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Global Business Leadership in Carbon Pricing: The Case of the Carbon Pricing Leadership Coalition (CPLC)

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Carbon pricing has the potential to disrupt carbon lock-in by changing the behaviour of companies, governments and citizens. The World Bank Group launched The Carbon Pricing Leadership Coalition (CPLC) in 2015 as a response to calls for a price on carbon. The CPLC fosters political leadership on carbon pricing by bringing together stakeholders from governments, businesses and civil society. What is the impact of the CPLC, and does it contribute to decarbonization? To answer this question, I analyze the CPLC—in particular the role of private sector partners—using Bernstein and Hoffmann's (2018) politics of decarbonization framework. I make several claims. First, the CPLC uses high-level leadership to build alliances, develop cross-sectoral initiatives and build support for carbon pricing across the public and private sectors. The CPLC also embeds discrete pricing efforts in a narrative about global leadership on carbon pricing. These dynamics have broadened the CPLC and fostered partnerships with many public and private organizations that support carbon pricing. The CPLC does not directly contribute to carbon pricing policies and it remains unclear whether the CPLC increases the likelihood that individual companies adopt an internal price or develop a more ambitious carbon pricing strategy. I conclude by outlining the central challenge and opportunity for the CPLC if the intervention is to meaningfully contribute to global decarbonization.

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Abbreviations

C4C	Caring for Climate
CISL	University of Cambridge Institute for Sustainability Leadership
CLG	The Prince of Wales's Corporate Leaders Group
COP	Conference of the Parties
CPLC	Carbon Pricing Leadership Coalition
EDF	Environmental Defense Fund
ETS	Emissions Trading System
ICAP	International Carbon Action Partnership
IETA	International Emissions Trading Association
IFC	International Finance Corporation
IMF	International Monetary Fund
NGO	Non-governmental organization
PMR	Partnership for Market Readiness
OECD	Organization for Economic Cooperation and Development
TCFD	Task Force on Climate-related Financial Disclosures
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNGC	United Nations Global Compact
WRI	World Resources Institute

Executive Summary

Carbon pricing has the potential to decarbonize the global economy. Businesses play a central role in carbon pricing—both by pricing carbon internally and by advocating for governments to adopt carbon pricing policies. However, companies are often reticent to declare support for carbon pricing policies. At the global level, interest in carbon pricing waxed and waned until 2014 when carbon pricing became a focal point at the UN Climate Summit in New York. There, 1,000 businesses and almost 100 governments called for a price on carbon. This support created political momentum for a global partnership on carbon pricing.

The result was the Carbon Pricing Leadership Coalition (CPLC), formally launched in 2015 at the United Nations Climate Change Conference in Paris. The CPLC—administered by the World Bank Group—is a partnership of governments, businesses and civil society organizations to expand the use of carbon pricing. Although companies and governments use carbon pricing differently, the CPLC seeks to support both public and private partners to effectively develop and implement carbon pricing. The CPLC is a central actor in a network of organizations seeking to build support for carbon pricing. In 2019, the CPLC had 162 private sector partners, 33 government partners and 80 strategic partners, and has produced dozens of knowledge products, and hosted dozens of events and meetings.

What is the impact of the CPLC, and does it contribute to decarbonization? To answer this question, this working paper analyses the CPLC—in particular, the role of businesses—using the politics of decarbonization framework developed by Bernstein and Hoffmann (2018). This framework identifies three political mechanisms—*normalization*, *capacity building* and *coalition building*—that can disrupt carbon lock-in. Normalization occurs in an intervention when norms upholding carbon lock-in shift or are transformed to norms supporting decarbonization. Capacity building alters the cognitive, material and institutional capacities of actors to take action on decarbonisation. Coalition building transforms existing economic and political coalitions in support of the status quo. These mechanisms contribute to the *scaling* and *entrenchment* of initiatives or the behaviours or policies the initiatives support. Scaling and entrenchment can influence the breadth and depth of change either within or across jurisdictions.

CPLC has contributed to all three political mechanisms, although normalization and coalition building are the most relevant. CPLC is as much of a product of normalization as it is an agent of normalization. The CPLC has embedded discrete pricing efforts in a narrative about global leadership on carbon pricing. The CPLC has also developed specific framings around carbon pricing and has set benchmarks for carbon pricing levels. However, it remains unclear whether the CPLC increases the likelihood that individual companies adopt an internal price or develop a more ambitious carbon pricing strategy.

The CPLC has built networks and coalitions around carbon pricing by connecting actors within sectors and across stakeholder groups. CPLC brings together high-level leadership—representatives of governments and senior corporate personnel—to identify allies, build alliances and help develop cross-sectoral initiatives. More broadly, the CPLC, as a trusted convenor, has created support and political space for carbon pricing. Other circumstances also contributed to the promotion of corporate carbon pricing. For example, Article 6 of the Paris Agreement provides an international legal framework to support market-based pricing mechanisms and the Task Force on Climate-related Financial Disclosures promotes private sector use of internal carbon pricing to guide business and investment decisions.

Membership in the CPLC has almost doubled since its creation in 2015. Its growth has slowed in the last two years, reflecting a decision to focus on the depth rather than breadth of

engagement. This growth has largely been driven by organizations that support businesses and governments to adopt carbon pricing. In at least one case, the Carbon Pricing Corridors initiative, the initiative is a direct complement to the CPLC's work. This form of self-organized scaling creates an ecosystem of initiatives that help expand carbon pricing.

Although the CPLC's goal is to bring 25 percent of emissions under carbon prices by 2020 and then to double that by 2030, it does not contribute directly to the entrenchment of carbon pricing policies. The CPLC has the potential, however, to facilitate the entrenchment of carbon pricing through the benefits of being a partner organization. For companies, the CPLC offers an opportunity to engage with governments on carbon pricing schemes. The CPLC's focus on collaborative engagement also promotes sector-wide approaches to carbon pricing.

Carbon pricing has the potential to catalyze an investment shift towards a low-carbon economy. However, the current adoption of carbon pricing policies by both governments and businesses is highly inadequate. For CPLC to contribute to decarbonization, it must simultaneously raise ambition and coverage for carbon pricing from both government and business partners.

