

Make climate and environment action everyone's business

A toolkit for delivering sustainable global
value chains





Acknowledgements

ICC United Kingdom would like to thank all the contributors for sharing their business cases.

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This toolkit shares business insights, knowledge, and tools to support a green transition, by focusing on key sustainability and environmental topics — biodiversity, circular economy, net zero, climate contract clauses, supply chain digitalisation, and sustainability reporting frameworks. It is designed to be a resource for businesses seeking to embed sustainability as a core component in operations.



Introduction

The private sector has a key role to play in accelerating sustainable development and tackling climate change, and has a responsibility to help drive transformative change.

As the institutional representative of over 45 million businesses, ICC is uniquely placed to input into international processes, by providing business expertise and experience on the development of coherent policy frameworks, solutions, and tools needed. With our planet and its people under threat by the climate crisis, integrating sustainability into business operations offers alternative and innovative ways of doing business — aligning with ICC's purpose to enable business to secure peace, prosperity, and opportunity for all.

“Businesses have more to gain from climate action than from climate inaction. The practical tools from the ICC community distilled in this toolkit can help any organisation advance its sustainability journey.”

Stuart Bruce

The transition to a sustainable, green economy is a priority for all businesses and consumers. The frequency and intensity of extreme weather events over the last 12 months is a reminder to us all of the impact of climate change and the need to take action. Global temperatures are rising at a far faster rate than originally envisioned, with species loss also happening at an alarming rate, especially here in the UK.

On the current trajectory, the global 1.5°C temperature target will very likely be breached before the global temperature stabilises and declines, bringing additional risks to economies and societies with every tenth of a degree increase. Climate and environmental action is now everyone's business, and we need to do everything in our power to maximise the 50% chance of staying under 1.5°C by 2100. Accelerating both mitigation and adaptation in the short term would go some way to enhancing resilience, helping to reduce the worst climate impacts yet to happen to millions of people globally. And while the forecasts and challenge is confronting, climate action also presents enormous commercial opportunities given the scale of investment, deployment and creativity required to ensure we have the future we want and need.

At the largest world business organisation, ICC continues to play a vital, leading role in designing the rules and standards frameworks we need to make the transition to becoming more sustainable in the way we do business. We also continue to play a vocal role in holding governments to account for the action they need to take and will again have a strong presence with a pavilion at COP28.

Critically, ICC is also able to harness and showcase the tremendous experience of its network to help other organisations on their sustainability journeys.

This toolkit is intended to do just that. It will be a useful reference for companies making the transition to becoming more sustainable, learning from international best practice. It includes a wide range of practical net zero, biodiversity and circular economy case studies and contains SME checklists, reporting frameworks and model contract clauses all of which are designed to support the transition. Key to real progress will be actually implementing these ideas, and others, along the journey towards more sustainable business models and allocation of capital to meet evolving stakeholder demands.

Not taking action is therefore no longer a credible option if we are to reduce risks and costs to our economies and ensure the next generation is given the chance to have a prosperous future and benefit from the opportunities a green economy creates. We'd like to convey a special thank you to all those who have contributed to the toolkit. If you would like to know more about ICC and what we do to promote sustainability, please get in touch.

Chris Southworth
Secretary General,
ICC United Kingdom

Stuart Bruce
Chair, ICC United Kingdom
Energy and Environment Committee



“ Biodiversity is under threat, and the continued loss of biodiversity and the impact from climate change represent a major risk to society, economic growth and sustainable livelihoods — transformative and collective action is urgently needed, actions that not only halt the decline in biodiversity but also strive to be nature positive.”

Mark Johnston, Strategy Lead for Nature Based Solutions & Biodiversity, BP and UK Business & Biodiversity Forum Founder

Biodiversity

Biological diversity, or biodiversity, is a term given to the variety of life on earth in all its forms and all its interactions, which is conducive to functioning economies and ecosystems. Biodiversity is essential for the health of our planet — amongst many other services it contributes to clean air and water, climate regulation, food security, the pollination of crops.

The United Nations Biodiversity Conference, COP15, saw the adoption of the Kunming-Montreal Global Biodiversity Framework (GBF). The GBF aims to address biodiversity loss, restore ecosystems and protect indigenous rights. The plan includes measures to halt and reverse nature loss, including putting 30% of the planet and 30% of degraded ecosystems under protection by 2030.

The private sector plays a significant role in influencing biodiversity. Nevertheless, the mainstreaming of biodiversity remains a global challenge, due to the difficulties in translating good practices for integrating biodiversity

into business strategies and operations. However, the private sector has a crucial role to play in safeguarding biodiversity — from sustainable resource management such as responsible farming, driving innovation to develop technologies that address conservation challenges, ensuring supply chains adhere to sustainable and ethical sourcing practices, aligning business strategies with biodiversity protection and collaborating with stakeholders such as investors and governments. The private sector must take responsibility for their environmental impacts to contribute to global conservation efforts.



Nature Positive Business Pledge



THE NATURE POSITIVE BUSINESS PLEDGE

'On a journey to bring nature back'

About the pledge

The Nature Positive Business Pledge is a commitment by business to halt and reverse impacts on nature.

The pledge helps businesses to take steps to understand their impacts and dependencies on nature through their entire value chain and with increasing ambition.

The Nature Positive Business Pledge provides guidelines and a set of clear principles to help businesses deliver benefits for nature and business, whilst contributing to wider societal and environmental goals.

[Take the Nature Positive Business Pledge.](#)



Woodsmith Project

Woodsmith is Anglo American's polyhalite fertiliser mine currently under construction in North Yorkshire. As the world's largest known deposit of high-grade polyhalite, the mine will extract the nutrient-rich natural mineral from a vast orebody that stretches out under the North Sea and market it as a premium quality low carbon fertiliser, known as POLY4, that will boost food production and sustainable farming practices.



Located deep under North York Moors National Park, the innovative mine is designed to have no surface footprint beyond agricultural buildings. Two one-mile-deep mine shafts near Whitby will connect with a 23-mile conveyor in a tunnel to a granulation facility and port on Teesside. This unique infrastructure makes Woodsmith the deepest mine in Europe, with the longest tunnel on mainland Britain, purpose-built to minimise the environmental impact on the surface. Once operational (from 2027), Woodsmith will make the UK the leading producer of a critical, organically certified, sustainable mineral for food production.

Polyhalite naturally contains four of the six most important nutrients needed for plant growth: potassium, sulphur, magnesium and calcium, plus trace micronutrients. POLY4 offers farmers an easy and more efficient way of enhancing crop yield, crop quality and improving soil structure by using just one product. Compared to other fertilisers,

which typically offer one or two macro-nutrients, POLY4 enables farmers to provide their crops with a more balanced and nutritious diet, which leads to stronger, healthier and more plentiful harvests. POLY4 is uniquely placed to play a significant role in helping farmers improve their productivity and soil health whilst reducing greenhouse gas emissions and carbon footprints of fertiliser blends.

As the UK's only major mining project, Woodsmith represents a multi-billion pound inward investment into the North East of England. Approximately £670 million is being invested in the project in 2023 and about £837 million per year moving forward over the next several years. Woodsmith is designed to produce up to 13 million tonnes of fertiliser each year and has the potential to generate substantial export earnings for the UK.

Woodsmith demonstrates the future of modern mining in the UK by using environmentally responsible standards and innovative designs to supply essential minerals and raw materials. The underground mine will practically disappear into the landscape whilst making a positive, tangible impact on the lives of local people through jobs and investment and those of farmers and our customers around the world.



Greene King's biodiversity

Greene King is embarking on a journey to significantly reduce its impact on the environment through near-term, science-based targets and its net zero target. Hand in hand with this, is a commitment to enhance biodiversity across its business and value chain.



GREENE KING
BURY ST EDMUNDS

Biodiversity is a new focus for Greene King with ambition to make spaces nature-positive, Greene King has made progress throughout 2022/2023 by completing a number of schemes including the creation of habitats for wildlife and tree planting initiatives.

To achieve these goals, Greene King believes in keeping the approach simple, ensuring that everyone can participate and engage in the initiatives. Greene King has implemented various activities, events, and solutions to encourage involvement. For example, the introduction of “no mow May,” an initiative that promotes letting grass grow naturally to support biodiversity. Additionally, Greene King has undertaken larger-scale projects such as installing a sedum roof at the Anchor Bankside pub in London and an orchard at Rothley Court Hotel in Loughborough.

Another aspect of our approach involves engaging local communities and providing learning experiences. Greene King has recently installed a bee hotel at Rothley Court, creating an opportunity for local people and schools to interact with bees and learn about their importance in the ecosystem. These initiatives aim to foster a collective responsibility within the communities.

While striving for consistency across Greene King’s estate, it is recognised that different properties present unique challenges. For instance, smaller urban locations with limited surrounding land require tailored solutions. However, Greene King is actively working on developing a brand package that can be implemented across all properties and brands while considering these challenges.

Greene King recognises the importance of promoting the changes they are implementing and acknowledge the need for buy-in from multiple stakeholders to make the ESG project a success.

Building strong relationships with internal colleagues is a priority. Greene King actively engages with various teams, including those responsible for property, water, marketing, purchasing, and supply chain management. By collaborating with these internal stakeholders, a cohesive and coordinated approach is ensured.

Greene King also understands the significance of external stakeholders. Working closely with suppliers, seeking partners who share its commitment to sustainability is important, as is actively engaging with the community and industry organisations to foster positive relationships. For example, working closely with the UK Business Biodiversity Forum and Innovation Gateway, demonstrating Greene King’s dedication to broader industry-wide sustainability efforts.

Greene King has also embraced the opportunity to collaborate with its supply chain partner, GXO at its Greenford depot to install living walls, hedges and beehives.

Results/impact

The results are evident, starting with The Anchor Bankside, situated in a bustling urban area with limited greenery along the River Thames. Implementing its biodiversity plan, Greene King introduced various solutions, including a living wall, a sedum roof, and vibrant new planters.



Another successful case study is Rothley Court, nestled amidst nature, making it an ideal location for its biodiversity project. With ample space to enhance wildlife, Greene King installed 55 fruit trees, bird boxes, insect hotels, pollinators, and three beehives.

Fromebridge Mill, with its canal access and expansive grounds, offered another opportunity to promote biodiversity. Collaborating with Gloucestershire Canal and Wildlife Trust, Greene King created a thriving habitat for otters and extended the planting to the entrance drive, planted fruit trees and wildflowers, installed bird boxes and bug hotels, and embraced “no mow May.”

Greene King's customers and team members have acknowledged the positive impact and recognise our commitment to a greener planet.

