CLIMATE CHANGE

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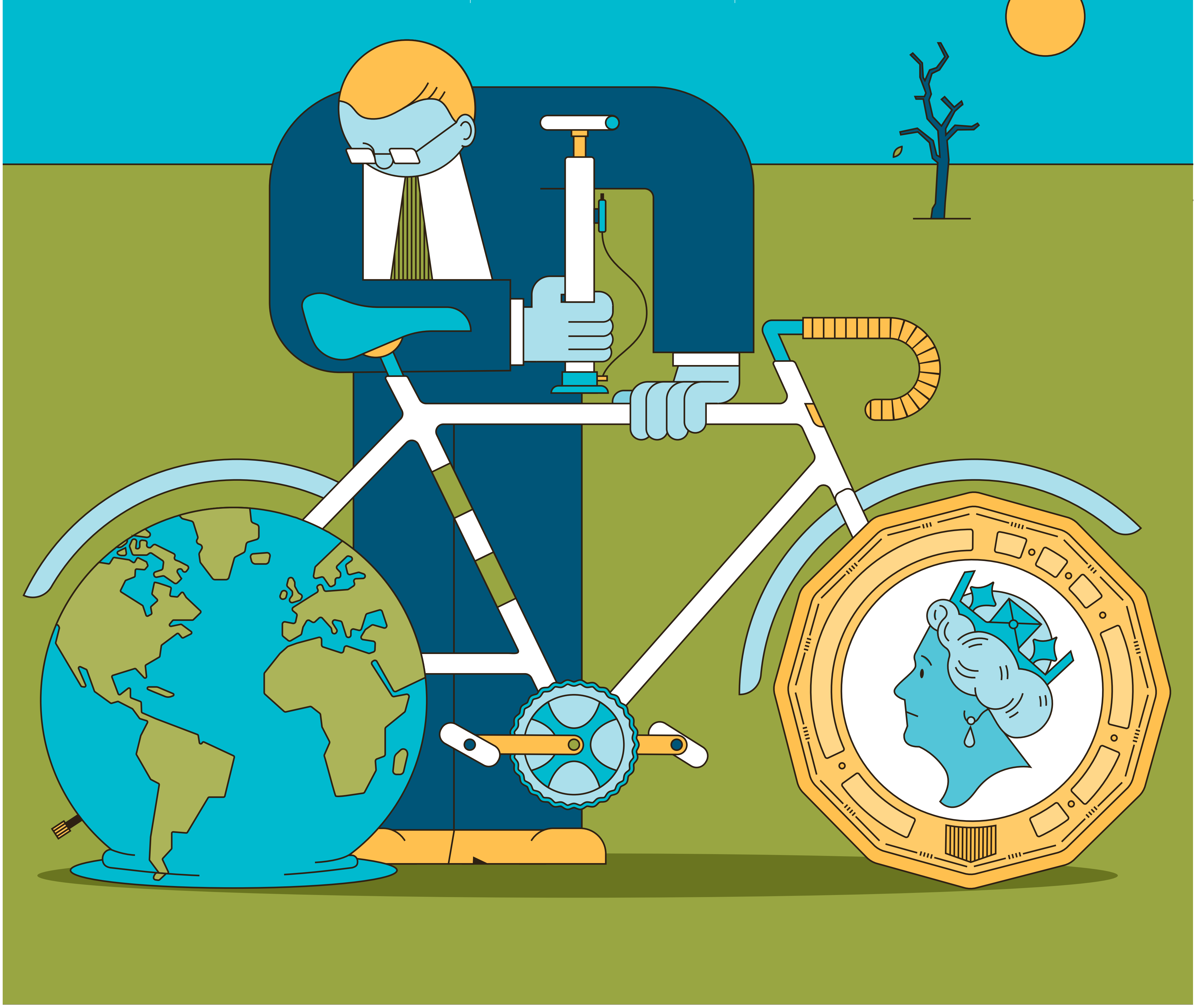

CLIMATE CHANGE

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ACTION

The business leaders lobbying for real action

As the corporate climate movement faces an impasse, leading companies are repeating calls for ambitious targets, laws and climate-friendly investment

Oliver Balch

World leaders should be preparing about now to head to Glasgow for the United Nations annual climate summit. But with the event pushed back a year amid the coronavirus pandemic, their attention lies elsewhere.

Regardless, two facts remain unchanged. First, climate change is not going away. Global temperatures could reach catastrophic levels if emissions are not cut annually by 7.6 per cent up to 2030, the UN warns. Come next year, the warning will still stand.

Second, when government leaders do eventually meet in Glasgow, expect business leaders to be out in force. Once the preserve of policymakers and campaigners, high-profile climate activists now include sharp-suited executives. So why the shift? And what exactly are companies hoping to gain from hobnobbing on climate policy?

Part of it, of course, is being seen to act. Businesses are under pressure on all sides, from consumers at the till, recruits during interviews, investors at their annual meetings and so on, to show their commitment to climate action.

According to new research from Ipsos MORI, for example, seven in ten (68 per cent) UK adults now expect business leaders to speak out on political issues such as climate change.

Global climate summits provide an ideal stage for such a demonstration. Take this year's New York Climate Week. The online event sparked a deluge of corporate announcements, from Walmart's goal of net-zero emissions through to PepsiCo's pledge to switch to 100 per cent renewable energy.

Eye-catching as these headline splashes are, they hide a subtler and arguably more substantial corporate contribution to climate action of encouraging policymakers to think ambitiously and act boldly.

If that sounds counterintuitive, then no surprise. International business associations, especially those bankrolled by the fossil fuel industry, stand as a watchword in climate circles for obfuscation and delay.

Powerful as these lobby groups certainly are, however, their voice is not universal. Opposing business voices that favour more aggressive climate action not only exist, but they are also increasingly impatient to be heard.

A recent case in point is the open letter sent by 185 chief executives

Markus Spiske/Unsplash

to European government leaders expressing their support for the European Union's Green Deal recovery package.

The letter, which includes the likes of Unilever, EDF, Google and IKEA among its signatories, explicitly encourages European legislators to set tougher EU climate norms, such as increasing its 2030 emissions reduction target from 45 to 55 per cent.

Why? Partly for reasons of competitive advantage. Companies that have invested in energy-saving technologies, clean power and other emission-reduction measures want the laggards in their industry to follow suit.

As importantly, if not more, however, is the fact that climate change is a profoundly systemic problem. A real estate operator can become 100 per cent carbon neutral, but it won't stop sea levels rising and washing away its coastline condos.

Systemic problems can only be solved through systemic solutions, says Karl Vella, international climate policy manager at the World Business Council for Sustainable Development.

"For that reason, we're not seeing leading companies talk about their business or sector in isolation, but instead they focus their advocacy on the context of their industry in wider systems," he says.

For companies genuinely committed to climate action, progressive advocacy represents the logical next step once they have exhausted all possibilities for emissions reduction within their immediate operations.

Mike Peirce, corporate partnerships director at The Climate Group, a network of companies committed to climate action, gives the example of the UK Electric Fleets Coalition. Founded in conjunction with telecoms company BT Group, the initiative seeks to work with the government to create a policy environment conducive to 100 per cent electric vehicle sales by 2030.

"To decarbonise the transport sector, we need more electric vehicles on the road, which requires a push from government as well as individual businesses," says Peirce.

The coalition's approach is what might be described as "lobbying light". BT and its fellow fleet operators hope that by greening their own fleets, policymakers will see the signal from the market and be encouraged to act; what is often referred as an "ambition loop".

In other cases, corporate advocacy is more on the nose. In May, for example, the non-profit environmental group Ceres mobilised more than 300 US corporations to call on lawmakers to introduce a mandatory carbon price for business.

Such unilateral measures help create a level playing field, participating companies argue, as well as providing some clarity of policy that in turn gives business the confidence to invest in long-term climate solutions.

Given the chequered history of corporate environmental lobbying, eyebrows might rightly be raised at the idea of businesses influencing future climate policy, however progressive their alleged motives.

As a basic minimum, companies engaged in such advocacy need to ensure their own policies and practices line up with their public positioning.

Nothing is more likely to engender distrust among policymakers and the public than a dissonance between words and action, warns Jen Austin, policy director for a UN-backed team of climate action champions linked to next year's Glasgow summit.

"It's imperative that companies' internal climate targets and ambitions are consistent with what they are saying in public or behind closed doors to policymakers," she says.

The injunction extends to corporate links to industry associations. The advice from We Mean Business, a coalition promoting climate action, is for companies to first work with like-minded members to engage the lobby groups to which they belong.

If that doesn't work and policy anomalies still persist, then pro-climate firms should seriously consider jointly renouncing their membership and leaving as one, says the organisation's chief executive María Mendiluce.

The arrival of a progressive business voice marks a welcome counterbalance to the persistent lobbying of corporate naysayers. The more who follow their lead, the louder their voice will become and, hopefully, the bolder climate policy will be.

58% of UK adults say it's important that government actions prioritize climate change in the economic recovery after Covid-19

68% expect business leaders to speak out on political issues such as climate change

Ipsos MORI 2020

TECHNOLOGY

Counting the true cost of going digital

Cloud companies and datacentre operators are making strides to cut their water and carbon footprints, but corporates need to be aware of the environmental impact of undergoing digital transformation

Jim McClelland

We are living in a digital age. However, the planet on which we are living is not digital; it is physical and its resources are finite. As a result, any trade-off between digital transformation and sustainability must be counted with care, not just in terms of the value to business and society, but also the cost to the Earth.

In pre-pandemic times, digital transformation and sustainability often appeared together towards the top of the business agenda. However, recent research from Dassault Systèmes, conducted with analyst firm Tech-Clarity, found coronavirus caused 38 per cent of organisations globally to decrease attention on environmental sustainability, while 18 per cent put it on hold completely. The same survey found 46 per cent of organisations have increased their focus on digitalisation.

The trend is understandable, even beneficial, says Séverine Trouillet, global affairs director, EuroNorth, at Dassault Systèmes. "While this may look like businesses are neglecting the planet to focus on immediate priorities, going digital is a leap in the right direction," she says. "By reducing reliance on travel and paper-based evidence, and increasing their ability to collaborate virtually, companies are effectively reducing their carbon footprint."

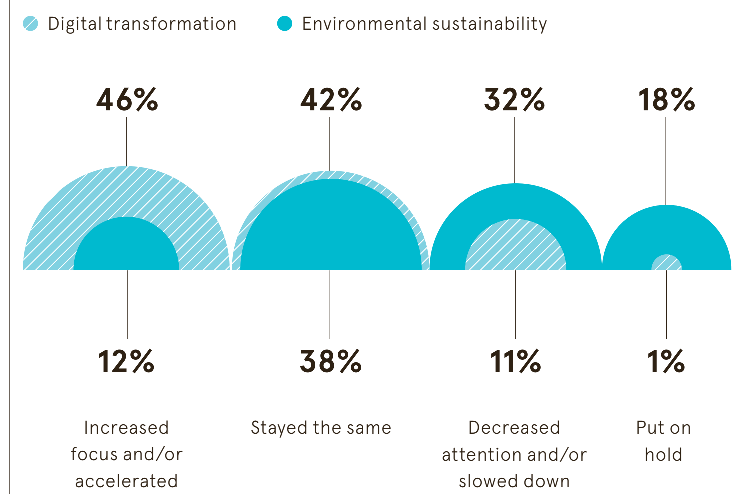
Any COVID-induced conflict of interest between drivers of digital transformation and sustainability needs resolving, however, with environmental expectations on the rise, says Tom Shelton, head of marketing at solutions provider boxxe. "Consumers are now much more likely to interrogate and take note of ways in which companies are handling environmental responsibilities, something not unnoticed by industry leaders. As the demand for sustainability grows, so will boardroom conversations," he says.

