Going "All In"

A Climate Policy Guide for Business Leaders

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It's time for companies to go "all in" on climate - to base every major decision on the climate bottom line as well as the financial bottom line. More than anything, that requires reevaluating how the company advocates for public policy on climate. Below, we provide a high-level guide on climate policy for key stakeholders who want to drive change - from CEOs to board directors to concerned employees. The bottom line: it's time for companies to lobby for climate policy - everywhere they operate, at every level of government, across every sector of the economy. We need this in the United States, and also in every other country, to make progress at the speed and scale required to address the climate crisis.

Why Should Companies Speak Up for Good Climate Policy?

We need many strategies to address the climate crisis - investment, individual action by companies and people, behavior change, innovation, and more. Perhaps most of all, we need public policy to drive the rapid systemic change required to decarbonize at the pace and scale the science demands. Among other benefits, smart public policy will mitigate much of the risk in innovation and investment, helping bring new technology up to scale much more quickly.

One central obstacle that has inhibited climate-friendly public policy is the powerful vested interests that use their massive influence to impede progress. That includes the fossil fuel companies, and in the United States, the Chamber of Commerce, the National Association of Manufacturers, the American Legislative Exchange Council, the Western States Petroleum Association, the American Petroleum Institute, and other trade groups devoted to preserving the status quo. At the same time, we have hundreds of companies that care about climate and are actively reducing emissions in their own operations, but remain mostly silent on climate policy. The result is that the fossil fuel companies and their allies are the dominant business voice in most debates on climate policy. It's time for that to change - for all companies that care about climate to step up and speak up for the smart climate policies we need to drive rapid systemic decarbonization. Their employees and customers are increasingly demanding that they speak up.

The private sector must tip the balance to bring about the changes we need to ensure a prosperous healthy future for us all. In the immortal words of Stan Lee, "with great power comes great responsibility." We need companies to use their immense influence to help enact the policies we need to transition rapidly to a clean zero-carbon future. A few companies speak up regularly today; as more join them, they can depoliticize climate as an issue and provide business support for the bold rapid action required - and help create a more predictable and stable context for business investment.

And let's be clear: climate change is a "technical" problem that needs to be "solved," but even more, it is a human, moral, and political problem. The planet will survive. Human society, however, will suffer greatly if we do not tackle the climate crisis much more boldly. Addressing the climate crisis is about ensuring the well-being of people across the globe. Luckily, it's also an opportunity to create decent jobs that will revitalize communities, reduce health risks, and bring about a more equitable and prosperous world.

Seeking Multiple Solutions: A Suite of Pro-Climate Policies

We need stringent and integrated policy intervention. There is no silver bullet in climate policy - we need a suite of complementary policies to have a shot at staying below 1.5°C of warming. Some policies will be aimed at driving long-term innovation, some at driving rapid deployment of known solutions, some at particular sectors, and some at multiple sectors.

In developing this guide, we have relied heavily on the analysis done by Energy Innovation, and especially their summary of key policy options. The list below is not intended to be exhaustive; it is a high-level overview of the kinds of policies that companies should support if they are committed to fighting climate change. The most effective policies in each state or country will vary based on major sources of emissions and the local laws and regulations. In addition to supporting these kinds of policies, companies should also take a clear stand against rollbacks of existing policies as well as against new policies that impede or reverse progress.

The list below provides a summary of the key policies that are likely to be effective globally:

1. **100% clean energy standards.**
   We know we need to transition the electric grid to 100% clean energy; a number of states and countries have enacted laws mandating this, and are well on their way to decarbonizing the electricity sector.

2. **Incentives for zero-carbon technologies.**
   Tax credits and other incentives for clean technologies (solar, wind, EVs, storage, etc) are politically popular, and can be helpful in accelerating adoption.

3. **Elimination of subsidies for fossil fuels.**
   Governments today provide massive subsidies for fossil fuels. We need to phase these out to enable a transition to a zero-carbon economy.

4. **Electrification mandates and incentives.**
   One critical element of most pathways to decarbonize our modern society involves electrifying (almost) everything. We need to eliminate emissions from our buildings and our transportation. A combination of mandates and incentives can accelerate this transition. Examples include building codes, zero-emissions vehicle mandates, and tax credits for EVs.

