
PODCAST

Why COP 26 matters to us all

ABB Decoded

Negotiations at the COP 26 climate summit are intended to achieve meaningful progress on climate change. Mike Peirce, Corporate Partnerships Director of The Climate Group, explains what we might expect from the conference.

Anthony Rowlinson: Hello! And welcome to episode 11 of ABB Decoded – the podcast that tries to press pause on our fast-moving lives and shine a light on the technology and trends that are reshaping our world.

I'm your host, Anthony Rowlinson, and in this episode we'll be discussing an environmental conference being held in the United Kingdom that has been billed as perhaps the most significant ever for safeguarding the future of our planet.

COP 26, staged over the first two weeks of November in Glasgow, will highlight many of the myriad concerns over the global climate challenge – and try to forge agreements on how best to combat them.

The negotiations around COP are intricate, and result from months and years of preparation by government, business and lobbying groups ahead of the conference itself.

And one organization with insight into all these competing interests is The Climate Group, a UK-based not-for-profit body that works with business and governments around the world to address climate change.

Their Corporate Partnerships Director is Mike Peirce, who joins us today to assess the chances of a positive outcome from COP 26 and explain why the negotiations matter to us all.

Let's hear from him...

Mike Peirce: Well, thanks for the opportunity to be here today. My name is Mike Pierce, I'm the Corporate Partnerships Director at the Climate Group, so I'm working with companies to help them think through how and why climate and sustainability matters to them. That's very much what I've done over the last sort of 25 years or so.

Anthony: Thank you, Mike. And could you tell us a little bit about what The Climate Group is?

Mike: Yes, so the Climate Group is a not-for-profit organization where we're very deliberately an international organization and have got offices in London, which is our European office, in New York, New Delhi,

work elsewhere across the world and you'll see from those places, these are places which are heavy emitting sectors, heavy emitting geographies, which has been a very deliberate choice to be there. Our mission is to accelerate climate action, to drive it fast and we put a real emphasis on that point about acceleration. There's lots that's happening in the world now about climate. People who could have seen electric vehicles are starting to emerge, people have seen solar panels on the roofs of people's houses. There's even talk now, much more around electric pumps, heat pumps supporting the heating. But how can you make that happen faster than it would happen otherwise? That's our work and we work with businesses and with governments bringing networks together to help get a collective voice to influence the action and trying to encourage that to go that much faster.

Anthony: Great – and can you explain how you came to be involved in this sector? What's your background?

Mike: I started off in business strategy but suddenly realized this was one of the most important areas of that and I've worked in a number of different aspects within not for profits, within university departments and now within an organization working very much with business but all of those have been about how you can get business leaders to realize that climate change is happening.

To understand why that might matter to them personally and to understand how that can then influence also their organizational strategies. So, where they can win, where they can get value from climate, which makes a big difference from the way they always take it forward in their organization.

Anthony: So, when an event like COP 26 takes place that must be an intense focus for an organization like yours. What will you be doing in Glasgow?

Mike: COP26 and the number's a bit of a clue there, this is essentially an annual meeting of the parties. It's the conference of parties, so we have all the countries across the world coming together. We missed last year because of COVID so we would otherwise have already been on COP 27. Because it's a way of bringing together all the countries of the world, you have an opportunity for those leaders to be able to set the tone and direction for the message about where they are taking forward their action.

And more than that, it's a negotiation, so you have one key part of the COP is effectively a sort of a period over a year, of conversations between governments which leads up to positions they will be taking and then negotiation during those two weeks. So, COP is a process, I guess, it has been a key part of that but we're now at the really tight end of where that's coming to. I mean we saw a month or so back, President Biden in the US making some big announcements about the amount of money that will be going from the US to less developed economies to support them in their action and this is part of his movement towards COP. So, there's one part is that sort of governmental area of the negotiations. Really critical part, that's the heartland of that but over those 26 years, there's a sort of parallel process which is, in the jargon it's talked about non-state actors.

What does that mean? It means civil society groups, people, protestors being part of a conversation and critically also it means businesses and state and regional governments. There is just as much of a parallel process through that year and then emerging around COP of companies thinking about what they want to do. Positioning their aspects, positioning their new strategies and policies there and showing how that contributes to the goals that the governments are talking about and indeed often putting some pressure on the governments by saying, "Actually, we need you to do more, for us to be able to deliver what we're saying we want to do."

