Legal Framework Relating to Climate Change and Business

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Sources: https://www.nytimes.com/2016/05/26/science/exxon-mobil-annual-meeting.html; https://www.ibtimes.co.uk/cop21-seven-businesses-that-are-leading-way-fight-against-climate-change-1532782
ACME REFRIGERATOR INC.

CHRIS MADDEN.

OUR PRODUCTS ARE CONTRIBUTING TO GLOBAL WARMING.

A WARMER PLANET MEANS MORE FRIDGE SALES!

PROFIT

Shell...

Leading on CLIMATE CHANGE
Question now is: Is there a legal framework for businesses and climate change?
Answer of Lawyers: Well it depends...etc., etc. etc.
Outline of Discussions

• The Paris Agreement

• UN Guiding Principles on Business and Human Rights

• UN Global Compact

• Equator Principles

• Developing A Legal Framework/Way Forward for Business
International Climate Change Core Documents
## The Paris Agreement

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td><strong>Temperature</strong></td>
<td>1.5°C – 2°C</td>
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<td></td>
<td>• Hold the increase in the global average temperature to “well below 2°C” above pre-industrial levels and “pursue efforts to limit the temperature increase to 1.5°C...”: art. 2.1(a)</td>
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<tr>
<td><strong>Adaptation</strong></td>
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<td>• Increase the ability to adapt to climate change and foster climate resilience: art. 2(1)(b)</td>
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<tr>
<td><strong>Finance</strong></td>
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<td>• Finance must support low GHG emissions and climate resilient development: art. 2(1)(c). Developed countries to provide $1 billion from 2020 as a floor to help developing countries. Other countries may provide support voluntarily</td>
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What’s In It For Businesses?

• State obligations only – no direct responsibility for businesses

• BUT – Nationally Determined Contributions (NDCs) will guide a country’s transition to a carbon neutral economy, affecting businesses
  • Climate plans translated into domestic regulation and legislation (see China for instance)

• Climate financing partnerships and mechanisms
  • Opportunities to co-finance projects with governments
The Business Response to Paris?
Climate Action 100+ is an investor initiative to ensure the world’s largest corporate greenhouse gas emitters take necessary action on climate change.

The companies include 100 ‘systemically important emitters’, accounting for two-thirds of annual global industrial emissions, alongside more than 60 others with significant opportunity to drive the clean energy transition.

To date, more than 300 investors with more than USD $33 trillion in assets under management have signed on to the initiative.
We Are Still In Campaign (US)

WE ARE 3,638 LEADERS STRONG

REPRESENTING 154.6 MILLION PEOPLE

ACROSS 50 STATES

TOTALING $$ $$ $$ $$ IN GDP

ADB
BUSINESS STATEMENT WELCOMING PROGRESS ON THE PARIS ‘RULEBOOK’

This statement was developed by the Center for Climate and Energy Solutions (C2ES) and is supported by the companies listed below.

As companies committed to addressing climate change, we welcome the decisions reached by governments at COP 24 in Katowice, Poland, to implement the Paris Agreement, and we strongly urge governments to finalize the Agreement’s market-related provisions next year at COP 25.

The Paris Agreement is a landmark achievement – it establishes an inclusive, pragmatic and durable framework for progressively strengthening efforts globally to address the causes and consequences of climate change.

The recent Special Report of the Intergovernmental Panel on Climate Change underscores the growing environmental, social, economic, and security risks posed by climate change. As businesses concerned about the well-being of our customers, our communities, our investors, and our planet, we are committed to working on our own and in partnership with governments to mobilize the technology, investment and innovation needed to transition to a sustainable carbon-neutral economy.

We have welcomed the Paris Agreement as an expression of the strong governmental leadership needed to
Business and Human Rights

Source: https://www.shiftproject.org/un-guiding-principles/
"The Guiding Principles are a transformational roadmap to a future where the billions of people whose lives are impacted by corporate activities are treated with respect for their dignity and fundamental welfare – a world where human beings and corporations alike can thrive and prosper."

John Ruggie, author of the Guiding Principles and Chair of Shift
UN Global Compact

- Human rights
- Labor
- Environment
- Anti-Corruption
Equator Principles Financial Institutions (EPFIs) apply EPs to new projects (globally and across all industry sectors) financed by four financial products:

- Project Finance Advisory Services
- Project Finance
- Project-Related Corporate Loans
- Bridge Loans

Intended to provide a minimum standard for due diligence and monitoring to support responsible risk decision-making.

Recognizes the importance of biodiversity, human rights, and climate change.
Way Forward for Business and Climate Change

• Legal frameworks, and business and enterprise responsibility are increasing
  • Human rights; climate change

• Make your businesses sustainable, carbon neutral, and responsible
  • Smart and green investments
  • Lead by example

• Prepare for risks by avoiding them!

• Be the catalyst for change and reform in your industry
  • Change the concept of “the bottom line”
Maraming Salamat!
Thank you!