

# The Business Guide to Green

Insights to influence corporate climate commitments

**Bloomberg Green**

Solutions for a changing climate

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We have created a “playbook” for business leaders looking to further their climate agendas in 2021 and beyond. This playbook identifies the top barriers that organizations must be prepared to address, as well as the top motivations that help drive their climate commitments. This identification should help prioritize efforts and strategies needed to turn sustainability ideas into tangible solutions.

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## Introduction

Summary of findings

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## State of climate commitments

Self-reported benchmarking on climate commitments  
Top commitments of 2020 and what to expect in 2021

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## Motivations for action

Triggers to get ahead — internal and external motivations for long-term commitments  
Motivations behind short-term commitments

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## Barriers in the process

Navigating hurdles of commitment-making  
Preparing for obstacles of implementation

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## The Covid-19 effect on commitments

Changes of pressure on motivations and barriers

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## About the study

Recruitment and fielding details and contact information

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# At Bloomberg, we believe that data is critical to informing business decision-making and understanding future outlooks, and few issues will have a more dramatic impact on the future of our world than climate change.

**We create solutions that enable our clients and readers to advance toward a more sustainable future.**

**Establishing relevant and decision-influencing ESG data for financial markets, and increasing the transparency of this data.**

In January 2020, Bloomberg Media launched Bloomberg Green, a multiplatform editorial brand focused on climate change news, analysis, and solutions. In keeping with Bloomberg Green's focus on climate data and solutions, Bloomberg Media's Data Science and Strategy team worked in collaboration with the Bloomberg Green Founding Partners to develop and field a survey to uncover how the decision-making process works within organizations to better facilitate climate commitments and the implementation of these commitments. Our hope is that the insights behind this process help sustainability leaders understand where they currently rank and provide actionable ways to

navigate their own paths toward greater action.

We engaged sustainability leaders — people in management-level positions and higher — in the United States, Germany, the U.K., Hong Kong, and Singapore who oversee an aspect such as sustainable finance, operations, or sustainable technology in order to hear from those directly involved in their company's climate efforts. Between role responsibilities and attitudinal statements, we pinpointed a cohort of experts who have the greatest access and opportunity to impact their organizations' climate actions.

## We asked

How their organizations stack up against their competitive peers on climate commitments

What commitments were made in the last 12 months and what they anticipate for 2021

What motivations positively impact climate commitments — within and outside of their organization

What barriers slow or stop their progress — of making a commitment, as well as putting a commitment into action

What impact Covid-19 played in increasing or decreasing the ease of making commitments in 2020

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# Summary & Strategies

We've highlighted the top takeaways from this research that have the largest influence on an organization's climate commitments. Anticipating and addressing these influences — positive and negative — will greatly improve the effectiveness of an organization's climate strategies.

## *Pressure and motivation from inside an organization*

- 1. Cost savings is the single most influential factor in making a long-term climate commitment.**  
To gain support from company leadership, the case should be presented in financial terms, with projected efficiencies and the timeline for expected gains. It is also important to know where the budget comes from within the organization. While this is an expected motivation, cost often surfaces as the top obstacle when it comes to implementing a solution — making it doubly important to communicate the upside.
- 2. The motivations for long-term solutions are similar to those that drive shorter-term goals.**  
If priorities are more immediate, it is still important to gain internal endorsement by communicating the financial upside. Gaining support for an action from company leadership is one of the most influential steps to establishing a climate commitment. This support should include leadership's active involvement to ensure a top-down mandate across the organization.
- 3. Long-term planning, clear role assignment and measurement plans are often missing when a commitment fails to get actioned.** A team must be in place to see things through, with authority on budget and resources for measurement. All this is necessary to maintain the organization's confidence in the solution.

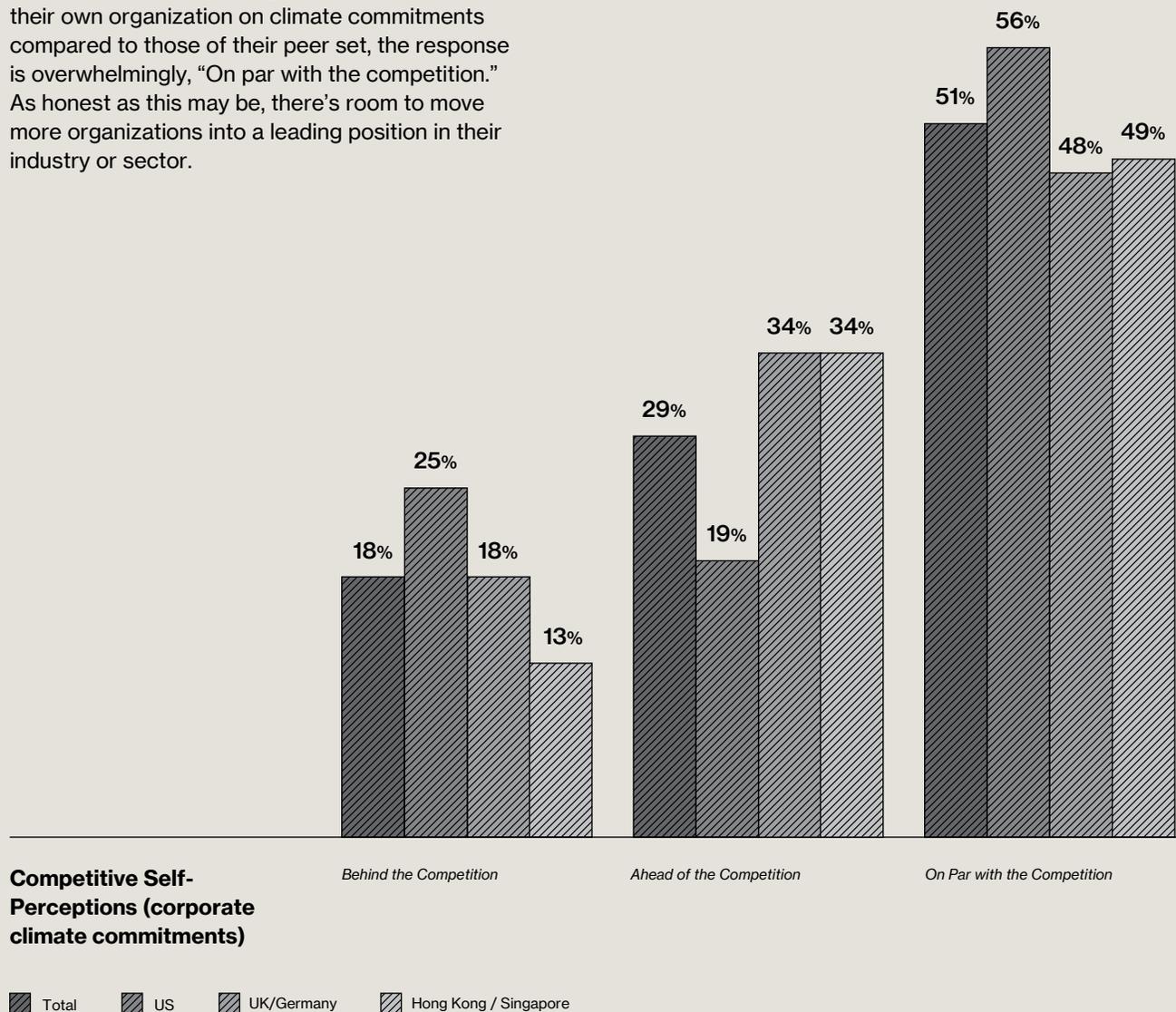
## *Outside influences on an organization*

