

Shape or be Shaped: Activating Business in an Age of Disruption

Towards an inclusive,
competitive and
resilient economy

June 2025

The University of Cambridge Institute for Sustainability Leadership

CISL is an impact-led institute within the University of Cambridge that activates leadership globally to transform economies for people, nature and climate. Through its global network and hubs in Cambridge, Cape Town and Brussels, CISL works with leaders and innovators across business, finance and government to accelerate action for a sustainable future. Trusted since 1988 for its rigour and pioneering commitment to learning and collaboration, the Institute creates safe spaces to challenge and support those with the power to act.

The Corporate Leaders Group are convened by the University of Cambridge Institute for Sustainability Leadership. They are guided by CISL's world-class expertise and specialist teams to build understanding and shape policy for a sustainable economy.

Corporate Leaders Group Europe

CLG Europe develops credible, ambitious positions amongst its membership and deploys effective strategic communications to engage with the highest levels of policy audiences. CLG Europe is diverse in its membership and representative of Europe in both geography and sector, welcoming the innovative talent of SMEs as well as leading established companies. The group works closely with policymakers – particularly the Green Growth Group of EU climate and environment ministers, and supportive Members of the European Parliament through its Green Growth Partnership. The group also maintains a network of sister groups across the EU and works in partnership with some of the largest business-focused organisations in support of climate action as one of the founders of the We Mean Business Coalition, for which it provides the EU policy lead.

Corporate Leaders Group UK

The UK Corporate Leaders Group (CLG UK) provides a strong voice to support UK leadership, nationally and internationally, for the transition to a climate neutral, nature positive and socially inclusive economy. CLG UK has frequently defined the UK's business response to climate change – one of the greatest challenges of our time.

Since its founding in 2005 the CLG has helped build consensus across the UK business community in support of climate action. It spoke first and loudest in support of the UK's Climate Change Act, and now sits at the heart of a growing community of progressive business voices in Europe and around the world.

Corporate Leaders Group Africa

CLG Africa convenes thought leadership platforms for corporate leaders in African countries to engage policy issues, with a focus on sustainable development in the local and regional context. CLG Africa carries out its work through two chapters; the Corporate Affairs Leadership Forum (CALF) in South Africa and the Sustainability Leadership Forum (SLF) in Kenya. All the chapters are run in partnership with locally-based organisations. In South Africa, CLG Africa has partnered with the Wits School of Governance and the Johannesburg Stock Exchange.

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Foreword

by **Lindsay Hooper**
CEO, University of Cambridge Institute
for Sustainability Leadership (CISL)



We are at a critical moment. Climate and nature risks are intensifying, threatening the stability of economies, markets and societies. Without swift, co-ordinated action to incentivise market-wide investment and scaling of cleaner, greener, fairer ways of meeting society's needs – and to phase out fossil fuels – economies will face growing systemic shocks. Yet, just as the imperative for policy action strengthens, political division and geopolitical instability are undermining the momentum needed to respond.

All transitions are messy and contested. As the energy transition deepens and we enter an era of real-world cost and consequences, we see a predictable backlash from those with the most to lose. This is not just direct pushback against climate action, it is an attack on the science, media, rule of law and on the multilateral processes that provide the structures and mechanisms to enable transition.

If this backlash succeeds, and if governments and markets fail to create the conditions for accelerated transition, the cost will not just be environmental. It will be borne commercially by every sector and economy.

Some governments recognise this and are taking bold, strategic action to dominate the industries of the future. While headlines dwell on backlash in the US and parts of Europe, Asia is accelerating investment in clean technologies, resource efficiency and next-generation infrastructure.

In this context, the imperative for business action is twofold: first, to avoid systemic instability if the transition stalls; and second, to avoid competitive displacement if it accelerates faster than businesses can adapt. Staying out of the fray and quietly managing their own emissions and impacts will not future-proof businesses against systemic risks nor create the conditions to invest in the transition. Real security and opportunity lies in shaping the conditions for markets to drive transition at scale, addressing systemic risks and – for individual businesses – to position to compete in tomorrow's growth sectors.

This is why working with businesses to drive market-wide change – and supporting them to compete within more sustainable markets – is at the heart of our work at CISL.

It is why we established the Corporate Leaders Groups (CLGs): to bring businesses together to advocate for clear, consistent, long-term policy frameworks that enable innovation and investment in the transition. Over two decades, they have played a pivotal role in shaping the UK and EU policy landscape, helping to embed climate ambition into industrial strategy and accelerate the clean energy transition.

At this critical moment, when political consensus has fractured and market sentiment has faltered, we are building on the strengths and insights of our members to:

1. **Reset the narrative** to frame action in ways that are relevant to today, showing how sustainability drives growth, competitiveness, resilience and security, and helps address social polarisation and inequality. We also need to shift the debate from 'inaction vs action', to the reality of a choice of futures.
2. **Broaden the base of support**, moving beyond a small group of leaders to build wider mainstream support, activating disengaged industry bodies, and building public backing for action.
3. **Support business to speak out.** Governments need visible, vocal signals that business stands ready to invest, innovate, and scale solutions – creating jobs and driving growth – when the right policies are in place. They need clear private sector backing for strategies to create the incentives, skills and infrastructure for transition. Silence leaves the floor to those who will undermine progress.

This publication includes next steps for how we at CISL will engage and enable business to shape, rather than be shaped by, the markets we need in the future. This will be critical if we are to achieve resilient, competitive and sustainable economies.

CISL's action plan to support business on policy engagement – a summary

In order to make it easier for all businesses to work with CISL on these questions, **we are scaling up CISL's work on policy to engage the mainstream middle in shaping the future we need.** Our aim is to create a broader community of businesses and business leaders to build their capacity to engage in and deliver responsible policy engagement in asking for policies that bridge across climate, people and nature.

CISL will seek to deliver this through:

- **Activating business through tailored campaigns**, led by the CLGs, and in partnership with broader organisations such as, the We Mean Business Coalition (WMBC) and Business for Nature (BfN), that support a shift in the narrative and call for specific outcomes.
- **Equipping business to call for change** through providing the evidence base that highlights and showcases the role of climate and nature action by business and governments on the need to take short-term action to deliver long-term goals. This may include demonstrating tangible cases for investment, surveying business, developing responsible policy engagement (RPE) case studies, research and capacity building.
- **Building effective partnerships** of diverse business voices across sectors, company size and geography to highlight the role of climate and nature action by business and governments, the need to take short-term action to deliver long-term goals and how to drive investment now.
- **Organising for influence** through creating a larger 'architecture' to help organise and support business-led advocacy in support of the sustainability transition.
- **Unlocking business leadership** to enable more businesses to step up and call for the changes we need.

To develop and deliver these new streams of work, CISL will be seeking business and funding partners. If you are interested in finding out more, please email clg@cisl.cam.ac.uk.

CISL's campaigns, thought leadership and research aim to inform and equip decision makers across business, finance and policy to lay the foundations for a fair transition to a sustainable economy.



In *Survival of the Fittest: From ESG to Competitive Sustainability* we made the case for why it is in the private sector's own interests to accelerate market-wide transition, and to innovate and prepare to compete on a level playing field that rewards superior sustainability performance.



The follow-up report, *Competing in the Age of Disruption*, sets out a pathway to achieve this ambition.

Introduction

The last 20 years have seen extraordinary change. Global warming and the impacts of climate change have resulted in increasingly devastating extreme weather events such as wildfires, flooding and droughts, disrupting life globally. The cumulative economic cost of extreme weather events over the last ten years is an estimated US\$2 trillion.¹ Alongside this, we have been through a global pandemic and are now experiencing geopolitical changes as part of a shifting global power balance. The extent of environmental degradation continues to increase, as does awareness and concern.

How we live our lives and do business have also changed, with major technological advances a key factor. Mobile and digital connectivity have enabled communication in ways that were not even thought possible in 2005, bringing with them unforeseen opportunities, as well as challenges. Social media has changed how we interact, who we trust and believe, and even, which political parties people support. Artificial intelligence is also increasingly influencing how we manufacture and deliver goods, services and knowledge.

In policy, a notable change has been the shift in consensus on environmental issues. Twenty years ago, a clear and long-lasting consensus began to emerge, driven by a global need to address and support sustainable development. In 2015, this led to the adoption of the Sustainable Development Goals by the United Nations (UN) and the signing by 196 countries of the Paris Agreement, a legally binding international treaty on climate change. But, in the last couple of years, we have seen a breaking down of that consensus and increased political polarisation. This has resulted in a backtracking of environmental policies with countries, such as the US, leaving the Paris Agreement and dismantling domestic policy and regulatory infrastructure.

