

Climate Leadership Principles for Business

ABAC members, meeting on 3 August 2021, agreed a set of Climate Leadership Principles both to guide its own climate response and to encourage businesses in the Asia-Pacific region to adopt practices to address climate change at the enterprise level.

We offer these principles as useful guidelines for adoption by businesses within the Asia-Pacific region¹ and we commit ourselves to continue to exchange best practice for implementing these principles in APEC economies.

Reduction

1. In order to begin a transition to a low-carbon region, businesses should play their part by:
 - a. Measuring, monitoring, and reporting individual businesses' greenhouse gas footprint, and have this independently verified, at both gross and net levels, taking into account transparent use of verified offsets in the near term;
 - b. Adopting reduction targets grounded in science that will deliver substantial emissions reductions; and
 - c. Properly resourcing decoupling from fossil fuels, supporting the generation of, and trade and investment in, clean renewable energy, as well as the uptake of other new technologies and environmentally-friendly goods and services.

Adaptation

2. Businesses should support behavioral and technological adaptation to support our communities to deal with the forecast effects of climate change by:
 - a. Undertaking effective climate change risk assessment and proactive management, both in company and within the value chain and logistics and publicly disclosing this;
 - b. Recognizing that responsible "Environmental, social and governance" (ESG) investments along with funding for climate change mitigation and adaptation is an investment in the future; and
 - c. Championing technological advancements that support a low-carbon economy and enhance the effectiveness of digitalization.

Just Transition

3. Businesses should consider wide climate impacts and seek a sustainable and equitable transition for parts of our economy and society, within the framework for open and rules-based trade by:
 - a. Building a just transition which is fair, equitable and inclusive and acknowledges those most affected by our changing climate;
 - b. Challenging polarization – welcoming a wide range of information sources in decision making and an inclusive approach; and

¹ ABAC acknowledges the work of the New Zealand Climate Leaders' Coalition and the Sustainable Finance Development Network.



- c. Involving communities including youth and indigenous people, seeking their feedback in decision making – ensuring that future generations have the same rights as the present generation to natural and cultural benefit.

Climate Leadership Assumptions

Three assumptions underpin the development of ABAC's Climate Leadership Principles and the responses that individual businesses should accordingly make in addressing climate change:

Collaboration

1. To address the challenge to the future sustainability of our communities and the planet as a whole, business leaders should undertake to work inclusively and collaboratively, rather than competitively:

Three high-level considerations support this assumption:

- a. Cooperation – we can only make progress on climate if everyone is on board – community, government and business, including the financial sector. Business has a role to lead where politics fails on climate, and in particular, share and deploy best available corporate practice for greater impact.
- b. Climate action culture – to ensure that our organizations' culture, key documents, and decisions reflect and align with these Climate Leadership Principles. Business needs to lead by example.
- c. Expand climate leadership reach – build business momentum, bring more on board, within our communities, with key stakeholders.

Natural Ecosystems Approach

2. We acknowledge that our businesses operate within, not separate from, our surrounding ecosystems.

Three high-level considerations support this assumption:

- a. Acknowledge the interrelatedness of all ecological, social and economic processes.
- b. Promote design for a sustainable systems and/or circular economy approach, that considers whole of life emissions, and product stewardship throughout a product's life cycle.
- c. Understand business impacts on community, biodiversity and vulnerable ecosystems.

Iterative Process

3. We understand our approach to climate requires constant review, adaptation and a commitment to being led by science-based data.

Three high-level considerations support this assumption:

- a. Incorporate climate considerations into all areas of business operations and be willing to review progress often.
- b. Commitment to being science based – respond to developments in data at the international, regional and economy level, with an aim of using the best available evidence and data.
- c. Recognize that addressing climate change requires constant learning, flexibility, and challenges our predisposition towards the status quo.

