IPCC REPORT CLIMATE CHANGE 2022: IMPACTS, ADAPTATION AND VULNERABILITY

BUSINESS BRIEF

WHAT'S INSIDE?

IPCC report highlights: climate vulnerability and the importance of adaptation
Climate Resilient Development and what it means for business
How business can contribute and address some of the challenges
### Introduction

The Working Group II contribution to the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report, *Climate Change 2022: Impacts, Adaptation and Vulnerability*, was published on 28 February 2022 and the summary report for policymakers can be viewed [here](#).

The report summarizes the latest scientific understanding on impacts, adaptation, and vulnerability, outlining how hazards and risks resulting from climate change will affect humans, ecosystems, and the economy, with considerations of sustainable development, aspects of justice and equity, and the action needed to build resilience. It conveys the urgency of action on adaptation and loss and damage.

The cumulative scientific evidence assessed by the IPCC is unequivocal: climate change is a threat to human well-being and planetary health and without swift and decisive action on adaptation and mitigation, we will miss a brief and rapidly closing window of opportunity to secure a livable and sustainable future for all. Every fraction of a degree in warming is significant and will have direct, worsening impacts on the world, leading to irreversible impacts.

- Increased heatwaves, droughts and floods are already exceeding the tolerance thresholds of climate sensitive plants and animals, driving mass mortalities in ecosystems such as forests and coral reefs.
- Simultaneously occurring weather extremes are interacting, causing cascading impacts that are increasingly complex and difficult to manage. They have exposed millions of people to acute food and water insecurity, especially in Africa, Asia, Central and South America, small islands states and in the Arctic.
- Vulnerability to climatic hazards is higher in regions experiencing poverty, governance challenges, limited access to basic services and resources, violent conflict, and high levels of climate-sensitive livelihoods (e.g., smallholder farmers).

This business summary highlights the key findings of the new IPCC report and helps identify key opportunities for private sector action towards a net-zero, nature positive and equitable future.

Specifically, there are three key areas where business can contribute to climate resilient development:

- **Manage and Reduce Emissions.** This includes reducing emissions from activities across supply chains (Scope 3 emissions). Successful companies will have robust mitigation, climate risk evaluation and adaptation measures in place.

- **Reduce Risks with Adaptation Measures.** Companies can invest in well-designed ecosystem-based adaptation to reduce the climate risks faced by many people. They can also measure their climate risk mitigation actions to better inform capital allocation.

- **Reduce Vulnerability by Addressing Social Justice and Equity.** Companies must integrate, elevate and accelerate advances in tackling inequality. Fast emerging trends and tools offer a win-win for a thriving agribusiness sector and resilient rural economies.

This new report by the IPCC follows the report *Climate Change 2021: The Physical Science Basis*, which was released by Working Group I of the IPCC in August 2021. The Working Group III contribution to the Sixth Assessment Report, covering climate change mitigation and looking at ways to reduce emissions to meet the Paris Agreement targets, will be published in April 2022. The *Synthesis Report*, condensing the findings of the sixth assessment cycle, is expected to be published in September 2022, ahead of the UNFCCC COP27. WBCSD will review the reports and provide business summaries.
What this means for business

Adapting and building resilience to climate change is everyone’s business. With climate change being the single greatest risk to the global economy, business must adapt and take decisive climate action, re-evaluate capital allocations, measure and disclose their own footprint, and invest in adaptation measures, innovative business models and resilient supply chains.

Effective climate responses must consider the interdependencies of climate, human society and nature, as WBCSD sets out in Vision 2050 and the new strategy 2022-2027. The IPCC emphasizes the role of "Climate Resilient Development", and offers a comprehensive solutions framework that is highly pertinent to business, combining strategies to tackle climate risks (adaptation) and reduce greenhouse gas emissions (mitigation) with measures to enhance biodiversity and achieve the Sustainable Development Goals. The window of opportunity is rapidly narrowing, and climate resilient development strategies will become impossible for some regions of the world if 1.5°C global warming is exceeded in the near term.

**MANAGE AND REDUCE EMISSIONS**

- Reducing greenhouse gas emissions is critical for climate resilient development. Companies across the world are stepping-up their climate commitments by setting targets to reduce emissions and align with the 1.5°C target for a climate-safe world. Setting this ambition is critical but it’s only the first step. Businesses need to match their ambition with robust, actionable strategies to accelerate the systems transformation we need. Companies must also be held to account for the level of ambition they show. WBCSD recently proposed a Corporate Determined Contributions (CDCs) concept to provide companies with a process that captures and measures their progress and delivery against targets on a global level. Approximately 80% of aggregate corporate greenhouse gas emissions result from activities undertaken by suppliers or customers within and across corporate supply chains – defined as Scope 3 emissions.