5. **Support for innovation on climate solutions.**
   The world can go a very long way to decarbonizing the economy with existing technologies that are already cost-effective - and those technologies will continue to get cheaper and better. We also need R&D to develop solutions for sectors where we don't have cost-effective solutions at all yet - like carbon removal, or zero-carbon cement. Support is needed across the full chain of innovation, from basic science, to early-stage start-ups, to deployment of first-of-a-kind projects, to scaling up.

6. **Energy efficiency programs and incentives.**
   These are relevant in many sectors, from buildings, to appliances, to transportation. Building codes, appliance standards, fuel economy standards, and incentives to accelerate adoption have been extraordinarily successful at "bending the curve" of energy consumption.

7. **A price on carbon.**
   This can be done through "cap and trade," or through some form of carbon tax or fee. It has the potential advantage of being cross-sector, and of using market forces to choose the cheapest places to decarbonize first. Sector-specific approaches (e.g., the Regional Greenhouse Gas Initiative for power-plants, or the Transportation and Climate Initiative for transportation) may be easier to enact in some situations than broader policies.

8. **Investments in transmission infrastructure.**
   We have massive wind and solar resources around the United States. We need policies to speed up permitting new transmission lines to move energy from where it is plentiful and cheap to where it is needed. We also need policies that make the grid more flexible, including driving deployment of storage and using demand response in real time to adapt to fluctuations in variable resources.

9. **Caps on pollution and elimination of super pollutants.**
   We need stronger rules to limit or prevent methane emissions, and to phase out chemicals that are particularly potent greenhouse gases (e.g., HFCs).

Key Climate Goals

To choose what policies to support, it's vital to have clear outcomes in mind. The following outcomes are most important:

1. Warming should be kept below 1.5°C. The IPCC 1.5°C Report outlines the likely consequences of allowing warming to exceed this level, and makes clear how catastrophic that could be.

2. The transition to a zero-carbon economy should be just and equitable. Climate justice issues must be addressed early, ensuring that the environmental problems faced by disadvantaged and frontline communities in the US and around the globe are solved quickly.

The IPCC provides guidance for what is required to keep warming below 1.5°C: to stay within our carbon budget, we must cut emissions by 45% (from a 2010 baseline) by 2030, and reach net-zero emissions by 2050. It also outlines a number of pathways or scenarios that could achieve those targets. The result will be a transformation of many sectors of the economy, shifting from an extractive economy to a regenerative economy.

It's vital to focus both on the net-zero by 2050 target, *and* on the approximately 50% cut in emissions required by 2030. We need policies and actions that address both the deep cuts we need to make in the next decade, and that help develop the solutions we need to drive the further cuts from 2030 to 2050. For the latter, we clearly need support for innovation, including basic science and development of technologies that are at best at an early nascent stage today. For the former, we need to drive rapid deployment of the solutions we have in hand today. In the process, those solutions will get better through a combination of economies of scale, learning by doing, and other factors. (This is already happening, with miraculous results: See this study from MIT analyzing the many factors that have led to a massive drop in the cost of solar power over the last several decades; also see Ramez Naam's post looking at what this could mean for the future costs of solar.)

Hundreds of major companies have committed to emissions reduction targets for their own operations aligned with this guidance from the IPCC. The Science-Based Targets initiative (SBTi) lists over 800 companies taking science-based climate action, with over 300 having set science-based targets that have been formally approved by SBTi. We now need to scale those commitments and actions rapidly to the entire economy.

It's also important to understand that some sectors will decarbonize more slowly than others - either because we don't yet have adequate cost-effective solutions in hand, or because of market failures, political issues, and other factors that may slow the transition in that sector. For the sectors where we have good solutions in hand, we need to move even more quickly than the IPCC recommends for the economy as a whole, to give us time to develop the solutions for other sectors.

Principles Behind the Policies

In evaluating which policies to support in a given region (city, state, or country), we recommend that companies start with the following principles - and that they publicly commit to them:

1. **Align with science.**
   Policies should make a substantial dent in moving the region toward a decarbonization pathway aligned with the IPCC guidance, to ensure we stay within our carbon budget.

2. **Support a range of proven policies.**
   Choose policies proven to have a large impact, that are cost-effective, and that drive prices down their experience curves. There isn't a silver bullet on climate policy - the right policy depends on the technology, its stage of development, the competition it faces in the market, and a number of other factors.

