

NET-ZERO ECONOMY REPORT - 2020

RADICAL COLLABORATION FOR CLIMATE ACTION



Credit: Sam Arthur Barrows
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THE B TEAM ▶

OPENING LETTER FROM MARY ROBINSON AND DAVID CRANE

Extraordinary times call for radical collaboration.

Our own alliance is fairly unusual. Two leaders from different backgrounds, united by a common goal to fight the climate crisis. Our unique skills and experiences, including being the first woman President of Ireland and former CEO of one of the largest power generation companies in the US, allow us to take a holistic approach to one of the most pressing issues of our time.

At The B Team, we've built an even more unusual alliance. We chair a 'Net-Zero' working group, consisting of CEOs, union and civil society leaders committed to using our collective influence to bring about a net-zero economy.

We are in the midst of a great economic transformation—one that will affect every country, every community and every person. For humanity to thrive for generations to come, we must shift our emissions curve to be in line with a 1.5°C trajectory, an ambition enshrined in the Paris Agreement. What this means in practice is that, all sectors of society, including business, must come together to respect and restore the planet. But while momentum around this collective effort is building, we know it is not enough. Without ambitious and inclusive action, this transition threatens to leave communities struggling and further harm

the world's most vulnerable—it threatens to break the promise of the Paris Agreement.

As predicted in our 2018 report, the [Intergovernmental Panel on Climate Change's Special Report on 1.5 Degrees](#) revealed the significant gap between our current action and the action required. Last year's dry season brought record fires to Australia, the Amazon, the Arctic and California, and scientists have noted increased biodiversity loss, with an estimated [1 in 4 species to be at risk of extinction](#). Projections chart a 3°C rise above pre-industrial temperatures, where we would see a significant drop in food production, an increase in urban heat waves, longer droughts, fiercer hurricanes, more devastating wildfires and communities inundated by rising sea-waters. The climate crisis is upon us and people everywhere must come together to drive unprecedented action.

The business case for climate action is clear. Companies that align their business strategies with climate science are best-placed to thrive as the global economy transitions to a net-zero future by 2050. Alongside demonstrating moral leadership, implementing net-zero related measures catalyzes competitive advantages by driving innovation, boosting brand reputation, enhancing investor confidence and increasing resilience to future regulatory changes. [In a 2018 survey](#) of companies with

science-based targets, almost a third (29%) said they are already seeing bottom-line savings thanks to their commitment.

Business cannot act alone. Public corporate commitments on climate action help demonstrate the economic case for ambitious climate policy, but companies are looking to governments for long-term, clear policies on climate change. This gives them the clarity and confidence they need to invest in the technologies and markets needed for a zero emissions future. Civil society and youth activists have come to the table with the #FridaysForFuture movement reminding the world's leaders they are accountable to future generations, as shown at the September 2019 Global Climate Strikes. In over 4,500 locations across 150 countries, 7.6 million people sent a clear message to the world's leaders: it's past time to step up ambition on climate. Collaboration amongst all these stakeholders is crucial to driving the change that is required.

The Net-Zero Economy Report - 2020 maps out collaborative examples where companies have changed elements of their business in order to align with a net-zero by 2050 pathway. We believe leadership requires strong accountability and these examples offer an insight into the actions of B Team companies. It includes the challenges each company has faced and how these initiatives have benefitted a wide range of stakeholders.

We hope this report gives a transparent account of how companies are demonstrating bold and brave action, and that it will serve as an inspiration and as a blueprint for assertive climate action by you and the institutions with which you are associated.

We acknowledge there is a lot more work to be done and our best chance at turning the tide on the climate crisis is for all stakeholders to work together.

Best wishes,

Mary Robinson

David Crane



ABOUT THE B TEAM

The B Team is a global collective of business and civil society leaders working to create new norms of corporate leadership today, for a better tomorrow. Together, these leaders are holding themselves and their peers accountable to a new way of doing business—one that measures success not only by financial performance, but also by the health of people and our planet—for the benefit of generations to come.

The B Team believes a new formula for leadership is needed if we are to successfully navigate the many challenges the world faces. We need bold and brave leaders, willing and able to transform their own practices by embracing purpose and holistic leadership aligned with the principles of sustainability, equality and accountability. The B Team's climate work is grounded in a just transition to net-zero emissions by 2050. Within this work, we aim to lead by example and ensure that our companies significantly reduce their environmental impacts and invest in new, regenerative business models. In addition, we also call on our peers to join us in taking these important steps and committing to a just transition to net-zero emissions by 2050.

The B Team knows that even a coordinated and emboldened group of the largest companies in the world set on reducing emissions could not on its own achieve a net-zero economy. For this, we need to bring the whole system along, reaching

business in every geography and sector, from multinationals to small enterprises. To reach such scale, we will have to change the mainstream conception of the 'purpose' of business, from pursuing solely profit to pursuing both social and economic benefits for society. To achieve this, we need to fill the 'leadership gap' we currently have in today's economy, filling it with leaders who are willing to make principled decisions to deliver a greener, fairer and more inclusive economy. To do this today's leaders and future leaders will need to face up to uncomfortable truths—for example around executive pay, transparency and the need to transform business models.

Yet transforming CEOs alone is also not enough. This is why The B Team also views boards of directors, policy makers and the finance community as pivotal stakeholders to collaborate with and influence.

THE B TEAM ▶ COMPASS



ABOUT THE NET-ZERO ECONOMY REPORT - 2020

This report has been written in follow up to the commitment 10 B Team companies made in 2015 to reach net-zero emissions by 2050. Our 2018 'Progress Towards Net-Zero by 2050: Challenges, Trends and Teamwork' report can also be found [here](#).

It examines both examples of progress against net-zero by 2050 targets and how companies have handled challenges along the way. It concludes that despite best efforts, the roadblocks to systemic

change are still great. By engaging with other stakeholders, companies can work together to overcome these challenges and make a quicker transition to a net-zero economy by 2050.

The information in this report is derived from a survey put to The B Team companies in between August and September 2019, desk research and The B Team's Secretariat's own experience of working with these companies.

REACHING A NET-ZERO ECONOMY BY 2050

WHY DOES 1.5°C GLOBAL WARMING GOAL MATTER?

- ▶ To have a good chance of meeting the Paris Agreement climate targets, the world will need to hit net-zero greenhouse gas emissions early in the second half of the 21st century, which implies that developed countries should get there by 2050 at the latest.
- ▶ The [Intergovernmental Panel on Climate Change \(IPCC\)](#), the UN's leading scientific authority on climate change, recently called for a significant step-change in global action to cut emissions. It concluded that preventing warming in excess of 1.5°C would deliver important environmental, social and economic benefits.
- ▶ Different countries, cities, regions, and businesses have a broad range of commitments and targets, but very few of them are currently on target to keep global temperature increases below 2°C.

WHAT DOES NET-ZERO MEAN?

(Source: [UN Global Compact](#))

- ▶ Reaching net-zero carbon emissions, sometimes also referred to as reaching carbon neutrality, requires a balance to be met between anthropogenic carbon emissions and anthropogenic carbon removals over a specified period.
- ▶ Anthropogenic carbon removals are classified by the IPCC as activities that remove carbon from the atmosphere and durably store it in products or geological, terrestrial or ocean reservoirs. Examples of existing carbon removal reservoirs

include afforestation, reforestation, soil carbon sequestration and carbon capture and storage.

- ▶ For a company, reaching net-zero emissions means achieving a state in which the activities within the value chain of a company result in no net impact on the climate from greenhouse gas emissions. This can be done by balancing any remaining emissions in the value chain with carbon removals.
- ▶ Companies who commit to reaching net-zero emissions by 2050 need to set interim targets for the following two reasons. Firstly, pathways in line with 1.5 °C warming assume that there will be a peaking of emissions before 2020 followed by phases of decarbonization. Secondly, given the short-term tenure of a CEO, companies are expected to match their long-term commitments to net-zero with more medium-term goals to ensure investors, customers and other stakeholders that companies are progressing toward net-zero emissions by 2050.

IS NET-ZERO POSSIBLE?

- ▶ **Yes:** Achieving net-zero emissions is an essential and realistic target for the overall economy. However, we must scale existing solutions to allow them to become cost-competitive and develop new business and technological innovations.
- ▶ **The market is there:** For most business sectors, effective techniques for zero direct emissions are already available. When the full cost of carbon emissions is taken into account, many

of these techniques are already cost-competitive—it is simply a matter of accelerating their deployment. In particular, the decarbonization of energy, the electrification of road transport, and the redevelopment of buildings to the best 'net-zero carbon' standard are vital steps.

- ▶ **But further development is needed:** Other techniques will need further development and scaling, driven by further innovation. In all likelihood, achieving net-zero will require some degree of 'negative emissions' (i.e.

processes which remove carbon dioxide from the atmosphere), and this requires increased discussion. Negative emissions can be achieved through afforestation and reforestation; land management (e.g. by increasing and fixing carbon in the soil); bioenergy with carbon capture; direct carbon capture from the air; and ocean fertilization (e.g. introducing nutrients in the ocean to encourage CO₂-absorbing plants). Some of these options, such as sustainable land management, are 'no regrets' initiatives with multiple benefits, but others pose a high degree of uncertainty and risk.



