

OUR ACTIONS MATTER PLANNING FOR POSITIVE IMPACT

The Role for Brands After COP26
By The Sustainability Practice

Ogilvy CONSULTING

INTRODUCTION



While COP26 may now be behind us, the implications for brands are here to stay. Global temperatures continue to rise beyond manageable levels, and a complex range of social and environmental issues unfold.

With stakeholder capitalism still to be widely adopted, shareholder profit motives and the demand for growth remains.

Against this backdrop, it is clear that the private sector—from finance through to brands—must take its seat at the table when it comes to delivering solutions to the challenges of net zero. In this report, The Sustainability Practice at Ogilvy Consulting looks at what can be learnt from the COP26 and the consequences for businesses and brands as we progress into 2022.

The report outlines the key challenges facing clients' right now, the thematic issues that arose at COP, and the strategic directions brand owners must plan for long-term. One thing is clear: Brands and how they connect with their key stakeholders and consumers will play a major role in helping

drive the positive impact that COP26 outlined the need for. As governments deal with the long tail effects of the pandemic, there is a greater than ever need for innovative, environmental and socially conscious brands.

The new realities of sustainability demand behaviour change, public and consumer education, and impactful strategies that convene stakeholders around ambitious climate goals.

Brands have a powerful role to play in facilitating this action but must also be aware of protecting their license to operate against stricter incoming regulation and reporting. The need to act transparently and authentically is more pertinent than ever.

Our industry's actions matter. By planning to create positive impact, we can be very much part of the solution.

From The Sustainability Practice

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THE THREE BIG CHALLENGES FACING EVERY BRAND

AMBITION-REALITY GAP

There's a growing gap between climate ambition and climate reality. This extends from net zero commitments made by nation states, through to the commitments of businesses. Mobilizing all stakeholders from consumers and investors to employees will be critical if businesses are to deliver on their commitments.

THE DECADE OF DELIVERY

Businesses will have to implement comprehensive sustainability initiatives at every point in their value chain. Convening and engaging partners and cross-sector initiatives will be critical to making headway on scope 3. Consumer activists are increasingly demanding action and will expect to see progress not promises by 2030.

THE GROWTH PARADOX

Both governments and businesses are being confronted with the challenge of how to grow while shrinking their carbon footprint.


THE KEY THEMES FROM COP26

We have broken down the key themes from the two weeks of COP by sector and audience and identified what this means for brands and businesses today and over the next five years



NATURE, ADAPTION, LOSS AND DAMAGE, SCIENCE AND INNOVATION

System transformation is possible - national governments, finance firms, commercial forest commodity users and the private sector pledged commitments to halting biodiversity damage and financing regeneration



The significant role that nature plays in the climate recovery was made clear from the start of COP26, with 100 world leaders promising to end and reverse deforestation by 2030. Unlike the Declaration on Forests agreement in 2014, this declaration signals real system transformation. Key countries like Brazil are part of the commitment this time, and the pledge includes almost £14bn of public and private funds.

This momentum for nature-based solutions continued into Land Use and Nature Day, where additional commitments were made which signal the shift to sustainable, regenerative supply chains with a focus on the people behind the production, including indigenous groups.

COMMITMENTS AND MOMENTS

45 nations signed a new policy action agenda to help deliver a low-carbon and deforestation-free food system that supports farmers and others across the food chain.¹

33 major financial institutions with more than \$8.7T in assets have committed to stop financing deforestation driven by agricultural commodities by 2025.²

150 organisations including businesses, research institutions, farmers groups, and regions and states have signed up to invest more than \$4B of public investment in agriculture innovations like climate-resilient crops, digital technologies, and soil quality improvement solutions.³

¹UK leads 45 governments in new pledges to protect nature, Nov 6th 2021. Accessed [here](#).

²COP26: Asset managers representing \$87trn in assets vow to stop financing deforestation, Nov 6th, 2021. Accessed [here](#).

³Around \$4B in public sector investments will be used for agricultural improvements, Nov 6th 2021. Accessed [here](#).

WHAT DOES THIS MEAN FOR BRANDS AND BUSINESS?

As supply chain standards increase over time, sustainability claims are likely to become the norm. Brands will need to be smarter about when and where sustainability credentials are shown.


Consumer demand for action in the supply chain is steadily growing, making action an expectation, not a nice-to-have. As sustainability continues to shift from a USP to business-as-usual, brands attempting to leverage their sustainability credentials may find that this no longer creates meaningful differentiation.

