

BusinessNZ
Major Companies
Group



**Sustainable
Business Council**
wbcsd Global Network Partner



Business survey on climate change

November 2015

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Introduction

The 2015 Paris Climate Conference and negotiations (COP21) in November aims to usher in a new, comprehensive agreement on climate to succeed the Kyoto Protocol from 2020.

A survey was conducted across members of two BusinessNZ divisions – the Sustainable Business Council (SBC) and the Major Companies' Group (MCG). It seeks to capture current business activity on climate and to ensure members' views and desires are advocated for.

This report presents the survey findings on current activity, perceived impact of climate change on business and the initiatives in place. It also canvasses business expectations from the COP21 negotiations and from the New Zealand Government beyond Paris.

Survey engagement

- There was a significant response rate: Of 121 member companies, 54 businesses responded to the survey (a 44% response rate). The business respondents have a collective turnover equal to 36% of New Zealand's private sector GDP.
- Respondents were made up of 35% of all MCG members and 69% of all SBC members. Some businesses are members of both organisations. The survey respondents are those most likely to be engaged on climate change. We assume non-respondents are likely to be less aware or less engaged on this topic.



Current climate change activity

Survey highlights:

- Two-thirds of respondents have emission reduction targets in place, with strong representation from energy, transport, telecommunication and retail sectors.
- 52% of respondents said climate was a material issue that warranted a business response.
- 61% have introduced initiatives to reduce climate emissions.
- It's hard for businesses to make a direct connection between climate change and business impact and quantifying the benefits.
- 85% of business climate activity sits within business operations, working with customers and through supply chains.
- Target setting is done at an individual business level.
- Climate strategies range from 12 month targets with one through to the end of the century. Only one business is considering aligning its target with the national target of 30% reduction to 2030 vs 2005 baseline; and another is investigating alignment with the 2 degrees science-based target.
- Over half of respondents are publicly reporting their emissions reductions.
- At Paris, business wants to see government leadership, clarity of direction, ambition and a unified commitment at a global and national level.
- Beyond Paris, business would like to see cross party agreement on our approach to climate change, sustainable government procurement, transport initiatives and a greater focus on adaptation.

"It is an important issue and will get increasingly important. However it does sit behind a number of other pressing issues for our business."

"Sustainability is one of our business priority areas, and being a large carbon emitter, climate change makes up a very large part of our sustainability agenda."

"Not specifically (climate) on its own but it is a key part of our overall strategy to focus on leading New Zealand towards leveraging our renewables advantage domestically and internationally."

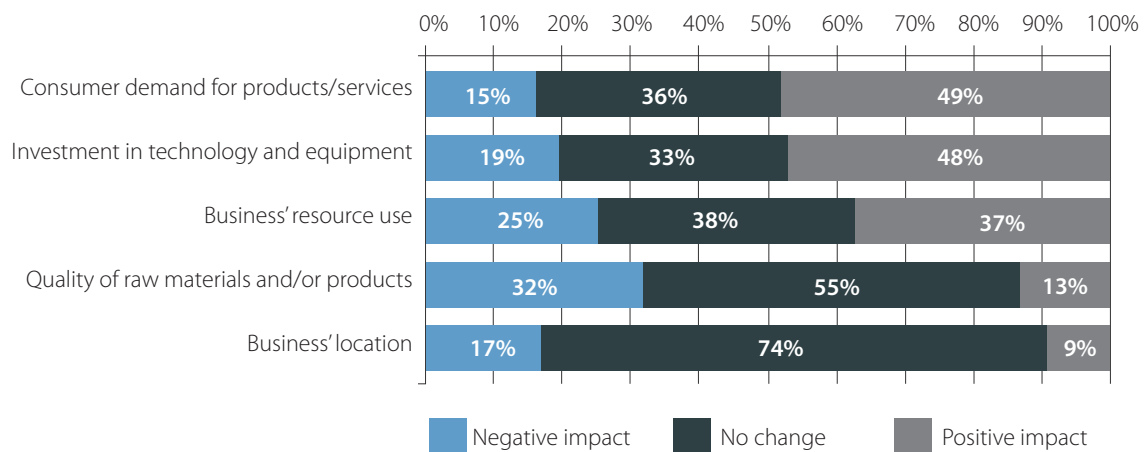
Climate change – anticipated impacts

We asked businesses what they thought the impact of climate change would be on the following aspects of their business operations:

- Quality of raw materials accessed and/or products
- The location of their business
- How they use resources
- How they invest in technology and equipment
- The consumer demand for products and services

The perceived impacts varied by business and within each category. Respondents said the largest area of possible positive impact on business activity would come from greater demand for the products and services they offer to their customers to mitigate or adapt to climate change. The transport and professional services sectors, in particular, see this as a likely benefit of climate change.