Next steps/lesson learnt

Implementing its biodiversity plan comes with its challenges such as, how to sell the story to the business for investment, how to show the benefits of biodiversity proving that it's not just a mandatory course of action for legislative purposes. Also, how to convey this message to its team and customers and lastly how we measure as a quantifiable metric.

Looking ahead, Greene King remains committed to its journey towards making a positive environmental impact, striving for simplicity in its approach and enabling widespread engagement. Through ongoing initiatives, partnerships and engagement with stakeholders, Greene King aims to achieve its objectives while building a sustainable future.



Taskforce on Nature-related Financial Disclosures screening and prioritisation exercise

Little Blue Research supported Informa by piloting the initial stages of the Taskforce on Nature-related Financial Disclosures Draft Framework for several business lines and their own operations.



LITTLE BLUE RESEARCH LTD

Informa PLC is a leading international events, digital services and academic knowledge group. We're here to champion the specialist. Through hundreds of brands and a range of products and services, we connect businesses and professionals with the knowledge they need to learn more, know more and do more. Informa is listed on London Stock Exchange and a member of FTSE 100, with 11,000 colleagues working in more than 30 countries.

Little Blue Research

Little Blue Research is an independent sustainability consultancy focusing on the provision of support across environmental economics, social impact analysis and nature related risks. The company has significant experience supporting businesses to understand, measure and value their impacts and dependencies on nature.

Informa requested technical support to undertake a screening and prioritisation exercise as part of a pilot test of the beta version of the Taskforce on Nature-related Financial Disclosures (TNFD) framework. The pilot focused on the first six steps of the Locate, Evaluate, Assess and Prepare (LEAP) approach and included review of the client's approach to the Taskforce on Climate-related Financial Disclosure (TCFD) to identify synergies.

Challenges

- Putting the TNFD Draft Framework's LEAP approach into practice for different aspects of Informa's value chain, particularly understanding the steps required and accessing relevant and experienced subject matter knowledge within and outside of the business
- Developing biodiversity, water and waste indices from public datasets and research across 15 countries
- Identifying priority locations within Informa's business lines including key operational locations and divisions
- Implementing the LEAP approach and mitigating for countries with low supply chain visibility
- Identifying material nature based risks to Informa's business lines based on outputs from impact and dependency screening, internal interviews and data reviews
- Developing high level risk ratings for identified risks to business lines accounting for Informa's current targets and commitments, nature-based risks and data gaps

Results

- High level risk and opportunity assessment based on outputs of piloting the initial stages of the LEAP approach, including impact ratings
- Providing a series of biodiversity, water and waste indices for use in the assessment of different aspects of Informa's value chain
- Next steps and likely actions needed to complete a full TNFD assessment in future following the update and finalisation of the draft framework
- Results from an impact and dependency screening exercise with particular reference to current biodiversity, water and waste risks

Next steps

Informa used the findings of the pilot to inform their sustainability programmes and ensure efforts are focused on areas of highest opportunity and risk for the business. For example, managing risk from forest products through their policy on sustainable paper and timber, and their Better Stands programme which helps create more opportunities from the construction of sustainable exhibition booths.

The Little Blue Research project team is working with several companies piloting the LEAP approach.

The common challenges seen across these include:

- Time availability within the business to implement the framework
- A lack of relevant supply chain data across different economic sectors especially in relation to location
- The data ask from the process can be overwhelming and there is a need to prioritise. Prioritisation can be based on a mix of spend data, critical supplies and potential/perceived impacts and dependencies on nature
- Determining what makes a 'good screening' in relation to nature based risks and identifying when more complete data is required, understanding that these two points will vary based on the type of business undertaking an assessment

- A combination of public and/or paid for data may potentially add overheads for business, making sure the company understands the type of data required and what it will be used for is important
- Understanding the relevant links between initiatives such as CSRD, ISSB, SBTN & CDP, ensuring that actions to address nature make the most of these links

Top three things to consider

Little Blue Research has also further explored what the TNFD Framework means for businesses and provided guidance on how to get started.

- 1** Determine what your business is already doing with regard to nature. Identify relevant internal stakeholders and explore what is already included in your sustainability approach and links across relevant frameworks.
- 2** Consider where to start by ensuring you understand your full business value chain, looking at your material issues
- 3** Prioritise areas of greatest potential for nature related risk by considering: the strategic importance of different parts of the company, screening for nature related risks using different tools such as ENCORE or the newly launched materiality screening tool from the SBTN, the data you have access to.

Click [here](#) for more information on Little Blue Research's article on how to get started with the TNFD. For more information about Informa's approach to nature please see [here](#).



Creating spaces for nature to thrive

Protecting nature is one of Barratt Developments' priorities within the Building Sustainably Framework. They are committed to creating a legacy of resilient landscapes and communities, where people and nature can thrive. Barratt are achieving this by enhancing habitats that increase biodiversity, and by engaging with residents and the wider community to create environments where local wildlife is encouraged. Barratt are committed to doing this across all of their developments.



BARRATT
DEVELOPMENTS PLC

The housebuilding industry faces future regulatory changes with respect to biodiversity net gain (BNG). Under the Environmental Act legislation, all developments will be required to identify and deliver a minimum BNG of 10% by creating new habitats and green spaces. This means that we will create spaces, that are more biodiverse than they were before we started to develop the site.

Preparing to lead on BNG

Barratt set a target from January 2023 to identify a minimum BNG of 10% across all new development designs submitted for planning — well ahead of proposed legislation, which mandates this requirement from January 2024. They have also embedded a comprehensive operational framework to deliver this change across their divisions, including colleague training, calculation tools, automated data collection, workshops with external consultants, a review of external consultant capacity and capability, and a network of divisional representatives championing BNG.

With their national rollout programme embedding biodiversity best practice across all regions completed in the year, 100% of development designs submitted for planning from January 2023 identified a minimum net gain of 10%, delivering an average BNG of 36% for area habitats, 76% for hedgerow habitats and 13% for river habitats. Barratt's proactive programme means they remain ahead of legislation, leading the national housebuilders.

An important ingredient in delivering BNG is landscaping. To drive leadership in this area, Barratt launched a new Barratt Landscape Handbook, setting out best practice for the design and delivery of landscaping across their developments. Alongside the launch, Barratt appointed divisional "BNG Champions", ensuring landscaping best practice is both adopted and reported in future, as well as introducing an annual Green Spaces Award for developments that demonstrate best practice landscaping for people and biodiversity.

The Green Spaces Award 2023 winner, Kings Chase, Romsey, has a well implemented landscape strategy that creates some fantastic green spaces across the development. At this site, there has been sympathetic retention of high-value biodiverse features and some outstanding areas of habitat creation delivered, with great attention to detail. The runner-up, King's Wood Gate, Monmouth, demonstrates how innovative design, native species selection and consideration for both homeowners and wildlife can be combined to create a semi-natural habitat, contributing to effective surface water management and providing recreational opportunities with a circular walk and bridge.

Having partners on board with BNG objectives is a key part of achieving success. As BNG relies on the long-term stewardship of developments, Barratt have put in place measures to ensure that landscaping and BNG performance are incorporated in the terms of operation for the management companies who are responsible for our developments post completion.

To assist in wider capacity building, Barratt have delivered workshops with external urban design, ecology and landscape consultants. Alongside their consultants, Barratt have identified solutions to the challenges they have in supporting them with designing BNG into developments.



Top: Overall Winner — Kings Chase, Romsey, Southampton.
Above: Runner Up for Sustainable Urban Drainage Systems (SuDS) — King's Wood Gate, Monmouth, South Wales

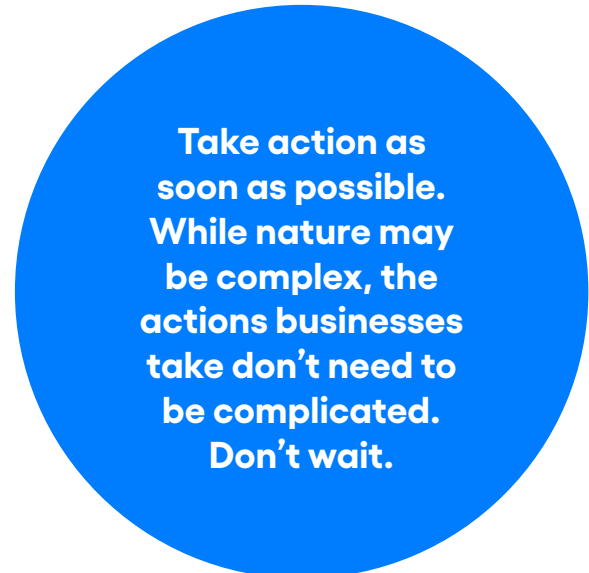
As the leading national sustainable housebuilder, it is important for Barratt to share its learnings on sustainable best practice with the rest of the housebuilding sector. Barratt's Group Head of Biodiversity, Helen Nyul, is Chair of the Future Homes Hub's Biodiversity Net Gain working group, helping to support the development sector in meeting the BNG requirements when it becomes mandated. Through this role Barratt have been in regular communication with DEFRA, DLUHC and Natural England regarding when the standards and guidance delivery, and how to best achieve a smooth transition across the industry.

Going beyond BNG

Barratt recognise that although BNG is an important step in helping to reverse the decline in the UK's biodiversity, we need to do more. To that end, Barratt have been working with their partners the Royal Society for the Protection of Birds (RSPB) to maximise the potential of the gardens they create by installing gardens into show homes that are packed with features such as 'hedgehog highways', wildlife-friendly planting and bee and bug houses to inspire customers to recreate these in their own homes. Barratt have also made commitments to enhance our sites for priority species; swifts, hedgehogs and bats in 2021, building on the original commitment for swifts in 2018.

“We see many benefits to incorporating biodiversity into our development designs. These not only help to minimise our ecological footprint, but meet wider place making and health and well being benefits for our homeowners and the communities where we build. Avoiding impacts to existing habitats creates mature landscape features, giving our developments a sense of place and protects those homes for wildlife.”

Helen Nyul, Barratt Group Head of Biodiversity



Through these commitments, Barratt have funded the development of the Manthorpe Swift Brick and have now installed over 5,300 of these in their developments. Barratt plan to update the design to create integral nest boxes and ensure that they fit into timber frame homes.

As hedgehogs are now classified as being vulnerable to extinction, Barratt have marked up over 6,800 hedgehog highways in their development designs across the country since 2021.

Barratt Divisions have also submitted 244 wildlife-friendly garden designs for their show homes, 126 of which have now been built. These gain accreditation from the RSPB and are intended to show homeowners what they can do to attract wildlife to their gardens. Customer brochures, developed with the RSPB, are also provided to Barratt homeowners which give useful advice on how they are helping iconic species, such as swifts and hedgehogs, with new homes in developments using innovative ecological enhancements.

