

## Cambridge Institute for Sustainability Leadership COP26 event: What now? What next? - From ambition to action

### Introduction

COP26 seeks to deliver measurable progress on mitigation, adaptation, and finance. Alongside this, non-state actors - including business and financial institutions - are being asked to join the Race to Zero and set their own long-term net zero targets and ambitious 2030 targets. Collaboration between governments, financial institutions and corporates will be key to delivering the transformations required.

CISL held an event to bring together perspectives from government, financial institutions and corporates to examine where we have got to now and what needs to happen beyond COP26 – not just to put us on track to halve global emissions by 2030, but also to help economies globally to build forward better following the pandemic, protect communities and nature, and build resilience to climate change.

The event encompassed two panels, together with a video that included input from CISL's global network and young leaders around the world. **Clare Shine, CEO, Cambridge Institute for Sustainability Leadership**, introduced and chaired '**Panel 1: Where Have We Got to Go?**' Eminent panellists from a cross-section of business and academia included: Tony Danker, CEO, CBI, Jessica Fries, Executive Chairman, Accounting for Sustainability, and Rachel Kyte, Dean, The Fletcher School, Tufts University.

**Clare Shine** opened the panel discussion by first raising how recent extreme weather events and COVID have highlighted, "the staggering costs when we, as businesses or companies or as an international system, fail to be risk literate, and the gaping cracks in what we call solidarity, whether that's domestic or international." Clare Shine stressed a systems change is essential for people, nature and climate. CISL sees non-state actors and business SMEs as, "critical to the transformation," she said. That while there is more willingness to collaborate, "business must move further and faster." And "a bolder policy playing field is essential if we are going to send the right signals to the market and reward first movers and proper innovation."

**Rachel Kyte, Dean, The Fletcher School, Tufts University** was the first panellist to speak and was heartened to see widespread representation at COP26, but said of the pledges so far, "the policy undercarriage is not there in most countries yet, and that is a vital step" in implementation. Answering the question put to the panel about what needs to happen, Rachel said we need, "guardrails and ratchets". Guardrails, "are when the business community call out amongst each other", as well as having "mandatory government transition plans". And for ratchets, "developing countries don't have the bandwidth to think through the policy undercarriage, so you're going to need help on the government side," to make sure that this doesn't support an "exclusive green club."

**Tony Danker, CEO, CBI**, spoke about the danger of waiting for perfect answers and solutions before taking action. Instead, he said, "let's build snowballs" as a tactical approach to gaining momentum. He stressed the UK government, "has got to move from being green rule-makers to green market makers", such as they are doing on heat pumps. "It's about frankly changing our tax system to reward those that go green", about creating regulatory objectives, reporting standards, and deployment of capital. "My biggest worry", he added, "is I'm not sure we have the capability in all areas, and we need to rectify that quickly." He emphasised that the

private sector also needs to make commitments but was hopeful, as “CEOs are coming (to COP26) because this is now incredibly real, and they’re thinking about highly significant investments.” When asked what we really need to see happen, he said we need to get to mandatory standardised accountability for corporates quickly. “The sooner that we have sunlight on what’s really going on, the sooner that businesses have some visibility about where they rank compared to their peers, that’s where it gets really interesting. Then things will move very fast.”

**Jessica Fries, Executive Chairman, Accounting for Sustainability**, spoke about the importance of having a multi-stakeholder perspective and was encouraged to see broad representation at COP26. “We cannot wait ten years. We need to see one year, two-year company transition plans and near-term targets,” she argued. She then highlighted the International Financial Reporting Standards Foundation’s work in setting up an International Sustainability Standards Board as a, “coming together of a huge part of the current reporting infrastructure”. That its focus will be on the capital markets and will provide harmonised standards to investors. When asked what else needs to happen, she replied that a, “mandatory underpinning that creates that level playing field is critical.” She also wanted to highlight the importance of rewarding the first movers, helping communities that risk being left behind, and demonstrating swift action to address the anger a lot of people feel as a result of the consequences of inaction, as it is only going to increase, she said. “I don’t think we will get to net zero unless we’re looking at what impact an organisation has on the world and the impact that world has on an organisation.”

The session then moved from Panel 1 to hearing from an [extensive collection of speakers](#) from the business, non-governmental and academic sectors from around the world, via video, who spoke widely on climate, biodiversity and people. Some of the themes circled the urgent need to translate talk into action, how transition plans must incorporate the Global South, the importance of integrating nature into any targets and actions, and the critical role of sustainable finance and government policy.

**Co-Chair Nina Seega, Research Director for Sustainable Finance, Cambridge Institute for Sustainability Leadership**, introduced **Panel 2, ‘What Next?’** Expert speakers included: Wendy Clark, Global CEO, Dentsu international, Director and Executive Officer, Dentsu Group Inc, Paul Spence, Director of Strategy and Corporate Affairs, EDF; Janet Pope, Chief of Staff and Group Director, Sustainable Business, Lloyds Banking Group, and Gonzalo Sáenz de Miera, Director of Climate Change and Alliances, Iberdrola.