The first potential conflict to resolve is the carbon footprint of the digital infrastructure itself. According to the International Energy Agency, datacentres accounted for around 200 terawatt-hours of electricity consumption in 2019, towards 1 per cent of global use. However, global internet traffic surged almost 40 per cent between February and mid-April this year.

> The ongoing impact is where the real danger lies, as energy and water become more scarce. We need a more holistic view

CHANGING PRIORITIES

How global disruption from the pandemic has affected corporate attitudes to digital transformation and environmental sustainability



Tech-Clarity/Dassault Systemes 2020

Some datacentre and cloud providers are cleaner and greener than others, though, says Duncan Grierson, founder and chief executive of sustainable investing platform Clim8 Invest. "It is true datacentres are themselves energy hungry, however many of the big cloud providers, such as AWS and Google, are now buying in much of their energy needs from solar and wind."

In fact, last year Google announced plans to invest up to $2 billion more in clean power, negotiating the biggest renewable energy deal in corporate history. Then, in September, the company declared it had eliminated Google's entire carbon legacy through the purchase of offsets to account for all operational emissions prior to becoming carbon neutral in 2007.

As well as publicly cleaning up its act, the tech community is also providing us with tools to calculate the comparative carbon cost of service-provider choices we make.

For example, this July saw the launch of a free real-time index by Bristol-based tech firm YellowDog that specifically adds in carbon impact to allow assessment of sustainability across 25,000 different options for cloud computing. This is the first time such a climate-aware evaluation has been possible.

Carbon is not the only metric of success applicable to digital transformation and sustainability, however. Much of the energy consumed by datacentres worldwide is used for cooling, hence locating them within the Arctic Circle, for example. This cooling requires billions of gallons of water, though, when water stress is a rising climate-risk factor.

Electricity storage requirements of mobile digital devices with rechargeable batteries carry environmental impacts too, including resource depletion and mineral extraction in manufacture, plus end-of-life disposal or recycling.

It should also be remembered that cutting or offsetting carbon emissions is not the same as reducing energy consumption or boosting generation. Global access to affordable clean energy is increasing, but not yet abundant. So energy-hungry datacentres that eat up supplies of renewables leave less green electricity for sustainably heating homes and powering cars.

Seeing this symbiosis of digital transformation and sustainability, the question remains whether corporates are really watching.

For Mark Sait, chief executive of SaveMoneyCutCarbon, a lack of visual understanding of what a tonne of CO_2 looks like and the impact it has amounts to carbon blindness in the C-suite. "Executives will consider environmental impact at the design and build stage, which is a good thing although more to do with reducing operating costs, than carbon," he says.

"The ongoing impact is where the real danger lies, as energy and water become more scarce. We need a more holistic view."

Levels of environmental awareness around going digital actually differ by job role, says Justin Sutton-Parker, chief executive of PX3, and doctoral researcher at Warwick University. His research found the C-suite were 45 per cent aware that IT had a high impact on sustainability, whereas non-board-level roles in human resources, sales and finance were only 24 per cent switched on.

The differentiating drivers among the C-suite are their responsibilities for greenhouse-gas reporting and key performance indicators (KPIs), explains Sutton-Parker. "Drivers of compliance and KPIs at board level are causing the C-suite to examine the true environmental impact of going digital, whereas the message appears not to be filtering down," he adds.

Ultimately, the net effect of efficiency gains via digitalisation, done right, should have an overwhelmingly positive impact on tackling climate change. The key to keeping any negative environmental consequences in check is to incentivise the C-suite to count the true cost, in carbon, says Trevor Hutchings, director of strategy and communications at Gemserv.

He concludes: "Carbon pollution is a market failure: an externality that needs to be priced to ensure those responsible bear the costs, therefore driving innovation, investment and business practice."

SUSTAINABILITY

Sustainable packaging in the spotlight

As health and safety becomes consumers' top concern, some fear the coronavirus may have halted sustainable packaging's progress

Shyntartanya via Shutterstock

Jim McClelland

Pre-pandemic, packaging was on a roll. The global market value in 2019 was $917 billion, according to research by Smithers, with forecasts it would top the one-trillion mark by 2024.

As the climate emergency loomed large in the minds of consumers, numbers for environmentally responsible options were strong too. A YouGov survey last year found half of UK shoppers were willing to pay more for sustainable packaging.

So how has the coronavirus changed the game? In general, according to Nicholas Mockett, partner at Moorgate Capital, most packaging manufacturers have seen strong sales during the pandemic, which augurs well for funding and finance.

"Investors do not invest if there is no prospect of a return on investment. Fortunately for packaging, the vital role it plays in supply chains, as evidenced by the robust performance during COVID-19, suggests investor appetite will be sustained," he says.

Inevitably, there have been winners and losers. It has been boom time for ecommerce, including the "recommerce" market for previously owned, new or used goods, plus online shopping and direct-to-consumer models. Demand for medical packaging is atypically high, for obvious reasons, plus food provision for people staying home to eat, especially takeaway meals, has seen a spike in unit sales.

All these uplifts in end-user demand bring with them opportunities for transit packaging and wholesale business happening along the supply chain.

> Longer-term, systemic threats will still be there once disruption eases, along with consumer pressure to solve them

On the downside, volumes in heavily impacted market sectors, such as air travel, tourism and hospitality, plus some high street retail, notably fashion, have sadly been hit hard.

Where then does this leave sustainable packaging? The more eco-conscious end of the general consumer market has held up surprisingly well, even advanced in some cases.

Data from more than 40,000 consumers in 23 countries, collected by global intelligence platform Streetbees, reveals 35 per cent of people worldwide have changed their sustainability habits, since the end of May, for the better.

Naturally, the question of hygiene shot up the consumer agenda, especially in the early days of lockdown when fears about the virus surviving on materials and surfaces heightened the risk factor associated with anything arriving at your door.

In response, a new logistics language emerged, explains Amelia Dales, commercial director at Garçon Wines. "Contactless delivery is now a term that has become part of our vocabulary and has allowed many who have had to self-isolate to access everyday household essentials safely."

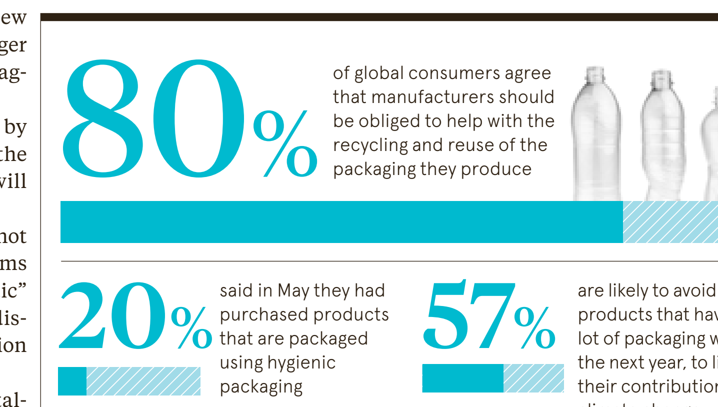
Sustainable packaging pioneers able to adapt to these new criteria are prospering, including Garçon Wines that has seen unprecedented demand for its contactless supply of climate and letterbox-friendly flat wine bottles.

"COVID-19 has redefined sustainability," says Kaushal Shah, founder and chief executive of sustainable papers specialist envoPAP. Fundamentally, though, the scenario remains simple. "Consumers' current top priorities are staying healthy and spending as little as possible. The real challenge is to deliver a truly sustainable packaging product that ticks both boxes," adds Shah.

The evidence from waste management is also that the pandemic has forced packaging companies to speed up decisions on sustainable solutions and bolster their green credentials. But again this view carries a caveat, according to Roger Wright, waste strategy and packaging manager at Biffa.

"Hygiene and sustainability are by no means mutually exclusive; the bigger challenge for businesses will be controlling costs," he says.

Safety and sustainability are not always an easy match though. Terms such as "single use" and "plastic" have become red-flag badges of dishonour for a *Blue Planet* generation of shoppers.



Ipsos 2020

The fear among environmentalists is that a reactionary shift back to a more risk-averse mindset post-COVID might see more packaging, particularly plastic, not less, with the excess meaning more resource consumption, *CO2* and waste, and less sustainability.

Even with single-use solutions designed to assuage hygiene concerns, however, there are still ways to level up the safety and sustainability equation a little, for instance by optimising use of recycled content, says Dales. "Companies that survive this challenging decade will manage to balance these elements sufficiently, but those that want to excel should lead from a 'sustainability-first' perspective to have the greatest positive impact and odds of success," she says.

Following the upheavals of lockdown, the packaging industry is also dealing with disruption of a different kind as restrictions ease. So, for instance, pubs and bars reopening have thrown up new packaging-related changes in consumer behaviour, motivated by hygiene considerations, says Adrian Curry, managing director of Encirc, a market leader in container glass.

"Our research with YouGov showed people choosing glass bottles over pint glasses. Some 60 per cent of UK adults say they're more cautious about drinking from reusable glasses due to fears around contamination and four in ten people are more likely to choose glass-bottled beverages than before lockdown," says Curry.

By contrast, another example of a potential trade-off between safety and sustainability sees consumers wanting coffee shops to resume serving in reusable cups, despite hygiene issues.

Furthermore, in a sign of confidence in sustainable packaging returning, TerraCycle launched its zero-waste refillable UK shopping pilot, in July, in collaboration with Tesco.

With existing operations in the United States and France, Loop had delayed its original start date due to COVID, but is now pressing ahead, with major brands, from Heinz to Nivea, signed up.

Reusables also received a significant show of support when more than 125 health experts from 19 countries signed a statement with Greenpeace USA assuring retailers and consumers such packaging is safe during COVID-19.

Ultimately, then, the message from clients is sustainability will be the number-one priority for the future of packaging, even or perhaps especially, in a post-pandemic world, says Dr Tim Breker, co-founder and managing director of reusable packaging-as-a-service pioneer VYTAL. "Reusable packaging and circular-economy models are increasing in importance. Hygiene is a given, whereas sustainability is a differentiating criterion for consumers."

Tesla

BUSINESS

Five companies with the best footprints

1

A machine-learning analysis of the performance of 50,000 listed companies against the UN's 17 Sustainable Development Goals (SDGs) has revealed the five that outrank the rest. Results, from London-based AI startup Util, pinpoint the amount of revenue that aligns positively with the SDGs, offering an objective view of each company's environmental impact and responsibilities towards climate change

MaryLou Costa

$21.48bn

SDG-positive revenue (**87%** of total revenue)

Tesla

With the largest total amount of revenue that positively aligns with United Nations' sustainable development, electric car giant Tesla tops the list. After popularising and glamourising the idea of electric car ownership, the company has also branched out into domestic solar energy, with its stock value quadrupling this year.

According to Statista, it is the world's leading producer of electric vehicles, tripling the number sold from 2017 to 2019, with its Model 3 the world's best-selling plug-in model.

Yet as it pioneers the movement towards mainstream use of clean energy, Business in the Community (BITC) environment director Gudrun Cartwright highlights the need to phase renewable generation alongside the electrification of vehicles.

