



HUMAN RIGHTS



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Global Compact
Network
Switzerland & Liechtenstein

Webinar 1 - Introduction to corporate climate action: Developing a climate strategy

12.09.2022, 14:00 – 15:30

Welcome and thank you for joining. The webinar will start shortly.

In collaboration with

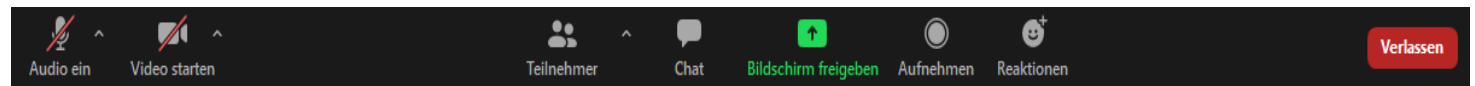


Let's make Global Goals Local Business

Housekeeping

- This session is being recorded.
- Slides and recording will be made available by UN Global Compact Network Switzerland & Liechtenstein after the webinar.
- Language: English
The introductory webinar is also offered in German and French

*Activate the video before
you make an intervention.*



*Make sure you are muted during
the webinar. Unmute yourself if you
wish to say something.*

*Use the chat function to type
in your questions or raise your
hand to make a comment.*

The Ten Principles of the UN Global Compact

Corporate sustainability starts with a company's value system. By incorporating the Ten Principles into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and planet, but also setting the stage for long-term success.

Companies operate responsibly



HUMAN RIGHTS

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.



LABOUR

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.



ENVIRONMENT

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.



ANTI-CORRUPTION

10. Businesses should work against corruption in all its forms, including extortion and bribery.

Companies contribute to progress

SUSTAINABLE DEVELOPMENT GOALS



Let's make Global Goals Local Business



Global Compact
Network
Switzerland & Liechtenstein

Webinar Series on Corporate Climate Management

Today

Webinar 1 – Introduction to corporate climate action: Developing a climate strategy
Also in German on 14 September and French on 15 September

26
Sept.

Webinar 2 – Corporate Carbon Footprint Scope 1 and 2: How to manage GHG accounting and implement reduction measures

10
Oct.

Webinar 3 – Corporate Carbon Footprint Scope 3: How to manage indirect emissions and value chain engagement

24
Oct.

Webinar 4 – SBTs and Net Zero: Principles, challenges, and good practices

Today's program

1. Context: Strategic relevance for companies
2. Climate strategy
3. Climate goals
4. Examples from Swiss companies
5. Conclusion

Input from



Ramon Hess
Consultant
ramon.hess@swissclimate.ch

[About Ramon](#)

Swiss Climate: experts for a sustainable future



Sustainability



CO₂ Management

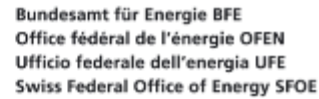
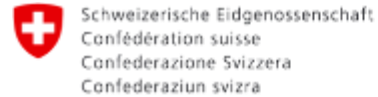


Energy



Carbon Offsetting

References



RAIFFEISEN

KUEHNE+NAGEL



CSL Behring

Bank
Banque
Banca

CLER



valiant

CarbaGas

gas nach Mass



Schindler

sonova
HEAR THE WORLD

Vontobel

ewz

xmet AG
METALL- UND BEHÄLTNERBAU



csem



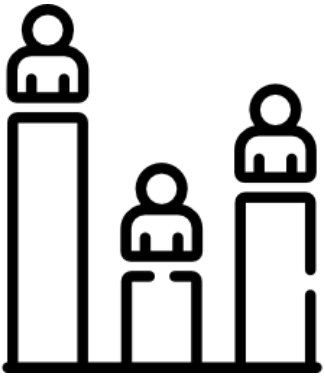
TEXAID



Learning Objectives

- ✓ Understand the context and essential components of holistic climate management
- ✓ Be empowered to identify climate change related risks and opportunities for their organization
- ✓ Know how to develop a climate strategy and set climate goals

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- How many people are employed in your company?



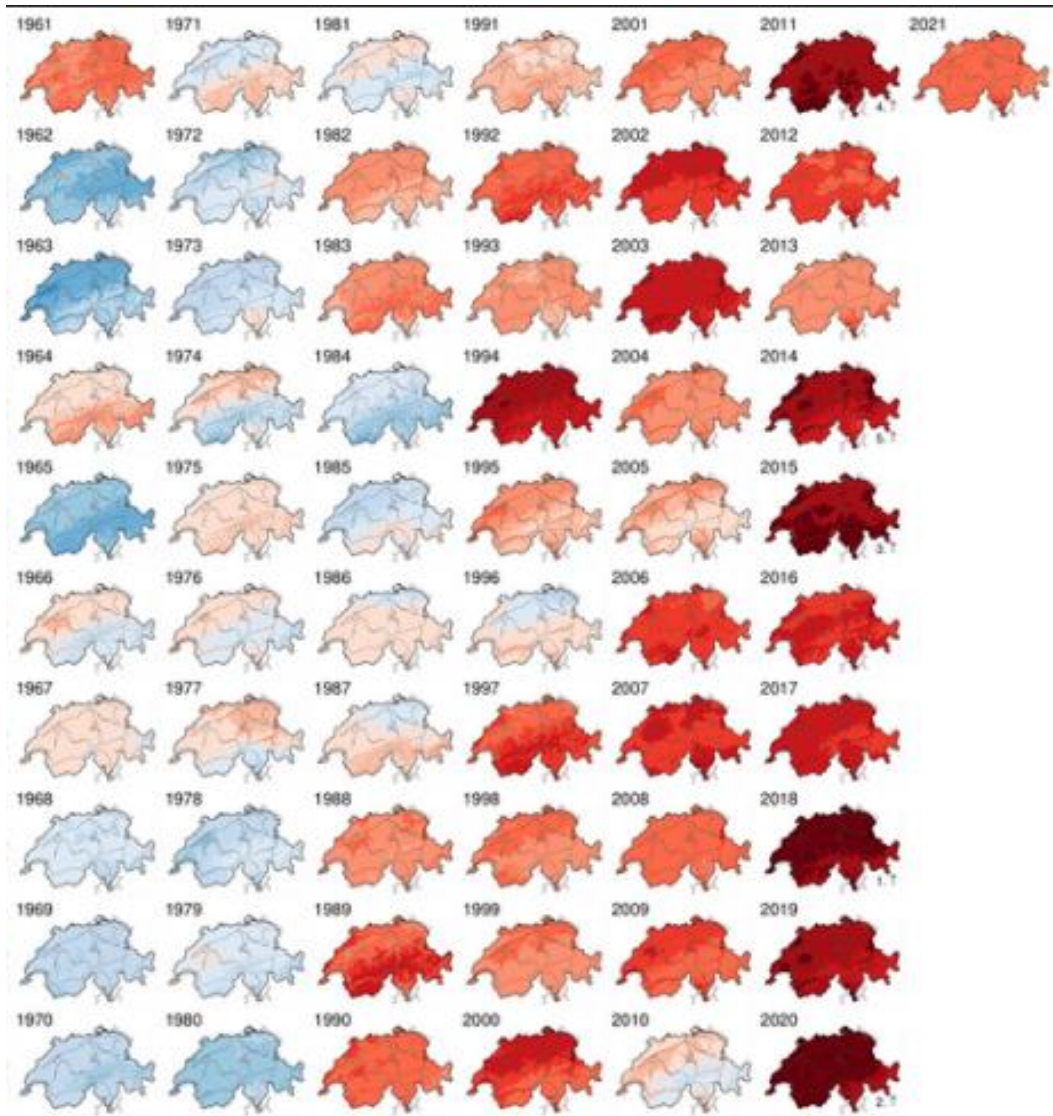
Join at
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How many people are employed in your company?



