



How do we move from climate ambition to action?

September 2021

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Executive summary

Why collaboration is key in a crucial year for climate change

We are delighted to share the key findings of the UK Climate Business Forum (UK CBF), a unique collaboration between established and future business leaders, designed and hosted by EY. The forum was set up in response to two simple realities. Firstly, that climate change is too big a challenge to be addressed by any single individual or organisation. Secondly, that UK businesses, with their innovation, entrepreneurial energy and financial resources, have a crucial role to play in delivering the low-carbon world we all aspire towards.

By bringing UK business leaders together (between them responsible for companies generating almost £100b in revenue and employing over 300,000 people), our aim is to plot a practical path towards net zero and, specifically, support the UK Government's Ten Point Plan for a Green Industrial Revolution. Put simply, the UK Climate Business Forum is an opportunity to bridge the gap between green ambition and action in what UN General Secretary Antonio Guterres describes as "a crucial year in the fight against climate change", with the UK hosting COP26 in Glasgow in November. The forum leverages EY's strength as a convenor, along with our experience of advising clients on sustainability, to overcome barriers and focus on common objectives. It also helps us fulfil our purpose of Building a better working world. Clearly, we cannot deliver on that unless the world we and our clients operate in is sustainable.

Our approach

Whilst bringing together established and influential UK business leaders from all sectors is vital to drive change, the voice of younger generations with new ideas and energy must also be heard. With that in mind, a carefully selected group of 18-30 year-old professionals, students and entrepreneurs were asked to tackle the same challenge as their more experienced counterparts.

Our aim was to produce a list of simple but detailed commitments that were reached through discussion around three main objectives:

- ▶ Turn the UK's decarbonisation ambition for the Green Industrial Revolution into a clear set of actions that can be undertaken by UK businesses within the next 12 months
- ▶ Encourage alignment between the public and private sector on the actions that need to happen
- ▶ Create a multi-generational response to the global challenge posed by climate change ahead of COP26

The 11 points for business action are listed and explained in detail in this report, and cover everything from collaboration and transparency to technology investment and circularity, and from biodiversity to employee and consumer engagement. They were developed with the aim of being inclusive, encouraging positive action, and to be both specific and universally adoptable, capable of forming the bedrock of every business' sustainable strategy. They are not, however, set in stone. As the UK economy continues to grow and lead the sustainability agenda, these commitments will evolve - adapting, changing and improving.

The commitments were developed with all UK business in mind, regardless of their sector, size or location.

Taking action

Many of the businesses that joined the UK CBF have pledged to take the lead in implementing some or all of these actions, but the commitments were developed with all UK businesses in mind, regardless of their sector, size or location. Assuming that UK businesses commit and take action within the next 1-3 years, the results can not only help reduce emissions and enhance biodiversity but also act as a boost to the UK's leadership in green tech and innovation, generating green jobs across all sectors.

There are some areas where these actions will have a greater impact with support from the Government.

Whilst one of the forum's key aims was supporting the Government's green ambitions, there are some areas where these commitments will have a greater impact with support from the Government. Acknowledging the role of Government in unlocking the complex issues around climate change and sustainability, we presented these commitments to Anne-Marie Trevelyan MP, the UK

International Champion on Adaptation and Resilience for the COP26 Presidency and Minister of State for Business, Energy and Clean Growth, together with specific asks from the Climate Business Forum to the Government to support this initiative.

Whilst addressing climate change is an immense challenge it also represents a great opportunity.

Looking ahead

The commitments and accompanying report demonstrate the ambition of both the current and future generation of business leaders. We hope it will provide the Government with additional help to position the UK as a leader in sustainability, and support business engagement in the COP26 meetings and in the race to achieve net zero by 2050. As was expressed by so many of the businesses during discussions: addressing climate change is an immense challenge but it also presents a great opportunity.



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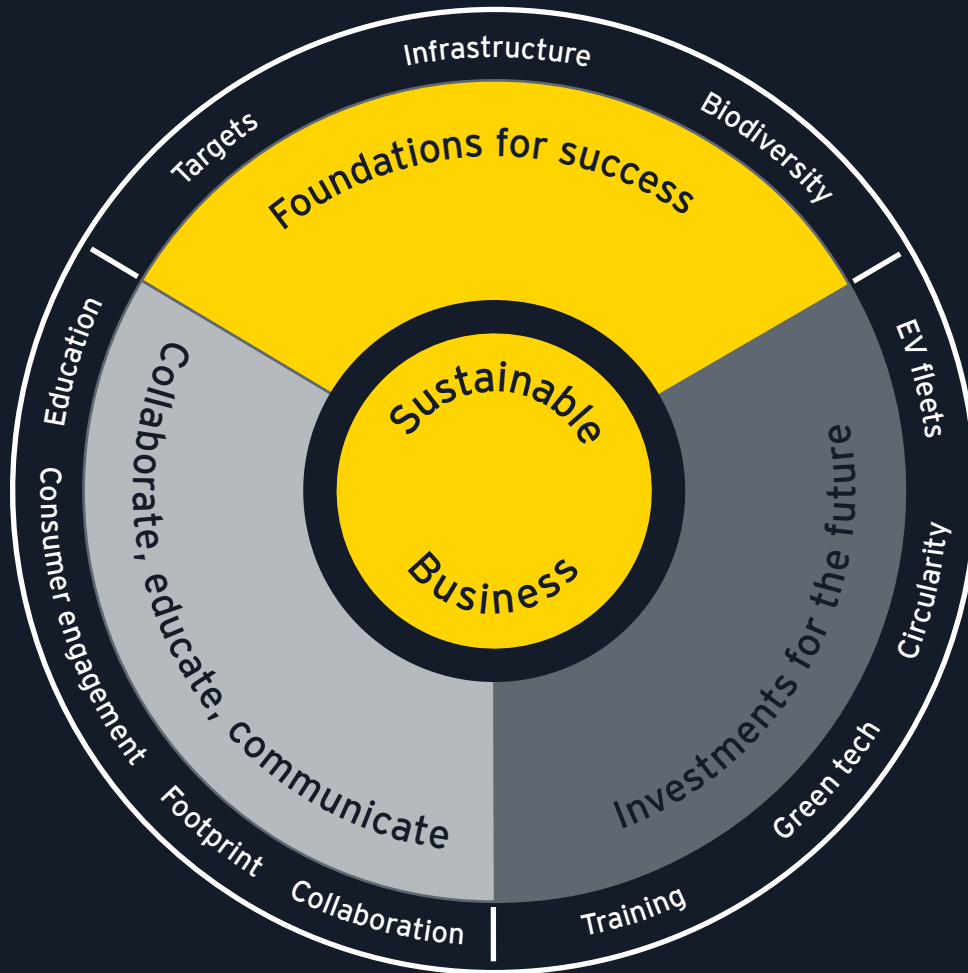


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What a sustainable business looks like

Roll over a header in the outer circle to reveal further information



UK Climate Business Forum



The UK Climate Business Forum

The World Economic Forum’s Global Risks Report 2021¹ highlights climate action failure and other environmental risks, such as biodiversity loss and natural resources crises, amongst the highest impact risks of the next decade.

The Report also emphasises the risk of human-made environmental damage being an imminent – within a mere two-year timeframe – threat to the world. Climate, biodiversity, health risks and economic development are all increasingly intertwined; therefore, a shift towards a sustainable, greener economy must be the priority for governments, businesses and society.

Through the legally binding commitment to reach net zero emissions by 2050, the UK has made clear its commitment to decarbonising the economy and protect the environment. In November 2020, the UK Government announced its Ten Point Plan for a Green Industrial Revolution² (the “Ten Point Plan”) with the goal of ensuring that the country’s recovery from COVID-19 is green, generates jobs and bolsters the economy, whilst continuing to drive down emissions both now and in the future.

This year, we are seeing more companies publishing net zero targets, the G7 making stronger commitments to protect the environment, and preparations in motion for the United Nations Framework Convention on Climate Change (UNFCCC) Conference of the Parties 26 (COP26) which will take place in Glasgow in November.

As the host country, the UK has set the ambition for COP26 to include securing global net zero by mid-century and keeping 1.5 °C within reach, with ambitious 2030 carbon emissions reduction targets, adapting to protect communities and natural habitats, mobilising finance, and working together to deliver.

