

ICC Global Environment and Energy Commission Meeting

Thursday, 6 October 2022, 14:00 – 17:00 (CEST)

Summary Record

Welcome Remarks and Objectives for the Meeting

- Raelene Martin, Sandra Hanni, and Commission Chair, Justin Perrettson welcomed over 100 participants from 39 countries to the hybrid meeting of the ICC Global Environment and Energy Commission and set out the key objectives for the meeting:
 - Provide an overview of ICC's strategic direction and priorities for the third quarter of 2022, in the context of the current social economic and geopolitical challenges and building on achievements and important groundwork earlier this year.
 - Highlight current and emerging trends and what they mean for business as well as key international engagement opportunities for ICC and its members.
 - Update on key developments in current areas of work on climate, biodiversity, sustainable finance and plastic pollution and highlight the importance of the Commission's work in these areas.
- Mr Perrettson highlighted the achievements and very important work done by the ICC and the Commission in the past months. ICC's successful engagement at COP26 and its targeted approach to the different issues, provides a good foundation to build a distinctive and value-add programme of work in the sustainability space, as well as to leverage ICC's engagement opportunities in key upcoming UN climate and environment meetings and key policy content deliverables.

ICC's Global Policy Engagement Priorities and Economic Outlook for 2022/2023

- ICC Global Policy Director, Andrew Wilson, referred to the successful restructuring and reenergising of ICC Policy Commissions, building a unique, focused value proposition in areas where ICC can have a significant impact, with the flexibility to also take on new projects, as needed.
- With regards to current priorities, he mentioned ICC's response to the conflict in Ukraine, in particular ICC engagement in and contributions to the UN Secretary General Global Crisis Response Group on the critical issue of food supply and food security.

- Melanie Laloum, building on her presentation at the last Commission meeting earlier this year, informed the Commission about the latest projections for economic growth and inflation, and discussed the implications for the energy and climate policies.
- She emphasised the slow pace of the economic recovery due to the war in Ukraine, with the industrial sector suffering from high energy costs, food and energy prices at a record level and additional pressure on supply chains. She anticipated that inflation would remain elevated across all sectors in the coming months.
- Ms Laloum also highlighted the implications of this situation for the energy transition, mentioning that there will probably be a short-term trade-off between energy and climate goals but that investing in the green transition is key for energy security and that there are various tools at the disposition of policy makers in this regard.

The Road to COP27

- Mr Perrettson briefly noted that the sustainability agenda is moving from an awareness phase to an action phase and therefore more involvement is needed from both the public and private sectors to keep on track with the SDGs. He also highlighted that during UNGA week in September, there was a heavy focus on bringing new innovative initiatives launched in Africa which would be central to COP27 negotiations.
- Mr Perrettson also referred to the need to keep 1.5 within reach, but also to make progress on adaptation, finance and loss and damage, which are really challenging issues.
- Ms Hanni outlined the key policy deliverables that ICC will bring to COP27 and briefly explained to members plans for ICC engagement in Sharm el-Sheikh. She also invited members to attend the ICC COP27 briefing on 11 October.
- Elliot Diringer, Senior Policy Advisor, Office of the Special Presidential Envoy for Climate, U.S. Department of State, presented on latest national developments and informed members on the US “implementation plus” approach, calling on major economies to implement the commitments they have undertaken and to pursue additional efforts to keep 1.5 temperature goal within reach. He also mentioned several other initiatives, such as decarbonisation of international shipping, clean technology, and US-Egypt adaptation efforts.
- Mr Diringer also emphasised the critical role of business and explained that the US is working closely with private sector (i.e., First Movers Coalition, Clean Energy Demand initiative, zero emissions vehicles as well as SME initiatives) and with the business community in Egypt.

Deep dive: Carbon Markets and ICC Work on Carbon Pricing

- Luca Lo Re, Analyst, Environment and Climate Change Unit, International Energy Agency (IEA), informed members about one of IEA’s flagship publications the “World Energy Outlook” that looks not only at the scenarios but also how to

achieve the 1.5 goal. Mr Lo Re referred to carbon pricing as a critical tool to achieve our climate goals.