Courtesy of Virgin

THE ROLE OF BUSINESS

WHY SHOULD BUSINESSES ENGAGE?

- ▶ Informed businesses understand that an unstable climate jeopardizes their future activities and prospects.
- ▶ Setting a net-zero goal can help stimulate innovation and investment in a new economy.
- ▶ Transitioning to a net-zero economy brings numerous business benefits (Source: [B Lab](#)):
 - Market opportunities to the tune of [\\$12 trillion](#) could open up in areas such as food and agriculture, cities, energy and materials, and health and wellbeing.
 - Companies will increasingly be able to engage consumers through acting ambitiously and appropriately on climate. A [2018 report](#) shows that 81% of respondents felt that companies must assist in protecting the environment.
 - Acting now will mitigate the increasing regulatory risk around carbon-intensive operations and carbon liabilities.
 - Setting a strong commitment to net-zero by 2050 will attract top talent that are looking for a purposeful company to align themselves with.
 - Some companies have already been able to commit to net-zero, serving as a powerful leadership signal and a useful recognition of the long-term direction of travel.

WHY SHOULD BUSINESSES SET TRANSFORMATIVE TARGETS?

- ▶ Transformative targets such as net-zero emissions require every aspect of the business to be engaged and can also spark opportunities for innovation. In striving to meet ambitious targets, companies can release creative thinking, use technology and processes from other sectors and create safe spaces to challenge the status quo.
- ▶ By acting in a bolder way, businesses can drive forward advancements in research and development, roll out solutions more quickly, bring costs down faster, enjoy efficiencies earlier, and improve productivity.
- ▶ Leading businesses have a crucial role to play in how bold action is communicated to policymakers, business peers, and the society in general.
- ▶ More future focused, informed, bold leadership by company management will drive systems change.

WHAT ARE FIRST STEPS?

Achieving a net-zero target ultimately means signing up to a journey of transformation, over a number of decades. However, every transformative action needs some first steps. The steps below illustrate the types of actions B Team companies have taken, and also the best thinking from our partners at [B Lab](#).

- ▶ **Internal Communication:** Make sure the board, management and staff are all in agreement around the strategy

the company will take on its journey to achieving net-zero emissions by 2050.

- ▶ **Appoint a team with cross organizational mandate:** This is the team responsible for the internal implementation of net-zero strategies.
- ▶ **Set science based targets:** This involves signing up to the Science Based Targets initiative (SBTi) which externally verifies a company's emissions reductions. All reduction targets are in line with the latest climate science suggestions to meet the goals of the Paris Agreement and limit warming to 1.5°C.
- ▶ **Reimagine the business model:** Using

internal and/or external resources, identify any business areas, such as operations, supply chain, products and services, that do not align with the SBTi. Once an area has been identified it is necessary to analyze the ways in which this part of the business can be remodelled in a way that contributes to the company's overall strategy of reaching net-zero carbon emissions by 2050.

- ▶ **Share your story:** Develop a communications strategy to share your experiences with other businesses. This demonstrates industry leadership which catalyzes action from other businesses.



Courtesy of Safaricom

OVERVIEW OF STAKEHOLDERS

EMPLOYEES

Attracting talent: Millennials will make up 75% of the workforce by 2025. A recent survey found that 76% of millennials consider a company's social and environmental commitments when making employment decisions. (CBRE, 2016)

Spotting opportunities: Employees and their unions often understand the day-to-day operations of a company far more than company management, and thus can identify where operational efficiencies and changes can be made. Ensuring employees and their unions are part of the transition process, via social dialogue, is necessary for making a just transition, ensuring the retention and the creation of new decent green jobs.

CUSTOMERS

Values: Companies pursuing net-zero targets are taking responsibility for their scope 3 emissions, which include the emissions created by the final use of their product by customers. Therefore, companies are increasingly looking to engage with customers to promote the use of low-carbon products and services.

Conscious consumerism: Individual consumers cannot be blamed for our rising global temperatures—but people want to feel like they're doing something, no matter how small, to prevent the worst-case climate catastrophe scenario from unfolding. In a 2018 GlobalWebIndex poll, 61% of millennials and 58% of Gen Z said they would pay more for eco-friendly products, whilst 52% of all aged participants thought responsibility ultimately lies with the manufacturer to produce green products.

SHAREHOLDERS

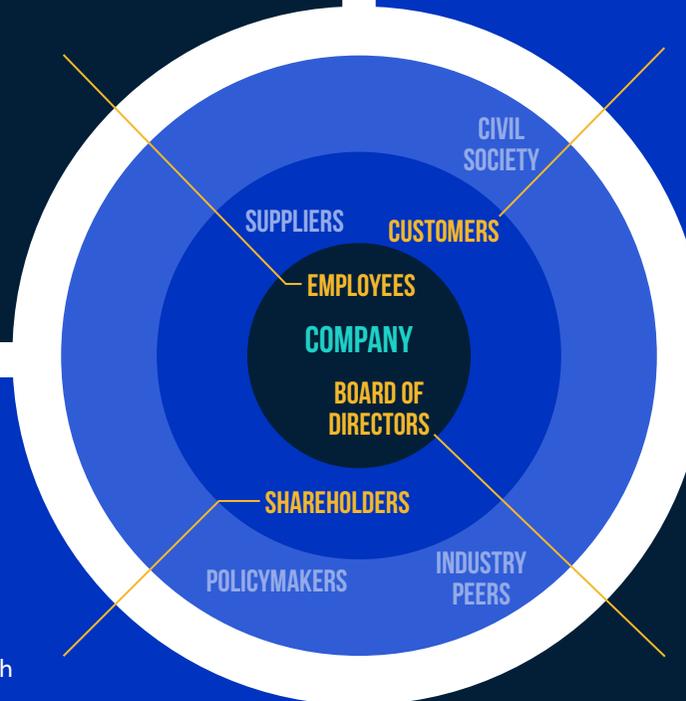
Collective Action: Investors are increasingly signalling their intention to align their portfolios with a 1.5°C scenario and integrating climate related risk and opportunity assessment into their investment decisions. Institutional investors are aligning through coalitions to engage boards and management of the world's largest corporate emitters to improve governance of climate, such as through Climate Action 100+ and the Net-Zero Asset Owner Alliance.

Activism: The number of climate-related shareholder proposals filed has been on the rise in recent years. In the US the number has risen to 75 in 2019, an increase from the 17 climate-related resolutions in 2013. Sometimes groups of shareholder activists can come together to try and force companies to adopt more climate-friendly policies, or at the very least disclose how efforts to prevent global warming might affect the company's bottom line.

BOARD OF DIRECTORS

Fiduciary duty: The board of directors have oversight responsibilities over the overall direction of the company, play a critical role in setting the appropriate tone of the company and are expected to be guardians of the company's assets. Climate change is a potential material risk to companies, and it is therefore the duty of the board to identify and manage it in the same way as any other strategic risk.

Strategic opportunity: While climate change poses a material risk (either through physical or transition risk) to most industries, directors have been largely absent from the climate conversation. According to PwC's 2018 corporate director survey, 39% of corporate directors did not believe that climate change should be taken into account at all in forming company strategy. Directors are a small but highly influential group of potential changemakers, and therefore are a unique and critical stakeholder group to engage in the transition to a net-zero economy.



OVERVIEW OF STAKEHOLDERS

SUPPLIERS

Resilience: Structured assessment of the supply chain can help companies prioritize high-risk areas that offer the greatest opportunity for creating supply chain resilience. Climate-related risks directly affect supply chain production by impacting factors such as cost, quality and timeliness. As a result, suppliers are increasingly being asked to share information about their vulnerability to climate change and their strategies to reduce greenhouse gas emissions.

Scope 3: Companies are also taking responsibility for all emissions produced within their supply chain. Companies are encouraged to increase transparency with their supply chain and improve engagement with supply chain actors in order to ensure accurate emissions reporting.

CIVIL SOCIETY

Accountability: Companies need to engage with civil society and activist groups when it comes to climate reporting and disclosure to mitigate any reputational risk. Civil society can expose companies for not operating in a compliant manner and this encourages companies to act in a more transparent way.

Credibility and expertise: Third party stakeholders consist of non-governmental organizations and activist groups. These third-party groups bring credibility and expertise to a company's activities. This can range from access to experts in their field to accreditation of certain activities, such as carbon emissions.