As the UK and the world race to achieve the long-term temperature goal set by the Paris Agreement, collaboration and cooperation between businesses of all sizes and in all sectors, as well as between businesses and the public sector, will be critical. And action needs to be taken now.

As a trusted advisor to businesses and governments, EY has designed, hosted and participated on the UK Climate Business Forum to help bridge the gap between ambition and action, powered by collaboration between 11 established UK businesses, including EY, and 21 young leaders of the future that have taken part of this initiative.

The UK Climate Business Forum is framed around four key topics (the Four Lenses) related to the UK’s transition to net zero emissions, which are aligned with the UK Government’s Ten Point Plan: consumer-driven decarbonisation, climate jobs, green and levelled-up infrastructure, and trade decarbonisation.

These four lenses have guided the thinking of our Future and Business Leaders during the Forum to create a set of 11 commitments for UK businesses that will support Britain’s transition to net zero and uphold the Government’s Ten Point Plan.

1 The Global Risks Report 2021, World Economic Forum.

2 The Ten Point Plan for a Green Industrial Revolution.

The Four Lenses

1



Consumer-driven decarbonisation

For the UK Government's Ten Point Plan to be a success, consumer demand for sustainable products and services such as renewable energy, electric

vehicles, energy efficient housing and circular, reusable alternatives must continue to rise. To activate consumers and drive forward the decarbonisation of the UK economy, it is critical that we close the gap between intention and action. We know that a majority of consumers would prefer to purchase sustainable products and services, but how can Government, business and the young generation work together to remove barriers, such as cost and accessibility, and to promote positive behavioural change. Of course, the Government can implement regulatory change, such as banning the sale of internal combustion engine (ICE) vehicles by 2030, but there is a reliance on companies to make these choices accessible and for consumers to embrace change.

2



One million climate jobs

A key objective of the UK Government's Ten Point Plan is to support green jobs across the UK economy, by focussing efforts on the growth of existing sustainable

sectors and pioneering innovations to support a green recovery and transition to net zero. Many of these new roles will emerge from incipient sectors such as hydrogen, low-emission vehicles and carbon capture, usage and storage, but across all sectors there is urgency for businesses to take proactive measures to support workers transition into more sustainable job opportunities. A concerted effort from private and public sectors, alongside the education sector, is required to align visions of what the future workforce will look like to ensure pathways are created for individuals to learn the skills required for a decarbonised UK economy.

3



Green infrastructure: levelling up

According to the Government's 'Build Back Better' plan for growth, 80% of UK emissions come from infrastructure sectors, including power, heat, heavy industry

and transport. Therefore, decarbonising UK industry will be a critical part of the nation's net zero transition plan. The Industrial Decarbonisation Strategy, published in March 2021, is a core part of the Government's plans to decarbonise the industrial sector by setting out how it will help get investors and consumers to choose low-carbon, improve efficiency and accelerate innovation of green technologies, 'level up' the UK, and lead global innovation, without pushing emissions and business abroad. The next generation of business and climate leaders will play an key role in the industrial decarbonisation, and we must ensure they are given the space to share innovative ideas and that they have opportunities to thrive in a levelled up and green UK economy.

4



Decarbonising trade

The Ten Point Plan is founded upon green recovery, job creation and decarbonising the economy. To achieve this, a clear trade strategy is critical to support

UK businesses to grow and access global markets. The Plan also recognises the UK's position as a leader in technological innovation, for example, within the existing offshore wind sector, and developing expertise around carbon capture, usage and storage (CCUS) and hydrogen. In order for the UK to become a leader in low-carbon and decarbonised trade, we must nurture and develop strengths in technologies and services locally, whilst securing access to export markets across the globe. Businesses, policymakers and the young generation – future business and climate leaders – need to work together on future environmental policies and how they will impact international trade.

Commitments

The UK CBF commitments were developed through a collaborative process between the Future Leaders Board and the Business Leaders Board, with all UK businesses in mind, regardless of their sector, size or location. The aim is to be inclusive, encourage positive action, and to be both specific and universally adoptable, capable of forming the bedrock of every business' sustainable strategy.

They are not, however, set in stone. As the UK economy continues to grow and lead the sustainability agenda, these commitments will evolve – adapting, changing and improving.

The businesses that joined the UK CBF have pledged to take the lead in incorporating into their corporate strategy and actioning, most or all, the 11 commitments. If more UK businesses, large and small, commit and take action within the next 1-3 years, the results can not only help reduce emissions and enhance biodiversity but also act as a boost to the UK's leadership in green technology and innovation, generating green jobs across all sectors.

Foundations for success



Public data driven targets

Sign up to science-based greenhouse gas emissions reduction campaigns, including Scopes 1, 2 and 3, implement decarbonisation targets throughout the supply chain, and report on progress.



Business infrastructure plan

Develop a plan to decarbonise and improve the efficiency of the company's estate and infrastructure, in line with science-based net zero targets.



Biodiversity impact

Implement a biodiversity action plan in key areas of our business, or through external ecosystem enhancement projects, and ensure new major developments have a net positive impact on biodiversity.

Investments for the future



EV fleet conversion

Convert 100% of light vehicle fleet into zero emissions vehicles by 2030, and identify areas for EV infrastructure development at major sites



Circular products and assets

Integrate circular economy principles into business processes, and ensure new products and assets are repairable, recyclable and have longer design lives.



Green tech investment

Develop and implement an investment programme for industry relevant technologies, both disruptive and existing, that support the transition to net zero.



Skilling the workforce

Undertake an assessment of the business's long-term skill requirements (10-year outlook) and implement the changes required for the business's transition to net zero.

Collaborate, educate, communicate

Collaborate, don't duplicate

Actively share sustainability solutions on business operations that are common across different sectors, to enable all businesses to become more sustainability in a cost- and time-efficient way.



Greenhouse gas footprint information

Inform all stakeholders on the carbon footprint of the products and services offered by the business, building in scope and complexity as more accurate data becomes available.



Engage consumers on sustainability

Engage consumers and be transparent on the environmental impact of products and services to help them make more sustainable choices.



Educating employees

Train your workforce to support them to do their current jobs in a more sustainable way.



Asks of Government

In addition to the 11 commitments developed by the UK CBF, some of the key discussions we had as a forum centred around how the UK Government could support and accelerate the implementation of some of these commitments.

In July 2021, we presented the commitments to Anne-Marie Trevelyan MP, the UK International Champion on Adaptation and Resilience for the COP26 Presidency and Minister of State for Business, Energy and Clean Growth, and discussed ways the Government can support businesses transition to net zero. The eight asks below were the most relevant for businesses in the context of the UK CBF, but certainly the all-embracing ask is for Government to foster collaboration and dialog between public sector, private sector, and the new generation of business and climate leaders.

Supporting Collaboration		Incentives	
<p>1 Business action on climate change taskforce</p> <p>Set up a taskforce that will work with businesses and young people to determine how government policy can support the transition to net zero</p>	<p>2 Business collaboration platform</p> <p>Promote cross-business collaboration and participation from the public sector and oversee the creation of platform(s) for sharing</p>	<p>5 Green research and development tax relief</p> <p>Provide an increased tax relief rate for investment in technologies supporting net zero transitions</p>	<p>6 Matched investment</p> <p>Match the investment from private sector into innovative technologies/projects to accelerate the transition to net zero</p>
Education		Regulation	
<p>3 Climate education</p> <p>Incorporate education on climate change into lower education curriculums, so the next generation of workers have improved base level of knowledge</p>	<p>4 Business and higher education partnerships</p> <p>Support the creation of new partnerships between business and higher education, aimed at meeting the green jobs needs to future</p>	<p>7 Biodiversity standards</p> <p>Support development of standardised biodiversity reporting for business</p>	<p>8 Greenwashing regulations</p> <p>Stricter greenwashing regulations with consequences for false claims, for example, new anti-greenwashing rules for the Advertising Standards Authority</p>
<p>Business action on climate change taskforce</p> <p>The core theme of the UK CBF is collaboration. All participants of the Forum, established and future business leaders, agree that without collaboration we will not solve the climate crisis, and that public sector involvement is key to drive effective and impactful change.</p> <p>Our ask is for the Government to set up a taskforce that will work with UK businesses and young climate leaders to support cross-sector and intergenerational collaboration. Our goal would be to help shape policy, encourage the sharing of sustainable solutions and promote innovation amongst businesses. This taskforce would go beyond the remit of trade bodies given the involvement of different business sectors as well as young individuals, who would not typically be given a voice in this type of setting.</p>			

The commitments

In the following pages, we dive into each of the 11 commitments, highlighting the importance of taking action now and providing examples of how UK businesses can action these commitments, and also how Government can act as a catalyst for these actions. We indicate the potential repercussions on the environment, the UK economy and society, and suggest stretch goals for businesses to position themselves ahead of the curve in the pursuit of net zero.