Anthony: It's fascinating what you say about the process that leads up to COP, because the person in the street might not understand that what's going on there is actually, as you said, the pointy end of the negotiations and that there is real stuff happening. So, do you think we might come away from COP26 with real new climate goals and commitments?

Mike: We're at a really interesting moment in this debate now. Paris was five COPs on and we're at a particularly interesting and important negotiation today because it was a year in which the countries needed to come back with what are called their nationally determined contributions, which is basically, what would you do as a country to contribute towards the Paris Agreement and so you've seen over this

year a number of countries actually coming forward with more significant moves and I mentioned President Biden's piece earlier. China at the beginning of the year had a carbon-neutral by 2060 goal and a peaking of emissions in 2030, so these are parts of that story.

Now I always hesitate to get the numbers exactly right on these things but people talked about there being a four degrees of warming from existing policies around Paris and so we have talked about the need to bring that down to below two. It's seen that, that's been brought down through the existing pledges to around two point four. Policies are needed to deliver on that because all the policies may not be in place to make two point four and then of course two point four is far above what was identified. So, there's a big piece about additional emissions commitments from governments or actions that will support that.

Anthony: Just to go back to your point on figures there: the "four" and "two point four" you refer to – do you mean degrees centigrade warmer?

Mike: Yes, that's based on projections that will be occurring based on the policies that are in place over a period and so, the goal that Paris has set, it's been around, well below two and what's been clear since then is the need to bring that to one point five as a maximum because there are significant impacts on ecosystems, on people and populations even at that level.

Anthony: There seems to be a discrepancy there, between the target of one-point-five maximum and what you say we might be seeing.

Mike: So, look, the optimist in me or indeed that in the sense the positive view of this is, it's actually quite remarkable when the Paris agreement came through, the two degrees were seen as intensely ambitious and very difficult to get through politically. And yet, countries have brought forward meaningful moves towards that.

And as I mentioned earlier, every percentage point of a degree there makes a difference in terms of the impact on the world. So, there's really meaningful changes happened, and you can well imagine a world in which that hadn't occurred. I don't think it's to be ignored or played down, the extent to which governments and interface with business and civil society and people's protest around this ~~is~~, has brought a real move, but then you're absolutely right, there's a big gap still. There's a really big gap still that needs to be addressed.

Anthony: But to stay with the positive note you've sounded there, do you see that the climate challenge can be tackled and even that some global warming might be reversed? Are there reasons to be hopeful?

Mike: This is not just about the last few years, the world has sort of, through industrialization you go back a hundred years but really since the 1950s there's been a rapid acceleration in our transport around the world, in our communications, in levels of education, all of which bring many, many good things in the society but have brought significant impact on different ecosystems, on the use of land, on crops, on soil, on water and at the interface of all of that is climate and so, there has been already significant change and we're seeing this now, this year.

Crop losses, wildfires in California, the fires raging in Greece, is really evident that something is happening. They are part of an increasing frequency of events that is occurring because of climate change, that is already happening.

You then have stuff that is effectively baked in because the carbon emissions go into the atmosphere and what we have already done implies some warming in the future.

Anthony: But as you've already hinted, there are positives to be found?

Mike: We start to see that with electric vehicles, where the direct cost of the electric vehicle now starts within a year or two to match in European markets a petrol engine vehicle. So again, we have bits of the system which are moving, where the economics are moving in the right direction because investment is made, but then a lot of areas where we can see the technology trajectory, but it will take time to get there. And so how do you accelerate through that?

Anthony: Could you give us an example of what you mean by accelerating the trajectory?

Mike: If you look at the sector of something like steel, so a heavy emitting sector so producing steel as we do now, is one of those most widely used materials, incredibly important to our built environment, to machinery, to the vehicles that we have so really important pro- product for the way we live and need to live.

It's very heavy emitting at the moment and the steel sector knows that and the buyers of the vehicles and machinery know that. There is technology, which is largely understood to be able to reduce emissions to a net zero steel by 2050. It's not a mystery of how that would be done. It is a lot of money though and it's a lot of policy which will enable you to say who goes first. So, one country or one part of the world doesn't make the steel and feel they can't sell it anywhere because they're being undercut by another part of the world, so how you put all of that together is the sort of conundrum that we need to deal with.