In 2005, most businesses were only just beginning to understand the role they would need to play in addressing sustainability and climate challenges. At that time, a small number of companies led the way² while most businesses were years off making any formal commitments. However, systemic sustainability risks have increasingly driven – and destroyed – business value. At the same time, often as a result of policy reforms, there has been an exponential growth in the development and deployment of low carbon technology and solutions. As a result, more companies have woken up to the urgent need, and value-creating opportunities, of transitioning. Since the launch of the global ‘Race to Zero’ in 2020, nearly 10,000 businesses have committed to take action through setting net zero targets. This includes 6,000 small and medium enterprises, and over half of the 2,000 largest companies.³

But the context of the current moment has led to a wave of backtracking from businesses on their previous sustainability commitments.⁴ Notably, many major oil and gas companies have publicly led this backtracking, announcing reprioritisation of investments to prioritise their business as usual operating model far above any efforts to transition.⁵ Other businesses have also pulled back from climate commitments – but many have maintained their commitments, if less publicly, and the extent of the change in business ambition is not yet clear. Indeed a number of businesses have announced a sharpening of focus, for example, to double down on real emissions reduction.⁶ This move can be seen as a shift from many in the business community from the why or whether to act to the how to act. While backtracking is concerning, an increasing focus on implementation is a positive move by business.

Leading the way in enabling business to shape the future we need

CISL set up the original Corporate Leaders Group in 2005 in response to a call to action from then UK Prime Minister Tony Blair.⁷ He understood the need for the supportive business voice on climate action to counter a negatively reinforcing vicious cycle of opposition that was present at the time.⁸ Taking leadership on the issue, speaking up in a way other leaders were not at the time, he acknowledged the urgency to address climate change, including the economic arguments to do so to drive growth, and the need for collaboration to address the issue, calling on other governments, as well as businesses, to take action.

Former UK PM Tony Blair speaking at the World Economic Forum conference in Davos, January 2005 in answer to the question “What would you expect from the business community to make this agenda a success?”

“First of all, we need to ensure that its businesses work well and make a profit... It’s an interaction – for business what you can do is to take as much responsible action as you can on your own in areas like energy efficiency, but also to capitalise on the business opportunities for more sustainable development and growth. However, I think the business community, in my judgement, will only really push forward on this, when they get a clear signal from international leaders that the framework is moving in the direction of cutting greenhouse gas emissions. What is not fair is for business to take the strain without that clear signal from the international political leadership, so I think it’s a two-way process, but if we give that signal, then I hope the business leadership actually have the creativity and imagination to realise potentially there are real business opportunities in this area.”

Under its original name of ‘The Prince of Wales’s Corporate Leaders Group on Climate Change’ (CLG), the initiative quickly became a cornerstone of CISL. At its founding, the CLG helped reshape the consensus among the business community in support of climate action and sat at the core of a growing global community of business action. While the CLG has gone through a number of iterations (reflecting the changes in European and UK policymaking, including the UK’s exit from the EU in 2020), CISL now convenes three CLG groups (the ‘CLGs’) in the UK, Europe and Africa. The CLG was also a co-founder of the [We Mean Business Coalition \(WMBC\)](#).

The original concept for the CLGs identified a ‘catch-22’: that governments felt limited in the policies they could introduce due to business resistance, and businesses were unable to unlock investment in low carbon solutions due to lack of long-term policy frameworks.¹⁰ Using the concept of positively reinforcing signals or cycles, now referred to as the ‘ambition loop’, the CLGs originally sought, and still seek, to increase climate ambition within both policy and business.

The CLGs have built on their successes over the years, shaping policy frameworks nationally, regionally and globally, to support both positive climate and nature action. They have championed clear and science-based climate targets to give business clarity to invest, carbon pricing and market incentives to shift business operations, and strong sector-specific policies to drive change.



For example, in the UK the CLG successfully supported the UK's Climate Change Act and a subsequent revision in 2019 to put the UK's net zero greenhouse gas emissions by 2050 target into law. In the EU, the CLG supported multiple iterations of European climate policymaking and ambition – indeed, the CLG has spearheaded business support for an ambitious outcome in all European climate targets. More recently, the groups have increasingly broadened out to cover wider social and environmental issues, calling for green economic recovery measures post-pandemic. This has included building out how competitiveness and sustainability should and do work together, supporting climate adaptation in the UK and marshalling business voices to help secure the adoption of the EU Nature Restoration Law.

However, while we can mark these successes, we are at a point of inflection, where once again the negative voice of opposition is rising, resulting in a negative 'anti ambition loop', even though the consequences and urgency to act are greater than ever. But, 20 years on, the tide of positive momentum means the transition is already well underway. And ongoing change towards the transition is inevitable because it is driven by the laws of nature and technology innovations – and the resulting market forces – rather than by sentiment, ideology or good intentions.

Shape or be shaped: business need to change the system

As set out in CISL's publication, *Competing in the Age of Disruption*, businesses can only avoid the risks and seize the opportunities posed by global sustainability challenges if they can work with others to change market incentives and transform the system they operate within. This means working to advocate the dismantling of economic barriers that constrain sustainability action and instead create gateways that unlock change. It also means working with governments and regulators to create an operating environment that incentivises innovation, attracts investment and expands markets for climate-neutral, resource-efficient, nature-positive business models. Businesses are ready to significantly increase investment levels in the clean economy if governments step up with long-term sector-specific policies and stronger international co-ordination.

The private sector can play a leading role to ensure politicians, policymakers and the public understand, and can act upon, the economic rationale for market reform, through:¹¹

- **Reframing public debate** – emphasising the economic, consumer and people benefits of smart action, while making the costs, risks and threats of inaction clear, using evidence-informed messaging to counter short-term political narratives.
- **Engaging in transition planning** – bringing industry and economic expertise on the energy transition to fiscal policy planning to ensure that transition policies are commercially viable.
- **De-risking transition** – supporting mechanisms that help displaced workers and affected regions adapt to new economic realities, among other things.
- **Defending the foundations of open markets** – ensuring policy decisions are based on facts, evidence and the rule of law. Businesses rely on transparency, accountability and stable institutions to operate and compete. As those opposing progress step up attacks on the independence of media, academia and the judiciary, the private sector must actively support the integrity of these institutions. Without them, markets become unpredictable and unfair, and then power – not superior performance – dictates outcomes.



How CISL and the CLGs are evolving and adapting to support broader business activation

As the world changes, CISL is responding to those changes, and working to move not just with them, but ahead of them. The need to support businesses to speak up is more vital than ever. Through the CLGs, CISL has given those businesses considered as leaders the opportunity to shape markets. Their voice is still critical to the transition to set the path for other businesses to follow, but to support deep sectoral transformation and increase leadership capacity, there is now a greater need for broader business activation that moves the 'mainstream middle'. In building capability and capacity of the broader mainstream, and in doing so, demonstrating wider business consensus and leadership in taking action across the real economy, CISL can build a critical mass of businesses to step up and shape, rather than be shaped by, the inevitable market transformation.

The CLGs have achieved significant impact through their corporate climate policy advocacy and leadership over their 20-year history. In this publication, we reflect on how CISL, in the current context, and through building on the invaluable work of the CLGs, can both engage a broader range of businesses, and through working more collaboratively with our UK, European and global partners, can continue to support and activate business in driving systemic change to shape the markets we need towards a sustainable, equitable future.



The CLGs: 20 years of enabling business to drive systemic change

The early days – bringing a progressive business voice to climate policy

Since its founding in 2005, under the original name of The Prince of Wales's Corporate Leaders Group on Climate Change (CLG), the CLGs have helped build consensus across the UK and global business community in support of climate action. The CLG spoke first and loudest in support of the UK's Climate Change Act, and the CLGs now sit at the heart of an ever growing community of progressive business voices in Europe and around the world.

2005-07

The first business sign-on letter to the UK government demonstrating changing business attitudes to climate change; the first and loudest business voice in support of a legally binding target

Aim: demonstrate business support for climate action in response to then UK Prime Minister Tony Blair's call for a stronger leadership voice from business on climate change, including demonstrating business support for a legally binding framework to reduce UK greenhouse gas emissions.