3

The commitments

Foundations for success

UK businesses are at different stages in their sustainability journeys. The commitments in this section are foundational for the success of sustainability strategies and targets, as well as for succeeding in the remaining commitments. They are designed to help businesses recognise the existing drivers of their greenhouse gas emissions and how their actions affect biodiversity and the natural environment, and to support them in developing an efficient and effective plan to transition their operations and supply chain to becoming net zero.



Public data-driven targets

Sign up to science-based greenhouse gas emissions reduction campaigns, including Scopes 1, 2 and 3, to implement decarbonisation targets throughout the supply chain, and to report on progress.

What is the issue?

Research by the Intergovernmental Panel on Climate Change (IPCC)¹ has shown that a global warming of 2 °C above pre-industrial levels will lead to life-threatening increases of climate-related risks to health, livelihoods, food security, water supply, human security, and economic growth.

The Paris Agreement, signed December 2015, set out an aim to limit global temperature increase to well below 2 °C, preferably to 1.5 °C. The agreement is a legally binding international treaty on climate change and includes commitments from governments around the world to reduce their emissions and work together to adapt to the impacts of climate change. The Paris Agreement, which has now been signed by 191 parties, accelerated the momentum to tackle climate change not only for governments worldwide, but also for businesses, investors, civil society, and other stakeholders.

To implement a credible response to climate change, and as a contribution to global climate action, science-based greenhouse gas emissions reduction targets should be incorporated into business decarbonisation plans across Scope 1, 2, and 3 emissions. Businesses should work with their supply chains to establish the extent of Scope 3 emissions and work to define a clear path towards targets.

How can businesses implement this?

- ▶ **Understand their baseline data** – In order to set targets, a good starting point is to define the current Scopes 1 and 2 greenhouse gas emissions inventory and, as soon as possible, also define Scope 3 emissions inventory.
- ▶ **Set targets** – By signing up to the Science Based Targets Initiative (SBTi), or equivalent carbon reduction campaign, a business sets interim and long-term targets to achieve emissions reductions in line with the Paris Agreement, in addition to continuously reporting on progress to improve transparency and accountability.
- ▶ **Scope 3 emissions** – Under the SBTi, businesses are required to set reduction targets for Scope 3 emissions if they account for over 40% of total emissions. This is crucial if businesses are to account for their true impact globally and promotes engagement across supply chains on ways to reduce greenhouse gas emissions.
- ▶ **Communication** – All stakeholders should be informed of the commitment to science-based targets, to promote sustainable behaviour and collaboration to achieve targets.

¹ The IPCC is the United Nations body for assessing the science related to climate change.

How can Government support?

- ▶ The UK Government has announced new measures that require businesses to commit to net zero by 2050 and to publish clear and credible carbon reduction plans before they can bid for major government contracts². This should encourage businesses to commit to science-based net zero targets. Government could provide guidance on how science-based targets (SBTi, Race to Zero) align with the goals of the Ten Point Plan.
- ▶ The Government has also set out its expectation for all listed companies and large asset owners to disclose in line with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations by 2022. An expansion in these regulations to include a broader set of entities such as large private companies and limited liability partnerships could catalyse action across business, but the Government should also consider including entities from certain sectors that are most vulnerable, or contribute materially, to climate change, regardless of size. This could have a significant positive impact in the transition to a lower carbon economy. It is important that these climate-related financial disclosures address both a company's impact on climate change as well as the impact of climate change on the company.
- ▶ To support businesses committed to the SBTi or equivalent net zero targets campaign, the Government should align incentives to encourage a reduction of emissions across the economy.
- ▶ The Government should continue to work with all and across sectors to develop decarbonisation pathways which focus on the challenges faced by each individual sector on their journey to net zero, as well as solutions that can be beneficial and shared across different sectors.

What are the potential impacts?

Environmental

- ▶ Greenhouse gas emissions reduction targets that align with the UK's commitment to the Paris Agreement are critical for the UK to achieve their net zero goals.
- ▶ Ambitious emissions reduction targets, combined with continuous progress reporting, are key to this commitment having a high environmental impact, as it should encourage acting early to reduce emissions.
- ▶ By ensuring that Scope 3 is included in emissions reduction targets, businesses can bring their whole value chain together to reduce their emissions too, contributing to systematic change.

Economic

- ▶ Benefits to reputational capital. Setting science-based targets publicly displays a strong commitment, as the public can hold non-performing companies accountable.
- ▶ By also tackling Scope 3 emissions, organisations will be seen as ambitious and key players towards net zero.
- ▶ Reduced transition risk to businesses by ensuring they are aligned with the Paris Agreement.
- ▶ Build investor confidence and ESG credentials, attracting responsible investors.

How can we go a step further?

- ▶ Include Scope 3 emissions in emissions reduction targets, even if these emissions do not meet the thresholds for inclusion established by SBTi or equivalent campaign, and work with supply chains on their emissions reduction plans.
- ▶ Implement an internal carbon fee to accelerate a change in behaviour across the organisation and value chains.
- ▶ Undertake independent assurance of greenhouse gas emissions from the first full financial year after the target is set.

What are the risks to the success of this commitment?

- ▶ Scope 3 emissions present a challenge for companies given reliance on supply chain emissions and disclosure and may not be able to act as quickly as required to meet the commitment.
- ▶ In addressing Scope 3 emissions, to an extent you rely on the engagement of your supply chain, with new ways of procuring and working with suppliers as well as innovation required to meet emission reduction targets.

Case study

Network Rail³ have set science-based targets aligned with limiting global temperature increase to 1.5 °C above pre-industrial levels. They have committed to reduce its absolute Scope 1 and 2 greenhouse gas emissions by 46% and their absolute Scope 3 emissions 28% by 2029. This is in addition to working with suppliers to ensure they too have science-based targets by 2025.

² <https://www.gov.uk/government/news/firms-must-commit-to-net-zero-to-win-major-government-contracts>

³ <https://www.networkrail.co.uk/stories/network-rail-sets-world-first-targets-to-combat-global-warming/>

Business infrastructure plan

Develop a plan to decarbonise and improve the efficiency of the company's estate and infrastructure, in line with science-based net zero targets.

What is the issue?

Greenhouse gas emissions from buildings, including indirect emissions, accounted for 23% of total UK greenhouse gas emissions in 2019¹, with heating, lighting and the use of appliances being continuous contributors this figure after the construction phase.

When developing new buildings and infrastructure, we must ensure they are built and powered by low-carbon alternatives, otherwise significant greenhouse gas emissions risk being locked-in, which will obstruct mitigation actions for decades²; seriously delaying, or even preventing, the transition to net zero. Existing buildings must also be converted, renovated or adapted to become low-carbon, and energy and heat efficient.

UK businesses must develop a decarbonisation plan for their estate and business infrastructure that aligns with science-based net zero targets over the next 12 months, with implementation to follow. This would involve reducing input requirements and transitioning to low-carbon energy and heat, with greater on-site energy generation. Due to the long lifetime of buildings, with a large proportion of those existing today expected to still exist in 2050, retrofitting these existing buildings will be key to achieve net zero targets³.

How can businesses implement this?

- ▶ **Decarbonisation of heat** – Transitioning to net zero heat will require the wider adoption of low-carbon technologies such as electric heat pumps, hydrogen or other electricity based heat generation methods.
- ▶ **On-site behind-the-metre generation** – BTM generation and storage will allow businesses to produce sustainable low-carbon energy. It will also reduce businesses' reliance on the grid, as higher demand for electricity will put pressure on the existing network and storage capacity.
- ▶ **Efficiency** – Minimising the use of water, heating, ventilation and air conditioning (HVAC), lighting, and other inputs is also essential to improve the efficiency of buildings.
- ▶ **Site Control** – Collaboration and cooperation with property owners will be required for renovation and improvement of buildings which are not under direct company control.