Context: Strategic relevance for companies



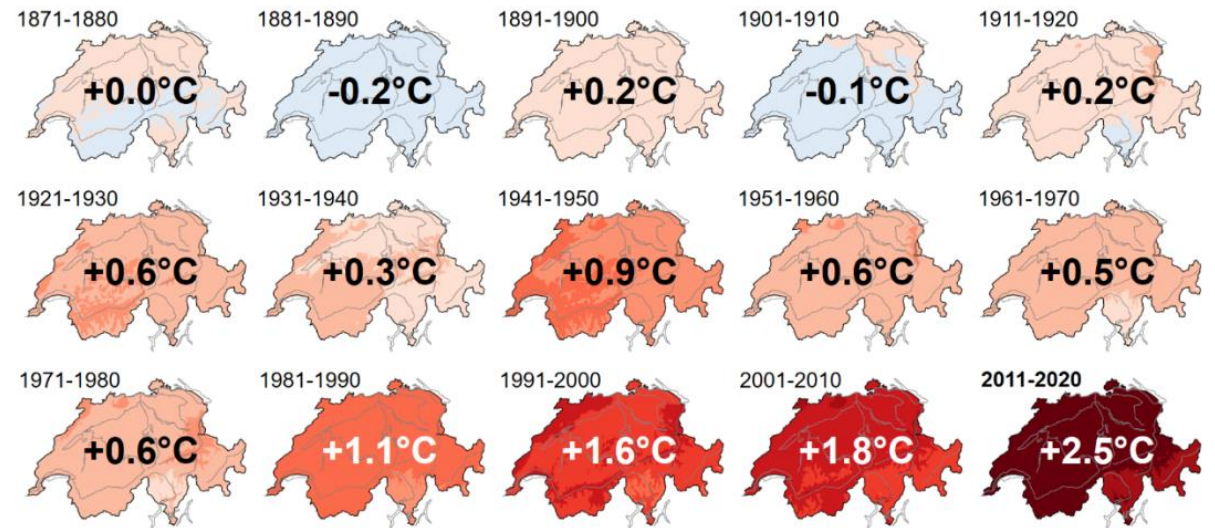


Temperatur in der Schweiz
Température en Suisse
Temperatura in Svizzera
Temperature in Switzerland

Abweichung / déviation / deviazione / deviation 1871-1900 [°C]

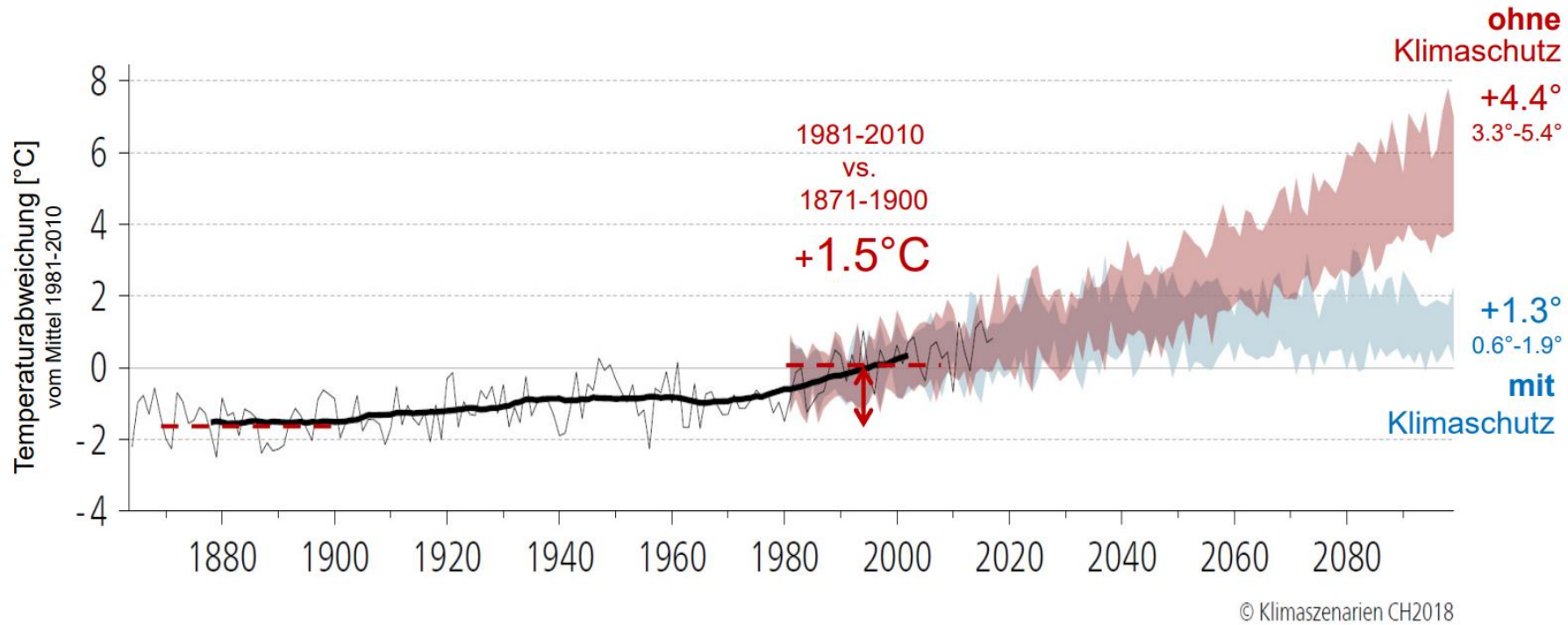


© MeteoSchweiz / MétéoSuisse / MeteoSvizzera / MeteoSwiss



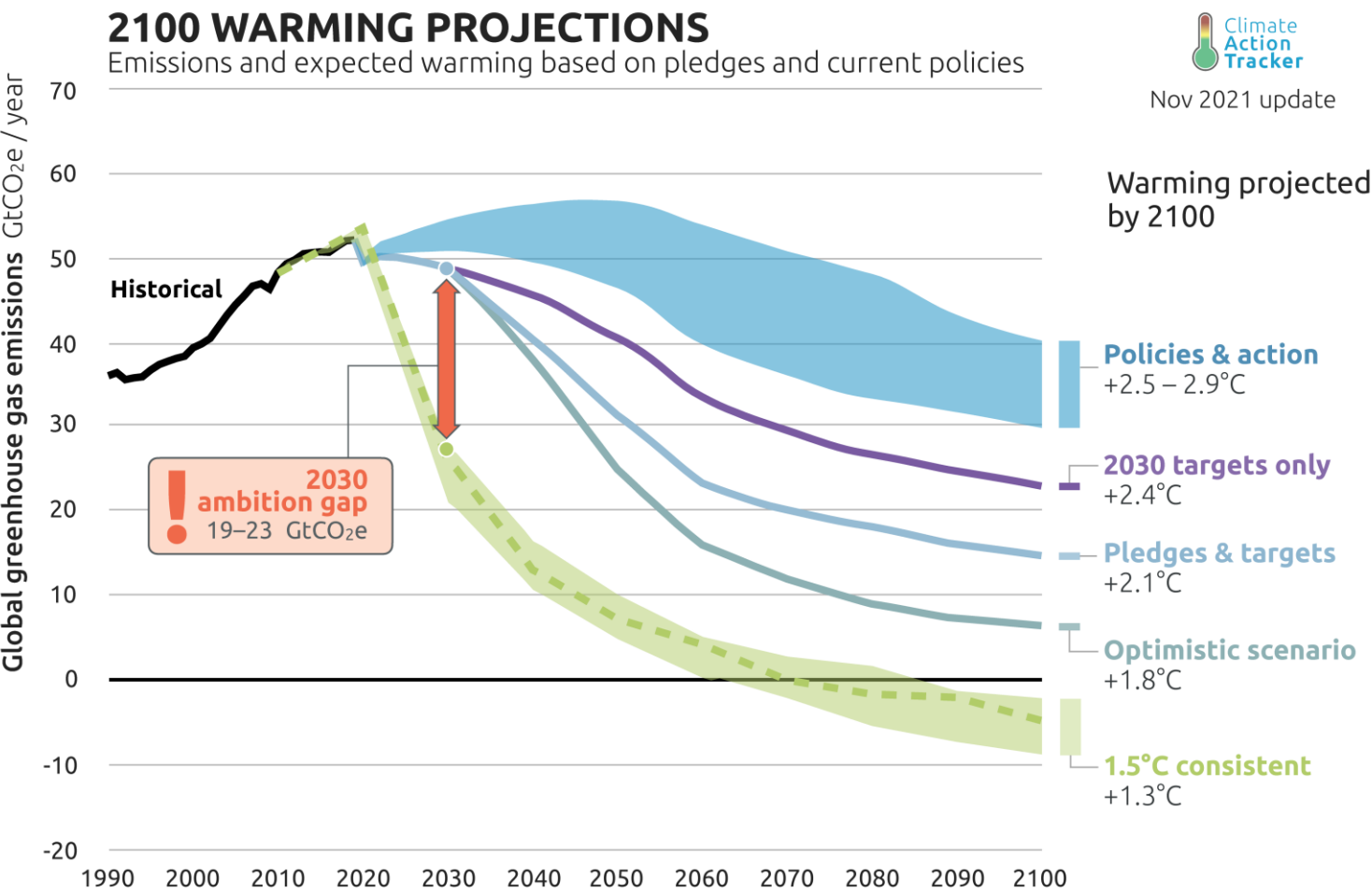
Source: MeteoSchweiz (2021)