"In the UK, the National Grid suggests that if we electrified all vehicles then we would need an extra 10 per cent of electricity. Understanding how we can generate that in a carbon-neutral way is critical if we are to make the most of the benefits of electrification," says Cartwright.

And as Util chief executive Patrick Wood Uribe points out, Tesla tops the list from an overall revenue perspective, not by percentage of total revenue. He acknowledges that it can be considered to have a more significant positive environmental impact than other businesses in the list with a larger percentage, but it's down to the influence of scale on impact.

$11.5bn

SDG-positive revenue - **85%**

Vestas Wind Systems

With more than 117 gigawatts (GW) of wind turbines in 81 countries, nearly 20 per cent of the world's 650GW of installed wind capacity, Vestas claims to have installed more wind power than any other provider.

Not only does it consider "spearheading the renewable energy transition" as central to its positioning, a key goal is to become "the safest, most inclusive and socially responsible workplace in the energy industry". This includes its human rights due diligence framework, which it claims is unique to the renewables industry, requiring all projects to hold a social licence to operate that can be revoked at any point.

This is crucial work to become a holistically responsible business, says BITC's Cartwright, because one product doesn't necessarily indicate a socially good company. "Clean energy companies are not excused from tackling these issues just because of their work elsewhere," she says.

Valery Matytsin/via Getty Images

2

$11.1bn

SDG-positive revenue - **100%**

Siemens Gamesa Renewable Energy

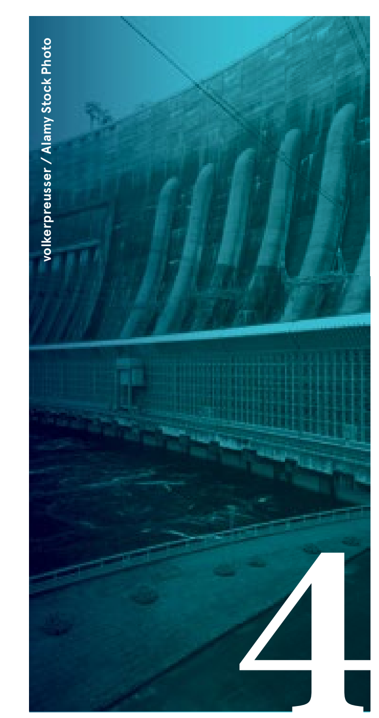
Like Vestas, Siemens Gamesa is a big player in the wind turbine business, present in 90 countries. Most recently and notably it has helped ease power shortages in Pakistan by rolling out eight wind farms in one year, alongside launching its Forests of Siemens Gamesa initiative to plant 50,000 trees to extract more than one million kilograms of CO_2 from the atmosphere. The initiative forms part of the company's new social commitment strategy to reduce poverty and promote STEM (science, technology, engineering and maths) education, while improving the environment.

Indeed, as BITC's Cartwright says, the climate crisis must be tackled "in a way that creates opportunities for people, builds resilience for communities and restores the health of nature", areas she believes renewable energy companies have a real opportunity to impact.

"Access to affordable, reliable energy is critical to tackling poverty, lack of social mobility or challenges to a good, stable education, particularly for women and girls," says Cartwright.

Clynt Garnham Renewable Energy / Alamy Stock Photo

3



volkerpreusser / Alamy Stock Photo

4

$5.3bn

SDG-positive revenue - **91%**

RusHydro (Federal Hydro Generating Co)

RusHydro is the leading producer of renewable energy in Russia, with the country's government recently boosting its stake as primary shareholder from 60.56 to 61.73 per cent. Its main goal is to be the dominant provider of hydroelectricity in the Far East and its 2025 strategy establishes the company's responsibility to support the socio-economic development of these regions.

This is an important balance to overcome the sometimes negative side of hyrdroelectricity development, says Dr Alejandro Gallego Schmid, lecturer in circular economy and life-cycle sustainability assessment at the Tyndall Centre for Climate Change Research, University of Manchester.

"Hydropower is normally quite good from an environmental perspective, but there have been a lot of socio-economic difficulties associated with it. There are some calculations that it has caused the displacement of communities of between 40 and 80 million of people and there has been biodiversity loss," he notes.

But with shareholders having a sizeable influence on company direction and decisions, could RusHydro's ownership be an area of concern, despite the anti-corruption policy it outlines on its website?

"Companies do what their shareholders want," says Gallego Schmid. "We have started to see more NGOs partnering with clean energy companies to influence them, so governments need to be particularly sensitive. While providing clean and safe energy, they have to protect people's rights too."

$3.9bn

SDG-positive revenue - **90%**

Verbund

Operating 131 hydropower plants in Austria and Germany, Verbund has also partnered with steelmakers voestalpine and Siemens to run the world's largest pilot plant for carbon-neutral production of hydrogen to be used in steel production.

The pilot will show whether the technology can be used to replace fossil fuels on an industrial scale, according to Reuters, which reports that the company, 51 per cent owned by the Austria government, is pushing for greater European Union sector regulation to justify a €5-billion investment in carbon-emission lowering projects.

This is where consumer spending power comes into play, says the University of Manchester's Gallego Schmid. "Sadly, policy changes are normally reactive, as policymakers are often reluctant to change the status quo if there's no demand from citizens. As consumers, we have a really important role to pressure policymakers to change things," he says.

Akos Stiller/Bloomberg via Getty Images

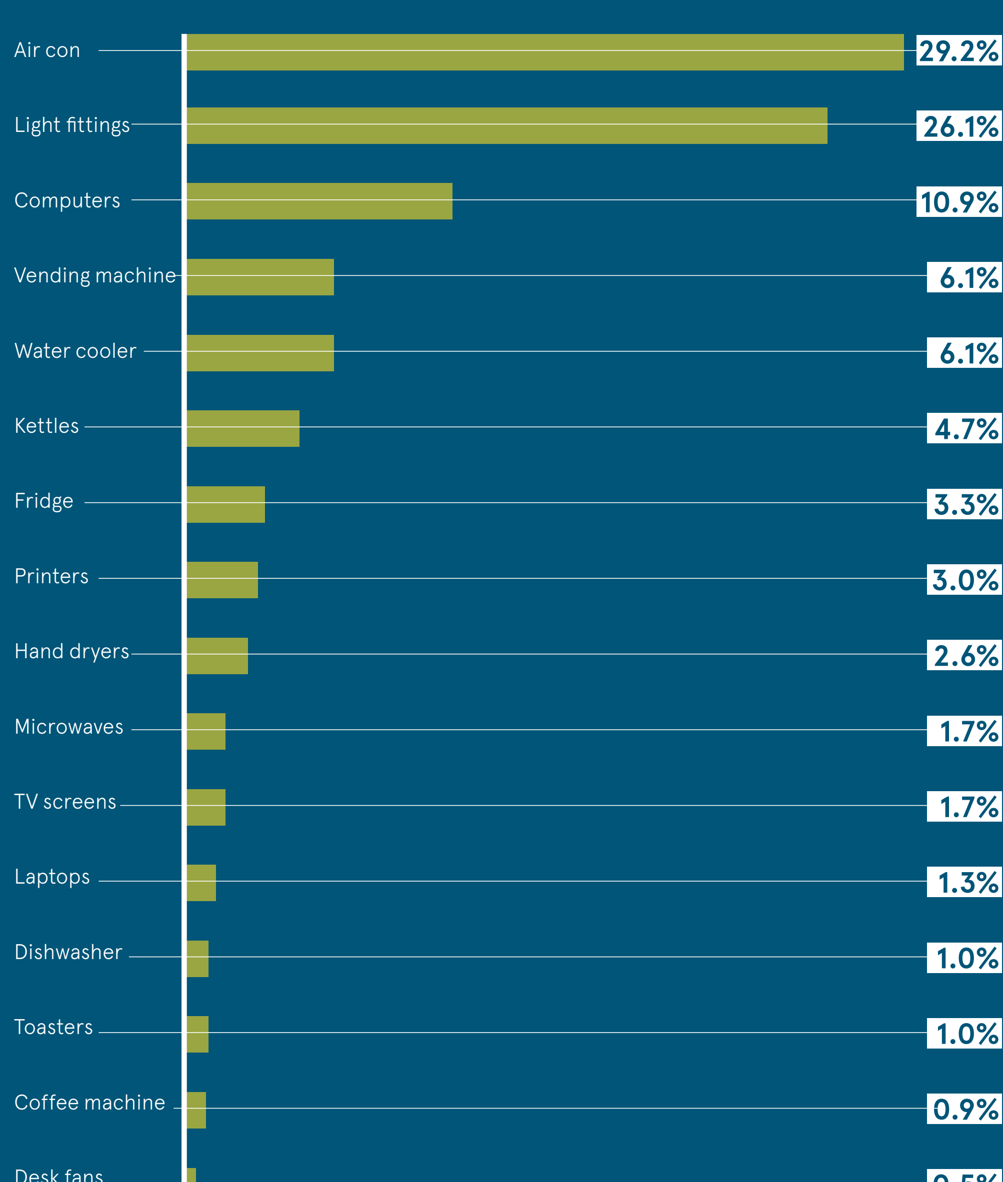
5

HOW BIG IS YOUR BUSINESS'S CARBON FOOTPRINT?

From tea rounds to train journeys, small elements of work life can all contribute to corporate carbon footprint. Long-haul business travel may well be a thing of the past, but as widespread remote working increases our reliance on the internet, is closing the office really the greenest solution?

WHICH OFFICE APPLIANCES ARE RUNNING UP THE ENERGY BILL?