That's part of the conundrum of the COP is how you get negotiations that get common enough vision on big goals and then quite nutty agreements on how you would work together within a sector to solve a problem like that which is not from the technology, not a problem of recognition of the problem, but a problem of how you think through the transition of an economy. And with that, obviously the transition of people who work in that economy. So, how do you do that, that people feel supported and are supported through that change?

Anthony: And is that where The Climate Group fits in? In that intersection where you're trying to ease the conundrum?

Mike: Absolutely and there's lots of other sorts of organizations that are needed. Our particular approach has been to be able to work with business, to both encourage companies but also make visible their leadership and make visible the leadership in a way that that can be understood and then recognized by investors who can say, "Uh, there is a market for renewables, actually, there's, like there's a hundred billion market there from companies that are making a commitment to having renewable electricity." So, we have 350 companies who've signed up to think with RE100, a commitment to 100 percent renewable electricity.

It's a bigger electricity demand than either England or Italy. So, it's a G7 country's worth of electricity demand. So, investors see that and say, "Okay, something happened, if that's real, I can make money by servicing that." And secondly, governments can see it and so those companies can actually have an engagement with countries and say, "Actually, we need to be able to buy this renewables in South Korea, in Japan, in Australia, in countries around the world. What policies will you have that will enable and support us to be able to do what we want to do?"

And so the Climate Group, we're there to say, "Okay, how can we amplify that commitment and make it visible?" "how can you have an effective conversation with the government that enables you to come together on your goal?"

Anthony: And focusing on COP 26 again for a moment, what would be a good outcome from the negotiations and what do you think we might see, come mid-November?

Mike: It's one of these hardest bits of questions because there will be a devil in detail, and we'll be working it out still in the months to come really what it all adds up to. In some ways, those headline figures we talked about earlier on, if you were to look at how you could add up and collate the different emissions reduction targets with the governments and how do those stack up to the pathway towards one point five, will be a key set of metrics.

A second key area is, there was a commitment at previous COPs to significant sum of money towards developing economies to support them in the transition because the people who are suffering from the impacts of climate change are those poorest in the world. The most suffering are those that are poorest in the world, so it on a direct basis.

It also matters in the negotiation process because this is a global commitment and so to bring the world along on this, does require demonstration that the richer countries are making a move.

So, emission reductions, money for developing economies and then, I think landmark moves on key areas. Other moves on some of the heavy emitting sectors, steel, concrete, aluminum, chemicals are going to be critical parts. And then perhaps finally some of the big power sector issues, coal, and methane and so on, commitments and moves on ending key investments in those, or reducing investments in those are going to be sort of key aspects to see too.

Anthony: It's interesting to hear you break it down like that because the topic of Climate Challenge can seem daunting. But when you break it down that makes it feel more comprehensible – in the sense of 'we can fix this, we can fix that'. Is that how you're trying to address the topic in your negotiations?

Mike: It absolutely is. I mean it's funny because we've taken a very deliberate approach at the Climate Group, to say how can we give visibility to corporate performance on very specific topics.

And so, with that we've been able to take the message of the companies which is very unequivocally clear. You know, these are companies that have said they will transition their fleet by 2030 to a 100 percent electric vehicles. That's a much better message to take to a vehicle manufacturer or to a policy maker than we're aiming to make progress over the next few years and we're sure we're going to do very well. Particularly as what we then can do is, we can start to show the progress the companies are making. That they are buying electric vehicles that they are buying renewables, they are making reductions in energy use et cetera so you can show the data that says that progress is being made.

Got clarity and simplicity of message is helpful and it also, I think it fits a bit with roles the people have in a company. You know, what's your job? Your job isn't to solve sustainability. Only very few people have that as a job title. But what have I got to do to sort of procurement for my buildings. Okay, well, I need to think about this, this deal and the cement and the timber. You know, what am I going to do about that? Very precise areas you can do something with, and I think that breaking that down helps both the policy conversation but also just day-to-day jobs that people have.

Anthony: Ok, so to take an example that's close to home for this podcast, what might that mean for a technology company like ABB?

Mike: Yeah, I think there's sort of get your house in order stuff. And actually, to ABB's credit, it's made commitments on RE100, EV100 and EP100, it's said we've got 11,000 vehicles, we'll make that transition. These are important bits about the credibility and actually I think changing the conversation in a company about where you're going. There's a really interesting next step which is where you have a technology or an opportunity to shift how others can act. And I think there's a piece there which is, how can you invest and build a market effectively? What are the ways you do that at pace and that reflects the challenges of science?

