OliverWyman | CLIMATE GROUP

GETTING GOING

Breaking through the barriers to corporate climate action

INTRODUCTION

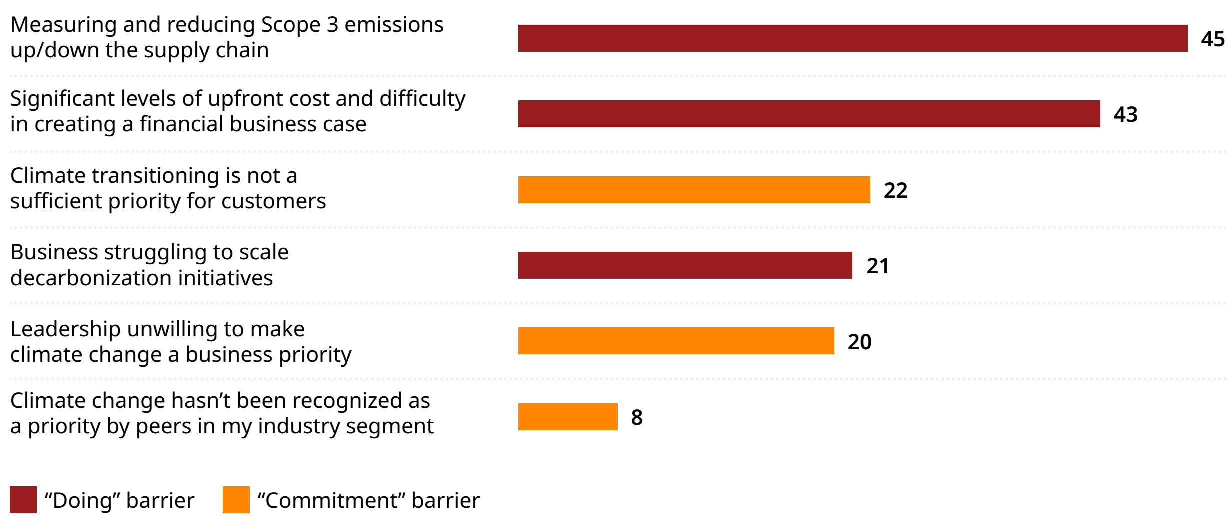
In our Getting Real report for Climate Week NYC in 2021, we set out a blueprint for a commercially smart climate transition.

What we heard back from practitioners was that the blueprint was a valuable guide to what was needed, but that it required an initial step on how to get it to happen. This year, we have focused on that question: How can climate practitioners make the approaches described in our blueprint play out in their organizations?

The biggest barriers they describe are not about their companies' commitment; they are about how, in practice, to get their organizations to act on that commitment (see Exhibit 1).

For this report we again interviewed practitioners in companies around the world and across sectors, and we supplemented the interviews with a quantitative survey. From this, we have created a diagnostic tool to help organizations get going. We describe four core organizational enablers that make progress possible, the barriers that may be stopping those enablers from working, and the approaches that some practitioners have used successfully to break through those barriers and drive real-world progress.

Exhibit 1: Barriers to progress are now in the doing, more than in the commitment



Source: Oliver Wyman/Climate Group *Getting Going* quantitative survey of corporate climate practitioners, n=118, July 2022; participants were asked to chose more than one option

TO GET GOING, LEAD WITH STRATEGY, NOT MEASUREMENT

The stories we heard from practitioners range from exhilaration to frustration — even in the same interview. In this report, we work through the details of both, offering a structured framework to explore what barriers might be holding your organization back and how others have broken through those barriers.

Beneath all the detail, one theme stands out: **The need for a strategy.**

In the stories of exhilaration, practitioners and their companies have a clear strategy for the role they want to play in the climate transition. They see Scope 3 not as a measurement challenge, but as an opportunity to have an impact bigger than themselves. Of course, they have metrics and targets, but these are a means to pursue the strategy — not an end in themselves. They measure progress towards their strategic goals, not only in terms of emissions.

In the stories of frustration, the task of reporting often overwhelms the task of transition. In theory, the metrics should provide the impetus for change. In practice, without an agreed strategy, the changes needed can be too fundamental for this incentive mechanism to work, shifting the organization’s focus to near-term, incremental efforts that won’t achieve what is required.

Leading with how you will contribute to the transition — rather than with emissions outcomes — is essential for orchestrating the big shifts required and directing the actions needed. This is no different from a business’s commercial agenda. You can achieve incremental growth by giving individual departments financial targets and budgets, but a business transformation requires more strategic direction. Too often in climate, we expect incremental management tools to yield transformational outcomes.

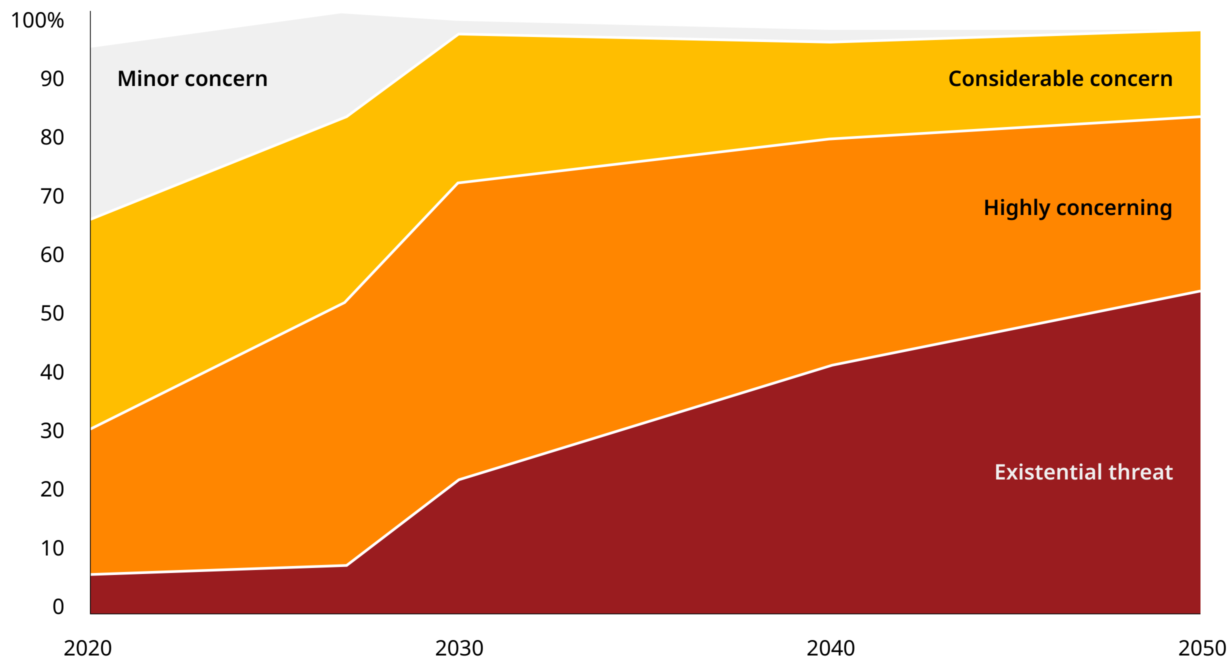
Now is the time to resolve this tension, because now is the time when many organizations are making a shift: Instead of the climate agenda being the responsibility of specialist sustainability teams, it is being embedded across organizations as part of business as usual. This is a smart move to unite climate and business agendas — a common theme in the companies we talked to — and achieve scale. But it creates an urgent need to make sure that what you embed in the organization is a strong, purposeful drive that can deliver transformation — not just a culture of technocratic compliance.

Such a drive is not only suited to the scale of the task, but will also energize the business. A narrative of relentless reduction and squeeze will inspire people across the organization less than a positive, inspirational vision for their business.

Practitioners well recognize that climate change is a serious threat to their business (see Exhibit 2). A challenge on that scale demands a strategic focus.

Exhibit 2: Practitioners see a serious threat coming to their business

In your opinion how much of a challenge will climate change be to your business in years to come?



Source: Oliver Wyman/Climate Group *Getting Going* quantitative survey of corporate climate practitioners, n=118, July 2022

OUR PRACTITIONERS

We conducted 29 interviews with advanced climate practitioners in large corporations from a broad range of sectors around the world. The people we spoke to are responsible for driving the climate transition throughout their organizations. In parallel, we ran a quantitative survey with climate practitioners from more than 100 corporations active in the climate transition, to learn how they perceive progress and what pressures they are responding to.

This report would not have been possible without the willingness of climate, sustainability, and commercial leaders in the companies below to share their experiences of turning their climate commitments into action. They told us about the barriers they have faced, and how they have broken through them. We are grateful to them for sharing their perspectives with us. The views expressed in this report are those of its authors, not necessarily those of each of the practitioners.