Introduction

To keep global temperature rise below 1.5°C, carbon dioxide emissions must reach net zero around 2050 (IPCC 2018, 12). Achieving this goal requires disrupting carbon lock-in. Carbon pricing has the potential to change the behaviour of companies, governments, and citizens, and decarbonize the global economy. Businesses play a central role in carbon pricing—both by pricing carbon internally and by advocating for governments to adopt carbon pricing policies. Over 600 companies around the world are currently using internal carbon pricing (CDP 2017, 6).[1] However, companies are often reticent to declare support for carbon pricing policies. At the global level, interest in carbon pricing has waxed and waned until 2014 when carbon pricing became a focal point at the UN Climate Summit in New York. At the summit, 1,000 businesses and almost 100 governments called for a price on carbon. This support created political momentum for a global partnership on carbon pricing.

The result was the Carbon Pricing Leadership Coalition (CPLC), formally launched in 2015 at the United Nations Climate Change Conference in Paris. The CPLC—administered by the World Bank Group—is a partnership of governments, businesses and civil society organizations to expand the use of carbon pricing. Although companies and governments use carbon pricing differently,[2] the CPLC seeks to support both public and private partners to effectively develop and implement it. The CPLC is a central actor in a network of organizations that seek to expand the use of carbon pricing. In 2019, it had 162 private sector partners, 33 government partners and 80 strategic partners, and has produced dozens of reports and briefing notes, and hosted dozens of events and meetings.

What is the impact of the CPLC, and does it contribute to decarbonization? To answer this question, this working paper analyses the CPLC using the politics of decarbonization framework developed by Bernstein and Hoffmann (2018). Their framework identifies three political mechanisms—normalization, coalition building, and capacity building—that contribute to the scaling and entrenchment of initiatives and/or the policies and behaviours they promote. Analyzing the initiative through this framework allows us to understand the trajectory of the initiative towards (or away from) decarbonization whereby the targeted system moves away from dependence on fossil energy and processes that produce greenhouse gas emissions and towards replacements and alternatives. As CPLC is the focal institution for business engagement on carbon pricing, I focus on business engagement within the CPLC intervention.

Using the politics of decarbonization framework I make several claims. First, the CPLC uses high-level leadership to build alliances, cross-sectoral initiatives and support for carbon pricing across the public and private sectors. The CPLC also embeds discrete pricing efforts in a narrative around global leadership. These dynamics have broadened the CPLC and fostered partnerships with many public and private organizations that support carbon pricing. Although the CPLC does not directly contribute to carbon pricing policies, it has helped facilitate the entrenchment of carbon pricing through the benefits of being a partner organization. However, it remains unclear whether the CPLC increases the likelihood that individual companies adopt an internal price or develop a more ambitious carbon pricing strategy.

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[1] A shadow price is the most common type of carbon pricing which means attaching a hypothetical cost to each tonne of carbon dioxide (CDP 2017, 26). An internal fee goes further by charging business units for their emissions (ibid., 26).

[2] Companies use internal carbon pricing to manage risks, while governments use it to inform decisions on policies and projects (CPLC 2019a, 61).

I begin by tracing the development of business leadership on carbon pricing to show that the CPLC did not emerge in a vacuum. I then outline the CPLC's core focus areas and outputs before describing its mechanisms and the system effects at work using the politics of decarbonization framework. I draw on six interviews with those involved in the CPLC as well as primary and secondary documents. I conclude by outlining the central challenge and opportunity for the CPLC if the intervention is to meaningfully contribute to global decarbonization.

The Evolution of Business Leadership on Carbon Pricing

The CPLC is the result of several initiatives coming together to build political momentum around carbon pricing. Since 2007, the UN Global Compact's Caring for Climate (C4C) platform has engaged business leaders on climate action. There was also early leadership by a small group of engaged companies in the United Kingdom through The Prince of Wales's Corporate Leaders Group. These groups and several others, prompted by the World Bank, combined their efforts to garner political momentum for carbon pricing in 2014 in advance of the UN Secretary-General's Climate Summit. This momentum carried over to the 21st Conference of the Parties (COP) in Paris in 2015 and culminated in the launch of the CPLC. A somewhat parallel initiative emerged from the 2014 Climate Summit, led by the UN Global Compact (UNGC), in the lead up to COP 21 to engage businesses on carbon pricing. However, since the emergence of the CPLC, the UNGC has shifted focus away from carbon pricing. This section outlines the evolution of global business engagement in carbon pricing.

The idea of business leadership on climate action first emerged in 2007 when Secretary-General Ban Ki-moon launched the Caring for Climate initiative to leverage the role of businesses in addressing climate change. This was an initiative of the UNGC, UN Environment Programme (UNEP) and the secretariat of the United Nations Framework Convention on Climate Change (UNFCCC). The 2007 statement—with 153 company signatories—did not explicitly mention internal carbon pricing but asked companies to set voluntary emissions reductions targets (C4C 2007). The statement also included a call for governments to put a price on carbon. The C4C platform mobilized business support to develop a strategy for the transition to a low carbon economy, and "inform the global climate change policy agenda" (UNGC 2015, 93). Membership peaked in 2016 with 450 corporate signatories (Climate Initiatives Platform 2019).

The 2012 Carbon Price Communiqué was the first document on behalf of businesses from a range of sectors asking for global action on carbon pricing. Over 150 companies signed the communiqué, which asked policymakers for a carbon pricing framework. This initiative was driven by The Prince of Wales's Corporate Leaders Group (CLG), a group of European business leaders.[3] The CLG—established in 2005—tries to affect policy change for climate action by advocating for specific shifts in policy, including carbon pricing. The CLG presented the communiqué to the European Union Commissioner for Climate Change in advance of the UNFCC COP 18 negotiations in Doha (University of Cambridge Institute for Sustainability Leadership [CISL] and The Prince of Wales's Corporate Leaders Group [CLG] 2012). The CLG also advocated for the European Union's (EU) emissions trading system (ETS) and was active in international climate negotiations by developing Corporate Climate Communiqués from 2007 until 2014. The communiqués amplified the voice of the "progressive international business community" on promoting more ambitious global climate action (CLG n.d.).

[3] The CLG has a consistent membership of around 15 members from several industries.

In 2014, the World Bank Group began re-focusing its attention on carbon pricing in advance of the Climate Summit in New York that September. Although the World Bank launched the Partnership for Market Readiness (PMR) in 2011 to help countries prepare for international carbon markets, the program's focus shifted to carbon pricing in part because of low political will (Development Portfolio Management Group 2015). By 2014, the PMR platform enabled policymakers to share experiences and information on carbon pricing, although carbon pricing mechanisms were still in the early stages of implementation (Development Portfolio Management Group 2015). In 2014, the Bank's Climate Unit began building support for an open statement calling for a price on carbon (Robertson 2016).