- Mr Lo Re provided an overview of the current carbon pricing landscape and explained that there are significant variations in pricing levels that reflect differences in instruments. He also stressed that there is a need to bring these prices to a higher and more coherent level.
- Mr Lo Re also briefly presented on Article 6 and the interplay with voluntary carbon markets and mentioned the application of corresponding adjustments (required by Article 6), digitalisation of carbon markets, and integrity of voluntary carbon markets as key issues which are starting to be addressed. He finally noted that two technical questions that also need to be addressed are the permanent removal of carbon and additionality.
- ICC Carbon Pricing Working Group Co-Chairs, Anna Theeuwes and Wendy Miles explained that carbon pricing has been globally recognised by many political leaders and climate economists as the most economically effective approach to reduce carbon emissions through its use of market mechanisms to input the cost of emissions on emitters.
- They also updated members on the second phase of the important work of the ICC Working Group on Carbon Pricing, which has analysed a range of different carbon pricing policies across five geographies with a view to developing key design features for recommendation to policy makers. The report will be launched at COP27.

Deep Dive: Sustainable Finance and ICC Work on Sustainable Trade Finance

- Beth Burks, Director Sustainable Finance, S&P, spoke on opportunities and challenges emerging for the financial sector, as well as on expectations for the finance discussions at COP27, focusing on the update of the discussions that took place during the Global Stocktake.
- Ms Burks also referred to the sovereign debt market crisis as well as different efforts to encounter that including through climate debt swaps, which seem to be more resilient.
- Pamela Mar, Managing Director, ICC Digital Standards and Tomasz Kubiak, presented on the current phase of work of the ICC Working Group on Sustainable Finance, which has worked on developing the Wave 1 Framework for Sustainable Trade and Sustainable Trade Finance to be launched at COP27. This first version of the framework will help assess the sustainability of trade transactions in the textile industry.
- Tomasz explained that the framework is split into environmental and socio-economic dimensions, which each support a number of UN SDGs, and that five components of trade were identified to analyse the sustainability of a trade transaction, being the good/service, the seller/origin, the buyer/destination, transportation and the purpose of the transaction.

The Road to COP15

- ICC Working Group on Biodiversity Wo-Chairs, Keyvan Macedo and Owen Bethell provided an update on the recent meeting of the Working Group, as well as on the road to COP15 in Montreal in December 2022, key expectations and how business can support a successful outcome.
- They mentioned an ambitious and effective Post-2020 Global Biodiversity Framework, with implementable and workable targets and clarity on financing mechanisms, and a clear, ambitious, and actionable Target 15 (and other targets) to provide a crucial signal to businesses and governments as key elements for a successful outcome at COP15. Multilevel and multilateral collaboration, dialogue and partnerships including all stakeholders will also be crucial to support successful implementation.
- Mr Macedo and Mr Bethell also noted that useful and effective mandatory reporting requirements can play a role but need to be backed by supportive policies and much needed tools and metrics (TNFD, SBTN, etc.).
- Danny Grajales updated members on the key issues of relevance for businesses, including the important topic of access and benefit sharing (ABS) obligations. Current discussions revolve around whether and how these, which are currently applicable to physical genetic materials, should apply to digital genetic sequences (« digital sequence information » or « DSI »). He also provided an overview of ICC engagement on this issue in the lead up to COP15.

ICC Working Group on Plastic Pollution

- ICC Working Group Chair on Plastic Pollution, Tom Smith updated members on the UN process to develop a legally binding instrument on plastic pollution, and on ICC's planned engagement at the first International Negotiating Committee meeting (INC1) scheduled to take place in Punta del Este, Uruguay from 26 November to 2 December.
- Mr Smith also noted that the newly established ICC Working Group on Plastic Pollution, is composed of more than 90 members from 22 countries. The first meeting was held in early September, which included a presentation from the UNEP Secretariat regarding process and opportunities for business engagement at INC1.
- Raelene Martin updated members on the Forum on Plastic Pollution hosted by ICC on the 19th of September in New York, on the margins of UN General Assembly. The forum provided the opportunity for an open exchange between the UNEP Executive Director and CEOs and high-level Executives of leading businesses across the value chain of plastics to discuss innovative business models to transition from a linear to circular plastics economy, as well as existing efforts and potential solutions for systems change across the plastics life cycle.

Conclusions and Way Forward

Members will be informed in due course regarding further details on ICC's engagement at key events at the end of the year as well as dates for the next Commission meeting.

**** End of the meeting ****