Actions: CLG organised an open letter to Prime Minister Tony Blair calling for the UK government to sign up to ambitious greenhouse gas targets at the European level and to deliver strong climate policies in the UK. At a time when it was viewed that businesses were against political action, the letter was seen as significant to demonstrate business support for a more progressive approach to climate policy, not just in the UK, but also to exert global influence.¹² The letter asserted that "enabling a low-carbon future should be a strategic business objective for our companies and UK plc as a whole", and that "as business leaders, our concern is with how we can help bridge the gap between today's economy and the radically different low-carbon future that will be needed to deliver this target [at the time this was a 60 per cent reduction in CO₂ emissions by 2050]". It called for "a strong policy framework that creates a long-term value for carbon emissions reductions and consistently supports and incentivises the development of new technologies", noting that "without such policies, our companies are not able to justify to our boards or investors the necessary high up-front investment in low-carbon R&D, technologies and processes". Following the letter, the CLG was one of the first and loudest supporters of the UK's Climate Change Act, providing ongoing support to the cross-party consensus as the bill passed through parliament. During this period, CLG members were also interviewed to input into the highly influential Stern Review.¹³

How it raised ambition: Signed by 13 major UK and international companies, this first letter demonstrated changing business attitudes to climate change in the UK and inaugurated CLG's private sector leadership voice in the climate advocacy space. It also offered business support to the government in developing new, longer-term policies to address climate change and pledged to engage other British businesses, the UK public, and governments and businesses internationally to back this effort. As a result, the government was able to set increasingly ambitious policy to address climate change. The UK Climate Change Act was signed into law in November 2008 and set a legally binding target to reduce greenhouse gas emissions by at least 80 per cent by 2050 compared to 1990 levels. This step provided a signal to a wider number of businesses that they should be taking climate action.

2006–09

The start of the European CLG voice – publicly called for legally binding decarbonisation legislation in the EU

Aim: ensure the business voice was heard in the development of the EU's 2020 Climate and Energy Package.

Actions: Starting in 2006 and working with European Commission President José Manuel Barroso, the CLG, as The Prince of Wales's EU Corporate Leaders Group on Climate Change, was convened at a European level to present a positive EU-centred voice for change. Supporting key policies like the EU Emissions Trading System and Europe-wide climate ambition, the group was able to bring together a positive business voice on climate change in Brussels. In particular, the CLG championed the EU's 2020 Climate and Energy Package, working closely with the Commission, Parliament and Council to ensure a strong result. Critically, efforts by the CLG in the UK and Europe enabled business to successfully call for stronger UK targets, which in turn allowed the European Commission to ask other EU member states to raise ambitions to match the UK – prompting the whole EU to increase climate ambition.

How it raised ambition: The 20:20:20 targets were agreed, committing to a 20 per cent reduction in greenhouse gas emissions by 2020 compared to 1990 levels, to raise the share of EU energy consumption produced from renewables to 20 per cent by 2020, and to improve the EU's energy efficiency by 20 per cent by 2020. This demonstrated EU commitment to ambitious climate action, enabling businesses to step up and take action.

2007–15

Global influence – calling for robust global agreements

Aim: set out the business case for an ambitious, robust, effective and equitable UN climate framework and offer a progressive global consensus on the shape of an agreement.

Actions: Building on efforts to support ambition in Europe, the CLG's business members wanted to support global ambition and a global policy response to the climate challenge. Between 2007 and 2015, the CLG worked to shape global frameworks through a series of Communiqués.¹⁴ This included:

- **2007:** The Bali Communiqué was published by the CLG to governments gathering at the UN Climate Change Conference in Bali. CEOs from over 140 global companies signed The Bali Communiqué and it was published in a centre-page spread in the *Financial Times* and *International Herald Tribune* on the eve of the conference. It was an unprecedented move by business and received significant worldwide media attention.
- **2009:** The Copenhagen Communiqué on Climate Change was signed by over 950 companies from 60 countries including the US, EU, Japan, Australia, Canada, Brazil, Argentina, Russia, India, China, Korea and South Africa; ranging from the world's largest companies and best known brands, to small and medium-sized enterprises (SMEs).
- **2011:** The 2°C Challenge Communiqué called on governments to break the deadlock in the international negotiations and take action at a national level to ensure a successful transition to green growth and a climate-resilient economy.
- **2012:** The Carbon Price Communiqué called for a clear and effective approach to carbon pricing designed to drive change in line with the science. It was one of a number of interventions that paved the way for the Carbon Pricing Leadership Coalition founded by the World Bank.
- **2014:** The Trillion Tonne Communiqué was a call to arms from businesses that take the science of climate change seriously and are demanding a proactive policy response – it was the first major business statement to advocate a global net zero climate target.

Alongside these efforts, the CLG proactively sought to share its example globally and inspire others to follow. This included giving evidence to the US Congress,¹⁵ and successfully inspiring key groups such as [CLG Chile](#) and the [Japan Climate Leaders' Partnership \(JCLP\)](#).


However, the global business voice was too fragmented, and in 2014 CLG was a **co-founder of the We Mean Business Coalition (WMBC)**, a coalition of coalitions working with thousands of the world's most influential businesses and investors. Together with BSR, CDP, Ceres, The B Team, The Climate Group and WBCSD, CLG helped form a common platform to amplify the business voice, catalyse bold climate action by all, and promote smart policy frameworks. In its first year, the Coalition came together to mobilise business support ahead of the 21st Conference of the Parties (COP21) in Paris in 2015 – the summit that saw the striking of a new global agreement on climate action. Notably the coalition had seven key business asks, including one for the new agreement to set a global net zero goal, and all the asks were successfully reflected in the new agreement.¹⁶

The Coalition has continued to call for raised ambition at each subsequent climate COP and supports companies in their efforts to reduce emissions.¹⁷ Recent examples include the [Fossil to Clean campaign](#), a global movement of businesses going from fossil fuels to clean solutions, and launching a framework for responsible policy engagement.¹⁸ As one of its focus regions, CLG Europe co-ordinates WMBC's work on European policy, amplifying and deepening impact. In 2024, WMBC celebrated ten years,¹⁹ marking over a decade of collaboration, ingenuity and courage in corporate leadership on climate action.

How it raised ambitions: The CLG's actions, including in collaboration with WMBC,²⁰ have made the case for global climate frameworks and agreements, bringing an even greater number of business voices to shape climate policy. In turn, this has reinforced the CLG's work on both a UK and EU level, as well as unlocking business climate action.

Recent years – driving ambition through a positive feedback loop

While they have gone through several iterations, today CISL convenes three business groups under the banner of the CLGs:

- 

provides a strong voice to support UK leadership, nationally and internationally, for the transition to a climate-neutral, nature-positive and socially inclusive economy
- 

is a leading cross-sectoral business voice convened across the EU in support of nature-positive action and a climate-neutral economy, for a sustainable, competitive and resilient Europe
- 

is the newest group, which convenes thought leadership platforms for corporate leaders in African countries to engage policy issues through its two chapters: the Corporate Affairs Leadership Forum (CALF) in South Africa and the Sustainability Leadership Forum (SLF) in Kenya.

In addition, CISL convenes the **Corporate Leaders Network for climate action (CLN)**,²¹ a global network of business groups, including the CLGs, and groups that the CLG has inspired, which are bringing the voice of business to national-level governments. At a regional and national level, through the CLGs, CISL also organises a European-focused network, the **Business Networks for a Climate Neutral Europe**,²² and a UK-focused network, the **UK Business Group Alliance for Net Zero**,²³ both of which convene business groups under the shared goal of supporting the transition. While focused on bringing the voice of businesses to policymakers, the CLGs work closely with CISL's [Centre for Sustainable Finance](#), to jointly convene the voice of financial institutions, business and policymakers to support economy-wide decarbonisation.

The CLGs and CLN have both used the concept of the ‘ambition loop’ model of change (see Box 1), which was developed by WMBC and the World Resources Institute (WRI) to increase climate ambition and action, and achieve the targets of the Paris Agreement. The following chapter sets out how, through the three CLGs CISL now convenes, we have delivered impact to drive ambition through a positive feedback loop.

Box 1: The ‘ambition loop’²⁴

The ‘ambition loop’ is a positive feedback loop in which ambitious government policies and private sector leadership positively reinforce each other and together take climate action to the next level.