Okay, well, it's an opportunity or responsibility for a company like ABB. It's actually 'we have a solution here and we need to go at pace on this and we need to invest at pace on this because actually that's what success means for us is that we have actually changed a market and enabled that to happen'.

Anthony: So, Mike, you've referred a couple of times to the economic aspects of the Climate Challenge. Is it the case that economic arguments have to be won, in order to make governments commit to climate goals, which businesses can also then commit to?

Mike: There's probably short- and long-term aspects to that. And the long-term view which I think a lot of business leaders recognize and also see as a personal but also a business imperative is, their company will not thrive in 2050 or 2040, if society is in disarray, if the environment is in collapse, if populations are moving across the world because they cannot get food to eat, if people are poorer. So, if you're going to win as a company, you say "Okay, what do I need, what world do we need that enables us to, society to thrive and our businesses to thrive within that?"

And that's a straight economic case but it's also one which requires a bit of vision. So, we get both the strategic learning from getting there and also the reputational benefit from getting there. Those are really legitimate bits of this little pathway to get to that point.

You then get, often quite complex economics to get from A to B. I absolutely will say there are the bits that we have been able to see progress on, really are helped by the fact that the economics work and so company's willingness to make a commitment to go 100 percent renewable or to buy 100 percent electric vehicle absolutely comes because they can see the price of renewables of sales have come down 70 percent, 80 percent and likewise because the total cost of ownership for an electric vehicle now basically equating and if you're a delivery company it makes economic sense to buy it now so that really does help. But then what's needed is the business leadership saying, "Where do we need to lean in to make those economic shifts faster in a sector?". And rather us saying, "I can't do this yet until the government does that," just say "we have to do it to get to where we are in 2040, what part of my leverage can I use to be able to influence government." And I guess that's where collective voice does matter-because however big your company, your voice is not enough on that and so you'd need to say, "Well, I need to work with these like-minded businesses to be able to get a collective voice that counts." You don't say 'it's your problem, not ours' but you can only deliver it in collaboration with others. You can't, by owning it doesn't mean you need to be isolated. And so, I think that for me is sort of the key bit of breaking economics.

Anthony: And, in your time working in the sector, do you see progress? Do you see that companies are starting to review their businesses and realize that existing models aren't sustainable in the most literal sense?

Mike: There undoubted progress. There are a very large number of companies now that have not just thought about the climate and sustainability but have got meaningful science-based targets that state where they're going. So, I think, we can be really positive about progress the business community has made. But, of course, you have to hold your hand at the same time and say, look at the other side of this and say, "This is not fast enough. There are a lot of companies that haven't moved forward on this agenda yet."

What gives me optimism on this is that companies have been able to see opportunity and have started to build that into strategic direction and so what might have been more of a reputational cover 10 or 15 years ago now, is in many more companies a much more strategic part of the organization's thinking.

Anthony: And do you think it's significant when a company like ABB chooses to become a title partner of a global electric motor sport championship? Does a move like that suddenly raise the whole profile of e-mobility and sustainable technology?

Mike: I think it does matter and it matters in a couple of directions. The first is it can have an influence on staff and internal engagement around sustainability issues. It can be part of the sense, nice you know my company's going somewhere and then encourage a deeper conversation in the organization about how you can take forward climate sustainability issues.

The other part is, we're really interested in the working electric vehicles about how you make this a new normal. How people can realize that electric vehicles will be the future, and this is both a positive and exciting vision of mobility and part of what's going to be the day to day. That bit of positioning it, it's more about how you change the public conversation so the part it can play in that way for me can be really important.

Anthony: So, Mike, we'll return to COP 26 for one final question: do you think we will look back on this conference and see it as a Climate Challenge landmark?

Mike: I really hope so. We have a decade now in which we need to halve emissions to keep on the trajectory so stuff that happens now and in the next two or three years is really important. So, that will be the optimistic view of this, by the sense of tone of conversation and the commitment among the leaders to go faster and that's what we're hoping to see.

Anthony: It certainly feels like there is a sense of urgency around this year's COP negotiations, so thank you, Mike, for taking the time to share your insights into just what's at stake in Glasgow.

And if you've enjoyed this episode of ABB Decoded, why not like, share, or subscribe wherever you get your podcasts. Until next time.