POLICYMAKERS

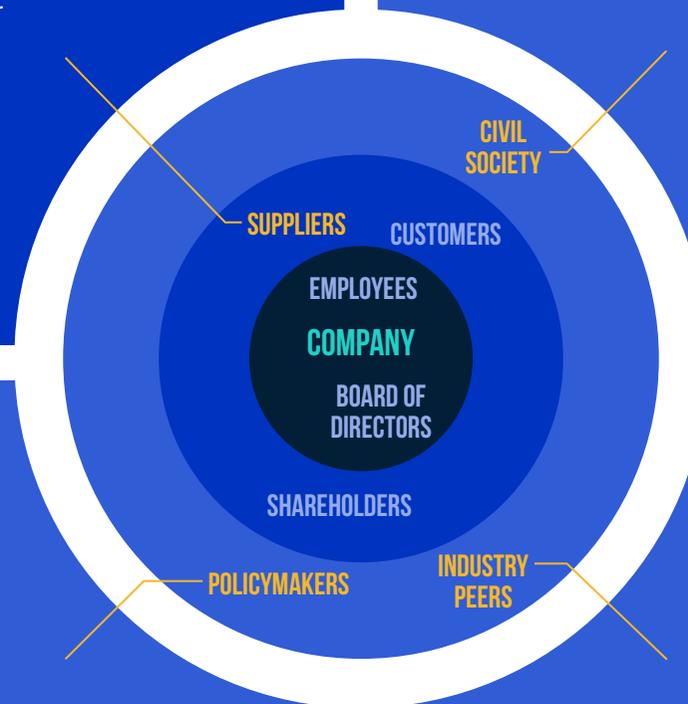
Long-term stability: Companies seek to engage with policymakers in order to promote long-term visibility relating to the net-zero by 2050 policy roadmap. Companies look to gain certainty around medium to long-term reduction targets and transparency regarding policy changes. Certainty from policymakers enables companies to make a quicker transition to a net-zero economy.

Ambition loop: Engaging with policymakers can fuel an 'ambition loop', where business demonstrates it is committed carries out ambitious climate action which builds the confidence of policymakers to set ambitious policy to incentivize and raise business standards. This can create a positive feedback loop where companies and policymakers work towards a common goal.

INDUSTRY PEERS

Collective action: Collaboration amongst a group of companies from a particular sector can help a company overcome barriers they could not surmount alone. For example, a group of companies can collectively signal greater demand for new types of products and services, such as low-carbon energy supply, than one company can signal alone. Additionally, companies can use their collective power to advocate for progressive types of regulation to be passed by policymakers.

Knowledge sharing: Transitioning to a net-zero economy is complex. Companies are looking to collaborate pre-competitively with industry peers on innovative projects. Drawing on the collective expertise of multiple companies can mitigate risk for individual companies and ensure economies of scale.

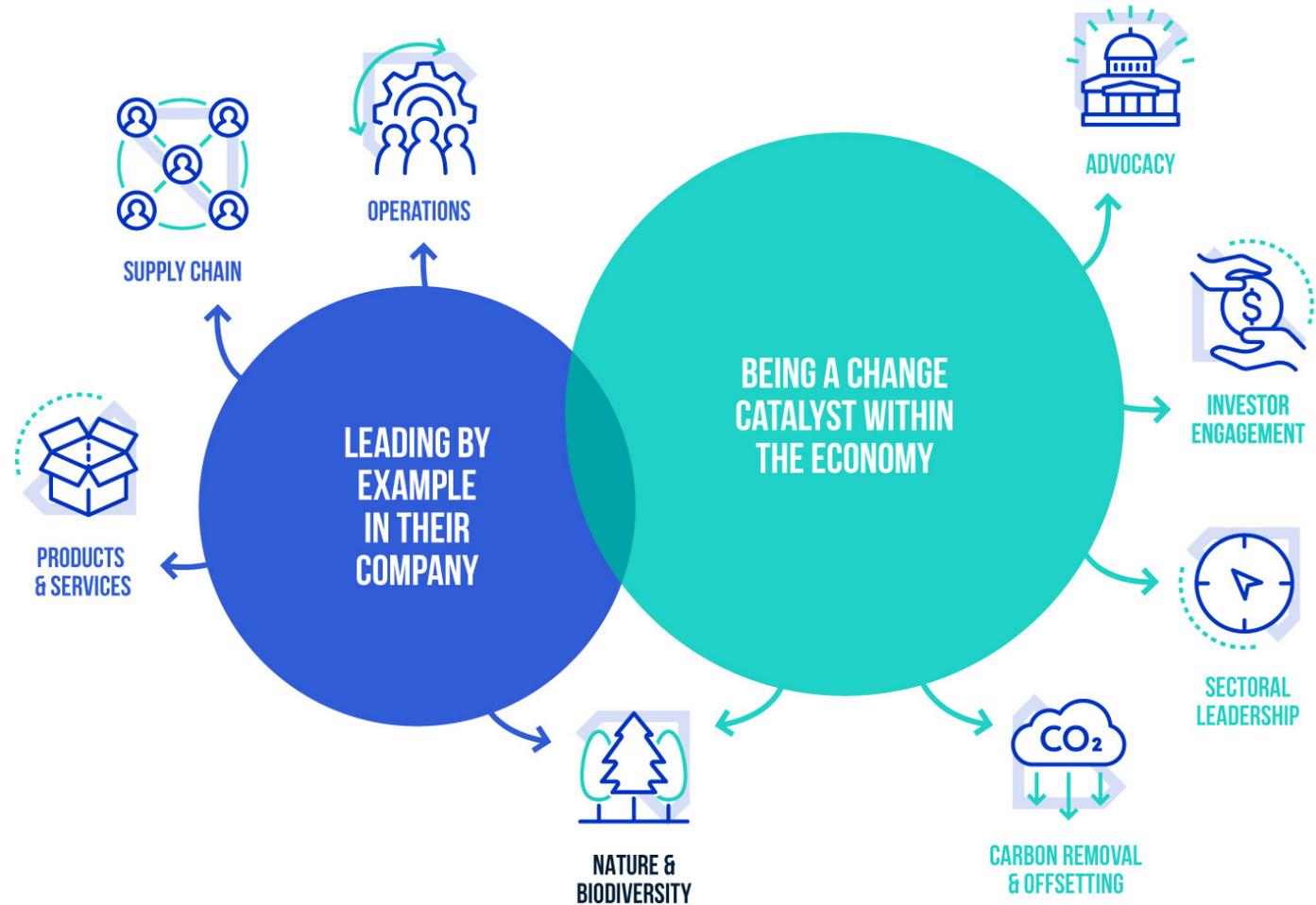


THE PATHWAY TO NET-ZERO

B Team Companies have engaged with certain stakeholder groups in different ways to bring deeper or quicker climate action than they could have achieved acting alone. Through analyzing company case studies, we identified decarbonization efforts that fell into two categories of action: leading by example in your company and being a change catalyst within the economy.

As the figure to the right shows, companies have led by example internally by implementing changes to reduce emissions within their operations, supply chain and products and services. Companies must prioritize these actions to credibly claim they are on a journey towards net-zero emissions. Yet other leadership actions to catalyze change in the economy, such as demonstrating sectoral leadership, promoting investor engagement, and carrying out effective advocacy will likely be necessary to create the policy and financial conditions necessary for companies, and the economy as a whole, to fully decarbonize. Companies may also choose to invest in carbon removal projects and offsetting, recognising the need to tackle historical emissions. Last but not least, many companies for which agricultural products are an important part of their business offering are leading by example by implementing solutions to protect nature and biodiversity, and actively encouraging nature-based solutions. Many others are also investing in protecting nature, which they identify as key to tackling the climate crisis.

TRANSITIONING TO A NET-ZERO ECONOMY: LEADING BY EXAMPLE AND BEING A CHANGE CATALYST





OPERATIONS

The B Team companies reported that reducing emissions in operations was their first and most straightforward step towards decarbonization. Companies must *decarbonize their operations by engaging with their internal stakeholders*. Once quick wins have been achieved, further deep decarbonization within operations can often be facilitated by external alliances.

The majority of climate action guidance for companies still concentrates on their own operations. All B Team companies noted that progress here is crucial for legitimacy if those actors are then going to pursue policy change or engage their peers in decarbonization efforts. The majority of the companies surveyed also acknowledged that reducing emissions in operations also reduces costs and can lead to a competitive advantage within their sector. Operational footprint differs from company to company, but often includes a company's energy use, heating and cooling in the buildings it operates in, transport use and waste management. B Team companies have engaged and collaborated with different stakeholder groups to maximize emissions reductions in their operations, creating reduction opportunities management alone could not access.

Companies primarily looked to transform their internal operations by engaging with employees, management and NGO partners. Salesforce's sustainability team cited the process of embedding sustainability into the fabric of the company and the everyday decisions of its more than 35,000 employees as one of the biggest opportunities. Employees shape the values and culture of a company, so the more

employees are empowered to embrace sustainability in their everyday work, the quicker these changes can take effect. To address this, Salesforce founded Earthforce, an employee interest group with more than 8,000 members across the globe that works to raise awareness and implement solutions for issues such as energy conservation and efficiency, recycling and composting, low-carbon commuting, and much more. Another company, TATA has focused on capacity building and have targeted employees across their companies, from the 200 senior-most executives to 800 middle managers. This ensures decision makers are aware of the business case of climate action change. TATA focus on making a culture of sustainability through employee engagement programmes such as the TATA Sustainability Month campaign.