- 4. Aside from cost and leadership support for climate commitments, there's a key set of external influences to consider.** These include pressure to attract or retain customers (68%), pressure to act because of competitors' commitments (63%) and supply chain pressure (61%). Climate commitment proposals should consider engaging customer/supplier stakeholders and incorporating their interests into the narrative.
- 5. Public opinion is a powerful external trigger for climate commitments — particularly in the United States when compared to the U.K. and Germany.** This effect is likely connected to the lack of regulations to force this behavior in the U.S. Organizations pushing for change, especially in the United States or other nations lacking regulations, can look to competitors' actions and overall brand perceptions for inspiration and pressure, given the extra influence of these outside factors.
- 6. Climate solutions are viewed as a fast path to improving brand performance, but the same connection is not always made for longer-term commitments when it comes to organizations' motivations.** If this situation rings true, an organization has work to do in building the link between public opinion and longer-term planning.

# The middle of the road is a crowded space for organizations' climate performance

## Self-reported standings

When we ask sustainability experts to evaluate their own organization on climate commitments compared to those of their peer set, the response is overwhelmingly, "On par with the competition." As honest as this may be, there's room to move more organizations into a leading position in their industry or sector.



# U.S. companies see themselves most behind

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## 29%

of respondents consider themselves ahead of the competition on climate commitments. This figure is slightly higher for respondents in the U.K., Germany, Hong Kong, and Singapore versus the United States.

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**In the U.S., one-fourth of respondents view their organization as behind the competition.**

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## 34%

of Germany/U.K. and Hong Kong/Singapore organizations see themselves as ahead of the competition, versus 19% of U.S. organizations, a significant difference.

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## Company size matters

Across survey respondents, smaller organizations (less than 500 employees) are more likely than large organizations to say they are behind when it comes to climate commitments (23% versus 14%). It will take greater resources and well-thought-out strategies to bridge the gap between smaller organizations and large corporations.



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# One sector is not lacking confidence: Technology leaders overwhelmingly view themselves ahead of peers

## Technology leads the sectors

Technology leaders didn't fall into a middle-of-the-road mentality. Instead, 48.4% of the sustainability experts in the tech field said their organization is ahead of the competition, versus 29.2% of the overall sample.

This leadership is most dramatic in Germany and the U.K., where 61.3% of respondents in the tech sector said they are ahead of the competition, versus 33.8% of the total sample in the tech sector. Access and familiarity with data is one possible explanation for why tech companies are getting ahead.

## Beware the false bravado

Tech's high scores, however, should be viewed with caution. Keep in mind technology companies are well practiced in communicating with investors and making a favorable impression. At the moment, climate isn't the most pressing issue for the sector, and privacy and security concerns could be more immediate. This short-term view does not take into account the growing pressure to address data storage challenges and associated climate implications.

## The Take-Away

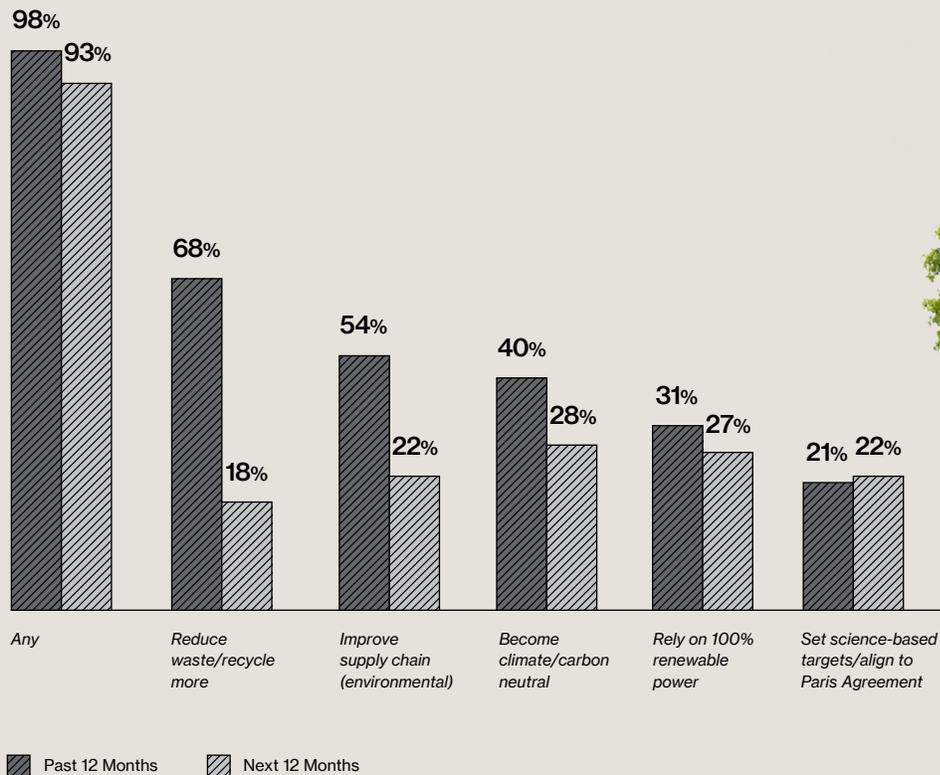
*This reporting makes it clear that it's easy to hide in a position of mediocrity and that organizations need more urgency, confidence, and action. It's difficult to anticipate what will happen in five or 10 years but organizations must be prepared and ready to act now. This action could include taking on solutions that were not part of the original sustainability plan but will help achieve a better result than anticipated.*

# 2020 was a year of convenient commitments, but more ambition is to come in 2021

## Commitments were universal

While the majority of organizations made a climate commitment in 2020 (98% of respondents), the most commonly cited skew toward those that are easier and simpler to implement. Looking ahead to anticipated 2021 commitments, more complex goals are noted.

## Climate Commitments/Actions



Q. Which if any of the following climate commitments has your organization made (Past 12 months)?

Q. Which do you think your organization will make in the next 12 months?

## Reducing waste and/or recycling more was the most common climate-related commitment of 2020.

Percentage of respondents that made commitment in 2020

# 73%

United Kingdom



# 73%

Germany



# 75%

Hong Kong



# 74%

Singapore



# 57%

United States



The easier-to-enact solutions rose to the top in 2020. This ranking and ambition may change in 2021 as the effects of Covid-19 shift and the political climate evolves.

### What to expect in 2021

Looking ahead to 2021 commitments, relying on 100% renewable power and becoming climate/carbon neutral rank highest across respondents. The announced numbers for 2021 commitments overall may be a safe underestimation. In the United States particularly, a change in pressure to act that will drive greater response from organizations is anticipated to come from the Biden administration. That pressure, while coming from the United States leadership, may be felt more globally and work to unite nations, as we have seen from past governance.