ADITYA BIRLA	AT&T	ASTRAZENECA	AURIZON	BRF
BT	CAPGEMINI SE	DEUTSCHE TELEKOM	GOLDMAN SACHS	INGKA GROUP
K RAHEJA CORP	MEGGITT	MORGAN STANLEY	NATIONAL GRID	NEXANS
NOKIA	NOVO NORDISK	ØRSTED	PATRIA	PEPSICO
PFIZER	SIEMENS	SIEMENS ENERGY	SODEXO	SWISS RE
TD	VALE	VOTORANTIM CIMENTOS	WESTPAC	

ENABLING THE ORGANIZATION TO ACT

Through our conversations with practitioners, the broader quantitative survey, and our ongoing consulting work, we have identified four core enablers that make corporate action on climate happen (see Exhibit 3). The topic requires **attention** throughout the organization, at all management levels. The organization needs a **vision** to set goals and priorities and give shape to an otherwise disparate and tactical agenda. This vision must be embedded in the reality of the organization's **operation**. And the organization must align people's overall **accountability** — not specifically for climate — in a way that supports and incentivizes the actions required.

We first summarize the barriers that practitioners are experiencing in these four areas, and what they are doing to break through them. We then dive into each of the four in more detail. The report provides a diagnostic tool to help discover where in an organization effective climate action may be getting held back. It also offers practical techniques that other organizations have used to break through the barriers and make progress.

Exhibit 3: Organizational enablers

ATTENTION
WHY SHOULD I FOCUS ON THIS?

- Creating a sense of burning platform
- Getting buy-in to the need for change
- Putting climate change on leadership agendas

VISION
WHERE ARE WE GOING?

- Envisioning the target state for the industry
- Defining what net zero means for the business
- Shaping the ecosystem, externally and internally

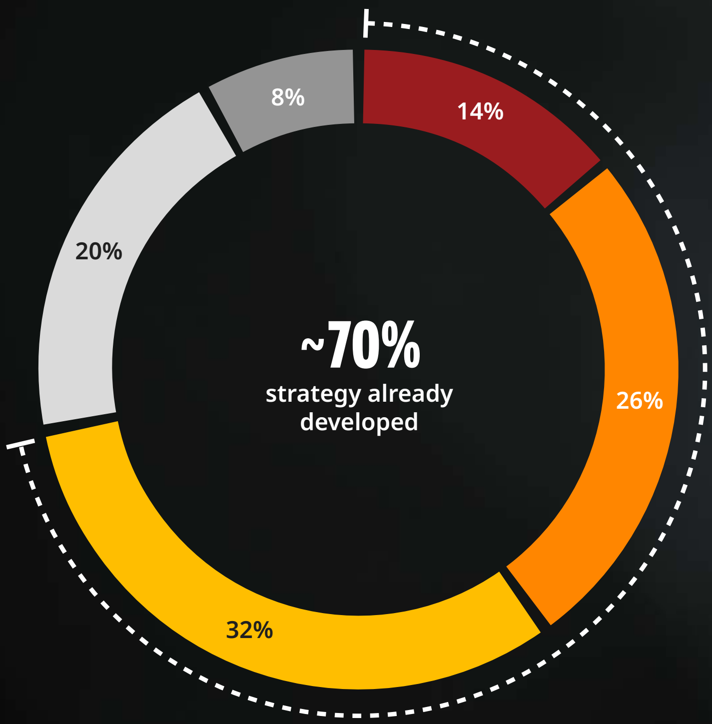
OPERATION
HOW DO WE GET THERE?

- Working out the internal policies and procedures needed to implement the climate transition
- Developing a business case and accessing the finances
- Innovating and changing the business model as necessary

ACCOUNTABILITY
WHO IS RESPONSIBLE FOR WHAT?

- Keeping the company accountable, transparent, understood and respected externally
- Managing responsibility and accountability across the organization
- Selecting the right metrics to track and communicate progress

Exhibit 4: Companies surveyed are at all stages of the climate journey



- Already seeing significant impact of our climate strategy
- Climate strategy in operation, starting to see impact
- Climate strategy developed, starting to operationalize
- Climate transition identified as business priority, still developing strategy
- Climate transition not recognized as a business priority

Source: Oliver Wyman/Climate Group *Getting Going* quantitative survey of corporate climate practitioners, n=118, July 2022

WHAT'S HOLDING ORGANIZATIONS BACK

Practitioners highlighted the barriers they experience for each enabler, leading to our diagnostic framework (Exhibit 5).

Exhibit 5: Diagnostic framework — the barriers holding an organization back

ATTENTION
WHY SHOULD I FOCUS ON THIS?

Confusion: I don't know what to do

Distraction: I want to help but I have other priorities

Passivity: This is not my thing

Opposition: I don't want us to do this

VISION
WHERE ARE WE GOING?

Uncertainty: I don't know what the world is going to look like

Scope: I don't know how ambitious I should be

Indecision: I don't know which route to take

Incoherence: I'm being pulled in two directions

OPERATION
HOW DO WE GET THERE?

Financials: I don't have the funds to act

Technology: The solutions I need aren't available

Scale: I feel like I'm fiddling around the edges

Ideas: I don't know how to approach this

ACCOUNTABILITY
WHO IS REPONSIBLE FOR WHAT?

Misdirecting metrics: I've over or under committed

Ownership: No one is driving this change

Box-ticking: All my time is spent reporting, not doing

Exposure risk: I'm scared to act in case I'm criticized

BREAKING THROUGH THE BARRIERS

While the barriers are real, we also heard many stories of businesses breaking through them. These stories lead to a menu of approaches (see Exhibit 6). The following chapters explore these barriers and breakthroughs in more detail.

Exhibit 6: Breakthroughs — the approaches that break through the barriers

ATTENTION

WHY SHOULD I FOCUS ON THIS?

Framing: Framing the case for climate action in commercial and business terms, and integrated with the broader ESG sphere

Education: Training sessions for the board and employees across the organization and relating climate to the individual

Champions: Visible champions among senior leadership and across internal network

Incentives: Climate KPIs rewarded in an individual's pay, particularly at senior leadership level

VISION

WHERE ARE WE GOING?

Bravery: Considering transformative or radical change to the existing business and embracing uncertainty

Leadership: Identifying when to be a pioneer, and innovate, and when to learn from others

Influence: Engaging in and influencing groups that span the ecosystem, beyond the company

Integration: Ensuring that climate vision and business goals go hand in hand

OPERATION

HOW DO WE GET THERE?

Glide path: Breaking down the vision into manageable, actionable steps, while keeping the end goal in sight

Internalization: Use of carbon pricing (or similar) to encourage implementation and ease integration into existing policies

Collaboration: Influencing and innovating across the supply chain and engaging in pre-competitive collaboration with peers

Agility: Fostering creativity and fail-fast mentality

ACCOUNTABILITY

WHO IS REPONSIBLE FOR WHAT?

Transparency: External and internal reporting against KPIs, ensuring understanding of the choice of climate efforts

Standards: Working with peers, industry bodies and regulators to set and follow unified reporting standards

Operating model: Setting out shared but clear roles and responsibilities across the organisation

Impact: Designing KPIs and targets that drive the change needed

01
ATTENTION

Why should I focus on this?

How do organizations keep their people's attention focused on climate, in the face of competing imperatives and confusion about what is practically needed and what they can meaningfully do?

We heard stories of how to frame the case for climate action in commercial and business terms; how to get through to people using education and a network of champions; and how to align incentives so that they reinforce rather than conflict with climate efforts.

THE BARRIERS

All the companies we interviewed are active in addressing climate change. Yet attention to the issue remains a challenge: There are plenty of other pressing business issues, often with more immediate and tangible impacts on business results.

We heard of several barriers to organizational attention on climate change. These are worth distinguishing in order to tackle their root causes.

CONFUSION

"I don't know what to do."

Climate issues are pervasive throughout a business, ranging from the strategic to the tactical. They may be part of multiple agendas — on the one hand, managing risk to the company, and pursuing commercial opportunities; and on the other, advancing the climate transition and building societal resilience. Confusion acts as a barrier when, within all that complexity, people do not know what the business should be doing, which agendas matter, how they relate to other business imperatives, and how climate fits into the organizational system. Poor communication and unclear operating models can add to the confusion.

DISTRACTION

"I want to help, but I have other priorities."

Competing priorities can distract attention from climate action. The competition comes not just from the commercial pressures of business as usual, but also from other challenges to the operating environment. First COVID, now inflation, energy security and de-globalization are all claiming management focus — alongside the societal dimensions of ESG, and environmental concerns beyond climate. Below the surface, these issues may offer synergies with climate action, most obviously in energy efficiency — but they compete for attention before those synergies are uncovered.

PASSIVITY

"This is not my thing."

Passivity is a lack of engagement — maybe with climate overall, but more often with climate as a business issue. People are not opting out of the climate agenda so much as just not opting in, often to avoid the risk of engaging on climate in a superficial way and then being criticized for unintended consequences, ineffectiveness or greenwashing. Meaningful engagement comes from integrating the climate agenda into your business role, which can be hard. As Nicole Robertson, chief sustainability officer at Nokia observes, "resistance can come because they feel the transition is isolated away from their role, and deprioritize as a result."

OPPOSITION

"I don't want us to do this."