The first-ever UN Climate Summit—hosted by then UN Secretary-General Ban Ki-moon—was designed to build consensus and momentum in the run-up to the Paris negotiations (Green 2019). Non-state actors were invited—unlike in formal negotiations—with the hopes they would catalyze a new wave of climate initiatives. Before the Summit, carbon pricing was not on the UN's agenda. Due in part to the mixed success of the Kyoto Protocol's flexibility mechanisms, according to one interviewee, "the agreement within the UN system was not focusing on carbon pricing anymore."[4] The World Bank began approaching organizations that engaged with businesses in order to get carbon pricing back on the agenda.[5] A series of organizations started developing regular communication and reached out to their networks to gather support for carbon pricing including the We Mean Business Coalition, World Economic Forum,[6] Prince of Wales's Corporate Leaders Group, International Emissions Trading Association (IETA), UN Global Compact, CDP, Climate Group, and several investor groups (The World Bank 2014). At the Summit, over 1,000 businesses and investors signalled their support for a price on carbon, alongside 74 countries and 20 subnational governments (The World Bank 2014). The 1,000 figure came from the combined signatories of several statements and initiatives—the Put a Price on Carbon Statement, the Carbon Price Communiqué, the Caring for Climate Initiative and the 2014 Global Investor Statement on Climate Change.[7] This support created political momentum for a global partnership on carbon pricing. At the Summit, the World Bank Group, World Economic Forum and We Mean Business Coalition announced they would "convene a carbon pricing leadership coalition with business and government leaders" (The World Bank 2014).

In October 2015, an alliance of several Heads of State, city and state leaders—with the support of companies—met to host a Carbon Pricing Panel.[8] The World Bank Group, International Monetary Fund (IMF) and the Organization for Economic Cooperation and Development (OECD) all played an active role (IMF 2015). The panel was designed to bring together government and private sector leaders to challenge companies and countries to put a price on carbon, in advance of COP 21. The panel was a precursor to the CPLC which was officially launched in December 2015 at COP 21. The CPLC was launched with the support of

[4] Author's interview, 20 November 2018.
[5] Author's interview, 20 November 2018.
[6] At the World Economic Forum annual meeting in Davos in 2015, the CEO Climate Leaders group formed. The group brought together fifty corporate leaders that support climate solutions.
[7] List available at https://bit.ly/2e5Ve3w.
[8] Members of the Carbon Pricing Panel "included German Chancellor Angela Merkel, Chilean President Michelle Bachelet, French President François Hollande, Ethiopian Prime Minister Hailemariam Desalegn, Mexican President Enrique Peña Nieto, Canadian Prime Minister Justin Trudeau, Governor Jerry Brown of California, and Mayor Eduardo Paes of Rio de Janeiro." Private sector supporters were "US Institutional Investor Calpers, Engie of France, Mahindra Group of India, and Netherlands based Royal DSM" (CPLC n.d.).

21 national and subnational governments, 72 businesses and 24 strategic partners, the latter representing intergovernmental organizations, non-governmental organizations (NGOs), business organizations and universities (CPLC 2015).

Also at the 2014 Summit, C4C announced a new initiative, the Business Leadership Criteria for Carbon Pricing. This was one of two initiatives the C4C launched in 2014, the other was the Responsible Corporate Engagement in Climate Policy.[9] The purpose of the Business Leadership Criteria for Carbon Pricing was to identify members to provide testimony on carbon pricing "to provide cover for policymakers who sought to develop a global price on carbon" (Gallagher 2018, 137). At that time, 150 companies were disclosing they use some kind of internal carbon pricing tool, including 66 European and 29 American companies (CDP 2014, 7).[10] The private sector is often in favour of carbon pricing as a policy instrument because it is a flexible, market-based mechanism. The UNGC wanted to raise ambition by asking companies to publicly advocate for a price on carbon to decision-makers. The UNGC's leadership criteria on climate action involved (i) setting an internal price on carbon—one that was high enough to affect investment decisions and reduce GHG emissions, (ii) publicly advocating the need for carbon pricing, and (iii) reporting on progress. However, at the time, many companies were not willing to set significant internal prices or declare public support for carbon pricing policies.[11] By the Summit around 30 companies had committed to the initiative (C4C 2014). The number of companies grew to 65 by COP 21 (Gallagher 2018, 138). Membership has grown little since, with about 70 members in 2019 (Climate Initiatives Platform 2019). After COP 21 and the launch of the CPLC, the UNGC's engagement on carbon pricing ended. The Business Leadership Criteria initiative is still referenced by several coalition partners but is no longer active. The CPLC is now the focal institution for business engagement on carbon pricing and is thus the focus of this paper.

Intervention Organization and Outputs

The CPLC is a voluntary multi-stakeholder partnership of governments, businesses, and civil society organizations to expand the use of carbon pricing (CPLC 2019a, 5). The CPLC is administered and funded by the World Bank Group, based in Washington, D.C.[12] The CPLC's Secretariat executes the strategic direction of the CPLC set by the Steering Committee. The Steering Committee meets six times a year and reviews progress on the Work Plan, alignment with vision and goals laid out by the annual High-Level Assembly (CPLC 2018b). At the time of writing, CPLC has five pillars: (i) Regional Advocacy, (ii) Private Sector Leadership, (iii) Fostering Partnerships, (iv) Knowledge Creation, and (v) Outreach and Communications (CPLC 2019a, 17).

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[9] The Responsible Corporate Engagement in Climate Policy initiative was designed to have companies engage more actively with governments and organizations on climate policy at COPs (Gallagher 2018). C4C convened business forums to bring together businesses and negotiators, first at COP 19 in Warsaw, then at COP20 in Lima, and then at COP 21 in Paris. By COP 21, over 100 companies had committed to the initiative (C4C 2015).

[10] CDP began collecting data on internal carbon pricing for global companies in 2013.

[11] Author's interview, 21 December 2018.

[12] CPLC is supported by World Bank's Climate Change Unit and the IFC, which takes the institutional lead on the private sector engagement. CPLC is a complement to the Partnership for Market Readiness (PMR) which funds capacity building and provides technical guidance for countries or subnational jurisdictions considering carbon pricing mechanisms. As of June 2018, PMR had 19 implementing country participants and four technical partners (i.e., governments that are in advanced stages of developing or implementing their carbon pricing instrument) (PMR 2018).

