partner with orgs

- ❖ Join existing initiatives (see key initiatives in climate leadership overview)
- ❖ Work with relevant industry associations or Chambers of Commerce to:
 - ❖ Position net zero as a topic
 - ❖ Become a Race to Zero Accelerator and bring in a 20% membership increase in your cohort
 - ❖ Develop and launch a (national or regional) decarbonisation roadmap, incl. interim targets (see further roadmap guidance)
 - ❖ Set up information webinars for members on the Race to Zero



Drumbeat to COP26

- ❖ Interim drumbeat events leading up to COP26:
 - ❖ Signal interest in joining panels and helping with events
 - ❖ Run a COP26 interim event or regional event (help bring in regional cohorts)
 - ❖ Run Race to Zero-endorsed events, e.g. with your supply chain members
 - ❖ Create projects with value chain partners to demonstrate lever-specific progress, e.g. on cooling, transport, etc.)



Action the roadmap

- ❖ Contribute to, and if applicable, endorse the Industry Pathway
- ❖ Amplify the Race to Zero Breakthroughs and MPGCA Pathway
- ❖ Ensure consistent advocacy across industry groups
- ❖ Actively convene sectoral initiatives or internal projects to address the white space on the roadmap and target areas that are in need of increased ambition



Campaign & connect

- ❖ Sign public letters and petitions (e.g. Businesses and Investors Open Letter to President Biden)
- ❖ Engage in national policy dialogues where influential to accelerate action and build resilience
- ❖ Publicly support climate positive messages for green jobs, resilience & growth
- ❖ Get involved in the Race to Resilience campaign
- ❖ Help Race to Zero widen our network with non-state actors
- ❖ Explore synergies with other initiatives / areas within the Climate Champions (policy, green hydrogen, CCUS, etc.)

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Joining the Race to Zero through the SBTi Business Ambition for 1.5°C campaign

537 companies

In **45 countries**

Across **46 sectors**

With **15 million employees**



- Kingfisher
- Sainsbury's
- Heineken
- Valio

266

57

- Asahi
- Suntory
- Olam

80

- Walmart
- General Mills
- PepsiCo

28

2

16

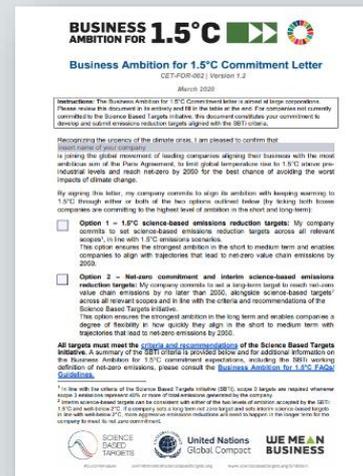


**BUSINESS
AMBITION FOR 1.5°C**



Join the BA for 1.5°C by making a public commitment

1. Sign the Business Ambition for 1.5°C commitment letter and submit it to commitments@sciencebasedtargets.org.
2. By joining, organizations are also joining the UNFCCC Race to Zero. 
3. By joining, companies commit to follow the SBTi step-by-step process to set GHG emissions reduction targets in line with SBTi Criteria and Recommendations.
4. Companies commit to policy advocacy positions consistent with a 1.5°C future.



**BUSINESS
AMBITION FOR 1.5°C**

Business Ambition for 1.5°C Commitment Letter
CET-FOR-002 | Version 1.2
March 2020

Introduction: The Business Ambition for 1.5°C Commitment Letter is a set of target recommendations. Please review this document in its entirety and fill in the letter at the end. The companies not currently committed to the Science Based Targets initiative, the document concludes your agreement to develop and submit emissions reduction targets aligned with the SBTi criteria.

Recognising the urgency of the climate crisis, I am pleased to confirm that [insert name of your company] is joining the global movement of leading companies aligning their business with the most ambitious aim of the Paris Agreement, to limit global temperature rise to 1.5°C above pre-industrial levels and reach net-zero by 2050 for the best chance of avoiding the worst impacts of climate change.

By signing this letter, my company commits to align its ambition with keeping warming to 1.5°C through either or both of the two options outlined below (by linking both items, companies are committing to the highest level of ambition in the short and long term):

Option 1 – 1.5°C science-based emissions reduction targets: My company commits to set science-based emissions reduction targets across all relevant scopes¹ in line with 1.5°C emissions scenarios. This option ensures the strongest ambition in the short to medium term and enables companies to align with trajectories that lead to net-zero value chain emissions by 2050.

Option 2 – Net-zero commitment and interim science-based emissions reduction targets: My company commits to set a long-term target to reach net-zero value chain emissions by no later than 2050, alongside science-based targets² across all relevant scopes and in line with the criteria and recommendations of the Science Based Targets initiative. This option ensures the strongest ambition in the long term and enables companies a degree of flexibility to now align their aim in the short to medium term with trajectories that lead to net-zero emissions by 2050.