¹ Including residential, commercial and public sector buildings. [The Sixth Carbon Budget: Buildings](#). Committee on Climate Change, December 2020.

² Ürge-Vorsatz et al., 2012a, in [Climate Change 2014: Mitigation of Climate Change](#), IPCC.

³ [Tackling embodied carbon in buildings](#), UK Green Building Council, February 2015.

How can Government support?

- ▶ Converting buildings and infrastructure to net zero are amongst the most costly challenges across the UK economy. The Government can support the transition by providing grants or other forms of financial support to businesses with qualifying sustainable infrastructure projects, e.g., on-site energy generation systems (similar to the Feed-in Tariff scheme, closed in 2019).
- ▶ Government should lead by example, implementing a decarbonisation strategy for public sector buildings and infrastructure.

What are the impacts?

Environmental

- ▶ Reduction of greenhouse gas emissions.
- ▶ Reduction of energy and water consumption.

Social

- ▶ Creation of new green jobs to support the transition to more sustainable business infrastructure.
- ▶ Significant improvement around the health and wellbeing of people who work in green offices.

Economic

- ▶ Significant cost savings through effective energy, heat, and water management.
- ▶ Reduced insurance costs.
- ▶ Increased demand for low-carbon energy can push the energy sector to accelerate the transition.

How can we go a step further?

- ▶ For a more significant impact, businesses should collaborate with their supply chains to create integrated infrastructure decarbonisation roadmaps.
- ▶ Support suppliers to purchase 100% renewable or low-carbon electricity by providing framework agreements and Power Purchase Agreements (e.g., IKEA).
- ▶ Become a signatory to the Net Zero Carbon Buildings Commitment of the World Green Building Council, which is to reach net zero carbon in operation for all assets under their direct control by 2030, and to advocate for all buildings to be net zero carbon by 2050.

What are the risks to the success of this commitment?

- ▶ As Britain decarbonises and electricity consumption increases, the pressure on the grid for provision and storage of electricity may cause supply issues for businesses dependent on it.
- ▶ On-site electricity generation may not be an option due to geographic and logistical constraints.
- ▶ Assets and infrastructure may be under shared control, or leased, making implementation of decarbonising plans more challenging.



Biodiversity impact

Implement a biodiversity action plan in key areas of our business, or through external ecosystem enhancements projects, and ensure new major developments have a net positive impact on biodiversity.

What is the issue?

We rely on nature to provide us with food and water, produce oxygen, regulate our climate and diseases, and ultimately drive our economy. However, ecosystems and their vital services are under pressure from pollution, intensive agriculture and farming; biodiversity is in rapid decline across the UK, with 41% of species decreasing in abundance since 1970 and 15% of species in danger of extinction¹.

To help halt and reverse ecological decline and safeguard the long-term existence of their business and the UK economy, companies must develop and implement a biodiversity action plan, across their business or through external ecosystem enhancement projects, and ensure new developments have a net positive impact on biodiversity.

Actions associated with this commitment can include eliminating deforestation from supply chains and devoting a certain percentage of occupied land to biodiversity enhancement efforts. All new developments should result in a net biodiversity gain. In addition, protecting sites of environmental value and reforesting and rewilding unused land can help the UK's ecosystems to recover.

How can businesses implement this?

- ▶ **Biodiversity metrics** – Where possible, a good starting point for an effective biodiversity plan should be to define the current impact that the business has on biodiversity. A net gain in biodiversity should be measured using established metrics with nature-related financial disclosures adopted by the business.
- ▶ **Use of own land** – Where possible, businesses can support the rewilding of unused land in the UK or devote a certain percentage of occupied land to biodiversity.
- ▶ **Supply Chain** – Businesses can encourage their supply chains to eliminate deforestation as soon as possible and, where practical, to also implement ecosystem enhancement programs.

¹ [State of Nature Report 2019](#), National Biodiversity Network

How can Government support?

- ▶ Support the development of standardised biodiversity reporting for businesses.
- ▶ Create legally binding targets for all UK nations to reverse biodiversity loss by 2030, and expand the commitment to protect 30% of the UK's land by 2030.
- ▶ Broaden its measures of economic success to be based on inclusive wealth, encompassing natural capital. This would need to be supported by the adoption or development of a natural capital accounting framework, such as the UN's System of Environmental and Economic Accounts, to allow measurement of natural capital.

What are the potential impacts?

Environmental

- ▶ Aid to tackle ecological decline and biodiversity loss in the UK.
- ▶ Potential carbon storage through expansion of forests, wetlands and other ecological features that sequester and store carbon.
- ▶ Regulation of ecosystem services, such as water and air purification, and pest and erosion regulation.

Social

- ▶ Creation of employment opportunities in biodiversity assessment and habitat restoration/creation.
- ▶ Enabler of cultural ecosystem services, such as tourism, recreation, and physical and mental health benefits.

Economic

- ▶ Protection of ecosystem services and the value they bring to the economy, by providing flood prevention and pollination in food production.
- ▶ Benefits to reputational capital of businesses committed to preserving and enhancing biodiversity.
- ▶ Biodiversity interventions can be a form of ecosystem-based adaptation, improving the UK's economy resilience to climate impacts.

How can we go a step further?

- ▶ Make a long-term commitment to become a nature-positive³ business, halting and reversing biodiversity loss by increasing the health, abundance, diversity, and resilience of ecosystems to a state where there is net gain of nature across the business.
- ▶ Embed biodiversity considerations into procurement procedures.

What are the risks to the success of this commitment?

- ▶ A biodiversity action plan must be science backed; by introducing non-native species or disturbing existing habitat can do more harm than good.
- ▶ Difficulty of buy-in at board level due to the lack of strong sustainable leadership articulating a robust business case for biodiversity.
- ▶ Lack of maintenance and monitoring may revert progress made to protect and improve biodiversity.
- ▶ May require expertise external to the business due to complex and integrated nature of ecosystems.

Case study

Kering¹ have published a Biodiversity Strategy and have pledged to have a net positive effect on biodiversity by 2025.

National Grid² have adopted a target to improve the natural environment by 10% on land they own by 2030, and set a 10% Net Gain in environmental value target on all construction projects.

1 [Kering](#)

2 [National Grid](#)

3 [Nature Positive](#)

The commitments

Investment for the future

To accelerate Britain's transition to net zero, significant investment is required from both public and private sectors. We need more investment to expedite the deployment of existing technologies, such as zero emissions vehicles, support the development and bringing to market of emerging ones, and making them accessible to all. This set of commitments focus on areas where UK businesses should invest today to support the decarbonisation of their operations, supply chain and industry.

EV fleet conversion

Convert 100% of light vehicle fleet into zero emissions vehicles by 2030, and identifying areas for EV infrastructure implementation at major sites.

What is the issue?

The transport sector is the largest source of greenhouse gas emissions in the UK, emitting 122.2MtCO₂e in 2019¹. Cars (for personal and commercial use) are responsible for 55.4% of this number. Vehicles also contribute to poor air quality in urban areas, which carries health risks – around 40,000 deaths a year² are linked to outdoor air pollution.

The transition of light vehicle fleets owned by UK businesses to electric vehicles (EVs) by 2030 is crucial for the UK to reduce emissions from the transport sector and for the UK Government to meet its net zero goals.

One of the obstacles to widespread adoption of EV technology both within corporate fleets and employee vehicles is a lack of charging capability. To alleviate concerns relating to charging speeds, cost and access, a large scale roll-out of physical infrastructure is required, with the deployment of EV charging points at all major UK sites and increase in low-carbon energy generation.

How can businesses implement this?

- ▶ **EV infrastructure** – Decision over which sites will receive charging infrastructure will need to consider employee needs and the geographical distribution of the fleet. It is also important to explore potential collaboration opportunities with other public and private organisations.
- ▶ **Urban pilots** – EV roll-outs in urban areas, with shorter journey times and more developed charging infrastructure, would allow for early identification of issues and a gradual fleet transition.
- ▶ **Charging facilities** – Current fleet depots will need to be upgraded to facilitate large scale charging. Consultation with network operators may be required depending on the extent of charging capacity.
- ▶ **Finance and capital** – Special sources of funding are available for fleet operators in areas where environmental benefits can be demonstrated (e.g., green bonds).

