CLIMATE-RELATED IMPACTS PUSH LARGE COMPANIES TO ALIGN BUSINESS WITH CLIMATE SCIENCE

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NEW YORK, September, 2019–To prevent catastrophic global warming, the world needs to achieve net zero emissions by 2050 or before. Now a new study from Newsweek's Vantage division, based on a survey of over 300 multinational companies, finds that a majority are experiencing disruptions in their operations, and are raising their ambitions in line with climate science–with wide-ranging consequences for global supply chains.

Key findings:

- Three-quarters (76%) of surveyed companies has set a target to become carbon neutral or better, with most (89%) aiming for 2030 and the rest, by 2050 or earlier.
- Insulation from climate risks is the lead driver of ambition, cited by over eight in ten (81%) respondents. The second was risk of litigation (77%).
- Seven out of ten (72%) said they have already experienced climate-related supply disruptions and over six out of ten (66%) have seen their operations directly impacted by climate change in the past 12 months.
- Renewables investment is the leading course of action (82%). More than six in ten (62%) respondents said they will also require key suppliers to invest in renewable energy.
- Of those with a goal to reach net zero, more than eight in ten (82%) expects a return on related investments–within around six years.
- To meet their goals, one third has put in place an internal carbon price and another third will do so by 2020, averaging around $10 per ton.
- Around two-thirds (65%) cited lack of government incentives or lack of carbon pricing (64%) as a key challenge, with almost all (95%) in favor of mandatory pricing, with a majority favouring a global price (64%).
- Respondents also cited as challenges technology gaps, such as in transport, storage and carbon capture technology. As such, precisely half (50%) said they would use offsets to help meet their goals, though a similar share (56%) cited problems finding good offset projects and verifying their impact.

"Several factors seem to be driving such strong ambition among large corporations." said Katy Shields, report author. "Among them, last year's report by the IPCC, which stressed how we need to get to net zero–fast, which two-thirds of respondents said had influenced their ambition. But more importantly, our research shows that climate change is already here and impacting businesses. To navigate the risks and opportunities requires above all climate-competent leadership—and not just in very large corporations. As large players begin to target emissions in their supply chains, and more investors scrutinize assets for climate risks, preparing for net zero is fast becoming an imperative for all companies."

About the report

The report, entitled *"Towards Net Zero: How Business is Rising to the Challenge,"* is based on an anonymous survey of 307 senior executives undertaken during July and August 2019, from companies with earnings over $500m, across six major sectors: food and agriculture, industrials, consumer goods, transport, technology and healthcare. Respondents hailed evenly from the Americas, Europe and Asia. The researchers also interviewed 20 corporate leaders and experts to find out how companies are preparing for the transition—the actions being taken, the key elements of strategy—and what else needs to happen to enable business and society at large to move towards net zero. The report was researched and written by Newsweek Vantage with sponsorship from Engie, Ingersoll Rand and its strategic climate brands Thermo King and Trane, and Kaiser Permanente. BSR, a non-profit, was knowledge partner.

https://www.newsweek.com/vantage-net-zero-how-business-rising-challenge-1460593

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Note to editors

This report is launched as world leaders are gathering in New York for the UN's Climate Action Summit, and comes alongside news that 87 companies with combined revenues of $2.3trn have signed an agreement, with the UN Compact, to set climate targets across their operations and value chains aligned with limiting global temperature rise to 1.5°C above pre-industrial levels and reaching net zero emissions by no later than 2050.

About Newsweek Vantage

Vantage is the thought leadership division of Newsweek that combines original research and expert analysis to explore topics that are defining the global business environment.

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Newsweek is the modern global digital news organization built around the iconic, 85-year-old American magazine. Newsweek reaches more than 30 million people each month across a dozen print and digital platforms. Headquartered in New York City, Newsweek also publishes international editions in EMEA and Asia.

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