Opposition today is less about climate change denial and more about perceived conflicts between competing goals. Colleagues may actively oppose climate action for various reasons. They may feel it is too expensive, or creates a reputation risk with particular audiences. They may fear failure or want to stay "within the pack" in their industry. Or they may be concerned that climate action will conflict in some other way with their own targets for personal or business success. As Karol Gobczynski, head of climate and energy at Ingka Group, the main IKEA retailer, asks: "Are people blockers because they don't believe actions need to be taken? Or are they blockers because they are not being measured on the right things?" His experience has been very much the second.

BREAKING THROUGH THE BARRIERS

We heard some consistent approaches that are helping companies to break through these barriers.

1. FRAMING

Framing the case for climate action in commercial and business terms, and integrating with the broader ESG sphere

For businesses looking to embrace the climate transition within their existing core business model, uniting climate and commercial goals is a quantitative challenge. PepsiCo, for example, added information on the estimated cost of carbon associated with commodity purchases to the quarterly business scorecards reviewed by the company's executive committee as a way to describe the impact of emissions in financial terms. This makes the climate transition appear familiar and straightforward, and it stresses the common-sense business case that often exists for undergoing a climate transition.

For businesses making a more fundamental change to their business models, the framing may be more about the narrative and qualitative impact. Filip Engel, vice president for sustainability, public affairs and branding at Ørsted, a renewable energy company, points out that "when you're changing the very landscape against which your assumptions take place, you can't rely on precise, quantifiable figures to build a business case — as you are reshaping the market you are in, you have to prioritize strategic insights instead." In this kind of case, a narrative focused on the rewards and characteristics of the disruption taking place may be more compelling. Dr James Robey, global head of environmental sustainability at Capgemini, describes the need for both "straight economic business cases" and "intangible business cases."

Increasingly, companies are framing their climate narratives in the context of a broader ESG agenda. AstraZeneca uses social progress as well as environmental considerations when assessing suppliers. For example, valuing diversity and inclusion is a sign that the company has a culture that will work well with the business.

2. EDUCATION

Training sessions for the board and employees across the organization and relating climate to the individual

Cutting through climate apathy among colleagues requires demonstrating how climate action links to an individual's specific role. Cathe Reams, communications director for sustainability and urban infrastructure at Siemens Corporation, describes this as "catching in context." For internal education sessions to offer something beyond what employees can find online, they must be specific to a person's situation. Siemens tailors its education program to customers, suppliers, investors and societies.

At Nokia, Tony D'Arcy, head of ESG enablement and communications, says "you need to give the appropriate amount of knowledge to enable people to engage and act." Some may need to devote more time to being aware of the latest developments; others benefit more from the space to innovate. Votorantim Cimentos, a Brazil-based cement company, focuses on education sessions from the board and throughout the organization. Aurizon, an Australian rail freight operator, targets its education at teams such as procurement, reasoning that they can have a bigger impact. What all these examples have in common is that, as George Lippiatt, chief financial officer and head of group executive strategy at Aurizon, puts it: "We need to make sure that those who need to understand the urgency, do." Similarly, Novo Nordisk, a pharmaceutical company, is "starting to discuss how many people need to have training," according to Dorethe Nielsen, vice president of corporate environmental strategy. "Twenty need to be experts, and then a lot need to know something."

3. CHAMPIONS

Visible champions among senior leadership and across the internal network

Many companies use supportive individuals, with their own followership, to drive the climate message and agenda through their organizations. They emphasize the importance of doing this selectively, with people chosen for specific types of impact. You might want someone senior enough to drive culture. Nicole Vadori, vice president and head of environment at the bank TD, argues that having strong climate champions in senior leadership positions is paramount for setting the tone and moving plans forward. But you might also want people operational enough to drive what happens. Gabrielle Ginér, head of environmental sustainability at telecommunications group BT, argues for "finding the champions across the business who are both subject matter experts and enthusiastic advocates of climate action. If you have support across all levels of the business, including critical mid-level management, they will then drive change."

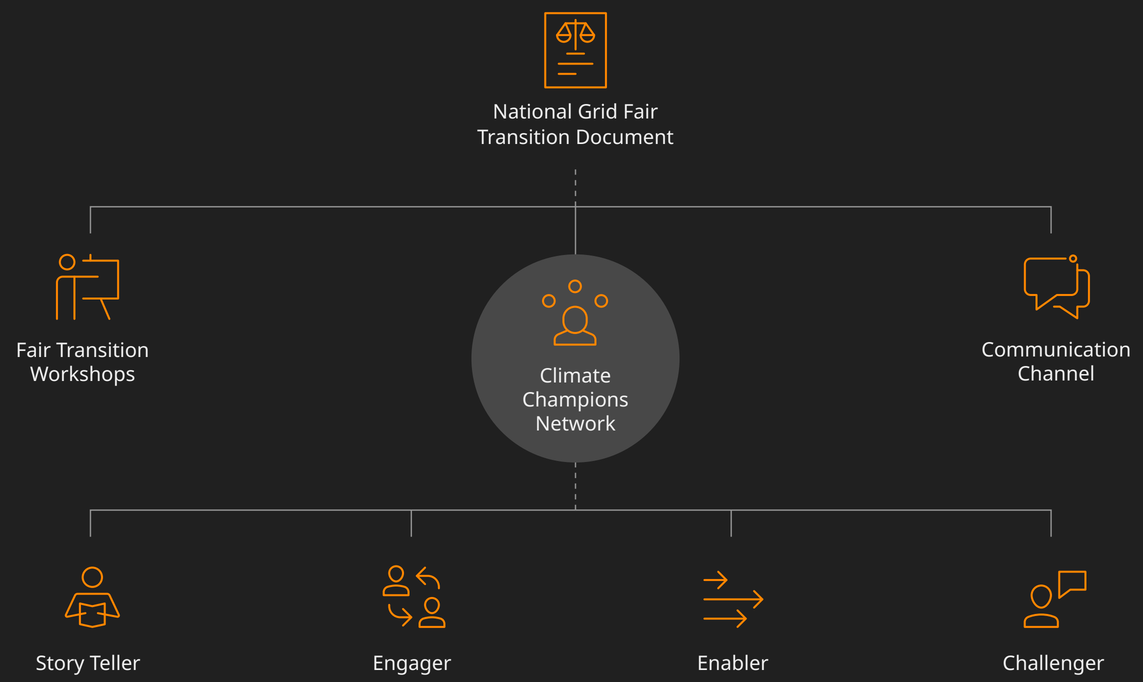
The value of champions can be in setting a direction that will engage the business, as much as in making it happen. Creating a broad internal network of champions can ensure cognitive diversity and shared ownership from the outset. The breadth of National Grid's Climate Leaders network helped to create a Fair Transition document with inputs from across the company.

CASE STUDY

Climate champions at National Grid

National Grid wanted to set out how it would achieve net zero in a fair way, that did not adversely impact other groups. The document would have implications for the business as a whole, and would require input from across the business. First, it converted its existing COP26 Network into a Climate Champions Network. A range of available roles (storyteller, engager, enabler and challenger) lets members of the Network participate in the way that best suits them. New joiners are encouraged to speak up and to introduce themselves on a dedicated Climate Champion Teams channel.

The company then ran a series of Fair Transition Workshops to gather input from stakeholders across the business. The resulting Fair Transition Document benefited from the cognitive diversity of the Climate Champions Network.



4. INCENTIVES

Climate KPIs rewarded in an individual's pay, particularly at senior leadership level

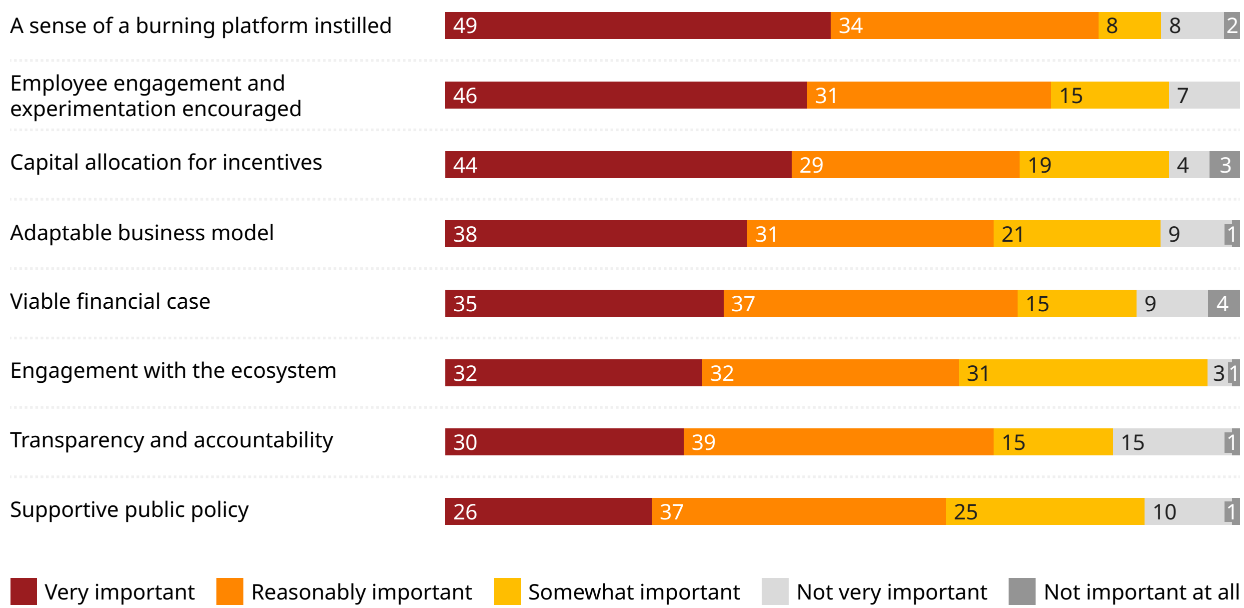
The point here is not to incentivize people to do something they don't otherwise believe in. Rather, it is to align incentives in order to make it practical for them to do the right thing. As Sandy Arbuthnott, group director of sustainability at Meggitt, an aerospace company, observes, "You have to adjust the system so that people incorporate sustainability goals into what they consider their day job, even when there are seemingly more urgent things that fill up their week."