### More commitments, more support from leadership

There's a correlation between organizations that made 5+ commitments across 2020–2021 and those that say they have support for action from company leadership. As the number of commitments made in the past year decreased, and those for the upcoming year are expected to decrease, the level of influence and support from company leadership is critical. The involvement of leadership affects overall accountability.

### The Take-Away

*The emphasis on single-use plastics and PPE made recycling and waste reduction more top-of-mind last year. 2020 was an anomaly year and threw off a lot of planning, but climate is a longer-term game and the overall goals of keeping the world temperature down remain. Standards should not be attached to 2020 behavior when working toward a 2030 or 2040 timeline. What is ahead of the curve now may soon become average as shifts in political direction shine a direct light on climate and hold organizations accountable. In the following pages, we've outlined the most influential triggers to prioritize as well as barriers to anticipate in an effort to smooth the path to activating climate solutions.*

## Getting ahead starts with identifying internal motivations

If increasing the use of renewable energy or becoming climate/carbon neutral is on an organization's agenda for 2021 and beyond, it's helpful to locate the motivations that will advance these types of goals within the organization. There are two key themes to focus on to drive change: *endorsement within the organization*, and *a clear financial upside*.

# Utilize the strongest levers of influence

## Internal Triggers

### Internal motivations outnumber external motivations

Overall, the most influential internal motivations — or triggers — outnumber the most influential external motivations 58% to 36% for making long-term climate commitments (at least a two-year commitment, e.g., 2025 or 2030 goal). It follows that strategies should emphasize these internal factors more heavily than outside influences to create the most effective approach for change.

### Gaining endorsement within the organization

Support from company leadership (73%) and support for action by the sustainability team (69%) are dominant triggers of the decision-making process. Beyond support, true involvement from leadership can drive a top-down mandate for the organization to play along.

### Know the financial upside

The other most common internal triggers that lead to making long-term climate commitments include the opportunity to save money (70%) and opportunity to make money (69%) by implementing a solution.

## External Triggers

### Government action is a top prompt

Overall, the most common (76%) and single most influential external factor (13%) for driving commitments is government incentive or regulation. When new policies are enacted, it is critical to respond quickly and take advantage of these periods of greater conclusion. It is difficult, however, to devise strategies in anticipation of government regulation.

### Customers and suppliers have sway

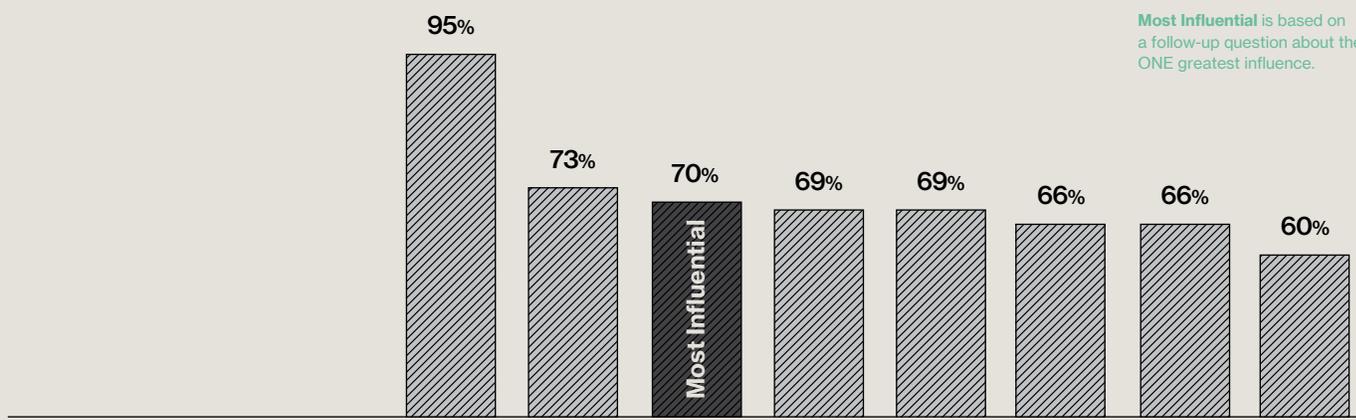
The second set of external influences to consider includes pressure to attract or retain customers (68%), pressure to act because of competitors' commitments (63%) and supply chain pressure (61%). These factors should be considered when framing the narrative for committing to climate action solutions.

### Public opinion is stronger when regulation is weaker

Regional nuances notwithstanding, the power of external triggers, such as pressure to act because of public opinion or because of competitors' commitments, is more strongly felt in the United States than it is in Germany and the U.K. The data shows that U.K. and German companies feel more internal pressure than those in the U.S. and Hong Kong/Singapore (63% versus 50% and 60%, respectively), while U.S. companies are more likely to be triggered to act by an external influence (44% versus 30% and 35% for U.K./Germany and Hong Kong/Singapore).

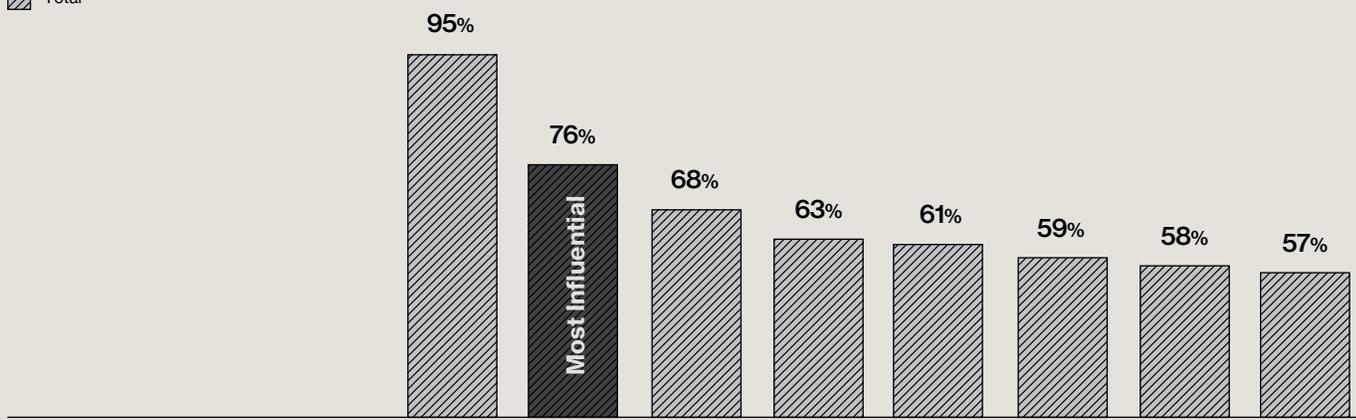


Most Influential is based on a follow-up question about the ONE greatest influence.



**Internal Triggers to Executing Climate Solutions – Tier 1/Long-Term Goals**  
 % top extremely/very influential

Total



**External Triggers to Executing Climate Solutions – Tier 1/Long-Term Goals**  
 % top extremely/very influential

Total

Q. How influential would each of the following be in executing solutions for climate goals with a longer-term timeline (more than 2 years, e.g., 2030 goals) in your organization?