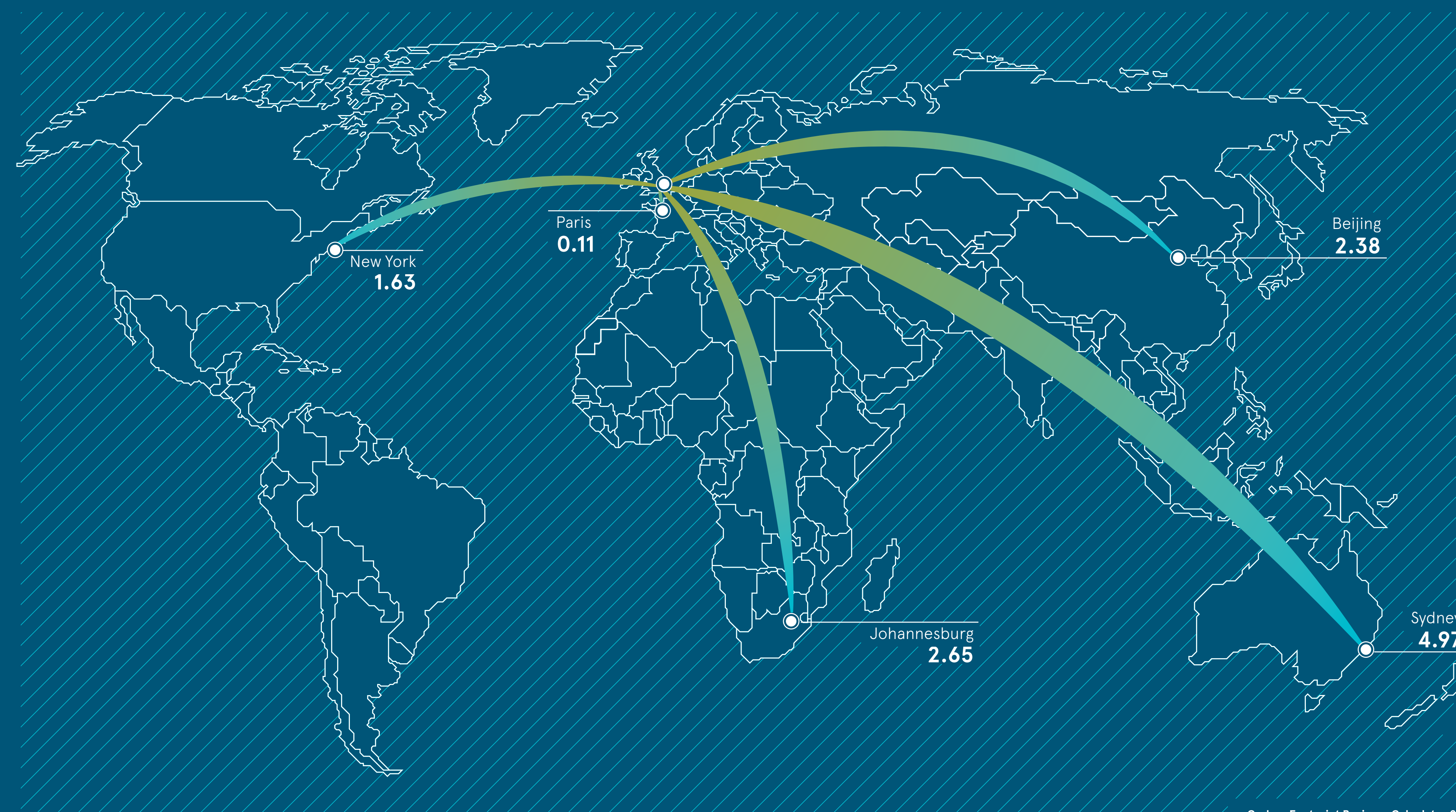
Share of total energy bill; hypothetical model office of between 2,250 and 2,850 sq ft for 30 employees



Finder 2020

THE REAL IMPACT OF BUSINESS TRAVEL

The carbon footprint of international flights based on a return trip from London for one person, in tonnes CO2e



Carbon Footprint Business Calculator 2020

HOW SURFING THE WEB CAN INCREASE YOUR FOOTPRINT

0.2g

CO2e generated by a single Google search

2,500g

CO2e a year (approximately) for an office of 50 people doing one search a day

Google 2020

MAKING A CASE AGAINST UNNECESSARY EMAILS

1g

CO2e from sending a single email

OVO Energy with Mike Berners-Lee 2019

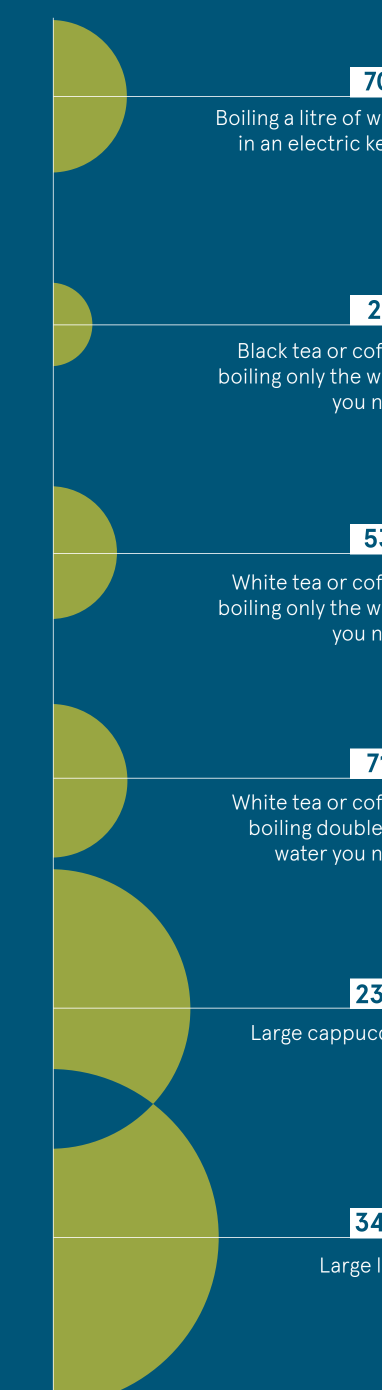
THE REAL COST OF POWERING YOUR OFFICE

Heating and powering an office of any size can be expensive, with the cost to the planet rising with every extra employee

Finder and Carbon Footprint Business Calculator 2020

THE CARBON FOOTPRINT OF YOUR DAILY BREW

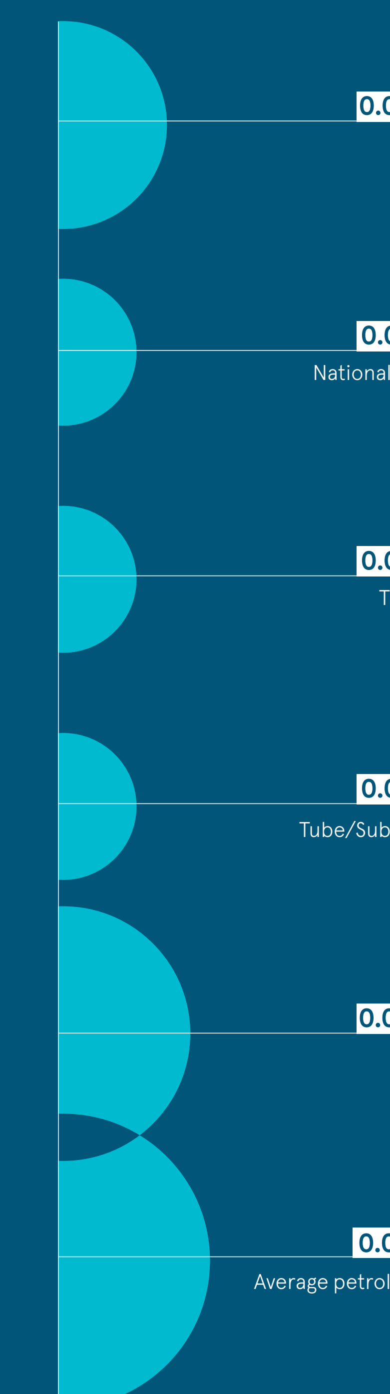
Carbon footprint expert (and brother to the inventor of the internet) Mike Berners-Lee calculated the impact of 100 everyday items in his book *"How Bad are Bananas?: The Carbon Footprint of Everything"*, a work still cited today



Mike Berners-Lee 2010

THE CARBON FOOTPRINT OF YOUR COMMUTE

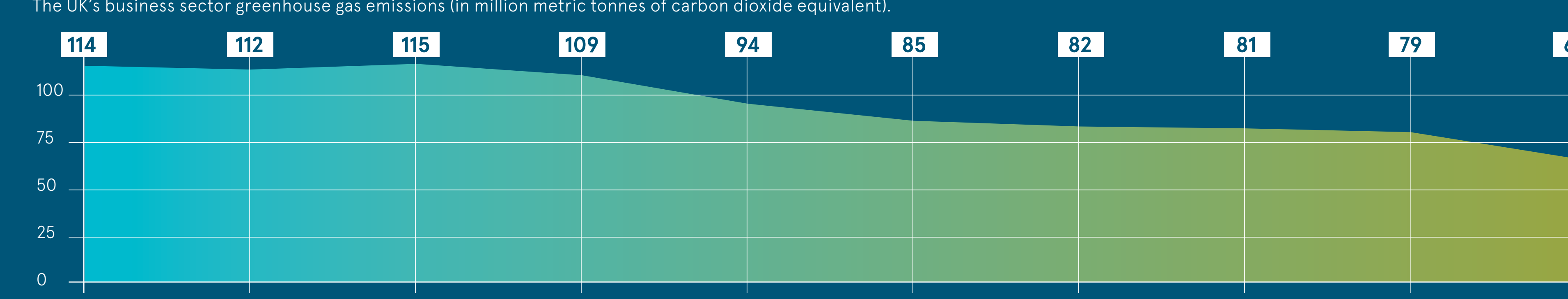
Based on an office of 100 people, each travelling 2km to work each day (a total journey of 100km a day), public transport goes a long way to cutting corporate emissions



Carbon Footprint Business Calculator 2020

UK BUSINESS HAS IMPROVED, BUT IS IT ENOUGH?

The UK's business sector greenhouse gas emissions (in million metric tonnes of carbon dioxide equivalent).



*provisional estimate at time of publication

UK Department for Business, Energy and Industrial Strategy 2019

B CORPS

Staying profitable as a B Corp

The number of certified B corps is growing as shareholders, employees and consumers seek out companies with a proven positive impact. But can B corps all be a force for good?

Robert Alexander/Getty Images

Sam Haddad

The only social responsibility of a business is to increase its profits, proclaimed economist Milton Friedman in 1970. He was ushering in a new era of shareholder primacy that would dominate the way companies were run for almost half a century, often with scant regard for the planet or for people. But the growth of the B corp movement signals a shift in mentality, as shareholders, employees and consumers increasingly demand social and environmental performance be weighted alongside a corporation's bottom line.

In 2006, US-based non-profit B Lab, created a new certification system to help businesses define themselves as socially and environmentally responsible. If successful, a company would become a certified B corp, the B standing for beneficial. The framework, which includes a minimum threshold and rising sliding-scale score, was set up as a counterweight to shareholder dominance and to help avoid outcomes such as in 2000 when the founders of Ben & Jerry's were forced by investors to sell the ice cream company to Unilever.

There are now more than 3,585 certified B corps worldwide in 74 countries, including 396 in the UK. 2019 was a particularly strong year for growth with the number of certified B corps rising by 25 per cent.

A commitment to social and environmental performance, which B corps in the UK are legally obliged to outline in their articles of association, does not mean, however, that businesses should focus on positive impact at the expense of their bottom line.

Chris Turner, executive director of B Lab UK, says the notion of ethics versus profit is a false dichotomy, as companies don't have to choose between the two. "The idea we've been proving, for over a decade now, is businesses that are ethical are the sort of businesses which thrive in the long term," he says.

This is particularly true this year, he says, when we're not just facing the profound challenges of the climate emergency and extremes of social injustice, as highlighted by the Black Lives Matter movement, but also the coronavirus pandemic. "It's now more urgent than ever that businesses look after those various stakeholders. It's visceral; people really notice it in terms of the businesses they interact with," Turner adds.

The outdoor clothing brand Patagonia, which has been a certified B corp since 2012, has consistently advocated a pro-environmental agenda. For Alex Weller, marketing director for Europe, running a profitable and ethical company are inseparable goals. "The most important part is to be financially healthy, so you can support your most important stakeholders, your employees and partners, so everybody can be focused on being a force for good, to affect the issues that matter," he says.

B corps include companies you might expect such as Abel & Cole, Vivobarefoot and the Brazilian cosmetics company Natura, which owns The Body Shop. But there are also companies that might surprise, including wealth management companies, prison data systems and the subsidiaries of big multinationals such as those within Danone, Coca-Cola-owned Innocent and Unilever's Ben & Jerry's.

