



## 2021 UK G7 Presidency

# Climate & Energy Commitments to Action

*May 2021 – London*

At this critical moment in our efforts to combat the joint crises of climate change and biodiversity loss, the G7 will send a clear message on our collective ambition to **transition our economies to Net Zero greenhouse gas emissions by 2050**. To set that ambition in motion, it is vital that we send a strong signal to the rest of world, particularly in the run-up to COP26, by underpinning our net zero target with clear commitments to act.

Through our collective discussions at the G7 Climate & Energy Senior Official Working Groups, together we recognised the importance and benefits of **closely working together on the clean energy transition, sustainable transport policy and industrial decarbonisation**. We also share the understanding of the need for a **more coordinated and effective institutional landscape for international sectoral collaboration**, and the need for a **central role of gender equality, diversity and inclusiveness** in ambitious climate and nature action.

Coordinated by the UK Presidency, the G7 have developed this **series of five Climate & Energy Commitments to Action**. We are particularly grateful for the invaluable leadership by our Canadian partners on the fifth Commitment to Action on 'Gender Equality and Diversity in the Energy Sector'. **Together, they reflect our shared priorities for close cooperation, and formalise the actions we intend to take together in these five areas within the UK G7 Presidency in 2021.**



## 1. Net Zero Power

There is growing recognition that **achieving Net Zero emissions by 2050 is essential to meet our Paris Agreement commitment to pursue efforts to limit the global average temperature increase to 1.5°C**. All G7 members agree that Net Zero by 2050 is an absolute goal and have either legislated for this or are in the process of doing so. To achieve this, **it is imperative to accelerate the decarbonisation of the power sector** – both to ensure a step change in reducing greenhouse gas emissions and for us to be able to provide carbon-free electricity for other sectors of our economies in the future.

The International Energy Agency (IEA) released a report on “The World’s Roadmap to Net Zero by 2050” on 18<sup>th</sup> May, which outlines pathways to fully decarbonise the energy sector in line with wider Net Zero commitments. **The IEA have kindly offered to produce a follow-on report on “Achieving Net Zero Electricity Sectors by G7 Members”**. It is vital that **G7 members convene to consider the analysis of the report, and the jobs and growth benefits of proposed measures, to develop short-term actions focused on stronger collaboration and better coordination. Further, the G7 should consider the influence and support it can provide to middle income and developing countries in their energy transitions**. This will be critical to ensuring countries are able to recover from the pandemic, create decent green jobs, and stimulate sustainable economic growth through supportive policy frameworks and investments in clean energy technology to achieve Net Zero.

We recognise the range of relevant institutions and initiatives, including the IEA, the International Renewable Energy Agency (IRENA), the Clean Energy Ministerial (CEM), Mission Innovation (MI) and the work of the Powering Past Coal Alliance (PPCA) and the Energy Transition Council (ETC). While support for this Commitment to Action would not require G7 partners to specifically endorse any of these institutions or initiatives, we recognise their value in providing a platform to work with international partners to develop and deploy critical initiatives.

**By rapidly progressing towards a net zero emissions power sector, G7 members would tackle over 8% of global energy-related CO<sub>2</sub> emissions (IEA, 2021) and provide valuable experience for all countries considering their future energy pathways**. G7 leadership in the transition towards net zero power systems will build momentum and provide reassurance around perceived risks, whilst creating a ground for digital solutions and critical technologies that will be crucial to reach net zero.

### Proposed Commitments:

1. A **Call to Action on Net Zero Power Systems**, strengthened by support from other international partners including key institutional partners and initiatives, with a pledge to scale up regulatory support, investment and deployment of renewables and supporting climate-resilient infrastructure to signal global leadership and highlight the need and opportunities for a green recovery.
2. In support of the Call to Action, a G7 commitment to open a **‘Dialogue on Net Zero Power Systems’ for G7 governments and the private sector**, to explore ways the G7 can support collaborative initiatives and institutions to accelerate global progress towards net zero power (including the PPCA, the Energy Transition Council, and the Mission Innovation Power Mission). This public-private dialogue will convene prior to COP26 in a workshop led by the IEA to summarise progress and discuss the scope and nature of a prospective joint statement prior to, or at COP26.



## 2. Net Zero Transport

Emissions from road transport account for 10%<sup>1</sup> of the global total and are rising. To meet the mitigation goal of the Paris Agreement, create new economic opportunities and avoid catastrophic climate change, **urgent action is needed to dramatically increase the pace of the transition so that globally all new cars and vans are zero emission by 2040**, or earlier for developed countries. We also need to accelerate the crucial deployment of zero emission heavy duty vehicles.