Brands must integrate sustainability efforts into their entire customer experience while continuing to find ways to connect with customers on an emotional and benefit-led proposition.

The background features a dynamic, abstract design with diagonal streaks of blue and orange, suggesting energy or motion. Overlaid on this are several white geometric shapes: a large circle in the upper left, a large curved line sweeping from the middle left towards the bottom right, and a smaller, more complex white shape in the bottom right corner.

ENERGY

There's a growing gap between fossil fuel reduction
ambition and net zero targets



While COP26 put energy firmly in the spotlight, tensions will persist as the world's new net zero ambitions face up to our energy reality. COP succeeded in getting 197 countries to agree to new rules on limiting greenhouse gas emissions, but last-minute objections from India and China stymied a commitment to end coal use and fossil fuel subsidies.

For brands, this will place increased scrutiny on their own net zero claims. Civil society groups are increasing pressure, and they will be quick to call out 'greenwashing' on speculative targets or problematic 'offsetting' programs. Stricter reporting measures from the likes of the Science Based Targets Initiative and Task Force on Climate-Related Financial Disclosures, and communications regulation with the CMA's 'Green Claims Code', will increase accountability.

COMMITMENTS AND MOMENTS

For the first time in COP history, a direct reference was made to ‘fossil fuels’ in the final agreement between parties.

To counter the growing gap between climate ambition and emissions reality, parties also agreed to return to the agreement at COP 2022, shortening the previously agreed five-year timeframe for revisions.⁴

⁴UK Cop26, Cop26 keeps 1.5c alive and finalises Paris Agreement, Nov 13th, 2021. [Accessed here.](#)

WHAT DOES THIS MEAN FOR BRANDS AND BUSINESS?

There will be heightened analysis of net zero ambitions, calling for transparent communications about the actions being taken in the here and now.

The final COP26 agreements notwithstanding, coal has clearly had its day. But we are unsurprisingly far from ending our reliance on fossil fuels at large.

We simply don't have the green energy capacity to give up oil and gas just yet. As Jason Bordoff, Dean of Columbia Climate School, makes clear, "It's the biggest issue facing the energy sector: How can we balance the need for energy security with the need to wean the world off its dependency on fossil fuels?"⁵

For brands, this means communicating the reality of their transition to net zero in the here and now, alongside any longer-term ambition. Navigating the pitfalls of greenwashing and the challenges of the transition will require brands to be transparent and honest about the progress they are making, as they establish a contract of expectations with consumers.

See Ace & Tate's response to being announced as a B-Corp: they used the moment of celebration to reflect honestly on their sustainability journey and to reset what they now realised was an originally 'unrealistic carbon goal'.⁶


⁵Jason Bordoff, 331 | Climate Ambition vs Energy Reality, Nov 4th 2021. [Accessed here.](#)

⁶Ace & Tate, 'Look, we f*cked up', Sept 07, 2021. [Accessed here.](#)



FINANCE

A work in progress



Former Bank of England Governor, Mark Carney led a coalition of international finance organisations to commit \$130T of private capital to hitting net zero emission targets by 2050. The Glasgow Financial Alliance for net zero (GFANZ) initiative, however, pushes the hard work down the road, with many signatories pushing back against the International Energy Agency's roadmap to halt new investment in fossil fuels this year. These efforts were echoed by Chancellor Rishi Sunak's plans to require businesses to publish their net zero road maps.

COMMITMENTS AND MOMENTS

The GFANZ alliance now accounts for 40% of the world's total financial assets, up from \$90T.

GFANZ members are required to transition their portfolios in line with the Paris Agreement and are being pushed to work towards 1.5°C rather than 2°C temperature pathways.⁷

Developed nations will deliver the \$100B of finance to developing nations first promised in 2009; however, it will still arrive three years late.⁸

⁷Bloomberg, UN Special Envoy for Climate Ambition and Solutions Michael R. Bloomberg Joins UN Special Envoy on Climate Action and Finance Mark Carney as Co-Chair for GFANZ, Nov 02, 2021. [Accessed here.](#)

⁸William Worley, Report: \$100B climate finance commitment won't be met until 2023, DevEx, Oct 25, 2021. [Accessed here.](#)

WHAT DOES THIS MEAN FOR BRANDS AND BUSINESS?

Sustainability laggards, in finance and beyond, will come under pressure from investors to adapt or perish.


In the UK, the government's ambition to become "the world's first net zero aligned financial centre" will require heightened investment and reporting from businesses. Companies (of a set scale) listed in the UK will be expected to publish 'net zero transition plans' that detail how they will adapt and decarbonise as the UK moves towards to a net zero economy by 2050.⁹ While this signals a shift towards enhanced scrutiny of net zero

ambitions and an emphasis on sustainable investing, the reporting will not be mandatory.

