COLLECTIVE INTELLIGENCE

Key Takeaways From New York Climate Week and UNGA 2023

Brunswick Climate Hub
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New York Climate Week (NYCW) and the UN General Assembly (UNGA) saw heads of state, business leaders and key NGOs gather in New York to discuss the climate crisis. Against the backdrop of the Global Stocktake, and with COP28 fast approaching, this was a crucial moment to discuss progress on the climate crisis and identify opportunities for accelerated action. Businesses should expect scrutiny to intensify over the next few months.

Key takeaways

Businesses are expected to have robust transition plans that support their future growth story.

US Treasury Secretary Janet Yellen set out nine principles for net-zero financing and investment, which reinforce the importance of credible targets, plans and practices to increase clean energy investment and align capital with the economic opportunity associated with the transition, estimated by the Treasury at $3.5 trillion annually.

Increasing expectations of credible corporate transition plans are being mirrored by stakeholders globally. It is now a mainstream expectation by large investors, mandatory in the UK and soon to be in the EU, and a regulatory focus across the G20. All companies will need to articulate a credible plan for how they can be successful in this transition, by navigating material risks and capturing the significant opportunities. Transition plans offer businesses a proactive platform to engage and build credibility with internal and external stakeholders critical to their long-term success.

Companies must consider nature and land use alongside climate.

The Taskforce for Nature-related Financial Disclosures (TNFD) released its final recommendations, providing a risk management and disclosure framework for organizations to report and act on evolving nature-related risks, which compound climate-related risks. The framework enables companies to assess, disclose and manage nature-related risks and impacts, which will lead to consistent and comparable reporting by businesses and financial institutions worldwide. Mary Schapiro, GFANZ vice chair, said that "there is no corporate or global net zero without arresting nature loss. Transition plans that don't account for nature are incomplete."

Stakeholders are increasingly concerned that our collective ability to transform use of land will make or break the net-zero transition. Nature-based solutions account for a third of mitigating actions required to achieve Paris, and land-related emissions typically represent the lion's share of scope 3 emissions for companies in sectors such as food, fashion and retail with nature-based value chains. New frameworks such as TNFD and Science Based Targets for nature provide emerging frameworks for all companies to disclose their impacts and dependencies on nature and take credible action.

Businesses should prepare for an energy transition that is accelerating.

Several developments during Climate Week demonstrated how fast the transition is accelerating:

- Rocky Mountain Institute released an analysis finding that electric vehicles are expected to surpass two-thirds of global car sales by 2030. The research found that, as battery prices halve, EVs will be cheaper to buy than conventional cars in all major markets, driving down oil demand, half of which comes from road transport.
- Several heads of state, and regional and city leaders laid the groundwork for not only demanding a phase-out or phase-down of coal at the upcoming COP28 summit in Dubai, but of fossil fuels in general.
- California Governor Gavin Newsom announced that his state will sue several of the world's largest oil companies for damages and "decades of misinformation." The state also announced it will introduce mandatory scope 3 greenhouse gas disclosures for public and privately held companies with global annual revenues larger than $1 billion, going far beyond the proposed disclosure requirements of the US Securities and Exchange Commission.

Determine the policies and enabling conditions your business requires to succeed – and be prepared to actively advocate for them.

Few companies are likely able to achieve net zero without supportive changes in policy. Investors and stakeholders increasingly expect businesses to define the conditions on which their transition plans rely and to advocate for them. Businesses materially invested in the transition are beginning to take strident public stances on climate policy decisions. Over 400 business leaders urged British Prime Minister Rishi Sunak to reconsider plans to delay key climate policies announced in a speech on September 20. The move by businesses was widely praised by the media and nongovernmental organizations.

Put people at the center of transition planning and engagement to protect and build reputation.

The transition from high- to low-carbon business models inevitably entails significant changes for most companies, including changes in operations and skill-base. Poorly managed, this transition has the potential to magnify existing societal challenges; dislocate the most exposed workforces, supply chains, communities and consumers; and expose businesses to political and reputational risk. Credit rating agencies and investors are paying increasingly close attention to how businesses are managing these risks and contributing to a resilient low-carbon economy that benefits all stakeholders – consumers, clients, suppliers and employees.

To continue the conversation

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