For Weller, to ask if there's a danger the B corp mission could be diluted as it expands is to miss the point of the process. "B corps is a very thorough, consistent and objective framework," he says. "Whether or not you have a subjective point of view on whether a business should be a B corp or not, it doesn't really matter as B corps has scored them and they have met the criteria." Weller also notes that, as it's a sliding scale, there is always room for improvement in any company's score.

Bournemouth University's Dr Michael O'Regan, who researches B corps, questions the scalability of the concept. "We have 5.7 million businesses in the UK, B corp, while ethical and trying to do a good thing, might attract low-hanging fruit, those already socially, environmentally responsible," he says. "What of the millions of other private businesses?" O'Regan questions whether the model is a template for "radical change".

But according to Weller: "It's one of the most powerful tools out there now right now, both for businesses themselves, but also for citizens to interact with, to see if a company maps their values."

Aside from being a force for good, the question whether businesses get a tangible benefit from becoming a B corp is not clear cut. Research by the London School of Economics suggests there isn't a measurable improvement in financial performance, though they found B corps do experience positive non-financial strategic results, including organisational reputation and socially responsible action.

Perhaps the strongest impact of those non-financial benefits is felt among employees. According to research by B Lab UK, three quarters of businesses said being a B corp helped them attract or retain talent. As Turner says: "Working for a company that shares your values is obviously very important, especially for younger members of a workforce."

It's also possible that all UK citizens may one day benefit from the B corp movement as the organisation is campaigning to change the Companies Act to ensure all businesses are responsible to people and the planet. Asked whether it's a failure of government that businesses are the ones pushing for these social and environmental standards, Weller says: "The science is known, the symptoms are real and present, but there is still not a legislative pathway out of this, and that does mean there are clear vacuums of leadership and of hope in some ways."

While he doesn't think it's necessarily the responsibility of companies such as Patagonia to fill the void, Weller believes they should show others that business can be part of the solution. "If all businesses did that, maybe we'd have a chance," he concludes.

> "The idea we've been proving is businesses that are ethical are the sort of businesses which thrive in the long term

THE B CORP COMMUNITY

Number of certified B Corps by mid-October 2020, which are legally required to consider how their operations impact workers, customers, suppliers, communities and the environment

74 countries

3,585 companies

150 industries

B Lab 2020

Patagonia: when environmental initiatives get political

It's reasonable to expect that Patagonia, a company whose stated mission reads "We're in business to save our home planet", might not be fans of US President Donald Trump. He leads a government whose continued rollbacks of environmental regulation and rejection of the Paris Agreement on Climate Change have without doubt impeded the global response to the climate crisis.

But in September, the California-based outdoor clothing brand and certified B corp made those views clear by launching a line of shorts with "Vote the a**holes out" sewn onto the underside of the label.

Alex Weller, Patagonia's marketing director for Europe, explains how the idea came about. "The company's position on climate deniers, particularly in American corporate politics, has been clear for a long time," says Weller. "That is whenever you see climate deniers in office, who are taking money to turn a blind eye to ecological destruction and open up public land to extractive industries, then you need to use your own vote and get them out."

It's a message Patagonia's founder and owner Yvon Chouinard has been extremely vocal about. Earlier this year, he penned an open letter to the 1% for the Planet network, whose members donate 1 per cent of their gross revenue to environmental causes, which included the PS: "Remember, vote the a**holes out."

Weller says the phrase has been in the lexicon of Patagonia for a while, but the decision to put it in pairs of shorts ahead of November's US election was entirely down to the "smart idea" of individuals working in the product team. "It wasn't a marketing initiative at all," he says. "As marketers we were reacting to it in real time with the rest of the world."

Did the company have any concerns the move might alienate some potential customers? "Having spoken to the people involved, the intent wasn't a partisan in-joke or about reinforcing who is for and who is against us. The intent was to get people out to vote in defence of the planet."

For Weller, "Vote the a**holes out" is the latest in a long line of ideas to emerge from a company where environmental activism is encouraged, and everybody has a chance to get involved and participate or even "enviro-strike" and join in rebellions or participate in climate strikes. The company provides legal support for employees who are arrested or detained during such protests.

He cites the decision to stay open on Black Friday and give 100 per cent of their profits to grassroots environmental groups as another example of an employee-driven idea that Patagonia picked up and ran with.

"If the ideas are good and the owner likes them, they get given the green light," he says. As for how Chouinard responded to the "Vote the a**holes out" label? "I need those in a 32," he said.

Commercial feature

Financing the transition to a more sustainable economy

Overcoming the existential issues posed by climate change requires a transformation of global economies, powered by more sustainable finance and cross-border collaboration

Environmental sustainability has shot up the agendas of governments, businesses and consumers as the visual effects of climate change have grown. Droughts and heatwaves have become more frequent, while wildfires have burnt at unprecedented levels and some areas are experiencing extreme weather events never seen before. The understanding that climate change is an existential issue is now widespread, as is the realisation that everybody is responsible for the solution.

The business regulatory framework in Europe continues to push the sustainability agenda very strongly, mirrored in varying degrees around the world. Even in the United States, rapid progress is being made at corporate, municipal and state levels. Recently, federal agencies such as the Commodity Futures Trading Commission have issued reports on climate-related market risks and the Business Roundtable, an influential lobby group made up of chief executives of major companies, has made clear that corporate America is keen to promote environmental stewardship.

Achieving the ambitious goals of the Paris Agreement, signed by global leaders at the 2015 United Nations Climate Change Conference, will require people to change their consumption habits and behaviours, and organisations to shift to more sustainable ways of operating. This means investing heavily in new production, manufacturing and distribution processes, which will of course require substantial financial resources.

"Everybody must contribute," says Nicolas Mackel, chief executive of Luxembourg for Finance, the agency for the development of Luxembourg's financial centre, representing it globally and connecting investors to the range of financial services provided in the country. "If you think the COVID-19 pandemic has disrupted people's lives, wait until we face a serious climate crisis because it will be significantly more disruptive.

"Some commentators say to achieve the Paris objectives we need hundreds of billions of euros, just in Europe, to help finance the transition required in the economy. We need to retrofit our buildings, live differently and invest in new technologies. That is where the financial industry is not only needed, but must play a very important and positive role as part of the solution."

Organisations in the financial services sector are increasingly taking the view that they not only have a moral and societal obligation to contribute to the transition to sustainable finance, but it is also imperative to the success of their business. Most now see sustainable finance as a core part of their future, not least because the investment risks presented by climate change will result in a significant reallocation of capital around the world.

The opinion in some circles of the financial services industry that environmental, social and governance (ESG) investment criteria are merely a nice to have and come at the expense of performance has now been debunked by numerous studies. Research from data provider Morningstar earlier this year found six out of ten sustainable funds delivered higher returns than equivalent conventional funds over the past decade. On average, more than three quarters of ESG funds available ten years ago still exist, compared with fewer than half of traditional funds.

"Financial services companies have really started to take sustainable finance seriously, but we are only at the very beginning," says Mackel. "In capital markets, there are now around $250 to $300 billion in green debt issues per year, though green bonds still only make up 2 or 3 per cent of the total volume. That needs to increase substantially. The other area of impact we've seen is in investment funds, led by BlackRock."

As the world's largest asset manager, with around $7 trillion under management, BlackRock is an incredibly important voice in the investment world. Earlier this year, its chief executive Larry Fink wrote to shareholders and business leaders to say his firm will now judge companies on their ESG commitment.

"That is very important because when Larry Fink says something, company decision-makers listen," says Mackel. "They now know if they want to attract investors like BlackRock, they must be serious about sustainability. We need more Larry Finks and we're seeing it happen. I don't think there is any asset manager today that doesn't mean serious business when they talk about their ESG strategy and sustainable investments."

Financial centres are crucial to push the sustainable finance agenda and build bridges globally. As clusters of expertise that connect projects with investors, their role as investment hubs will be fundamental in making the transition to a more sustainable economy a reality. Luxembourg, in particular, has led the way in this area, home to the first green bond listing in 2007 and the first dedicated green stock exchange in 2016.

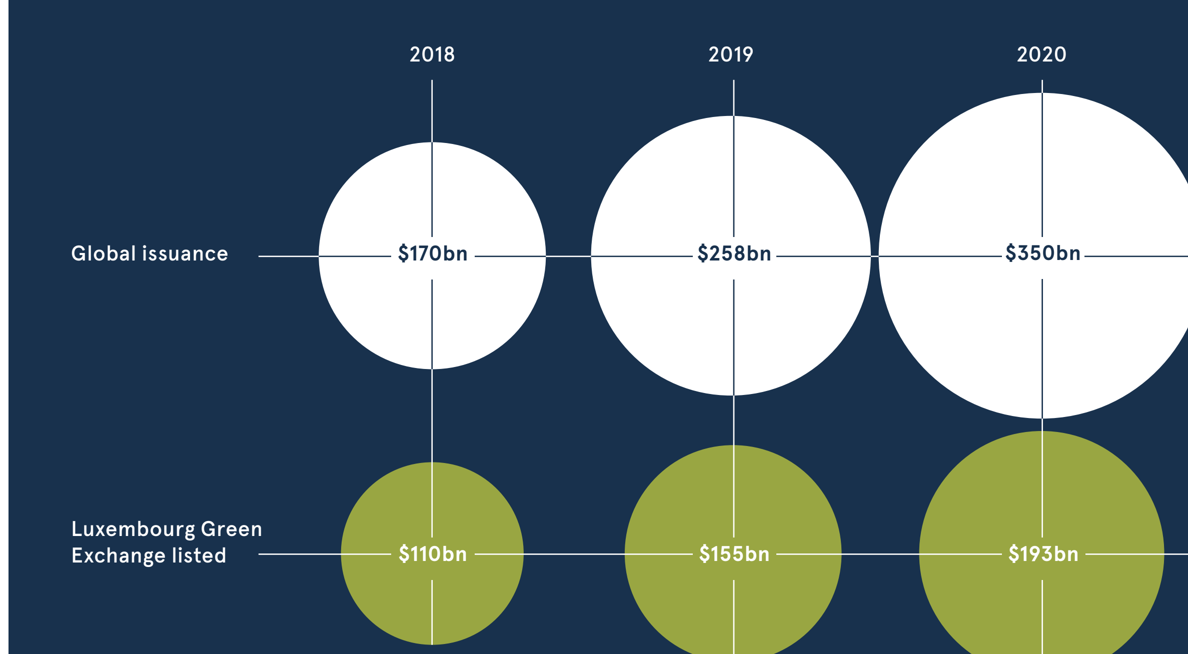
The Luxembourg Green Exchange is the world's largest platform focused exclusively on sustainable finance, listing more than 50 per cent of the entire global volume of green bonds. Its success and credibility has earned the exchange the business of the World Bank, the largest issuer of green debt, and the European Commission, as well as many corporate issuers. In the investment funds area, meanwhile, 35 per cent of the assets under management in Europe's renewable energy funds are in Luxembourg funds.

"That is where we play our role as a financial centre and investment hub, bringing together investments and projects that are then financed with this money," says Mackel. "Collaboration across financial centres is vital. Luxembourg is an international hub and we've facilitated the launch of numerous cross-border investment and projects, as well as encouraging collaborative exchange of best practices across different financial centres, growing sustainable finance globally.

"In the coming years, we will see an exponential increase in the overall uptake of sustainable finance in markets. It has become mainstream. Every part of banking, asset management and capital markets will pursue this objective of contributing to a sustainable economy, hopefully sooner rather than later. Everybody is taking it seriously and it'll be very top of the agenda well before the end of the decade."