Swiss scenario



Source: FOEN (2022)

Forecast global emissions



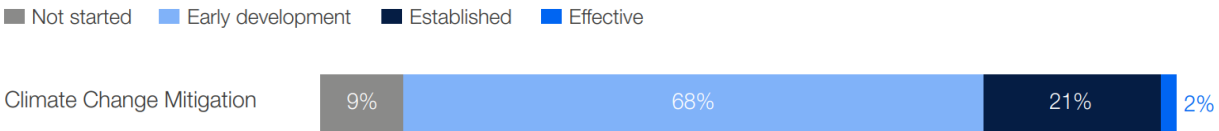
Source: Climate Action Tracker (2021)

WEF Global Risks Report 2022



International Risk Mitigation Efforts

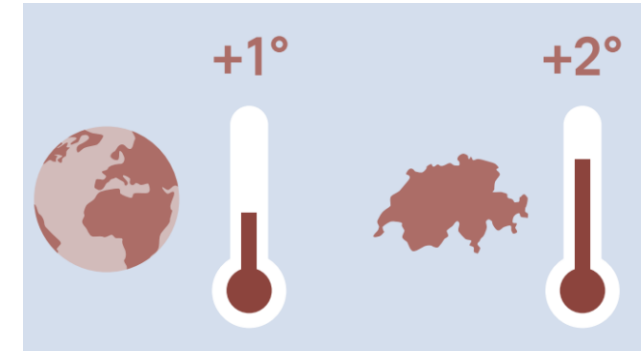
Current state of international risk mitigation efforts in each area



Source: WEF (2022)

Climate protection: Federal Council adopts Switzerland's long-term climate strategy

Bern, 28.01.2021 - Switzerland aims to have net-zero greenhouse emissions by 2050. The Federal Council set the net-zero target in 2019 and on 27 January 2021 adopted the corresponding "Long-Term Climate Strategy for Switzerland". The strategy sets out climate policy guidelines up to 2050 and establishes strategic targets for key sectors, building on the measures and targets of the revised CO2 Act. The new CO2 Act is essential for achieving the net-zero target. It will lead to a 50 per cent reduction in greenhouse gases by 2030 and put Switzerland on track to meet its 2050 climate target.



Source: <https://www.bafu.admin.ch/bafu/en/home/documentation/news-releases/anzeige-nsb-unter-medienmitteilungen.msg-id-82140.html>

Trends and movements

- Climate strikes, consumer strikes, 'flight shame'
 - Plastic issue; plastic becomes symbol of pollution
 - Cities enact diesel bans
 - Intersections between climate, social and economic issues
 - Direct impact of extreme weather events (heat waves, floodings)
-
- A trend can pick up speed very quickly and unexpectedly, reaching critical mass and shaking up a business model.
 - **Pressure and awareness** are rising, increasing demands for **transparency**, **contributions** increase

Climate Strategy

Repetition: a definition of strategy

The determination of the long-run goals and objectives of an enterprise and the adoption of courses of action and the allocation of resources necessary for carrying out these goals.

– Alfred Chandler, Strategy and Structure (Cambridge, MA: MIT Press, 1962)

Function of a climate strategy



Compass for the entrepreneurial handling of one's own impact on, the direct and indirect risks and opportunities from climate change for business development.



Establishes a framework for action, defines goals and provides orientation for the further development of business activities.