Conventionally, you might set a KPI in terms of the goal you want to achieve, and let people in the business find the actions to take to achieve it. In climate, that can create perverse incentives. One tech company we interviewed is currently not paying out the climate incentives in its senior leadership's compensation plan, because the success of its program ended up increasing the company's total direct emissions — in the course of driving greater reductions in its customers' emissions. The program thus benefited the world, but these avoided customer emissions are outside Scope 3 and not measured in the plan. Another company is finding it hard to meet its targets, and the pressure has been pushing its people towards short-term priorities to meet the numbers they set rather than investment in actions that they now feel would have greater impact.

Exhibit 7: Practitioners rate leadership instilling a sense of a burning platform across the organization as the most important enabler in their organization

In your opinion, how important are the following "key enablers" to driving the climate transition in your organization?

%



Source: Oliver Wyman/Climate Group *Getting Going* quantitative survey of corporate climate practitioners, n=118, July 2022

This is why Ingka Group established a dedicated "climate measurements development team." This team can keep developing the climate footprint measurement with higher granularity, as more is learned, to make sure that the measurements are capturing "the impact of actions," rather than focusing only on the originally-projected footprint. The insight here is that you often cannot measure Scope 3 emissions (and more indirect influences on avoided emissions, sometimes dubbed Scope 4) robustly enough in advance to set meaningful targets, but you know what actions you want to incentivize. For similar reasons, Ørsted introduced management incentives only once it had made the cultural shift that shaped what the business was trying to do, when the incentives would reinforce the strategic direction rather than substitute for it.

CASE STUDY

Employee education at Novo Nordisk

Novo Nordisk developed its Circular for Zero (C4Z) capability-building program to educate its employees on climate action. The learning path was based on employees' level of subject-matter expertise: Basic, Proficient, Master, and C4Z Strategic Partner, each with different environmental and circular economy skills. The program is an example of a tailored educational system that can be employed to train employees within an organization depending on where their part of the organization is on its climate journey.

MATURITY LEVEL	CAPABILITY	ENVIRONMENTAL SKILLS (EXAMPLES)	CIRCULAR FOR ZERO SKILLS (EXAMPLES)	COURSES AVAILABLE:
Basic	Effective Execution of C4Z	• Understands why reducing use of resources, eliminating CO2 emissions and reducing waste is Novo Nordisk responsibility • Is able to describe the plastic challenge	• Know C4Z and Circular Economy principles • Uses C4Z guidelines, tools and systems in daily work	• C4Z Academy • Local job training • Introductory "Circular Economy Beginner" courses
Proficient	Subject Matter Expertise	• Possesses specialist knowledge within one environmental domain (e.g. sustainable power sourcing) • Knows how to measure environmental impact	• Possesses specialist knowledge within one of C4Z strategy tracks (e.g. design products of circularity) • Able to apply CE Principles to projects and can quantify environmental impact of initiatives	• C4Z Academy • Local job training • 'Circular Economy Advanced' courses
Master	Translation and Integration	• Understands Scope 1-3 classifications and SBT • Understands the criticality of external communications in context of greenwashing	• Understands sustainability dilemmas and provides holistic perspective on scenarios • Articulates LCA in context of Novo Nordisk products, processes and services	• "Circular Economy Masterclass" • C4Z Master Program • External Networks • C4Z Talent Exchange Portal
C4Z Strategic Partner	Strategic Direction Setting	• Highlights potential impact of new trends/policies on existing projects and programmes • Identifies and builds partnerships aimed to the achievement of the Novo Nordisk environmental agenda	• Provides strategic contribution to C4Z strategy and collaboration with Line of Business on implementation of key initiatives • Leverage external partnerships to shape sustainability agenda internally and externally	• Embedding C4Z in business processes • Dialog in relation to decision making

02 VISION

Where are we going?

How do organizations create the vision needed to bring ambition and coherence to their climate efforts, in the face of uncertainty and a daunting range of possibilities? We heard stories of bravery and what makes climate action possible; of leadership; of influence beyond the organization itself; and of the integration of climate and business goals.

THE BARRIERS

The barriers to articulating a vision come from the broad, fast-changing environment and agenda, which make it hard to pin down a meaningful ambition for the business:

UNCERTAINTY

"I don't know what the world is going to look like."

The unknowns in climate planning are rife. "We have to take a lot of scenarios into account." "We don't know how technology will develop." "Change can be introduced by an election." "We don't know what the regulators will do." "We don't know how consumers will react." In this context, setting out a vision means "having to give data and information about a world that we don't know," so it may mean committing to something that cannot definitely be delivered. That runs counter to a lot of business cultures. But waiting until things become certain is a recipe for inaction.

SCOPE

"I don't know how ambitious I should be."

Should a company pursue a radical change to its business model, or stick to incremental improvements? Ambition may have advantages. Financiers we talked with suggested that companies' level of ambition may play a role in determining access to funding in future. Where in the business are these questions being asked? And are they being asked in the right places to get answers?

INDECISION

"I don't know which route to take."

Sometimes "senior stakeholders have different views, leading to debates that may take time to resolve." Healthy debate can turn into paralyzing indecision when there is no target metric to compare different options, or if it is not clear who is ultimately accountable for the route the business adopts. A leading climate practitioner describes an "inertia of direction" that can be created in response to the conflicting imperatives of new regulations, rating agencies and recommendations.

INCOHERENCE

"I'm being pulled in two directions."

Incoherence becomes a barrier when different parts of an organization resolve the above tensions in different ways. For example, the sustainability leads within the business may be more open to cooperation than the commercial leads, who are more focused on maintaining a competitive advantage. Part of the vision's job is to resolve disconnections between climate and business goals. So the process of creating a vision requires a forum to fix any such disjointedness.

BREAKING THROUGH THE BARRIERS

1. BRAVERY

Considering transformative or radical change to the existing business and embracing uncertainty

It can be daunting to commit to a target when the future is uncertain, with the risk of internal criticism or public failure if the enablers you were betting on don't come about. But this risk-taking is essential, because what's needed goes beyond what's known today. There are numerous stories of businesses that have taken those risks and seen huge benefits they could not have guaranteed in advance. Businesses need "to help create those markets, to spend more to accelerate the transition and to encourage the technological space to move in a way that works for us," says Duncan Burt, chief sustainability officer at National Grid. By making public commitments, businesses "lend a big voice, and signal commitment on the demand side of the market." The bravery to set ambitious commitments has led to a range of innovations — from IKEA's acceleration of LED home lighting to Ørsted's acceleration of off-shore wind — that have advanced progress substantially.

Being brave also means resisting the temptation to make only incremental improvements, simply tweaking the edges of the core business. Sometimes you "have to trial at scale" to get as much information as possible. According to Ørsted's Engel, the company "learnt more by going all in and committing to build several offshore wind farms rather than just a couple of turbines." Significant amounts of capital and radical changes to the existing business model may be needed to find the best solution.

Individuals also need the license to be brave. Heinz-Gerd Peters, group climate protection officer at Deutsche Telekom, stresses "the need to have an open culture and tolerate failure." Missing a target when attempting to stimulate innovation shouldn't be seen as failure.

2. LEADERSHIP

Identifying when to be a pioneer, and innovate, and when to learn from others

Given the disruptive scope of the transition, it can be worth considering the scope of the business's role in the broader ecosystem. Patrick Sochnikoff, group senior vice president for corporate and social responsibility at Sodexo, thinks that businesses "need to decide when and where to lead, and when and where to follow." Rather than trying to innovate in all areas, firms might want to focus on finding new solutions in a specific space. The resulting ideas can then be used throughout the ecosystem. If a company wants to lead in an area, it will need to share information. "When we've negotiated power purchase agreements," says Ceri Binding, head of utilities and direct environment at Westpac (an Australian bank), "we've specifically negotiated to be able to disclose elements of the agreements," in order to support collaboration.