Figure 1: Business perception of how climate change will affect business activity



In addition, a similar proportion of respondents think climate change will positively affect their decisions on investment in technology and new equipment, particularly among telcos, manufacturers and retailers. These businesses anticipate making changes to how they purchase new technology, including having to specify energy efficiency more often.

The largest negative impact identified is a fall in access to raw materials or products. Climate change could affect environments and ecosystems in a way that limits access to resources, increasing resource scarcity and therefore making access to materials more expensive.

There was more of an even split on the perceived impact on business resource use. This could be because businesses already have programmes in place to drive resource efficiency. They may, therefore, anticipate less of a negative impact in this area.

"It will change the nature of the risks we insure and therefore the availability and affordability of our products"

Several businesses identified other positive impacts, including avoided costs and improving competitive advantage.

"The positive impacts are around increased competitive advantage (because we have prepared for climate change and the associated changes in the business environment), although absolute scale of business may reduce."

Sustainability programmes underpin activity

Sustainability strategies and programmes focusing on climate are prevalent, with two thirds of businesses surveyed having emission reduction targets in place, particularly those from the energy, transport, telco and retail sectors.

73% of respondents do not have climate change as a top 5 business priority yet 52% of respondents said climate was a material issue that warranted a business response. The number of businesses already working to reduce emissions suggests many businesses are working their climate responses into 'business as usual'.

Among respondents, target setting is always done at an individual business level. Some businesses are changing the way they look at emission reduction targeting – using intensity factors to reflect emissions reduction in line with business growth. Some businesses without formal targets are still tracking their emissions, making attempts to reduce, and reporting on them.

Emissions reduction strategies range from one year reduction plans with one business setting targets through to the end of the century. Only one business is thinking of aligning its target with the national target of 30% reduction to 2030 vs 2005 baseline; and another investigating alignment with the 2^o science based target.

Table 1: Current targets in place for survey respondents

-	25% corporate carbon reduction against 2012 baseline
-	3% reduction per \$m revenue in the next financial year
2 yr	4% emission reduction in 2016 and 2017
4 yr	Corporate emissions reduced by 10% per FTE
2020	20% emission reduction
2020	50% emission reduction vs 2006 baseline
2020	44% emission reduction in production (CO2-eq/hl) from 2008 by 2016
2020	30% emission reduction on entire product lifecycle (vs 2005) Reducing customer carbon emissions by seven million tonnes per year
5 yr	30% emission reduction target (intensity based)
5 yr	2.5% operational emissions reduction per year
5 yr	20% operational emissions reduction by 2020 (intensity-based)
10 yr	2-3% pa (varies across sectors of the business)
10 yr plan; 30 yr goal	40% emissions reduction by 2040
2030	Carbon neutral
2030	30% reduction in emissions intensity
2050	1.5% annual efficiency improvement to 2020; carbon neutral growth from 2020; 50% reduction in carbon emissions by 2050 (versus 2005 baseline).
2100	50% office electricity by 2020 - 80% reduction in travel emissions by 2020
open-ended	4% emission reduction per year

The survey respondents are strong on making their measurement and reduction activity publicly available, with 52% reporting using at least one independent accreditation or reporting framework. Four businesses are reporting using two or more standards. Reporting activity in New Zealand is even wider, with over 20 businesses certified to CEMARS and over 50 with CarboNZero certification.

Table 2: Standards and accreditation used by survey respondents

Carbon Disclosure Project	10
CEMARS	7
carboNZero	4
Global Reporting Initiative	4
ISO 14064-1	3
International Post Corporation EMMS Programme	1
Energy Efficiency Opportunities (Australian Government – now closed)	1