**The Take-Away**

Across internal and external pressures, there's one clear trigger to prioritize: the opportunity to save money by implementing a solution. To gain support from company leadership, start by building a relationship with the finance team and make the business case. Use cost and efficiencies to tell a single-minded narrative.

## Reputation-building is a greater consideration for short-term commitments

Comparing the internal triggers for short-term commitments (goals within two years) to those for long-term commitments, we see a similar ranking and scoring. In other words, the impetus for grander solutions is similar to what leads to action on a smaller, shorter scale. If an organization's priority is more immediate, it should still focus on endorsement within the organization and communicating the financial upside to action.

**One important regional difference to note: Organizations in the United States and Germany/U.K. are more likely than those in Hong Kong/Singapore to feel pressure from public opinion and cite that as a greater influence on their short-term climate actions**

(66% and 64% versus 51% extremely/very influential).



**66%**  
United States



**58%**  
Germany



**70%**  
United Kingdom



**52%**  
Hong Kong



**51%**  
Singapore

This again points to climate solutions as a quick response rather than a secure aspect of a brand vision — something to be mindful of in coming years.

#### Quick action for reputation-building

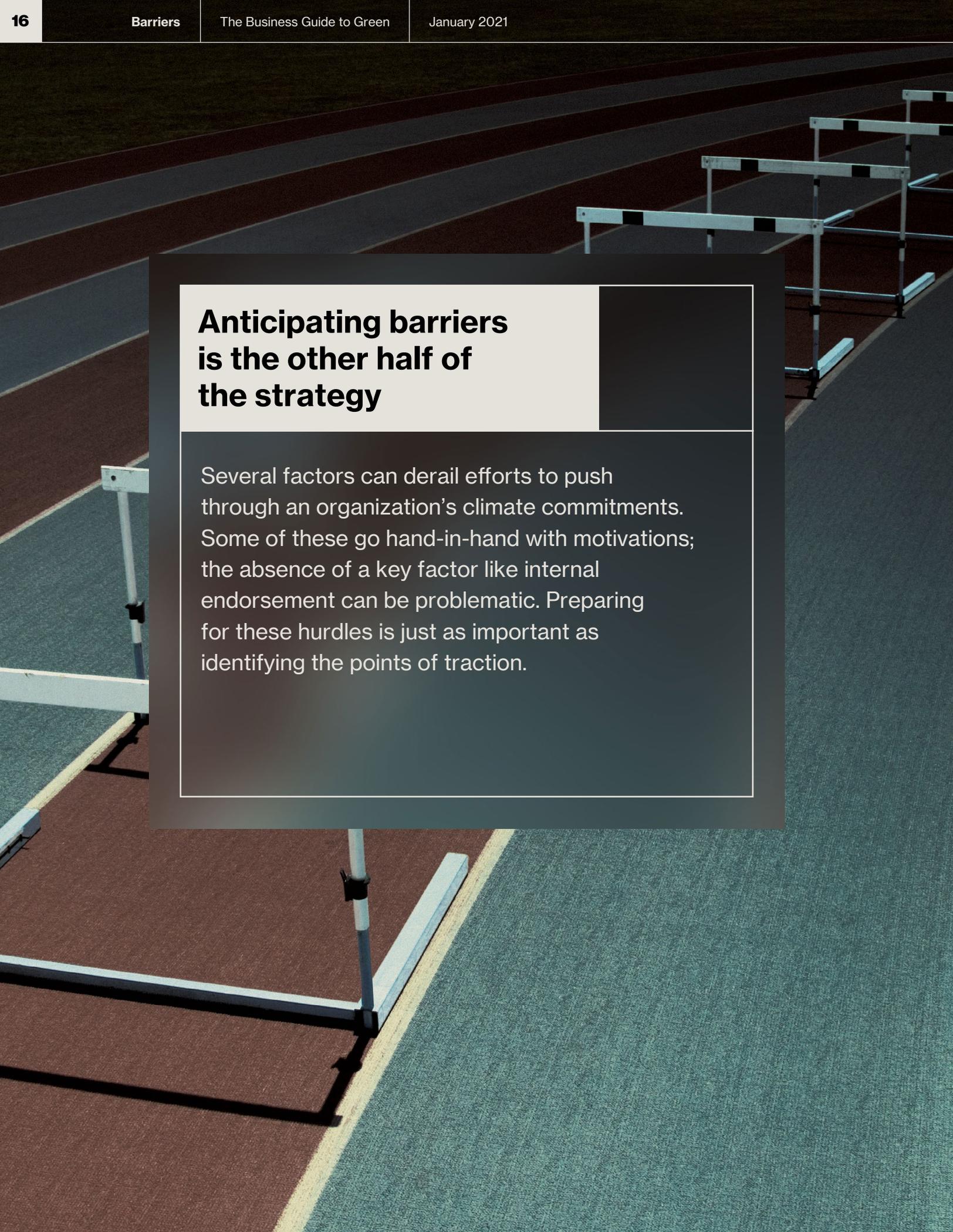
When we compare the external triggers, we see a few differences emerge. These should be noted if an organization is being driven toward more immediate solutions.

The most obvious external trigger is the greater interest in building/improving corporate reputation through short-term commitments (69%). This was

especially true among responding sustainability experts working in health care, technology and consumer-product sectors — the more consumer-focused businesses. It follows that business leaders are looking for quick results for brand improvement, and not necessarily making the same connection to brand lift with longer-term commitments.

#### The Take-Away

*Climate solutions must be viewed as a means to improving public opinion in the near term and in the long term — it is not a headline-grabbing move. To make a solution work harder for a brand and achieve a lasting impact, longer-term strategies are necessary. Data shows a correlation between organizations that cite “improving brand perception” as an extremely influential trigger and “lack of long-term planning and strategy” as an extremely influential barrier. More must be done to connect the two and unlock greater brand value from an action.*