Recognising the importance of this, the UK established the Zero Emission Vehicles Transition Council (ZEVTC), as a dedicated political forum to discuss the challenges and opportunities from the global transition. All G7 members are now also members of the Council, which met for the first time in November 2020, and collectively agreed to address some of the key challenges in the transition to Zero Emission Vehicles (ZEVs).

**The G7 makes up more than a third of global new car sales. An ambitious signal from the G7 can therefore help accelerate the global transition to ZEVs, making it cheaper, easier, and quicker for all.** By supporting the scale-up of the production of ZEVs and increasing economies of scale, together we can bring down the costs of these vehicles and of the transition itself.

**This would allow both developed and developing countries to access the benefits of cleaner air and reduced oil dependence at an earlier date, as well as making a significant contribution to our joint global effort to mitigate dangerous climate change.**

The commitments below will ensure closer G7 collaboration to address the challenges of the transition to ZEVs and will send a strong global signal ahead of COP26. This commitment is designed to support and complement the objectives of the ZEVTC by tackling the transition of the industrial base, with a focus on ramping up sustainable battery production as a key component of the transition to ZEVs.

### Proposed Commitments:

1. A G7 commitment to affirm **support for the ZEVTC**, and to work bilaterally with other global partners to address key challenges and opportunities in the transition to ZEVs, including exploring support for developing countries in making the transition.
2. A **Post-Ministerial G7 workshop on ZEVs in June**, to discuss what is needed to facilitate the shift of the industrial base towards ZEVs, with a specific focus on the challenges around the scale-up of sustainable battery production, including sourcing and production of battery materials and accelerating the development of technology from research to commercialisation. This would provide an opportunity to share common challenges and learnings and consider the future of the sustainable battery production supply chain, with a view to determining a focus for closer, mutually beneficial collaboration.

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<sup>1</sup> Calculations based on Olivier J.G.J. and Peters J.A.H.W. (2020), *Trends in global CO2 and total greenhouse gas emissions: 2020 report* ([Source](#))



### 3. Net Zero Industry

Industrial sectors – especially steel and cement – are often overlooked in international discussions on climate action, despite their large share of global emissions and the international focus of their markets. Industry accounts for 24% of global CO<sub>2</sub> emissions, or around 8.5 GtCO<sub>2</sub> per year, with steel and cement alone representing half of industrial CO<sub>2</sub> emissions at 12%. **To limit global temperature rise to 1.5°C, emissions from industry will need to be around 25% lower by 2030 and reach near zero by 2050.**<sup>2</sup>

The greatest innovation challenges for industrial sectors are in the cement, steel, and chemicals sectors, where processes require high-temperature heat or fundamental chemical processes release CO<sub>2</sub>, and where direct electrification using low-carbon electricity cannot eliminate emissions. **To support the adoption and diffusion of the new technologies required to decarbonise these sectors, it will be crucial to develop and implement policies that create a market for low carbon products by ensuring supply and stimulating demand, while creating good, green jobs across relevant industries.** The G7 can augment the impact of relevant work in existing multilateral institutions through its leadership.

**A coordinated international approach would ensure that the decarbonisation of industry is quicker, cheaper, and easier for all.** In particular, working together ensures that:

- No single country faces excessive costs and that action results in a meaningful reduction in global emissions (avoiding ‘carbon leakage’), so that the G7 becomes the forefront of competitive low carbon industrial products, creating green jobs in industries of the future.
- Countries can pool resources and expertise on technological innovation, helping to bring down costs, multiplying innovative capability.
- Through supporting regulatory frameworks, leading governments can motivate, incentivise and reassure a critical mass of companies to invest in low carbon production, helping create the large-scale sectoral switch required.

By working through existing multilateral fora such as CEM and MI, we can work with partners, including important, rapidly industrialising developing countries to implement the policies and deploy the technologies required to achieve net zero industry. Similarly, G7 support for new, promising initiatives would drive international change, and send a strong signal of intent in this critical area to other countries and businesses alike.

#### Proposed Commitments:

1. A G7 commitment to scale up clean energy innovation, welcoming (and participating in, for those who wish to) a Mission Innovation Industrial Decarbonisation Mission, proposed to be launched at COP26. This would provide a forum for progressive countries to accelerate coordinated research, development and demonstration activities on industry decarbonisation.
2. Welcoming (and participating in, for those who wish to) the coalition to decarbonise industrial products by creating lead markets to reward progressive companies, driven through CEM’s Industrial Deep Decarbonisation Initiative. This involves harmonising emissions reporting and benchmarking for industrial products (e.g. steel and cement), creating a common set of green product standards (building on existing work, such as ISO) and advocating for public and private procurement commitments.

