**ToR: The private sector’s contribution to UK decarbonisation**

**1. Name of Programme Team:**

Climate Change Team – WWF-UK

*Project commissioned in partnership with Sky and Natural Capital Partners*

**2. Name of Project:**

The private sector’s contribution to UK decarbonisation.

**3. Purpose of project:**

This project seeks to explore:

1. The extent of UK emissions currently covered by UK-based corporations with Science Based Targets (SBTs)
2. The potential for UK corporations’ emissions reductions through SBTs to contribute to overall UK decarbonisation efforts if more companies set such targets

These deliverables by a service provider will form the first two parts of a larger project that would also consider

1. The potential contribution of corporate investment in Nature-Based Solutions (NBS) to climate change in addition to 1.5°C emission reduction targets
2. The policy framework required to incentivise more companies to go above and beyond SBTs through investments in NBS

**4. Background Information:**

UK government recently took the first step in showing climate leadership by setting a legally-binding 2050 net zero greenhouse gas (GHG) emissions target, and the recent [Nationally Determined Contribution](https://www.gov.uk/government/publications/the-uks-nationally-determined-contribution-communication-to-the-unfccc) (NDC) under the Paris Agreement commits the UK to reduce economy-wide GHG emissions by at least 68% by 2030, compared to 1990 levels.

However, the Government must move swiftly from ambition into action in the next few years to reduce the risk of missing these targets, and allow a transition towards a net zero economy – as set out by the [CCC report on long term emissions targets](https://www.theccc.org.uk/publication/net-zero-the-uks-contribution-to-stopping-global-warming/) and [WWF’s Keeping it Cool report](https://www.wwf.org.uk/sites/default/files/2018-11/NetZeroReportART.pdf).

This requires strong action across all sectors, including the private sector, as corporate emissions reductions could make significant contributions to national decarbonization. For example, a recent [New Climate Institute report](https://newclimate.org/wp-content/uploads/2020/12/NewClimate_Report_PBL_CLIMA_NSA_EU_Dec20.pdf) found roughly 40% of the EU’s 2016 total GHG emissions was covered by targets of non-state actors (including businesses).

The [Science-Based Target Initiative](https://sciencebasedtargets.org/resources/files/SBTiProgressReport2020.pdf) (SBTi) covers >1000 companies that have signed up to emissions reductions throughout their value chains. The [2020 SBTi progress report](https://sciencebasedtargets.org/sbti-progress-report-2020) shows that whilst many companies are delivering emissions reductions in line with targets, SBTs only cover a minority of private sector emissions (>60% of high impact UK companies don’t have SBTs). There is a need to scale up corporate climate ambition and improve transparency.

At the same time there is increasing interest in private and public sectors to unlock Nature Based Solutions for climate change. Scaled up public-private collaboration to invest in these opportunities can unlock co-benefits for climate, nature and people but cannot come at the expense of companies not reducing their own scope 1, 2 and 3 emissions. WWF recently published a [blueprint for](https://wwf.panda.org/discover/our_focus/climate_and_energy_practice/?1172766/Blueprint-Corporate-Action-Climate-Nature) corporate investment in climate and nature, yet more exploration is required on the potential for UK business to invest in nature based solutions to climate change and on government policy that can incentivise such investment at scale.

**5. Project Scope and Purpose**

WWF UK would like to quantify how much UK companies with SBTs contribute to UK and international emissions reductions, and the potential emissions reductions if all big businesses committed to 1.5°C SBTs as well as invested additionally in nature based solutions. WWF is open to shaping the framing and methodology of this research alongside the successful bidder. One approach might be to use the FTSE100 as a proxy and extrapolate out to cover all UK big business.

**UK corporate emission reductions by SBTs**

We want to use this report to demonstrate the critical role private sector emissions reductions (through SBTs) play in the UK’s decarbonisation pathway and achieving net zero by 2050. We want to use this to raise both corporate ambition on climate and encourage UK Government to leverage and require greater corporate action on climate.