The CPLC's workstreams and structure have evolved over time. Three changes are worth noting. First, regional advocacy has become a central focus with three working groups focused on Africa, Latin America and Asia. The CPLC has moved away from an early focus on "enhancing international cooperation" or the convergence of domestic carbon pricing initiatives (The World Bank 2016). This shift reflects the reality that there is a "clustering of leadership" on carbon pricing.[13]

Second, business engagement in the CPLC has changed. Initially, stakeholders met in stakeholder-specific working groups. This changed to reflect an understanding that effective communication was better achieved through collaboration across stakeholder groups and because businesses wanted access to government policy discussions.[14] The private sector engagement has also focused on specific sectors. The CPLC now has four "Task Teams" that each focus on a particular sector—the construction value chain, banking, shipping and higher education.

Third, the focus on building the membership and evidence base for carbon pricing has shifted. The focus is now on deepening engagement.[15] This involves sharing experiences among partners, discussing implications of carbon pricing and addressing stakeholders' concerns (CPLC 2018b, 12). For example, the High-Level Leadership Forum on Carbon Pricing and Competitiveness, convened in 2018, brings together businesses and governments to understand how carbon pricing will affect competitiveness (CPLC 2019b).

The CPLC has four main sets of outputs: (i) high-level meetings and strategic public-private dialogues, (ii) stakeholder engagement and knowledge sharing (iii) "knowledge products," (i.e., reports and briefing notes) and (iv) communication and outreach. To date, CPLC has hosted four High-Level Assemblies. The inaugural meeting—the High-Level Forum on Carbon Pricing—took place in France in April 2016 and was co-chaired by the President of COP 21, Ségolène Royal. The assemblies since have taken place as part of the World Bank Group and IMF spring meetings in Washington. The meetings bring together partners from the public, private and civil society sectors to discuss strategic issues and report on success and set the strategic direction for the year.

The CPLC has organized leadership dialogue events in several countries including Chile, Colombia, France, Germany, Poland and South Africa. These often take place alongside COP events, for example, the Annual Leadership Dialogue at COP 24 on carbon pricing revenues. CPLC also hosts or co-hosts other events and technical workshops. CPLC hosts a series of webinars in partnership with Yale and the World Economy Forum (and CPLC) on internal carbon pricing where leading company executives speak about the design and implementation of their carbon pricing programs (CPLC 2018b, 23). The CPLC also hosted the first international research conference on carbon pricing in February 2019.

A third set of outputs are resources and "knowledge products" around carbon pricing such as reports and briefing notes. A key output was the 2017 report of the High-Level Commission on Carbon Prices. The Commission was launched in November 2016 at COP 22 in Morocco. Joseph Stiglitz and Lord Nicholas Stern co-chaired the Commission and brought together 13 economists to develop carbon pricing ranges that aligned with the Paris Agreement. CPLC also produces briefing notes and targeted technical analysis on specific topics for example on carbon pricing in the construction industry (CPLC and IFC 2019), or the implementation of

[13] Author's interview with Eliot Metzger, Senior Associate, Business Center at World Resources Institute, October 4, 2018.
[14] Author's interview, 20 November 2019.
[15] Author's interview, 25 April 2019.

the Task Force on Climate-related Financial Disclosures (CPLC 2018a). Last, CPLC has a communications group that identifies effective carbon pricing messaging, with videos, webinars, social media campaigns (e.g., #PriceonCarbon) and a monthly e-newsletter with three thousand subscribers (CPLC 2018b, 24).

Theoretical Framework

To understand the impact of the CPLC, I employ the politics of decarbonization framework developed by Bernstein and Hoffmann (2018). This framework identifies three political mechanisms that can lead to the scaling and entrenchment of initiatives designed to disrupt carbon lock-in. Disrupting carbon lock-in is a first step towards decarbonization i.e., shifting away from carbon-based energy systems and related human processes and governance designs that increase greenhouse gas emissions. Disrupting carbon lock-in is a "fundamentally political activity" because it requires changing the norms, institutions, capacity and coalitions (Bernstein and Hoffmann 2018, 191). Normalization occurs in an intervention when norms upholding carbon lock-in shift or are transformed to norms supporting decarbonization. Capacity building alters the cognitive, material and institutional capacities of actors to take action on decarbonisation. Coalition building transforms existing economic and political coalitions in support of carbon lock-in, either by creating new coalitions of actors in support of decarbonisation, or by weakening existing coalitions in support of the status quo.

These mechanisms contribute to the scaling and entrenchment of initiatives. Scaling refers to the processes through which political mechanisms can influence the *breadth* of change of a particular decarbonization intervention, either within or across jurisdictions. Scaling can occur through simple scaling, self-organized scaling and modular scaling. Entrenchment refers to the process through which political mechanisms can influence the *durability* of change of a decarbonization intervention, either within or across jurisdictions. Entrenchment can occur through four processes: lock-in, self-reinforcing, positive feedback, or increasing returns.

The framework allows researchers to analyze how initiatives can alter political dynamics within and across jurisdictions, markets, and/or carbon-intensive practices, or conversely how carbon-lock in is being reinforced (Bernstein and Hoffmann 2018, 191). There are three possible trajectories in the subsystems the intervention seeks to influence: reinforced carbon lock-in, system improvement (i.e., efficiency gains), or decarbonization.

Political Mechanisms

Normalization

The C4C's Business Leadership Criteria initiative was the first to embody the idea of global leadership on carbon pricing. The CPLC was based on a similar idea but with the addition of government and civil society partners. The CPLC is not the only forum to share knowledge and experiences about carbon pricing mechanisms although it is the largest and most institutionalized. Although discussions around carbon pricing and initiatives were already happening, the CPLC platform was the "connective tissue" between the global and national conversations.[16] The CPLC connects discrete carbon pricing discussions in a narrative about global leadership on carbon pricing. As one interviewee summarized:

> The Brazilian group of businesses set up an ETS simulation for themselves and that triggered some Indian business leaders to want to do that. Now interestingly, because the

[16] Author's interview with Eliot Metzger, Senior Associate, Business Center at World Resources Institute, October 4, 2018.

> World Bank was able to provide a conduit between those two, it becomes something that elevates itself from just being an academic exercise with companies in one place to something which is embedded as a narrative inside of this broader coalition with some big deal governments, big deal businesses, but also the World Bank, and then transfers to another country.[17]

The CPLC has also developed specific framings around carbon pricing. The World Bank Group and OCED were the first to develop a common set of principles for successful carbon pricing. In 2015 they co-developed the FASTER principles (OECD and the World Bank Group 2015). CPLC's website and annual reports still cite these six principles—**F**airness, **A**lignment of policies and objectives, **S**tability and predictability, **T**ransparency, **E**fficiency and cost-effectiveness, and **R**eliability and environmental integrity.