## Anticipating barriers is the other half of the strategy

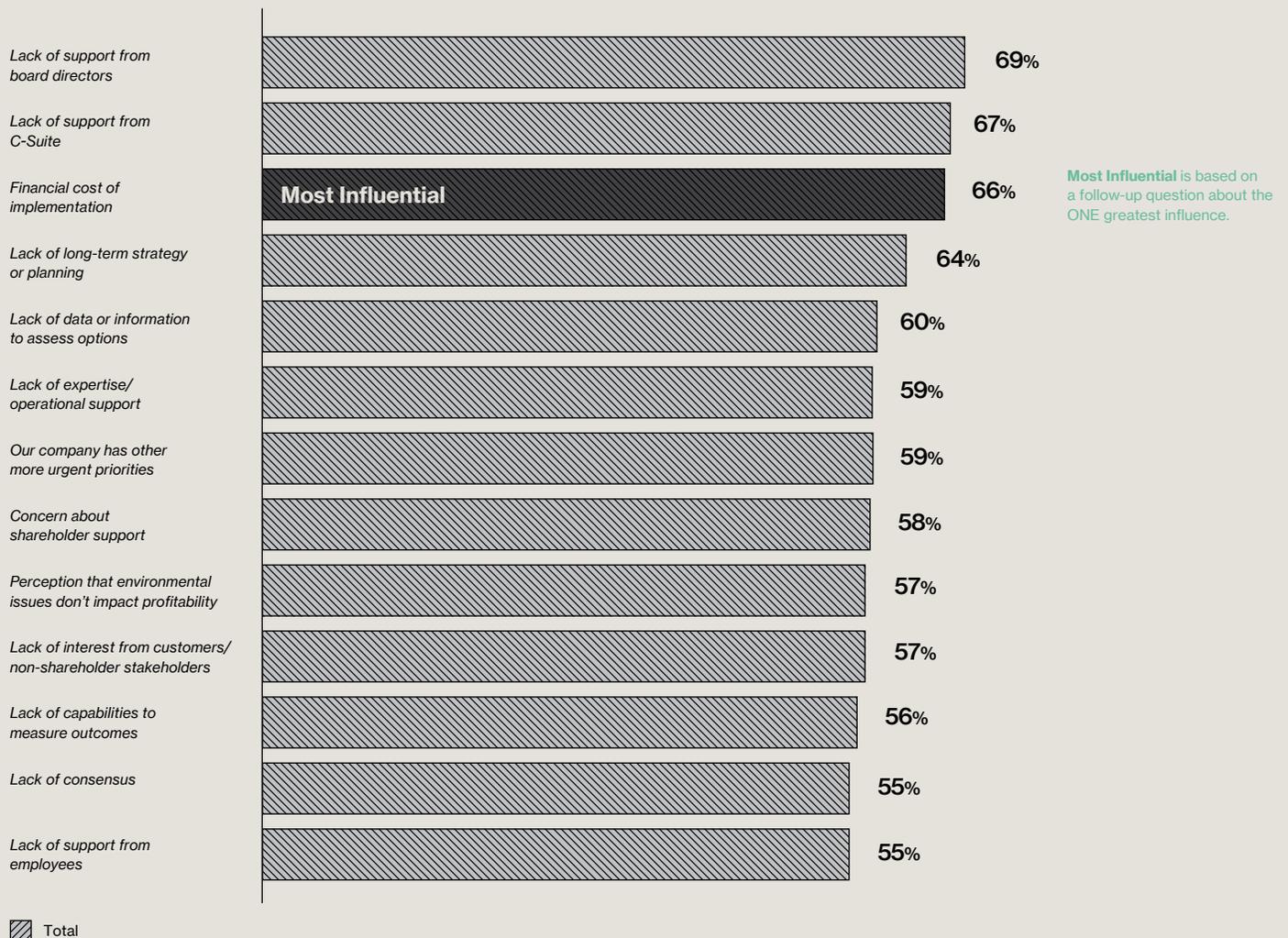
Several factors can derail efforts to push through an organization's climate commitments. Some of these go hand-in-hand with motivations; the absence of a key factor like internal endorsement can be problematic. Preparing for these hurdles is just as important as identifying the points of traction.

# Similar barriers for short and long commitments

While internal endorsement and the opportunity for cost savings are the leading motivations, they also happen to be the greatest hurdles. Lack of support from the C-suite and board of directors and the financial cost of implementation are cited as the most common barriers preventing organizations from making commitments, both short- and long-term. Not surprisingly, the financial cost of implementation is the single most limiting barrier in both scenarios (66% rated it extremely/very influential for both short-term and long-term commitments and 14%/16% identified it as the **number-one barrier** for short-term and long-term commitments, respectively).

## Barriers to Committing to Climate Solutions – Tier 1/Long-Term Goals

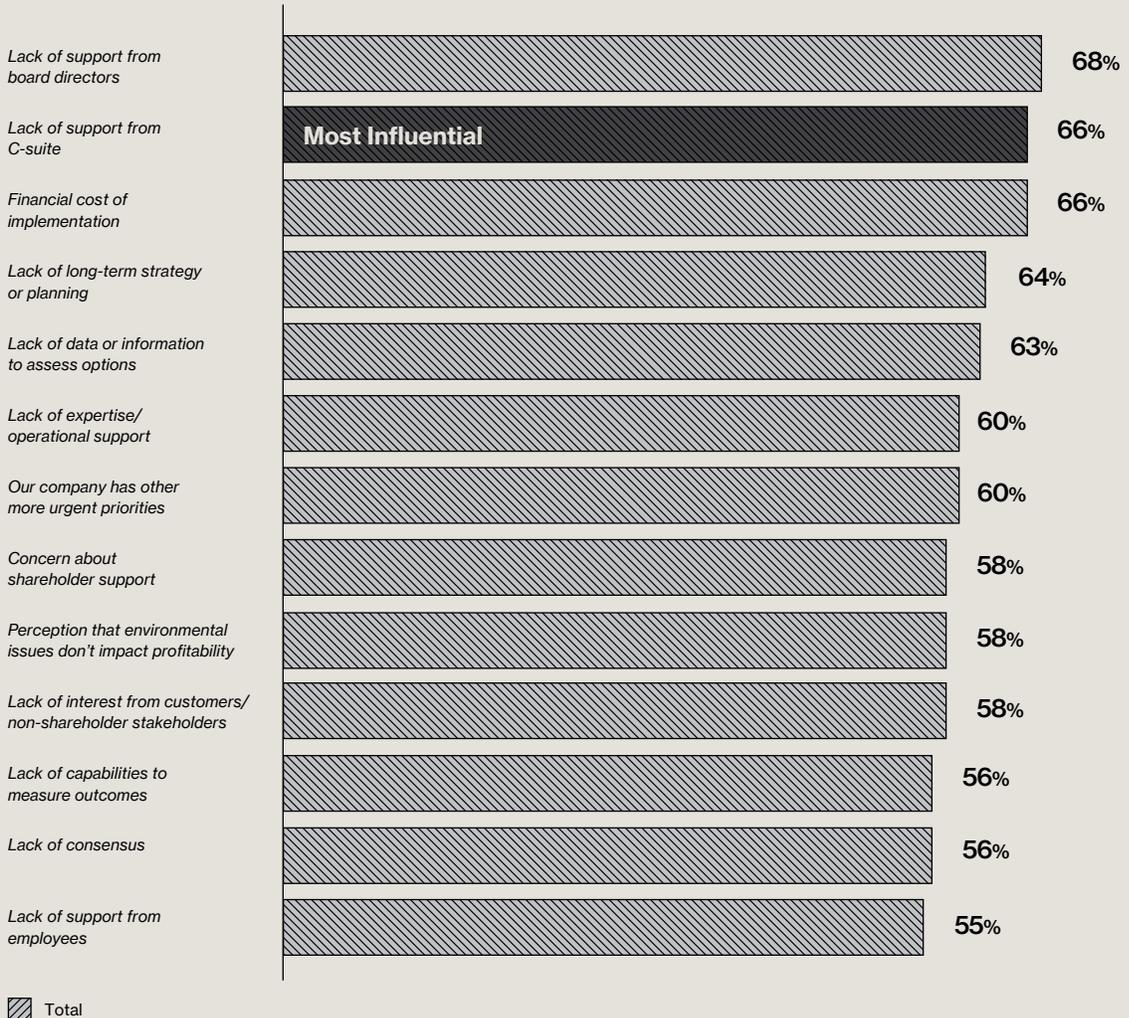
% top extremely/very influential



Q, How influential would each of the following barriers be in slowing down or preventing your organization from committing to a climate solution within a longer-term timeline?