¹ 2019 UK Greenhouse Gas Emissions, Final Figures (publishing.service.gov.uk)

² Every breath we take: the lifelong impact of air pollution | [RCP London](https://www.rcplondon.ac.uk)

How can Government support?

Charging infrastructure – The UK's EV charging infrastructure is limited, with development not matching the growth in EV sales¹. Increased public charging facilities could support businesses to confidently transition to EVs.

Grid capacity – To meet the demands of mass EV take-up, the UK's grid needs to be supported by growth in low-carbon energy generation.

Green premiums – EVs generally have larger upfront costs than traditional vehicles. Although they are expected to reach price parity in the mid-2020s, Government could provide support to businesses, in particular SMEs, in the short term.

Workplace charging scheme – It is important that the Government continues to support businesses in the deployment of EV charging infrastructure through voucher and grant schemes.

What are the potential impacts?

Environmental

- ▶ Improvement in air quality, particularly in urban areas.
- ▶ Reduction of noise pollution.
- ▶ Emissions from the use of commercial cars to be reduced to **Zero** if all UK businesses convert their light vehicle fleet to EVs.

Green jobs

- ▶ The UK Government estimates that following the investment of £2.8 billion of public funds and £3 billion of private funds, 40,000 new jobs will be created by 2030.

Economic

- ▶ Long-term cost saving for businesses due to lower EV running costs.
- ▶ Opportunity to access to different funding opportunities to accelerate the deployment of EV technology.

How can we go a step further?

- ▶ Achieve full conversion of light vehicle fleet by 2025.
- ▶ Source 100% of the electricity used to power the fleet from low-carbon energy sources.
- ▶ Where businesses work with third party fleet operators, start to collaborate on ways to accelerate the deployment of EVs.
- ▶ Invest in new technologies that will decarbonise heavy vehicle transportation and haulage activities, for example, hydrogen power.

What are the risks to the success of this commitment?

- ▶ Upfront costs related to converting large fleets from ICE to EV are still high.
- ▶ The complexity of converting a large fleet to EV, and challenges around availability of charging infrastructure can be deterring points.
- ▶ In order to power EVs with low-carbon electricity, the UK's low-carbon energy generation capacity will have to increase significantly.
- ▶ Almost all EVs now have enough range for a full-day's travel, but drivers and managers must overcome range anxiety associated with EVs (fear of running out of battery before you can reach a charging station).

Case study

EDF Energy

EDF Energy have committed to convert their whole fleet to EVs by 2030, and install charge points at their key generation and customer sites.

They have also continued to invest in smart charging technologies, piloting a number of vehicle-to-grid projects which introduce new opportunities.

EDF have also worked to adapt their customer offerings to encourage adoption of EVs for residential and corporate customers by ensuring better tariffs for these offers.

IKEA

Product deliveries make up 15% of IKEA's annual greenhouse gas emissions.

They have committed to using only electric or zero-emission vehicles for home deliveries across 30 markets by 2025. To support this target 93% of stores have EV charging and new stores are strategically build to support access by public transport.

In 2020, Shanghai became the first location to meet this target.

1 Making the transition to zero-emission mobility - 2020 progress report | [ACEA](#)

Circular products and assets

Integrate circular economy principles into business processes, and ensure new products and assets are repairable, reusable, recyclable and/or have longer design lives.

What is the issue?

Our economic system is currently based on a linear, extractive model, which follows a take-make-dispose pattern. In 2016, 221 million tonnes of waste¹ were generated in the UK alone, and global annual waste generation is expected to jump from 2 billion tonnes in 2016 to 3.4 billion tonnes over the next 30 years² if nothing is done to change the existing state of affairs. Adopting circular economy strategies will allow businesses to reduce the amount of waste they produce and could cut global greenhouse emissions by 39%³.

Circular economy is an economic model designed to reach the maximum efficiency whilst minimizing the need for new resources, reducing waste production and greenhouse gas emissions. Circularity can be achieved by maintenance and repair of products and assets, increase of their useful life, recovery and upgrade of materials, recycling, amongst other methods.

As we build a cleaner, greener country, UK businesses must aim to integrate circular economy principles into their business processes as early as possible.

This can be accomplished by reassessing operating models and supply chain, by establishing circularity as a key factor in procurement procedures, and by creating or developing products that last for a long time. With the introduction of circular strategies, new designs and production processes, business models will have to be reshaped, new (green) jobs will be required and existing ones need to adapt.

How can businesses implement this?

- ▶ **Impact assessment** – An assessment of the environmental impacts arising from inputs and outputs over the entire life cycle of new major asset developments, products, processes or services (i.e., Life Cycle Assessments) will support teams to design and improve assets and products.
- ▶ **Embed circularity into design and lifecycle** – New products and assets (or a significant proportion of) must be designed for modularity and reassembly. End-of-life optimisation and/or collection programmes must be developed where products and assets can be reintroduced into the manufacturing cycle.
- ▶ **Business model innovation** – The adoption of circular principles will challenge linear business models, meaning changes will have to extend beyond procurement or waste management, to the wider business.

1 UK Statistics on Waste (publishing.service.gov.uk)

2 What a waste 2.0, A Global Snapshot of Solid Waste Management to 2050, World Bank Group 2018.

3 The Circularity Gap Report 2021 (<https://www.circularity-gap.world/2021>).

- ▶ **Supply chain collaboration** – Businesses should collaborate with suppliers and consumers to help track materials, manage waste and establish synergies.

How can Government support?

- ▶ Expand the 'right to repair' rules to cover more appliances.
- ▶ Introduce mandatory reporting for companies on waste management and treatment.
- ▶ Provide R&D funding to support companies in redesigning products with circular economy principles.
- ▶ Introduce mandatory Life Cycle Assessments and carbon footprint reports.
- ▶ Introduce packaging Extended Producer Responsibility, ensuring businesses pay the full cost of packaging waste.
- ▶ Introduce a tax on waste produced by companies.

What are the impacts?

Environmental

- ▶ Reduction of greenhouse gas emissions from landfills and incineration.
- ▶ Reduction of greenhouse gas emissions from manufacturing of new products.
- ▶ Waste reduction.
- ▶ Decrease in natural resources extraction.

Social

- ▶ New green jobs will be created to support new business models, develop and design circular products.
- ▶ Some of the present jobs will have to be redefined and others may disappear.

Economic

- ▶ Reduced raw material and waste disposal costs.
- ▶ Increased synergy between business and supply chain, cutting input costs.
- ▶ Engagement with new, climate conscious consumer base.

How can we go a step further?

The timeframe for implementation of circularity strategies will be sector and business dependent – different business models and complexity of supply chains being some of the influencing factors. However, UK businesses can stretch their goals by committing to more ambitious target dates, for example:

- ▶ Provide component based solutions by the next product launch.
- ▶ Halt further investment in non-circular products and assets as of now.
- ▶ Divest from non-circular products and assets by 2025, or by the end-of-life of products and assets currently in use.

What are the risks to the success of this commitment?

- ▶ Depending on the sector, costs to integrate circular strategies could be significant or even prohibitive without Government support.
- ▶ Hurdles for customers to repair products or replace components can discourage behaviour change.
- ▶ A recycling infrastructure insufficient to cover a significant increase in the circular economy.

Case study

Network Rail¹ used recycled composite sleepers for the first time in 2021. These sleepers, which are composed of locally sourced plastic waste, are more sustainable than hardwood sleepers, which are sourced from Brazil.

1 [Network rail](#)

Green tech investment

Develop and implement an investment programme for industry relevant technologies, both disruptive and existing, that support the transition to net zero.

What is the issue?

According to the Intergovernmental Panel on Climate Change, global greenhouse gas emissions will have to halve by 2030 if we want to have a reasonable chance of limiting global temperature increase to 1.5 °C above pre-industrial levels¹. In order to achieve such a substantial reduction in emissions and prevent dangerous climate change, research, development, and technological innovation must be scaled up.

Whilst traditional carbon-intensive sectors such as transport and energy are more obviously expected to invest in and deploy green technology, businesses in all the different sectors of the economy must also ramp up investments.