Tim Whitehead, vice president for sustainability risk at Goldman Sachs, stresses the need to be strategic about whether to collaborate or compete. Firms should collaborate on the framework in which they engage — agreeing structures, data access and guidelines. Within such a framework, competition is helpful to "drive down the costs for financing and secure the best allocation of capital." According to Siemens Energy's head of sustainability, Dieter Vollkommer, "sustainability and carbon neutrality are more a field of competition and potential differentiation," whereas upstream and downstream are fruitful areas for collaboration.

3. INFLUENCE

Engaging in and influencing other groups in the ecosystem

One way to address the unknowns in the broader environment is to be part of shaping the ecosystem. One of the core themes in our Getting Real report last year was the need to "own the problem — don't offload it." To reduce emissions, you need to go where the emissions are, up and down the value chain, and work on them there. "We've worked on defining value networks as well as value chains," says Capgemini's Robey. "From this perspective, you need to think about things at a systems level if you are going to get to the deep levels of decarbonization." Companies need a broad perspective, which requires taking in new ideas from other players in the ecosystem.

Ideas from other players in the ecosystem can be particularly relevant when forming your vision. Deutsche Telekom's "The Hub," an internal venture-capital style fund, serves "to test ideas and introduce approaches from the outside." The Swiss Re Institute acts like a university, using various knowledge products to provide macroeconomic guidance to Swiss Re and other public stakeholders. And Meggitt is part of the JetZero council, a body working to "deliver zero emission transatlantic flight within a generation."

Engagement with other groups can also become part of the vision itself, particularly for the many businesses for which the bulk of emissions fall in Scope 3. AT&T's Connected Climate Initiative brings pioneering companies, environmental nonprofits and universities together to find solutions using 5G and other forms of connectivity to eliminate one Gigaton of emissions by 2035. The initiative enables AT&T to involve its customers in the design and deployment of emissions-reducing products. AstraZeneca recently ran a conference with its suppliers, setting out its Scope 3 targets, and the collaborative approach it intends to use with its suppliers to help achieve them.

CASE STUDY

How to influence customers

Engaging customers is key to building the business case for change. Companies that overlook this dimension often see climate action as a cost, and underestimate the opportunity in climate investment. Oliver Wyman's Make Climate Meaningful report shares research insights into how to connect with customers on climate. The key principles were echoed by our climate practitioners:

UNDERSTAND
START WITH YOUR CUSTOMERS' "WHY"

Customers care about climate change for many different reasons. To connect, companies must look into the underlying motivation

"Decisions are taken emotionally,"stresses Ingka's Gobczynski. "It's not the case that people are looking at the financial part only." Companies need to recognize the complexity of their customers' motivations.

INVOLVE
LIVE AND SHARE YOUR OWN "WHY"

Customers must understand your motivation and your vision — and see themselves in it. If it sounds like you're just checking the sustainability box, they won't take you seriously

Different companies adopt different lenses. Some are explicitly pragmatic. We heard from companies who "see sustainability as a competitive advantage," who "try to win" and "get ahead of our competitors." Others are pioneers. We heard how "innovation is key" and about "discovery workshops" and the need to "encourage technology changes." Still others are partners — focused on the need to "deliver the global commitments to our children, to the children of our children" or to "keep our customers and communities connected when there are severe weather events."

INSPIRE
CREATE A BEACON TO BRING YOUR "WHY" TO LIFE

Telling a good story isn't enough. Even if large-scale change isn't possible as quickly as customers want, companies must show meaningful commitment and progress through breakthrough "beacon" offerings

One beacon from our interviewees was the "100% Vegetable Chicken Veg" from BRF, a food processing company. BRF made a commitment in 2021 to be net zero by 2040, and announced this new offering at COP26. The line is BRF's first carbon-neutral, plant-based product, and acts as a signal of intent. Carbon neutrality has informed the entire life cycle of the product — from how the grains are cultivated, to how the packaging can be disposed of.

4. INTEGRATION

Ensuring that climate vision and business goals go hand in hand

Financial and climate targets need to come together as “one and the same company process,” argues Ingka’s Gobczynski. Putting responsibility for both goals at the same organizational level is critical in order to find the synergies and make the trade-offs — and to reflect these in the budget and then deliver them operationally. The point is particularly acute for Ingka’s IKEA business, where a truly sustainable business model must deliver affordability, low environmental impact and positive social impact. But the principle applies to all commercial businesses. Márcia Ferraresi, managing director at Patria Investments, describes how the company has recently shifted from a bottom-up approach — sourcing insights from within the company — to a top-down approach, with governance that includes annual ESG goals set for the CEOs of the companies in Patria’s portfolio.

Often this integration can have commercial advantages. Climate is increasingly incorporated into traditional risk management, and there is a “common-sense business case” for doing so. Ensuring business goals cohere with a firm’s climate vision can have both economic and environmental advantages. These include reducing the cost of future regulation, locating assets away from at-risk areas, and recycling to secure the supply chain.

The integration forces a business-strategic approach to the transition path, that goes beyond a purely numbers-driven approach. Meggitt’s Arbuthnott argues that adopting a commercial message often resonates more with leaders in the business: “If we are to continue to survive and thrive as a business, we need to make sure this is important and understood.”

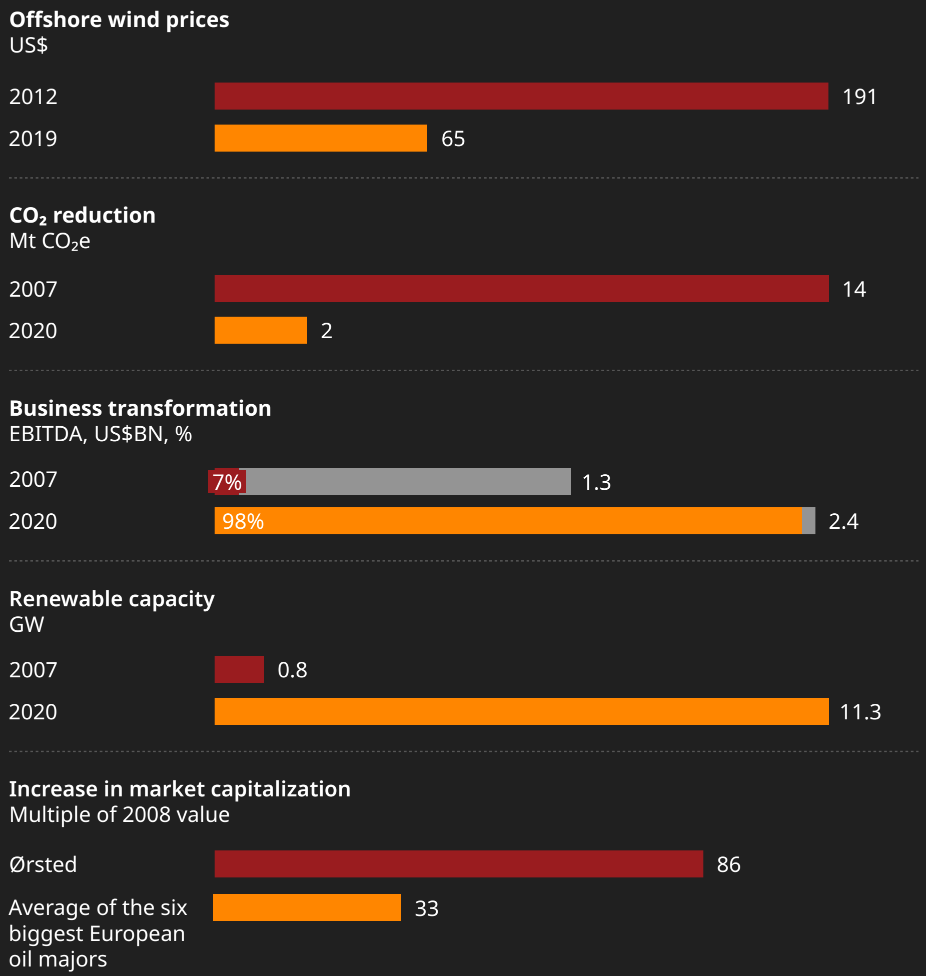
Businesses need to decide where to lead and where to follow.

CASE STUDY

Bravery at Ørsted

In 2008, Ørsted was primarily a fossil fuel company — called DONG, for Danish Oil and Natural Gas. Eighty-five percent of the energy mix it supplied came from fossil fuels, accounting for one third of Denmark's greenhouse gas emissions. In the run-up to COP-15 in Copenhagen, and in support of the European Union's renewable energy targets, then-CEO Anders Eldrup felt that it was clear Ørsted had to move away from fossil fuels. At the time, renewables were not cost competitive, and access to government investment depended on the costs of offshore wind falling. Nonetheless, Eldrup felt that it was vital that Ørsted "create a completely different energy system" and that there was a moral imperative to begin the climate transition.