Finally, alongside RSPB partners, Barratt are establishing the process to enable the creation of Species Enhancement Plans. These are targeted landscape improvements, which will support nesting and feeding of priority species — helping Barratt go beyond BNG by protecting species as well as creating new habitats.

With British wildlife in decline, it is essential that we are considering nature and the environment with every home built. Barratt are committed to building wildlife into all of their new housing developments, making sure that people and wildlife can live happily alongside each other at the developments for years to come.



Biodiversity checklist for SMEs

Nature is under threat. Governments, society, and businesses (large and small) must play an important role in reversing the loss of nature. According to the World Economic Forum 55% of global GDP relies on what nature provides. Your business, either directly or indirectly impacts and depends on nature — whether from the resources your business buys, the products your business sells, or the operations your business runs — from water for manufacturing or paper and plastics used for packaging and much more.

Here we provide some simple, practical tips SMEs can start to take action on in order to contribute to the global goals and targets to halt and reverse nature loss.

Actions all businesses can take

Action 1: Raise awareness and understand the importance of nature

Engage people from all parts and levels of your business to understand how your businesses interfaces with nature.

Action 2: Develop a purpose and a Nature Action Plan

Taking action on nature makes business sense. By staying ahead of the curve businesses will be able to manage business risk and gain a competitive advantage. **Set your business purpose and plans to take action.**

Action 3: Contribute to nature positive action in society

Use your company network and wider sphere of influence to raise awareness, support and accelerate action on nature in society, and connect with local conservation groups, such as the [Wildlife Trusts](#) or the [RSPB](#), or with businesses geared to providing solutions like yours.

Actions in your own operations

Action 4: Avoid and reduce

Aim to avoid having an impact on nature in the first place — it is the more cost effective than trying to remediate later. Take action to avoid using products not from a sustainably certified source, reduce water use, reduce waste, reduce emissions, and reduce pollution to air, water and land.

Action 5: Enhance and remove

Enhance biodiversity around your site, such as setting aside an area for nature, erecting bird and bat boxes, planting trees and shrubs that are good for wildlife. On your site, prevent the introduction and spread of invasive species, remove invasive already present, and only use local native species when landscaping.

Actions in your supply chain — suppliers

Action 6: Understand where your products are coming from

What raw natural products is your business using and where are they coming from in your supply chain? Avoid and reduce negative impact on biodiversity upstream and downstream.

Action 7: Incorporate nature clauses into your contracts with suppliers

Have your suppliers taken nature-positive action? Do they hold nature positive certifications, such as [RSPO](#) for palm oil, [FSC](#) for card and timber.

Action 8: Source from certified sustainable sources

Maximize, where possible the use of products which are from certified sustainable sources, such as timber, palm oil.



Actions in your supply chain — customer

Action 9: Raise customers' awareness, understanding and engagement with nature

Help raise awareness and understand of the importance of nature, the products you are using and where they are coming from with your customers.

Action 10: Being transparent

Provide data to your business customers (subject to commercial sensitivities), on the natural resources in your products, including volumes and source (for example, volumes of critical minerals used in a product, or volumes of water used in processing) Why? Users of your produced may be mandated to disclose this information.

Sharing your actions

Which is also a great way to market your products and services!

Share your commitment

Encourage other SMEs in your network to join you by taking the action for nature and [Nature Positive Business Pledge](#) and participation in the [Local Nature Recovery Networks](#).

Share your story

Get recognised for your work and inspire other SMEs by sharing your [examples of nature positive success in the social media](#).

Invest in nature

Consider investing in nature-based businesses, rewilding and technical innovation, biodiversity credits, and seek new green finance opportunities.



...and go further

Option 1: Estimate your business impact

Businesses can more effectively take action when they understand impacts on nature — identify where and how your business impacts nature. Consider direct and indirect impacts from your operations: water run off, impact on air quality and indirect impacts from business & employee activity.

Option 2: Commit and set targets

Once you know your impacts and use of natural resources (such as water, plastics, or timber), set targets to avoid and reduce these impacts and use, and if necessary, restore or offsets.

Option 3: Measure and disclose

Measure the impact your activities are having and disclose your progress towards the targets, ideally using metrics which your supplier and your customers also use, such as the TNFD core metrics.

Additional resources and tools

UK data sources:

- [National Biodiversity Network](#) — Information and data on UK species and habitats
- [MAGIC](#) — geographical information on protected and sensitive areas, species, and habitats in the UK

Tools:

- Exploring natural capital opportunities, risks and exposure [ENCORE](#) — help identify key sector specific impact and dependencies
- [Science Based Targets Network](#) — help in setting targets for your business.

Networks and forums:

[UK Business & Biodiversity Forum](#) — B2B hub to support businesses share and understand how to integrate nature into their activities.

[Get Nature Positive](#) — provides support and information with sector-specific best practice, recommendations and case studies.



“To achieve the Sustainable Development Goals, we need to work together to find innovative ways to transform our current patterns of consumption and production for people and planet.”

John W.H. Denton AO, ICC Secretary General

Circular economy

Climate change is one of the biggest challenges of our century, resulting from our traditional consumption, production, and disposal patterns. According to the OECD, resource extraction is currently rising by approximately 2% every year, with around 82 billion tonnes of raw materials extracted in 2020.

Replacing fossil fuels, which account for 55% of global GHG emissions, with renewable energy at speed could only mitigate part of the problem. We need a paradigm shift with a global approach on value creation — to transform how industries manufacture, use and dispose of materials, as well as how we manage land that is transitioning into a circular model. We need to build an economy which utilises regenerative secondary resource to preserve and enhance natural capital in an efficient way — optimising and maximising the life circle of products, and eliminating negative externalities from design.

Circular approaches reduce dependence on natural resources and present economic opportunities. It is a systems solution framework to mitigate climate change, biodiversity degradation and pollution. Driven by design, circular

initiatives build resilience by its regenerative nature, waste and pollution elimination model, and value optimisation system. The circular model accelerates business growth, enhances competitiveness, and mitigates risks by enhancing efficiency gain, reducing operational costs, captivating customers, disguising from competition, acclimating value chain relationship, and mitigating linear risk exposure.

To make the circular transition possible, businesses need to embed circularity in their climate strategies, redesigning products and services utilising digital technology, as well as work collaboratively throughout the supply chain internally and externally; investors need to mobilise capitals towards circularity solutions; governments need to set enabling policies and put the necessary infrastructure in place.



Contributing to the circular economy

Progressing and delivering the goals of the Paris Agreement requires significantly increased consumption of both primary and secondary metals and minerals. Glencore's presence at key stages of the value chains for both new and recycled commodities — production, refining, recycling, sourcing, marketing, and distribution — points to their contribution to the energy transition necessary for global decarbonisation.

GLENCORE

Establishing a circular economy requires a global commitment driven by government policy and supported by consumer behaviour. At the same time, the continued production of primary metals for the products and energy supply is needed to respond to the challenge of meeting the increasing energy needs of a growing global population and developing economies, as well as delivering the energy transition required to achieve a low carbon economy.

In summary, we need both responsible production of new commodities, as well as responsible consumption and recycling of products made from those commodities, holistically combined into a circular ecosystem, in order to meet our collective goals of achieving net zero.

Energy transition

As the world shifts away from fossil based fuels to other sources of energy, and governments and consumers begin to embrace renewable energy, energy storage, electric vehicles and other decarbonising technologies, demand for the refined metals that enable these transitions is expected to keep growing exponentially.

We anticipate that the energy transition will be non linear across time and geography. Like all transitions, the energy transition needs to be well managed to achieve the climate and societal goals of all regions of the world. The global transition from fossil fuels to battery power will require metals such as copper, nickel, cobalt, vanadium, and zinc. Glencore's large scale, low cost transition

metals portfolio is well positioned to provide the commodities important to the decarbonisation of the global economy. Glencore's coal portfolio, while responsibly depleting over time, will meet critical regional energy needs and affordability during this evolution.

Growing consumer awareness and geopolitical events are placing a spotlight on commodities' value chains. They contribute towards driving smarter resource use and growing expectations for responsible operations during the extraction, refinement, and production of metals and minerals, particularly as many resources are in challenging operational contexts. They are also strengthening governments' ambitions for energy independence through building domestic renewable power capabilities dependent on batteries to ensure baseload security.

Glencore recognise their ongoing responsibility as a large scale industrial miner to produce products in a manner that is responsible, transparent and respects the rights of all.

Developing and supplying low-carbon products

Glencore's strategy seeks to maximise value through their integrated marketing and industrial businesses working side by side to give Glencore presence across the entire supply chain, delivering in depth knowledge of physical market supply and demand dynamics and an ability to rapidly adjust to market conditions.

As a vertically integrated extractive and marketing business, Glencore can utilise their own carbon reduction efforts and market expertise to meet the increasing needs for attestable low-carbon products.



Glencore's carbon and power trading team have established desk in London, Singapore, Australia and China with a global remit. The desks have expertise in both compliance and voluntary carbon and global power markets covering carbon management and strategy, trading, origination, structuring and execution. Gradually these desks will consolidate all market facing execution across these key decarbonisation products. Glencore's marketing business' carbon strategy is expected to create additional value over time as markets and demand for carbon solutions in the commodity supply chain evolve.

Recycling

Achieving a low carbon economy will require offsetting the impact from product usage through changes to consumer behaviour, collaborations across the commodity value chain and delivering a circular economy. This highlights the need for education on reusing products and increasing recycling. Glencore strongly believe in the significant increased requirements for future recycling.

To achieve a circular economy, we need to see post consumer materials as a resource, not as waste. Both legislation and responsible resource use is driving demand for secondary (recycled) metals.

Glencore's in house processing capacity provides the infrastructure to contribute to the objectives of a circular economy. Across Glencore's industrial assets, they have over 75 years of experience in the recycling business and actively recycle copper,

nickel, cobalt, zinc, lead, and precious metals. By recycling metals, they contribute to the circular economy, diverting materials from landfill and helping to reduce environmental impacts.

As part of Glencore's ambition to achieve net zero emissions¹ in general, and with a goal to expanding their recycling footprint across the commodity complex, Glencore are looking to invest in capacity expansions in their core markets of Europe and North America, and to enter new markets that currently lack formal and responsible recycling outlets for end of life materials. Glencore are looking to significantly expand their role within recycling across the broader decarbonisation metals chain. There is increasing recognition of the need to increase the use of secondary metals, which Glencore's recycling business is well placed to meet.

Diverting metals from landfill

As one of the world's largest recyclers of end of life electronics, and a major recycler of complex secondary copper, nickel, cobalt, gold, silver, platinum and palladium bearing feeds, Glencore play an important role in the circular economy, giving a second life to these commodities, diverting materials from landfill and helping to reduce environmental impacts.