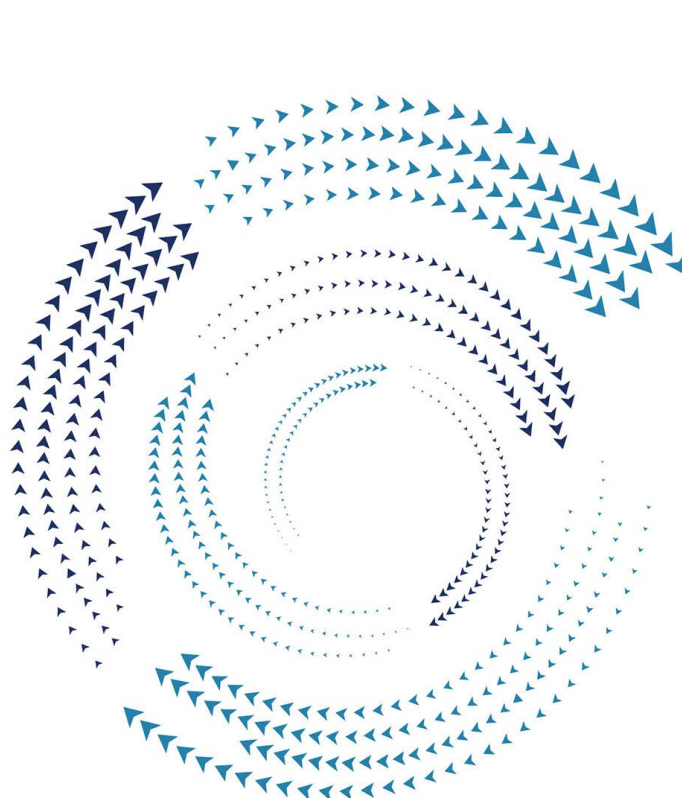
Business will be central to the delivery of national climate targets for emissions reductions. Effective collaboration and transparent information-sharing between companies and policymakers will help create the policies, regulations and finance mechanisms necessary to decarbonise energy, transport and heavy industry.

As the ambition loop between business and policymakers accelerates action, these well-designed policies will enable companies to deliver on their own climate targets as they develop the technologies and services needed for the net zero economies of the future.



Government Climate Policy

- ▲ Clear, ambitious targets and policy
- ▲ Predictable regulatory environment
- ▲ Incentives and infrastructure
- ▲ Long-term market signals
- ▲ Support for research, development, and deployment
- ▲ Clear plans and timelines for full transition to a zero-carbon economy



Business Climate Action

- ▲ Ambitious, science-based targets
- ▲ Public updates on progress
- ▲ Investments and growth strategies aligned with a zero-carbon future
- ▲ Commercial demand for zero-carbon energy, zero-carbon transportation and zero-carbon land use
- ▲ Responsible policy engagement (individually and through trade associations)

Recent examples of impact: the ambition loop in action

The CLGs have achieved significant impact through their corporate climate policy advocacy, leadership and business action over their 20-year history. Their recent successes and impacts have been defined through the following key moments.

CLG
UK

Corporate Leaders Group UK (CLG UK): driving UK climate leadership

Relaunching in 2021, as CLG UK, the group's ongoing mission and role is to continue to offer leadership on the UK economy, by convening significant progressive business voices with credibility to show leadership and furnishing them with the intellectual insight and evidence to make the case for action to policy and business audiences.

Business support for a legally binding net zero by 2050 target

Aim: demonstrate business support for the UK's legally binding climate target to be updated to net zero greenhouse gas emissions by 2050 at the latest.

Actions: CLG UK led a business campaign, commencing in November 2018, on the ten-year anniversary of the UK Climate Change Act, with a [letter](#) from CLG members to the then Prime Minister Theresa May calling on the UK government to fulfil the promises made in the Paris Climate Agreement and aim for net zero emissions by 2050 at the latest. Following this, in May 2019, CLG co-ordinated a broader [letter](#) signed by more than 120 leading UK businesses, investors and business networks and sent to the UK government. In it, CEOs from across the economy urged the UK to accept the recommendations of the Climate Change Committee and lead the way by becoming the first major economy to legislate for an ambitious, domestic decarbonisation target that delivers net zero by 2050 at the latest.

How it raised ambitions: In June 2019, Theresa May's government legally committed the UK to achieving net zero carbon emissions by 2050, amending the Climate Change Act of 2008 to include this target and making the UK the first major economy to do so. In publicising this action, [Theresa May's tweet](#) (see Figure 2) featured the letter signatories. The business letter was seen by those within government as instrumental in her decision. Additionally, putting net zero by 2050 in legislation, and shortly after the UK being announced as host for [COP26](#), led to a significant increase in business commitments.

The business case for a clean, inclusive and resilient recovery plan

Aim: demonstrate business support for the UK to deliver a clean, inclusive and resilient recovery plan following the disruption caused by the global Covid pandemic.

Actions: CLG co-ordinated a [letter](#) to government signed by 213 leading UK businesses, investors and business networks, including Lloyds Bank, Asda, Siemens, Aviva, Sky, Mitsubishi and Signify, calling on the government to deliver a Covid-19 recovery plan that builds back a more inclusive, stronger and more resilient UK economy. In the open letter, CEOs from across

the economy offered support to the government in tackling the present health crisis, and urged then Prime Minister Boris Johnson to provide a clear vision for recovery efforts that align with the UK's wider social, environmental and climate goals.

How it raised ambition: It provided ongoing business pressure on the government, which led the way to the then Prime Minister releasing his Ten Point Plan for a Green Industrial Revolution in November 2018, setting out a clear level of ambition to business of government ambition. In its first year, this plan enabled the UK to attract nearly £6 million in private investment and secure 56,000 "high-quality green jobs".

Positioning the UK as a global climate leader

Aim: align business and government ambition on net zero to firmly position the UK as a global climate leader.

Actions: The UK hosting COP26 presented an opportunity to demonstrate business and government leadership on climate action. To support this, in the lead-up to COP26, and relaunched as CLG UK, the group regularly convened other business groups and government to inform the level of ambition being sought by the UK government from business through their COP26 campaigns. This resulted, in 2021, in CLG UK launching the UK Business Group Alliance for Net Zero (BGA) with government support. CLG UK continues to convene the BGA, regularly demonstrating business support for ambitious and credible national climate targets. Most recently, as the UK prepared to attend the COP29 climate talks, CLG UK mobilised the BGA to advocate an ambitious 2035 climate target, as it also did when calling for an ambitious 2030 emissions reductions target ahead of COP26. CLG UK continues to regularly engage policymakers both through the BGA and also, directly through convening business, finance and government stakeholders, supported by thought leadership and evidenced-based research.²⁵

How it raised ambition: Led by CLG UK, as a direct outcome of the work of the BGA, the UK government set ambitious 2030 and 2035 emissions reduction targets, including for the first time, mentioning the role of business in its technical submission to the UN on how it will meet its 2035 target.²⁶ This work has enabled an increase in business ambition. Since the start of 2020, there has been an exponential increase in the number of UK businesses signed up to the Science Based Targets initiative (1,522 are currently signed up, of which 451 have approved net zero targets). In turn, these businesses continue to call for greater policy ambition and support further letters to the UK government.

Continuing to raise ambition

Amid geopolitical and economic volatility, sustainability has become a political fault line, shifting the landscape for climate leadership. CLG UK will continue to use its platform to drive UK leadership, nationally and internationally, for the transition to a climate-neutral, nature-positive and socially inclusive economy by 2050. With the evolving context of climate leadership, business confidence, and future of climate advocacy, CLG UK will build on a new narrative that links green investment and growth through the lens of competitive sustainability and national security. Businesses and investors have a critical role to play – not only in managing risk but also in reshaping markets and the rules that govern them. The global direction of travel remains clear: sustainable action is good for business.

Corporate Leaders Group Europe (CLG Europe): driving effective and ambitious climate and nature policies

CLG Europe aims to be the leading cross-sectoral business voice convened across the EU in support of a sustainable, competitive and resilient Europe. CLG Europe was established in its current form with a defined European identity in 2019, to input into key European policy, with one of its first key publications being *A new agenda for Europe: Business priorities to deliver a prosperous, climate neutral economy* – and most recently input into Ursula von der Leyen's second Commission mandate through the policy briefing *The Green Deal and Beyond: A Business Agenda for a Sustainable, Competitive and Resilient Europe*.

The group develops credible, ambitious positions among its membership and deploys effective strategic communications to engage with the highest levels of policy audiences. The group works closely with policymakers – particularly the Green Growth Group of EU climate and environment ministers, supporting Members of the European Parliament through its *Green Growth Partnership*, and with leading Commission officials.

Bringing the business voice to EU energy, climate and environment ministers

Aim: convene businesses to support the work of the Green Growth Partnership.