3. **Support climate policy across sectors.**
   Many companies that consume lots of electricity have stepped up to support policies that help decarbonize the electricity grid, but are silent on policies that affect other sectors (e.g., transportation or buildings) - and vice versa. If a company is committed to fighting climate change, and cares about a broad range of stakeholders beyond its direct business interests, it needs to support policies that address climate across the entire economy, not just the policies that are directly relevant to its own business.

4. **Ensure a just and equitable transition.**
   Policies should address environmental and climate justice issues, ensuring that historic environmental harms are addressed early, and that the economic costs of the transition are not borne disproportionately by frontline communities, communities of color, or workers whose jobs are displaced by the transition.

5. **Focus on the near *and* long term.**
   We need policies that will drive rapid deployment and scaling of the solutions we have in hand today to avoid blowing our entire carbon budget in the next decade. (Examples include zero carbon electricity - especially wind and solar - energy storage, electric vehicles, and heat pumps.) *And* we need policies that drive the basic science and invention to build the solutions we'll need in the following decades - e.g., for zero-carbon cement and steel, zero-carbon aviation and ocean transport, and carbon removal.

6. **Advocate everywhere you operate.**
   Climate policy at the U.S. federal level is crucial, but the states and localities are the laboratories of democracy, and frequently less politically gridlocked. We all want to see national solutions to this crisis - but it's most important to address the problem locally to drive rapid progress now, and to create the conditions to scale the solutions nationally in the near future.

7. **Don't let perfect be the enemy of good.**
   We need companies to help us all "get to yes" on climate action. Far too often, companies stay silent on a policy because there are elements of the policy that they don't like. Public policy isn't perfect - it always involves compromise. Companies need to support policies that drive decarbonization now, even when there are things they don't like about them - and fix the minor problems later.

How Can Companies Take Action?

Companies exert influence on public policy in many ways, some obvious and some not so obvious. The AAA Framework for climate policy leadership makes clear how companies need to align all the ways they influence policy to help enact science-aligned policy: they need to advocate for science-based policies, they need to align their trade associations' advocacy with climate science, and they need to allocate their spending (campaign contributions, etc.) to advance climate policies, not obstruct them.

Many companies - and certainly every large one - have robust policy advocacy programs, with Government Affairs teams, contract lobbyists, and trade associations all engaged in influencing public policy on behalf of the company. For companies outside the energy sector, these resources are not deployed in favor of climate policy. This needs to change. Companies do not need to learn how to advocate - rather, they need to make climate policy a priority for their existing advocacy programs.

What does this look like in practice? Here are a few ways companies influence policy; all should be aligned with a carbon-free future:

1. **Lead from the top.**
   Companies need to lead from the top to ensure that policy initiatives do not come solely from the sustainability team. CEOs must make advocacy for climate action a priority, and the Government Affairs team must support this with dedicated resources.

2. **Allocate campaign contributions to support climate action.**
   Companies contribute to PACs, Super PACs, and directly to candidates. They should stop contributing to organizations and candidates that deny climate change or obstruct progress on climate action, and shift to supporting those that support bold climate action.

3. **Take a stand within cross-sector industry groups.**
   Companies belong to and contribute money to trade associations. Trade associations, in turn, lobby on behalf of their members, contribute money to political campaigns and causes, run ads and influence campaigns, and in other ways work to affect the outcome of policy debates. Large cross-sector groups, such as the US Chamber of Commerce, exert enormous influence. Companies need to be transparent about their trade association memberships, and need to align those memberships with their stated goals on climate action. (The #ChangetheChamber campaign is pushing member companies of the US Chamber to change its stance on climate action - and if they can't change it, to leave it.)

4. **Act as a guide for sector-specific industry groups.**
   Companies must ensure that the sector-specific industry groups they belong to are actively lobbying on the range of climate policies noted in this document. The intensity of this lobbying should match the policy advocacy they show towards other priority issues. The groups should track consultation processes, submit detailed positions, and deploy lobbyists at the state and federal levels where relevant.

5. **Pressure misaligned groups.**
   Companies should publicly disclose and call out industry groups on positions they disagree with, and request that industry groups refrain from engaging on climate policy issues where there is no agreement among members. Ensure this is heard in the media, as well as by

politicians and policymakers. Also, ensure industry groups are not adding your company's logo and credibility to letters sent to politicians or policymakers on issues where there is misalignment.