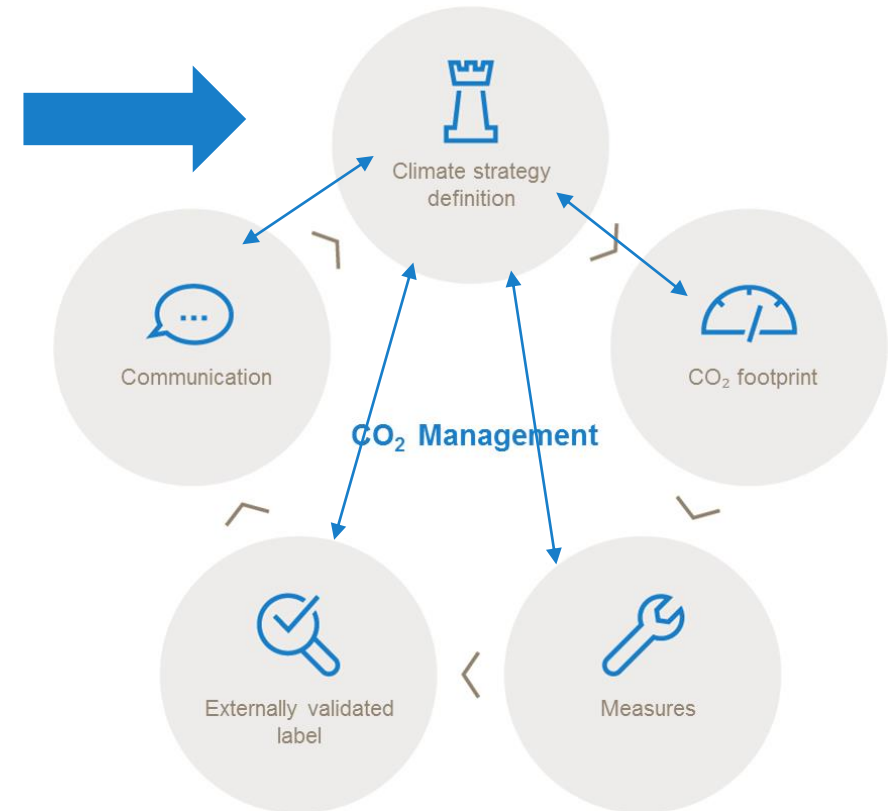


Usually closely aligned with broader sustainability and corporate strategy

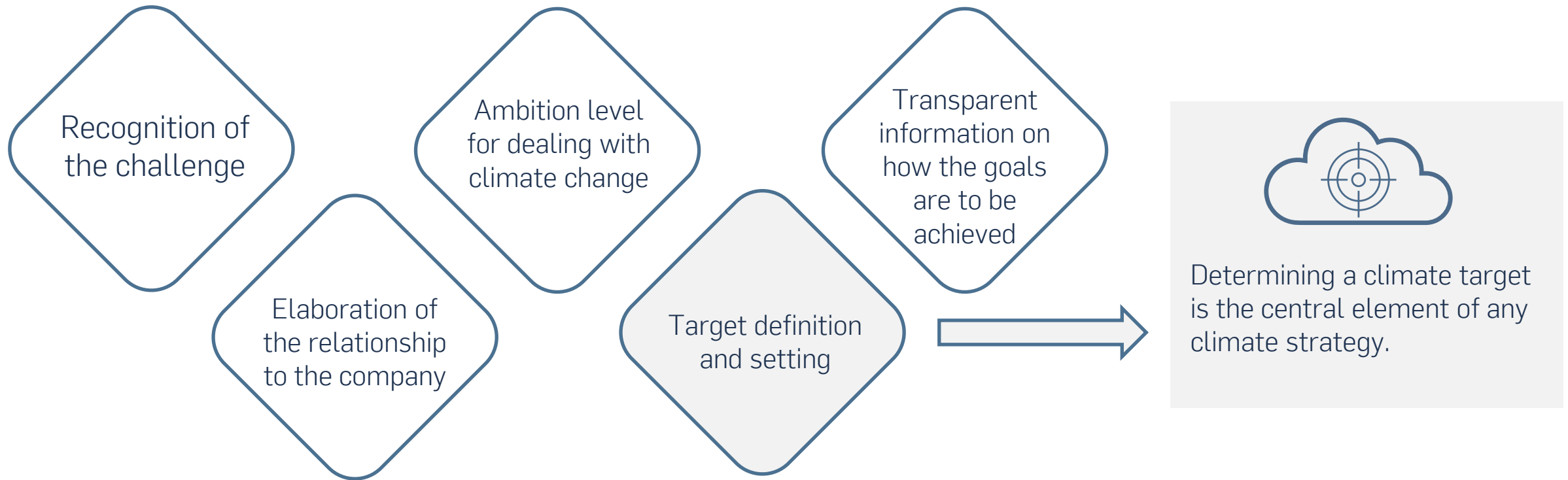
Where we place climate strategy

An integral CO₂ management in a company starts with the definition of a **climate strategy** and the **inclusion in the overall sustainability and business strategy**

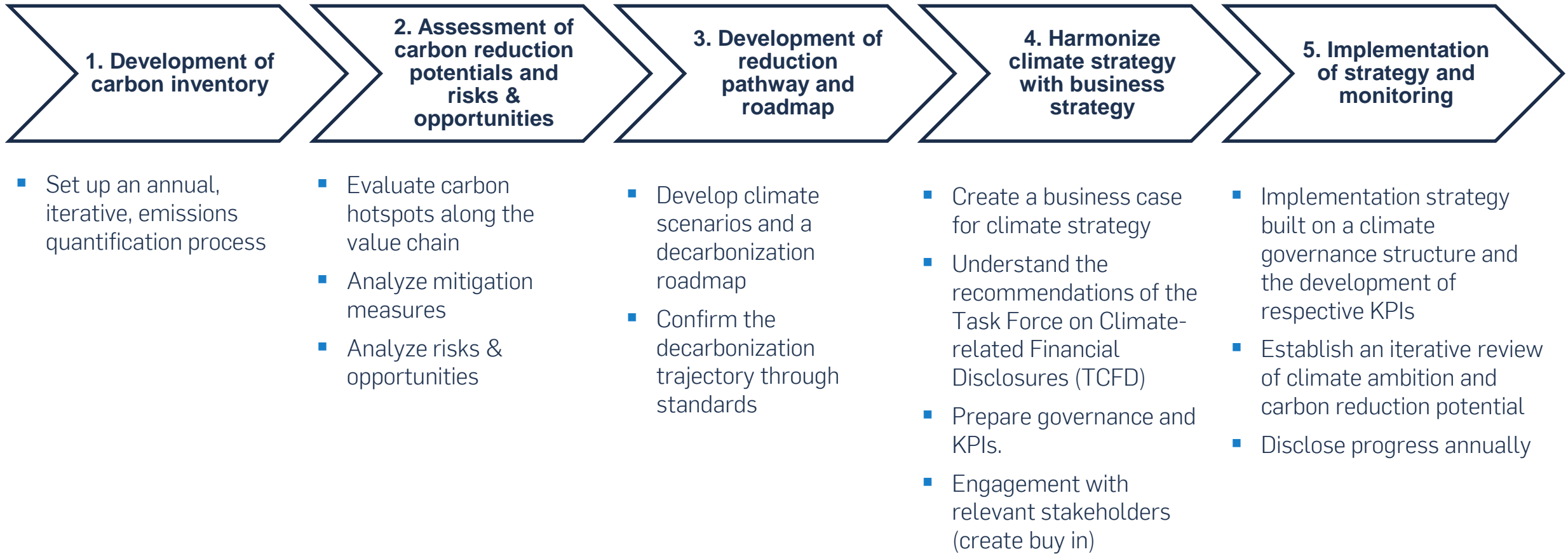
- What does an integrated strategy mean/include?
- Why is the integrated approach important?



The strategy should include...



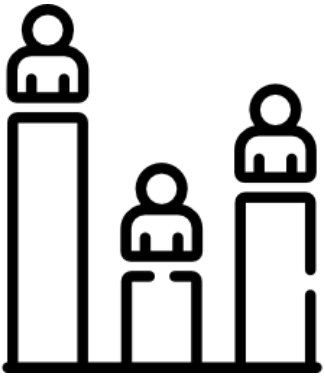
Climate strategy – How to get there



Important questions regarding a climate strategy

- Why do companies use climate strategies?
 - Drivers?
 - Motivation?
 - Goal?
- What are the consequences of climate change on a business model?
- Which data and information are useful and relevant?
- What should be controlled and monitored?
- How do you achieve CO₂ reduction goals?
- How (what) do you communicate with stakeholders?

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- What were or would be the drivers to implement a climate strategy for your company?



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What were or would be the drivers to implement a climate strategy for your company?