### Barriers to Committing to Climate Solutions – Tier 1/Short-Term Goals

% top extremely/very influential



Most Influential is based on a follow-up question about the ONE greatest influence.

Q. How influential would each of the following barriers be in slowing down or preventing your organization from committing to a climate solution within the next 24 months?

# Rhetoric, Roles, and Resources

## Communicating the cost benefit

To clearly and effectively communicate the financial upside of commitments, they must be treated as a business strategy — not a sustainability strategy. Here, sustainability data becomes financial data; climate risk becomes financial risk. A team partner with a finance background can outline the strategy and identify where budget will be allocated from. This conversation should include the CFO, and should not be limited to the sustainability team.

People may be aligned on aspirations for a greener future, and want to protect the environment for future generations, but that is not the right conversation at this moment. *What is the expense and what is the return?* The value added is the brand benefit, and resilience.

## Tackling the second-tier barriers

Whether or not cost is an issue — or has been tabled to address other challenges — there are further hurdles to take on. One faced by most organizations, for both short-term and long-term commitments, is the lack of long-term strategy or planning (63% short-term, 64% long-term). If climate and sustainability pressure is not being acutely felt, an organization may not have the

same urgency to act and devise a plan for the next 10 years. This is likely why health-care and consumer-product sectors are more likely to struggle with a lack of long-term planning; they are not the most energy-intensive sectors. It is important for each organization to anticipate which material ESG issues its sector will face, and to plan accordingly.

## Having the right team

Lack of expertise and operational support is another common issue for short-term and long-term commitments (58% short-term, 59% long-term). This may restrict how an organization staffs — and views — the sustainability team.

Ten years ago, many viewed sustainability as similar to philanthropy; that hasn't changed for everyone, and the perception of sustainability greatly affects roles and responsibilities. Climate commitment initiatives and policy should not be formulated by a group of experts separated from an organization's business, without power or accountability. This sustainability group must be pulled into learning more about the business and have a solid business plan. A committee of representatives from across the organization can align on a sustainability action for the year, and the years ahead.

## The Take-Away

*Treating the sustainability team like a philanthropic group and enabling solutions that are disconnected from the organization's business renders them futile. Sustainability needs to be viewed and treated as a business strategy — communicated in financial terms, tied to a business plan, and staffed by people with a financial background who are connected to the business. When we investigate the barriers that prevent an organization that has made a commitment from actioning that commitment, we see how important these business considerations are.*

# Prepare for obstacles even after a commitment is made

**Barriers to Executing Climate Solutions – Tier 1/Long-Term Goals**  
% top extremely/very influential



Most Influential is based on a follow-up question about the ONE greatest influence.

## Cost, the unrelenting barrier

Again, one reigning hurdle must be overcome: cost. Short-term or long-term, the cost of implementation is the most common and most influential barrier in derailing commitments even after they're made.

## Problems with follow-through

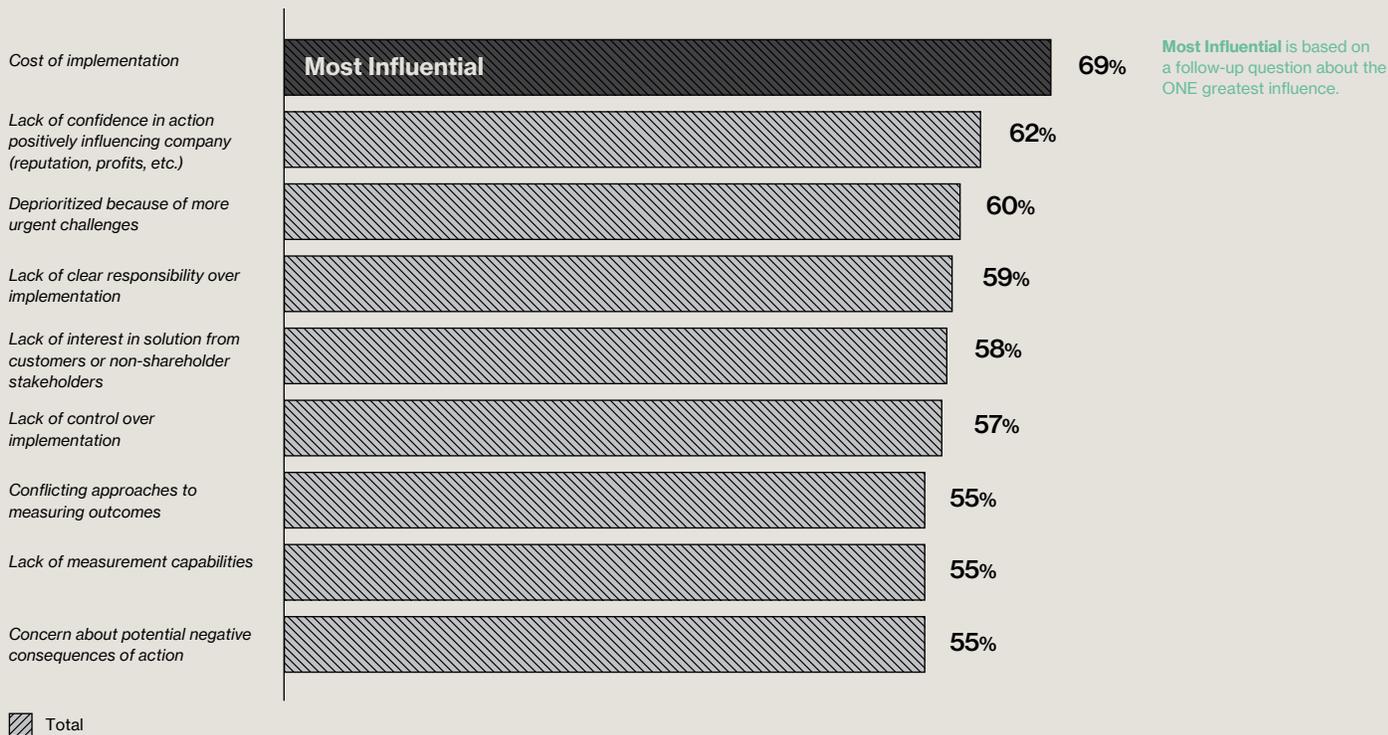
Lack of commitment follow-through again stems from not having the right team in place. There must be accountability, business understanding, and a business plan; the function must be professionalized to make it effective. Doing so will help overcome the common issues of lack of control over implementation (59%), lack of clear responsibility over implementation (58%), and lack of confidence in action positively influencing the company (57%).

Q. How influential would each of the following barriers be in slowing down or preventing your organization from implementing a climate solution within a longer-term timeline?

# Barriers to executing commitments

## Barriers to Executing Climate Solutions – Tier 1/Short-Term Goals

% top extremely/very influential



Q. How influential would each of the following barriers be in slowing down or preventing your organization from implementing a climate solution within the next 24 months?