The company wrote down over US$6 billion that it had invested in fossil fuel businesses. It shut half of its coal-fired plants and converted the other half into certified sustainable biomass from residues from timber production. In 2012 Ørsted set an ambitious, top-down vision "to reduce the levelized cost of electricity by 35-40%, down to US$100 per megawatt-hour by 2020." It partnered with institutional investors to finance this ambition and achieved this goal in 2016, with offshore wind already competitive with coal and gas-fired power plants. The company's profit has almost doubled, with 98% coming from renewables.



Note: Value of local currencies were converted to US$, dated 7th September 2022.

03
OPERATION

How do we get there?

How do organizations translate their vision into operation at scale, when it will often depend on ideas, technologies and financing that are fundamentally new? We heard stories that combined a structured approach to planning a glide path of manageable, practical steps, with an agile and responsive approach to traveling along it.

THE BARRIERS

The barriers within operation are focused on what stops people from being able to execute their companies' transition even though they are willing to act and have a big-picture vision of where they wish to go:

TECHNOLOGY

"The solutions I need aren't available."

Sometimes the technology needed to tackle the climate crisis has yet to be developed or sufficiently scaled. K Raheja Corp's senior vice president Shabbir Kanchwala describes experiencing "initial challenges in the availability of green materials, of EP [Environmental Product] certified materials, and suppliers." Vale's climate change manager, Vivian Mac Knight describes how, in mining, Vale has to "constantly be on the lookout for viable alternatives" for heavy-duty electric trucks or replacement for fossil fuels. Pending these bigger moves, Vale's improvements in carbon intensity have been limited to a shift to renewable electricity. Robert Williams, AstraZeneca's director of procurement sustainability, describes the challenges the high standards required present in securing sustainable supplies, as sometimes "you've got to have a particular raw material from a particular source and quality is non-negotiable."

SCALE

"I feel like I'm fiddling around the edges."

Climate leads need the "capacity to make critical and bold decisions," to be able to impact the "operating and business model fundamentally." If they cannot, change can feel performative or superficial, and will not deliver on the scale that is required. Companies need to do "more than superficial actions like changing cups;" they need to "realize the degree to which the climate transition will be transformative." This can be an organizational issue, with a "lack of knowledge and understanding of climate-related issues among some departments, such as strategic business planning, finance, or operations."

IDEAS

"I don't know how to approach this."

Companies need a "range of actions for understanding where innovation is and the solutions that are available," to be able to overcome problems as they arise, says Pfizer's Proud. Responsibility cannot simply lie with the ESG function. As AstraZeneca's Williams says, "radical rather than incremental innovation for sustainable change" needs to occur at all levels of the business.

FINANCIALS

"I don't have the funds to act."

Tackling the climate crisis requires "upfront investment with returns often not realized immediately," as PepsiCo's vice president of global sustainability, Roberta Barbieri points out. A business case often includes a mixture of moral and money messaging, an unusually long profile of return on investment, and a dependence on radical — rather than incremental — change (we touched on this theme in the section on Framing in Chapter 1). A paradigm shift has to happen. Without it, it can be difficult to access the funds to pay for a climate transition plan, internally and externally.

BREAKING THROUGH THE BARRIERS

1. GLIDE PATH

Breaking down the vision into manageable, actionable steps, while keeping the end goal in sight

When forming a glide path, "you need to align yourself with something." Existing modeling can provide guidance on the necessary level of progress. National Grid's Burt stresses that "responsible companies should map their transition to net zero against sectoral assumptions at a national level," to ensure that they are doing their part. The National Grid model uses scenarios set out by the International Energy Agency.

PepsiCo calculates its route to net zero by finding the percentage reductions that need to happen each year up to 2030 as set out by the IPCC, and multiplying to reflect its desire to be industry-leading. These are then broken down by sector, with each CEO held accountable for their business unit reductions. This keeps the reductions front of mind and makes the requirement tangible and immediate. Goldman Sachs sets out Range Pathways for different sectors, setting out the changes in physical intensity metrics required for these sectors to align with net zero projections from Goldman Sachs' Carbonomics research, which assumes carbon budgets in line with the IPCC, while recognizing the complexity inherent in each sector's transition plans.

2. INTERNALIZATION

Use of carbon pricing (or similar) to encourage implementation and ease integration into existing policies

Internalization means implanting climate action into the DNA of a business — financially, operationally and culturally. It involves answering — and ensuring that others can answer — the question, "What does sustainability mean for the business?"

Nokia's Robertson stresses how "you need bottom-up embedded responsibility in every role." She describes how the ESG department ought to be thought of as analogous to the finance department. Everyone in the business requires a basic level of financial literacy to be able to do their work – and people should consider ESG risks and opportunities in their own functions "without needing direct outreach to ESG." Internalizing climate considerations means embedding them in processes and structures that are used throughout the organization. Siemens, for example, produces both a financial and a climate profit-and-loss calculation intended to capture the full impact of potential decisions.

Nexans (an electrification company) set up an "E3" framework of environment, engagement and economics. As a result, "sustainability becomes incorporated as something intrinsic in the organization," that fits into every decision made. Climate impact becomes a "normal business consideration."

Swiss Re runs NetZeroYou 2. This program encourages employees to both reduce their own carbon footprint, and participate in offsetting activities via a dedicated app, which allows them to calculate their carbon footprint, participate in climate challenges, learn about Swiss Re's response to climate change, and provides access to Swiss Re's carbon certificate purchasing campaign.

Introducing a carbon price — putting an internal cost on carbon emitted by business actions — can act as a "nudge" against excess carbon emissions and reinforce the framing of climate action as part of the business as a whole. Many businesses we talked to have introduced internal carbon pricing. Swiss Re's price was set at US$100 in 2021, and will rise continuously to US$200 by 2030. "The triple-digit carbon levy incentivizes low-carbon decision making in our company, while the funds raised are used to neutralize the residual emissions," says Mischa Repmann, senior sustainability risk manager at Swiss Re.

3. COLLABORATION

Influence and innovation across the supply chain and pre-competitive collaboration with peers

The focus on influencing the ecosystem, which we described in our Vision chapter (page 18), demands collaboration operationally. Ultimately, as Raquel Ogando, director of sustainability at BRF notes, reaching net zero is a collective and multisector challenge, that can only be met if the world develops the right technology.

Collaboration can serve a variety of ends, including:

- **Sourcing ideas.** Alvaro Lorenz, global director for sustainability at Votorantim Cimentos, helped establish a global cement industry alliance. The company now participates in the alliance's Innovandi Open Challenge. Here, a consortium of established cement players provides backing to emerging start-ups. Collaboration has been supported by setting clear boundaries that confine it to the development and testing stage, says Lorenz.
- **Efficiency of pooled information or standards.** The communications and tech sector has been particularly effective at collaboration, in part "because there's been a lot of consistency in personnel," explains BT's Ginér.
- **Purchasing scale.** Pfizer has formed a consortium with other pharmaceutical companies to bring about power purchase agreements for their suppliers, aggregating the scale of the pharmaceutical companies with some of the smaller firms that supply them. Climate Group's corporate leadership campaigns on renewable electricity (RE100), electric vehicles (EV100), energy productivity (EP100), steel (SteelZero) and concrete (ConcreteZero) are further examples where focused collaboration and aggregated demand can help to drive solutions at scale.

CASE STUDY

Collaborative auditing in the tech sector

In 2010, three of the leading European telecom operators — Deutsche Telekom, Orange and Telecom Italia (now TIM) — founded the Joint Audit Commission (JAC). The organization aims to reduce both the time suppliers spend on corporate social responsibility (CSR) reporting and the time that the companies spend on CSR auditing: Its mission states that "sustainability is a common cause beyond competition." JAC has since grown to cover more than half the industry by revenue.

Members of JAC share the load. In supplier data, the firms work to "collaborate to create the framework" that they engage in, as we discuss in Leadership (page 18). An individual member "has the responsibility, acting on behalf of the others, to lead a complete audit process" of suppliers on a pre-agreed list, according to the mission statement. Suppliers are assessed on 27 environmental issues, and over 700 audits have been conducted to date.

Through this initiative, suppliers receive only one CSR audit request. There is a standardized approach, and JAC acts as a forum to share best practices. All these outcomes drive efficiencies and reduce the task of disclosure. The JAC also runs academy and sustainability forums, as well as webinars for swapping case studies.

4. AGILITY

Fostering creativity and a fail-fast mentality

Agility is the operational counterpart of bravery. If organizations are to make ambitious leaps in an evolving environment, committing to targets they don't know how to reach, then they must be able to explore, experiment, adapt and self-correct. That includes changing their priorities and targets as they learn by doing.

Firms have adopted an experimental, fail-fast approach to a number of different problems. Patria piloted an adaptation of its investment approach to net zero scenarios in specific sectors. Meggitt carried out a trial in which it assigned the sustainability lead role to a variety of people within the organization, and then shared the results as best practices.