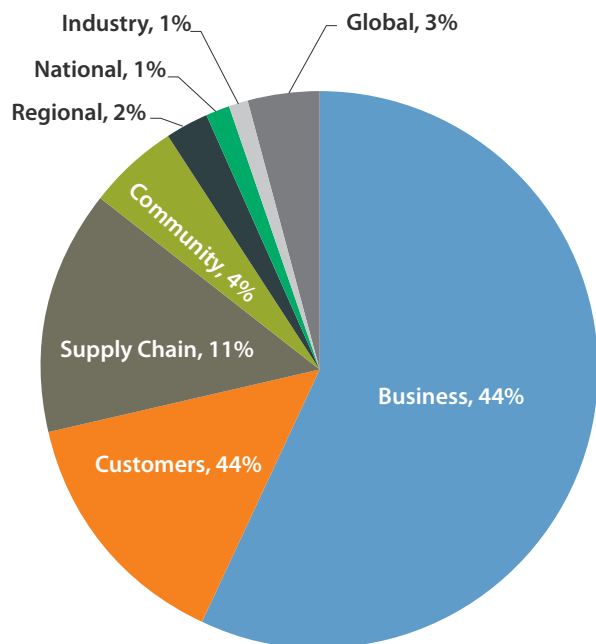
Climate initiatives

We asked businesses what type of climate change initiatives they have in place and where there are the greatest opportunities to scale up initiatives across other businesses.

Highlights:

- There is currently a lot of activity in this area: 61% of businesses reported some climate change initiatives that are already underway or are ongoing.
- The survey has captured detailed information on the types of initiatives in place, and comments about what works, what doesn't and what has scalability potential.
- 85% of climate change activity is taking place in business operations, working with customers and through supply chains.
- The most common initiatives are tangible and create direct cost savings for business (for example, energy and fuel efficiency).

Figure 2: Pie chart showing the levels at which initiatives are focussed



"Staff and customers are increasingly inspired by both the products and the business initiatives being 'socially or environmentally responsible'. Accordingly this is a weapon of competitive advantage in the market place for the goods being sold, services being offered AND the staff being hired."

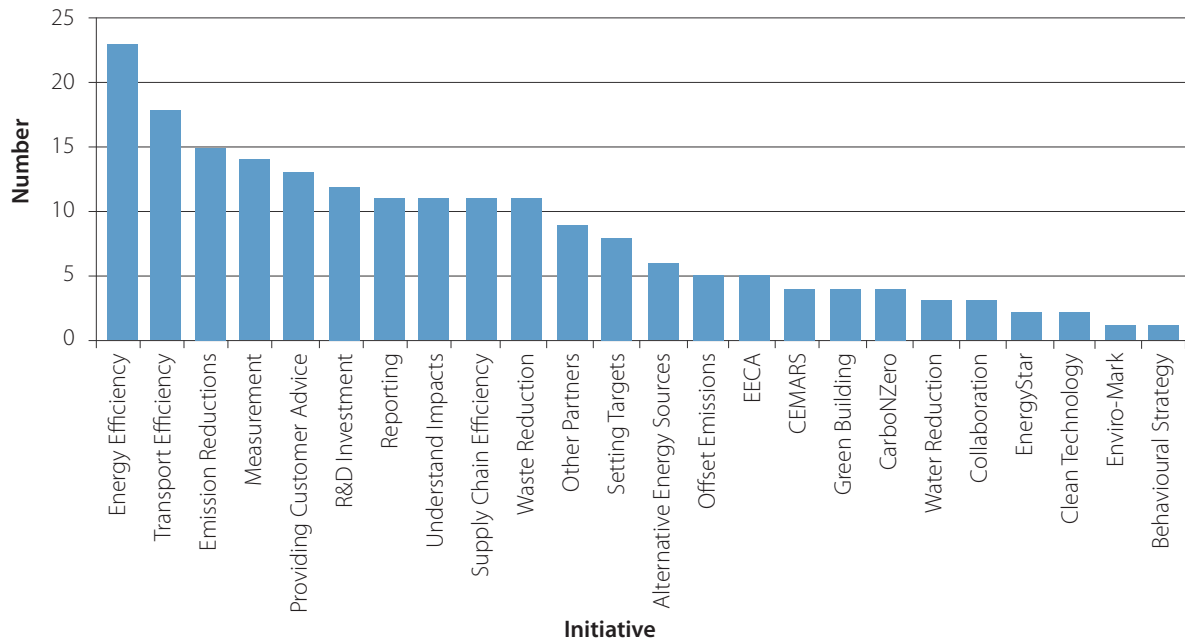
"Insights from our research (surveys) and our one customer product indicate the majority of customers are driven by cost factors rather than climate factors. They may want to save the planet, but they will take the steps that are the easiest and cheapest for them to do - and that saves them money."