> Financial centres are crucial to push the sustainable finance agenda and build bridges globally. As clusters of expertise that connect projects with investors, their role as investment hubs will be fundamental to making the transition to a more sustainable economy a reality

GLOBAL GREEN BOND ISSUANCE



Climate Bonds Initiative & Luxembourg Stock Exchange, 2020

For more information please visit luxembourgforfinance.com

INDONESIA

Building a new capital from scratch

Indonesia has a grand plan to move its capital city from Jakarta before the region becomes inhabitable

Matthew Ponsford

New generations of smart and sustainable cities could provide answers to the urban problems created by climate change, according to international architects, tech giants and leading politicians. But Indonesia's plan to relocate its capital some 800 miles from Jakarta, to a new purpose-built capital on the island of Borneo, will provide an exacting test for such innovation.

As sea levels rise, Jakarta is sinking. The city is subsiding up to 20 centimetres annually due to over-extraction of groundwater from the swamp-like terrain beneath. Located on the circum-Pacific seismic belt, a zone along the rim of the Pacific Ocean known as the Ring of Fire for its frequent earthquakes and tsunamis, 40 per cent of the city is now below sea level.

Jakarta, home to ten million and choked by gridlock and seasonal smog, has been hit by increasingly frequent flash floods, which killed 66 people in one week in January.

President Joko Widodo has called for a brand-new capital to relieve pressure, with a $34-billion new city master plan announced in August 2019 for the forested province of East Kalimantan.

The new capital, advertised by Widodo as the "next Silicon Valley", is viewed by Indonesians as both a much-needed solution to Jakarta's ills and a precipitous dream, which might never materialise. As the country struggles to contain one of the deadliest outbreaks of COVID-19 in Asia, plans to break ground this year have been pushed back to 2023, shortly before the end of Widodo's presidential term.

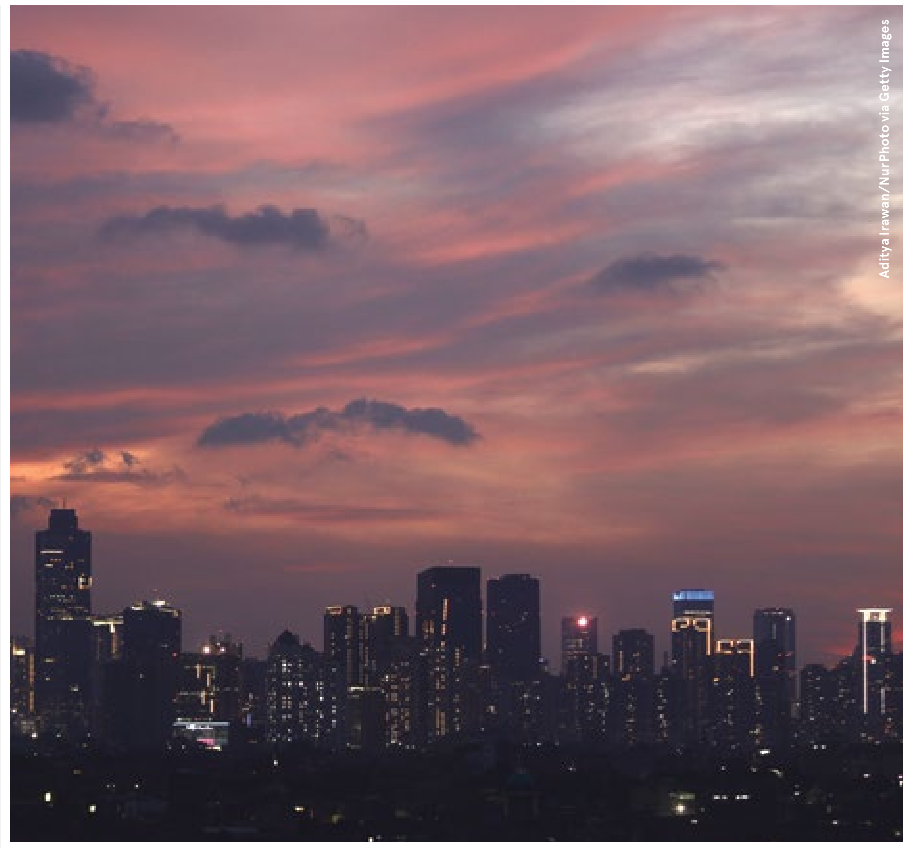
"Indonesia has this once in a century chance to take the lessons from our proud history and add innovations from the greatest cities in the world to develop a city with harmony, diversity and inclusiveness for all," says Rudy Soeprihadi Prawiradinata, deputy for regional development at Indonesia's Planning Ministry.

But a successful send-off for the man Indonesians call Jokowi will require the city to quickly attract residents - beyond the country's politicians who will be forced to relocate to the new administrative zone - and drastically improve quality of life.

"The biggest urban design challenge is the lack of an existing population and starting a new city from the ground up in a greenfield location," says Scott Dunn from multinational urban design firm AECOM, chosen in February to masterplan the capital. "Even with Asia's rapid urbanisation, it takes time for cities to develop, mature and become desired destinations."

Widodo has assembled an overseeing committee, intended to fast track foreign investment in the city and guide its development from scratch. Alongside AECOM, the committee includes Masayoshi Son, chief executive of Japanese holding company SoftBank, Sheikh Mohammed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi, former British Prime Minister Tony Blair, and international consulting firms McKinsey & Company and Nikken Sekkei.

AECOM has learnt from its work in Riyadh, Saudi Arabia's fast-growing capital, and Shenzhen, the nearest city in mainland China to Hong Kong. In Shenzhen, for example, rapid growth is being driven by the Guangzhou-Shenzhen-Hong Kong Express Rail Link. Likewise in Riyadh, AECOM have clustered development around transport hubs to create a "mega-metropolis", expected to double in size in a decade, while sustainably improving liveability and mobility.


Aditya Irawan/NurPhoto via Getty Images


Xinhua / Alamy Stock Photo

01
Jakarta skyline in April 2020

02
Residents on Jakarta's Yos Sudarso Street wading through flood water in February 2015

The goal is to make smart and sustainable cities that can adapt to unpredictable population growth and shocks like a pandemic: "A policy of transit-oriented development, which maximises the housing, employment and entertainment options within walking distance of public transit, is a good way to achieve that," says Dunn.

Indonesia's new capital will inevitably bring comparisons to purpose-built landmarks of past centuries, like Washington DC or Brasilia. "Some of the best elements of purpose-built capital cities will be incorporated as we learn from other cities: spacious parks, ease of movement, mixed-use community zones, inspiring public buildings and views," says Prawiradinata.

But sustainable urban development today must be planned for its residents, rather than its iconography, explains Ed Baker, director of architecture practice Broadway Malyan's Singapore studio. "The planning of the great purpose-built capital cities of the world was often a top-down process and underpinned by a desire for grand civic gestures and monumental architecture," says Baker. "But by embracing a people-first ethos from the outset, Indonesia can create something that is much more meaningful and reflective of modern lifestyles, environmentally responsive and resilient to the challenges of climate change."

AECOM proposes a "digital twin" city to provide real-time information on residents' preferences as the city grows. "This can help with understanding population growth demands and the right balance of required land use, mobility networks, blue and green open spaces," says Dunn.

Smart city tech developments have typically focused on infrastructure where the new capital can outperform Central Jakarta. Prawiradinata says intelligent systems can improve traffic grids, public transport, energy efficiency, and water and environmental sustainability.

SoftBank has offered to invest up to $40 billion in the new capital and chief executive Son has declared his interest in supporting the adoption of latest technology in smart and sustainable cities, notably artificial intelligence, and opening the door to the tech conglomerate's developments in the internet of things and big data.

Geographically near the heart of the country of more than 270 million people, it is hoped the new capital will develop the sparsely populated island of Borneo and balance the archipelago nation, where more than 60 per cent of economic activity is currently in Java.

The Indonesian government has promised to ringfence natural reserves on Borneo, known as home to the critically endangered orangutan, but already deforested for oil refineries and palm oil plantations. Prawiradinata says 75 per cent of the city would be retained as natural green space, which would mark a boost for biodiversity from the roughly 50 per cent currently forested: "We will rebuild the forest, as we design."

Leonard Simanjuntak, country director for Greenpeace Indonesia, says the city would create new crises as it mitigates Jakarta's. He fears the city's development plan would, over years, be compromised as it connects with nearby Balikpapan, centre of the local oil industry.

"While the new capital seems to be designed as a techno, smart and environmentally friendly city, it has inherent risks of uncontrollable urban sprawling," says Simanjuntak. "And when this happened, a large chunk of forest areas would already be deforested, biodiversity sacrificed and the remaining wildlife would be under tremendous threat."

Still, questions remain, among Indonesians who have been promised a more liveable capital since 1957 when a move was discussed by Indonesia's first president Sukarno, if the city will ever be built.

If economic recovery from COVID-19 takes a few years, there will be vanishingly little time for progress to be made before the 2024 elections, says Bill Sullivan, senior foreign counsel at Jakarta-based law firm Christian Teo & Partners, who advises investors in Indonesia.

"In a better fiscal environment, it makes sense, because one of Widodo's basic ideas is that infrastructure development is key to solving Indonesia's endemic problem of unemployment," says Sullivan.

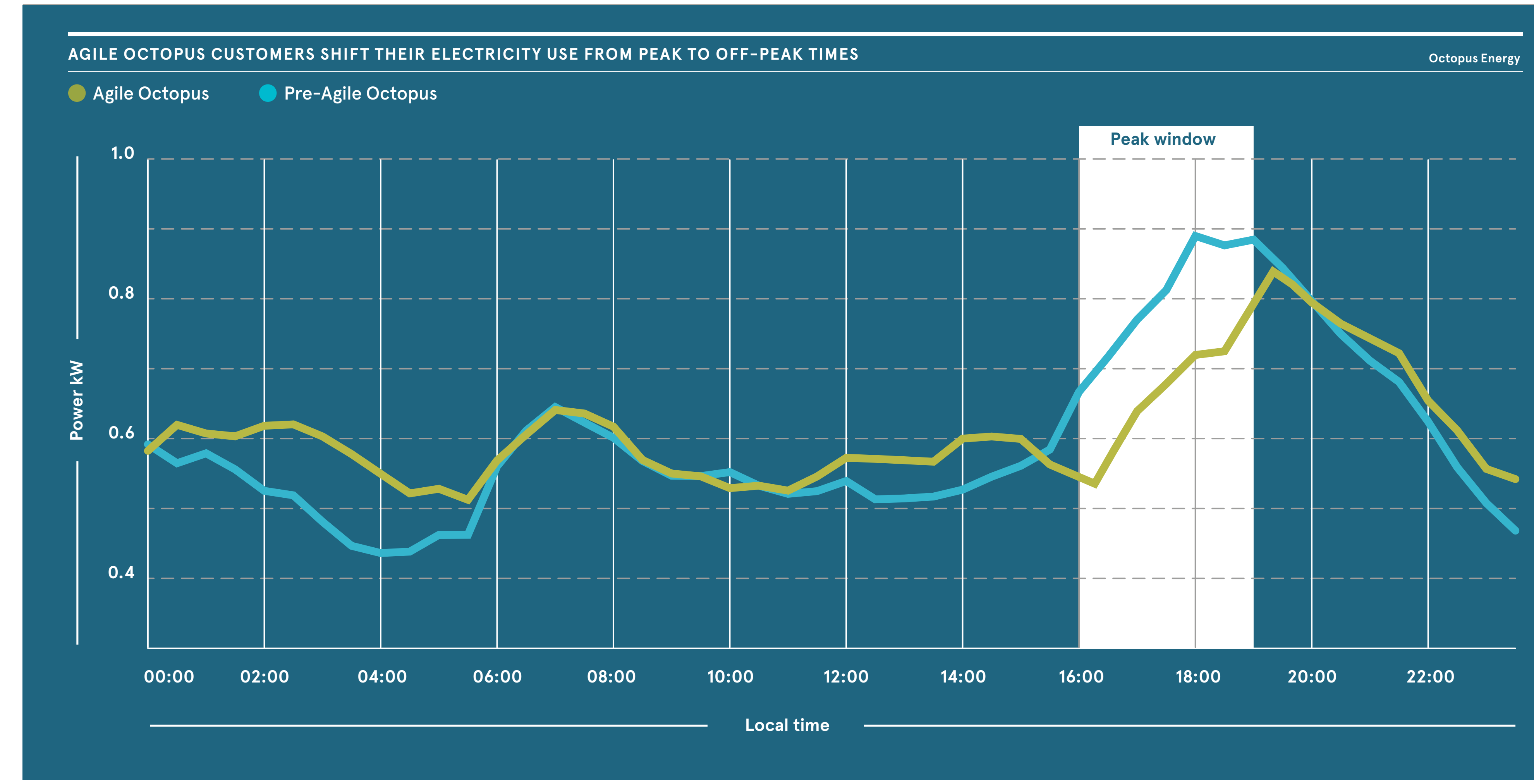
"It's possible that if nothing happens before 2024, it might still get some traction, but there will definitely be a risk that it'll just cease to be an urgent priority for the next president."