Company 7

Investor 4

Responsible company 3

Customer 3

Right thing 3



Anonymous
Stakeholder expectations



Anonymous
Risk management



Anonymous
Align the company strategy on the planetary stakes



Anonymous
Company strategy
act as responsible company



Anonymous
Making the world a better place

Drivers for CO₂ management



Reducing costs
and increasing
benefits

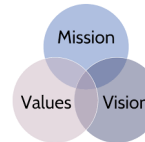


Regulations and standards

Stakeholder
requirements

Corporate motivation

UNSERE WERTE



ecovadis

More reasons

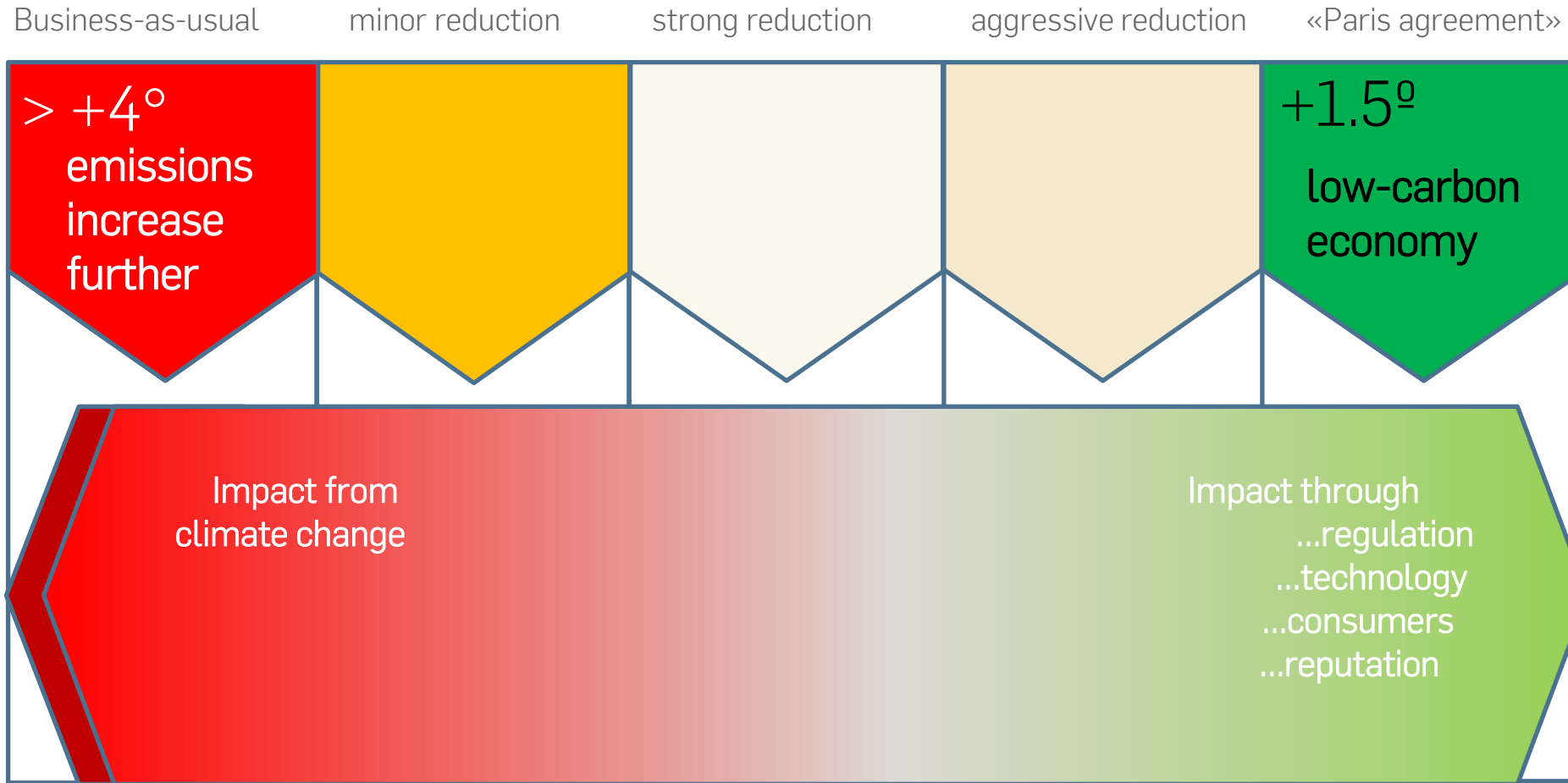
- Making a contribution to climate protection
- Potential savings in energy costs and resources
- Rising raw material prices
- Existing or future legislation
- Access to capital markets/investors (e.g. CDP/ESG/SRI/Impact Investment)
- Process optimisation and innovation
- Position yourself as an attractive employer
- Strengthen reputation and competitiveness
- B-to-B printing
- Resulting from materiality analysis within the framework of sustainability management

See also reading WWF Germany & CDP (2014):
From emissions report to climate strategy, p. 9ff

A climate strategy is based on..

1. SWOT analysis of current business model to review the business model in anticipated market conditions, this includes the
 - a) **Stakeholder** and **industry** analysis
 - b) Analysis of physical and transitional risks
2. Hotspot analysis of CO₂ emission sources for prioritization of measures
3. Quantitative CO₂ emission **reduction goal and qualitative goals** to have the organization on the same path

Climate risks for companies (1/3)



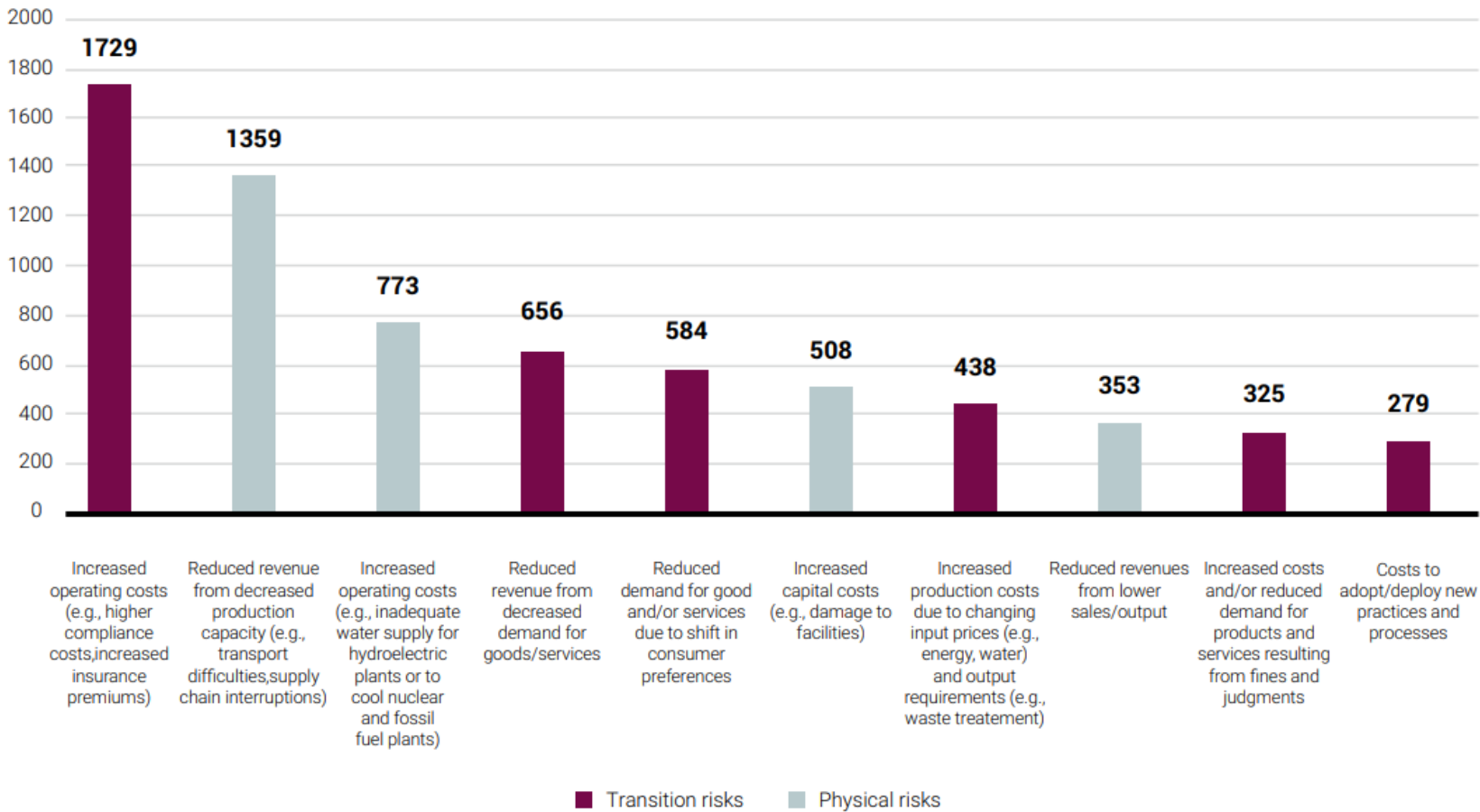
Source: based on IIGCC (2018), IPCC (2013)

Climate risks for companies (2/3)

- **Physical** risks (weather, temperatures, catastrophes)
- **Transition** risks
 - **Regulative** risks (laws, standards, political changes)
 - **Market** risks (geopolitical dependencies, customer expectations, trends) / Price risks (volatility of prices, costs structures, availability of resources)
 - **Reputation** risks (stakeholder requirements, media/journalists, changes in society)
 - **Legal** risk (activists, court costs)

Climate risks for companies (3/3)

Top 10 financial impacts drivers - company count



Source: CDP (2019)