Copper is vital to powering electrification and is also a relatively easily recyclable commodity that does not lose any of its properties during the recycling process. Recycling uses significantly less energy, for example, 80%–90% less for copper, than mining and

¹ To assist the reader's understanding of climate-related terms used here, reference can be made to the glossary included in our 2022 Climate Report. The Climate Report and our Basis of reporting on selected ESG KPIs 2022, which provides information about the definitions and underlying processes applied for the collection and verification of specific Environmental, Social and Governance (ESG) metrics (Basis of Reporting 2022) are available at [glencore.com/publications](https://www.glencore.com/publications).

smelting primary metal. Scrap currently accounts for about a third of the roughly 30 million tonnes of annual global copper supplies.

During 2022, Glencore's copper department's recycling business recycled electronic scrap and other recycling feeds, such as copper residue from end of life automotives, copper from lithium-ion batteries, carbons from gold mines, copper scrap, plating residue. This produced 30,500 tonnes of

copper, 107,000 ounces of gold, 1.35 million ounces of silver, 13,000 ounces of palladium and 4,000 ounces of platinum.

Recycling within Glencore's nickel department of secondary nickel and cobalt-bearing materials, such as super alloy scrap, black-mass from lithium-ion batteries, plating residue, etc, produced 6,200 tonnes of nickel, 1,500 tonnes of cobalt and 1,200 tonnes of copper.

A proven history of recycling



In the 1980s, Glencore's Horne Smelter in Canada became one of the first smelters in the world to pioneer the recovery of copper and precious metals from discarded electronics. Globally, e-waste scrap is one of the fastest growing waste market categories through growing demand and shorter lifecycles for items such as cell phones and tablets. Glencore's recycling business has recycled more than one million tonnes of electronic scrap since the 1990s.

Glencore's Sudbury Integrated Nickel Operations in Canada began recycling in 1990. Initially, the facility processed super-alloy scrap from the aerospace sector, before expanding to include other materials, such as lithium-ion batteries. Today, it processes secondary feed including end of life materials, production scrap and recycle streams making it one of the largest processors of complex secondary nickel and cobalt bearing feeds in the world.

Glencore's Sudbury Integrated Nickel Operations recover nickel and cobalt from discarded lithium-ion batteries. In the past, much of this recycle stream was from consumer electronics and other small format batteries. However, going forward Glencore expect more large format batteries used in EV and energy storage systems (ESS). The growing EV market and its associated gigafactories are creating a need to recycle battery manufacturing scrap, as well as end of life EV and ESS batteries, which Glencore anticipate will continue to accelerate in the future.



BT Group looks to circular networks in sustainability drive

As part of BT Group's Manifesto pledge to build towards a circular BT Group by the end of March 2030 and a circular tech and telco ecosystem by the end of March 2040, the company is taking a number of steps to help reach their goal.



BT Group has been a leader on climate and sustainability action for over 30 years and set one of the world's first science-based targets in 2008. In FY22, the company accelerated its net zero plans by pledging to be a net zero for its own operations by end of March 2031, and by the end of March 2041 for its supply chain and customer emissions (all Scope3).

BT Group is already using 100% renewable electricity worldwide; it's transforming its workplaces with a move to fewer, more sustainable and efficient buildings and aiming to transition the majority of its 34,000 strong fleet to electric or zero carbon emission vehicles by 2030. But there's more to do.

As BT Group's mobile network, EE, and BT Group's fibre infrastructure division, Openreach, build out new, energy efficient, high-speed mobile and fibre networks, the company is looking at ways to remove, reuse and recycle old legacy networks, such as the public switched telephone network (PSTN) and 3G network, which are some of the larger drivers of energy consumption.

As commented on by Professor Tim Cooper — a leading thinker in sustainable consumption and design at Nottingham Trent University, “the current consumption of electrical goods is unsustainable”, particularly based on how we produce and dispose of them. The consequence is what the United Nations describes as a “tsunami of e-waste rolling across the world”.

E-waste contains toxic components that are dangerous to human health and pollute the environment upon which we rely. The consequences of this can be felt disproportionately in some of the poorer parts of the world.

However, sustainably e-mining and recycling the common metals that are found in e-waste, including iron, copper, tin and aluminium, is a huge environmental and economic opportunity. The recovery of these elements back into the global supply chain through urban mining to support technologies is vital for the green transition.

In an effort to reduce BT Group's e-waste, the company has created the Exchange Clearance Operation (ECO) programme, which involves recovering, recycling, and reselling equipment from old telephone exchanges, allowing BT Group to close down those ageing, inefficient networks and to downsize the number of buildings they have.

To do this the company has teamed up with [N2S](#) and [TXO](#), European leaders in recycling telecoms equipment and enabling reuse. TXO has offered BT Group its invaluable expertise in promoting internal reuse, as well as its ability to re-sell equipment into the global market, keeping equipment in use. BT Group is also embracing innovative processes — working with N2S to explore the potential of bioleaching — a process used to extract and recover precious metals from technology equipment, for reuse.



This year alone, the programme will extract over 200 tonnes of copper cable, (equivalent to the weight of over 140 Ford Focus cars), will see over 2,000 tonnes of lead batteries recycled and will generate £4m with these combined activities in addition to recycling and resale of redundant network equipment.

Decommissioning equipment on this scale is a huge task, but as digital leaders like BT Group continue to invest in high quality, reliable connections run over environmentally sustainable technologies, it is vital that it works with companies such as N2S and TXO to reduce waste and preserve valuable natural resources.

These programmes are a big step in the right direction, but they are just the beginning, and BT Group has a lot more work to do to achieve its sustainability goals. Nevertheless, the company remains resolute of purpose, and committed to pushing boundaries to reduce impacts on the planet.





Net zero

Net zero emissions are at the forefront of the sustainability agenda. Achieving net zero requires cutting greenhouse gases (GHG) emissions to as close to zero as possible by removing or offsetting the GHGs that are emitted into the atmosphere, resulting in no additional increase in GHGs by 2050. As per the Paris Agreement, the goal is to hold “the increase in the global average temperature to well below 2°C above pre-industrial levels” and pursue efforts “to limit the temperature increase to 1.5°C above pre-industrial levels.”

Net zero is critical in mitigating climate change and requires a collective global effort across various sectors of the economy, including energy, transportation, agriculture and industry. It also requires coordinated action at the local, national, and international level, so to limit global warming. Different sectors are achieving net zero in different ways — including transitioning to renewable energy sources, improving energy efficiency, adopting sustainable practices and developing advanced technologies. For business reaching this goal is an imperative, the private sector has a huge role to play in transitioning to a net zero

economy. While coherent policy frameworks and innovative sectoral approaches are imperative, the transition to net zero presents a vast business opportunity. Net zero presents a catalyst to enable us to rethink how we do business, in an environmentally conscious and sustainable manner that builds resilience in our economies. As governments, investors, stakeholders and consumers are increasingly prioritising sustainability and environmental commitments, it is crucial for businesses to adopt the transition to net zero emissions. Transitioning to net zero is an integral part of long term sustainability.



Soil conservation: 'carbon-smart' approach in agriculture

As part of BAT's new Carbon-Smart Farming Programme launched in 2021, the High Wide Ridges technique — recognised by the Brazilian Agricultural Research Corporation (EMBRAPA) — aids in erosion reduction and water retention, and is now applied by 90% of BAT Brazil's directly contracted farmers.



BAT has accelerated its science-based targets and aims to reduce its Scope 1, 2 and 3 emissions by 50% by 2030, and be net zero across its value chain (Scope 1, 2 and 3 emissions) by 2050 at the latest. Addressing climate risks and opportunities across the value chain is key to the long term sustainability of BAT's business.

Approximately one third of BAT's Scope 3 CO₂e emissions are in the tobacco supply chain, which requires building an integrated approach addressing impacts across the value chain and the total lifecycle of products. BAT Brazil is an example that partnerships with suppliers (tobacco growers) is an important path to achieve emissions reductions.

Almost 90% of BAT Brazil's directly contracted farmers now apply the validated soil conservation management practice of High Wide Ridges, a minimum tillage approach. This technique has been developed and enhanced by BAT's Global Leaf Agronomy Development team, and has been recognized by EMBRAPA — a government research company linked to Brazil's Ministry of Agriculture.

To validate the technique, a scientific study in partnership with EMBRAPA was carried out in 11 fields in Southern Brazil (Parana, Santa Catarina and Rio Grande do Sul states), with slopes ranging from 3% (slightly undulating topography) to 45% (highly undulating topography) and different soil types. The results showed that High Wide Ridges are capable of retaining far more than the 10 years of rainfall surplus baseline needed to be considered a conservation practice.

“The High Wide Ridges farming technique aids soil improvement by raising and structuring it through trapezoidal ridges, where the tobacco has stronger conditions to develop with better quality. The ridges also help increase water retention capacity and reduce risk of soil erosion. When I combine High Wide Ridges together with cover crops soil losses are practically zero, as it helps to slow down the rainwater and acts as a barrier against soil erosion, with the added benefit of capturing water in the soil.”

Arcenio Hoff, Tobacco farmer in Vera Cruz — RS Brazil



Driving a path towards regenerative agriculture, implementation of this technology contributes to erosion reduction, carbon sequestration, water retention, and reducing water logging and soil-borne related pests; which are continuous challenges not only for tobacco growing but for the wider agricultural sector.

In the latest Greenhouse Gas (GHG) Protocol Land Sector and Removals Guidance draft, it was highlighted that improving land management and using land more efficiently should be seen as complementary and indispensable strategies for reducing emissions from the agriculture, forestry and other land Uses sector. The High Wide Ridges technique, complemented with cover cropping as a soil management practice, is in line with what is indicated in the guidance. The use of regenerative

practices such as these helps ensure that high-quality agriculture is maintained, and reduces pressure on natural areas and GHG emissions of the sector; paving the way for the new Science Based Targets initiative's (SBTi) Forest, Land and Agriculture (FLAG) guidance.

This initiative is part of BAT's Carbon-Smart Farming Programme, launched in 2021. Our approach is focused on both reducing emissions from tobacco farming and, crucially, leveraging the positive effect agriculture can have in removing carbon from the atmosphere. In Brazil, this is being driven by a pilot project with 35 farms spread across the three principal states where BAT's tobacco is grown. The results from the first phase for Brazil suggest that widespread adoption of soil management best practices could have a significant positive impact on the annual soil carbon stock, equivalent to three times the annual emissions from agricultural production. The review and validation of the results by EMBRAPA is ongoing.