With appropriate investment, innovation undertaken with a sustainability lens will allow business to reduce the environmental impact of their products and services. This can be achieved by introducing and improving the circularity of products, reducing the amount of waste generated, embedding resource-efficient technology into commercial and industrial processes. All at costs that will become ever more accessible.

UK businesses should develop and implement an investment programme for industry relevant technologies, disruptive and existing, that support the transition to net zero. It is vital that an environment of collaboration is also created, where start-ups working on innovative technologies are incubated and supported by private and/or public investment.

¹ Global Warming of 1.5 °C. IPCC Special Report 2018.

How can businesses implement this?

- ▶ **Technology landscape review** – Companies may want to undertake a technology landscape assessment to evaluate potential technology investments and also consider technologies from other sectors that could be relevant for their business.
- ▶ **Design an investment programme** – Businesses will need to design an investment programme that is embedded in the company's business plan and strategy to see where their investment would have the greatest impact.
- ▶ **Collaborative approach** – Better collaboration with start-ups and SMEs will support the development of important technologies for the transition of each sector to net zero.
- ▶ **Investment targets** – A target spend on green R&D and technology based on a percentage of annual revenue can be an objective way of measuring performance.
- ▶ **Monitoring** – Investments in R&D, including investments and partnerships with start-ups, should be tracked and reported annually.

How can Government support?

- ▶ Tax reliefs exist that supports research and development across all sectors of the UK economy. However, in recognition of the urgency of the climate crisis, the UK Government could provide an increased tax relief rate for R&D investment in technologies supporting the transition to net zero.
- ▶ To incentivise investment from the private sector, the UK Government could match investments made in technologies that support the transition to net zero.

What are the potential impacts?

Environmental

- ▶ Potential for significant reduction of greenhouse gas emissions.
- ▶ Potential for reduction other forms of pollution. For example, by developing reusable and recyclable products or parts of products, businesses will be able to reduce waste to landfill.

Social

- ▶ New green jobs will be created in STEM disciplines.

Economic

- ▶ By developing sustainable products and services, UK businesses will gain a competitive advantage and reputational benefits.
- ▶ More and better investment in green tech will allow the UK to be a global leader in the trade of sustainable goods and services.

How can we go a step further?

- ▶ Collaborate and/or partner with businesses in the same or different sectors to develop and scale up relevant technologies that support the transition to net zero.

What are the risks to the success of this commitment?

- ▶ If only a token sum is invested, significant technological breakthroughs are unlikely to occur.
- ▶ It may be difficult to calculate the payoff of green investment options, which can result in less ambitious investments being made.

Case study

Rolls-Royce¹ has committed to increase the proportion of R&D expenditure in low-carbon technologies from 50% to at least 75% of total R&D spend by 2025.

1 [Rolls-Royce launches pathway to power net zero economy](#). Rolls-Royce, 17 June 2021.



Skilling the workforce

Undertake an assessment of the business's long-term skill requirements and implement the changes required for the businesses transition to net zero.

What is the issue?

The UK needs a skilled workforce to achieve its ambitious climate targets, but, without appropriate investment, the green skills deficit – which is at present already significant – will only grow larger. And whilst the Ten Point Plan aims to support 250,000 high-skilled green jobs by 2030¹, recent research shows that the UK will need to retrain and create 350,000 new roles by 2028². It will, therefore, be critical for UK businesses to ensure that their employees have the right set of skills to successfully navigate the transition to net zero.

From the Government's perspective, the Department for Business, Energy and Industrial Strategy (BEIS) and the Department for Education (DfE) have launched the Green Jobs Taskforce, whereby solutions and recommendations for an action plan to support green jobs and skills needed by 2030 are expected to be published in 2021.

To prevent knowledge gaps, and to support future demand for talent with sustainability expertise, UK businesses must undertake an assessment of their workforce long-term skills' requirements, focussing on identifying potential gaps and implementing the necessary changes. The assessment of skills and capabilities across the company and its value chain and development of a strong strategy will be the starting point for businesses to prepare their workforce for a net zero economy.

How can businesses implement this?

- ▶ **Long-term view** – Businesses must consider a longer term position and make decisions based on implications in 10 years time, or more.
- ▶ **Continuous assessment** – Certain industries will see rapid technological development over the next few years, meaning regular assessment updates will be required.
- ▶ **Higher education collaboration** – In order to bridge the green skills gap, collaboration between the private sector and higher education institutions can help shape curriculums that meet business's green expertise needs of the future.

¹ [The ten point plan for a green industrial revolution](#). HM Government policy paper, November 2020

² [Building Skills for Net Zero](#), CITB, March 2021.

How can Government support?

- ▶ Support the creation of new partnerships between business and higher education to meet the green jobs needs. It can be done through growth of schemes like the Knowledge Transfer Partnerships¹.
- ▶ Provide clear guidance and recommendations to higher education institutions on curriculum changes needed to ensure the future UK workforce has the right skill set.
- ▶ Support the development of a standardised methodology, inventory and taxonomy of skills to be used by companies in the assessment to ensure consistency across sectors.

What are the potential impacts?

Environmental

- ▶ Low direct impact on greenhouse gas emissions.

Social

- ▶ Proactive retraining of workers in high-carbon industries will enable them to adapt their skills and prevent unemployment.

Economic

- ▶ Focus on employee development can result in better employee engagement and retention, and attract new talent.
- ▶ A highly skilled UK workforce prepared for a net zero economy will attract foreign direct investment.

How can we go a step further?

- ▶ The assessment should be included in targets for the next financial year, with planning and methodology agreed in the current financial year.
- ▶ The assessment should indicate in clear actions and targets, which should be reported on a continuous basis (e.g., yearly or five-yearly).
- ▶ Collaboration between businesses across sectors and educational institutions to develop courses that support the skills needed by the future workforce.

What are the risks to the success of this commitment?

- ▶ For some businesses it will be more difficult to forecast the future green skills requirements.
- ▶ A short term view of the company's skills needs may result in a less relevant action plan to fill the green skills gaps.

Case study

Balfour Beatty^{2,3} has analysed the skills gap of the nuclear industry and created a list of steps required to close the gap. Among other efforts, the company has delivered virtual events for thousands of students to encourage them to think about working in the construction industry.

1 [Knowledge Transfer Partnerships](#)

2 [Building nuclear skills](#), Balfour Beatty

3 [Balfour Beatty and Scape Group engage with over 42,000 students through Construction](#). Balfour Beatty plc

The commitments

Collaborate, educate, communicate

Businesses have an important role in decarbonising the UK economy, but no company can solve an issue as large and complex as climate change on their own. This set of commitments focus on engagement of UK businesses with a wide range of stakeholders, employees, consumers, suppliers, sharing sustainable solutions, educating on climate change, and providing information that allows more sustainable choices to be made.



Collaborate, don't duplicate

Actively share sustainability solutions on business operations that are common across different sectors to enable all businesses to become more sustainable in a cost- and time-efficient way.

What is the issue?

Addressing the sustainability challenges and achieving the UK's net zero target will require significant change and accelerated action. Collaboration between businesses, the public sector and other stakeholders is vital for change to happen at the necessary speed, and avoid duplication of efforts in similar areas.

UK businesses should actively share sustainability solutions that are common across different sectors to enable all businesses to become more sustainable in a cost- and time-efficient way.

By committing to a collaboration group or cross-industry platform to share their experiences and solutions, the transition to a sustainable economy and to tangibly reduce environmental impact across businesses can be achieved more efficiently and swiftly.

Businesses can also publish regular reports or papers on successful sustainable solutions to further facilitate knowledge sharing, making this publication free and accessible to SMEs.

How can businesses implement this?

- ▶ **Cross-sector platform** – Businesses to initiate the creation of a cross-sector platform, with the support of the public sector and non-profit organisations, to foster sharing of sustainable initiatives between companies.
- ▶ **Public reporting on solutions** – Businesses to publish an annual report or paper with sustainability solutions on business operations common across sectors, making it accessible to SMEs.
- ▶ **Future leaders** – It is important to include the future generation of climate and business leaders in collaboration platforms and processes as they will bring a fresh perspective on how the UK can address the climate crisis.

How can Government support?