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<sup>2</sup> [Source: \(IEA, 2020\)](#)



## 4. Net Zero Sectors

Enhanced international sectoral collaboration is needed to ensure the goals of the Paris Agreement are kept alive this decade. By some estimates, **global decarbonisation must happen five times faster this decade than in the last two<sup>3</sup>**. Faster innovation is needed too, with half of emissions reductions reliant on technologies that are not commercially available today.

Global transitions will happen faster when learning is shared and when policy and finance actions are coordinated to accelerate innovation and the diffusion of new technology through global markets. By working together in this way, countries can make the transition faster, easier and cheaper for all.

Existing international institutions already facilitate positive collaboration between Governments and industry, including through Mission Innovation, the Clean Energy Ministerial, the International Energy Agency, International Renewable Energy Agency and the Mission Possible Partnership. However, **as global attention turns from long-term ambition towards near-term implementation, this is an opportune moment to review the overall landscape for sectoral collaboration and consider how it can be further strengthened to deliver on the decarbonisation challenges of the next decade.**

Through a **post-ministerial workshop between G7 partners, we will take stock of existing sectoral fora for collaboration, consider how to reinforce government-to-government collaboration, as well as collaboration with non-state actors, within each major emitting sector of the global economy, and agree joint next steps towards COP26 and beyond.** The outcome would be to develop a common understanding and shared view of how international collaboration in sectors will need to be further developed to meet our shared climate objectives in the coming decade.

### Proposed Commitments:

1. A **post-ministerial workshop between G7 members** to review the international landscape of institutions and Ministerial forums for sectoral cooperation; to review the evidence on the pace of transition required in each sector to meet Paris Agreement goals; and to discuss how to strengthen effective international collaboration within each major emitting sector of the global economy, to agree joint next steps towards COP26 and beyond.

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<sup>3</sup> [Source \(IEA, 2020\)](#)



## 5. Advancing Gender Equality and Diversity in the Energy Sector

**Successfully transitioning to a net zero future will depend on our ability to harness all possible talent in service of the breakthrough ideas and solutions that will transform our societies.** Internationally, women represent only 32% of the global energy workforce, and account for just 26% of all executives and other senior executive leaders in the C-Suite<sup>4</sup>. The case for diversity and equal representation is strong: organisations that are more diverse generate novel ideas and creative solutions, draw on the full range of talents of their people, and are more likely to achieve better business outcomes<sup>5</sup>. There is more work to be done if we are to ensure the net zero transformation results in growth that is inclusive, and where benefits are shared. **We have the responsibility to act together to support women and other groups to succeed and thrive in industries where they have been underrepresented in the past.**

In 2018, the G7 joined together to sign on to the Equal by 30 Campaign, highlighting the benefits of women's empowerment for clean energy innovation. **All G7 members agreed to work towards equal pay, equal leadership and equal opportunities for women in the clean energy sector by 2030.** This included endorsement of the high-level principles of the campaign, with some members taking a further step by developing measurable commitments to accelerate the participation of women in the sector and close the gender gap.

Given this overarching endorsement, the proposed commitments below build on the 2018 agreement, ensuring that G7 members are turning good intentions into meaningful action. **The new commitments provide a deepened framework for action and will send a strong global message of G7 leadership. Together, we can put underrepresented groups at the heart of the green, sustainable, resilient and inclusive recovery from the Covid-19 pandemic and create a more equitable, diverse, and inclusive energy sector.**

### Proposed Commitments:

1. We will make gender, equity, and diversity central to the global energy sector's recovery efforts, recognising the disproportionate impact that the pandemic has on women, and other marginalised groups and communities, particularly in the workforce.
2. We will take action at the national level to implement the 2018 public sector principles<sup>6</sup>.
3. We will invest in the growth and development of diverse talent to ultimately advance them into leadership roles.
4. We will combat harassment and discrimination experienced by women and other marginalised groups and communities, in the energy sector.
5. We agree to set an inclusive tone from the top and seek to eliminate bias among peers and all levels of leadership.

The UK Presidency proposes to host a **workshop later this year, jointly with Canada, as leads of the Equal by 30 Campaign, and Germany, as the 2022 G7 Presidency**, to discuss the process for G7 members to showcase progress on implementing these strengthened commitments, and the publication of these efforts in order to show accountability and leadership.

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<sup>4</sup> Equal by 30 Reporting Framework (2021), The Equal by 30 Campaign ([Source](#))

<sup>5</sup> Delivering through diversity (2018), McKinsey & Company ([Source](#))

<sup>6</sup> 2018 Public Sector Principles (2018), The Equal by 30 Campaign ([Source](#))