In 2022, BAT Brazil also initiated the ESG Farms programme for tobacco growers. This programme incorporates sustainability protocols for evaluation of the farm, resulting in a diagnosis based on environmental, social and economic performance criteria. High Wide Ridge based technology is currently also implemented on a commercial scale in other countries, including Kenya and Fiji (80% and 100% of total areas respectively).

“The application of High Wide Ridges to manage soil in tobacco cultivation is a direct outcome of BAT's investment in several research projects and outreach initiatives. This technique enhances tobacco growth, augments soil porosity, encourages the flow of air, water and nutrients around plant roots, reduces soil resistance to root penetration, prevents water-logging and contributes to plant health.”

José Eloir Denardin, Deputy Head of Research and Development and Researcher at EMBRAPA Wheat, Passo Fundo — RS Brazil



Results

The technique of planting crops in high, wide trapezoidal ridges, particularly on elevated ground, delivers environmental benefits such as soil erosion reduction, an increase in field water retention capacity and prevention of water-logging, especially when it's combined with crop rotation. Its positive impacts on tobacco farmers' livelihood include potential yield increases of up to 20%, higher crop quality stability and reduction in soil-borne diseases. Since the technique was launched in 2010, BAT Brazil have managed to increase the adoption rate to c. 90%, with 30% farmers also applying cover crops as a combined practice.

Next steps

BAT regularly review and model farmers' carbon impact and sequestration potential. Recently, BAT conducted an analysis to estimate the removals generated by Carbon-Smart Farming best practices using internationally recognized methods such as those outlined by the Intergovernmental Panel on Climate Change (IPCC) and the GHG Protocol. BAT are collaborating with a specialist consultancy to validate this approach in accordance with the new FLAG framework and also to monitor, report, and verify the outcomes. This will provide BAT with verified data to measure progress against its 2030 and 2050 emissions targets, and validate the impact of diverse carbon-smart strategies.



Net Zero Lawyers Alliance



Commercial lawyers are critical to climate change mitigation, adaptation and resilience. They provide advice around systems in transition, have significant client and jurisdictional reach and are key to the evolution of the law and its implementation.

The Net Zero Lawyers Alliance (NZLA) was established in 2021 ahead of COP26 in Glasgow to mobilise commercial lawyers, law firms and law to accelerate the transition to net zero. It is comprised of 40 law firms that encompass more than 100,000 lawyers across 40+ jurisdictions, and is always growing and adding additional expertise from new member firms.

As an accredited Race to Zero accelerator, NZLA members are required to commit to net zero both operationally and through alignment of legal services offered to their clients. In order to achieve alignment of legal services, member lawyers are required to build their climate capacity, provide pro bono services and support to a series of projects to align commercial law with net zero.

As commercial law is the connective tissue in the climate transition pathways, it is through commercial legal services that private sector net zero ambitions really do become reality. Working to ensure alignment also with the SDGs, the NZLA has the capacity to drive real sectoral and behavioural change.



Unilever Supplier Climate Programme

Unilever's Supplier Climate Programme is a strategic approach to engaging 300 suppliers — accounting for approximately 60–70% of Unilever's upstream carbon footprint — to measure, share, and reduce emissions for the products Unilever buys. Following a successful pilot in 2022, Unilever are implementing an accessible and transformative programme at scale.



Climate change poses huge risk to people, nature, and our global economy, while sustainability is a clear business opportunity — that's why Unilever is accelerating climate action.

Unilever are committed to reaching net zero greenhouse gas (GHG) emissions across their value chain (Scope 1, 2 and 3) by 2039, and the actions they are taking towards this target are outlined in their Climate Action Transition Plan. Unilever know from experience that rapid carbon cuts are possible — Unilever has reduced GHG emissions in operations by 68% since 2015. But with as much as 70% of Unilever's footprint coming from raw materials, ingredients and packaging, they are now turning their focus to their supply chain.

The Unilever Climate Promise, launched in 2021, sets the bar for suppliers wishing to publicly demonstrate their commitment to ambitious climate action. Signatories agree to set a Science-Based Targets initiative-aligned target, publicly report progress, and share product carbon footprint (PCF) data with Unilever. PCF data allows Unilever to report on their own carbon footprint more accurately, track supplier progress on emissions reductions, and make more informed procurement decisions.

Priorities

But with 52,000 suppliers, Unilever must focus efforts where they are needed most. The Unilever Supplier Climate Programme targets 300 suppliers with the biggest impact on Unilever's carbon footprint, providing guidance, tools and resources to help them move ahead with climate action, ultimately delivering on the asks of the Climate Promise.

Approach and challenges

Unilever's teams found that two thirds of their 300 target suppliers had not yet set a climate target. Meanwhile, Unilever recognised that a one size fits all approach would not work. Unilever grouped suppliers into three groups based on their existing climate capabilities and tailored their asks and support to each group.

Category 1 suppliers are at the start of their journey. Category 2 suppliers are those who have made a start but need support to progress further. Category 3 suppliers are the most advanced and have some ability to measure and report PCF data.

To get started, in 2022 Unilever ran a pilot with 35 suppliers who tested various tools and resources designed to upskill and strengthen capacity to collect and share PCF data.

Category 1 suppliers were offered access to e-learning as a start. Category 2 suppliers saw huge value in learning how to calculate PCF data with expert guidance from Ecochain and Nexio Projects in the pilot. Category 3 suppliers were asked to try sharing PCF data with Unilever.

Results

Feedback from pilot suppliers was overwhelmingly positive and helped Unilever develop the Programme further. In April 2023, Unilever began implementing a transformative and accessible scale up, inviting more of the 300 priority suppliers to join the Supplier Climate Programme.

Notably, category 1 asked for more support on data collection and analysis, emissions reduction targets, and roadmap building, and so in Unilever's scale up,



they are inviting them to use Manufacture 2030's online platform and expert resources to develop an emissions baseline and reduction plan.

Meanwhile, Category 3 wanted a more automated and industry aligned way to share PCF data. In the scale up, Unilever are asking them to share PCF data according to industry aligned methodology that Unilever co-developed through the World Business Council for Sustainable Development's (WBCSD) Partnership for Carbon Transparency (PACT).

To date, Unilever have now reached all 113 key suppliers earmarked for the first phase of the Programme's scale up in 2023. This number continues to grow. Unilever are one of the few FMCG companies with a dedicated initiative to reduce supplier emissions. Unilever's Programme has been recognised by Gartner, CDP Supply Chain, and the Scope 3 Peer Group. Unilever are also sharing learnings through the 1.5°C Supply Chain Leaders, WBCSD and the World Economic Forum.

Next steps

The aim is to reach all 300 key suppliers through Unilever's scale up by the end of 2024. In parallel, Unilever are running one to one decarbonisation workshops with select suppliers from Category 3 to deep dive into suppliers' emissions reduction plans and explore opportunities for collaboration. It has been vital to set clear expectations and so Unilever are integrating climate related performance into their procurement processes. However, Unilever's main learning is that this must be coupled with a collaborative approach, to maximise buy in from suppliers, no matter how far they are along their climate journey.

[For more information visit unilever.com](https://www.unilever.com)

SME Climate Hub: net zero checklist

SME Climate Hub supports SMEs to meet international climate targets — halving emissions by 2030 and providing climate solutions which help society move towards net zero.



1 Make the SME Climate Commitment

The SME Climate Hub opens the doors for small- and medium-sized businesses to join the globally recognized United Nations' Race to Zero campaign. If you're not already on board, [make the SME Climate Commitment today.](#)

2 Measure and report emissions

Businesses can more effectively reduce emissions when they understand their baseline and largest sources of emissions. Start measuring your business emissions and report publicly on progress.

Start measuring

Calculate your business emissions to identify a course of action. The [Business Carbon Calculator](#) was developed by Normative with the support from Google.org. Use it to estimate your company's full carbon footprint and find quick win actions to reduce emissions.

Report on emissions

When you make the SME Climate Commitment, you will be required to report progress after the first 18 months. The SME Climate Hub will provide a simplified tool, designed specifically for SMEs, to create a report summarizing your annual greenhouse gas emissions. The tool is being developed using the simplified [SME Climate Disclosure Framework](#), which can also be applied directly in your reporting.

Receive further guidance

The [Emission Possible guide](#) from WWF includes a broad overview of reporting protocols and the terms most commonly used, such as Scope 1, 2 and 3, as well as sector specific recommendations.

3 Develop your business strategy

Taking climate action makes business sense. By staying ahead of the curve in the new net zero climate economy, companies will be able to manage business risk and gain a competitive advantage.

Set a strategy and move to action

The [1.5°C Business Playbook](#) provides guidelines to set a climate strategy and move to action. The Playbook highlights key actions to reduce emissions in your business and throughout your value chain, integrate climate in your business strategy and contribute to climate action in society.

Learn how to take action

Take a free course on small business climate action. [ClimateFit](#) is a practical, step by step course that guides small businesses through every step of the climate journey. The course is free, available online globally and self-paced for accessibility to businesses committed to the SME Climate Hub.

Access financial support

The [Financial support guide](#) is designed to help you find the most appropriate financial support for your company's journey to net zero, and ensure you can reap the business benefits of climate action.



Click here for more information on the the SME Climate Hub's net zero checklist

4 Reduce own emissions

These are emissions directly related to your company, like office electricity and heating or employee transport and business travel. Your own emissions may represent a small part of your total emissions but can normally be reduced more easily since they are under the company's direct control.

Start today

The UK Business Climate Hub highlights several steps businesses can take to cut emissions starting today.

Pursue energy efficiency projects

Carbon Trust's SME specific guide introduces how SMEs can [finance energy efficiency projects](#), which help reduce emissions and drive down business costs.

Leverage remote working

Flexible workplaces are an important way to reduce emissions from commuting and office space. Use EcoAct's guide to [measure work from home emissions](#) and explore ways to reduce these emissions using recommendations from Carbon Trust's report.

Reduce travel emissions

For businesses which rely on vehicles to transport goods, or with significant commuter emissions, the Energy Savings Trust offers a [Fleet Management Toolkit](#) to reduce road transport emissions.

5 Reduce value chain emissions

Value chain emissions include emissions that are part of the company's supply chain, but outside its walls. These emissions normally represent the largest share of a company's total footprint, and include emissions created by your suppliers, or resulting from the use of the products you sell.

Set a strategy and move to action

The 1.5°C Business Playbook – Pillar 2 helps companies to set a strategy and move to action to reduce their value chain emissions. The guide highlights key actions to reduce emissions from materials, transport and the use of products.

Supplier engagement

The 1.5°C Supplier Engagement Guide provides practical guidance that any company can utilize to work with suppliers to set and implement a 1.5°C aligned target and move to action.

Manage energy and carbon outputs

The 'How to be a good supplier' guide from Carbon Trust helps SMEs with their energy and carbon management.