- ▶ **Alignment of sustainability principles with competition law and policy** – Competition laws to include a general public interest exception, e.g., the Netherlands Authority for Consumers and Markets (ACM), where the cartel prohibition does not apply on sustainability related initiatives, and discussions at the OECD level on sustainability and competition law and policy.
- ▶ **Cross-sector platform** – Promote cross-business collaboration and participation from the public sector and oversee the creation of platform(s) for knowledge sharing.

What are the potential impacts?

Environmental

- ▶ As businesses are able to adopt sustainability solutions faster than if they were developed independently, there are potential reductions in the use of natural resources, waste generation, and greenhouse gas emissions.

Economic

- ▶ More efficient decarbonisation with less resources required from individual companies.
- ▶ Supports SMEs on their transition to net zero.
- ▶ Creates cross-sector relationships that can become the foundation for greater collaboration in the future.

How can we go a step further?

- ▶ UK businesses, with the support of HM Government, to initiate the creation of a cross-sector platform in 2021/22, and initiatives to be shared with other companies on the platform within 12 months of the platform being set up.
- ▶ Issue report annually, making it free and accessible to SMEs.
- ▶ Establish long-term cross-sector partnerships to co-create sustainability solutions, providing synergies for all stakeholders.

What are the risks to the success of this commitment?

- ▶ Sustainability solutions not being easily accessible by other businesses or actively promoted to sustain the necessary reach.
- ▶ Reluctance to share the relevant details and specific information needed for solutions to be implemented by others.

Case study

Transform to Net Zero¹ is a cross-sector initiative, founded by companies in the food, fashion, cosmetics, technology, and automotive sectors, that aims to drive research and best practices to make it easier for the private sector to deliver meaningful emissions reductions.

Heathrow Airport² has developed the Heathrow Sustainability Partnership, bringing together a range of businesses that operate at the airport to co-develop sustainability solutions such as employee training and waste reduction programmes.

1 <https://transformtonetzero.org/>

2 [B2B Collaboration - A new wave of sustainability collaboration?](#)

Greenhouse gas footprint information

Inform all stakeholders on the carbon footprint of the products and services offered by the business, building in scope and complexity as more accurate data becomes available.

What is the issue?

In a recent study conducted by EY, it was found that 62% of consumers are more likely to purchase a product or service that is sustainable, but a much lower percentage, 26%, actually do¹. Businesses are increasingly expected to take a lead role in enabling sustainable choices and driving the sustainability agenda, rather than relying on their customers to signal the desire for them to do so.

Notwithstanding the demand for sustainable products and services, the lack of information at the point of purchase about the environmental impact of the products and services offered is a stumbling block to purpose-driven consumers. To help to close this intention-action gap for consumers, organisations must increase transparency in relation to the environmental impact of the wide range of products and services offered.

By disclosing, where practical, the greenhouse gas footprint of their products and services, businesses can empower purpose-driven consumers to make more sustainable choices. Gradually, as more accurate data becomes available, either because entities in the value chain begin to also measure their emissions or because the cost of measuring becomes more affordable, companies will be able to cover more, as well as more complex, items of their portfolio.

It will become just as important that the methodologies used to calculate the carbon footprint of products and services are verified by a third party to ensure labels are accurate and to improve consumers trust.

How can businesses implement this?

- ▶ **Methodology development and reporting** – Businesses should define the methodology used to calculate the carbon footprint of products and services from cradle to grave, and seek independent verification by a third party.
- ▶ **Impactful approach** – Businesses must consider which products and services to kick off carbon measuring efforts to maximise the impact of the disclosure.
- ▶ **Service and product design** – Carbon footprint information should be clear and of easy access to help nudge consumers towards the sustainable choice.

¹ If consumers hold the key to a greener future, how can energy companies unlock it?, EY, 2021.

How can Government support?

- ▶ Support the development of standardised templates for carbon intensity disclosures for the products and services provided by different industries, and promote the use of these templates to disclose carbon footprint information.
- ▶ Provide incentives for businesses, in particular SMEs, to include greenhouse gas footprint information in their products and services.

What are the potential impacts?

Environmental

- ▶ Increases consumers' awareness of the environmental impact of their purchases, encouraging change in behaviour.
- ▶ Potential greenhouse gas emissions reduction, as pressure from customers on high polluting products and services can accelerate change.
- ▶ Carbon footprint measuring can help businesses identify carbon-intensive parts of the production process, which they can eliminate or substitute to reduce emissions.

Social

- ▶ New jobs will be created to support the measuring and disclosure of greenhouse gas footprint of products and services.

Economic

- ▶ Benefits to reputational capital as it demonstrates that a company is actively engaged in sustainability.
- ▶ Potential growth in market for sustainable products and services.
- ▶ Increased transparency and accountability, building trust between consumers and businesses.
- ▶ Promotes collaboration for the decarbonisation of supply chains.

How can we go a step further?

- ▶ Businesses can start providing greenhouse gas footprint information for less complex products and services by 2022.
- ▶ They can also target a significant percentage of products and services to have greenhouse gas footprint information available to consumers and other stakeholders by 2025.

What are the risks to the success of this commitment?

- ▶ Information on emissions not being clear or of easy access to consumers will hinder positive outcomes of this commitment.
- ▶ Obtaining accurate greenhouse gas footprint figures for certain products and services can be overly complex and onerous as will require entities in the supply chain to also provide information.
- ▶ Process of calculating greenhouse gas footprint could increase cost of products and services.
- ▶ Without agreed common standards, greenhouse gas footprint calculation methodologies will vary between companies, which can make it difficult for customers to compare the carbon impact of similar products.

Case study

Quorn¹ has committed to introduce carbon labels, certified by the Carbon Trust, on its products to raise awareness amongst its consumers.

Unilever² has announced its ambitions to 'communicate the carbon footprint of every product' it sells, and is establishing systems and partnerships to encourage and standardise data collection and sharing.

1 Quorn unveils carbon footprint labelling of its products and calls on other brands to follow suit as it launches new campaign to help consumers battle climate change

2 Unilever sets out new actions to fight climate change, and protect and regenerate nature, to preserve resources for future generations | News | Unilever global company website



Engage consumers on sustainability

Engage consumers and be more transparent on the environmental impact of products and services to help them make more sustainable choices.

What is the issue?

Comparable products or services can have varied levels of environmental and social impact, but consumers are often unaware of the potential impact of their choices. Still, consumers are expected to conduct their own research into what is sustainable, and, within that, what is truthful. This creates a disproportionate burden on consumers that can switch them off making sustainable choices.¹

By educating consumers about the environmental impact of the products and services they consume, or, conversely, helping consumers see the benefits of more sustainable alternatives, companies can nudge them to make more informed, conscious choices.

At the same time, engaging consumers on sustainability must be accompanied by transparency; it is essential that businesses are honest with consumers and are prepared to describe any plans to improve a product's carbon footprint or wider environmental and social impact.

Adherence to this commitment by businesses will empower consumers to make the right choices for the environment and also increase the market for sustainable products and services.

According to research by EY Seren², 89% of consumers want brands to help them make a difference, with participants expressing that the burden of sustainability should be pushed to businesses rather than consumers.

How can businesses implement this?

- ▶ **Marketing campaigns** – UK businesses should commit a percentage of their marketing budget to inform customers about the sustainability of their products and test the impact of the campaign on purchasing choices.
- ▶ **Use after purchase** – If the environmental impact of a product is largely influenced by its use, this should be conveyed to consumers, with information on how to reduce impact and emissions.
- ▶ **Price as a deciding factor** – Customers may be unable or unwilling to pay a significant premium for sustainable products and services, so efforts must be made to ensure sustainable options have accessible costs.

^{1,2} Human Signals: Promoting Sustainable Behaviours. EY Seren, June 2021.

- ▶ **Transparency with consumers** – For the public to be receptive to sustainability marketing from businesses, businesses must be able to show they are also doing their part to tackle climate change, being transparent in their actions and history, ready to back up their sustainability credentials and impact.

How can Government support?

- ▶ To accompany the new UK Green Taxonomy, stricter greenwashing regulations with consequences (such as substantial fines) for false claims made to consumers. For example, new anti-greenwashing rules by the Advertising Standards Authority.
- ▶ Guidance to businesses about the sustainability claims they are able to make.
- ▶ Matching funds invested by companies on consumer engagement and education, subject to a cap.

What are the potential impacts?