**Lack of measurement is a sign of bigger challenges**

Smaller organizations especially must be prepared to overcome issues around measurement capabilities — a greater challenge for smaller companies than larger organizations (10% versus 4%). For all organizations, lack of measurement capabilities as a commitment barrier is a sign of poor intra-business communication and integration of the sustainability team into the organization. If the sustainability team is connected to the right resources and teams, it can devise measurement plans without having to train on data capture and analysis.

**United States most concerned about consequences**

In the United States, the influence of external pressure is apparent. In this case, when executing long-term climate solutions, the concern of negative consequences from the action is cited as the top barrier (23%). This is significantly higher than U.K./Germany (13%) and Singapore/Hong Kong (11%). This concern could stem from cost; the change required to implement the solution; backlash from purchasing carbon offsets; and relationship management.

**The Take-Away**

*Having the right team in place is obvious and necessary to prevent the barriers that block solutions from getting actioned. Start with commitments that can be measured — where the data is already available and directly tied to the business operations. This may be energy usage or volume of waste tracked across the business. Forward vision is critical to any investment, and businesses will lose out if they don't have some basic sustainability strategy and solutions in place.*



## **Covid-19 affected nearly everyone's climate goals and commitments in 2020**

This pressure revealed which organizations had strategies for resilience and those that will need more scenario planning when they enter a recovery phase. The impact on barriers and on triggers shows both immediate and longer-term effects.

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# More challenging barriers

It's nearly unanimous (95% agreed) that committing to climate solutions and executing existing commitments has become more difficult during the Covid-19 pandemic. Cross-regionally, the cost to commit to environmental goals was more negatively impacted than any other potential barrier. This effect was felt more dramatically among Hong Kong/Singapore respondents (46%) than those in the United States (34%) and U.K./Germany (31%).

## **Losing resources affected goals**

Smaller organizations are more likely than larger ones to say that lack of support from employees (27% versus 19%) and lack of expertise (27% versus 19%) has become more troublesome due to the Covid-19 pandemic. This may be because smaller organizations have lost resources to access external expertise and operational support, and/or because they've had to furlough employees as a result of the economic downturn.

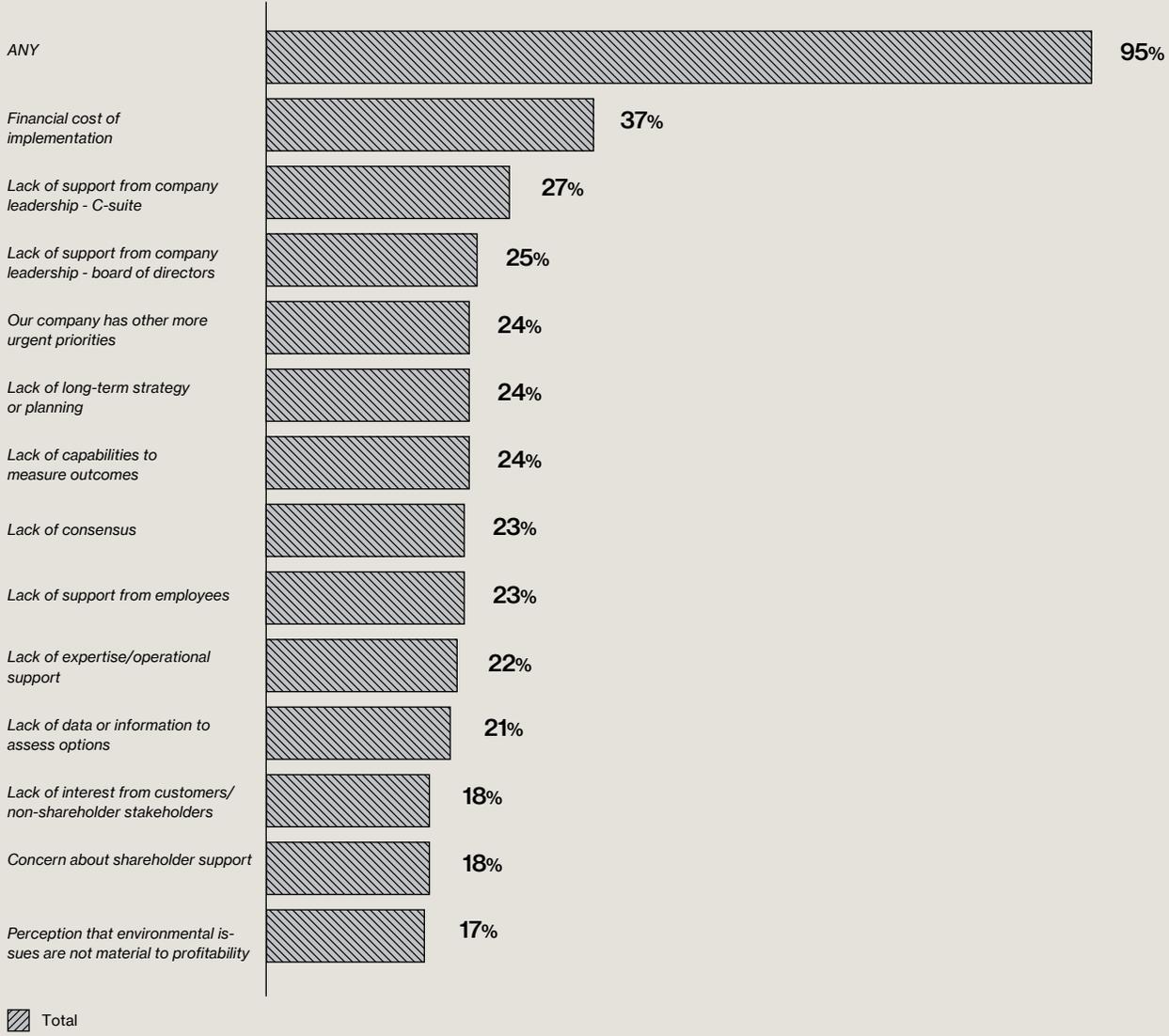
## **United States lost focus on climate**

In the United States, lack of interest in climate solutions from customers/non-shareholder stakeholders has become a more difficult barrier than in the U.K./Germany or in Hong Kong/Singapore (34% versus 21% and 21%, respectively). This finding is not surprising when examined in the context of the U.S. population's current focus on maintaining health; high unemployment levels; and the recent election cycle.