Hence accelerating and promoting effective decarbonization solutions for Scope 3 emissions will dramatically multiply a company’s own climate impact and help significantly reduce its carbon footprint.

- Businesses cannot do well in societies that are not thriving. Systems transformation is gathering pace and companies investing in the environmental and social aspects of their work will retain their license to operate in tomorrow’s economy. Successful businesses are those that have developed robust mitigation efforts, evaluated their level of climate risk and fully adapted to build resilience. Companies recognizing the opportunity – and the imperative – to decarbonize will gain competitive advantage across industries and supply chains.
REDUCE RISKS WITH ADAPTATION MEASURES

- The private sector can be a reliable partner to governments and civil society organizations and provides access to infrastructure and basic services which can improve the adaptive capacity of vulnerable people. Companies can invest in ecosystem-based adaptation that can reduce climate risks that many people already face — including droughts, extreme heat, floods and fires — while also delivering co-benefits for biodiversity, livelihoods, health, food security and carbon sequestration. Access to better technologies, such as more resilient crop varieties, improved livestock breeding, or solar and wind power, can also help strengthen resilience. Some of these climate adaptation responses, however, can be harmful if poorly designed or implemented inappropriately.

- Business leaders and financial institutions have a critical role in measuring their actions to mitigate climate risks. Investors and financial institutions need to appropriately assess, price and ultimately mitigate the climate risks by understanding the physical and transitional impact of climate change and support informed and efficient capital-allocation decisions.

REDUCE VULNERABILITY BY ADDRESSING SOCIAL JUSTICE AND EQUITY

- Mounting levels of inequality globally represent one of the most pressing challenges facing our world today. Facets of business’ role in tackling inequality are already being explored and advanced under several headings, such as diversity and inclusion, human rights due diligence, and commitments to pay living wages, but the COVID-19 pandemic has underlined an urgent need to integrate, elevate, and accelerate these various strands of work.

- Thriving rural economies are an essential prerequisite for a thriving agribusiness sector and a sustainable food system. Consumer demand for fairly traded and sustainably sourced products; new technologies providing essential data that can drive improved efficiencies and productivity; and innovative financing models that reward equitable investments are fast emerging. These trends and tools offer a potential win-win: stable and transparent supply for the agribusiness sector; resilient rural economies and improved livelihoods.
How business can take action

Business has a vital role in contributing to climate resilient development. At WBCSD, we are working with our members collectively to accelerate the systems transformation needed for a net zero, nature positive, and more equitable future. Across the three key areas outlined in this brief, WBCSD is working on projects, initiatives, coalitions, and partnerships that are helping to secure a more resilient future for the planet, nature, and people.

**MANAGE AND REDUCE EMISSIONS**

- Building on its expertise as co-convener of the GHG Protocol, WBCSD established the Carbon Transparency Partnership in 2021, to help business measure, account for and disclose upstream Scope 3 carbon emissions. Through multi-stakeholder engagement, the objective of the partnership is to establish the global methodology and technical infrastructure for accurate, primary and verified upstream Scope 3 GHG emissions data exchange and measurement. The resulting understanding of individual product carbon footprints will empower companies to take informed sourcing and product-development decisions, invest in targeted decarbonization activities in their supply chains, measure and track decarbonization progress and adhere to legislative requirements around environmental transparency.

- WBCSD’s SOS 1.5 project supports companies from all sectors to stay within the 1.5°C safe operating space. SOS 1.5 makes ‘mission possible’ ‘mission probable’ by helping companies identify the barriers to overcome and actions needed to accelerate their transition. Replacing the Low Carbon Technology Partnership Initiative, SOS 1.5 provides sector-specific deep dives and a tailored roadmap for any company to achieve climate action, regardless of where they are on the journey.

**REDUCE RISKS WITH ADAPTATION MEASURES**

- High-quality Natural Climate Solutions (NCS) can help to address the twin crises of climate change and the loss of biodiversity by accelerating both the reduction of emissions and the removal of CO2 from the atmosphere, through the mobilization of significant funds from businesses to invest in nature-related climate repair activities. At COP26, the Natural Climate Solutions Alliance (NCSA), a multi-stakeholder group convened by WBCSD and the World Economic Forum, launched the NCS Investment Accelerator to target high-integrity private sector NCS of over 1 Gt per year by 2025.