Over the last several years the CPLC's communications group developed simple messaging on the benefits of carbon pricing, rather than focusing on a cost frame. With the World Bank's Partnership for Market Readiness (PMR), CPLC developed the Guide to Communicating Carbon Pricing with policy briefs for both government and businesses (CPLC 2018c). CPLC has produced other executive briefs for government ministers and CEOs, which according to one interviewee "is the most successful thing the CPLC has done […] I've heard [ministers and CEOs] regurgitate the exact words [in the briefs] and that's very powerful."[18]

The CPLC has developed benchmarks about carbon pricing levels through the High-Level Commission on Carbon Prices. The Commission's report found that carbon pricing is inadequate—that in 2017 about three-quarters of emissions covered by carbon pricing per priced below US$ 10/tC02e (CPLC 2017b, 4). To address this gap, the report called for more robust price levels: specifically, at least US$ 40–80/tC02e by 2020 and US$ 50–100/tC02e by 2030 (CPLC 2017b, 3). Several multilateral development banks have adopted these ranges. The World Bank updated its approach in September 2017 as a result of the Commission (CPLC 2018b, 43). The International Development Association/International Bank for Reconstruction and Development now incorporates these ranges into the project assessments in high-emitting sectors (CPLC 2018b, 43).[19] The European Bank for Reconstruction and Development is assessing projects with high greenhouse gas emissions, and they will use the ranges recommended by the Commission's report (CPLC 2019a, 49). The International Finance Corporation is also applying a carbon price to all investments in select sectors (i.e., cement, chemicals and thermal power) (ibid., 49-50).

Beyond development banks, the OECD's 2018 report on effective carbon pricing rates used a reference value of US$ 60 in line with the Commissions' recommendations, although it also used a low-end estimate of US$ 30 (OECD 2018, 23). CDP and We Mean Business reference the Commission's report as a benchmark for the Carbon Pricing Corridors initiative (Bartlett et al. 2018, 34). This initiative is an industry-led complement to the Commission. Although the Commission's carbon price range is much higher than the corridors for the power and chemical sectors in the near term (until 2020), it aligns with the Commission's recommendations by around 2030 (ibid., 34). As the Carbon Pricing Corridors report illustrates, other organizations have produced pricing pathways for a below 2°C scenario, including the

[17] Author's interview, 20 November 2018.
[18] Author's interview, 20 November 2018.
[19] "[…] in sectors that are subject to GHG accounting (energy, forestry, agriculture, transport, water and urban) and that have concept notes approved on or after July 1, 2017" (CPLC 2018b, 43).

OECD and International Energy Association (e.g., Bartlett et al. 2018, 33). These pathways vary in their ambition. Oddly missing from this list is the UNGC's 2016 ambitious call for companies to set a minimum internal carbon price of US$ 100 per tonne of carbon equivalent by 2020 (Kingo 2016).

The CPLC indirectly supports companies to adopt internal carbon pricing by bringing together business leaders to share their experiences. More research is needed to understand the link between the CPLC and companies adopting internal carbon prices. The CPLC's 2018-2019 annual report declares a tipping point has been reached for internal carbon pricing (CPLC 2019a, 23). Certainly, for big companies in some sectors and regions, internal carbon pricing is well on its way to becoming a norm. However, the adoption of the practice is uneven across regions and sectors.[20] According to CDP—an organization that collects information on corporate climate disclosure practices—there is still a long way to go for carbon pricing to become normalized. In 2017, almost 1,400 companies said they were either using a carbon price or were planning on using a carbon price in the next two years (CDP 2017, 8).[21] However, nearly 3,400 companies said they were not using carbon pricing and did not intend to within the next two years. And over 1,300 companies did not respond (ibid., 8). There is little research on how companies use carbon pricing. However, in a recent report on carbon pricing in the finance sector, the level of practice among financial institutions remains relatively limited (Navigant et al. 2019, 4).

It is difficult to say whether the CPLC has spread the practice of internal carbon pricing. According to the We Mean Business initiative, only 79 companies have committed to an internal carbon price and publicly advocate the importance of that price through the CPLC (We Mean Business 2019). These are the same companies that have committed to the UNGC's Business Leadership on Carbon Pricing initiative. And there has been some tension within the CPLC about the purpose of business participation—some companies enter the CPLC to learn more about setting an internal carbon price while others are more interested in engaging with governments about their carbon pricing schemes.[22] Although the CPLC accommodates both motivations, the primary purpose of business engagement within the CPLC remains unclear. In short, the CPLC emerged out of several normalization and capacity building efforts. While there is lots of evidence of CPLC trying to increase normalization, there is much less evidence that these efforts have been successful.

Capacity building

Capacity building occurs primarily through knowledge transfer. The CPLC relies heavily on its partners like the International Emissions Trading Association and the Partnership for Market Readiness for capacity building. CPLC focused on capacity building particularly in the first two years of the initiative with workshops, dialogues and webinars. The CPLC still provides these platforms and works with strategic partners like the World Resources Institute (WRI), CDP, Environmental Defense Fund, and Ecofys to develop reports. For example, Ecofys along with the Generation Foundation and CDP produced "best practice guides" for companies setting a price on carbon (Ecofys et al. 2017a, 2017b).

The CPLC also facilitates capacity building through experiential learning. CPLC hosts sectoral peer learning workshops and hosts quarterly calls between all partners about trends and

[20] Author's interview, 21 December 2018.
[21] 607 companies disclosed they were either using a carbon price and 782 companies disclosed they were planning on using a carbon price in the next two years (CDP 2017, 8).
[22] Author's interview, 20 November 2018.

opportunities across regions and sectors. Companies are invited to share their experiences with internal carbon pricing with others that are looking to learn and apply these lessons (CPLC and IFC 2018, 33). For businesses, peer-to-peer dialogue allows companies to learn from major companies about their experiences with carbon pricing. In theory, this increases the likelihood of a company adopting the practice. Learning also happens through sector-specific task teams. For example, the construction value chain task team—composed of 12 member companies—provided interviews for a report on how companies are using carbon pricing, as well as common approaches and concerns (Malik and Maheshwari 2018).

Another example is the Banking Task Team, which includes around twenty financial institutions. This task team discusses common challenges and approaches to carbon pricing as well as "where regulation is going."[23] They also produced a briefing note on carbon pricing and the Task Force on Climate-related Financial Disclosures (TCFD) (CPLC 2018a). The TCFD provides a framework to manage climate-related financial risks and opportunities and the briefing note explained how banks are using internal carbon pricing. As the note identified, carbon pricing in the banking industry is in its early phases (ibid., 6).