Finance brands, themselves, face major reputational risks as they seek to navigate the transition journey they have agreed to, with citizen expectations increasingly demanding an end to new fossil fuel exploration.


They can expect a level of activist attention and citizen scrutiny that has traditionally been preserved for extractive industries.

⁹UK Gov, Chancellor: UK will be the world's first net zero financial centre, Nov 3rd, 2021. Accessed here.



YOUTH EMPOWERMENT DAY

Greta Thunberg says the climate summit is just a 'PR event' and many are calling out delegates for 'Youthwashing' on climate



Youth Empowerment Day was a reminder to the world what is at stake. Young activists showed determination, but also anger; many are still largely unhappy and unimpressed with the lack of real action coming from world leaders.¹⁰

Ayisha Siddiqa, a 22-year-old climate activist from Pakistan known for her leadership in the climate strike and fighting fossil fuels, was invited to speak at a Climate Parliament event at COP where the UK and India announced a new high-level coalition for clean energy. She said that the national leaders present at the announcement spoke about proposals without being held accountable for their climate controversies.

We also saw the power youth can wield on older generations; a delegation of mothers handed a letter to COP26 President Sharma on behalf of parents groups around the world urging heads of state to end financing for all new fossil fuels to protect their childrens' health.

¹⁰Climate Activists Say They're Sick of Being 'Youthwashed' at COP26, Nov 9th 2021. [Accessed here.](#)

COMMITMENTS AND MOMENTS

23 countries made pledges to include better climate education in their curriculums, including the UK, South Korea, Albania, and Sierra Leone. The pledges range from decarbonising the education sector to providing new school resources.¹¹

Nations have been requested to consider, formulate, and publish updated Nationally Determined Contributions (NDCs) to the Paris Agreement for 2030, by the time COP27 begins in Egypt this year. This new “ratcheting mechanism” will enable the public and other nations to scrutinise slow movers on climate action.¹²

¹¹Young People Demand Action to Protect Their Futures at COP26, Nov 5th 2021, [Accessed here.](#)

¹²Glasgow Climate Pact: The 7 key talking points from the new global deal at COP26, Nov 14th 2021. [Accessed here.](#)

WHAT DOES THIS MEAN FOR BRANDS AND BUSINESS?

Youth movements are accelerating accountability, with the expectation that brands move from doing no harm to having a positive impact.


Younger generations can spot greenwashing and empty claims, and they will not hold back in holding brands accountable. However, this also goes beyond emissions and net zero. Sustainability agendas need to address the intersectionality of climate change with other cultural and social priorities such as social justice.

Many brands have historically used sustainability to engage Gen Z audiences, but with scrutiny running high, brands will need to do their homework. That said, this cohort will look to brands to help close their own intention-action gap on sustainability.

The background is a dark, textured surface with wavy, concentric lines that resemble sand dunes or ripples in water. Overlaid on this are several thin white geometric lines: a large circle on the right side, a triangle on the left side, and a horizontal line near the top.

MOBILITY TRANSPORT, CITIES, REGIONS AND BUILT ENVIRONMENT

More attention is needed on behaviour change
and alternative mobility options in cities and the
countryside to minimise emissions



Another of the UK government's focus areas for COP26—cars—received a boost with a declaration that all new vehicle sales in leading markets should be net zero by 2035, signed by 30 countries and several vehicle producers. The impact of the agreement was lessened, however, by the fact that China, Germany, and the US declined to join, as well as four of the five largest manufacturers in Volkswagen, Toyota, the Renault-Nissan alliance, and Hyundai-Kia.

Elsewhere, nations representing 40% of aviation emissions pledged sector-specific 1.5°C goals, the first time the notoriously hard to abate sector has made commitments since being left out of the Paris Agreement.

While progress was made, discussions on mobility were marked as much for what they missed as for what they included. There were no agenda items dedicated to mobility alternatives such as walking or cycling, leading to criticism from protestors amid wariness that decisions were being made for economic, not environmental priorities.

COMMITMENTS AND MOMENTS

Nations representing 40% of aviation emissions
pledge sector-specific 1.5°C goals.¹³

COP26 declaration on accelerating the transition
to 100% zero emission cars and vans gains
wider support.¹⁴

¹³UK Cop26, International Aviation Climate Ambition Coalition, Nov 10th, 2021. Accessed [here](#).