Safaricom's ethos as a company is to enthuse the SDGs within its business mission and culture of the organization. Every employee is empowered to understand how their role contributes to the SDGs. This trickles directly down to operational decisions. Employees pushed for improved fuel and power management system so that they could effectively predict optimal energy demand of the base transceiver stations, eliminating the

purchase and delivery of excess fuel and power.

Tiffany & Co. identified a recent opportunity to reduce their product emissions through addressing operational emissions at their own diamond cutting and polishing, and manufacturing facilities. Tiffany & Co. doubled its global onsite solar use with new and expanded solar arrays in Cambodia and the Dominican Republic installed through 2018 and 2019. These solar projects were inspired by proposals from local manufacturing employees to Tiffany & Co.'s dedicated Green Fund. Through the Green Fund, any employee is encouraged to submit new and innovative projects to accelerate environmental improvements with special consideration by the finance, real estate and sustainability departments. This method of employee engagement helps empower employees and puts focus on local and specialized projects central management may not be aware of. The final two locations were selected after an assessment of the best environmental and financial opportunities across the company's global facilities. The new solar infrastructure at the Cambodian and Dominican Republic facilities are projected to generate approximately 40% and 33% respectively of electricity consumption at these sites.



Photo by Consumers Energy



Members of Earthforce, an employee interest group, courtesy of Salesforce



OPERATIONS

Beyond this, Tiffany & Co. also have on-site solar installations at three operational facilities in Rhode Island and New Jersey.

Some of the companies surveyed looked beyond their first tier of stakeholders to implement change by engaging with industry peers. Unilever have engaged with the [RE100 global campaign](#) and [WBCSD's renewable energy work](#), enabling them to be at the forefront of developing corporate Power Purchase Agreements. All of Unilever's factories, offices, R&D facilities, data centers, warehouses and distribution centers worldwide are now powered by 100% renewable grid electricity. Since 2008, Unilever has reduced total energy consumption by 28% through energy efficiency programmes, contributing over €600 million in cumulative cost avoidance. Unilever implemented an internal carbon price of €40 per tonne which has so far raised in excess of €120 million that was channelled towards renewable energy projects.

Allianz and Danone were other companies to commit to RE100. Danone's commitment focused on sourcing 100% renewable electricity for their group-wide operations by 2030 with an intermediate milestone to reach 50% by the end of 2020. Allianz's commitment to source 100% renewable power for their group-wide operations by no later than 2023 will more than double the current share of renewables in their energy mix, recorded at 45% in 2018, and covers the power demand for their office space and data centres. Alongside reducing emissions, these commitments bring reputational benefits and consolidates Allianz and Danone's climate leadership

SALESFORCE - RENEWABLE POWER AGGREGATION

Salesforce has demonstrated industry leadership by blazing a trail for others to follow. Today only a handful of companies are actively purchasing renewable energy at scale. The main barrier facing most is a lack of quality options. Often the purchasing options that maximize impact are only available to companies looking to purchase large amounts of renewable energy, whereas, the majority of companies have smaller renewable energy needs. In 2017, on a mission to address this barrier, Salesforce engaged with Business Council on Climate Change (BC3), and the Business Renewables Center (BRC) (now the Renewable Energy Buyers Alliance) to gather a group of motivated companies to collaborate on a purchasing structure that allows the buyers to contract smaller segments of renewable energy projects through an aggregation. The aggregation VPPA structure enables small buyers to collectively act as an anchor tenant for the renewable energy project. This approach also facilitates lower transaction costs and enables buyers the opportunity to learn best practices from each other. However, the aggregation technique also brings certain challenges. With multiple unique corporate buyers, corporates need to juggle a diverse range of company stakeholders and approvers as well as align amongst themselves on acceptable terms for the PPAs. Salesforce, along with other companies, Bloomberg, Cox Enterprise, Gap Inc. and Workday, proved the new structure could potentially unlock high impact procurement options for companies of any size. To enable others to follow in their footsteps, the Renewable Energy Buyers Alliance has published an open source [case study](#) on the process.

positions. However, there are challenges relating to implementation of commitments such as these. Allianz are located in over 70 countries and barriers such as regulation and availability of renewable power will need to be overcome. Additionally, Allianz will need to rely on proactive collaborations with landlords as in some locations they are tenants and do not have direct control over electricity contracts. This is another example of the extent of stakeholder engagement that is necessary to transition to a net-zero economy.

The GSMA holds three large conferences

per year in Barcelona, Shanghai and Los Angeles, as well as seven smaller Mobile 360 conferences around the world. Barcelona is the largest conference with over 100,000 attendees. Further to achieving carbon neutrality for all GSMA operations and events worldwide in 2016, GSMA has changed the way they manage their events to make their resource use more circular and manage waste. In Barcelona, GSMA managed to avoid 1,988 tons of CO₂ emissions associated with transport and treatment of waste at the conference. They have introduced an initiative called the 'Donation Room Initiative' and now takes

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UNILEVER'S FACTORIES, OFFICES, R&D FACILITIES, DATA CENTERS AND WAREHOUSES—AROUND THE WORLD—ARE NOW POWERED BY 100% RENEWABLE ELECTRICITY.



place at all three Mobile World Congress events. Exhibitors can donate furniture and construction materials that are no longer of use at the end of the event. To ensure that the materials were reused, they needed to establish relationships with local government who helped them identify organizations who would continue to use the furniture. In Barcelona, GSMA works with the local City Councils of Barcelona and L'Hospitalet to collect and deliver all these donations to charitable organizations. Since 2016, 45 tons of furniture and 55 tons of building materials have been collected from exhibitors and donated to local charities.



SUPPLY CHAIN

In 2018, CDP reported that the number of organizations requesting supply-chain data had gone up by more than 15% from the previous year. Companies are now looking beyond their direct emissions to emissions relating to the production, processing and transportation of products and services in their supply chain. These scope 3 emissions are on average four times higher than a company's direct emissions. The need for climate action has never been more urgent and as such, companies' scope 3 emissions are coming under closer scrutiny. Here's how some are responding.



Natura have engaged directly with their 9,900 suppliers across all their companies of operation through implementing their QLICAR initiative. This initiative drives gradual improvements in the processes and management performance by looking at the quality, logistics, innovation, competitiveness, environmental and partnership aspects of the supplier's performance. Each year Natura then awards the best performing supplier from each of their categories (e.g. packaging, raw materials, logistics, digital, haulage etc.) with the QLICAR award. Through the implementation of good practices promoted by QLICAR, Natura aims to reduce their scope 3 emissions relating to supplier activities. The reward scheme was such a success that it has now been extended to a QLICAR Bio and QLICAR Innovation award that seek to enhance work relating to social biodiversity and research and development respectively.

Other companies have also adopted innovative measures to engage supply chain stakeholders. Kering and Natura have

introduced environmental profit and loss (EP&L) methodologies. Natura released the results from their first EP&L in 2016 and are continuously looking to transform this accounting method into an effective management tool for their business. This led to the development of an SP&L (Social Profit and Loss) methodology in 2018 which aims to apply the same principles of the EP&L to social capital. Kering introduced their EP&L initiative in 2012 and have released their methodology as an open source to encourage industry peers to adopt the initiative. The methodology allows them to track and quantify the annual impact of their supply chain and operations on natural capital in terms of GHG emissions, air pollution, land use, water use, water pollution and waste production. The EP&L results showed that most of their emissions result from the production of raw materials in their supply chains. As well as underpinning Kering's responsible approach to business, the EP&L also serves as a management tool that allows Kering to map out its sourcing strategy and choice of materials in the



Photos courtesy of Natura



SUPPLY CHAIN

coming years. For example, using the EP&L as a guideline, Kering have committed to reduce their EP&L intensity by 40% by 2025 compared with 2015 figures. By sharing the methodology with the wider fashion sector and developing an open source platform (kering-group.opendatasoft.com), Kering have aimed to promote broader awareness of environmental issues. The platform is more interactive and allows the user to navigate the EP&L results starting from the overall group impact to specific details, such as particular materials, processing activities or sourcing locations. The

downloadable data sets from the platform include the Environmental Key Performance Indicators (EKPIs), which show the environmental impacts from the Group's activities, and the valuation coefficients. This level of transparency allows unprecedented access to information about the relationship between business and the natural resources business relies on. This show of unity within the fashion sector highlights the widespread collaboration that marks the progressive nature of the sector.



JAGUAR LAND ROVER HAVE REUSED OVER 320,000 TONNES SINCE THE PROJECT BEGAN. ON TOP OF REDUCED WASTE, ALUMINIUM RECYCLING REQUIRES UP TO 95% LESS ENERGY THAN PRIMARY ALUMINIUM PRODUCTION.