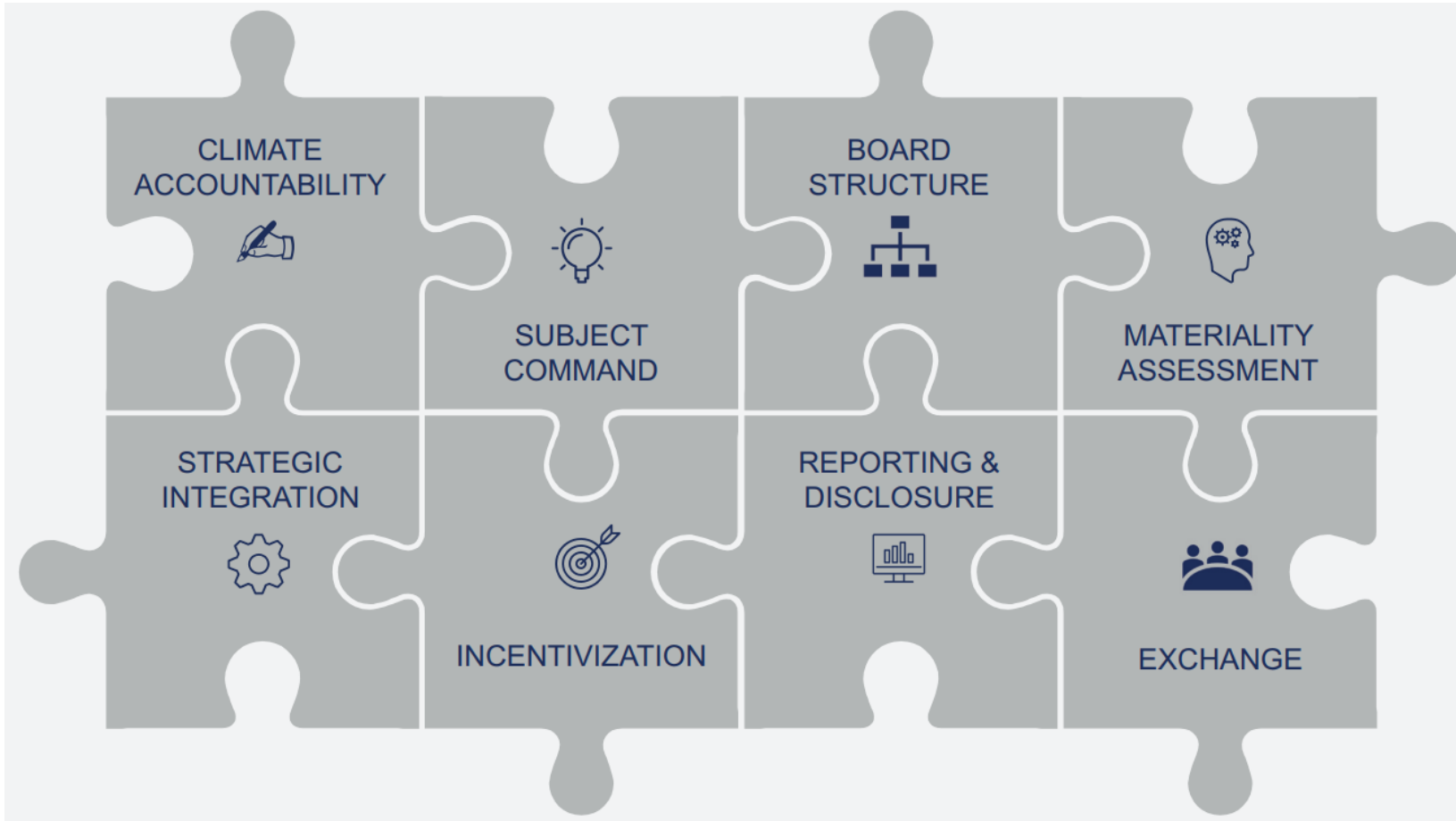
Questions of an opportunity and risk analysis

- Is the expected effect short or long term?
- Is the level of impact local, regional, national or international?
- What is the probability of the risk/opportunity?
- Is a one-off or frequent occurrence of the expected risk/opportunity to be expected?
- Can the risk be actively minimised or can the opportunity be seized?

Climate opportunities for companies

- Energy- and resource efficiency often goes hand in hand with CO₂ emissions as well as **cost** reductions
- Companies can become less dependent on energy and raw material prices
- Stakeholders (customers and **investors** in particular) consider companies' climate performances and increasingly demand data and transparency
- Climate protection measures lead to new business models and can drive **innovation** (e.g. circular economy)
- Increase attractiveness as an **employer**; strengthen image => make a contribution to climate protection; role model

Climate Governance



“

If investors challenge your climate strategy that suggests it is not deeply enough embedded in your corporate strategy.

”

Ann-Kristin Achleitner, Member of the supervisory boards of Engie, Deutsche Börse, Linde and Munich Re

“

A reliable and universal carbon price would substantially advance the climate debates in board and executive rooms.

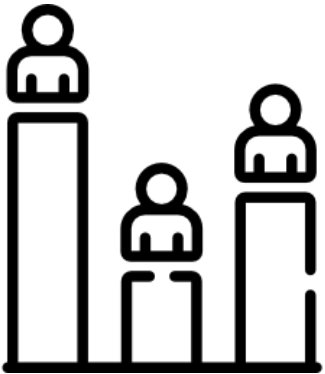
”

Alison Martin, Group Chief Risk Officer, Zurich Insurance Group

Source: WEF (2019)

Climate Goals

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- What would you consider as an ambitious climate target?



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What would you consider as an ambitious climate target?



Two different perspectives (1/2)

Bottom-up approach

(internal viewpoint)

- What measures are planned?
- What additional measures can be implemented?
- What are your ambitions? Are technological developments expected?

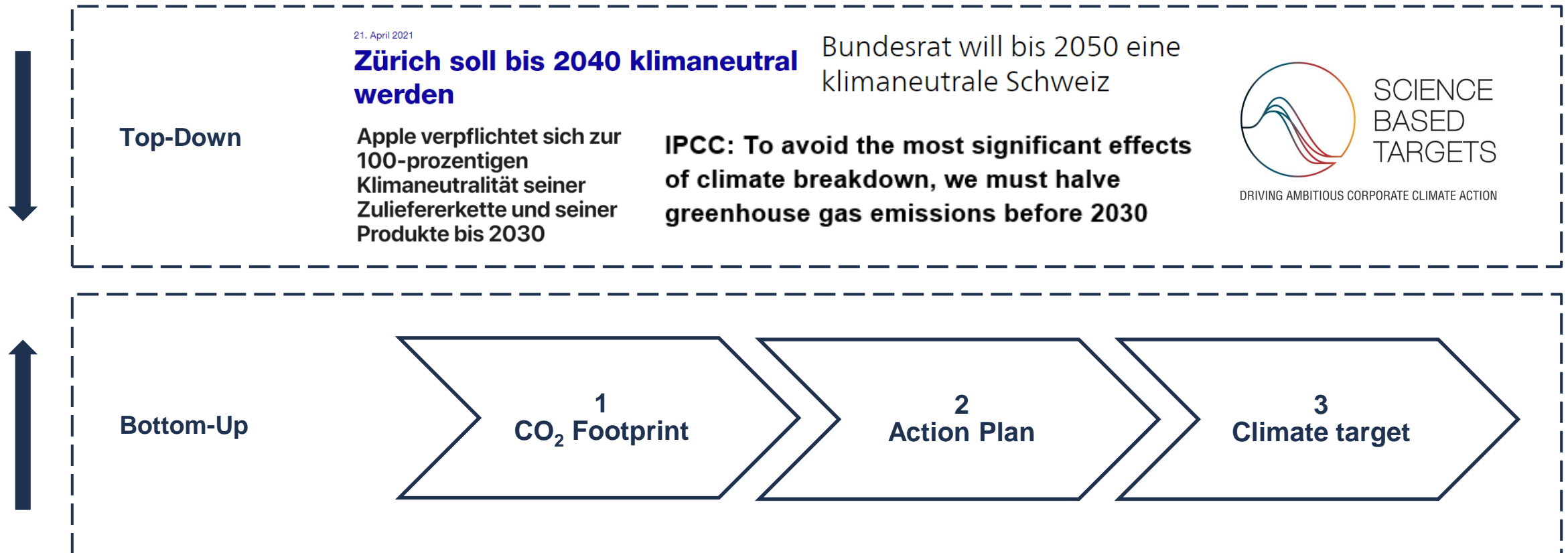
Top-down approach

(contextualisation)

- Important contextualization (Science based target (SBT), competitors, CH climate targets, etc.)
- How to reach the $< 1.5 / 2^{\circ}\text{C}$ target?
- Sectoral and other criteria to determine the reduction target

→ adhering to globally agreed 1.5°C limit can also safeguard long-term competitiveness.