We want this report to look at emissions across all sectors, and set out:

1. **Corporate emissions in the UK already covered by SBTs:** quantify how many UK companies have SBTs, what percentage of overall UK territorial emissions this covers and the scale at which this contributes to the UK’s net-zero pathway. We also want this report to quantify or estimate the extent of emissions by large UK companies that are not covered by SBTs. This could cover a subset of UK corporates with the greatest number of emissions (e.g. FTSE100) if appropriate.
2. **Potential corporate contribution to reduce territorial emissions in the UK:** estimate potential emissions reductions if all companies (or proxy for big businesses e.g. FTSE100) committed to SBTs, and the percentage contribution this could make to territorial emissions reductions.
3. **Case studies on large UK companies’ contribution to international emissions:** based on a subset of big corporations (e.g. top 10 in UK, those with largest overseas emissions), evaluate their supply chains and calculate how value-chain wide emissions reductions would equate to overall UK emissions (to consider the issue of offshoring emissions overseas).

To give the analysis longevity, we also want the successful bidder to develop a simple methodology (e.g. Excel spreadsheet) and capture a snapshot of the SBTi’s ‘pipeline’ of companies at various stages of the process (commit, develop, submit, communicate, disclose). This can then be updated in the future to reflect the changing landscape of corporate commitments to SBTs.

**Nature-Based Solutions (Outside scope of the tender but part of overall project)**

WWF are partnering with Natural Capital Partners, who will complete part 4 of the report.

1. This chapter of the report would investigate the potential impact of companies investing in NBS above and beyond reducing their own GHG emissions. This chapter will investigate which UK policy framework(s) could facilitate scaled up private-sector investments in NBS, including supporting international projects in less developed countries who need private investment as a core part of climate mitigation and adaptation.

We believe that there are significant opportunities for corporations to go above and beyond SBTs and make meaningful investments in NBS. Investment is required urgently due to: delayed action of companies who haven’t initiated a net zero pathway; the inevitable shortfall from not all companies having SBTs; the legacy of historic emissions; and the time taken for nature-based projects to establish and sequester carbon.

It is critical that investments in NBS are framed as additional to emissions reductions in addition to efforts within value chains to deliver on 1.5°C SBTs. As set out in WWF and Boston Consulting Group’s blueprint for corporate climate action, there is a risk that focussing solely on balancing out residual emissions can drive companies to seek the cheapest possible carbon credits, which may support projects with minimal benefits for climate, nature and people. Similarly, the search for immediate reductions will do little to fund and advance innovation for impactful new climate solutions.

**6. Outputs**

WWF expects this project to be delivered in the form of a written report (MS Word Document and pdf) and summary presentation (PowerPoint presentation). We may opt to publish the content of the report in full, and/or to produce separately branded materials highlighting the report's key conclusions.

**7. Indicative Timeline with Key Deliverables**

Please use contact details below if this timetable presents any issues.

* **19th March 2021**: Closing date for tenders. Respondents to have submitted a proposal (**up to 6 pages maximum**) outlining a methodological approach to delivering this project, according to the scope and specification, for decision by WWF. Please contact Eleanor Lee ([ELee@wwf.org.uk](mailto:ELee@wwf.org.uk)) if you have any questions.
* **29th March 2021**: WWF decision on preferred proposal.
* **29th Mar - 2nd April**: Kick-off virtual meeting to refine scope / questions / and timeline.
* **Mid to late May 2021**: Delivery of draft for review by WWF.
* **Early to mid-June 2021**: Delivery of final report and presentation to WWF.
* The consultant will keep the WWF team updated on progress with brief weekly phone calls.

**8. Payment Arrangements**

We invite respondents to indicate their budget requirements for this project within their proposal, WWF’s normal process is to make 100% of payment upon delivery of the requested products, but alternative payment schedules could be considered.

WWF anticipates a budget of approx £20 000 - £30 000 (including VAT) is necessary for this work.

**9. Response to Call for Proposals**

All responses to this call for proposals should be submitted to Eleanor Lee ([ELee@wwf.org.uk](mailto:ELee@wwf.org.uk)) no later than 10am on **19th March 2021**.

In their bid, consultants should set out and support with evidence where necessary their proposed approach and methodology, their relevant experience, an outline project plan and full costs and expenses. The response should also note the consultants’ preferred approaches to future advocacy work (see output section) with the report and to how the report would be presented in terms of identity and ownership (see output and copyright sections above). Respondents should indicate whether they accept WWF-UK’s Standard Terms and Conditions.

Responses to the call for proposals will be judged primarily on:

* Value for money
* Understanding of the project brief
* Rigour of proposed methodology
* Focus and detail on quantifying corporate emissions reductions
* Timeline and deliverables

**10. Contact Details**

The nominated officer for this contract will be Eleanor Lee ([ELee@wwf.org.uk](mailto:ELee@wwf.org.uk))