TATA - REALCAR INITIATIVE

Tata Motors launched the REALCAR initiative through their subsidiary Jaguar Land Rover. This pioneering project collaborated with both supply chain stakeholders and policy makers. The REALCAR initiative was designed to reduce the life cycle emissions from vehicle production and included Jaguar Land Rover, Novelis (aluminium supplier) and Innovate UK (formerly the technology strategy board of UK). The REALCAR project took the post-industrial waste from aluminium body panel stamping and recycled it to be incorporated into new body panels. Jaguar Land Rover have reused over 320,000 tonnes since the project began. On top of reduced waste, aluminium recycling requires up to 95% less energy than primary aluminium production, thereby significantly reducing energy related emissions. Beyond these advantages, further benefits for those involved in the project were: enhanced brand reputation, improved material dependence and job creation within the sector. Given the pioneering aspect of the project there were also some challenges that arose. A notable one was carrying out the recycling whilst also adhering to the material safety standards that exist in the UK auto industry. Extensive investment was required to make the project a reality with the updated recycling infrastructure at Novelis costing £6 million alone. All stakeholders invested in the project with Jaguar Land Rover also investing £7 million in new press shops and manufacturing facilities. This project supports Jaguar Land Rover's wider journey to Destination Zero. Adopting circular economy principles through product creation, with active reuse and recycling and the application of innovative sustainable materials is essential as it strives for zero waste in manufacturing.



REALCAR, courtesy of Jaguar and Land Rover



PRODUCTS AND SERVICES

THE B TEAM ▶

Decarbonizing products and services bring a competitive advantage, improves environmental compliance and builds climate resilience within a company. A recent survey conducted by Science-Based Targets initiative (SBTi) found over 50% of top executives expect to make at least 50% of their products and services low carbon by 2028 ([UNFCCC](#)). One noticeable trend since our 2018 report was the increase in policies relating to reducing single-use plastic in products and services, specifically emphasized by Natura.

Most companies will need to engage directly with their customers to offer a new set of products and services. Danone's commitment to transform their products and services to align with a net-zero economy centers around the packaging of their products. They aim to use 100% reusable, recyclable and/or compostable packaging by 2025. They are also looking to increase the content of recycled material and the use of biomaterials. Currently some brands within Danone have already committed to using 100% recycled packaging (which is still 100% recyclable) by 2025. A nearer term target of Danone's is their commitment that 100% of paper packaging used will be recycled and/or certified at origin by the end of 2020. In order to implement these ambitious commitments Danone will have to engage with supply chain stakeholders to ensure they have sufficient resources while also collaborating with customers when launching the new packaging initiatives.

In 2018, the media arm of the Virgin Group, Virgin Media, released the product scorecard results for one of their latest TV media packages, the V6 box. The V6 box

uses less than half the electricity across a 24-hour period compared to the alternative TiVo box due to its low power modes. Across Virgin Media's customer base, this is already saving enough energy to power over 7,000 UK homes a year. The V6 box also addresses material efficiency and uses 21% less material by weight (plastics, metals and electronics) and 50% less packaging when in distribution from Virgin Media's suppliers to its central logistics hub.

Some companies are transforming their core product to then engage with industry peers and policy makers. BROAD Group for example persevered with projects as a first mover, using the results of these projects to build the confidence of those stakeholders. Such an approach was adopted when developing the Floating Tower (F-Tower). The F-Tower is a factory-made building that was built in Changsha in October. The project aims to promote the use of ultralight and ultra-strong Bcore slabs. The slabs are an embodied building material that uses no concrete and integrated stainless steel which significantly extends the lifespan of the building. The F-Tower, with its creative design of 12



Refill packaging by Natura



The Floating Tower, courtesy of BROAD Group



PRODUCTS AND SERVICES

THE B TEAM ▶

meter-long cantilevers, is a demonstration of the new construction methodologies that can facilitate the development of the circular economy within the construction sector. BROAD Group is using this project to demonstrate low-carbon building infrastructure to the provincial government and are lobbying for higher sustainable construction standards. By demonstrating to local governments that sustainable construction methods can bring benefits to customers, the environment and businesses, BROAD Group has signalled

what is possible to the Chinese construction industry.

However, Engie stands out given the scale of ambition for transformation of their core product, and how it necessitates greater collaboration with customers. A large energy company, Engie provides energy to 70 countries around the world. The company historically has two key offerings - energy infrastructure management and customer service, which they are now looking to combine to accelerate their decarbonization

pathway. This includes changing the way it interacts with its customers, moving from providing them with just a product - energy - to providing them with a service - energy efficiency. Engie will help its customers to reduce their emissions by managing their energy use. This will involve a detailed analysis of customer energy use, before then investing in renewable infrastructure both at the properties of the customers' (solar panels, charging stations etc.) as well infrastructure required to link the customers' properties to sources of

renewable energy. This will require a much closer collaboration between Engie and its customers than ever before, but by doing so it can unlock huge energy savings that contribute to both the company's footprint, as well as that of their customers. The extensive overhaul does come with its costs and challenges. An investment of around €12bn will be required, with €4-5bn of that going towards customer solutions. In terms of human resources Engie also need to adapt in order to provide the skills required to meet the needs of the customers.

VIRGIN GROUP - SUSTAINABLE AVIATION FUEL

The Virgin Group have stakes in three airline companies: FlyBe, Virgin Atlantic and Virgin Australia, and have been driving the development of sustainable aviation fuel on multiple frontiers. In Australia, Virgin partnered with the Queensland Government to facilitate the Brisbane Biojet trial which introduced sustainable low carbon fuel (shipped from the USA) into the Brisbane airport's fuel supply infrastructure. The trial led to an improved understanding of the costs to test and blend the fuel as well as establishing a precedent to enable other Australian airports to include this type of fuel once it becomes more readily available in the local Australian market. Virgin Atlantic meanwhile have engaged with industry peers to drive the sustainable aviation fuel initiative. As a founding member of the Sustainable Aviation Fuel Users Group (SAFUG). Virgin helped to bring together the world's major airlines to collaborate on the development of sustainable aviation fuels. The approval of CORSIA in 2016 was a boost for sustainable aviation fuel¹ as it allows airlines to receive credits for using sustainable fuel which reduces their offset liabilities and helps to bring those fuels to market. After many years of research and development, sustainable fuel has been found to be technically viable at scale. The Energy Transition Commission reported in 2018 that reaching net-zero carbon emissions from the aviation sector is technically and financially possible by 2050 in developed economies, however, barriers persist around financing and government policy. In particular, there is a lack of financing around commercial scale plants for processing sustainable fuel. Much more collaboration is needed from government, fuel suppliers, investors, NGOs and scientists on sustainable fuels to increase the speed of uptake.

¹ IATA definition of sustainable fuel can be found [here](#) on page 24.



Courtesy of Virgin



SECTORAL LEADERSHIP

All sectors of society are stepping up climate ambition. Calls for increased ambition following the Paris Agreement have generated greater corporate support for climate action, but more action is needed if we are to achieve a net-zero economy by 2050. Many of the companies surveyed are pursuing how they make breakthroughs by working with their sector peers – whether through traditional trade groups such as the Consumer Goods Forum (of which Unilever and Danone are members), or new sector-specific climate initiatives - such as the Mission Possible Platform driven by the Energy Transition Commission, focused on heavy industry. This section looks at the different stakeholder groups that companies have engaged with in order to demonstrate industry leadership.

The GSMA, an industry association which represents the worldwide mobile communications industry have started a collaborative movement on climate action aiming for net-zero emissions by 2050. There are three parts to the industry initiative. The first is focused on increasing climate disclosure. More than 50 mobile operators – which together account for more than two thirds of mobile connections globally – are now disclosing their climate impacts, energy and GHG emissions via CDP. The second phase involves developing an emissions reduction pathway for the sector aligned to the Science Based Targets initiative (SBTi). The final part is facilitating widespread science-based target setting. To deliver on emissions reductions targets, while managing exponential growth in data volumes and IoT connections, operators will be making multi-billion dollar investments in more efficient network equipment and new power supplies. The industry is also committed to advancing mobile technology

innovations in areas such as Big Data and IoT that can enable energy efficient and environmental solutions across multiple sectors such as transport, manufacturing, agriculture and energy. The industry's greatest contribution to combating climate change is by reducing the emissions of wider industries. The Carbon Trust has produced '[The Enablement Effect](#)' report assessing the enablement impact of mobile communication technology at a global scale. In 2018, the use of mobile technology powered a global reduction in GHG emissions of around 2,135 million tonnes of CO₂. The emissions savings were 10 times greater than the global carbon footprint of the mobile industry itself.

Other companies have also taken collaborative approaches within their respective sectors by engaging with industry peers and forming coalitions. Salesforce is a founding member of the Step Up Coalition, a group of more than 20

companies which aims to harness the power of the fourth industrial revolution to bring about a significant turning point by 2020 in the transition to a net-zero economy. The coalition has asked companies to “step up” their climate commitments, driving new and ambitious commitments across its membership (e.g. setting Science Based Targets, supplier targets etc.). Through industry groups like the Step Up Coalition, companies are challenging each other to raise the bar on climate action as well as supporting each other on their journey. Members benefit from knowledge sharing, collaboration and learning opportunities with industry peers.