Two different perspectives (2/2)

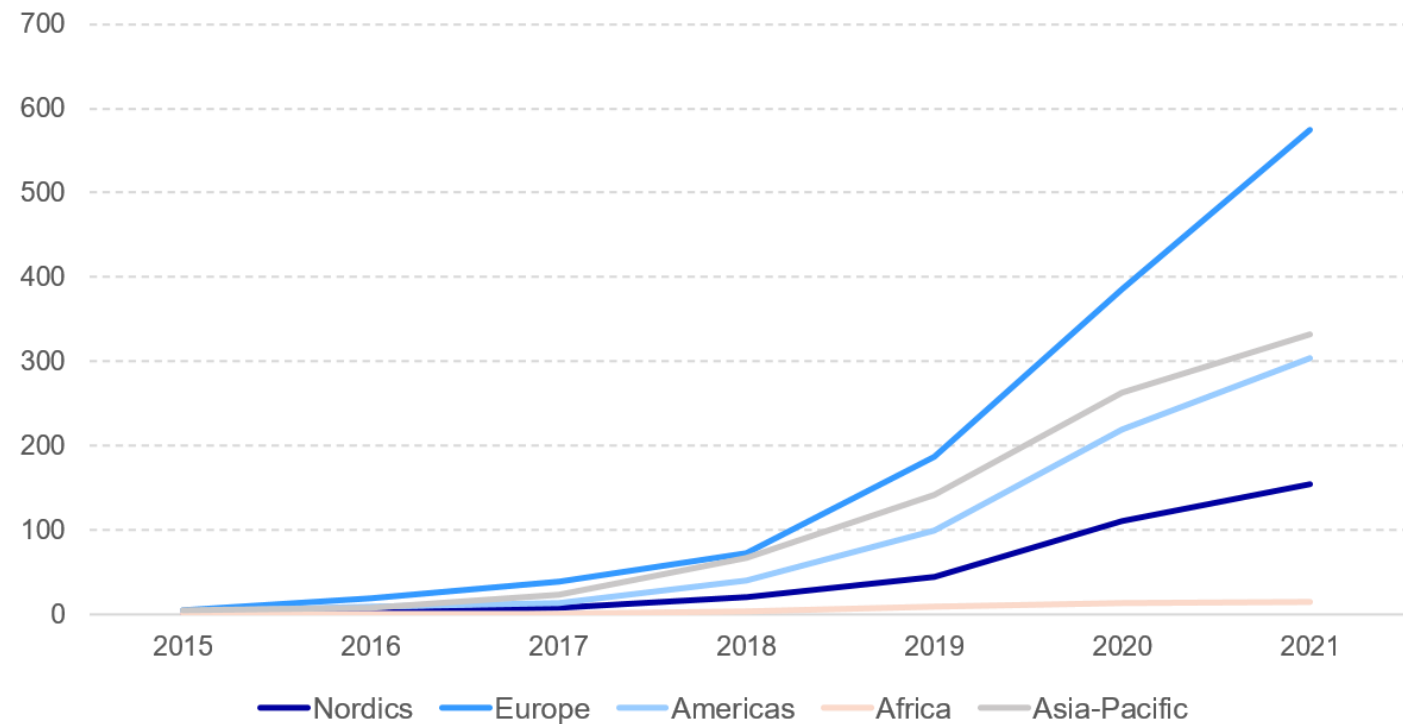


Science-based target

- Science-based climate target in line with the results of the Paris Agreement (well below 2, preferably 1.5 degrees Celsius)
- More than 3,500 companies with commitment (of which ~3,000 accepted). Number rapidly increasing
- Approximately -2.5 – 4.2 % per year is certainly science-based
- Relatively complex methods
- More details at <http://sciencebasedtargets.org/>

Growing number of companies with an SBT

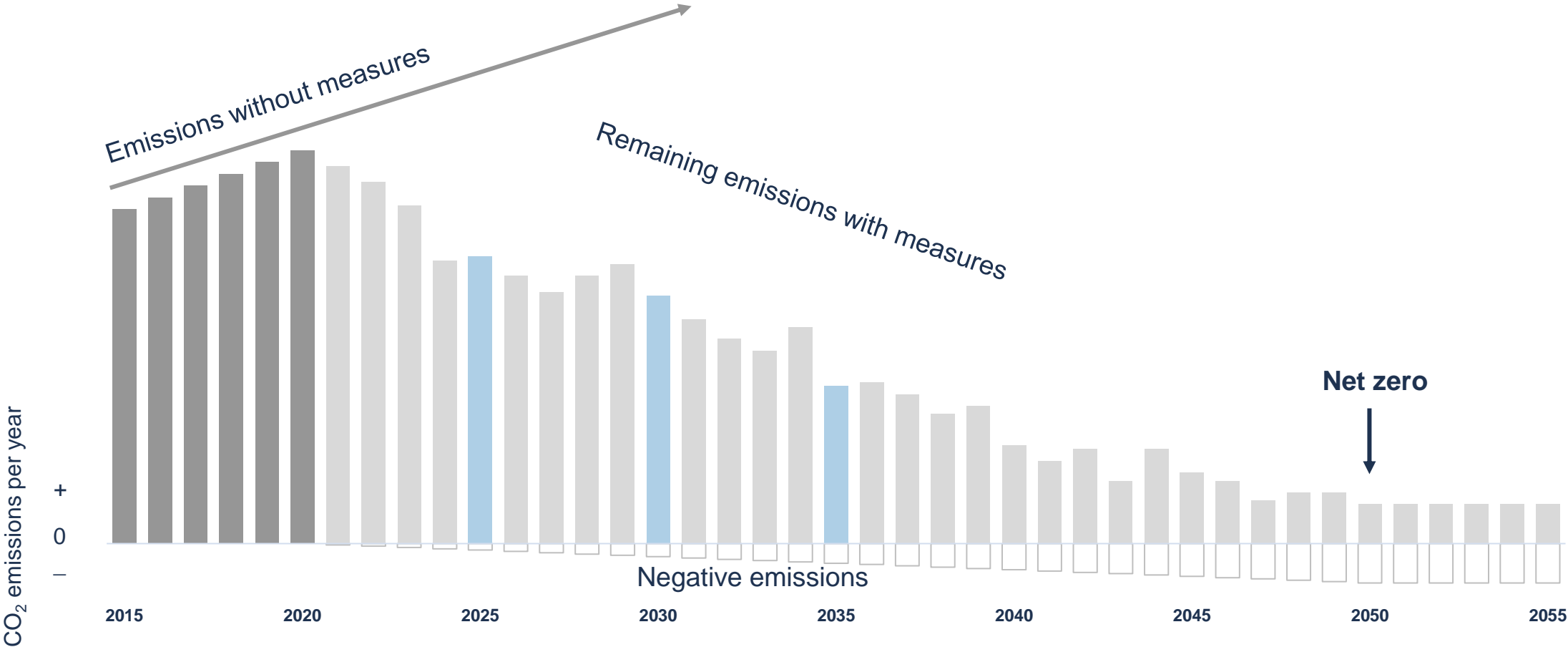
Number of companies committing to SBTi globally
(Cumulative numbers)