Actions: In 2013, a group of like-minded EU energy, climate and environment ministers formed the Green Growth Group (GGG). The ministers agreed that business and public engagement should be a key part of their work and reached out to CISL to form a Green Growth Platform. In 2019, the Green Growth Platform transitioned towards a Green Growth Partnership (GGP) between CLG Europe and the GGG, thereby reinforcing the pro-climate action consensus between business and governments. The objectives of the partnership are to foster mutual understanding between business and policymakers of the role of European business in the rapid transition to a climate-neutral economy, the policy environment to best support this, and how collaborative and best practice approaches can be highlighted in public debate on these issues. By adopting a cross-sectoral approach throughout the whole economy, the GGP draws on latest thought leadership and high-quality evidence to promote innovative and forward-looking policies and business models. The partnership works primarily through a combination of high-level meetings and events, including the annual Green Growth Summit, roundtables and private dinners.

How it raised ambition: The partnership is acknowledged as a credible and influential forum to explore, promote and pursue the economic and strategic case for an economic transformation in response to climate change. It has informed the development of various policy areas, including: the EU long-term emissions reduction strategy, the energy transition in Central and Eastern Europe, national energy and climate plans, the development of a new EU climate and energy package, the EU energy union (the reform of the EU Emissions Trading System), and ensuring compliance with the goals of the Paris Agreement. In more recent years, it has helped build consensus around the interlinkages of competitiveness and climate policy, and specifically support for long-term climate targets, initially for 2030 and now on the 2040 target and the role of climate and decarbonisation in the EU's Clean Industrial Deal. The most recent Summit brought together six ministers and state secretaries as speakers alongside CLG CEOs, chief sustainability officers (CSOs) and leading officials.

Supporting a climate neutral Europe

Aim: demonstrate business support for Europe to set a net zero goal supported by robust and effective long-term targets, starting with the 2030 target of at least 55 per cent greenhouse gas reductions and building more recently to at least 90 per cent by 2040.

Actions: Building from the Paris Agreement and with the clock ticking for countries to ratchet up ambition by 2030, CLG Europe co-ordinated a series of actions to make the case

for the EU to lead the climate transition. This included a business and investor letter at the beginning of 2019 calling for the EU to set a net zero ambition, a series of case studies and videos showcasing business support for stronger European climate ambition, and culminating in a business and investor letter calling on EU policymakers to support an EU 2030 greenhouse gas emissions reduction target of at least 55 per cent. The CLG carried out research on the ambition level of the 2030 target and identified a 55 per cent level as necessary to raise the pace and focus of transition efforts for the EU to become a climate-neutral continent by 2050. Initially signed by 170 businesses and investors, subsequently this 2030 target letter ended up with over 200 signatories, as more businesses and investors supported the campaign. CLG Europe worked with partners across Europe and globally to bring on board businesses, and with stakeholders in Brussels on an ongoing basis to achieve broad support. The group also presented the letter to European Commission Executive Vice-President Frans Timmermans and shared with him members' perspectives on the necessary enabling conditions to achieve the targets. In 2023–24, CLG Europe built on this work to develop a position of at least 90 per cent by 2040 and launched a letter signed by more than 100 businesses and investors. This was relaunched this year with more than 30 additional signatures from businesses and investors.

How it raised ambition: In her 'State of the European Union' speech in September 2019, President Von der Leyen referenced the letter, while announcing the EU approach for the 2030 target. 'The European Climate Law' was adopted in July 2021. It enshrines into law the objectives of reducing greenhouse gas emissions by at least 55 per cent by 2030, and for the EU to become climate neutral by 2050. This demonstrated a clear EU commitment to ambitious climate action enabling businesses to step up and take action. Ursula von der Leyen's second Commission has confirmed in their Competitiveness Compass and communication on a Clean Industrial Deal their commitment to a 90 per cent target, but more work now needs to be done to land the legislation.

Delivering a European policy package that can effectively implement ambitious targets

Aim: demonstrate business support for ambitious and effective outcomes in the EU's Fit for 55 Package.

Actions: After a 55 per cent target was agreed by policymakers, CLG Europe conducted a comprehensive review of the EU's Fit for 55 Package of legislation, supporting ambitious outcomes on the 2030 target through its Raising European climate ambition for 2030 policy briefing and engaging with policymakers. Undertaking a two-year campaign, it continued to support EU businesses to call for more ambition at various moments, including through a business sign-on letter. For example, in 2022, CLG Europe co-ordinated a letter signed by 150 businesses urging the EU to strengthen Europe's energy security and resilience by accelerating the green transition. Through creating a Fit for 55 Package Knowledge Hub, which included an advocacy toolkit that continues to be updated, it built business capacity to call for effective and ambitious policies. CLG Europe consistently engaged on the core topics as the policies went through the decision-making process.

How it raised ambition: The Fit for 55 policy package has supported the scale-up of renewables and energy efficiency, and driven new climate policies, although much work still needs to be done on implementation and adjusting to the current political context. Current projections show that the EU is on course to reach the 2030 targets.

A focus on climate-neutral and circular materials and transforming industry

Aim: showcase the evidence base for decarbonising heavy industry and bring together businesses to demonstrate how to scale up carbon-neutral and circular materials.

Actions: The CLG worked with businesses to build a case on how industry can reach net zero, in our report on Forging a carbon-neutral heavy industry by 2050: How Europe can seize

the opportunity. Following on from this we understood that one of the core issues to unpack was how to drive the demand side, which was an undeveloped element of EU policy. The CLG followed up with the report *Tomorrow's Markets Today: Scaling up demand for climate neutral basic materials and products* in 2021 – delivered in collaboration with *Agora Energiewende*. Both of these were shared with policymakers and businesses, and based on the insights gathered during this process, CLG launched a new business group, the *Materials and Products Taskforce*. This group focuses on how to scale up new markets, for example in the circular economy, unpacking key blocking elements to the circular economy, addressing questions on digital passports, critical raw materials and the circular economy, and recommendations for the next European Commission on how to drive a systemic approach to the circular economy.

How it raised ambition: The approach of driving the demand side has achieved broad consensus, and is now core to the Commission's new Clean Industrial Deal. The next step will be to bring the insights from this work to input into the new legislation, and ensure that the next steps on decarbonising industry and the circular economy are timely and effective.

Securing the EU Nature Restoration Law

Aim: publicly demonstrate business support for investing in nature and EU policy on nature restoration.

Actions: CLG Europe undertook a campaign to bring the voice of business to policymakers on the need to harness the climate and nature agendas to increase the resilience of our economy. The campaign included the development of a business briefing *From Risk to Resilience: The Business Imperative of Nature Restoration* outlining key case studies and evidence on the benefits of investing in nature restoration, which was presented to the environment commissioner at New York Climate Week. Key moments included partnering with the World Wide Fund for Nature (WWF) European office on a campaign to secure the adoption of the Nature Restoration Law, in the face of strong opposition. Businesses in the network recognised the importance of protecting nature to ensure long-term economic outcomes. CLG Europe co-ordinated a *business statement* calling for its swift adoption, followed by a *letter* to the Council of the European Union Belgian Presidency that gathered approximately 100 signatures. Through creating a *Nature Knowledge Hub*, which included a *Nature Narrative Toolkit*, CLG Europe continues to build business capacity to call for more ambitious nature policy.

How it raised ambition: The campaign successfully secured the Nature Restoration Law, which was adopted in June 2024. Clear business support was an essential element in passing this law which faced strong opposition. The binding targets are a key part of the EU's efforts to meet its climate and biodiversity goals. In return, this has supported EU businesses in taking a more strategic approach to nature.

Continuing to drive understanding of the critical links between competitiveness and sustainability

As questions multiply on how to build Europe's growth and prosperity in the midst of global disruption, CLG Europe will continue to work with European and international partners to drive EU level leadership for the transition to a sustainable, competitive and resilient economy. This includes building the case for a truly effective Clean Industrial Deal that has a robust 2040 target of at least 90 per cent greenhouse gas emissions reductions and that supports industrial transformation through the right policies and regulations. The Group will engage on how to finance, scale up and deploy the technologies, services and products needed to achieve a climate neutral and circular economy. In addition, CLG Europe will continue to support the creation and implementation of EU policies to achieve a nature positive economy and that build the EU's broader resilience. Through developing tangible case studies of the innovative work that Europe's leading businesses are already doing, CLG Europe will demonstrate the business case for action – vital in unlocking further action.

CLG
Africa

Corporate Leaders Group Africa (CLG Africa): driving Africa's sustainable development agenda

Founded in 2024, the Corporate Leaders Group Africa (CLG Africa) convenes bespoke thought leadership and engagement platforms for corporate leaders in African countries to engage in key and emerging sustainability issues, and relevant policy with a focus on business action for sustainable development in the national and pan-African context.