From a climate perspective alone, Simanjuntak of Greenpeace believes quietly scrapping the plans would actually be for the best. "Indonesia doesn't need to build another Naypyidaw," he says, referring to Myanmar's purpose-built capital, unveiled 15 years ago and still largely deserted. "Even if it's a smart and sustainable version of it."

95%

of North Jakarta will be completely submerged by 2050

Bandung Institute of Technology 2018



Accelerating the green energy transition

With the energy sector experiencing a long-awaited digital transformation, it's not the Big Six providers leading the charge to greener energy, but rather innovative technology startups

UK investment in solar and wind over the last decade has made it a world leader in green energy, a shift necessary to meeting a goal set by the government to bring all greenhouse gas emissions to net zero by 2050. Energy suppliers have a major role to play in accelerating the transition from conventional energy like coal and gas to renewables and, with an industry traditionally dominated by the Big Six, the actions of these legacy organisations have largely dictated the pace at which the wider country is able to move.

Green subsidies from the government may have provided enough incentives to cement the UK's position as a green leader, particularly in the area of offshore wind power, but despite almost half of electricity now being clean, there is still a long way to go. Fortunately, energy technology (entech) pioneers such as Octopus Energy are now leading from the front.

Cutting-edge innovation from energy startups is crucial to steering the UK confidently into the bold new world of green energy because, like in any industry, larger organisations are often weighed down by archaic systems and processes which leave them lagging behind when it comes to tech adoption and digital transformation.

Meeting decarbonisation goals requires a change from predictable generation such as coal, which more or less involves turning a plant on and off, to wind, hydro and solar-powered energy whereby thousands of sites generate a variable amount depending on local conditions.

Meanwhile, the biggest sources of consumption are shifting from the likes of cookers and dishwashers to electric vehicles. Electric heating is likely to become the norm too, supported by super energy-efficient heat pumps capable of converting 1 kilowatt-hour (kWh) of electricity into 3 to 4kWh of heat.

Traditional energy suppliers have said the technology needed to support this transition is complicated and expensive. "It's a reason to drag their feet," says Greg Jackson, founder and chief executive of Octopus Energy, one of the UK's leading energy technology firms and renewable suppliers.

"Google processes more data in an hour than the future energy system will do in a year. We've seen it happen in other sectors. Remember when delivery firms said a two-day parcel delivery was complicated and soon Amazon could get a parcel to you in two hours?

"Like any emerging technology, the cost falls every year. Energy suppliers just cannot get away with saying the costs of green energy are prohibitive anymore. It's now cheaper just to build new renewable generation than to keep running existing fossil fuel plants."

Jackson, whose professional background is in technology, not energy, has installed a tech startup mentality at Octopus Energy which has allowed the company to see with much greater clarity how the industry can be improved. He points to Uber and Amazon as examples of companies that were able to disrupt their respective industries despite not being founded by cab drivers or bookstore owners.

> A person's energy costs shouldn't reflect the exploitative business model of an energy company, but rather the genuine cost of getting it to them

It was pretty easy for anybody with a tech mindset, he says, to see that digital innovation could be much better utilised in the energy industry to transform the customer experience, drive costs significantly down, handle orders of magnitude and more data, and ultimately make systems greener.

Octopus Energy's mission is to bring consumers greener, cheaper and more transparently priced energy, powered by technology. Since launching five years ago, it has already reached 6 per cent UK market share, serving about 1.7 million customers. That number is growing by around a million a year.

"That scale lets us change the market and we've used it to challenge how consumer pricing works," says Jackson. "We are now big enough to be able to tell the government they need to ensure people can access cheap green electrons when the wind is blowing and the sun is shining. A person's energy costs shouldn't reflect the exploitative business model of an energy company, but rather the genuine cost of getting it to them."

Introducing tariffs with a dynamic approach to energy pricing has allowed Octopus to transform how the energy system works in the UK. Its Agile Octopus tariff ushered in the world's first half-hourly energy prices, which sees household bills drop when wholesale energy prices do, incentivising households for using energy outside peak hours.

Over 12 months, a typical UK family would have saved £210 on the Agile Octopus tariff, compared to the average Big Six variable tariff, and another £120 by shifting electricity usage to off-peak times. Meanwhile, the Octopus Go tariff allows electric vehicle owners to charge when energy prices are at their cheapest.

All this is enabled by a technology platform Octopus built in-house, called Kraken, which enables the company to deliver a better customer service, but with much lower operating costs. The industry-leading platform is so pioneering that other energy companies are now queuing up to license it, something Octopus is happy to do to accelerate the transition to green energy, not just in the UK but around the world.

The technology has already been licensed in the UK to Good Energy and E.ON, which also owns Npower, as well as two energy companies in Australia. In addition, acquisitions of green energy suppliers 4hundred in Germany and Evolve Energy in the United States will see Octopus's Kraken innovation spread even further. By working with others, Octopus Energy expects 100 million energy accounts on its platform globally by 2027.

"That will drive the adoption of super-efficient energy and great customer service, but most importantly enable the low-carbon system to be brought to fruition much sooner than if we kept the technology to ourselves," says Jackson. "Meanwhile, as a business we can invest the revenues we get from that licensing into bringing our greener energy to countries around the world and in leading the move to a sustainable, green energy future."

For more information please visit octopus.energy

octopus energy

Commercial feature

Q&A

Electrification for a carbon-neutral future

Chris Guerin, CEO of Nexans, says the major player in global electrification is aiming to be carbon neutral by 2030. Here he outlines his plans to achieve this and the challenges around moving global manufacturing towards a sustainable future

Q By 2050, Europe intends to be the world's first climate-neutral continent. How ambitious is this target and to what extent is the growing global demand for electricity both an opportunity and a risk?

A If all the stakeholders are aware of their responsibility, then Europe can achieve these targets. As a global pure electrification player, we know sustainable electricity can be the first asset for decarbonation. To produce the electricity of tomorrow, the new world of electricity needs to be renewable, clean and circular. It must also cater to an inevitable rapid increase in global electricity demand, which is expected to rise by more than 40 per cent over the next 20 years.

I see immense potential for electrification, as the global energy transition will concern the entire value chain, from production to distribution and usage of electricity. Electricity will replace petrol and diesel as fuel for road vehicles, replace the oil and gas we burn for heating and lighting and more, and this is incredibly exciting.

However, there are challenges that we must overcome. As renewables become the primary source of electricity, generation is becoming more decentralised, with large-scale fossil-fuel plant being replaced by wind and solar farms. That means electricity distribution networks have to change. They must evolve to handle more complex, multi-directional power flows, while maintain reliability and continuity of supply. The infrastructures of the networks also need to be modernised and secure to support such a change.

Q When it comes to electrification, which sectors will impact the climate change agenda the most?

A We cannot curb emissions without electrifying transport. Tomorrow's vehicles will be electric and there will be millions of them. Even in the short term, numbers are expected to rise rapidly with thirteen million zero and low-emission vehicles on the road by 2025, up from fewer than one million today. I am excited to see such a rapid change in public opinion; our recent survey found that more than two thirds of UK respondents support the use of electric vehicles.

Similarly, heating is the single biggest source of domestic energy demand and more than 50 per cent of Europeans depend directly on burning gas, oil or coal to keep their homes, factories and public buildings warm. I believe it is imperative that the majority of indoor heating is provided without the help of carbon by 2050 and this means moving more than 100 million homes to electricity.

Q In September, you organised a Paris Climate Day on sustainable electrification. What were the main takeaways?

A I am fortunate to be in a position where I can enact direct change. That's why I decided to host our first Climate Day and bring together many parties to address the challenges around sustainable electrification.

Our Climate Day took place on September 22 in Paris and we took the opportunity to announce our commitment to going carbon neutral by 2030 and the steps we will take to get there. We also presented the results of our survey on public opinion towards climate change measures and engaged in productive debates and began to structure our collective thinking around responses to the climate crisis.

The discussions revealed many challenges we need to address to succeed. Firstly, young people and emerging countries are the most impacted by climate change, but are less able to enact change to fight global warming. Secondly, the regulatory framework is not currently harmonised and carbon prices vary between different regions around the world. Furthermore, investments in infrastructure renewal to secure supply are low. Finally, the network is not configured to support these changes.

> **The world is changing and we are keen to meet this century's challenges with sustainable solutions**

Q What did you learn from the climate change survey Nexans conducted in the UK? How has the coronavirus pandemic influenced peoples' perceptions of climate change?

A I believe industry must work hand in hand with governments and the public to overcome a challenge as immense as global climate change. Fortunately, our survey of the UK public found people are willing and eager to play their part.

A significant majority (84.2 per cent) agree the UK's post-pandemic economic stimulus package should be climate-friendly. More than 80 per cent support installing wind turbines on land and offshore, and 84.9 per cent support creation of new solar panel fields as part of the country's shift to renewable energy sources.

Q How does Nexans' pledge to go carbon neutral strike the balance of being both ambitious and achievable?

A Our mission is to design and drive the new world of electrification: sustainable, renewable, valuable. We will hold ourselves accountable, be transparent in our aims, set targets, ensure the whole company is on board and make commitments in line with our main values.

Some of the steps we are taking are to reduce our annual greenhouse gas emissions by 4.2 per cent every year, recycle 100 per cent of production waste and fully dedicate research and development (R&D) to energy efficiency and energy transition. These are ambitious, yet realistic, goals and I am confident that, with the full backing of our employees and customers, we can achieve them.

Q Why is Nexans aiming for carbon neutrality 20 years ahead of the official 2050 target?