Coalition building

The CPLC is based on the logic that leadership by many actors—governments, businesses, civil society organizations and, more recently, academic institutions—is required to accelerate global carbon initiatives and to address challenges associated with carbon pricing (CPLC 2017a, 6). In 2019 there were 33 government partners,[24] approximately 160 private sector and 80 strategic partners. The largest group of companies, 21 percent (34 companies), were in professional and commercial services (excluding financial services), such as consulting and legal services, and mostly related to sustainability and climate change.[25] The three next largest groups—utilities, financials, and materials and construction—each had 18 percent of the population or 29 companies.[26] All three groups are energy-intensive or face high risks from climate action. Over 75 percent of the private sector partners are from ten countries, mostly in Europe and North America.[27] This trend is consistent with the distribution of government partners.[28] Notably, almost a quarter of companies are headquartered in Canada.

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[23] Author's interview, 25 April 2019.

[24] Government partners include 25 national governments, 6 subnational governments and 2 state-owned enterprises (CPLC 2019b).

[25] Author's calculation using the list of private sector partners in 2018-2019 CPLC annual report (CPLC 2019b). Companies were categorized by sector—based loosely on the global industry classification system.

[26] The utilities sector includes utility companies and other companies involved in energy distribution, water services and renewable power generation. Financials includes companies in the banking and insurance industry and also companies that provide financial services. Materials and construction include manufacturing, metals and chemicals. Oil, gas and mining had 10 percent (16 companies), retail and consumer goods had 7 percent (11 companies and science), technology and communication had seven percent six percent (11 companies) and one company could not be classified.

[27] The ten most popular countries with companies headquartered in them were Canada (37 companies), United Kingdom (18 companies), France (13 companies), India (nine companies), Spain (eight companies), Chile (eight companies), United States (seven companies), Brazil (seven companies), Australia (7 companies) and Switzerland (five companies). Companies had head offices in the following continents: Europe (42 percent or 66 companies), North America (29 percent or 46 companies), Central and South America (10 percent or 16 companies), Asia (10 percent or 15 companies), Oceania (four percent or seven companies), Other (i.e., Russia and Turkey) (three percent or four companies) and Africa (two percent or three companies).

[28] Most government partners were from Europe (39 percent or 13 partners) followed by North America (24 percent or eight partners), Africa (nine percent or three partners), Central and South America (nine percent or three

The power of the intervention is identifying allies and creating alliances. The CPLC brings high-level leadership together—representatives of governments and senior corporate personnel. In particular, the CPLC has provided governments with allies in the business community.[29] Having support from large industry players makes it easier to introduce a carbon pricing scheme. After identifying potential allies, governments and businesses can build alliances by attending the same meetings and events. In some cases, alliances are directly facilitated by the CPLC. For example, in 2017, a series of meetings between the Brazilian Business Council for Sustainable Development (CEBDS), senior government officials and CPLC, led to "alignment between public and private sector agendas" (CPLC 2018b, 36).

The CPLC also provides credibility "in certain places where it didn't exist before."[30]As the 2018-19 report concluded, "CPLC is considered a trusted and respected platform for stakeholders from the public and private sectors to openly discuss the benefits and challenges of [carbon pricing]" (CPLC 2019a, 75). The CPLC's authority in turn gives its partners credibility. As one interviewee described "[s]o when [a CEO] speaks in an IMF meeting for example, they're able to give their credibility as CEOs to a bunch of other policymakers.[31]

The CPLC has created support and "political space" for carbon pricing as a trusted convenor, as the CPLC is administered by the World Bank Group.[32] This political space has been bolstered by Article 6 in the Paris Agreement which created the legal framework to support market-based climate change mitigation mechanisms including carbon pricing. However, issues around Article 6 went unresolved at COP 25 at the end of 2019. Still, Article 6 sends a signal to the business community and builds momentum for international carbon markets. Carbon pricing received another boost from the 2017 TCFD recommendations, which include internal carbon pricing for the private sector to guide their business and investment decisions. Almost 700 companies have indicated their support for the recommendations and 180 companies have committed to implementing them (TCFD 2019, vi).

The CPLC does not explicitly seek to neutralize companies or industry associations that are opposed to carbon pricing. The CPLC is a voluntary initiative that does not actively recruit new companies or target specific organizations. The CPLC engages little with trade and business associations, which is often where "the real policy is happening," in the words of one interviewee.[33] While there are some major companies in energy-intensive sectors, their industry association may not publicly support carbon pricing schemes. And more broadly, there are limits to the power of a strong coalition when faced with powerful domestic opposition, whether from specific sectors, smaller businesses, trade associations or the public.

The logic of the CPLC is coalition building to some degree, as the initiative's name suggests. However, there are two kinds of coalition building: (i) explicit coalitions of support or opposition, where actors are actively engaged with the intervention; and (ii) broader populations of support or opposition. The CPLC is largely evidence of the second type of coalition building. CPLC members may not explicitly be engaged in the intervention but they become part of broader coalitions or populations of support. As I describe below, these expanding populations

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partners), Asia (15 percent or five partners) and Oceania (three percent or one partner). Author's calculation using the list of government partners in the 2018-2019 CPLC annual report (CPLC 2019b).

[29] Author's interview, 24 April 2019.

[30] Author's interview, 20 November 2018.

[31] Author's interview, 20 November 2018.

[32] Author's interview, 20 November 2018.

[33] Author's interview, 21 December 2018.

see benefits in supporting the intervention. There is some evidence of more active coalition building with the work of sector-specific task teams.

System Effects

Scaling

Simple scaling occurs through growth in the CPLC's membership. The number of CPLC partners has more than doubled in the last four years.[34] This has been largely due to growth in the number of strategic partners and businesses that provide professional services related to carbon pricing. Several new government partners joined the CPLC, mainly in the first three years of the initiative.[35] In 2016 almost 20 Canadian companies joined the CPLC; this was the largest influx of corporate leaders to date. Of the approximately twenty new private sector partners between 2017 and 2019, most fall into the professional environmental services sector and were from the United Kingdom, India and Chile. The CPLC's more recent focus has been less about growth in membership and more about deepening engagement.

Self-organized scaling refers to the expansion of complementary activities (Bernstein and Hoffmann 2018, 201). CPLC brings together a significant group of partners in civil society and business sectors that conduct research, create resources and advise companies on carbon pricing. Since 2017, some of these partners have developed related interventions. These initiatives reduce barriers for other initiatives. CPLC plays varying roles from advisor to supporter. The best example of self-organized scaling is the Carbon Pricing Corridors initiative, launched in 2017 by CDP and We Mean Business. The initiative brings together 29 senior business leaders and experts to develop a range of carbon prices for energy-intensive sectors (Bartlett et al. 2018, 4). This work complement's the CPLC's High-Level Commission on Carbon Pricing and the TCFD. CDP also released briefs in collaboration with the Banking Sector Task Team (CPLC 2019a, 49).

