

Preparing for climate change

An analysis of the readiness of Switzerland's
Top100 companies for a changing climate.

December 2023

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Climate change is no longer a distant concern; it is already here, with 1.4°C global warming compared to pre-industrial levels and an increase in annual average temperatures of 2.5°C for Switzerland. For businesses, it is becoming increasingly vital not just to mitigate or adapt, but to be able to thrive in a changing climate.



Improving understanding of the business risks and opportunities associated with climate change is a key goal of the Task Force on Climate-Related Financial Disclosures (TCFD). What began as a voluntary set of recommendations has become part of the regulatory framework in many jurisdictions, including the European Union and the United Kingdom. With the Climate Disclosure Ordinance, the Swiss Federal Council has made the TCFD recommendations also mandatory for public interest companies in Switzerland. Because the regulation comes into force on 1 January 2024, many Swiss companies have been preparing for compliance in 2023.

Against this backdrop, Implement Consulting Group and engageability have assessed the current state of preparedness of Switzerland's Top100 companies with regards to mandatory climate reporting and adapting to a changing climate. We have analysed their publicly available sustainability reporting – including their reporting to the Carbon Disclosure Project (CDP) – based on 32 criteria derived from the TCFD recommendations, the Swiss Ordinance on Climate Disclosures and best practice in corporate climate change management.

In addition, we conducted an online survey to understand what challenges and opportunities the companies envisage in preparing for a changing climate.

The study reveals leaders and best practice, as well as companies with plenty of gaps to fill. The Top100 Swiss companies are all internationally active and often relevant global players, while also contributing substantially to Switzerland's wealth. It is therefore important that Swiss businesses are ready to display climate action leadership and long-term thinking in a warming world, thus benefiting generations to come.

This report helps businesses understand where they currently stand in comparison with their peers and sheds light on persistent shortcomings that many companies have in common. Further, sector- and topic-specific insights, including best practices, can help companies prepare for the upcoming regulation and position themselves strategically in a warming world.

Our main findings

- There is a wide range of climate change readiness among Switzerland's Top100 companies.
- They identify risks and opportunities, but these are often not based on climate scenarios.
- For the vast majority of companies, the resilience of their business strategy to a changing climate appears to be largely unknown.
- The few transition plans presented lack credibility, critical reflection and integration in the business strategy.
- The impact of climate change on business success seems to be rarely considered.

Insights on climate change readiness

General findings

The climate change readiness among the Top100 Swiss companies varies considerably – half are not yet well prepared for a changing climate.