The group carries out its work through national forum chapters, with all chapters run in partnership with locally based organisations. There are currently two chapters: the Corporate Affairs Leadership Forum (CALF) in South Africa (co-convened with Wits School of Governance) and the Sustainability Leadership Forum (SLF) in Kenya (co-convened with Safaricom). By convening these corporate leaders' platforms, CLG Africa builds on the rich heritage of CISL's expertise in multi-stakeholder convening and foresight, enabling businesses to support, challenge and enable collective action that equips and fosters the leadership required for competitive sustainability in driving Africa's sustainable development agenda.

Supporting the clean energy transition in Africa

Aim: explore the suitability or otherwise of natural gas as a transition fuel to a low carbon future.

Actions: Through publishing [a paper](#) and [thought piece](#), CLG Africa is feeding into the debate on whether gas is a suitable transition fuel to bridge between coal and lower carbon alternatives. This work strongly advocated a shift away from gas, and stronger investments in renewables and green hydrogen, positioning them as better options to support South Africa's just energy transition.

How it raised ambition: The campaign set out clearly to policymakers that gas is not a suitable alternative, providing recommendations for businesses to support.

Engaging corporate leaders in topical sustainability issues

Aim: generate foresight for business leaders on key and emerging sustainability issues.

Actions: Through guest speakers from government and key sectors, CLG Africa engaged its members on the global and regional sustainable finance landscape. This covered the G20 and South Africa's G20 presidency, nature and biodiversity business action, the carbon markets landscape in Africa, COP28 negotiations, logistics reforms in South Africa, business leadership and South Africa's presidency-led policy reforms, including the energy sector. Particular attention was given to infrastructure needed for renewable energy, such as the transmission grid in South Africa. In addition, CALF, together with the Johannesburg Stock Exchange, hosted the inaugural annual Corporate Affairs Symposium, as well as Business 20 (B20)²⁷ workshops focused on green industrialisation, energy transition, and finance and infrastructure.

How it raised ambition: The campaign provided corporate leaders with essential insights to facilitate their leadership advisory and decision-making roles within their organisations. In addition, CISL Africa has created a community of practice with inroads into the policy community.

Corporate Leaders Network

Corporate Leaders Network (CLN): supporting business to drive national-level ambition

Originally launched in 2010, CISL relaunched the international Corporate Leaders Network for climate action (CLN) in 2022, linking the CLGs to sister groups around the world. The CLN is a global network of business groups, bringing the voice of business to national-level governments. The CLN work aligns with global policy processes including the United Nations Framework Convention on Climate Change (UNFCCC) COPs, and works alongside the UN High-Level Climate Champions and the Race to Zero to support business' pivotal role in achieving net zero emissions.

The CLN aims to support climate policy advocacy with progressive business groups in their national or sector-specific context. It also connects the work of these business groups with global policy processes, to accelerate these processes or translate them into operational and national policy implications for business.

Building support for the global target to triple renewables by 2030

Aim: grow the number of businesses asking governments to implement robust laws for more renewables.

Actions: The CLN launched its #MoreRenewables campaign focused on implementation of the 'tripling renewables by 2030' global goal agreed at COP28; mobilising businesses to advocate robust laws for #MoreRenewables. A key focus area for the campaign is Latin America, and in late 2024, at COP29 in Azerbaijan, the CLN supported the launch of the Ibero-American Business Network for Green Growth (IABNGG). The network's main goal is to mobilise the private sector in Latin America in order to boost collaboration and the development of ambitious green policy frameworks that encourage opportunities for sustainable growth in the region. In line with the CLN campaign, one of the focus areas for the new group will be calling for more renewables.

How it raised ambition: The CLN is demonstrating business support for the transition to a more sustainable energy system. It plans to build on this at COP30 in Brazil this year, where it will deliver the main asks for the campaign to key stakeholders.

Shape or be shaped: activating businesses to drive systemic change

The task for the next 20 years

In 20 years' time, we will be just five years away from 2050. While the transition is already underway and inevitable, without fast, co-ordinated action in the shorter term to ensure climate and nature targets are met, we will be way too late. In short, we need to be acting now.

It was the Paris Agreement in 2015 that set out the pace required of global ambition on climate change. The goal of reaching net zero emissions early in the second half of this century was based on the scientific consensus around what would be required to limit global temperature increase to well below 2°C above pre-industrial levels, and ideally to 1.5°C.²⁸ Temperatures have already temporarily reached just over 1.5 degrees higher than pre-industrial levels in 2024, and are very likely to go over that again soon.^{29,30} In 2023, the Intergovernmental Panel on Climate Change (IPCC) set out the dire warnings of further rises in temperature, including that with every 0.5-degree rise we will see clearly discernible increases in the frequency and severity of heat extremes, heavy rainfall events and regional droughts.³¹

To prevent these worsening impacts of further temperature rises, urgent action is needed. However, the last review of global progress against the Paris Agreement, the Global Stocktake (GST), highlighted that in spite of the progress already made, collectively parties are not on track to meet targets nor achieve the long-term goals of the Agreement.³² As such, the GST set out a call for action including: tripling renewable energy and doubling energy efficiency, transitioning away from fossil fuels in energy systems to achieve net zero, and phasing out inefficient fossil fuel subsidies as soon as possible. To minimise economic impacts, it also recommended urgent and enhanced action and support to avert, minimise, and address loss and damage.

As called for in the GST, urgent action is also needed to preserve and restore nature and ecosystems. Separate to the Paris Agreement, and agreed at the UN Convention on Biological Diversity (CBD) COP15 in 2022, the Kunming-Montreal Global Biodiversity Framework sets out clear global goals on nature and biodiversity loss for 2050.³³ The Framework "aims to catalyse, enable and galvanise urgent and transformative action by Governments, and subnational and local authorities, with the involvement of all of society, to halt and reverse biodiversity loss". However, even with this agreement in place, ahead of COP16 in late 2024, only 24 countries – 20 per cent of the total that are committed to delivering the framework – had submitted plans for how they would deliver against these goals, with some of the most important habitats not covered by these plans.³⁴

This slow pace of action means we are still heading for several global tipping points, thresholds, which once crossed, could cause irreversible damage, threatening humanity.³⁵ It is essential for resilience, competitiveness and people's health to remain in these boundaries. However, the boundaries on both climate change and land use have already been breached. The result of going over just the climate change boundary is predicted to cost people US\$38 trillion per year by 2050 and an 18 per cent loss in gross domestic product (GDP).³⁶ But, alongside the negative global tipping points, there are also 'positive tipping points' – transformative actions that could propel the transition faster.³⁷ For rapid decarbonisation this includes electrification – both the changes in power generation to lower carbon alternatives such as renewables, and the take-up of electric vehicles. For ecosystem restoration, this includes sustainable agriculture.

To deliver these positive tipping points, responsibility does not lie with governments alone. Business can and must lead by example and call for the changes necessary, if nature and climate targets are to be met. Business silence is not just a missed opportunity, it is a systemic risk in itself.

Government and business need to work hand in hand

To prevent us reaching these extremes, it is more important than ever for business and government to work hand in hand to hold the line on climate and nature action. Both the general public³⁸ and business employees specifically³⁹ back business and government in taking climate action. Where national governments are taking action, businesses should seek to focus on the most viable policy interventions (see Annex) that drive the most transformative market shifts, deploying political capital for maximum impact, rather than on marginal improvements. The benefits to business and wider economies are multiple; supporting job creation, investment opportunities and growth. In short, **taking action is good for people, good for business and good for the economy.**

However, in the current geopolitical context it is even more challenging than 20 years ago for businesses to speak up. The breakdown in political consensus and divergence of political approaches, and increasing concern about security and competitiveness, coupled with increasing scrutiny of business climate action, has created uncertainty for businesses and investors. On the business side this has resulted in greenhushing,⁴⁰ and on the investor side a backing away from environmental, social and governance (ESG) principles, as short-term gains are re-prioritised.^{41, 42}

What we have witnessed emerging in the last couple of years, as we saw 20 years ago, is a negatively reinforcing vicious circle of policy and business backtracking.⁴³ We hope this will be short-lived – a bump in a transition already well underway. The challenge is that this current ‘anti ambition loop’ could be harder to reverse. Short-term pressures around immediate improvements in the cost of living, economic performance and public services are in tension with an increasingly overloaded set of strategic priorities including security, industrial strength and competitiveness alongside climate and nature. Even though we know that the longer-term priorities are largely consistent (so generally supporting climate and nature action is well aligned with efforts to develop longer-term economic performance and security⁴⁴), short-term pressures and tensions in prioritisation mean this alignment is not as visible as it should be in the media, nor in the boardroom.

