Climate Leadership Coalition

- 87 organisational and 45 personal members – companies, cities, associations, trade unions, universities and think tanks – largest climate business network in EU

J Keronen, Climate Leadership Coalition

10.3.2021
CLC Board 2020-2021

Chairman: Karl-Henrik Sundström, former CEO of Stora Enso and a member of the board of Mölnlycke, Vestas and NXP and the Marcus Wallenberg Foundation

Vice-chairman: Jyrki Katainen, President of Sitra and former European Commission Vice-President for Jobs, Growth, Investment and Competitiveness, Prime and Finance Minister of Finland

Members: Mikko Helander, President and CEO, Kesko

Kati ter Horst, EVP, Division Paper, Stora Enso

Risto Murto, CEO, Varma

Jukka Mäkelä, Mayor, Espoo

Antti Vasara, President and CEO, VTT

CLC Advisory Board 2020-2021

Chairman: Henrik Ehrnrooth, Chairman of the board, Otava, former Chairman of the CLC

Members incl.: Esko Aho, former Prime Minister of Finland

Pekka Ala-Pietilä, Chairman Huhtamaki, Sanoma and HERE Technologies, a member of the Supervisory Board of SAP and former President of Nokia Oyj

(see the whole advisory board in the next slide)

Antti Herlin, Chairman of the Board of Directors, KONE

Jaakko Hirvola, CEO, Technology Industries of Finland and Chairman, Orgalim

Jorma Ollila, former chairman of Nokia and Shell

Georg Kell, Chairman, Arabesque Partner, founder and former Executive Director of the UN Global Compact

Jeremy Oppenheim, founding partner, Systemiq, former leader of the New Climate Economy project

Pekka Pesonen, Secretary General, Copa-Cogeca

Petteri Taalas, Secretary General, WMO

Marcus Wallenberg, Chair of SEB, Saab, Patricia Industries and FAM, Vice Chair of Investor AB

Anders Wijkman, Co-President, Club of Rome, Chairman EU EIT Climate KIC

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CLC’s main activities

Theme groups
• sharing experiences, creating ideas and developing initiatives

Theme areas
• agriculture and food, carbon footprint and handprint, climate policy, circular economy, citizen engagement, communication, construction, energy, financing, forestry, health, HR, ICT, retail, smart cities, transport

Developing and sharing best practises
• Implementing best practises, developing new methods

Key methods
• **Strategy/reporting**: Task Force on Climate Related Disclosures (TCFD)
• **Lowering carbon footprint**: Science Based Targets (SBT)
• **Positive climate impact**: Carbon handprint

Climate policy proposals for systemic solutions
• developing concepts for mainly for EU

European Union
• Ambitious and clear climate targets (2018)
• Systemic emissions and sinks management (2019)
• Holistic strategy for the land-use and bioeconomy (2021)

Events and webinars
• Events by themes
• Joint events with partners
• Spring and fall meetings

International networking
• Nordic collaboration
• EU business - climate networks
• UN, UNFCCC, World Bank, IEA, impact investors, etc.

J Keronen, Climate Leadership Coalition

Photos: J Keronen and H Ehmrooth and carbon handprint picture by Outotec
CALL ON CARBON

For ramping up climate investments and carbon pricing
1. GHG emissions gap is growing

2. Investment level for climate mitigation is too low

3. GHG pricing is not wide and effective yet and fossil subsidies are too large

4. Join the Call on Carbon campaign and show your support to fix this
GHG emissions gap is growing

A. Current policies
- GHGs: 54 GtCO2e -> 59 GtCO2e by 2030

B. With unconditional NDC’s
- 56 GtCO2e by 2030

C. Gaps by 2030
- 15 GtCO2e to below 2°C (-28% from the current)
- 32 GtCO2e to 1.5°C (-59% from the current)

It is estimated that the level of ambition needs to be roughly tripled to align with the 2°C limit and must be increased around fivefold to align with the 1.5°C limit.


https://www.unep.org/emissions-gap-report-2020
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1. GHG emissions gap is growing

2. Investment level for climate mitigation is too low

3. GHG pricing is not wide and effective yet and fossil subsidies are too large

4. Join the Call on Carbon campaign and show your support to fix this
There is a large investment gap – that is also a gigantic opportunity

Net zero targets mean that in about 30-40 years we need to replace emitting solutions in energy, industry, buildings and transport by non-emitting ones and develop solutions for carbon sinks and sequestration. Electricity generation must expand three-fold by 2050 and the production green hydrogen by over 300-fold from today.

The current pace of change is too slow...

...but in 2019 there were also good news - renewables contributed 41% and all non-emitting sources 56% of the increased energy demand.
Many other sectors have significant investment needs

Clean hydrogen
- Hydrogen production now 14 EJ/y - < 1% green -> by 2050 demand 74 EJ - two-thirds of it green
- > 228 large-scale projects announced - total investments may reach more than $300 billion by 2030

Iron and steel
- The direct CO2 intensity of crude steel has been relatively constant (within a 20% range)
- For IEA SDS scenario, the CO2 intensity of crude steel needs to fall an average of 2.5% annually by 2030
- -> incremental improvements on the whole fleet or capacity replacements of 2.5% to clean hydrogen

Cement
- The direct CO2 intensity of cement production increased 0.5% per year during 2014-18
- To get on track with the IEA SDS scenario, a 0.8% annual decline is necessary to 2030
- -> reducing the clinker-to-cement ratio and deploying innovative technologies including CCUS

CCUS
- 21 plants w CCUS, 36 MtCO2/y
- IEA 2030 SDS target 760 MtCO2 per year

https://www.iea.org/topics/tracking-clean-energy-progress
We need to implement new economic growth via non-emitting solutions and replace existing emitting assets

A. Implement demand growth by climate friendly solutions

B. If all demand growth investments would be CO2-free then the emissions would stay as today

C. Implement capacity replacements with CO2-free solutions...

D. ... and do even more than that

E. To reach net zero by 2050, CO2 emissions must decline 3.5% year-on-year, on average (IRENA)

Today, we implement only part of the growth by climate friendly solutions. If we do not have a step change for this, we will not get the investments on time. We are only one investment cycle away from 2050.
Carbon price and markets are vital for the investors

When considering new investments, the decision makers will ask:

• Will the new products be certified? Will there be sufficient demand and markets for the new products?