¹⁴UK Gov, COP26 declaration on accelerating the transition to 100% zero emission cars and vans, Nov 10th, 2021. Accessed [here](#).

WHAT DOES THIS MEAN FOR BRANDS AND BUSINESS?

Alongside market-based solutions, there is an opportunity for behaviour change in travel and mobility.

The disruption in mobility represents a huge business opportunity, valued at \$2.2Tr, transforming how people and goods move today. In this evolving market, almost every industry has a mobility opportunity, but the scale of transformation required creates a complex issue. Brands must identify solutions built on the needs of cities and communities, creating business models that monetize those solutions.


The need for brands to accelerate innovation is clear, but as we wait for the transition to greener fuels, mandates for behaviour change, like promoting walking and cycling, can have an immediate short-term impact.

This may seem at odds with the purpose of the mobility category, but brands have already shown the creative opportunity of embracing this issue. For example, German Rail's award-winning (and revenue growing) 'No need to fly' campaign reminded travellers of what lay on their doorstep, prompting them to choose rail over air for their latest holiday.



RESILIENCE AND REGENERATION

An emerging issue that is lacking a clear leader,
presents an opportunity for the private sector
to pave the way



Perhaps COP's most glaring shortcoming was the failure to address meaningful action on loss and damages. The front line of climate change is often in vulnerable communities with low carbon output. However, resilience is increasingly rising in prominence for policy makers, businesses, and citizens. Civil society groups complained that indigenous communities were effectively priced and shut out of COP, highlighting a broader issue of inclusivity and stakeholder engagement.

The plight of vulnerable communities and the environments they manage is likely to grow over the coming years, and with the next COP being hosted in the global south in Egypt, it will likely occupy a significant place in future discussions. The emergence of resilience metrics will change how both business and governments make decisions and assess risk. For businesses committed to realising shared value across their supply chain, resilience is likely to be a growing concern.

COMMITMENTS AND MOMENTS

Only \$2M of funding for loss and damage was secured at COP, well short of the billions required each year.

The UN-backed Race to Resilience campaign launched a metrics framework that, for the first time, allows cities, regions, businesses and investors to measure the progress of their work in building resilience to climate change for the 4 billion people most at risk by 2030.

A \$150M investment in agricultural regeneration, announced by the EverGreening Alliance at COP26, will build the resilience of rural communities in Africa.

WHAT DOES THIS MEAN FOR BRANDS AND BUSINESS?

There is an opportunity for brands to play a more active role in the communities where they operate, especially those already experiencing climate disaster.


With governments failing to deliver for the most vulnerable communities, brands and businesses can play a leading role in delivering benefits to workers and communities in their supply chain.

Impacts on both people and the planet can be shared in communications, from brand advertising down to product tags, reflecting the reality of how and why a product or service is made.



GENDER EQUALITY

Climate change and social justice are linked



With 80% of those likely to be displaced by climate change women and children, addressing the intersections of climate and inequality will be critical for brands in the sustainability strategies of the future.¹⁵

COP26 addressed the issue of gender equality. There's a growing body of evidence suggesting that women are on the frontline of climate change due to their role in managing the environmental capital around them, from cooking and cleaning to growing food and managing livestock.

This means that, particularly in the global south, women are most likely to feel the effects of climate change and extreme weather. This is heightened by their lack of access to resources and leadership positions. This was underscored by the fact that of the 140 heads of delegations at COP26, only 10 were women.

But while COP26 heard from a range of women voices, the problem of climate's intersection with gender received relatively little in the form of practical solutions, and funding commitments were paltry compared to other areas.

¹⁵UNDP, *Gender and Climate Change*, 2016. Accessed [here](#).

COMMITMENTS AND MOMENTS

The US pledged \$14M to the Gender Equity and Equality Action Fund and "\$3 million investment to support women farmers in East Africa to adapt to climate impacts."¹⁶

Several countries also outlined plans for more gender-sensitive climate policies, including Bolivia, Canada, Ecuador, Germany, and Sweden.

¹⁶UNFCCC, Momentum Builds, Nov 09, 2021. [Accessed here.](#)

WHAT DOES THIS MEAN FOR BRANDS AND BUSINESS?

ESG needs to be approached and communicated holistically. The social and environmental aspects of sustainability strategies need to come together.

More particularly, brands need to communicate the lives and communities they touch and impact, not just how those communities use and engage with the natural world. In the years to come, effective sustainability strategies will highlight the shared value they build in communities, particularly with marginalised groups such as women.