Engie are another company that have implemented large-scale change through collaboration with industry peers. In September 2019 they signed the [Just Transition for Green Jobs Pledge](#), joining with Enel and Orsted and 6 other major infrastructure and energy companies who



Courtesy of Safaricom

“**THROUGH INDUSTRY GROUPS LIKE THE STEP UP COALITION, COMPANIES ARE CHALLENGING EACH OTHER TO RAISE THE BAR ON CLIMATE ACTION AS WELL AS SUPPORTING EACH OTHER ON THEIR JOURNEY.**”



SECTORAL LEADERSHIP

THE B TEAM ▶

are creating green jobs. This signalled Engie's commitment to complying with high labor standards with respect to their own employees in new green developments, and only using contractors who also comply with those standards. These standards include ILO core labor standards and health and safety standards, social protection, wage guarantees, including prevailing wage rates for skilled workers in the relevant industries, and commitment to social dialogue with workers and unions. By committing to this with a group of energy companies, Engie was able to provide a clear signal to the

entire renewable energy industry that these standards were possible to comply with and remain financially competitive, and that all renewable energy developers should attain the same standards.

Other companies have demonstrated sectoral leadership by raising industry standards around certification and verification. As a founder and active Steering Committee member of the Initiative for Responsible Mining Assurance (IRMA), Tiffany & Co. is pioneering responsible standards in the mining sector. Tiffany & Co. supported inclusion

of a GHG emissions chapter within the *Standard for Responsible Mining*, which IRMA released in 2018. The GHG chapter includes, for example, climate policy, emissions reduction goals, and public reporting. Such standards help create value for the mining and jewellery sectors and are particularly important in the transition to a low-carbon future since clean energy technologies will increase demand for key minerals. IRMA remains a new initiative and with the first mines being certified in 2019. However, the standard was developed over 10 years by a multi-stakeholder Steering Committee representing labor unions,

civil society, affected communities, mining companies and downstream businesses, and in consultation with over 100 additional organizations. This required a significant investment in terms of time and resources from Tiffany & Co. This detailed process has managed to create a shared vision for responsible mining within the sector that unites civil society and businesses in a common strategy. By engaging with peers Tiffany & Co. have managed to connect stakeholders at differing levels of the supply chain who are committed to building responsible mining value chains.

ALLIANZ - NET-ZERO ASSET OWNERS ALLIANCE

In 2018/19 Allianz worked with climate experts, the Science Based Targets initiative, and committed companies from the financial sector to develop a Science Based Targets methodology. These efforts will help enable the sector for the first time to set long-term goals in line with the Paris Agreement, and to translate those targets into investment portfolio decisions. This strong foundation allowed Allianz to initiate with other asset owners an international group of institutional investors to announce the United Nations (UN)-convened Net-Zero Asset Owner Alliance at the UN Secretary General's Climate Summit in September 2019. Representing more than \$2 trillion in assets under management at the time of its launch, the Alliance commits to united investor action to transition their investment portfolios to net-zero GHG emissions by 2050. By acting together with other asset owners such as PensionDanmark and SwissRe, Allianz hopes to enable a structured discussion with the real economy (to develop transition pathways, milestones, and secure respective financing), with policymakers (on necessary investments and regulatory framework), and with shareholders and clients (providing them with transparency around Allianz's long-term goal and milestones). This groundbreaking sector leadership was not without its challenges. One such challenge was the critical mass of asset owners needed to be achieved before the launch date whilst trying to pursue a regional balance. Allianz will continue to support the scale-up of the initiative through attracting more members and developing a toolset, including decarbonization blueprints and transition pathways, to engage with leaders and laggards.

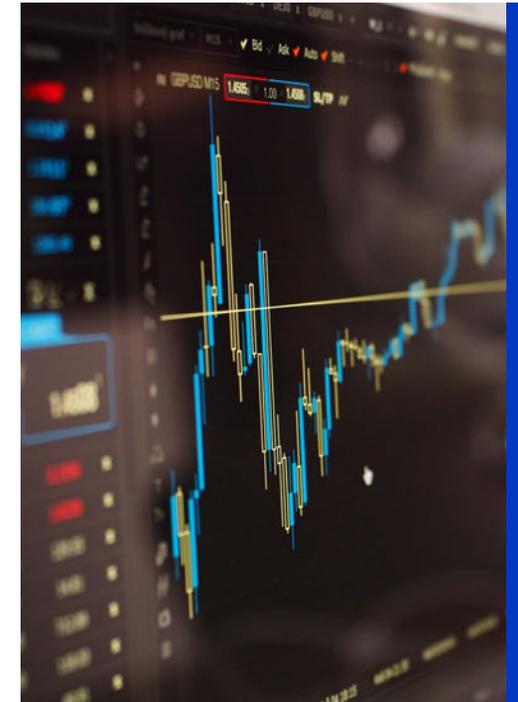


Courtesy of GSMA



INVESTOR ENGAGEMENT

Many investors now view the implications of climate change to be relevant both in the long and near term to the financial outlook of the companies they invest in, and this is becoming increasingly clear to the companies, too. The growing significance of climate change on the financial outlook of a company has led to increased engagement with investors. The creation of the Task Force on Climate-Related Financial Disclosures (TCFD) in 2017 reflects this change in the perception of the risks of climate change. The TCFD provides a framework for companies and other organizations to develop more effective climate-related financial disclosures through their existing reporting processes. In 2019 TCFD released their second status report, showing disappointing results. Despite an overall increase in disclosure since 2016, the information reported remains insufficient for investors and other users of disclosure to base significant capital allocation decisions on. However, over time this information, and the scale of it, is hoped to improve. Mark Carney, the Governor of the Bank of England, has called for mandatory climate disclosure for companies in order to achieve a carbon-neutral economy ([CDSB](#)).



Many companies have taken different approaches to disclosing climate-related information for investors. Companies such as Tiffany & Co., Engie, Natura, GSMA, Allianz and TATA all combine internal measures with external guidelines set by the likes of TCFD and CDP. Engie have created an internal taskforce designed to ensure TCFD compliance and to assess the financial risks associated with climate change. Alongside this internal taskforce, Engie have engaged with investors through a combination of one-to-one meetings and involvement in industry groups in France, such as WEF and MEDEF. The new

reporting has brought with it additional challenges. The costs and complexities of reporting are difficult to justify to investors as it is unclear at the moment how the reporting will affect issuing companies, such as Engie. A principal challenge for TATA, as for most other corporate players, was reconciling long-term climate scenarios with typical 3-5 year business investment timeline. However, both companies noted the widespread benefits that climate-related reporting can bring. Apart from signalling a company's intent to address climate change and accelerate their path to a net-zero economy, reporting also offers a

strategic advantage within their sector.

These case studies highlight how investor engagement through climate-related reporting can be complicated for companies. This is primarily due to the TCFD recommendations being at a nascent stage in their uptake and development. Additionally, it is difficult to translate the long-term risks of climate change into a shorter-term portfolio for investors. However, companies such as Allianz are working to improve this element of risk facing investors. As part of the [UN Principles for Sustainable Insurance](#), along with 21

other insurers, Allianz are developing new approaches on risk assessment tools designed to enable the insurance industry to better understand the impacts of climate change scenarios. The pilot will make use of the latest climate science, including some of the most advanced, forward-looking climate scenarios available. This will help the industry to pioneer insurance climate risk disclosures in line with the recommendations of the TCFD. Results are expected towards the end of 2020 and will also bring further clarity to investors when measuring the risks associated with their investments.



ADVOCACY

The B Team companies recognize that although much climate action can be undertaken by businesses today, if governments provide clear targets and enabling policy, action can be accelerated and investment in future solutions secured. Therefore, every B Team company recognizes responsible policy engagement has to be a part of their decarbonization strategy. Companies will both advocate for specific policy in specific geographies relative to their business sector e.g. favorable renewable energy tariffs or subsidies, a price on carbon, and also high-level, long-term targets which provide clarity on the future emissions trajectory of a country.

Recognizing the critical role of developed economies in building global momentum for net-zero targets and policies, The B Team Leaders have campaigned in 2018/19 to urge leadership from the EU, Japan, and the UK. In the course of 2018 and early 2019 numerous leaders, including Paul Polman, Mary Robinson and Sharan Burrow have collectively and individually urged Heads of State and Ministers to take on more ambitious climate policy. By taking a clear position on the need for the private sector to have ambitious and consistent climate policy, business leaders can encourage these governments to set national long-term goals in line with 1.5°C. Messaging to these governments is publicly captured in [a collective statement](#) signed by 21 CEOs and Leaders to EU Heads of State and their key Ministers respectively.

These actions led to notable impacts in each country or region. The letter to the EU's 28 Heads of State and Ministers received a positive response directly from the Environment Ministers of Germany

and the UK, key influencers over the final decision. In the final days before the long-term strategy draft was launched, the letter was reported on by [Reuters](#) and [Euractiv](#), which helped defend their position in support of a net-zero by 2050 aligned strategy for the Union. Continued advocacy in 2019, particularly in Germany and Poland, has helped strengthen the resolve of the most ambitious EU states and the Commission. These efforts were rewarded the European Council's decision in December 2019 to adopt the proposal of a net-zero by 2050 goal. In the UK, B Team companies also contributed to wider letter campaigns to the government which attracted over 130 CEO signatures, making the case for long-term policy signals in line with 1.5°C. A number of commentators cited that strong collective business support for the net-zero goal as a key factor in influencing the government to update its targets in law. Finally, in Japan, collective action by 19 B Team Leaders supported a group of 66 Japanese companies who were calling for a net-zero by 2050 target.