Chris Minardi, communications manager at Nexans, distinguishes between accountability and "fearful" accountability. Companies need to feel accountable, but they also need to be able to take risks and change course if a different route starts to make more sense. For instance, Novo Nordisk made a substantial investment in biomass some years ago, with the "best knowledge, and information available at the time." But it is rethinking its approach now that it sees this is drawing criticism, with questions raised about whether the biomass was sustainably sourced, or if it is carbon-neutral. Ultimately, as AT&T's associate vice president for global environmental sustainability Shannon Thomas Carroll puts it, "There are times when you have to hange your goals and as an ESG community we have to accept that."

People should make ESG decisions without needing direct outreach to the ESG department.

04

ACCOUNTABILITY

Who is responsible for what?

How do organizations ensure accountability for the effort, both within themselves and to their stakeholders outside, in the face of distributed responsibilities, a diversity of unfamiliar and imposed metrics, and unprecedented scrutiny? We heard stories of balancing the expectations of transparency and efficiency of standards with the organization’s individual operating model and choice of impactful targets.

THE BARRIERS

In accountability, some of the barriers are internal — focused on who is responsible for the change, or whether the right balance is being struck between disclosure and action. Others are external — if targets are appropriately ambitious, or if action is paralyzed by the fear of being accused of greenwash:

MISDIRECTING METRICS

"I've over or under committed."

As AT&T's Carroll says, "There is a balance to be struck between ambition and attainability" — between "being as bold as we can be" and "setting a commitment that can't be met which would undermine credibility." Over-committing can both lose credibility and lead to unproductive, short-term actions to try to hit the numbers. Under-committing means that change will not be radical enough. As Novo Nordisk's Nielsen explains, when "there is no external framework to lean against, it can be really difficult to find a comparison point."

OWNERSHIP

"No-one is driving this change."

In a complex organization it can be "hard to say which person is on point to make the decision." Someone needs to be accountable for setting and delivering targets to sustain momentum through the transition, and to ensure mistakes are learnt from and actions are not deferred to the future.

BOX TICKING

"All my time is spent reporting, not doing."

A common frustration is that more time can be spent disclosing than doing. Variations in country climate laws can lead to "a constant reframing of the same information, and also reframing for different financial institutions and regulators." This disclosure takes up time and can also stifle creativity, by generating a mentality of compliance rather than growth.

EXPOSURE RISK

"I'm scared to act in case I'm criticized."

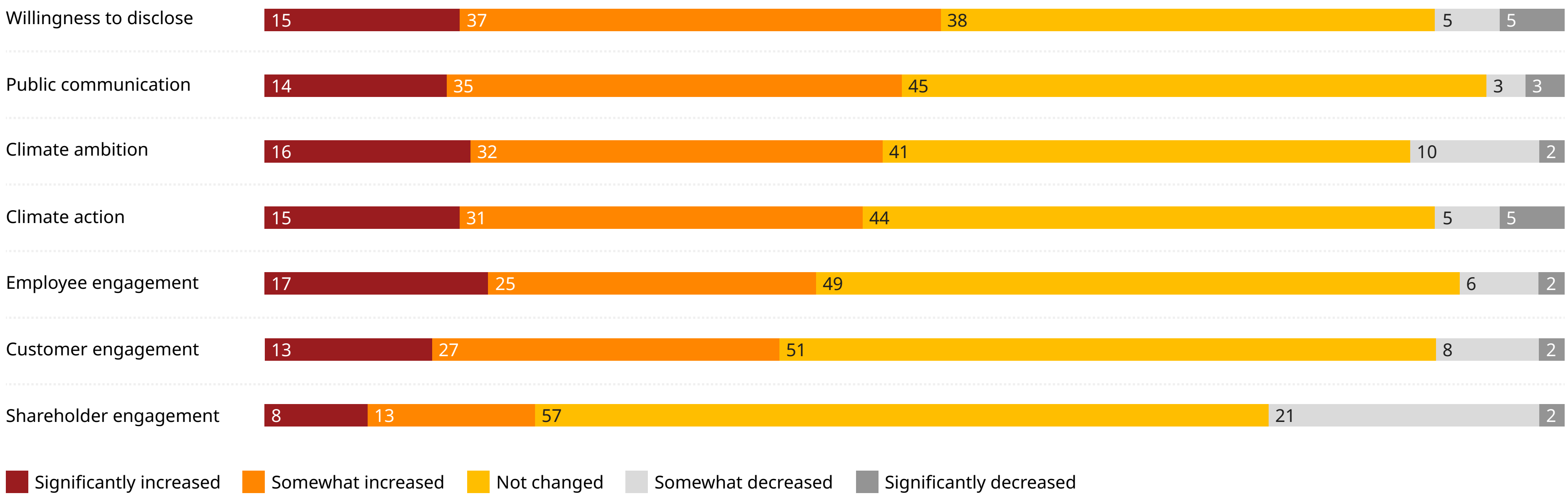
Criticism and pressure are necessary and respected. But the public scrutiny can make it harder to create an environment where people are willing to both fail and share where they failed so others can learn from them. We heard from climate practitioners how the threat of greenwashing can cause inaction and stop people from reporting their activities.

In our survey, practitioners felt that concern about greenwashing had a net neutral effect on company communications, but that it was a mildly positive driver of climate action internally (see Exhibit 8).

Exhibit 8: Concern about public criticism has on balance a mildly positive effect on climate action internally

How have public criticisms of corporate action on climate ("greenwashing") affected the following aspects of your organization's approach to the climate transition?

%



Source: Oliver Wyman/Climate Group *Getting Going* quantitative survey of corporate climate practitioners, n=118, July 2022

BREAKING THROUGH THE BARRIERS

1. TRANSPARENCY

External and internal reporting against KPIs, ensuring understanding of the choice of climate efforts

Reporting can help to build both an internal and an external understanding of a company's climate efforts. Reporting on targets, the rationale behind them and the roadmaps to get there, can boost stakeholder buy-in and reduce exposure risk. Nokia has found that it can help build credibility "by setting interim targets and building up a road map that shows how the plan changes and allows people to see the route there," says D'Arcy.

Meggitt's Arbuthnott says there is a "need to have feedback loops and accountability in the system. We can't set out, move into execution and see if we hit the target in five years — it has to be tracked all the time for the system to ensure that we are on the right path."

Recognizing and reporting your own shortfalls can also be a powerful signal of intent of what's to come. Ørsted, for example, met critical questions about how it plans to recycle the blades of the many wind turbines that the company is putting up. While 95% of an offshore wind turbine is recyclable, the blades are very difficult to recycle because of how they are produced to withstand harsh conditions. When Ørsted in 2021 committed to recycle all its blades, it signaled that the company will support the development of fully recyclable turbines. Nokia's Robertson stresses that people must feel able to share missed targets and challenges. Nokia discloses any misses in its People and Planet report so that issues can be identified, discussed and learnings can be applied in other companies, with a readiness to "show where we win and where we lose."

2. STANDARDS

Working with peers, industry bodies and regulators to set and follow unified reporting standards

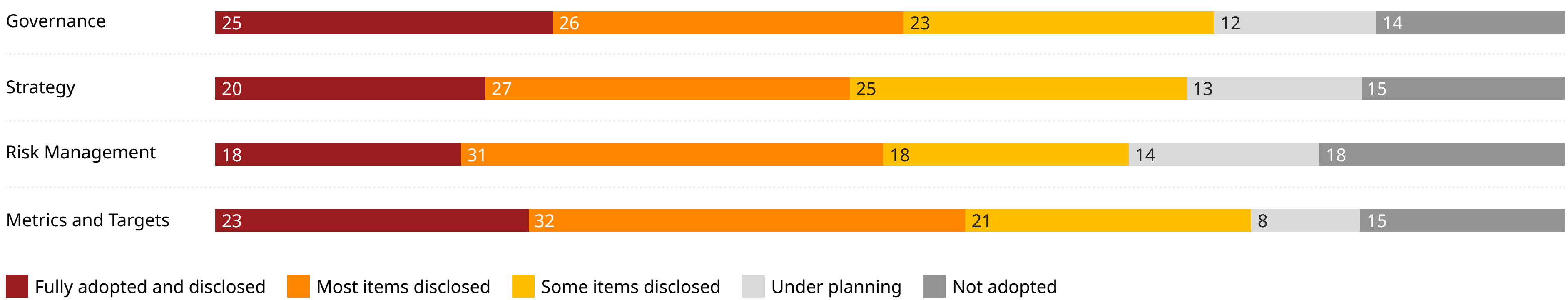
The growing number of industry standards now offer relatively straightforward ways for companies to ensure they are considering, measuring, and reporting on the right things. The Taskforce for Climate-related Financial Disclosures (TCFD), for example, "has given a common language and framework for sharing insights," says Goldman Sachs' Whitehead. TCFD illustrates the balance of providing some standardization, without enforcing so much that it prevents innovation.

Many companies in the communications, media and technology sector have worked together, alongside the Digital Green Coalition, to define metrics for "enabling" or emissions averted through digitalization of different activities. They've also formed the EcoRating scheme which helps customers accurately assess the lifecycle of their products.