CDP also helped create the Carbon Pricing Unlocked initiative which published best-practice guides on internal carbon pricing. The partnership is between CDP and two American consulting companies, with the CPLC as an advisory group member. The 2017 guide motivated CDP to expand its annual disclosure survey (CPLC 2019, 61).

The CPLC also supports the Carbon Pricing Dashboard. Launched in 2017, it provides up-to-date information about existing and emerging initiatives. The World Bank Group developed the platform with the help of Navigant and the International Carbon Action Partnership (ICAP). The platform provides data for the World Bank Group's State and Trends of Carbon Pricing report series.

CPLC also promotes participation in emissions trading simulations. Simulations help policymakers and companies make decisions about emissions trading systems. Environmental Defense Fund—a CPLC strategic partner—launched a carbon market simulation tool in 2018 called CarbonSim. CarbonSim exercises have been run in cities in several countries including

[34] When the CPLC was launched in 2015 it had 116 partners—21 government partners, 71 private sector and 24 strategic partners (CPLC 2015). In 2016-2017, the number of partners grew to 219—27 government partners, 137 private sector partners and 54 strategic partners (CPLC 2017a). In 2017-2018, CPLC had 251 partners—33 government partners, 150 private sector and 70 strategic partners (CPLC 2018b). In 2018-19 there were 275 partners—33 government partners, 162 businesses and 80 strategic partners (CPLC 2019b). Numbers are approximate, based on partner lists in each annual report.

[35] New government partners in 2016-2017 were Finland, Côte d'Ivoire, Japan, New Zealand and the UK. Denmark, two Indian state-owned enterprises, Panama and Portugal joined in 2017-2018. There were no new government partners in 2018-2019.

China, Mexico and the United States (EDF n.d.). WRI India has partnered with CPLC to undertake a carbon market simulation study in India (Rana and Kerr 2018).

Carbon pricing is a great example of modular scaling or the proliferation of an intervention. The CPLC itself has not been emulated to our knowledge. One of the CPLC's early goals was to support the implementation in jurisdictions and sectors that currently do not have a price on carbon. As the next section highlights, the CPLC only indirectly facilitates the entrenchment of carbon pricing

In short, these scaling dynamics are largely driven by inter-organizational ties between civil society groups. An ecosystem of actors exists around corporate climate action and sustainable finance which include initiatives like CDP, We Mean Business and the Science Based Targets Initiative (Janzwood 2017; Janzwood and Scott 2019). Staff from these initiatives have built relationships over time and work together on particular initiatives based on their relative expertise and capacity. This network of organizations does important work, which the CPLC supports. However, the CPLC itself is not actively expanding its coalition to bring in new companies or governments.

Entrenchment

The clearest indicator of entrenchment is lock-in, or when policies and practices have immediate durability or stickiness, such as when legislation is passed (Bernstein and Hoffmann 2018, 202). Although CPLC's stated goal is to bring 25 percent of emissions under carbon prices by 2020 and then to double that by 2030, the CPLC does not contribute directly to the adoption of carbon pricing policies. As one interviewee said: "it's never that the CPLC might make something happen from nothing, it's certainly going to be that the CPLC can speed something up."[36] It is difficult to determine how CPLC has facilitated carbon pricing policies. The vast majority, approximately 80 percent, of the CPLC's government partners are in jurisdictions that have either an ETS or a carbon price.[37] More research is needed on the timing of these policies to understand the role of the CPLC in contributing to policy entrenchment. However, it appears that most government partners had or were already in the process of adopting carbon pricing policies. There are several partners where either no mechanism is being considered or where countries are in the very early stages of considering carbon pricing; in these cases, it is possible that having CPLC membership could help hasten the adoption of carbon pricing policies.[38] Conversely, almost all countries with a carbon price are government partners in CPLC.[39] This indicates the global reach of the initiative and supports the idea that jurisdictions with carbon pricing mechanisms are part of a global network.

It remains unclear whether CPLC helps entrench carbon pricing in cases where carbon pricing is precarious. An interesting case is Canada. In 2019 the federal government implemented a carbon pricing scheme system which included a trading system for large emitters

[36] Author's interview, 20 November 2018.

[37] Author's calculation using the list of government partners in the 2018-2019 CPLC annual report and the Carbon Pricing Dashboard (The World Bank 2019).

[38] According to the Carbon Pricing Dashboard India, Morocco, Panama and Ethiopia are not considering carbon pricing. Côte d'Ivoire is in the early stages of considering a carbon pricing mechanism.

[39] Exceptions include China (although the consulting company ICF is a CPLC partner and is helping the Chinese government with the implementation of its ETS), Indonesia (where carbon pricing is under consideration), Argentina (where a carbon tax has been implemented), and countries in the EU that are covered by the ETS (e.g., Austria, Bulgaria, Croatia, Cyprus, Czech Republic, Greece, Hungary, Ireland, Latvia, Lithuania, Luxembourg, Malta, Poland, Romania, Slovakia and Slovenia).

and a fuel charge. Several provincial governments pushed back, filing legal challenges. However, influential industry players have openly supported the system (Janzwood and Janzwood 2019). Canadian companies make up the largest segment of CPLC's business members. While Canada's membership in the CPLC appears to have meant little to some Premiers, it might help explain industry support for carbon pricing.

Eighty percent of companies have head offices in jurisdictions with a carbon price.[40] There some important exceptions where countries that are not CPLC members have several CPLC partner companies headquartered in their jurisdictions—namely Australia, Brazil and the United States.[41] In these jurisdictions, businesses are leading conversations on carbon pricing policies. Ironically, sometimes CPLC membership is also a way for companies to avoid pricing or to avoid increasing stringency. According to one interviewee, "sometimes companies hope that if they do [carbon pricing] well enough, governments won't do a carbon pricing policy. India and Japan, without a doubt, there's an element of that."[42] This is a form of negative feedback, where targets of an initiative organize against it (Bernstein and Hoffmann 2018, 202). In this case, the targets are not organizing against the CPLC, but are organizing in a way that runs against the purpose of the CPLC.