Although Japan ultimately did not set the target, government confidence in business support for climate action has been built and the government has since signalled some promising developments around coal phase out and stepping up 2030 ambition.

It's essential that companies raise their voice to drive market-wide climate policy. Salesforce, for example, is actively engaging in state, federal and global climate policy. In Virginia, Salesforce raised its voice uniquely through meetings with government officials and public statements of support to accelerate the state's clean energy transition. However, Salesforce also recognizes that working in consort with other companies is essential to drive impact. In 2019, Salesforce joined over 75 businesses, including customers, suppliers, and competitors with a shared message for the US Congress - American businesses are calling for a well-designed price on carbon. The lobby day, organized by Ceres, included over 80 meetings with legislative officers educating lawmakers on the important role



Courtesy of Salesforce

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THE LETTER TO THE EU'S 28 HEADS OF STATE AND MINISTERS RECEIVED A POSITIVE RESPONSE DIRECTLY FROM THE ENVIRONMENT MINISTERS OF GERMANY AND THE UK, KEY INFLUENCERS OVER THE FINAL DECISION.



ADVOCACY

THE B TEAM ▶

THE B TEAM - UNITED FOR THE PARIS AGREEMENT STATEMENT

In December 2019, B Team Leaders came together to urge the United States to stay in the Paris Agreement after formal withdrawal began in November, releasing a [statement](#) at the start of COP25. Three B Team Leaders, Sharan Burrow, Andrew Liveris and Paul Polman, helped secure support from the AFL-CIO, the US national union federation that represents more than 12.5 million workers, and over 80 CEOs from all Net-Zero by 2050 companies and others such as Goldman Sachs, Dow, Coca-Cola, Apple, Google and Gap Inc. This cross-sectoral show of unity between trade unions and businesses in the US was the first of its kind and sought to state the importance of the Paris Agreement when it comes to creating a strong economy and a just transition for the US workforce. Multiple media outlets, including [The New York Times](#), [Reuters](#), [BusinessGreen](#) and [Fox News](#) covered the statement and it landed in the hands of all members of the US Congress and others in its administration. The text of the statement has now been translated into Spanish, which will enable more engagement across a wider geography. Following the release of the statement, B Team Leaders were present at COP25 in Madrid where they spoke on the collaboration of this statement and the importance of continuing its momentum at the US Climate Action Center.

of a well designed price on carbon. Just two months after these meetings, six separate carbon pricing bills were introduced. The importance of advocating for enabling policy to support and accelerate climate action cannot be ignored. It's essential that businesses embed climate policy work as a core part of their climate action strategy.

As well as playing a more active role in pushing for ambitious policy, investors and civil society groups such as Influence Map are demanding that business conducts responsible policy engagement and ends counterproductive or negative lobbying on climate related issues, both as individual companies and as part of trade associations that represent them. One barrier to responsible policy engagement is a lack of transparency around policy positions

of trade groups, who by representing a large group of companies can be very influential advocates. In June 2019 Unilever took the step to publish a letter to its trade associations outlining its climate policy positions in support of the Paris Agreement, and asking that its trade associations and business groups disclose their policy positions. This was an effort to confirm that their positions on climate policy were consistent with Unilever's own views and the 1.5°C ambition of the Paris Agreement. In parallel Unilever has acted with Mars and Nestle to create the [Sustainable Food Policy Alliance](#) (with Danone North America), with climate advocacy as a key focus.





CARBON REMOVAL AND OFFSETTING

Companies must prioritise decarbonizing their products and services, operations and supply chain to credibly claim they are on a journey towards net-zero emissions. Yet companies may also choose to invest in carbon removal projects, recognising that the IPCC's Special Report on 1.5°C noted that carbon removal will be necessary to remove historical emissions in any scenario that doesn't overshoot 1.5°C significantly.

Tata Chemicals, one of the operating companies of the Tata Group, is part of a pioneering project in the field of carbon removal. They aim to capture and utilize the carbon emissions from an adjoining power plant they operate in the UK. They have targeted two stakeholder groups by engaging with policymakers in order to raise the finance for the first large-scale carbon-capture and utilization (CCU) plant. The plant will establish Tata Chemicals as a leader in decarbonizing industrial production.

The project is the first of its kind in the UK and as such represents an important step in the decarbonization of industrial activity within the country. The main challenge for Tata Chemicals has been issues relating to raising finance given the unprecedented nature of the project. However, with the support of a £4.2m grant from the Department of Business, Energy and Industrial Strategy (BEIS) through their Carbon Capture and Utilisation Demonstration (CCUD) Programme, the £16.7 million project is set to start operations in 2021.

There are also a wide range of carbon offset projects that can be implemented, ranging from forestry sequestration projects to sustainable agriculture. Amongst the companies surveyed, Natura, Danone and Tiffany & Co. stood out as companies with the most developed initiatives. This section explores some of the projects that engage with differing categories of stakeholders.

These companies have partnered with third party organizations to offset emissions by purchasing carbon credits which funds projects that support livelihoods and restore the environment. Tiffany & Co. have partnered with a Kenyan project in the Chyulu Hills, which are home to more than 140,000 indigenous people who make their living primarily through agriculture and livestock farming. The funds raised from purchasing carbon credits are directed by local stakeholders towards projects such as forest conservation, sustainable agriculture, teaching programs and incubation programs assisting entrepreneurs in launching their businesses. It also empowers the people of Chyulu Hills to help protect endangered species and sustain the health of their watershed.

In 2007, Natura launched their Carbon Neutral programme aimed at neutralizing the company's entire emissions whilst still working to reduce their overall footprint. Through the scheme Natura have supported a total of 38 projects that



Chyulu Hills project, photo by Charlie Shoemaker



Tata Chemicals plans to build the UK's first industrial-scale CCU demonstration plant at its Northwich industrial site, courtesy of Tata



CARBON REMOVAL AND OFFSETTING

THE B TEAM ▶

have impacted 15,367 families directly, whilst creating 1,874 jobs. They have offset 3.4 million tonnes of carbon emissions, reclaimed or maintained 7,593 hectares of forest and generated 1,125 GWH of renewable energy. Initially, there were complexities around calculating the socio-environmental impacts generated by each project. However, this process has improved over the course of the programme and Natura now publicly discloses [results](#) that outline every R\$1 spent on carbon offsetting generates R\$31 in benefits for society and that between 2007 and 2018, these co-

benefits totalled R\$829 million.

Danone's commitment to carbon neutrality involves offsetting carbon emissions through projects that improved the lives in the most vulnerable communities around the world by restoring the ecosystems they rely on for their livelihoods. Along with nine other corporate partners, Danone invests in the Livelihoods Carbon Fund (LCF) that support projects for agroforestry, mangrove restoration, and fuel-efficient cooking tools for communities in Asia, South America, and Africa. Projects are monitored over

up to 20 years, requiring a long-term commitment from the companies involved in the LCF. Since 2011 the LCF has seen 130 million trees planted and 48,000 hectares restored with all activities offsetting the equivalent of 10 million tonnes of CO₂. In 2017, Danone and other partners renewed their commitment by investing in the Livelihoods Carbon Fund #2 and the Livelihood Fund for Family Farming. This fund, with an investment target of €100 million, aims at improving the lives of 2 million people and at offsetting around 25 million tonnes of CO₂ over a 20-year span.

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NATURA NOW ESTIMATES THAT EVERY R\$1 SPENT ON CARBON OFFSETTING GENERATES R\$31 IN BENEFITS FOR SOCIETY.

DANONE - REGENERATIVE AGRICULTURE

Danone have instilled carbon removal techniques into their core business activities through their support for regenerative agriculture. Danone see agriculture as not just a way to reduce carbon emissions but also a means to take CO₂ out of the atmosphere by sequestering it in the ground. By transitioning to regenerative agriculture practices, like keeping roots in the soil rather than tilling, Danone's producers can improve soil health, which in turn helps keep carbon in the ground. In 2017, Danone joined the [4 per 1000 initiative](#), an international platform created to catalyze cooperation on soil health and soil carbon sequestration. In 2018, Danone North America [launched a soil health initiative](#) in partnership with academic experts, which aims to identify ways to help regenerate soils and increase soil carbon sequestration. Additionally, Danone North America is committing up to \$6 million to research over the next five years as part of this initiative. In Europe, Danone France has issued [its own ambition](#) to source 100% of ingredients produced in France from regenerative agriculture by 2025, and announced it would be donating one day of sales turnover (or around €5 million) to support farmers in transitioning to this model. Through working with partners such as the Fermes Laitières Bas Carbone, Danone France aims to reduce its carbon footprint 15% by 2025. Implementing such transformational change within their business requires high levels of stakeholder engagement with industry peers, third party organizations and supply chain actors.