- WBCSD’s Nature & Nature-based Solutions project drives action that enables businesses to meet their nature-positive and net-zero commitments, including through nature-based solutions. WBCSD members collaborate through and between value-chains to leverage and build on existing knowledge and guidance to accelerate and scale business contributions to a net-zero, nature-positive and equitable world. In January 2022, WBCSD announced its knowledge partnership with the Task Force on Nature-related Financial Disclosures (TNFD) as part of a multi-disciplinary group of leading international organizations that will support the TNFD’s task of developing a risk management and disclosure framework for nature-related risks.
• The Financial Stability Board established the Task Force on Climate-related Disclosure to develop recommendations designed to help companies disclose climate-related financial risks and opportunities. To support the implementation of the recommendations, WBCSD and the TCFD work together with member companies on key questions, challenges and development opportunities to enhance disclosure effectiveness.

• WBCSD is leading projects to develop climate scenario analysis reference approaches for the energy and food, agriculture and forestry sectors. This work supports scenario comparisons, connections, navigation, interpretation and use, providing access to business-relevant variables and guidance. It seeks to enhance corporate climate scenario analysis practices and the quality and transparency of strategic resilience assessment based on climate scenario analysis. It supports responses to the TCFD recommendations and the COP26 Private Finance Agenda action to promote scenario analysis through development of sector-specific scenarios and guidance.

REDUCE VULNERABILITY BY ADDRESSING SOCIAL JUSTICE AND EQUITY

• WBCSD announced the launch of a new Business Commission to Tackle Inequality (BCTI), an initiative that will seek to mobilize the global business community to tackle inequality and generate shared prosperity for all. The BCTI will be supported and steered by forward-thinking global companies and their leaders who have committed to leverage their reach and influence to mobilize business action at scale to tackle inequality globally. Over the next two years, the Commission will shape and promote a compelling common narrative and agenda for business action on inequality and provide practical operational support for companies.

• The Global Agribusiness Alliance for Equitable Livelihoods (GAA-EL) project builds on progress made by the Global Agribusiness Alliance from 2016-2020 and brings together related existing work within WBCSD on innovation and finance. It is also one of the key projects across WBCSD contributing to the organization-wide commitment to and focus on social sustainability and equity. Working with actors across the supply chain to address supply-side challenges, GAA-EL's work unites the private sector across the entire supply chain to enable agri-SMEs to access finance and drive more investment into a just rural transition; develop tools and training for human rights due diligence; promote action to tackle post-harvest loss; and explore the role of inclusive innovation in agricultural systems. These solutions are in line with action areas identified in the comprehensive WBCSD Food & Agriculture Roadmap.
The IPCC offers the most comprehensive assessment of peer-reviewed science, and its reports are a basis of many critical decisions. IPCC chapters and reports feed into the Global Stocktake process and inform the negotiations of COP27 in Egypt in November. The results will influence related processes and affect other key meetings such as the Conference of the Parties (COP) CBD-15, Stockholm+50, as well as the G20 meetings in 2022. WBCSD continues to monitor and provide input into how science is translated into policy and assesses how business can contribute to solutions that address the interconnected crises of climate, nature, and rising inequality.

CONTACT

If you are interested in joining any of the initiatives or dialogues mentioned in this briefing, please email: Clea Kaske-Kuck, Director, Policy, Advocacy and Member Mobilization, WBCSD: kaske-kuck@wbcsd.org

ABOUT THE WORLD BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT (WBCSD)

WBCSD is the premier global, CEO-led community of over 200 of the world’s leading sustainable businesses working collectively to accelerate the system transformations needed for a net zero, nature positive, and more equitable future.

We do this by engaging executives and sustainability leaders from business and elsewhere to share practical insights on the obstacles and opportunities we currently face in tackling the integrated climate, nature and inequality sustainability challenge; by co-developing “how-to” CEO-guides from these insights; by providing science-based target guidance including standards and protocols; and by developing tools and platforms to help leading businesses in sustainability drive integrated actions to tackle climate, nature and inequality challenges across sectors and geographical regions.

Our member companies come from all business sectors and all major economies, representing a combined revenue of more than USD $8.5 trillion and 19 million employees. Our global network of almost 70 national business councils gives our members unparalleled reach across the globe. Since 1995, WBCSD has been uniquely positioned to work with member companies along and across value chains to deliver impactful business solutions to the most challenging sustainability issues.

Together, we are the leading voice of business for sustainability, united by our vision of creating a world in which 9+ billion people are living well, within planetary boundaries, by mid-century.

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