Over time, both the benefits of carbon pricing increase and costs to reversing increase, known as self-reinforcing and increasing returns. For companies that adopt carbon pricing, one benefit is avoiding climate-related transition risks and financial impacts. The TCFD framework identifies risks related to the physical impacts of climate change as well as a host of risks related to the transition towards a lower-carbon economy which includes policy, legal, market and technological changes (Bartlett et al. 2018, 10). In the 2018 CDP survey, companies most frequently reported increased pricing of emissions as a key risk (CDP 2019b, 5).

For the most part, membership in the CPLC is quite stable—once an organization becomes a CPLC partner, it is not likely to leave. However, without reporting requirements, it is difficult to understand how active these partners are. Aside from reputational losses, there are few costs to leaving the CPLC. There are however a range of benefits. The CPLC offers companies a chance to learn from their peers about how to apply carbon pricing systems. As carbon pricing policies spread, new concerns arise about competitiveness. The CPLC is beginning to address these concerns (e.g., CPLC 2019b). CPLC also offers companies an opportunity to engage with policymakers that are developing carbon pricing policies in jurisdictions where they operate. A "key selling point" for companies is the opportunity to have "constructive suggestions" for carbon pricing schemes.[43] Third, CPLC also helps foster sectoral leadership within its task teams. The construction value chain is fragmented due to the structure of the industry (CPLC and IFC 2018, 2). CPLC's construction task team is helping facilitate an integrated approach to carbon pricing. There are similar dynamics in the Maritime and Banking Task Teams. As evidenced by the UNGC's work, having the support of company leaders has

[40] Fourteen percent of companies are located in jurisdictions that do not have a carbon price and six percent are in jurisdictions that are undecided (author's calculation using the list of government partners in the 2018-2019 CPLC annual report and using the Carbon Pricing Dashboard).

[41] These government partners have approximately seven companies each headquartered in their jurisdiction. The United States is not currently considering carbon pricing and Brazil is undecided. Australia repealed is carbon tax in 2014 and introduced an Emissions Reduction Fund in its place; it introduced a safeguard mechanism for the largest emitters in 2016. There were also a handful of government partners with no businesses with headquarters in their jurisdiction including Ghana, Côte d'Ivoire and New Zealand.

[42] Author's interview, 20 November 2018.

[43] Author's interview, 24 April 2019.

significant implications for the company and fosters collective environmental leadership (Gallagher 2018, 140).[44] The CPLC also promotes partners by highlighting for example success stories in annual reports and communications. In short, the CPLC provides benefits for its business partners although it is unclear if these incentivize greater ambition for carbon pricing.

Conclusion

The politics of decarbonization framework developed by Bernstein and Hoffmann (2018) helps understand the impact of business engagement within the CPLC. The CPLC uses high-level leadership to build alliances, develop cross-sectoral initiatives, and build support for carbon pricing across the public and private sectors. The CPLC also embeds discrete pricing efforts in a narrative about global leadership on carbon pricing. These dynamics have broadened the CPLC and fostered partnerships with many public and private organizations that support carbon pricing. Given the low threshold for businesses to become CPLC partners, it is surprising the CPLC has not grown faster. This is in part due to the decision to deepen rather than broaden engagement. Although the CPLC does not directly contribute to carbon pricing policies, it has helped facilitate the entrenchment of carbon pricing through the benefits of being a partner organization. However, it remains unclear whether the CPLC increases the likelihood that individual companies adopt an internal price or develop a more ambitious carbon pricing strategy.

Carbon pricing has the potential to catalyze an investment shift towards a low-carbon economy and can thus contribute to decarbonization. However, the current adoption of carbon pricing policies by both governments and businesses is highly inadequate given the climate crisis. According to a recent status report of the TCFD, the adoption of carbon pricing is insufficient to limit global temperature rise (TCFD 2019). Data from CDP also shows carbon pricing is not yet normalized. While most companies use carbon pricing to assess and manage carbon-related risks or identify carbon-related opportunities, only a small portion of companies use carbon pricing as a transition tool.[45] Even fewer, less than 100 companies, have a significant carbon price and publicly advocate for carbon pricing (We Mean Business 2019). Governments continue to price carbon at "persistently low" rates—only three countries price more than 40 percent of their emissions above US$ 60 per tonne (OECD 2018, 24). According to the OECD, *all* countries need to raise carbon prices "soon and significantly to reach the goals of the Paris Agreement" (OECD 2018, 24).

For CPLC to contribute to decarbonization, it must simultaneously raise ambition and coverage for carbon pricing from both government and business partners. The central challenge and opportunity facing the CPLC is due to its flexible nature. Flexibility has allowed CPLC's structure to evolve and meet the needs of its membership. CPLC's structure also reflects the reality that there are multiple pathways to carbon pricing; sometimes governments do not always lead the way. The multi-stakeholder nature of the collaboration and working group accommodates and strengthens different pathways to carbon pricing for both governments and companies. However, a key challenge is how to "go beyond the converted" and reach a broader audience.[46] This challenge is not surprising as multi-sectoral networks are often flexible coalitions of the willing (Bäckstrand 2006).

[44] Author's interview, 21 December 2018.

[45] According to CDP (2017, 8), 189 companies disclosed using carbon pricing as a transition tool. This is roughly a third of companies that disclosed to CDP in 2017 that they were using a carbon pricing tool, but only three percent of total disclosing companies.

[46] Author's interview, 8 May 2019.

There is a significant opportunity for the CPLC to raise ambition around carbon pricing. Companies could use carbon pricing as a transition tool, to align their investment strategies and business decisions with a below 2°C scenario, accelerate emissions reductions, and drive investment in low-carbon activities (CDP 2019a, 13). CPLC's private partners could join more ambitious climate initiatives such as the Science Based Target initiative, which encourages companies to set emission reductions targets in line with the below 2°C goal of the Paris Agreement. Only approximately one-quarter of CPLC companies are also members of the Science Based Target initiative.[47] Companies can also give policymakers the confidence that they need to raise their ambition, creating a positive feedback loop (UNGC et al. 2018). CPLC is well-positioned to drive ambition given its credibility. However, within the CPLC there are differing opinions on the desired level of ambition. Without greater internal ambition, the CPLC risks being little more than a platform to "pat each other on the back," in the words of an interviewee familiar with the initiative.[48] CPLC recognizes and showcases what is already being done while evidence for further entrenching or promoting practice change remains limited.

[47] Author's calculation using companies listed in CPLC's (2019) annual report and companies listed as part of the Science Based Target initiative as of September 2019, list available at https://sciencebasedtargets.org/companies-taking-action/.
[48] Author's interview, 21 December 2018.

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