A new crop of political voices is increasingly being heard in key industrialised countries – tapping into growing fear and discontent with populist diagnoses and economic prescriptions focused on turning back the clock to former periods of strength. These voices seize on climate action as one of their scapegoats for economic underperformance, claiming net zero is not good for business and it is not good for growth. They are ready to leap on any proof point to state that climate policies are the wrong course of action,⁴⁵ even when the evidence does not support this.⁴⁶ To counter this, we need clearer, audience-relevant messaging of the short-, as well as longer-term implications of the negative ‘anti ambition loop’ for overall competitiveness, resilience and people. We need to better communicate the benefits to people, business and growth – demonstrating how it has and can be done in an affordable, fair way that also seeks to address inequalities and enable a just transition.

We need to reset the narrative

If businesses want to shape future markets they need to take a proactive role in shaping the narrative. To counter the opposition, sustainability must be framed as the opportunity, security and prosperity it offers – not as either an abstract technical obligation or desirable moral option.

Businesses must give governments confidence to act through speaking up, providing supporting evidence of existing actions, and vocally signalling they will invest, innovate and drive rapid implementation once the right conditions are in place. And this is not just through providing the economic data and demonstrating how the transition can and will be achieved – storytelling and providing public legitimacy for government action will be key to this. This can happen through showcasing and telling the stories of real-world case studies, especially where policy or regulation has had a role in enabling them. They can also make compelling pitches for what is needed, and the benefits of public-private collaboration and targeted investments to unlock further competitive advantage.



In their engagements with governments, businesses should practise 'responsible policy engagement' (RPE) (see Box 2).⁴⁷ This needs to go beyond climate policy – they need to be asking for policies that bridge across climate, people and nature. Businesses need to support the position that climate and nature go hand in hand with security and affordability. In calling for the right frameworks and regulations, the arguments should be based on the value creation and growth opportunities. Where it is required, such as to unlock regulatory barriers or rebalance fiscal incentives towards lower carbon alternatives, businesses should also seek to provide constructive challenge to confront and outmanoeuvre entrenched interests.

Box 2: Responsible Policy Engagement⁴⁸

Responsible Policy Engagement (RPE) is defined as external corporate policy engagement that recognises the threat of climate inaction and supports policy interventions and investments that aim to reduce greenhouse gas emissions at a pace in line with net zero by 2050. This external engagement is enabled by internal processes that align corporate functions with climate targets.

In addition to the external factors driving companies to match their political influence with ambitious climate policy goals, there is a strong business case for practicing RPE. The business benefits of RPE include:

1. **Risk reduction:** Robust policy is essential for mitigating climate-related risks to businesses and the economy. Strong policies at a national level raise global ambition, and spur action on other countries.
2. **Cost reduction:** Swift action is critical to address the climate crisis at the lowest possible cost. The longer governments delay, the more drastic and expensive the inevitable policy response will be.
3. **Emissions reduction:** A company's success in meeting its climate goals may depend on government policies that, for example, increase access to low-carbon energy or reduce emissions economy-wide.
4. **Stakeholder expectations:** Investors are increasingly asking companies to align their lobbying with the goals of the Paris Agreement. Climate leadership is becoming a key factor in attracting and retaining employees. And consumers expect businesses to be part of the solution to climate change, not working against it.
5. **Regulatory certainty:** Prolonged uncertainty and ever-changing policies on climate are bad for business. By contrast, clear and predictable policies enable long-term planning and investment.
6. **A level playing field:** Comprehensive climate policy ensures that all businesses play by the same rules, so companies that lead in reducing emissions aren't undercut by laggards.
7. **A seat at the table:** Public policy responses to climate change are playing out across the globe and becoming more ambitious. Companies that engage early will have an opportunity to shape these responses.
8. **Reputation:** Supporting pro-climate policy shows a company is serious about environmental stewardship. And more people want to buy from companies that share their values and are making a positive impact.

Closing the policy advocacy gap

While we are seeking for businesses to engage in more responsible policy engagement, a gap still exists between the scale of corporate climate and nature ambition and the number of companies practising RPE. For example, in 2022, a survey of businesses in the US identified that while half had science-based climate targets, only a fifth publicly supported the Inflation Reduction Act, the largest US climate investment policy package in US history.⁴⁹

While a large number of companies now have climate and nature targets, these are not necessarily mainstreamed across the whole business. In some companies, this has resulted in a misalignment between public affairs teams and a company's sustainability goals and priorities. This becomes even more pronounced when trade groups are lobbying on behalf of companies. Assessments of some of the biggest companies' corporate climate policy advocacy highlights the laggards and leaders in this, with CLG members such as Unilever, SSE, Iberdrola and EDF ranking highly, while oil and gas companies feature prominently in the laggards.⁵⁰

A broader range of businesses across the mainstream undertaking RPE and calling for positive change would demonstrate a much wider consensus in support of the transition. To unlock this and build capacity, there is a need to understand in greater depth the business barriers to adoption and who has the levers to address these. Businesses also need to evaluate current approaches and formulate plans to increase capacity and capability.

Businesses thinking of engaging in RPE should ask themselves the following questions in evaluating how they are operating currently and what steps they need to take to change how they operate:

- How are you currently engaging with policymakers?
- Are your sustainability and public/corporate affairs teams aligned? If not, what steps need to be taken to align them?
- How are you being proactive in driving policy to support the big shifts that need to happen in your business and your sector?
- How are you working with others, either in your sector or across sectors, on policy advocacy?
- Are you constructively challenging blockers and anti-climate lobbying by peers and associations you are members of? If not, what would enable you to do this?
- A challenge and an opportunity: how can you demonstrate leadership in how you engage on policy?

Build the capabilities to influence regulation

Many businesses have been effective in blocking regulation in their favour. But few have the expertise to proactively support the creation of new market rules not just in their favour, but that also support the transition to a more sustainable economy. Those that have been effective, for example, CLG members Salesforce⁵¹ and Unilever,⁵² have invested in building relevant policy and political expertise, legal capability and strategic advocacy to navigate regulatory processes and craft effective proposals. This means building internal capacity to engage with policymakers and trade associations, and investing in strategic communication capabilities to shape narratives and build public support. And while this should be about setting out the opportunities, capacity should also be built to challenge and confront the status quo, blockers, anti-climate and nature lobbying, and entrenched interests. The companies that prepare now, aligning leadership, strategic planning and capabilities, will be strongly placed to lead the coming economic shifts.

Businesses need to change the rules of the game

Businesses cannot secure their future by optimising within a broken system. They need to change the system. This means working to advocate the dismantling of market and policy barriers that constrain the competitiveness of cleaner, greener, fairer solutions to societies' needs, and instead create incentives for change.

There is growing evidence of the policy interventions that are most effective in driving change through markets (see Annex). Companies' advocacy efforts should focus on what is most material (which policies will have the biggest market impact), the potential for scale (where interventions can create tipping points) and feasibility (where momentum or political opportunity exists).

Success requires strategic, politically literate engagement: framing policy action as a driver of competitiveness and resilience, building confidence that change is possible, signalling readiness to invest, confronting opposition head-on and deploying every tool of influence – commercial, political and cultural – to accelerate policy change in businesses' own interests.

Drive collective innovation

The majority of sectors – food, energy, mobility, manufacturing and the built environment – cannot transition alone. Shared infrastructure, regulations and supply chains make fragmented or unilateral action ineffective for the level of transformation needed. A single company cannot create a circular economy for packaging; a small housing developer cannot unilaterally create a district heat network; and those in the aviation sector need international alignment on fuels and infrastructure. Co-ordinated, pre-competitive action across businesses and their value chains, startups, investors and regulators is essential to reimagine systems for the future and accelerate shared innovation and transformation pathways to achieve them.

Business can do this through supporting campaigns on both a national and more global level that support the transition, either through shifting policy and/or business action. These campaigns need to have much greater, joined-up message discipline and effective campaigning around positive tipping points. We need greater co-ordination across the sustainable business community – and there is much convening happening to support this. Organisations such as WMBC and Business for Nature (BfN), both umbrella organisations, are well placed to lead these, bringing businesses together into impactful campaigns, as they have through WMBC's Fossil to Clean campaign⁵³ and the Now for Nature campaign⁵⁴ led by BfN.

Next steps: activating the mainstream middle to shape the future we need

CISL's track record in delivering systemic change through our convening of business networks has proven that when activated, business can help shape the future we need. We have delivered success in bringing together the leading business voices to shift and secure the policies required to drive systemic change towards a climate-neutral, socially inclusive and nature-positive economy. It is also clear to us that in the current context, bringing businesses together to advocate clear, consistent, long-term policy action to address sustainability challenges and create the incentives for businesses to innovate and invest in transition is needed now more than ever.