6 Contribute to climate action in society

Becoming a climate leader means using your company network and wider sphere of influence to support and accelerate climate action in society.

Share your commitment

Encourage other SMEs in your network to join you in the Race to Zero by making the SME Climate Commitment. Spread the word with our communication resources.

Share your story

Get recognized for your work and inspire other SMEs by sharing your examples of climate action.

Invest in nature-based solutions

As a complement to reducing emissions and providing climate solutions, you might consider investing in nature based solutions or projects avoiding emissions.

Encourage employee climate action

Climate Hero's Carbon Calculator helps individuals calculate their carbon footprint in 5 minutes, and Net Zero Pensions Guide for SMEs provides guidance on how to contribute to climate action through your pensions.

Advance climate justice

The Climate Justice Playbook for Business provides insights, guidance, and case studies of companies that are seeking to advance climate justice in their operations, supply chains, and in the communities they impact.



Climate contract clauses

The Chancery Lane Project — climate goals as contractual obligations: putting climate clauses into supply chain processes.

The Chancery Lane Project

Contracts are a critical part of creating sustainable value chains. Terms need to be clear and specific and the whole tender process needs to support the sustainability terms in the same way it supports pricing, delivery and specification as shown in this Vodafone case study.

The Chancery Lane Project (TCLP) is a non-profit organisation that (with the support of 3,000 volunteer professionals) has created 160 contract clauses turning voluntary climate targets into contractual obligations. These clauses are a fast, familiar, bespoke and legally enforceable way of making climate pledges into business as usual. Successful implementation requires a practical, joined up approach working across sustainability, procurement and legal teams. Vodafone implemented a number of TCLPs clauses in this collaborative way and it is continuing to have positive impacts on their climate targets.

Climate clauses can range from low ambition to high ambition. This allows companies to start where they are with a simple action which socialises them and their supply chains to the idea of climate contracting. If a company is ready they can use a high ambition clause to put legal obligations to decarbonise in their agreements. Companies choose their starting point and then increase their ambition at a pace which suits them and their goals.

Vodafone has both signed up to the UNFCCC's Race for Zero and aims to reach net zero emissions across its entire value chain by 2040.

With support from TCLP, Vodafone hosted an internal hackathon with its legal teams to better understand the value, challenges and feasibility of using climate clauses in its contracts. In-house lawyers at Vodafone used TCLP clauses as a starting point to develop bespoke climate conscious drafting for their supply chain, aligning its contractual frameworks with its net zero objectives.

Results

Vodafone has enhanced its existing environmental compliance provisions in procurement contracts by implementing additional clauses. They amended a number of TCLP's supply chain climate clauses and others (such as Frank's, Dottie's and Mary's clauses) and ensured that work complemented Vodafone's Requests For Quotation (RFQ) process.

At the start of the project, Vodafone ran a robust consultation process with internal specialists and external legal stakeholders. It created two clause templates for suppliers, depending on the environmental risk of their business operations. The low risk supplier template includes lighter touch obligations and enforcement provisions to accommodate the capacity of SMEs and lower emitting suppliers. The high risk supplier template includes more detailed and onerous obligations tailored to suppliers with larger carbon footprints, such as reporting and termination provisions and options for alternative drafting.

Lessons learnt

Clause implementation must be supported by a robust process. Get buy in from senior colleagues, consult specialist departments across the organisation and consider advice from external stakeholders. Align your request for quotations/ proposals, due diligence and tender processes to get the best information for selecting a supplier who can successfully deliver on your climate goals.

- Discuss the value, challenges and feasibility of using climate clauses. Collaboration with colleagues will enhance understanding and drive the impetus for change through contractual solutions.

- Engage suppliers closely and early in the process of introducing climate clauses. Treat them as stakeholders, providing support and education where needed and asking for their advice and opinions. This ensures that climate clauses are reasonable and acceptable; neither negotiated out before signature or protracting the negotiating process. It also increases the likelihood that the clauses will be successful in getting you good Scope 3 data, decarbonising the contract or any other climate goals.

All TCLP clauses and other tools including a short case study on Vodafone can be found freely available [here](#).



Supply chain digitalisation

In an era of digital transformation, it is essential for businesses to start leveraging digital technologies that enhance the sustainability of supply chains and trading practices. Supply chain digitalisation involves the integration of data driven solutions in supply chain processes. This involves using technologies like the Internet of Things (IoT), blockchain, data analytics, artificial intelligence and automation to streamline supply chain operations. Digitalisation allows for visibility, transparency, and efficiency in the flow of goods and information.

There are multiple links between sustainability and supply chain digitalisation. Digital technologies help monitor the environmental impact of supply chains by optimising processes and minimising energy consumption and waste, while also making operations more efficient. Digitalisation allows for transparency, making it easy to trace the origin of products and verify the sourcing of products — ensuring compliance with environmental and ethical standards.

Digital tools also help mitigate supply chain risks and enhances long term sustainability. Supply chain digitalisation can reduce the carbon footprint of operations, facilitate better resource management, ensure adherence to sustainability standards, provide a competitive advantage and enhance supply chain resilience. Embracing digitalisation in the supply chain is key for businesses looking to align operations with sustainable practices.



Global traceability for Canadian aluminium

Leveraging end-to-end traceability to authenticate the origin of primary materials and semi-finished products. In the context of the tariff confrontation between Canada and the United States, the Aluminium Association of Canada (AAC) has initiated a process to ensure full traceability of their Canadian production. The technology developed by OPTEL was considered to have an industrial adaptation capability for aluminium smelters.



The AAC is a non-profit organization founded in 1991 to represent the interests of Canada's primary aluminium industry both nationally and internationally. The AAC's mission is to help the industry develop a world class model of sustainability while strengthening its global competitiveness. The AAC brings together major aluminium producers, which operating smelters in Canada and employing over 8,800 people.

The Canadian primary aluminium industry is the 5th largest in the world, generating an annual production of 3.1 million tons of primary aluminium and CDN\$7.3 billion in exports. About 83% of Canada's primary aluminium production is exported to the United States.

Customer need

The AAC decided to explore the development of a proof of concept for an end to end traceability solution.

The solution would provide real time visibility into the integrity and sustainability of exported aluminium, thereby certifying the authenticity of the Canadian origin of primary metals as well as their low carbon footprints.

The ultimate goal was to provide an industry platform that would create a global traceability ecosystem for Canadian aluminium for all authorized stakeholders and across the entire value chain—from smelters and producers and all the way to border inspection agencies and end users.

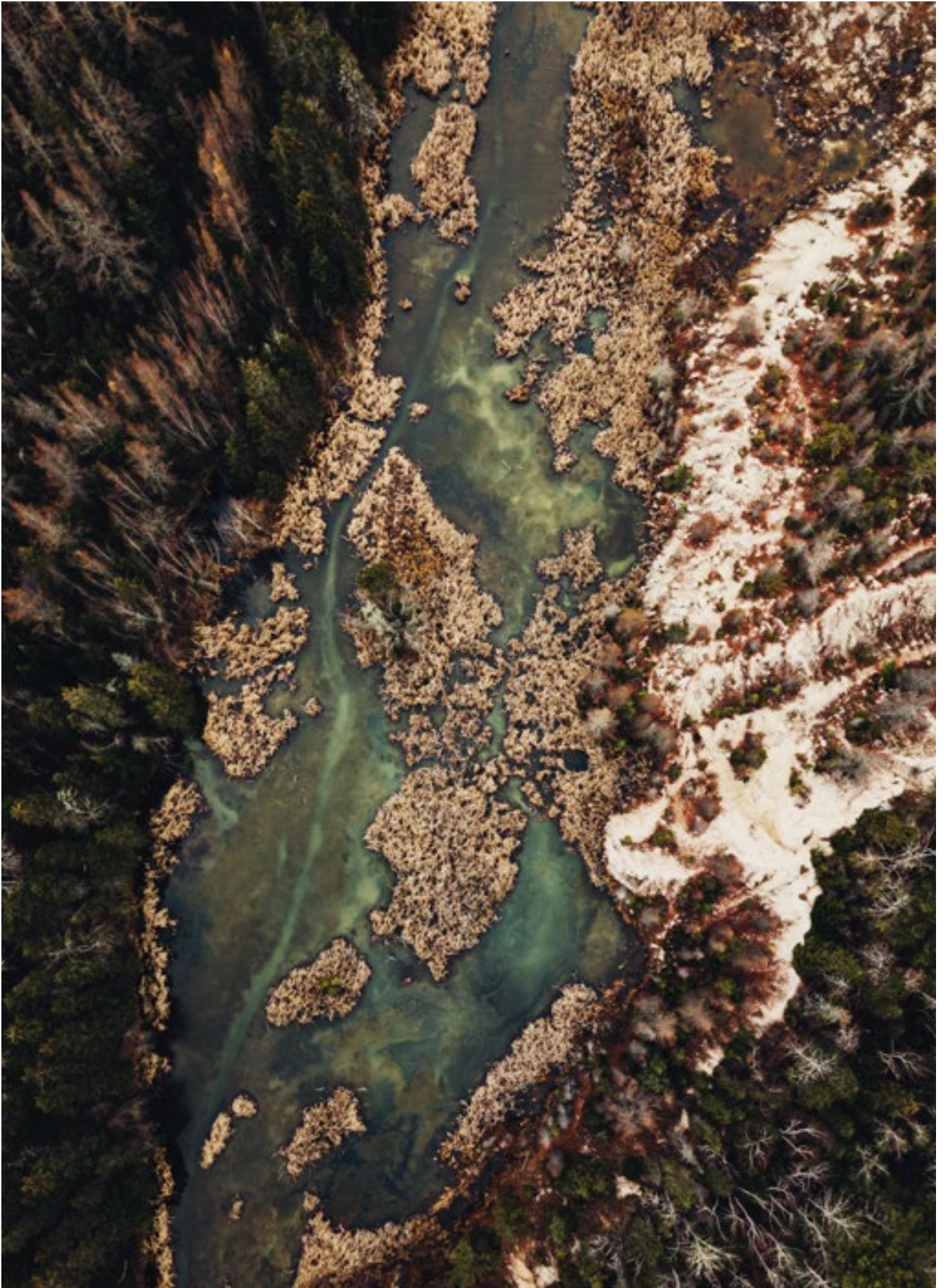
Challenges

The AAC's envisioned solution entailed several major challenges. From a development perspective, the cloud based traceability, or authentication, platform has to be extremely agile: integration with existing systems and the capability to scale with increasing levels of sophistication was key. The platform had to leverage development that had already been carried out, be quick to implement and onboard, and minimize subsequent operating costs—all while being blockchain ready for future requirements.