Environmental

- ▶ Change in consumer behaviour will increase demand for products and services that use less water, energy and plastic, resulting in:
 - ▶ less waste
 - ▶ more efficient water usage
 - ▶ reduced energy consumption

Economic

- ▶ Benefits to reputational capital of organisations committed to sustainable transparency and consumer engagement.
- ▶ Creates a strong market for sustainable products and services.

How can we go a step further?

- ▶ Push targets and aim for the first sustainability awareness campaign to go live by 2022.

What are the risks to the success of this commitment?

- ▶ Sustainability claims that are not supported by actions could cause reputational damage and/or sanctions from authorities.
- ▶ Generic engagement efforts can be ineffective.

Case study

Intermarché¹

The 'Inglorious Fruits and Vegetables' campaign highlighted the issue of food waste to consumers and encouraged them to purchase misshapen fruit that otherwise would have been discarded.

NatWest Group²

NatWest has announced the introduction of a carbon footprint tracking feature for its mobile app to help customers reduce the climate impact of their spending.

1 [Inglorious Fruits and Vegetables is a clever campaign to reduce food waste by making ugly produce more endearing. \(slate.com\)](#)

2 [NatWest to launch free carbon footprint tracker to app users](#), NatWest Group, 12 July 2021.



Educating employees

Train the workforce to support them in doing their jobs in a more sustainable way.

What is the issue?

If we are to achieve our climate ambitions, employees need greater understanding of the risks and opportunities businesses have relating to climate change and sustainability, and the urgency of the global challenge we face. By educating employees on climate change and specific sector challenges, sustainable transformations can be accelerated and even driven by the employees themselves. Building this knowledge within the workforce encourages change in behaviour to enable them to do their jobs in a more sustainable way, and to adapt to climate change related trends outside the workplace¹.

Businesses need to enable employees to obtain the necessary knowledge by providing them with opportunities to engage with sustainability initiatives and appropriate learning. Success can be measured by monitoring the number of employees engaging with training and other initiatives, tracking progress against long-term targets.

Sustainability training should be built in from the employee's onboarding and during the course of their career, to ensure that sustainability is embedded in the organisational structure.

How can businesses implement this?

- ▶ **Learning and development programmes** – Businesses must design learning and development programmes for employees to educate them on climate change and sustainability issues. This may involve bringing in third parties, or internally design bespoke sector-led programmes.
- ▶ **Leadership engagement** – To ensure high levels of employee engagement, business leaders need to show support and participate in programmes.
- ▶ **Progress rewards** – Incentivise employees to engage with learning and development opportunities by embedding achievable targets into the programme, for example badges/medals.

¹ [Journal of Consumer Policy](#)

How can Government support?

- ▶ In June 2021, the Government announced new environment education packs for UK schools ahead of COP26 to engage pupils on the climate challenges we face. This is an encouraging initiative; however, in order to ensure the next generations are skilled and prepared for future climate challenges, a more structured approach is required to embed climate change and sustainability in primary and secondary education curriculums.
- ▶ Support businesses define best practice and benchmarks for more impactful sustainability learning and development programmes.

What are the potential impacts?

Social

- ▶ In deploying learning and development programmes, employees can do their jobs in a more sustainable way.
- ▶ Increased understanding of climate change and sustainability issues amongst employees can inspire positive behaviour change also outside of the workplace.
- ▶ Corporate Social Responsibility (CSR) requirements to be increasingly embedded in job roles to align with businesses' sustainability strategy.

Economic

- ▶ Positive business reputation – sustainability education can attract talent and customers.
- ▶ Reduction of costs associated with a positive behaviour change, e.g., decrease in energy and water consumption.
- ▶ Increased awareness about climate change can help businesses achieve their business' sustainability strategy.

How can we go a step further?

- ▶ Deploy learning and development programmes across the organisation by 2022.
- ▶ Create an environment of collaboration by working with other companies in your sector, and with supply chains to develop learning materials that can be shared within a collective sustainability education programme.

What are the risks to the success of this commitment?

- ▶ Lack of C-Suite buy-in into programmes could result in a deficient uptake across the organisation.
- ▶ Poorly designed programmes/workshops that are not relevant to employees, that are out-dated, or that are not engaging.

Case study

EY launched a voluntary learning and development programme, where employees earn a badge for completing sustainability training.

Leaders across the business encourage their teams to earn the badge, which provides employees with a basic understanding of the fundamental concepts, tools and applications, and how to apply these to business problems. They are able to effectively communicate to internal and external stakeholders.



Appendices

An overview of the collaboration process



Business Leaders

In total, ten large UK companies joined and were actively engaged in the UK Climate Business Forum. Some of these businesses are listed below.



ASOS launched its sustainability and corporate responsibility programme, Fashion with Integrity, in 2010. This year, the business is refreshing its targets and its strategy to focus on key ambitions for 2030, which align with the 11 commitments identified by the Climate Business Forum. Through Fashion with Integrity, ASOS is committed to delivering positive benefits for people and minimising its impact on the planet.



BT Group has pledged to become a net zero carbon emissions business by 2045. In June 2020, BT co-founded the UK Electric Fleets Coalition with the Climate Group and 29 organisations which helped to shape the UK Government's announcement ending the sale of new conventional petrol and diesel vehicles by 2030. At the same time the company announced plans to transition the majority of its commercial fleet (the second largest in the UK) to electric or zero emissions models by 2030 and in November 2020, completed the switch to 100% renewable electricity worldwide. BT's commitment to reducing its carbon emissions will help the UK Government meet its target of net zero emissions by 2050 and the company is calling on other businesses to take similar steps.



EDF is helping Britain achieve Net Zero. We are the UK's largest producer of low-carbon electricity, with a focus on wind, nuclear and solar, along with storage and flexibility. EDF is helping its customers in business and at home reduce their carbon emissions and energy costs. All our home customers get low carbon electricity at zero extra cost.



At National Highways, we are committed to taking immediate and sustained action towards decarbonising England's motorways and A-roads, so we can continue to bring significant benefits to motorists, communities and businesses in a net-zero future. We plan to achieve through three key commitments; achieving net zero for our own operations by 2030, delivering net zero road maintenance and construction by 2040; and supporting net zero carbon travel on our roads by 2050. Our goals and plans are well aligned with those of the UK Climate Business Forum and we support the Forum in encouraging businesses across the country to take similar steps.



Network Rail support the foundations for success and asks of Government determined through the UK Climate Business Forum and are fully committed to delivering the targets stated in their sustainability strategy published in 2020 that align with the 11 commitments that the Forum identified.

Future Leaders Board



Serena Bashal
Student



Lincoln Lee
Young Entrepreneur



Feyi Osifuwa
Young Professional



Thomas Bishop
Young Professional



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FLB ideas

As part of the UK CBF, the Future Leaders have generated a myriad of ideas for actions that UK businesses can take in the transition to net zero. The ideas below are over and above the UK CBF commitments, and can also be taken into account by businesses in their sustainability strategy.

All sectors

- ▶ Set up a board of young leaders to feed into the business's strategy.
- ▶ Develop a framework to assess the benefits of projects against their impact on natural capital (i.e., wider impact on natural resources and the environment to ensure these factors are considered).
- ▶ Create sector awards that showcase exceptional climate action and achieve targets/milestones.
- ▶ Contribute benchmarks to a platform that defines what best in class looks like in different industries, and shares guidance on how to reach it.
- ▶ Determine standard metrics that can be used by investors to assess a business/environmental impact.
- ▶ Create an online tool to trace full supply chain of products.
- ▶ Plan for a second life in product development.
- ▶ Internal standards and working with waste handlers/recycle users on metal combinations in products to prevent tramping and limit primary production.
- ▶ Limits on plastic contaminants (e.g., PVC/PFOAs).
- ▶ Cooperation between industry, academia and Government to understand what research is required to support policies change.

Consumer Products

- ▶ Development of bottles return schemes.
- ▶ Scale and improve tech solutions that focus on traceability of products and raw materials.

Infrastructure

- ▶ Skills and training for people in fossil fuel based industries in developing countries to transfer to green economy.

Finance

- ▶ Use blended finance to encourage investment in less developed countries (for mitigation and adaptation).

Agriculture

- ▶ Vertical farming, inclusive urban farming – sponsoring space in cities, workshops, apprenticeships.

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