Source: Science Based Targets and Nordea



The path to net zero



Science Based Target



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Climate target: 5-10 years

System boundaries:
Scope 1+2: **min. 95 %**
Scope 3: min. **66 %**

Annual reduction:
Scope 1+2: **4.2 %**
Scope 3: **2.5 - 4.2 %**

Science Based Target

Net-Zero Standard



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Climate target: **before 2050**

System boundaries:
Scope 1+2: min. **95 %**
Scope 3: **min. 90 %**

Annual reduction:
Scope 1+2: **4.2 %**
Scope 3: **4.2 %**

Examples from Swiss companies





Schindler

Example: Schindler

Schindler committed to
science-based targets

–50%

of scope 1 and 2 GHG emissions
by 2030

–42%

of scope 3 GHG emissions
by 2030

Net zero

by 2040



SCIENCE
BASED
TARGETS

Schindler commits to full-scope net-zero emissions by 2040

Schindler today announced its commitment to reaching net-zero greenhouse gas emissions worldwide by 2040. These science-based emissions reduction targets have been approved by the Science Based Targets initiative (SBTi), the global body that helps businesses set emissions reduction target in line with a 1.5°C future.

Example: VALSER

"VALSER has set itself the goal of reducing CO₂ emissions by 30% by 2030 compared to 2016, for example by increasingly using rail for transport, PET packaging made from 100% recycled material or exclusively renewable energies for production. We offset all remaining or unavoidable CO₂ emissions with certificates from high-quality climate projects."



Example: HUG AG

DIE HUG-FAMILIE UND DER KLIMASCHUTZ

In allem was wir tun, folgen wir dem Grundsatz «Reduktion vor Kompensation».

Wir wollen uns im Rahmen der Science Based Targets Initiative wissenschaftlich validierte Klimaschutzziele setzen. Deshalb ermitteln wir bis Ende 2023 unseren CO₂-Fussabdruck in der Lieferkette und setzen uns anschliessend Ziele, die dem Ambitionsniveau des Pariser Klimaabkommens entsprechen.

Beim Klimaschutz bauen wir auf ein **modulares Vorgehen**:

1. Teilnahme am Programm der Energie-Agentur der Wirtschaft (EnAW) zur **kontrollierten Reduktion** von CO₂-Emissionen aus unserer Produktionstätigkeit.
2. Kontinuierliche Verbesserung unserer **Energieeffizienz**.
3. Einsatz von **erneuerbarer Energie**: Strom aus Schweizer Wasserkraft und Solarenergie.
4. Jährliche Berechnung der **CO₂-Bilanz unseres betrieblichen Fussabdrucks**. Ausgleich von Treibhausgasemissionen mit Kompensationsprojekten.
5. Berechnung unseres CO₂-Fussabdrucks in der Lieferkette bis Ende 2023.
6. Zusätzliche Ziele und Massnahmen auf Produktebene und in unserer Lieferkette zur Reduktion unseres CO₂-Fussabdruckes.



Gütesiegel der Firma Swiss Climate AG für Unternehmen, die zur Reduktion von Treibhausgasemissionen beitragen. Die CO₂-Kompensation der ermittelten Emissionen erfolgt über CO₂-Zertifikate aus qualitativ hochwertigen Klimaprojekten. Damit sich ein Unternehmen als klimaneutral bezeichnen darf, müssen mindestens die Treibhausgasemissionen der Kerngeschäftstätigkeit vollständig mit bereits ausgestellten Zertifikaten kompensiert werden. Die Zertifikate entsprechen anerkannten Standards wie z.B. Gold Standard, VCS, ISO 14064-2 oder SC-FCS.



KLIMASCHUTZ-POSITIONSPAPIER



Example: Swiss Re

Swiss Re Group > Our business > Asset Management > Responsible investing in practice

Climate action

Responsible investing has many aspects. A holistic Responsible Investing strategy should also consider climate-related activities as an integral part. With ours, we actively support the transition to a net-zero emissions economy and mitigate climate-related risks.

Our approach Risks Opportunities Targets & KPI Net-Zero Asset Owner Alliance

Swiss Re is a long-term investor. As a result, it is important that we also take a long-term view on the risk factors that may have an adverse impact on our portfolio, such as climate change. We therefore address climate change to make our portfolio more resilient.

Our investment-related climate strategy

			
Set targets ¹	Take actions	Measure	Report
Define targets to reach net-zero emissions in alignment with 1.5°C by 2050 at the latest	Actively manage transition and physical risks, and support real economy transition to net zero	Measure and monitor trajectory of needed development towards net zero	Inform shareholders and other stakeholders transparently on developments
<ul style="list-style-type: none"> Financing targets 	<ul style="list-style-type: none"> Renewable infrastructure loan investment target² and implementation Green bond investment target³ and implementation 	<ul style="list-style-type: none"> Renewable infrastructure loan investments Green bond investments 	<ul style="list-style-type: none"> Financial Report: TCFD Sustainability Report Responsible Investing homepage Assessments and questionnaires (eg PRI, CDP)
<ul style="list-style-type: none"> Voting & engagement targets 	<ul style="list-style-type: none"> Exercise voting rights & engage 	<ul style="list-style-type: none"> Voting & engagement records 	
<ul style="list-style-type: none"> Sub-portfolio targets <ul style="list-style-type: none"> Corporate bonds Listed equities Real estate Sector targets 	<ul style="list-style-type: none"> Corporate bonds & listed equities coal phase-out & coal expansion restriction Infrastructure loan & private placement fossil fuel⁴ guidelines 	<ul style="list-style-type: none"> Carbon Footprint <ul style="list-style-type: none"> Corporate bonds Listed equities Real estate Government bonds Fossil fuel exposure Forward-looking indicators 	

¹ In alignment with the Net-Zero Asset Owner Alliance Inaugural 2025 Target Setting Protocol.

² Investment target also includes social infrastructure loans.

³ Investment target also includes social and sustainability bonds.

⁴ Fossil fuel: coal, oil & gas (including oil sands).

Source: Swiss Re

More (international) examples

Yet: carbon neutrality alone ≠ specific climate goal

PRESS RELEASE

July 21, 2020

Apple commits to be 100 percent carbon neutral for its supply chain and products by 2030

In our founding decade, Google became the first major company to be carbon neutral. In our second decade, we were the first company to achieve 100% renewable energy. By 2030, we aim to be the first major company to operate carbon free.

Shell's target is to become a net-zero emissions energy business by 2050, in step with society's progress in achieving the goal of the UN Paris Agreement on climate change.

Zalando Goes Carbon Neutral Starting Today

Published on 30.10.2019

Siemens is going carbon neutral

With our commitment to turn our operations carbon neutral by 2030, Siemens has set a clear signal that companies must take leadership in driving decarbonization. It is our firm belief that companies play a pioneering role in the fight against climate change. Our goal is clear: All Siemens production facilities and buildings worldwide are to achieve a net zero-carbon footprint by 2030. This program not only benefits humanity and the environment, but also comes with sustainable economic advantages for our company. Meantime, we have already reduced 54% of our CO2 footprint.

Conclusion

Checklist for a climate strategy

1. Define ownership and responsibilities
2. Benchmark against your peers
3. Integrate with the wider business strategy (and align with philosophy, values, vision)
4. Engage your stakeholders (expectations/peers) => get employees on board ("Green Teams", strong support from executive board is essential!)
5. Think ahead on targeting and reporting
(but don't start with a focus on publishing a report)
6. Establish a clear review process (regularly, e.g. with certification process)
7. Consider **Risks and Opportunities** of climate change
8. Be prepared and think in **Scenarios** and how it affects the company

And don't forget: Communicate **regularly** about the climate strategy, goals and progress (in a transparent way)!

<https://www.cdp.net/en/articles/companies/checklist-for-a-successful-climate-strategy>



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Thank you for attending!



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