The most common initiatives are tangible and present direct cost savings (i.e. energy, fuel efficiency). Businesses are grappling with how to quantify the value of taking action on climate change. There needs to be an increased understanding of the impacts and the value of various initiatives. This includes the benefits of taking a medium to long term view to mitigate future risks, and realising business benefits now. But this alone shouldn't be a barrier to getting initiatives underway – as one respondent stated "Just Start!" This implies that making the decision to start is sometimes the biggest barrier – as once you start, the measurement, understanding and knowledge increases and is strengthened as the initiative progresses.

"Climate initiatives have to work financially for them to be sustainable. ...faster financial return is generally required"



Figure 3: Bar graph showing the variety and diversity of initiatives in place



Many of the initiatives respondents shared are tangible, one-off changes they are making within their businesses (for example, changing lighting to LED or purchasing fuel efficient car fleets).

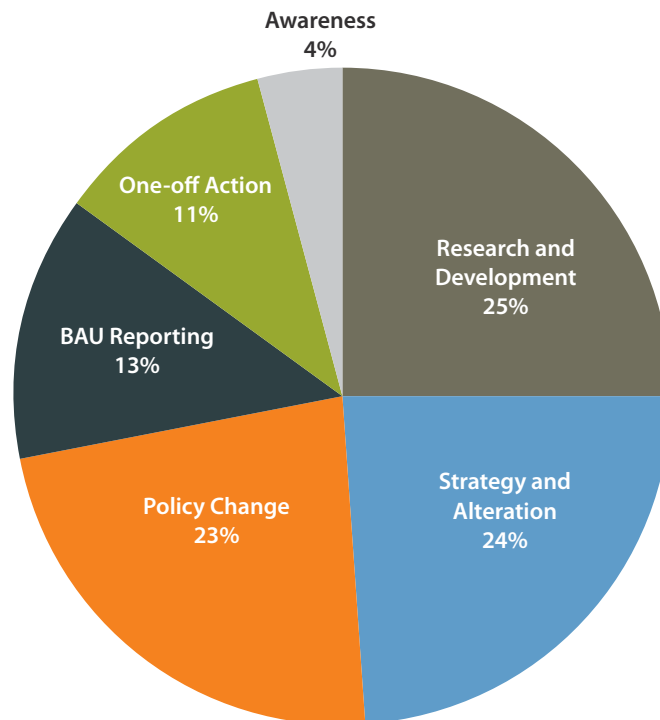
Around 20% of respondents are still trying to understand the “value” and/or “impacts” and only eight of the respondents have set specific targets as part of their initiative/s.

Businesses are working in isolation. There is little collaboration happening, other than through EECA partnerships, and a few certification programmes.

Our initiatives include... *“reducing energy consumption in production including by investing in more efficient technology; leasing lower emission sales vehicles; finding efficiencies in freight transport including greater use of sea freight; drive consumer awareness of packaging and emissions from packaging materials.”*

In our organisation we... *“simply have a drive to continually reduce our impact. Mainly reducing gas, power and water use. No fixed project, it’s just a daily measurement and built into what we do. Results are reported weekly to directors and daily results visible to all team members / visitors.”*

Figure 4: Pie chart showing categories of initiatives in place



A more significant number of businesses are starting to go further, implementing changes to business operating policies or strategies. For example, one business reported introducing a sustainable decision-making process to improve freight efficiency for customers.

A few are undertaking internal awareness raising activities for their staff to begin to influence their behaviours and bring them on the climate journey.

Businesses told us that the information and communication isn't available to help them understand both the value of addressing climate change, and how to go about doing it. Many want to see simple, smart, positive messaging and communications on why business should address climate change. This includes providing a direct connection to business costs.

As initiatives are becoming more refined, transparency around the purpose of any initiative and how it fits into the

business' wider sustainability or climate programme is also needed. This will help businesses be clear on why the work is important, what is being done, and how it will make a difference to the business. This message can then be used to bring suppliers and customers along.

"You need to bring your people with you. Be transparent and honest about the issues and what you currently need to do better"

"Smart communication that sells a compelling, coherent and collective vision to inspire action and drive change."

"No-one ever responded positively to a negatively-framed message."

What businesses want from COP21

The survey asked members' views of the upcoming COP21 negotiations so that BusinessNZ representatives can accurately represent member views. The survey also canvassed how business views the likely impact of any new agreement out of the Paris climate conference and the role of New Zealand Government.