While we will continue to build on the success of the CLGs, there is now an urgent need to broaden this through activating the 'mainstream middle'. In doing so, we can build a critical mass of businesses that collectively can demonstrate a broad business consensus in taking action across the real economy to shape, rather than be shaped by, the inevitable market transformation.

At this critical moment CISL will build on the success of the CLGs to:

1. **Reset the narrative** to frame action in ways that are relevant to today, showing how sustainability drives growth, competitiveness, resilience and security, and helps address social polarisation and inequality. We also need to shift the debate from 'inaction vs action', to the reality of a choice of futures.
2. **Broaden the base of support**, moving beyond a small group of leaders to build wider mainstream support, activating disengaged industry bodies, and building public backing for action.
3. **Support business to speak out.** Governments need visible, vocal signals that business stands ready to invest, innovate and scale solutions – creating jobs and driving growth – when the right policies are in place. They need clear private sector backing for strategies to create the incentives, skills and infrastructure for transition. Silence leaves the floor to those who will undermine progress.

In order to make it easier for all businesses to work with CISL on these questions, **we are scaling up CISL's work on policy to engage the mainstream middle in shaping the future we need.** Our aim is to create a broader community of businesses and business leaders to build their capacity to engage in and deliver responsible policy engagement in asking for policies that bridge across climate, people and nature.

CISL will seek to deliver this through:

- **Activating business through tailored campaigns**, led by the CLGs, and in partnership with broader organisations such as WMBC and BfN that support a shift in the narrative and call for specific outcomes. This will seek to align CISL's work across our business and finance platforms to enable financial institutions to coalesce with business to call for the changes needed.
- **Equipping business to call for change** through providing the evidence base that highlights and showcases the role of climate and nature action by business and governments on the need to take short-term action to deliver long-term goals. Through working directly with relevant organisations, this may include:
 - **demonstrating tangible business cases and investments**, working with businesses and governments to showcase best practices and opportunities
 - **surveying business** to identify key barriers and enablers in undertaking responsible policy engagement to inform, adapt and refine our work to build business capacity to drive systemic change and engage stakeholders

- **developing RPE case studies** with leading businesses to build examples of how the RPE Framework is being delivered in practice, and share principles for engagement with governments, trade associations and partners
- **research** that underpins the business case for acting, and highlights the short-term wins, as well as the potential longer-term gains of different pathways to action
- **capacity building** through education and provision of resources, such as advocacy toolkits.
- **Building effective partnerships:** CISL will find opportunities with its partners to build extended alliances of diverse business voices across sectors, company size and geography to highlight the role of climate and nature action by business and governments, the need to take short-term action to deliver long-term goals, and how to drive investment now. These should be built to tackle specific political challenges at the UK, European or global level.
- **Organising for influence:** We can see the need to create a larger 'architecture' to help organise and support business-led advocacy in support of the sustainability transition. This should seek to create a new mainstream network around business-led advocacy; sharing tactics, ideas and intelligence. It needs to work effectively with large global and multinational alliances, but also with national-scale bodies.
- **Unlocking business leadership:** to enable more businesses to step up and call for the changes we need, we will **build on the leadership of the CLGs**. As we have done in Africa, we will undertake scoping exercises to explore the creation of new CLGs in countries where this type of business grouping does not currently exist. We will also undertake scoping on the potential to launch a new SME corporate leadership group, with the aim of taking SME voices to governments.

To develop and deliver these new streams of work, CISL will be seeking business and funding partners. If you are interested in finding out more, please email clg@cisl.cam.ac.uk.

Annex: Policy interventions

As set out in *Competing in the Age of Disruption*,⁵⁵ examples of the policy interventions that are needed include:

- **Targets** for carbon emissions cuts, nature preservation or rollout of new technologies like renewable energy have helped define economy-wide ambitions and provide a benchmark for judging other policy actions. Clear, credible, consistent long-term signals provide strategic direction and build confidence for investment and raising finance. The UK and EU both introduced legally binding targets that have led to cascades of policymaking and associated investment to deliver those targets. Europe's renewable energy targets in particular have driven energy policy across the bloc. However, targets often dominate discussion at the expense of policies that implement changes required to meet them. To avoid polarised debates (eg meeting emissions reductions targets vs reducing energy costs) and to enable joined-up public-private action, future targets should be focused on accelerating transition pathways that deliver long-term competitiveness, growth, resilience and security.
- **Comprehensive frameworks, policy packages and institutions** are essential to align ambition with delivery. For example, the UK's Climate Change Act combined with the policy packages designed to deliver its carbon budgets, the European Green Deal and the US Inflation Reduction Act all combined multiple policy tools – regulations, incentives and institutional support. Successful policies must be mutually reinforcing as well as 'predictably flexible'. For example, feed-in tariffs can be changed by pre-announced criteria to govern future change (such as changing technologies and cost structures). Institutions and legal frameworks will be pivotal in managing risk, providing strategic direction and facilitating investment. Examples include development banks, courts and litigation, infrastructure commissions and planning structures.
- **Taxes and pricing** provide a valuable, non-discriminatory signal to drive markets and shift behaviour as well as providing scope for governments to raise revenues. The EU's Emissions Trading System has been a driver of emissions reductions within Europe, although largely through prompting fuel switching from coal to gas rather than driving deeper energy transitions. Carbon pricing has long been advocated as a 'silver bullet' solution, but the global carbon price is dynamically inefficient. Early targeted intervention aimed at currently expensive sectors can 'kick start' the clean innovation machine, removing the need for additional policy effort as superior new technologies undercut the old. Rather than applying a uniform carbon price to pick off the cheapest abatement options first and only then ramping up, varying carbon pricing and a targeted policy effort can be applied to support key sectors to drive innovation up front. Indeed, studies have found that the policies that led to the most successful transitions to low carbon technologies in China, India, Brazil and Europe were those that supported the creation of new markets rather than those pricing polluting activities. At the same time, subsidies (or negative carbon prices) that maintain the economic viability of damaging activities like fossil fuel extraction and use of intensive agriculture should be reformed.
- **Industrial strategy, innovation and commercialisation support** is needed for new, innovative solutions to scale. The UK's Contracts for Difference regime has helped offshore wind reach cost-competitiveness far earlier than expected, while China's state-backed clean technology strategy has driven global leadership in renewables and battery production. Industrial policy must balance early-stage support with timely phase-outs to ensure continued innovation without long-term inefficiencies.



- **Subsidies for research, demonstration and deployment** help overcome early market barriers. Measures can take the form of direct subsidies or tax breaks, support for demonstration/ deployment and/or publicly funded research. For example, public investment in early-stage solar photovoltaics (PV) helped make solar viable, then feed-in tariffs drove mass deployment. Together this resulted in dramatic cost declines that tipped the market.
- **Standards and regulations, mandates and bans** provide certainty for investors and innovators. The UK introduced a ban on new internal combustion engine sales in its car market from 2030 based on consultation with major vehicle manufacturers and with the aim of securing a greater national share of the emerging EV car industry. Failure to communicate this as an investment in future UK competitiveness, combined with the absence of charging infrastructure and consumer incentives, against a backdrop of a shifting global economic landscape means this policy has already been watered down once and may well be further.
- **Infrastructure investment** is crucial to overcome co-ordination failures and unlock systemic transitions. Co-ordination of investment in multiple networks and systems to support integration of new technologies in electricity grids, public transport, broadband and recycling requires government action. Planning frameworks must integrate transport, energy and land use, while investment in human capital – reskilling, education and entrepreneurship support – is equally critical. Collaboration between businesses, government and universities will be key to fostering innovation and ensuring a workforce prepared for transition. Retooling and reskilling involves offering education and training to support transition, for example for engineers and installers who want to shift from gas boilers to heat pumps.
- **Financial market reforms** are needed to correct capital misallocation and risk mispricing. Emerging technologies often struggle to attract investment due to perceived risks, lack of understanding and short-term financial models. Mechanisms such as blended finance, risk-sharing guarantees and long-term contracts can improve bankability. Development banks and multilateral institutions play a key role in enhancing investor confidence and lowering financing costs, particularly in emerging markets and underfunded regions.
- **Behavioural change** can accelerate transition by shifting consumer and business norms. Information campaigns, default settings and nudging strategies have proven effective in diet, transport and energy use. The UK's Behavioural Insights Team has explored low-cost interventions – such as reordering menu options, adjusting parking layouts and shifting pension fund defaults – to encourage sustainable choices without imposing new costs.

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