**Wendy Clark, Global CEO, Dentsu international, Director and Executive Officer, Dentsu Group Inc**, started the panel discussion by answering a question on how to convert commitment into action, stating, “what gets measured, gets done”, adding that also, “the easiest way to get started is to start inside out. Start with your own people.” It is about, “driving different consumer behaviour, creating green markets to move the marketplace,” she said. Wendy Clark shared that among the 45,000 people in her company the average age is 27 and, “you feel their anger, their demand and expectation.” By 2030, “most consumers will be buying brands from companies that have positions on decarbonisation and sustainability ,” she said. “It is about transparency now”, we need to ask companies on their pledges: “Where’s your math? Where’s your spreadsheet? Where’s your measurement? Where’s your accountability? What have you done lately?”

**Janet Pope, Chief of Staff and Group Director, Sustainable Business, Lloyds Banking Group**, wanted first to highlight the gravity of the situation and existential crisis some are feeling right now more than others by mentioning the speech at COP26 of Mia Mottley, the [Prime Minister of Barbados](#), who had laid bare the stark reality that a two-degree rise is a death sentence for island nations. When asked about mobilising consumer finance, Janet stressed that, “none of us can do this by ourselves, we need to move forward collectively.” She said government signals are critical as they can change actions and gave the example of a provider of Lloyd’s fleet of motor vehicles changing their mindsets once they heard the government statements on phasing in electric vehicles. “It was as if somebody had flicked a switch.” Janet went on to talk about finance and

investments, stating that, “when it comes to financial institutions and investments, one of the challenges is that it is easier to go after the new things than it is to transition the old ones. We need to be thinking about helping existing customers to transition their operations towards net zero (which) is a whole lot harder.” Finally, she highlighted how important it is to reframe the ‘losers’ and spoke about the retraining of coal miners into much better jobs for their lives, which, in turn, became a win-win for the community.

**Gonzalo Sáenz de Miera, Director of Climate Change and Alliances, Iberdrola** spoke about when it comes to bringing the Global South into this conversation in a much more structural way, then, “we need investments in those countries, and an adequate framework to foster those investments including fiscal policies for transition.” He added we also must have “the delivery of the 100 billion euros to support these countries on mitigation, but also an adaptation”. He stressed technological transfer is essential, and countries should take advantage of renewable energy. When answering a question from the floor on how investors balance risk and reward, he replied that things are changing fast in the power sector. Still, significantly, he said, “we need to change the fiscal policies based on the polluter pays principle. That regulatory certainty would help, and governments must plan for the short term and the longer term at the same time.”

**Paul Spence, Director of Strategy and Corporate Affairs, EDF,** was the last panellist to speak. He talked about the importance of making sure actions work for communities and that companies educate their own workforce. That by making these priorities this can feed back to also help achieve net-zero. And that although physical resilience is essential, so is financial resilience, and there is, “ a need for organisations, whether they’re governments or whether they’re companies with broad shoulders to take some of the risks.” He pointed to the fact that in the energy sector in the UK, “we’re about a quarter of a way to what we need to do if we are going to have a secure, reliable, affordable, and sustainable energy system in the future. We’ve got a decade, maybe a decade and a half to get the other three-quarters of the way there... we need to go faster.” And that means not leaving out the South or using up their natural resources, but “doing everything we possibly can to help.”

When asked about how investors are balancing risk and reward, he pointed to how the proper financial framework and policy helped phase out two coal-fired power stations, adding, “We at EDF have seen that there is a real appetite where we can show that there are projects that are about investing in low carbon options in wind farms, in solar panels... with the appetite comes a competitive market and therefore, a lower cost for those projects.”

**Nina Seega** wrapped up Panel 2 and some of the conversations about mobilising consumers by pointing the audience towards a CISL Investment Leaders Group Survey, which asked consumers about their preferences on investment funds. It showed that public interest in sustainability does influence investment preferences when suitable information is provided. Nina said, “consumers are already here so we just need to catch up .”

**Clare Shine** concluded the event, pulling together some of the key points made by panellists and contributors. She reminded the audience that there was a strong sense that labelling and the use of technology to increase transparency for consumers is vital. Social sustainability will also be critical, particularly in responding to the justified anger on lack of progress. Clare Shine pointed to the comments made about the importance of public-private intersectionality, getting the right policy undercarriage in place from governments. Clare stressed the importance of aligning sustainability with strategy, the urgent need for upskilling as well as tackling issues of spatial and social inequality and the need to reframe the ‘losers’. Clare ended by emphasising the importance of respect - respect and understanding that most people do want to be able to do the right thing better, within their means.”