UNEP's Engagement with Industry: Operational Guidelines

This document provides operational guidance for UNEP's engagement with industry and private sector actors that operate at key points in the value chain of different sectors of the economy. These guidelines are aimed at strengthening the implementation of the SMT-endorsed UNEP Strategy Paper on Industry Engagement and the 2019 Strategy for Private Sector Engagement.

Key in these guidelines are the process by which UNEP selects, and works with, industry partners, which follows. The overall aim of engaging with industry is to catalyze actions, identified on the basis of a strong scientific foundation, which measurably reduce the climate, nature and pollution footprints of high impact sectors of the economy.

Principles for UNEP's engagement with industry

A. **Criteria for selecting industry partners**

1. Intention to create positive environment impact in the functioning of the businesses' core operations

While the Global Compact's Ten Principles request companies to embrace core values within their sphere of influence on human rights, labour standards, the environment and anti-corruption, UNEP will concentrate its engagement with those industrial actors that are interested in bringing environmental sustainability to the entirety of their operations. An example is the UNEP partnership with commercial banks who are working to transform the entirety of their banking services towards ensuring sustainability in what they finance.

UNEP will not partner with those industry actors whose engagement with UNEP is restricted to greening a part of their operations that has minimal value to environmental sustainability and that is separated from having impact on the company's core operations. Thus, partnerships with industry actors that centre **only** around providing funding from the corporate social responsibility department, providing exhibition facilities or financing, or equipment or business products or services to UNEP are no longer acceptable.

2. Focus on those sectors with the highest direct or indirect impact on sustainability

Paramount in the process of partnership selection will be assessing the partner's potential to deliver significant impact, in line with UNEP's medium-term strategy. In particular. UNEP will prioritize partners on the basis of their role in the highest impacting sectors of industry to the climate, nature and/or pollution crises. Examples of such sectors include buildings and construction, agri-food, transport, chemicals, manufacturing (textiles, electronics), and extractives[1]. It can also include partnerships with a subsector within these sectors, such as a hard to abate subsector such as the cement industry in the buildings and construction sector, or the chemicals sector as long as the sector has high global impact and potential for sustainability. The focus can also be on sectors that have a cross-cutting role in accelerating sustainability across high impact industries, such as technology, energy and finance. Their main impact may be indirect through third parties (clients or investee companies) rather than directly through their operations.

3. Objective of having a globally-significant positive environmental impact

The aim of the partnering is to create a significant positive environmental impact (e.g. Net-zero emissions; zero waste; no (or low) pollution footprint; a sustainable consumption and production business model; sustainable value chain; sustainable use of ecosystems). To achieve such a level of ambition will mean that industry will reduce impact in all relevant hot spots as identified through UNEP analyses, while ensuring the business case for expected changes to create impact realized is made.

4. Ability to create systemic change in the industry

To create change in the industry requires scale. This means that while a partnership can start with one or a few businesses in a particular industry sector, the intention must be to create an industry-wide partnership, extending the partnership beyond single businesses to multiple partners. For instance, if the aim is to create change at scale in a hard to abate sector such as cement in the buildings and construction area, then UNEP's strategy, while starting with a partnership with a few leading cement businesses, must identify how this partnership will be extended to a larger number of cement companies. Work with SMEs needs to be thus connected with other industry and non-industry actors in the value chain to enabling change at scale. In doing so, engaging with industry champions and leaders may be an effective way to increase the impact of peer-to-peer benchmarking and setting new industry standards.

5. Intent to use a circular economy approach

In partnering with the relevant industry actors, the intent should aim to bring circular economy principles into business operations with the ambition to go beyond incremental changes to a more radical transformation of the production and consumption system. For

[1] The International Resource Panel (IRP) has outlined high impacting sectors such as **Construction/buildings:** *IRP (2020) Resource Efficiency and Climate Change: Material Efficiency Strategies for a Low-Carbon Future; IRP (2018) The Weight of Cities: Resource Requirements of Future Urbanization*; **Agri-food sector:** *IRP (2019) Global Resources Outlook 2019: Natural Resources for the Future We Want; UNEP (2016) Food Systems and Natural Resources*; **Transport and mobility:** *IRP (2018) The Weight of Cities: Resource Requirements of Future Urbanization, IRP (2020) Resource Efficiency and Climate Change: Material Efficiency Strategies for a Low-Carbon Future;* **Manufacturing:** *IRP (2018) Re-defining Value–The Manufacturing Revolution. Remanufacturing, Refurbishment, Repair and Direct Reuse in the Circular Economy; IRP (2020) Resource Efficiency and Climate Change: Material Efficiency Strategies for a Low-Carbon Future;* the **Extractive sector:** *IRP (2019) Global Resources Outlook 2019: Natural Resources for the Future We Want; IRP (2020) Mineral Resource Governance in the 21st Century: Gearing extractive industries towards sustainable development*

instance, partnerships with 'brands' and 'retailers' on plastics must go beyond avenues for recycling to upstream innovation, which encompasses design issues, reuse and refill options. Intent shall be followed up with corresponding metrics to determine progress; an example of this is the targets and metrics utilized in the New Plastics Economy Global Commitment co-lead with the Ellen MacArthur Foundation.

B. Approach to working with industry partners

1. UNEP entity, whether a Division, Regional Office, or other UNEP office, brings to the SMT for its consideration those industry partnerships (beyond individual businesses, to a range of industry or value chain actors) that are of high risk with a clear value proposition, in line with the principles above.
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2. The SMT takes a decision on whether the proposed partnership meets the principles outlined above. If so, a Designated Responsible Individual/Entity (DRI) is assigned.

3. The UNEP Division or Regional Office assigned as DRI, establishes a strategy for engagement with partners, including the strategy for going beyond industry associations alone to actual businesses within the industry, bringing in both champions and laggards, where feasible. This will include establishing as part of the partnership:

    - Common objective and actions required to move towards sustainability
    - mutually agreed expectations/targets and accountability
    - time-bound roadmap to deliver on targets
    - clear division of responsibilities, resources and benefits
    - defined timelines and measurable performance indicators
    - means for ensuring consistent information, reporting and data sharing mechanisms
    - process to ensure transparency to monitor progress and accountability
4. CSD, working with PPD, to prioritize Environment Fund or Norway/Sweden framework seed funding to kick start partnership engagement.

5. CSD responsible for an expedited process for this established industry partnership, moving from the current partner by partner approach to a clearance process for the partnership as a whole. This will require a change in the existing partnership policy and procedures.

6. DRI provides to SMT a status of progress each year on its industry partnerships, with a view that substantial progress may warrant further prioritization of corporate finances if the ambition is rising.

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