6. **Lobby for climate - enroll your C-suite.**
   Companies need to make clear to policy makers that climate is a priority for them - by having their lobbyists raise it regularly, by supporting specific pro-climate policies (and opposing anti-climate policies), and by having their CEO and other executives call or visit lawmakers to discuss climate policy.

7. **Use your positions of influence.**
   Some companies have choices about where to put new facilities or to expand existing ones - factories, offices, R&D centers, etc. States, cities, and countries will go to great lengths to attract the investment and economic activity of these facilities. That provides an opportunity for companies to influence public policy by making clear that they prefer to locate in places that have good climate policy.

8. **Speak out as an organization.**
   Vocal support from companies and their executives matters. CEOs and other executives need to speak out publicly more often in support of good climate policy.

9. **Tell stories about your personal climate journey.**
   Write up, or televise, or use social media to tell a story about your own transition, or about a new set of jobs created in building a green economy.

10. **Sign letters of support.**
    Companies can join with other companies to send letters of support for climate policies to lawmakers.

11. **Empower your employees to use their political power.**
    Companies can encourage and empower their employees to speak up publicly, to vote, and to lobby for change.

Companies don't have to figure this out on their own. In the U.S., organizations such as Ceres and Advanced Energy Economy work closely with companies to help them understand what policies are being considered in various jurisdictions; they also organize sign-on letters of support and in other ways help companies advocate individually and together.

One final thing companies should do: they need to be transparent about how they are (and aren't) using their influence. They should disclose campaign contributions, trade association memberships (and how much they pay in dues and other contributions), lobbying on specific policies, and other ways they attempt to influence policy.

What Can Employees Do?

This guide is intended to illustrate what companies should be doing if they're committed to helping address the climate crisis. Employees - both current and future - can push companies to do this by signing the ClimateVoice pledge, by speaking up at their workplace or in job interviews, by sending this guide to their corporate Sustainability and Government Affairs teams and other executives, and

by making clear that they want their company to be "all in" on climate. Support from the CEO is critical for getting a company to speak up; employees can make sure the CEO knows they care.

We will be adding more resources to the ClimateVoice website to help current and future employees advocate for their employers to go all in on climate.

Stop Moving Backwards

Broadly, we need to act quickly to stop making the problem worse. That means rapidly stopping the expansion of fossil-fuel infrastructure and the growth in demand for it (in power plants, in buildings, and in transport). We're in a hole - we need to stop digging. If we want to reach net zero emissions "in time" without serious economic dislocation, we need to start today by replacing every retiring piece of polluting equipment in our economies with a zero-carbon replacement. Similarly, we need to meet new demand for energy with clean sources, not with new polluting equipment. Otherwise, we will lock in pollution for decades to come, especially in the power sector where capital stock turns over every 30 to 50 years.

At the same time, we need to fill in the hole - by addressing the emissions from existing power plants, existing buildings, and the existing transportation fleet through policies that encourage or mandate retrofits and replacements. And we need to invest in developing the technologies that will allow us to finish filling in the hole - including zero-carbon cement, zero-carbon aviation and ocean transport, and carbon removal. (As controversial as carbon removal can be, virtually all of the pathways outlined by the IPCC include carbon removal as a component to get to net-zero by 2050.) But the possibility of carbon removal at some point in the future must not be an excuse to keep burning fossil fuels in the near term at an increasing rate - we must start reducing our use of fossil fuels immediately.

Remember: Every investment in a fossil power plant or a fossil-consuming technology risks becoming "stranded" - meaning economic deadweight on your balance sheet. Investing in the past can strand your whole company. And if your utility invests in assets that become stranded, you - and other customers - will end up paying the price.

Go Forth and Build Back Better!

We already have many of the solutions we need to address the climate crisis, and we have the creativity and entrepreneurial spirit to develop the others. We need the collective will to enact the policies that will guide the entire economy toward a clean zero-carbon future. Companies have the responsibility to use their enormous influence in support of climate policies, across all sectors of the economy, and everywhere they operate. Together, the public and private sectors can create a safe prosperous future for us all.

ClimateVoice is a new initiative that mobilizes and empowers the workforce to activate companies to go #AllinOnClimate. Visit us online at www.climatevoice.org or follow us on Twitter @ClimateVoiceOrg