### Barriers to Committing to Climate Solutions – Tier 1/Short-Term Goals

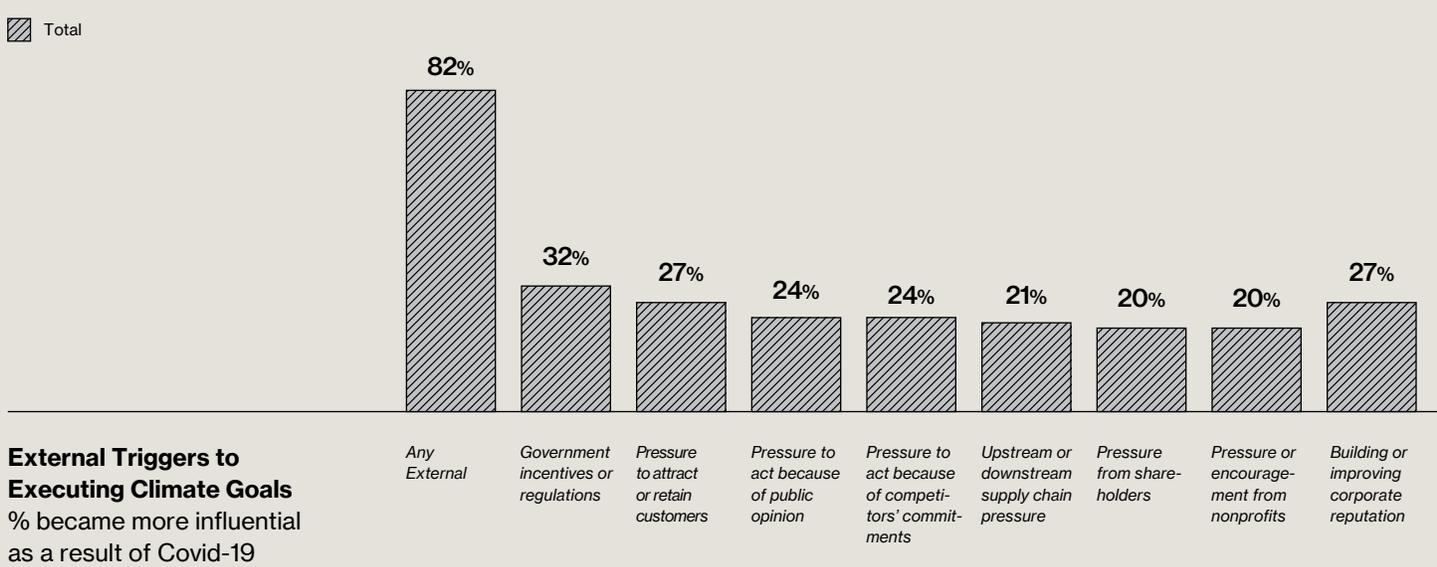
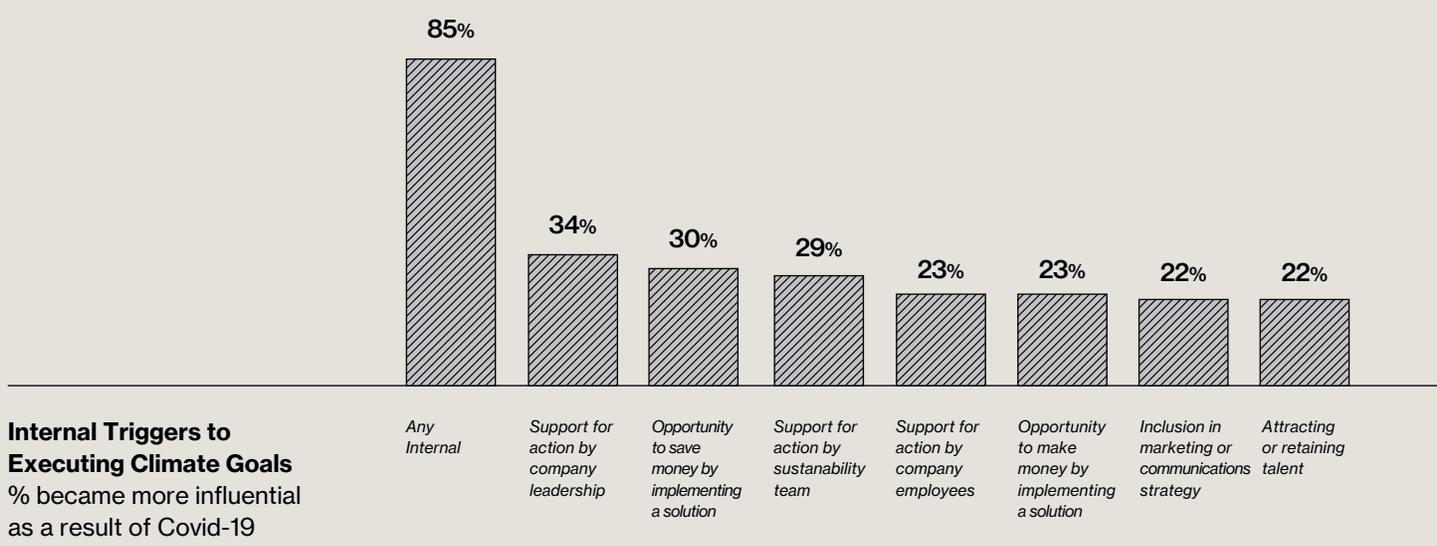
% became more difficult due to Covid-19



Q. Which, if any, of the following barriers to committing to climate goals became more difficult to overcome as a result of COVID-19?

# Positive influences also strengthened

Organizations across all regions are feeling the impact of Covid-19, with majorities saying both internal and external influences to execute against climate goals have increased (85% and 82%, respectively). Revenue-based opportunities and executive management support have become even more influential during the pandemic.



Q. Which, if any, of the following became more influential in executing climate goals and actions in your organization as a result of COVID-19?

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# Covid-19 may widen the gap between climate leaders and laggards

## A double-down effect

Overall, respondents were divided on whether Covid-19 made their organization's leadership a greater barrier to climate action (27%) or a greater positive trigger (32%). What accounts for this variance? Their organization's standing — ahead or behind the competition — contributed to leadership's response to Covid-19. This underscores the importance of more urgency and action all around — to get ahead and stay ahead.

## Leading organizations have motivating leaders

For those who think their company is behind the competition on climate goals, 31% said leadership is a bigger barrier and 24% said leadership is a bigger trigger. For those who think their company is ahead of the competition, 40% said leadership is a greater trigger and 28% said leadership is a bigger barrier.

## United States in a lagging position

Interestingly, the United States is the only country where respondents who saw their company ahead of the competition still see their company's leadership as more of a barrier due to Covid-19 (37%).

## The Take-Away

*These findings underscore the importance of getting ahead of the pack — or risk falling further behind — as global pressures and the effects of Covid-19 will continue in the coming years. Many organizations were pushed into a quick reaction to the pandemic and now see the value of having longer-term plans in place to create resilience. Organizations that were especially disabled by the events of 2020 may still be in a recovery phase, but should soon move into a longer-term planning mindset. Practicing scenario planning and scenario strategies for climate challenges is a valuable exercise.*

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# About the study

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## What

A 25-minute online survey designed by Bloomberg Media and fielded by Market Probe International Inc.

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## Who

450 business decision makers — managers or higher with responsibilities in the following areas regardless of whether their company executes any sustainable practices, strategies, or commitments:

- Sustainable finance/investing
- Sustainable operations management/logistics/supply chain
- Sustainable technology
- Sustainable manufacturing/production
- Sustainable engineering
- Sustainable outsourcing

Multinational sample breakout

- N = 150 U.S.
  - N = 75 U.K.
  - N = 75 Germany survey fielded in language
  - N = 75 Hong Kong survey fielded in language
  - N = 75 Singapore survey fielded in language
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## When

The study was fielded October 14 – October 28, 2020.

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## Get in touch

For more information and details on the findings, contact us  
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