Companies are working with industry bodies and policymakers to shape an environment that will enable the change they want to see. For example, K Raheja Corp has driven innovation across the Indian real estate industry, working with the Green Building Council and local bodies to make climate transition plans widespread. We heard how "proactively engaging with climate regulations is the new bar for climate from a corporate perspective, a necessary condition now to be a leader." PepsiCo is working with regulators to encourage greater plastic collection, so it can collect enough post-consumer PET to reach its goals for recycled content. Some organizations prefer to work via industry groups rather than directly with policymakers, so as to insulate their businesses from the daily flux of politics and potentially divisive impacts of party politics.

Exhibit 9: Most items in TCFD Topics are disclosed by around 50% of participants

%



Source: Oliver Wyman/Climate Group *Getting Going* quantitative survey of corporate climate practitioners, n=118, July 2022

3. OPERATING MODEL

Setting out shared but clear roles and responsibilities across the organization

There is clearly an important role for the chief sustainability officer (CSO) to play. National Grid's Duncan Burt describes the CSO as "a single point of contact and a critical friend for the core business." However, sustainability cannot be a siloed activity; it needs to be embedded throughout the organization. Nokia's Robertson describes how "the role of ESG is to set out a clear strategy to tackle climate and to try to ensure that different suggested ideas culminate in maximum impact, prioritizing when needed."

To achieve this, Meggitt places responsibility in the existing functions, business divisions and product groups, and stresses that the sustainability team is not a delivery function itself, because "if it's a delivery function, it's someone else's problem." Novo Nordisk has "a central function, and satellite functions in other departments (e.g. R&D) that act as centers of excellence in local areas," the rationale being that they can apply a climate lens to their existing expertise.

National Grid introduced the concept of "CEO Stretch" to ensure that there is a point of responsibility for all emissions. "If no Business Unit is accountable for a given emission, it moves to the CEO's responsibilities, who has to find that percentage," which ensures that there is ownership of all emissions.

4. IMPACT

Designing KPIs and targets that drive the change needed

In addition to quantitative emissions goals, some practitioners are asking the questions, “What does climate impact look like to my company?” and “What is the best way for me to measure that?” Answering these can lead to metrics that go beyond the traditional Scopes 1-3 carbon footprint.

Examples include:

- **Action-oriented measures:** Ingka has a Climate Measurements Development Team. They set KPIs based on the actions people need to perform, more than on carbon footprint, which can be misleading or complex to calculate in advance.
- **Scope 4 emissions:** BT is developing the measurement of “Scope 4 emissions” — emissions averted by customers by using enabling products, which are not captured by Scope 3 (e.g. the substitution of travel by videoconferencing).
- **Physical intensity:** Goldman Sachs uses physical intensity metrics to better reflect technological advances and enable growth of the sectors and investments in new solutions that improve carbon efficiency on the path to net zero.

CASE STUDY

Climate audit at Siemens

Having released their Degree framework (a set of ESG related target areas for the company) in 2021, Siemens conducted their first Climate Audit to assess their progress this year. Matt Helgeson, head of sustainability, and Cathe Reams, communications director of sustainability and urban infrastructure, describe the key things they have learned to consider when conducting a climate audit:

TIMING
CHOOSE YOUR MOMENT

You need to be late enough that there has been time for processes and procedures to develop, and for it to make sense to spend the time auditing rather than creating new processes; but also early enough that these procedures have not devolved into a box-ticking exercise, and can easily be shaped.

INTEGRATION
ADD A SUSTAINABILITY LENS TO AN EXISTING PROCESS

Sustainability was “a new topic we applied an existing internal process to.” This avoided initial inertia and the need for a business case.

EDUCATION
EXPECT TO EDUCATE

The importance of education is particularly acute for the first audit. Individuals must be brought up to speed for the work done to date, and (particularly as sustainability becomes less and less siloed) need to be connected to new members in the organization. The amount of time this requires can be lowered by reaching out initially, finding out what is currently on individuals’ sustainability list, and tailoring information from there.

- **Cost of doing nothing:** Siemens frames targets around the relative saving from acting to meet commitments now, rather than in the future. This reflects the reality of the climate choice, and avoids a false comparison with a status quo that will not remain an option.
- **Growth:** Aurizon discusses with B2B customers how their spending would change if sustainability products were offered. It uses this input to forecast the business growth from a focus on sustainability.

CONCLUSION

Now that a commitment to climate action has been established in many companies, a range of practical barriers are making it hard to deliver on that commitment. But they are not insurmountable, and there are strong examples of practitioners and businesses breaking through these barriers to make real progress.

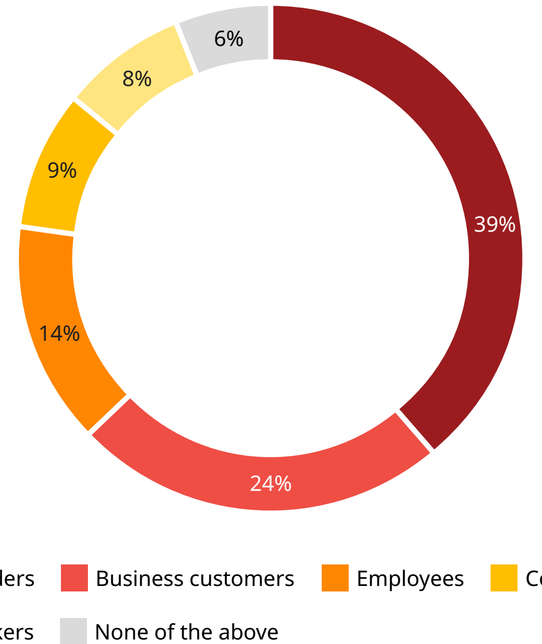
How do organizations keep their people's **attention** focused on climate, in the face of competing imperatives and confusion about what is practically needed and what they can meaningfully do? We heard stories of how to frame the case for climate action in commercial and business terms; how to get through to people using education and a network of champions; and how to align incentives so that they reinforce rather than conflict with climate efforts.

How do organizations create the **vision** needed to bring ambition and coherence to their climate efforts, in the face of uncertainty and a daunting range of possibilities? We heard stories of bravery and what makes climate action possible; of leadership; of influence beyond the organization itself; and of the integration of climate and business goals.

How do organizations translate their vision into **operation** at scale, when it will often depend on ideas, technologies and financing that are fundamentally new? We heard stories that combined a structured approach to planning a glide path of manageable, practical steps, with an agile and responsive approach to traveling along it.

Exhibit 10: Climate pressure is felt disproportionately from investors

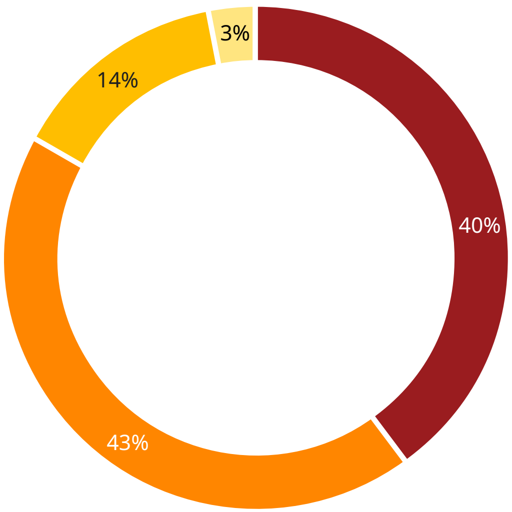
From whom does your organization feel the most pressure to undertake a climate transition?



Source: Oliver Wyman/Climate Group *Getting Going* quantitative survey of corporate climate practitioners, n=118, July 2022

Exhibit 11: Practitioners recognize the strategic nature of the transition

In your opinion, what level of change will your organisation need to undergo as part of its climate transition?



Significant change (e.g. climate transition will be transformative)

Moderate change (e.g. changes to some of the products and services)

Some change (e.g. some changes to the existing operating business model)

Low to limited change (e.g. superficial, minimal day to day)

Source: Oliver Wyman/Climate Group *Getting Going* quantitative survey of corporate climate practitioners, n=118, July 2022

How do organizations ensure **accountability** for the effort, both within themselves and to their stakeholders outside, in the face of distributed responsibilities, a diversity of unfamiliar and imposed metrics, and unprecedented scrutiny? We heard stories of balancing the expectations of transparency and efficiency of standards with the organization's individual operating model and choice of impactful targets.

Threaded through all these stories, we heard about the critical and often missing role of strategy. Its importance may seem obvious. But the origins of climate action, in pressure disproportionately from investors (see Exhibit 10), has sometimes favored a focus on emissions metrics and disclosures ahead of the strategy to tackle the transition. Our framework of enablers, barriers and breakthroughs highlights how much it matters:

- Strategy helps get **attention,** by making climate business-relevant and providing positive, inspirational goals.
- Strategy is what makes a **vision** meaningful and credible, not fantasy and hope.
- Strategy is what orchestrates **operation** with the required scope, scale, and coherence.
- Strategy provides the objectives — applicable to individual people and departments in a way that emissions outcomes often are not — that underpin **accountability.**

Practitioners in the organizations we talked to recognize the strategic nature of the transition (see Exhibit 11). It is time to tool up to match.

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