

THE ROLE FOR BRANDS AND BUSINESSES AFTER COP27

COP27 has been viewed as a missed opportunity, with slowing progress on key issues and a lack of governmental leadership on climate action and transparency. More than ever businesses and their brands have an opportunity to step up and lead by example. Below we have captured five essential takeaways from COP27 and what they mean for businesses and brands going forward.

01 SHIFTING AND BROADENING AREAS OF FOCUS FOR SUSTAINABILITY

Priorities have shifted from COP26 to COP27 – new important themes have emerged in recognition of increasingly stretched planetary boundaries. Discussions this year covered the critical topics of water scarcity, regenerative agriculture, reversing biodiversity, and loss and damage funding. Often those most vulnerable to climate change are in developing countries where they are being severely impacted by multiple climate issues. COP27 went further than previous COPs to highlight the interrelated nature of environmental and social issues. Discussions indicated greater acknowledgment of how countries are being impacted and that, ultimately, climate crisis requires action on multiple fronts beyond emissions reduction.

WHAT THIS MEANS FOR BRANDS:

Brand narratives need to move away from focusing on singular issues and showcase what they are doing to address climate change and societal issues holistically. It is also important to tailor communications to different regions – as consumer priorities will vary based on environmental context, and therefore what is likely to affect them most.

WHO'S DOING THIS WELL?

Nestlé believes in having positive impact by tackling a range of interconnected issues, from emissions reduction to biodiversity, and more. With a focus on implementation, Nestlé's sustainability agenda ladders down to its individual product brands, who also seek to deliver on the corporate agenda to deliver system-wide positive impact.



02

YOUNGER GENERATIONS ARE CALLING OUT THE 'HONESTY-ACTION' GAP

Youth movements are losing faith in governments and businesses, as the changes needed do not match up to the actions being taken. Despite a need for a 45% emissions reduction to align with a 1.5C pathway, current pledges show increased emissions by 10.6% by 2030. With youth voices, such as Greta Thunberg, being absent from COP in protest, young people are framing the measurable lack of progress as the "honesty gap": that governments and businesses are not truly serious about addressing climate change and other areas of social justice.

WHAT THIS MEANS FOR BRANDS:

To **win over younger generations**, from young consumers to new employees, brands need to communicate with transparency and show how they are holding themselves to account. There is also a need to include them in a brand's sustainability journey: 85% of consumers under 30 say they are interested in sharing their ideas and experiences with companies to help them develop better solutions to social and environmental problems.¹

WHO'S DOING THIS WELL?

Prospect 100 and **Kering's** Global Design Competition invited participants under the age of 25 to take items of clothing from their wardrobe and demonstrate how they could make the entire stakeholder process more sustainable, from sourcing fabric and choosing chemical-free dyes to delivering the end-product to the consumer. This gave them the opportunity to both share their ideas and help shape the future of Kering's brands.

03

ENHANCED TECHNOLOGY AND TOOLS ARE KEY TO DRIVING GREATER TRANSPARENCY

New tools, data and technology are now being leveraged to assign responsibility and failure to adhere to commitments, call out greenwashing, but also to provide guidance on driving credibility. The International Organisation for Standardisation (ISO) has published a set of definitions and guiding principles for target setting, intended to guide the creation of credible net-zero targets and plans across the public and private sectors.²

WHAT THIS MEANS FOR BRANDS:

Science and technology have important roles to play in helping brands measure and track progress on their pledges, as well as showing credibility and accountability with consumers. However, having the tools and data is not enough on its own: brands need to be able to communicate this in a way that **connects with consumers**, as using technical vocabulary risks alienating them.³

WHO'S DOING THIS WELL?

Doconomy's Product Impact Calculator gives brands the opportunity to calculate their product's environmental footprint, based on the emissions created from manufacturing and transport up until the point of sale. It is a tool that helps responsible brands do their part in educating consumers by raising awareness of the environmental impact of their purchases.