Security considerations also had to be addressed, including how high volumes of data were to be accessed and transparently shared in real-time among different types of pre authorized users (permissions based authentication), across a wide range of geographic locations.

Because primary and transformed aluminium data needed to be viewed and downloaded by all authorized stakeholders in the selectively value chain (mining companies, processors, shareholders, producers, users, government agencies, etc), the platform's security had to be robust. Specific requirements, such as data encryption, the physical and logical storage of digital information, data gap and non conformity monitoring, and protection against unauthorized access and cybersecurity attacks, also had to be taken into account.

The platform had to capture an array of product information based on GS1 standards and on users' distinct industry needs: its origin, shipping date and destination, place of manufacture, weight and chemical composition are just some examples of the data that needed to be made available. The accuracy of the data and interoperability of all data sources also had to be safeguarded.



Finally, from a performance standpoint, the platform had to be constantly accessible 24/7 with zero lag time and a guaranteed uptime of 99.5%

Solution

The AAC opted for a turnkey OPTEL traceability solution integrated within one tailor made industry platform to achieve the project's goals.

Two pilot projects were conducted between 2019 and 2020 in order to evaluate the feasibility of the turnkey authentication platform within existing workflows, assess performance levels, and ensure that the needs of all stakeholders were met.

The first pilot project concentrated on carrying out a complete traceability process from the metal's point of origin to the final product's delivery. The second pilot project further tested the platform's robustness as well as more complex traceability processes in the value chain by integrating the processing of metals into semi finished products.

Results

The AAC with the financial support of Canada Economic Development for Quebec region and the Quebec government announce the Global traceability project, contributing to the full recognition of the Canadian origin of its metal through its continental markets and integrated value chain such as the automotive industry. The sponsored system will connect all primary aluminium smelters and provide data from full authentication and traceability to the industry.

To this day, more millions of data points are collected every year, and the modern digital solution deployed, allows full traceability of the Canadian primary aluminium, offering protection of the integrity of exports from production plants, and helping to consolidate the commercial value chain of strategic markets.



Traceability solution

iov42's traceability software that improves accountability and integrity to build trust.

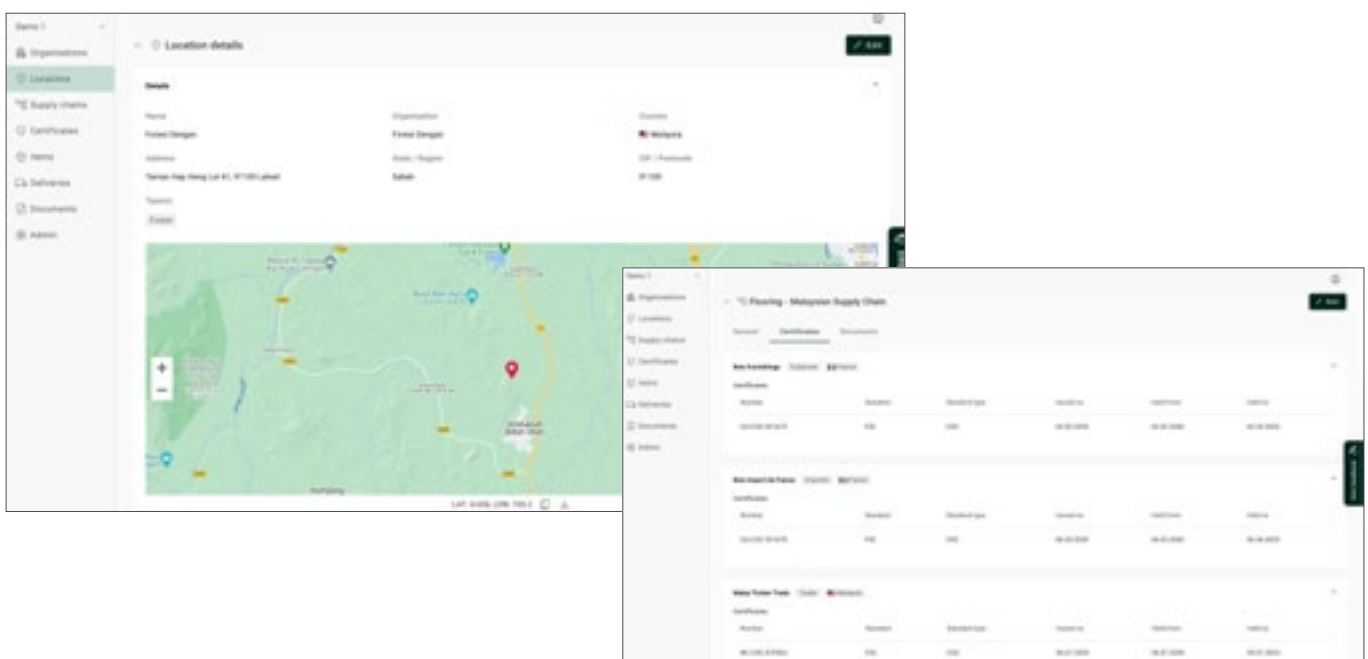
Product and producer traceability is becoming increasingly commonplace for global supply chains. Whether this is for regulatory reasons, business optimisation or consumer demand, traceability is here to stay. Yet achieving it is far from easy.

One traceability driver which is rapidly gaining more attention is that of climate action and deforestation goals. Deforestation contributes to 15% of man made greenhouse emissions — often when trees are felled to make way for agricultural products. Adding to this is the fact that \$50-\$150bn USD of timber alone is felled illegally each year. This results in large breakdowns of trust across the supply chain. Given the ubiquity of goods such as paper cups, chocolate bars and hand soap — all of which can

cause deforestation if not produced sustainability and legally — the scale of the challenge is massive.

The goal at iov42 is to support, at scale, organisations in proving that the forest risk goods they are buying or selling are sourced and produced sustainability and legally. Whether the user is a family owned sawmill in peninsula Malaysia, or a large Scandinavian furniture retailer, iov42 DLT-enabled SaaS technology aims to make traceability as frictionless as possible.

iov42's purpose built traceability technology builds upon the novel, private, Distributed Ledger. This brings with it numerous benefits in terms of notarisation (time stamping), immutability (tamperproof) encryption (for enhanced security) and decentralisation (so that there is no one single point of failure).





“The introduction of iov42’s technology will help to enhance the transparency required today for credible supply chain management, benefitting not just Carl Ronnow, but everyone along the chain. Our recent commitment to this has already received favourable feedback from EU/UK customers.”

Dick Anning, Environmental Manager at Carl Ronnow

Yet iov42 users need to know two fundamental things when it comes to using iov42 technology:

- Does it save me time (and therefore money) on due diligence/compliance efforts?
- Does it improve accuracy (data quality, risk management)?

And so these are the ultimate objectives of iov42’s product.

In terms of applicability, the underlying technology and model that iov42 use can be applied to various commodities, for example with Tata Steel on a Digital Product Passport to help them with traceability of steel pipe production, and also halal certification businesses, whose aim using iov42 software is to improve trust in the halal meat industry. Yet for the next 12 months iov42’s priority is applying traceability technology to the forest risk industry.

Why?

Well there is impending regulation — the EU Deforestation Regulation, the Japan Clean Wood Act, the UK’s Environment Act — that mandates organisations importing or exporting forest risk products to trace back to the forest source and prove they are not contributing towards illegal deforestation.

Approach

iov42 traceability technology uses a simple model which sits on top of iov42’s core platform. The ledger itself uses a permissioned approach, whereby all participants are known and given permission to interact only with specific supply chain information. Therefore not all information on the ledger is viewable to everyone — this is a key difference to other DLT solutions.

The model has four components:

- 1) **Identities** — of the individuals and organisations participating
- 2) **Assets** — digital representations of products and their processing
- 3) **Claims** — statements made about the assets or identities. For example, the palm oil is from a specific location
- 4) **Endorsements** — third-party verification of the claims. For example, geo satellite analysis

There are four main barriers to having impact on the systemic problem of deforestation, and a fifth barrier that relates specifically to the application of our technology:

- 1) **Scale of the problem** — forest-risk supply chains are overwhelmingly global. It’s not unusual for products to flow from South American forests, to Chinese processors, to Vietnamese furniture manufacturers, to European importers and retailers. That’s why iov42 are using decentralised technologies that are at home in the cloud, which do not rely on huge amounts of energy, and which interoperate with existing internal databases.

- 2) **Trust between participants** — due diligence requires checking each supplier in a supply chain. Part of the challenge is that often upstream participants are not incentivised, supported or willing to share what they feel to be sensitive business information. This lack of trust, lack of enablement (especially at the first mile) and lack of incentives make it harder to engage people from end to end.
- 3) **Varying degrees of readiness** — organisational capabilities and resources differ vastly between large corporations, to the other end of the spectrum where entire businesses are paper-based.
- 4) **Awareness of compliance requirements** — despite a number of regulations mandating traceability, awareness across the industry is patchy and unpredictable.
- 5) **Oracle problem** — this is unique to iov42's type of technology. Typical Distributed Ledgers permanently store data points about transactions. For instance, a claim that a product meets certain standards. But there is a risk that false or inaccurate claims are made and perpetuated throughout the ledger which does little to solve the issue. iov42's approach is one of linking reputable third parties (such as geo satellite imagery companies or DNA testing laboratories) to the claims, for them to 'endorse' that the claim is truthful.

Results

iov42's have users told by certification bodies that they are already meeting EUDR standards ahead of implementation based on the information they are able to share using the platform. Encouragingly, users leverage iov42's traceability software for reasons beyond compliance — for instance to save them time (and money) and improve data quality. One large UK importer described the 'weeks if not months' of time saved tracking down information from suppliers, and being able to use that time to focus on driving sales and quality. A Malaysian exporter described the improved data quality and removal of data silos in their 30+ year old organisation that iov42's system had encouraged.

Next steps

Fundamentally, iov42's system favours those who are willing to be fully transparent — those who are not able to do so will struggle to extract value from it.

Over the past 18 months, engaging with the industry around the globe has helped iov42 shape a product roadmap which seeks to make work even easier for users. This includes using AI and optical character recognition to perform due diligence on high volumes of documentation, implementing even more privacy preserving technologies to safeguard commercially sensitive information and helping to join up existing client systems.

Click [here](#) for further information.

“Throughout our collaboration, 'IOV42' has demonstrated a true passion for innovation and a shared vision for transforming the halal industry into a new technological era using blockchain. The professional and collaborative approach of the 'IOV42' team has made our journey thus far smooth and promising.”

Akbar ali Chaudhry, Technical Director at Prime UK





Sustainability reporting frameworks

Accountability and transparency are critical to sustainability efforts. Sustainability reporting is the procedure of transparently communicating a business' ESG performance and impacts. Reporting provides a view of an organisation's efforts to address sustainability challenges and promote responsible business conduct through disclosing information about sustainability initiatives, goals, policies and performance.