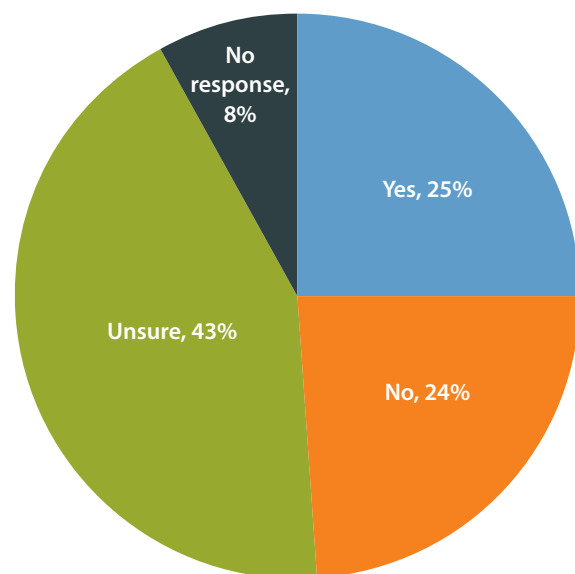
At COP21 businesses would like to see:

- **Leadership:** strong New Zealand Government leadership in a way that makes a stand and sets an example. New Zealand businesses want a voice at the table.
- **Clarity:** Clarity of direction, obligations, expectations, mechanisms to achieve and meaningful focus for the short and long term outlook.
- **Ambition:** stronger, bolder and more ambitious targets that will protect our future.
- **Unified commitment:** at the global and national level, across government and businesses.
- **Certainty:** clear and binding targets that give businesses certainty and confidence in their investment decisions.
- **Practical action:** the target is just the first part of a desired outcome that needs actual actions that are practical in the commercial world.

Businesses are not expecting that COP21 negotiations or outcomes will make a material difference to their business operations. Business will 'get on' with sustainability improvements, setting their own commitments, targets and sustainability practices and will deliver on these because it makes good business sense.

The view is that the current New Zealand targets do not position New Zealand in a way that is consistent with our international image/brand. There was a sense that more ambitious commitments would create impetus, drive some new legislation and a greater alignment of business activity with national and global goals.

Figure 5: Do New Zealand businesses expect the COP21 outcomes to affect them?



"We're unsure (how the COP21 negotiations will affect our business) and it really depends on the key outcomes, in particular for our near term (business planning and action)"

"We would love for the New Zealand Government to be bolder and more aggressive in our COP21 commitments. If there were meaningful targets it would stimulate the right market behaviour and investment."

New Zealand businesses showed support for a number of initiatives, particularly for cross-party support for climate emissions reduction targets, increased government engagement with business on emissions reduction, and government leadership and procurement.

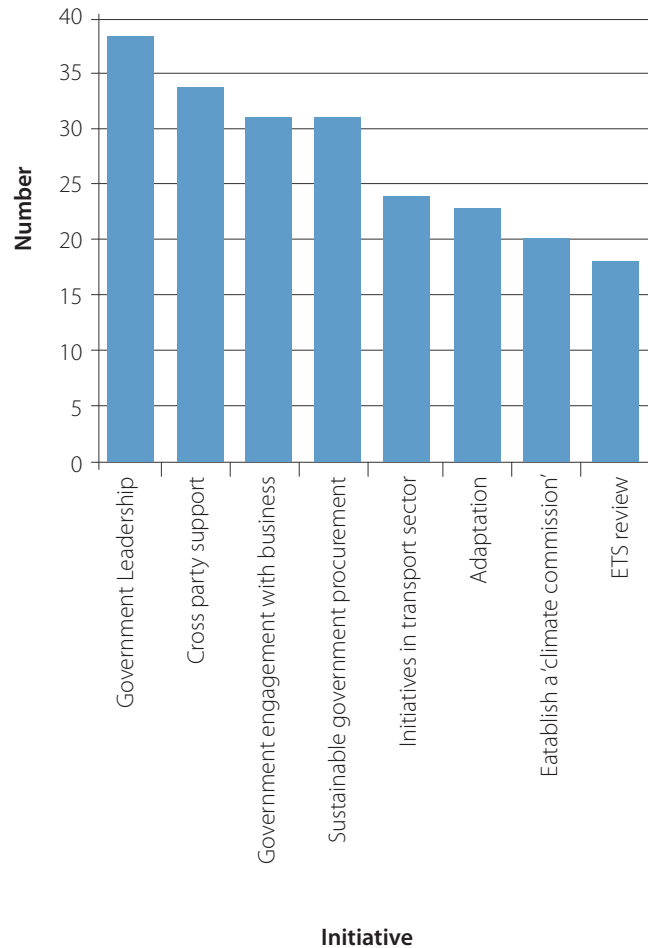
Businesses also had suggestions for initiatives and actions outside of their own sectors. Some of the potential ideas included a plan to deal with agricultural emissions; research and development on the carbon benefits of native trees; regulation to improve fuel efficiency standards; and incentives or levers that kick-start and support movement to more efficient technologies.