HOW BRANDS AND BUSINESS CAN PLAN FOR THE LONG-TERM

A NEED FOR TRANSPARENCY AND ACCOUNTABILITY

AS TO HOW BRANDS ACHIEVE THEIR CLIMATE AMBITION REALITY GAP

There's a growing gap between climate ambition and climate reality: as the world hopes to limit warming to 1.5 °c, our current pathway takes us to 2.4°c. Only through continued transparency from all parties and a collective accountability for actions can governments and business reach the reality that matches the targets.

Brands must ensure any claims they make are backed by credible actions or risk being criticised for 'greenwashing'. A long-term net zero ambition is no longer enough but should be matched with a short-term, transparent action-led plan. A simple way

to communicate the work your brand is doing is by focusing on a human time scale: 5 years maximum but preferably focused on the short-term decisions being made. Claims can also be assessed for compliance against the CMA's 'Green Claims Code' coming into force in the new year.

INCREASED FOCUS ON BRANDS ENTIRE CUSTOMER EXPERIENCE JOURNEY AND VALUE CHAIN

Incremental factors have driven up the threshold of compliance, with increasing scrutiny from investors and regulators, so brands attempting to leverage their sustainability credentials may find that this no longer creates meaningful differentiation. At the same time, the sunk costs required to make supply chains more sustainable will be less easy to claim back through sustainability equity alone.

Therefore, showing and not just telling customers about your sustainability efforts will be even more crucial. As the industry regulates and efforts continue to shift from a USP to business-as-usual, brands will need to integrate sustainability efforts into an organisation's entire customer experience journey while continuing to connect with customers on an emotional and benefit led proposition.

BEHAVIOUR CHANGES AND COMMUNICATIONS

PLAYS A CRITICAL SOCIETAL ROLE TO REACH NET ZERO

Eco segmentations are set to grow with a larger-than-ever group of consumers more willing to pay a premium for sustainable goods and services. Despite this growth, by 2030, 50% of consumers are still expected to be unaffected by sustainability claims.

While brands have the power to change behaviour for the better, it will only be when they motivate consumers first. Most consumers either feel they are already playing their part or that responsibility lies elsewhere. They'll be looking for brands to share the pain and brand owners will need to realise value for them across every facet of the brand.

For some brands, a hierarchy of claims that retains focus on traditional reasons for purchase (value, quality, convenience), while introducing sustainability as a default benefit, will be how they promote the purchase of sustainable goods and services across this hard to motivate group.

DELIVERING SHARED VALUE

AT EVERY POINT OF A BRAND'S VALUE CHAIN

Climate change is a human and not just a natural catastrophe, and brands need to show how their businesses realise shared value for the communities they touch at every point of their value chain. Attention needs to focus on marginalised groups.

The evolving nature of metrics and frameworks is already driving regulatory and investor behaviour, but forward-thinking brands need to be assessing their ESG strategies in integrated ways and crucially, establishing credibility with consumers. Partnerships at both global and local level are key to add credibility here.

BRAND'S MUST PROTECT THEIR LICENCE TO OPERATE ACROSS ALL STAKEHOLDERS

As we progress along the UN's 'decade of delivery', there will be increasing regulatory scrutiny of sustainability claims and actions, with businesses having to implement comprehensive sustainability initiatives at every point of their value chain. The private sector leaves COP26 with a weighty challenge: to imagine new models of growth that deliver for all stakeholders. While stakeholder capitalism is not new, it is set to be tested. Balancing stakeholder needs will be a huge challenge, as brands seek to both expand growth and protect their license to operate.

Brands will have to collaborate with other businesses, finance, local community, and government stakeholders to deliver the actions promised. This isn't an opportunity to score points, but protecting the future of your business. This could take the shape of convening and engaging partners and cross-sector initiatives, critical to making headway on emissions to achieve the at-scale changes needed across value chains.

CONCLUSION



The new realities of sustainability accelerated by COP26 will see a greater need for behaviour change, public and consumer education, and impactful strategies that convene stakeholders around ambitious climate goals. Brands have a powerful role to play but must also be aware of stricter incoming regulation and reporting, acting transparently and authentically to avoid 'greenwashing'.

Our industry is very much part of that solution. If you would like to discuss what this means for your brand with us, please contact: TheSustainabilityPractice@ogilvy.com

The Sustainability Practice can provide services from ESG Advisory to Boards and Management, through to setting sustainability commitments and a narrative for consumers. We work at the intersection of Behavioural Science, Experience, Advertising, PR and business transformation to develop tailored solutions to all sustainability challenges.



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