The Task Force on Nature-related Financial Disclosures (TNFD) is a global initiative that enhances the understanding and management of nature-related opportunities and risks. TNFD offers a standardised framework that allows businesses to assess, manage and disclose the impacts of their activities on biodiversity and nature. TNFD helps businesses integrate nature considerations into decision making processes. The Task Force on Climate-related Financial Disclosures (TCFD) promotes effective reporting of climate-

related financial information. The framework aids businesses in assessing and disclosing the opportunities and risks linked to climate change. TNFD and TCFD reporting helps businesses identify and manage climate and environmental risks, enhances transparency, allows for regulatory compliance, attracts investors and fosters long term resilience. Sustainability reporting plays a key role in promoting responsible business practices, by enabling businesses to integrate sustainability, climate and nature into their operations.



Taskforce for Nature-related Financial Disclosures

Nature-related disclosures — what it means
for businesses large and small.



UK BUSINESS & BIODIVERSITY FORUM

With the Kunming Montreal Global Biodiversity Framework (KMGBF), and its four goals and 23 targets to halt and reverse the loss of biodiversity to put nature on a path to recovery by 2050, the focus now turns to implementation, including the critical role businesses will play if these goals are to deliver.

The KMGBF specifically requires governments to encourage and enable businesses to regularly monitor, assess and transparently disclose their risks, dependencies, and impacts on nature — The Taskforce for Nature-related Financial Disclosures (TNFD) is one framework developed to drive businesses to take action to address their impacts on biodiversity, to disclose the business risks due to dependencies on nature (enabling single and double materiality), set science-based targets and demonstrate how company actions contribute towards the KMGBF goals and targets.

TNFD

The mission of the TNFD¹ is “To develop and deliver a risk management and disclosure framework for organisations to report and act on evolving nature related risks, which aims to support a shift in global financial flows away from nature negative outcomes and toward nature-positive outcomes”.

In September 2023, the TNFD released its first version of the disclosure framework, a draft framework against which corporates and financial institutions can disclose their risks, opportunities, impacts, and dependences on nature — with the opportunity for businesses to voluntary disclosures against the TNFD.

The TNFD Framework and Disclosure recommendations

The TNFD framework follows the same structure as the Taskforce for Climate-related Financial Disclosures (TCFD), with disclosure recommendations covering:

- Governance
- Strategy
- Risk & Impact Management
- Metrics and targets

TNFD has a much wider in scope than TCFD and in brief will require companies to:

- Assess their impacts and dependencies on nature, with a focus on assets or commodities sourced from “priority locations”
- Assess the nature-related business risks and opportunities, based on the companies use and dependencies on nature
- Apply and disclosure a number of core and additional metrics which are used to indicate the impacts and dependencies the company is having on nature
- Set science-based targets to reduce the impacts and business risks, and regularly disclose progress against those targets
- Undertake and disclose these assessments across different levels of a company's value chain (where a company interfaces with nature), from the corporate level to sites/operations at priority locations, to materials and commodities used or sourced through its supply chain

1 TNFD — Taskforce on Nature-related Financial Disclosures



For smaller businesses....

The TNFD, and other disclosure frameworks and standards, will be driving increased transparency and data demands throughout the global supply chain. While the focus will be on the larger corporates to be disclosing, there will be additional demands on SMEs, specifically customers requesting data and information on where commodities are being sourced from. Such as are any materials or commodities we are purchasing being sourced from “priority locations”? and what is the ecological impacts of sourcing those material at that location?

Beyond TNFD

The TNFD is a disclosure framework and not a reporting standard (such as the Global Reporting Initiative² or the CDP³). However, the TNFD framework is being used and underpins many of these standards and mandatory reporting requirements, notably the EU Corporate Sustainability Reporting Directive and the European Sustainability Reporting Standards which directly refers to and recommends using the TNFD recommendations.

The International Sustainability Standards Board (ISSB) is also likely to incorporate the TNFD into its requirements in due course.

In brief

The TNFD framework represents an opportunity to assess, map and better understand and be transparent about the action's businesses are undertaking, or planning to undertake, in addressing the global decline in nature.

Key challenges will be around assessing the impact and dependences, determining the financial risks, and obtaining accurate and reliable data to inform both company actions and progress towards the nature-related targets. Many of these challenges can be overcome with time, testing, learning, and sharing (both the data and lessons learnt)⁴.

To fully understand the implications, the TNFD framework should ideally be tested at different levels of a company (from corporate to site or for individual products in the value chain) and in different parts of a company's value chain.

² <https://www.globalreporting.org/>

³ <https://www.cdp.net/en>

⁴ The UKBBF is a business hub to help and support businesses understand biodiversity and integrate biodiversity into its decision making. The UKBBF has an established TNFD working group for businesses only, for more details: <https://www.business-biodiversity.co.uk/>.





TNFD recommendations and guidance



TNFD is a global, market-led, science-based and government-supported initiative to help companies and financial institutions factor nature into decisions. The Taskforce consists of 40 senior executives from companies and financial institutions globally representing over \$20 trillion in assets under management with operations and value chains in over 180 countries.

The TNFD recommendations provide companies and financial institutions of all sizes with a risk management and disclosure framework to identify, assess, manage and, where appropriate, disclose nature-related issues. It includes 14 recommended disclosures covering nature-related dependencies, impacts, risks and opportunities.

The recommendations have been designed to:

- Be consistent with the language, structure and approach of both the Task Force on Climate-related Financial Disclosures (TCFD) and the International Sustainability Standards Board (ISSB);
- Accommodate the different approaches to materiality now being applied in jurisdictions around the world, through two materiality lenses;
- Be aligned with the global policy goals and targets in the GBF, including Target 15 on corporate reporting of nature-related risks, dependencies and impacts; and
- Leverage the best available science, including assessments of the Intergovernmental Science Policy Platform on Biodiversity and Ecosystem Services (IPBES) and the climate science from the Intergovernmental Panel on Climate Change (IPCC).



The TNFD recommendations are structured to allow **companies and financial institutions to get started**, building on their climate reporting capabilities over the past decade, and to provide a path to increase their disclosure ambition over time.

To support adoption and the provision of consistent, comparable and decision-useful information for report users, the Taskforce has developed **foundations for understanding nature and business**, by working closely with the world's leading scientific and conservation organisations, and a set of **recommended indicators and metrics** for assessment and to support disclosure and a suite of **additional guidance** to accompany it disclosure recommendations. The additional guidance includes:

- How to get started with TNFD, with practical steps, considerations and insights from pilot testing which can be useful also for organisations operating in jurisdictions where standards and regulation on nature are emerging
- The identification and assessment of nature-related issues (the LEAP approach), building on, and integrating the use of, existing market-leading frameworks, tools and datasets. This is designed to be used by a team of analysts in an organisation and involves four phases of assessment

- Specific sector guidance providing further details to help organisations to interpret and apply the TNFD recommended disclosures and LEAP approach, and guidance on applying the LEAP approach in specific types of ecosystem (biomes)
- Guidance on Scenario analysis, building on TCFD's scenario resources;
- Engagement of Indigenous Peoples, Local Communities and affected stakeholders, providing guidance on the relevant TNFD disclosure recommendation.

The recommendations and accompanying additional guidance are built on extensive **market feedback** and **pilot testing**. They are consistent with the recommendations of the TCFD, the ISSB and GRI Standards and the global policy goals and targets in the GBF.

Taskforce for Climate-related Financial Disclosures

Financial markets need clear, comprehensive, high-quality information on the impacts of climate change. This includes the risks and opportunities presented by rising temperatures, climate-related policy, and emerging technologies in our changing world.



The Financial Stability Board created the Task Force on Climate-related Financial Disclosures (TCFD) to improve and increase reporting of climate-related financial information.

The challenge

One of the essential functions of financial markets is to price risk to support informed, efficient capital-allocation decisions. To carry out this function, financial markets need accurate and timely disclosure from companies. Without the right information, investors and others may incorrectly price or value assets, leading to a misallocation of capital.

The Financial Stability Board (FSB) created the TCFD to develop recommendations on the types of information that companies should disclose to support investors, lenders, and insurance underwriters in appropriately assessing and pricing a specific set of risks — risks related to climate change.

Goals

Given its remit from the Financial Stability Board, the TCFD is committed to market transparency. The success of the TCFD recommendations depends on widespread adoption by companies in the financial and non-financial sectors.

Through widespread adoption, financial risks and opportunities related to climate change will become a natural part of companies' risk management and strategic planning processes. As this occurs, companies' and investors' understanding of the potential financial implications associated with transitioning to a lower-carbon economy and climate-related physical risks will grow; information will become more decision-useful; and risks and opportunities will be more accurately priced, allowing for the more efficient allocation of capital.

TCFD's work

In 2017, the TCFD released climate-related financial disclosure recommendations designed to help companies provide better information to support informed capital allocation.

TCFD disclosure recommendations are structured around four thematic areas that represent core elements of how companies operate: governance, strategy, risk management, and metrics and targets. The four recommendations are interrelated and supported by 11 recommended disclosures that build out the framework with information that should help investors and others understand how reporting organizations think about and assess climate-related risks and opportunities.

Since the publication of the TCFD recommendations, the FSB has asked the Task Force to continue its work — promoting adoption of the TCFD framework, providing further guidance, supporting educational efforts, monitoring climate-related financial disclosure practices in terms of their alignment with the TCFD recommendations, and preparing annual status reports.



Recommendations

Governance

Disclose the organization's governance around climate-related risks and opportunities.

- Describe the board's oversight of climate-related risks and opportunities
- Describe management's role in assessing and managing climate-related risks and opportunities

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

- Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.
- Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.
- Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Risk management

Disclose how the organisation identifies, assesses, and manages climate-related risks

- Describe the organisation's processes for identifying and assessing climate-related risks.
- Describe the organisation's processes for managing climate-related risks.
- Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

- Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.
- Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas emissions and related risks.
- Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

Principles for effective disclosure

To help achieve high-quality disclosures that enable users to understand the impact of climate change on organizations, the Task Force recommends that firms consider seven principles for effective disclosure.

- 1 Disclosure should represent relevant information
- 2 Disclosure should be specific and complete
- 3 Disclosure should be clear, balanced, and understandable
- 4 Disclosure should be consistent over time
- 5 Disclosure should be comparable among companies within a sector industry or portfolio
- 6 Disclosure should be reliable, verifiable, and objective
- 7 Disclosure should be provided on a timely basis

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We are the leading voice on digital trade ecosystems, act as the ICC representative to the Commonwealth and Co-Chair the Legal Reform Advisory Board at the ICC Digital Standards Initiative.

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