There was good awareness of work being done internationally, including countries working with the UNFCCC, World Bank, UNEP, CDP, Gold Standard and other influential international organisations on GHG methodologies where the focus is on mitigation and adaptation.

“Data gathering and sharing is critical to understand where we are now and therefore, where we’re projected to be taking into account our efforts (proposed or underway) by 2020.”

“There’s a massive opportunity in meaningful partnerships in New Zealand. We need to take advantage of the fact we’re a village. Partnering through Supplier Codes of Conduct will have a tremendous impact.”

Figure 6: Business view on what would be beneficial from Government in relation to climate change policy and/or action



Appendix 1: Participating businesses

List of businesses that participated in the survey:



The survey was analysed by Dr Lee Bint - Sustainable Building Scientist at BRANZ and SBC Future Leaders' Programme Alumni Representative; Tina Frew - Optimisation Analyst Z Energy and Business Energy Council Young Leader; Steve Summers - Economist, BusinessNZ; and Kate Alcock - Project Manager, SBC



Appendix 2: Survey questions

The Sustainable Business Council and Major Companies Group are conducting this survey to collect information on what climate initiatives businesses already have underway, to ensure their activity and thinking is well represented at the COP21 negotiations in Paris on 7th/8th December. Individual answers will not be shared.

Depending on the level of your business' activity on climate change, the survey will take about 15 minutes to complete. The survey closes at **5pm on Thursday 1st October**.

Business information

- 1) Name: _____
- 2) Role: _____
- 3) Organisation: _____
- 4) Email: _____

Climate change implications for your business

5) Is climate change one of the top five issues for your business?

- Yes No Unsure

If you answered "yes" or "no", please state why: _____

6) Does your business have a climate strategy?

- Yes No Unsure

If you answered "yes", how long is the strategy period?: _____

7) Does your business have emissions reduction targets in place?

- Yes No Unsure

If you answered "yes", what is your emissions reduction target?: _____

8) Do you report on your emissions to a programme or accreditation standard (such as CEMARS, Carbon Disclosure Project, CarboNZero, ISO 14064-1)

- Yes No Unsure

If you answered "yes", please state which: _____

9) Have you publicly released information about your business' climate change activities in the last 3 years?

- Yes No Unsure



10) How do you see climate change affecting your business? (Tick all that apply)

	Positive impact	No change	Negative impact
Will affect the quality of raw materials I access or products that I can produce	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Will affect my investment in technology and equipment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Will affect the location of my business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Will affect consumer demand for my product(s)/Service(s)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Will affect my business resource use	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (state)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Climate initiatives

11) What types of climate change initiatives do you have in place, or have completed in the last two years?

This could include initiatives to reduce your business' impact on climate change; initiatives to reduce risk to your business associated with climate change; and/or initiatives to help your customers reduce their own impact on climate change (products and services).

Please include:

- The name and a description of the initiative
- Outcomes/deliverables
- If you have worked with other businesses and/or organisations to deliver the initiatives who was, and if so in what way (collaboration, joint venture, joint sponsorship etc)
- The end date of the initiative (month and year)

Please feel free to include any further information as attachments to the survey email request.

13) Do you have any learnings you would like to share on what works or what doesn't work in relation to climate initiatives?

14) Of the initiatives you have listed, which do you see as having the greatest opportunities to be scaled up across the business community, if any?

15) What initiatives could businesses collectively work on in the lead up to 2020?

COP21 negotiations

16) What do you want from the Paris negotiations?

17) Are you expecting any outcomes from the Paris negotiations to have an impact on how you shape or conduct your domestic business practise?

- Yes No Unsure

If you answered "yes" or "no", please explain your answer: _____
