

COP-26 and The Big Impact on Business

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Recently in Glasgow, Scotland, diplomats from 197 nations agreed to a “historic” environmental pact to address the threats of climate change. COP-26 was the 26th meeting of the Conference of Parties, nations that first met in 1992 at the United Nations Framework Convention on Climate Change to “prevent dangerous human interference in the climate system.” While much uncertainty around specific outcomes exists, the implications for business are significant.

Situation Dire, Immediate Action Needed

UN Secretary-General António Guterres opened the meeting with a harsh warning: “The 6 years since the Paris Climate Agreement have been the 6 hottest years on record. ... Our planet is changing before our eyes — from the ocean depths to mountain tops; from melting glaciers to relentless extreme weather events. Oceans are

hotter than ever — and getting warmer faster. Parts of the Amazon Rainforest now emit more carbon than they absorb.” Secretary-General Guterres reaffirmed that to reduce global emissions by 45% by 2030, nations of the world must adhere to the goal to keep average global temperature rise to 1.5 degrees Celsius, and immediate action is needed. He emphasized that G20 countries have a great responsibility to lead as they represent around 80% of emissions.

When the meeting concluded, Chief Organizer Alok Sharma called COP-26 a “fragile” win and asserted that “countries will be judged on whether or not they meet and deliver on their commitments.”

Acceleration of Climate Action Initiatives Impacts Business

Notably, part of *this year’s* agreement was to return *next year* with stronger plans to reduce emissions and to encourage more affluent nations to at least double their funding by 2025. Around the world, business leaders should anticipate an acceleration of climate action across economies, throughout industries, and within organizations. Industries from infrastructure, construction, vehicles and aviation, agriculture, renewable energy, to finance are recognizing that change is upon us.

Of note, at COP-26, finance firms managing \$130 trillion announced a pledge to make combating climate change a major priority and at the center of their work.

Obviously, how this affects your company will vary depending on where you are based, what industry you are in, and your company leadership. Nevertheless, the goal of net-zero emission is a given. And, while to-date, few companies have extensive and detailed *plans*, visionary leaders are currently *planning* – they are focused on emissions, climate risks, transition investments, and more.

Net-Zero Plans Warrant Communications

Leaders are thinking about potential climate-related supply-chain issues and replacing raw materials with greener options. They are monitoring their exposure to climate risk and their own company’s emissions, evaluating their sustainability performance. They are anticipating that measurement and disclosure will be the norm. And, leaders are recognizing that net-zero plans present the opportunity to stand out vs. competitors. They understand that communicating to investors, employees, and customers is crucial.

Salesforce, in October, announced that it has achieved net zero across its value chain and has 100% renewable energy for its operations. They also released *Sustainability Cloud 2.0*, to “accelerate customers’ path to Net Zero, empowering organizations to track and reduce their carbon emissions and become a sustainable business.”

U.N. High-level Climate Action Champion Nigel Topping stated, “If you haven’t got a net-zero target now, you’re looking like you don’t care about the next generation, and you’re not paying attention to regulations coming down the pipe. Your credit rating’s at risk, and your ability to attract and keep talent is at risk.”

Significant Green Job Growth Across Sectors

In terms of recruiting, there are many sectors that are going to experience significant growth.

According to Stig-Rune Reese, Managing Partner of IMSA Search Global Partners Norway, who has significant experience in the oil and gas industry, “Many oil and gas companies have started the transition to zero-emission operations. They have both the funds and the skilled manpower to make the transition and will be the frontrunners on making change.”

From green jobs in the low carbon and renewable energy economy, to electric vehicles in the car market, to the finance sector where insurers and investors will look for regulatory compliance, major changes are anticipated. And, as we move toward tracking carbon emissions of buildings, the construction industry will need specialists who understand green heating and cooling.

As COP-26 is internalized across the globe, there is tremendous opportunity for green talent. There will be a greater need for science, technology, energy, and math skilled labor. Reese adds, “Regardless of the industry, the time to evaluate whether you have the right talent to lead the charge in the fight against climate change is now.”