All targets must meet the Scope and Recommendations of the Science Based Targets Initiative, a subset of the SBTi criteria is provided below and for additional information on the Science Based Targets initiative, please consult the [Business Ambition for 1.5°C FAQs](#) [Guidance](#).

¹In line with the criteria of the Science Based Targets initiative (SBTi), scope 2 targets will be required whenever scope 1 emissions represent 40% or more of total emissions generated by the company.
²Targets science-based targets and the consistent with either of the two levels of ambition outlined in the SBTi. In line with the Science Based Targets initiative, the long-term goal will need to happen in the longer term for the company to be net-zero emissions.

SCIENCE BASED TARGETS | United Nations Global Compact | WE ME AN BUSINESS

Commitment Letter

What are companies committing to?



Option 1 – 1.5°C science-based emissions reduction targets:

My company commits to set science-based emissions reduction targets across all scopes 1, in line with 1.5°C emissions scenarios and the criteria and recommendations of the Science Based Targets initiative.



Option 2 – Net-zero science-based emissions reduction targets:

My company commits to:

- a) Set a long-term science-based target to reach net-zero value chain GHGs emissions by no later than 2050 and
- b) Set interim science-based targets across all relevant scopes and in line with the criteria and recommendations of the Science Based Targets initiative.

→ By ticking both options, companies are committing to the highest level of ambition in the short and long-term.

Options in the commitment letter

	Option 1 – 1.5°C SBTs	Option 2 – SBTs + Net-Zero
Set 5-15 years Science- based emissions reduction targets (SBTs)	<p><u>Scope 1 and 2:</u> Consistent with 1.5°C emissions scenarios (4.2% annual GHG reduction).</p> <p><u>Scope 3*:</u> Consistent with 1.5°C emissions scenarios (4.2% annual GHG reduction).</p>	<p><u>Scope 1 and 2:</u> Consistent with <u>either of the two levels</u> of ambition accepted by the SBTi: 1.5°C and well-below 2°C (min. 2.5% annual reduction).</p> <p><u>Scope 3*:</u> In line with SBTi criteria (different options, e.g. supplier engagement targets).</p>
Net Zero target by no later than 2050		<p>AND</p> <p>Long-term science-based target to reach net-zero value chain GHGs emissions by no later than 2050</p>

*In line with the SBTi criteria, scope 3 targets are required when scope 3 emissions represent 40% or more of total emissions generated by the company.

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Join as a small business



The SME Climate Hub will encourage and support small and medium-sized enterprises (SMEs) to commit to halving greenhouse gas emissions before 2030 and reaching net-zero emissions before 2050. In doing so, we strive to create a tipping point for mainstreaming climate action across small and medium sized businesses worldwide and help SMEs and global supply chains to be more resilient.



The SME Climate Hub: How it works



Commit

You are ready to signal your commitment to and take your first steps towards halving your emissions before 2030 and striving to achieve net zero emissions before 2050.

→ [Make the commitment](#)



Take Action

Once you have signed the SME Climate Commitment, start browsing tools and resources that have been tailored to support your efforts.

→ [Go to tools](#)



Access Incentives

By making the SME Climate Commitment, your business will be recognized by the United Nations Race to Zero campaign, giving your business visibility in the community and with your clients.

→ [Get recognised today](#)

The SME Climate Commitment

Making the SME Climate Commitment means that your business will start to take immediate climate action in order to:

1. Halve greenhouse gas emissions before 2030
2. Achieve net zero emissions by 2050
3. Disclose progress on a yearly basis

Further information can be found [here](#)

What are the business advantages for an SME?

- 1. Gain a competitive advantage:** Supply chain leaders, investors, shareholders, consumers and employees are increasingly looking to business to adopt ambitious climate-related targets, with some supply chain leaders now formalising climate action in their procurement policies.
- 2. Improve efficiency and reduce costs:** Businesses that look to use and manage resources more efficiently can tangibly reduce their operating costs and increase profitability, while improving business preparedness.
- 3. Manage business risk:** Left unchecked, climate change can cause damage to business infrastructure, cashflow, and supply chains, lead to business interruptions, force business closures and stunt economic growth.
- 4. Enhance access to capital and affordable insurance:** Investors and insurers are increasingly linking business exposure from natural disasters with climate change. Take steps to keep your insurance fees affordable and secure your loan, grant and investment worthiness.
- 5. Grow business and brand:** The SME Climate Hub represents a global network of like-minded businesses seeking to improve themselves, their community and the planet. Being part of this network offers far reaching collaborative and commercial opportunities to grow your business and be a leading brand, as market trends shift to a low-carbon economy

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Join us in the Race to Zero!



Sophie Wilson

COP26 Consumer Sectors Lead

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Next steps:

- **If you are ready to commit a target through SBTi:** please sign the [BA for 1.5C commitment letter](#) and return to commitments@sciencebasedtargets.org
- **For more information:** please do reach out to Sophie, Alisha and Gail for a follow-up discussion on the Race to Zero campaign

**JOIN US
IN THE RACE
TO A BETTER
WORLD**

RACE TO ZERO