A We believe bold actions are necessary today and we cannot delay. In light of the commitment set out by the European Green Deal and the Paris Agreement (COP21) to set a limit of 1.5C for global warming by 2030, Nexans is more committed than ever to taking concrete action to fight global climate change. I also support these rapid efforts as a challenge and inspiration to other companies. I am confident that Nexans will make it.

Q How is climate change being integrated into your company culture?

A Our carbon neutrality efforts shape everything we do at Nexans, from manufacturing to R&D, sourcing and daily operations. We understand our actions have an impact on the climate and every one of us is fully invested in making immediate changes to ensure a sustainable future. We now manage Nexans by converging together the 3Ps: people, planet and profit. By mixing these, we ensure no project contributes to global warming.

84%

of Brits agree that the UK's post-pandemic economic stimulus package should be climate-friendly

80%

of Brits support installing wind turbines on land and offshore

85%

of Brits support the creation of new solar panel fields as part of the country's shift to renewable energy sources

The world is changing and we are keen to meet this century's challenges with sustainable solutions. We are fully committed to delivering everyday benefit to people and the economy, and I sincerely believe this doesn't need to come at the expense of our planet.

For more information please visit nexans.com, or connect here www.linkedin.com/company/nexans

EMISSIONS

Operating with a clean, green conscious

Beyond simply planting trees to mitigate environmental impact, some businesses have come up with innovative ways to offset their carbon emissions

Chris Stokel-Walker

Conscious consumerism has never been more pressing in the world of business. We've become all too aware of the risk of global warming, a reliance on fossil fuels and the need for climate action, without further delay. Ordinary people are playing their part, but businesses are also realising the need to play a role in emission reduction.

Carbon-neutral companies are cropping up left, right and centre, with big names such as Google and Facebook pledging to limit their greenhouse gas emissions or reduce their environmental impact by purchasing carbon offsets.

The actions of big companies have a trickle-down effect on the legions of smaller businesses around the world. But not every firm can afford to buy a forest-full of trees to offset the jet-set lifestyle of their executives and smaller companies can contribute by becoming carbon neutral through more ingenious means.

"We can't just recycle our way out of this problem; we need to look at every aspect of our lives and the associated sustainability impact," says Rachel Roberts, founder and chief executive of spottydog communications, a public relations agency based in Birmingham.

Roberts was awoken to the need to act by a company-wide survey conducted at the end of last year. The message from her staff was clear: "Many team members thought we should be doing more as a business to tackle climate change and reduce our impact on the planet."

Meeting the Paris Agreement climate change targets is difficult, says Hugh Jones, managing director of advisory at the Climate Trust. "If you look at it in a straightforward way, a business would have to cut its emissions by 4.2 per cent every year between now and 2050," he says. "We can't start in 2040. We're already too late. We need to start now."

Environmental friendliness of a new workspace was a major factor for spottydog in choosing where to move early in 2020. Close proximity to public transport links was key and, for staff who elect to have a company car, spottydog only offers hybrid or electric vehicles. In addition, small changes were made in the new office, such as getting rid of the company watercooler in favour of taps, eliminating disposable cups and installing sensors that switch off lights if there's no movement, all to save energy.

They're minor changes in the major scheme of things, but collective endeavour can help reduce emissions. "While the initial steps we've taken to be more sustainable have made a big difference to the size of our carbon footprint, we're still very aware that as a growing business it's almost impossible for us to have zero impact on the planet," says Roberts.

Because of this, they're taking more of a proactive approach, offsetting the individual carbon footprints of employees through a scheme called ClimateWise, which invests in projects aiming to take climate action, and making it a free perk for every employee. It's proved a boon, attracting workers who are most climate conscious.

Carbon-neutral companies don't just appear overnight. The way we work and transact business means it can be difficult to bring down greenhouse gas emissions to an acceptable level, never mind the eventual goal of being carbon negative. But firms that labour hard can help make a difference.

> **We can't start in 2040. We're already too late. We need to start now**

Flower delivery service Bloom & Wild is theoretically a significant contributor towards global warming. Its supply chain could contribute towards emissions, had they not taken action to try and counteract the impact they have. In the last 18 months, they've hunted out alternative materials with which to pack their flowers, finding a solution that means they'll have saved nearly 61,000kg of plastic and polyester going to landfill by the end of 2020, the equivalent of 929 fridges.

They also limit the greenhouse gas emissions from delivery vehicles, working instead with XeroE couriers that deliver products using bikes and electric vans. That's cut down on nearly 2,500 gallons of fossil fuels being used in vehicles. XeroE are also signed up to ClimateCare, a scheme for purchasing carbon offsets, which mitigates the rest of their impact on the environment.

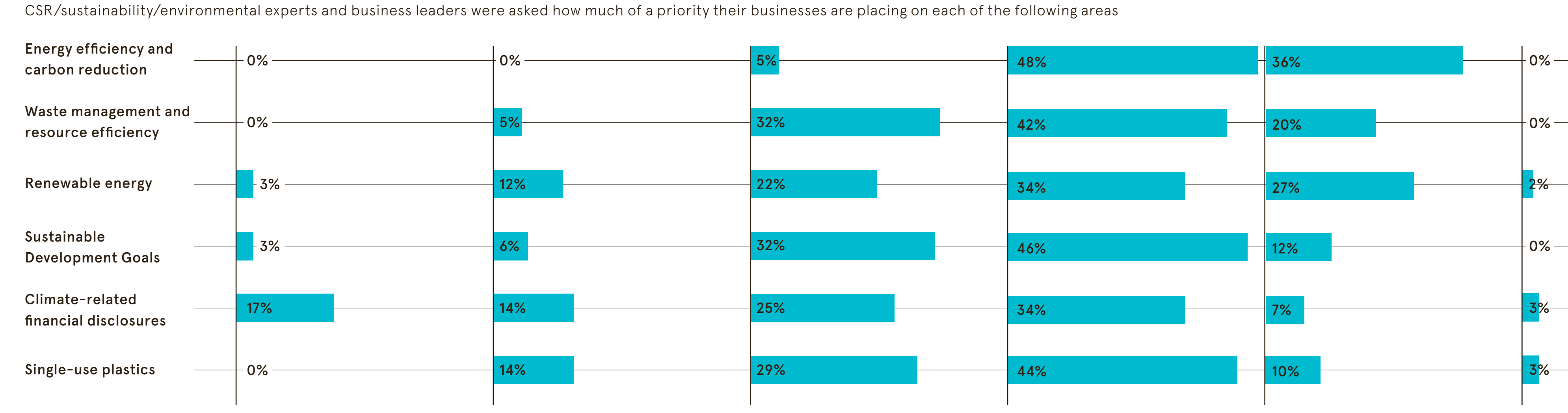
While every firm is different, and their contributions to climate action can change, there are some key areas that firms looking to become climate neutral can tackle first. On a basic level, making sure workplaces operate at their most environmentally efficient is key. Motion-sensor lighting and careful calibration of heating to reduce waste is vital. Using renewable energy sources is an easy, but meaningful, shift in attitude, too.

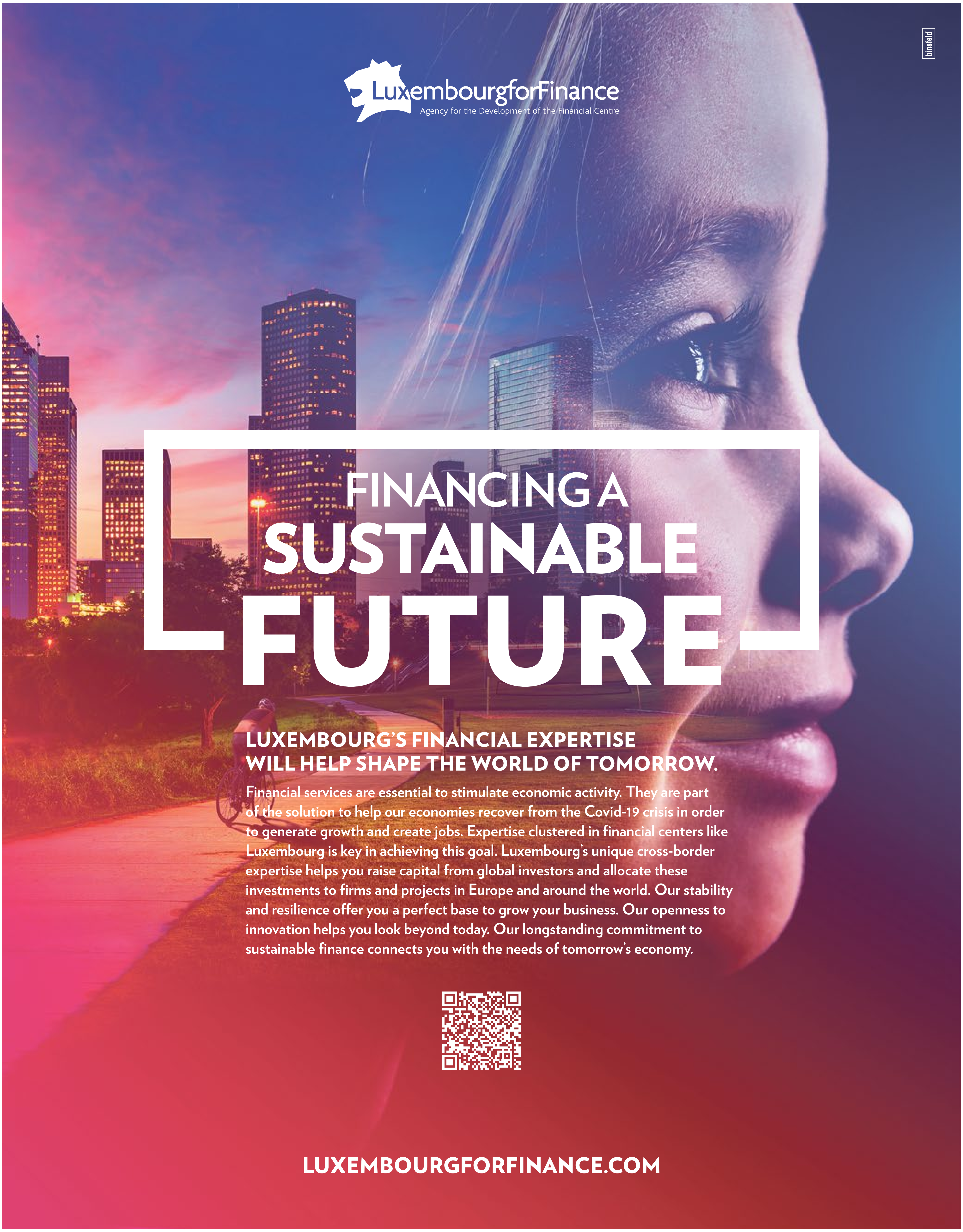
Likewise, habitual changes such as removing plastic-heavy watercoolers and swapping out plastic cups for reusable, renewable ones may seem like a miniscule shift, but can, compounded, have a big impact. Cutting back on perks like gas-guzzling company cars and instigating bike schemes is equally important.

But those are short-term solutions, says Jones at the Climate Trust. "For a couple of years, yes, you might be able to switch to renewable electricity and cut down on air travel," he says. But longer-term thinking is vital. "You have to think structurally: 'What it is I do that has high emissions associated with it and how do I change?'"

ECO PRIORITIES

CSR/sustainability/environmental experts and business leaders were asked how much of a priority their businesses are placing on each of the following areas

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