04

EXPECTATIONS AND LEADERSHIP LIE IN RESTORATION AND REGENERATION

For many, the high point of the conference was the breakthrough agreement on a loss and damage fund to help developing countries deal with the historic effects of climate change. Climate justice will surely take a more prominent position within the sustainability agenda in coming years. Research shows that developing countries could face up to \$580bn in climate change related damages by 2030 and the human and natural consequences of that will be enormous.⁴

WHAT THIS MEANS FOR BRANDS:

With details on the loss and damage fund still scarce, brands and businesses can play a leading role in helping the communities in their supply chain cope with and recover from the effects of climate change. This means proactively mapping their value chain to identify how they can repair, regenerate and build resilience in the communities and environments in which they operate.

WHO'S DOING THIS WELL?

Timberland has been working with Terra Genesis International to build the world's first regenerative rubber supply system in Thailand. With a focus on revitalizing biodiversity, the positive impacts include a restoration of the environmental ecosystem and increased resiliency for farmers who can now rely on multiple streams of income from a diversity of crop yields.

05

COLLECTIVE BUSINESS LEADERSHIP AND CONVENING POWER IS MORE CRUCIAL THAN EVER BEFORE

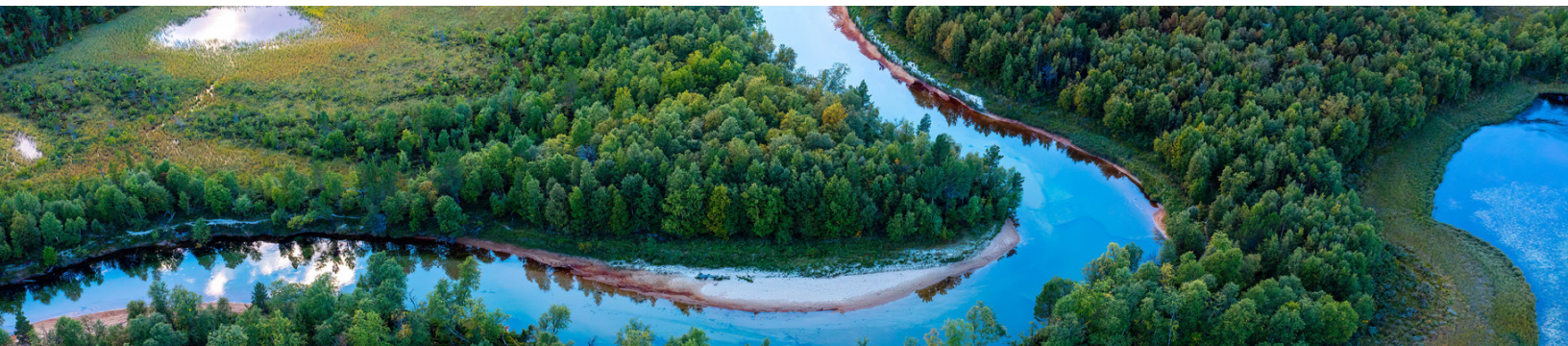
With only 24 out of 194 countries meeting the deadline to raise their nationally determined contributions to limit emissions by the start of the conference, the 'implementation COP' is defined more by watered down ambitions than action. But while governments faltered, the business community rallied – renewing its commitment to net zero, announcing new collective initiatives, and ratcheting up the pressure on national leaders.

WHAT THIS MEANS FOR BRANDS:

Consumers will not excuse government inaction as a reason for businesses to fall behind on their sustainability commitments. Even when faced with rising costs of living, consumers still recognise the importance of addressing the climate crisis. They are looking to brands to demonstrate their value with their sustainability credentials, and take on some of the consumer's burden of responsibility. Brands need to keep pushing the agenda by identifying opportunities for cross-sector and cross-party initiatives to create economies of scale and systemic change.

WHO'S DOING THIS WELL?

Asia's first climate change alliance for business, the **Asian Corporate Coalition for Climate Change Resilience (A4CR)**, was launched in 2022. Bringing together corporates, industry thought leaders and professional institutions, the A4CR is a strategic coalition which will help businesses take strategic climate action into their corporate governance practices, business operations and financing structures, accelerating climate change resilience across APAC.



References:

1. Ogilvy Consulting. 2022. For Gen Z: brand is what you share, not what you sell.
2. ISO. 2022. Net Zero Guidelines.
3. Ogilvy Consulting. 2022. Sustainability communications need to get real.
4. Financial Times. 'Loss and damage' stalemate is at breaking point as COP27 begins. Nov 8, 2022.

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