• Will the new investment lead to a profitable business?

• Is there adequate support to develop new products or industrial processes on time?

Predictable, effective carbon price is needed for the profitability and carbon markets for the cost efficiency. In addition, demand-based policies and Carbon Contracts for Differences – type policies will help in getting pioneer solutions commercialized.

https://www.iddri.org/sites/default/files/PDF/Publications/Catalogue%20Iddri/Etude/201910-ST0619-CCfDs_0.pdf
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4. Join the Call on Carbon campaign and show your support to fix this
Carbon pricing is not wide and effective yet and fossil subsidies are too large

- Only a fraction of green-house gas emissions has an effective carbon price
  - about 22% of global GHG emissions are covered by a carbon price
  - less than 5% of GHG emissions the price is on the adequate level
  - with about half < US$10/tCO2e, and the global average US$2/tCO2

- Fossil subsidies and damages much bigger than the money we collect with the carbon price
  - governments raised more than US$45 billion from carbon pricing in 2019
  - fossil subsidies were more than ten times higher US$ 478 billion
  - the indirect costs of climate change are around US$5 trillion per year

- Carbon price development slow
  - during the last five years, the coverage of carbon pricing has increased by less than two percentage points per annum

To attract the needed investments, we need to have a step change in this!

https://openknowledge.worldbank.org/bitstream/handle/10986/33809/9781464815867.pdf?sequence=4
https://openknowledge.worldbank.org/bitstream/handle/10986/25160/9781464810015.pdf?sequence=7&isAllowed=y
Actions and political support for carbon price and markets is growing

“We want to work with all those who agree that we must put a price on carbon. We are ready for more ambitious commitments with like-minded countries.”
President Ursula von der Leyen at the Climate Ambition Summit, 12 Dec 2020

“It would help a great deal if we had a carbon market,”
Climate Envoy John Kerry, Transatlantic Energy Meet, 16 Mar 2021

China’s ETS started in February 2021.

Countries using or considering carbon price

https://openknowledge.worldbank.org/bitstream/handle/10986/33809/9781464815867.pdf?sequence=4
Businesses have called and supported carbon pricing and market mechanisms before and after the Paris COP

- 20 business focused organisations and associations (2015)
- Orgalim (2018)
- European Round Table for Industry (ERT) (2018)
- CERES with more than 75 businesses and trade associations - combined market valuation of nearly $2.5 trillion (2019)
- International Chamber of Commerce (ICC)
- U.S. Chamber of Commerce (2021)
- Institute of International Finance (IIF) and top finance trade groups - banks, insurers and asset managers (2021)

https://ert.eu/documents/international-cooperation-to-deliver-on-the-paris-goals/

https://www.reuters.com/article/usa-business-carbonpricing-idUSKBN2672W4
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4. Join the Call on Carbon campaign and show your support to fix this
We, the undersigned, call on governments to:

- back their net zero targets with effective, robust, reliable and fit-for-purpose carbon pricing instruments, consistent with the Paris Agreement, to facilitate a cost-efficient investment path to reach net zero emissions;

- align their carbon pricing instruments where appropriate to create a stable and predictable investment environment; and

- finalise the rules for international market mechanisms under Article 6 of the Paris Agreement to support cost-effective mitigation efforts, create a level playing field and minimise carbon leakage while enabling greater ambition.

Join

42 Companies

11 Business associations & networks

10 Others

4 Universities
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<th>Name</th>
<th>Position or Company</th>
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<td>Juhana Mattila</td>
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Timeline of the key actions – to be planned in more detail in March

15 February
Open the www-site on 15 February with first signatories and quotes

6 April (TBD)
Publish the campaign for the media (prior to the US Climate Summit on 22 April)

X June
High-level round table associated to G7 Summit in UK on 11-13 June

X October
A letter for key leaders within COP parties indicating wide support from the business

1-12 November
Organize a side event on this in the Glasgow COP26

Feb-Oct
Events / webinars utilizing other relevant events and Portugal and Slovenia EU presidency
Get more signatories
Opportunities for webinars with interesting parties

- Benchmarking and experiences of the performance of climate policies
  - Cap-and-trade, taxes, feed-in-tariffs, standards / abilities to secure emission reductions, attract investments, proceed cost efficiently
- How to use carbon price for attracting and scaling up green investments
- How carbon price could support innovation development and commercialization of new solutions
- Carbon price proceeds in supporting fair transformation
- Carbon pricing solutions to help in creating a level playing field
- The use carbon price to support and develop nature-based climate solutions
- Systemic transition from fossil subsidies towards carbon pricing
- International integration of carbon pricing solutions
Contact persons

Climate Leadership Coalition
Jouni Keronen, CEO, jouni.keronen@clc.fi +358504534881
Senni Raunio, Coordinator, senni.raunio@clc.fi +358503512390

Haga Initiative
Nina Ekelund, Executive Director, nina.ekelund@hagainitiativet.se +46735022464
Deniz Butros, Strategist, deniz.butros@hagainitiativet.se +46764271580

Skift
Bjørn Haugland, Executive Director, bjorn@skiftnorge.no +4797687315
Mathias Johnsen, Communications, mathias@skiftnorge.no +4799425 998