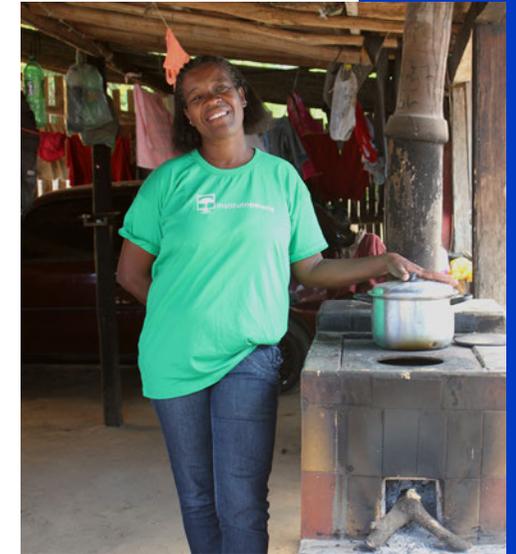


Courtesy of Safaricom



NATURE AND BIODIVERSITY

Nature-based solutions can help address climate change, safeguard biological diversity, ensure healthier diets for all, improve food security, and create a more inclusive rural economy. Nature-based solutions have grown in significance recently and a recent report stated that investing in these types of projects can help solve climate change whilst also creating new business opportunities worth up to \$4.5 trillion a year by 2030 ([FOLU](#)). The data collection from companies for this report contended that more companies are starting to engage with nature and biodiversity. This is happening for three primary reasons. Firstly, companies such as those in the food, textile and beauty sector rely on specific natural resources for their products. Secondly, companies are starting to understand the value of ecosystem services in underpinning economic activity. A recent [study](#) valued the world's ecosystem services at \$125 trillion per year. Finally, companies also acknowledge that in order to be most efficient, they need to be operating in a healthy and functioning society.



Above and below courtesy of Natura

Tiffany & Co.'s work with ocean conservation organizations is one way in which it seeks to address the biodiversity crisis. The Tiffany & Co. Foundation makes grants to organizations working to conserve oceans and coral reefs and those that raise awareness of the importance of coral reefs. Over the past three decades throughout the world's oceans there has been a loss of over 50% of coral. This is largely down to warming ocean waters and increased carbon in the atmosphere that is absorbed by the oceans, leading to ocean acidification. Since 2000, The Tiffany & Co. Foundation has continuously worked to address this degradation and since

its inception has awarded approximately \$25 million in grants to organizations that protect the world's oceans and coral reef ecosystems.

Companies are also engaging with industry peers to address the biodiversity crisis. Danone, along with 18 other companies, have formed the One Planet Business for Biodiversity (OP2B) coalition. The coalition is led by Emmanuel Faber, Danone CEO and Chairman, and the WBCSD. It was officially announced at the UNGA summit in New York in September of last year. Its work will focus around three core elements. It will look to develop regenerative agricultural





NATURE AND BIODIVERSITY

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practices, increase biodiversity through cultivated products and restore and protect high-value ecosystems such as forests. The coalition intends to run up to 2030 in order to achieve the relevant SDGs. The coalition have identified 2020 as a vital year and in particular October's Convention on Biodiversity (COP15) in China as an important moment to advocate for nature-based solutions, a shift in agricultural subsidies to improve biodiversity and a soil-based carbon market. The overall aim is to reduce biodiversity loss and carbon emissions while creating and more inclusive agriculture system for society, farmers, consumers and citizens.

Below: Nelson Island (Outside), Chagos
Credit: The Ocean Agency / XL Catlin
Seaview Survey

NATURA - THE AMAZONIA PROGRAM

Natura have placed biodiversity at the core of their business by engaging with the Amazonian communities that produce Natura's products. The Amazonia program started in 2011 and seeks to promote three core aspects: environmental conservation and regeneration; social inclusion, diversity and generation of work and income; and placing value on Amazonian culture, traditional communities and the indigenous peoples. This program affirms Natura's desire to reduce deforestation and protect standing forest. Through partnership with government and non-governmental organizations and the communities, Natura contribute to the conservation of some 257,000 hectares of forest. Natura have set internal targets in order to ensure sustainable development happens alongside conservation in the Amazon. The first target established that the company should generate R\$1 billion in business volume in the region between 2010 and 2020. This target has already been exceeded by more than 50% with the cumulative volume at the end of 2018 being more than R\$1.5 billion. The second 2020 target was that 30% of the inputs consumed by Natura should come from the Pan-Amazon region. In 2018, the cumulative relative volume was 17.8%. The creation of these internal targets demonstrates their commitment to boost the use of Amazonian ingredients in the overall portfolio proportionally to the company's growth.



THE TIFFANY & CO. FOUNDATION MAKES GRANTS TO ORGANIZATIONS WORKING TO CONSERVE OCEANS AND CORAL REEFS AND THOSE THAT RAISE AWARENESS OF THE IMPORTANCE OF CORAL REEFS.



CONCLUSION

Mary Robinson and David Crane wrote at the beginning of this report that “extraordinary times call for radical collaboration”. This theme of radical collaboration is one returned to numerous times throughout the sections of this report. The emerging trend for companies to collaborate within their sectors and across value chains is much more apparent today than it was in our 2018 report. All B Team companies have engaged sector peers to address a challenge they could not overcome alone.

Willingness to enter into common initiatives with industry peers has enabled companies to expedite the transition to a low-carbon economy through leveraging a consolidated voice to policymakers on a specific policy, or peer to peer best-practice sharing. B Team companies have stepped forward to be leaders in their sector, encouraging other companies to collaborate pre-competitively around solutions, or set a common goal to send a signal to the wider market. The report has also revealed how the pioneering approach taken by the companies surveyed is starting to return positive results to those companies in the form of cost avoidance or enhanced reputational benefits. By telling these stories to a wider audience, reports such as this can help in proliferating the transformative work undertaken by all B Team companies.

Alongside collaboration through leadership, these extraordinary times have seen companies engaging in activities

beyond their core sectors. Most notably, there has been a rise in the number of projects associated with nature-based solutions. These activities are additional to a company’s normal operating sphere and therefore have required the company to adopt a more widespread stakeholder engagement strategy.

It must be noted that boards of directors remain one of the more difficult internal stakeholders to engage on sustainability issues. B Team companies are exploring several different approaches, including how net-zero-related goals could be reflected in executive remuneration. Businesses can also make greater efforts where relevant to join their voice with civil society, whether it be supporting their employees to join climate marches, joint advocacy pushes or collaborating on projects in communities.

The Net-Zero Economy Report - 2020 demonstrates the need for a multi-



stakeholder approach, especially when looking to develop initiatives and programmes outside a company’s core control. We have seen dialogue and engagement with internal stakeholders, such as employees and their unions, as well as those previously considered the most distant group of stakeholders from a company, such as civil society. We may yet find that even more radical collaboration is needed to accelerate the transition, with stakeholder groups were currently nascent business partnerships on this topic

exist, including young people, grassroots activists, consultancies, asset managers and advertisers.

We conclude by offering that although overall we are far from meeting the scale of the challenge, we are encouraged by the creativity at which some companies are approaching the crisis, but far more needs to be done to bring the breadth of the business community along at the pace required.

COMPANIES

THE B TEAM ▶



Allianz are one of the world's largest insurers and institutional investors, with operations in more than 70 countries.



BROAD Group are a central air conditioning manufacturer, energy service provider, clean air technology innovator and sustainable building leader based in China.



Danone are a leading global food and beverage company building on health-focused and fast-growing categories in three businesses: essential dairy & plant-based products, waters and specialized nutrition.



Engie is the largest provider of low-carbon energy and services in France, whilst also providing energy to 70 countries in total through their core offering of renewable energy, gas and services that provide competitive turnkey solutions.



GSMA represents the interests of mobile operators worldwide, uniting more than 750 operators with almost 400 companies in the broader mobile ecosystem.



Kering is a global luxury group composed of iconic and dynamic houses in fashion, leather goods, jewellery and watches. Brands include Gucci, Saint Laurent, Bottega Veneta, Balenciaga and Alexander McQueen.



Natura is a Brazilian multinational in the cosmetics and personal care sector established in 1969. They are the leader in direct sales in Brazil, with more than 1.7 million consultants, Natura is part of Natura &Co, the group that brings together Natura, Aesop and The Body Shop, which posted net revenues of R\$ 13.4 billion in 2018.



Safaricom is a leading communications company in Kenya with the widest and strongest coverage. It is the home of the successful mobile money service M-PESA which is used by 22.7 million people in Kenya.



Salesforce is the global leader in Customer Relationship Management (CRM), bringing companies closer to their customers in the digital age.



TATA Sons is the principal holding company of the Tata group. The group operates in more than 100 countries across six continents. Some of the key companies include Tata Consultancy Services, Tata Motors, Tata Steel, Tata Power and Tata Chemicals.



Tiffany & Co. is a global manufacturer and retailer of jewellery, watches and luxury accessories.



Unilever is a global consumer goods company, with more than 400 household-name brands that 2.5 billion people use every day.



Virgin is a leading international investment group and one of the world's most recognized and respected brands, with businesses in sectors including mobile telephony, travel & transportation, financial services, leisure and entertainment and health and wellness.