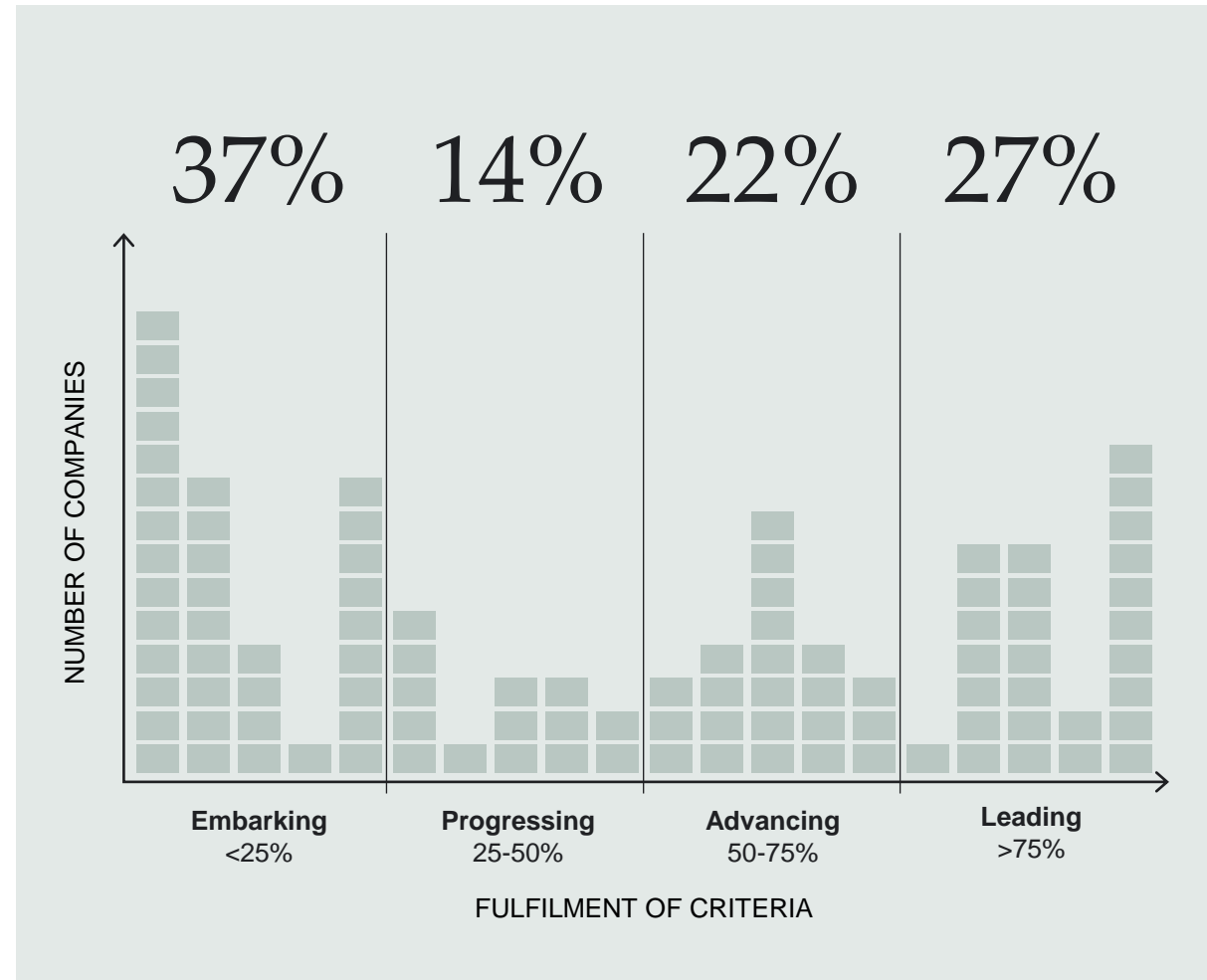
Based on our assessment of the publicly available sustainability reporting of Switzerland's Top100 companies, we classified the companies into four distinct categories with regards to their preparedness for climate change.

Embarking (37%): A significant portion of the Top100 Swiss companies, comprising 37 percent, was categorised as 'embarking'. This classification signifies that these companies have just begun their journey towards climate change preparedness, with less than 25 percent fulfilment of the criteria. While in the early stages, these companies have committed to starting to provide climate-related disclosures.

Progressing (14%): A notable 14 percent of the companies was identified as 'progressing', indicating that they have made strides in preparing for climate change. Companies in this category fulfil 25 percent to 50 percent of the assessment criteria. This signals a growing awareness of the importance of integrating climate change considerations in business practices.

Advancing (22%): A substantial 22 percent of the top Swiss companies fell into the 'advancing' category. This classification suggests a higher level of climate change preparedness, with companies meeting between 50 percent and 75 percent of the criteria. These companies have made significant progress in integrating climate-related considerations in their business practices, showcasing a proactive stance towards comprehensive climate change management.

Leading (27%): The most encouraging finding was that 27 percent of the top Swiss companies were classified as 'leading'. These companies are demonstrating solid preparedness for a changing climate as they comprehensively integrate climate-related considerations in their business practices.



Companies describe risks and disclose GHG emissions across sectors, but we identified leading and lagging sectors where other aspects are concerned.

terms of meeting the upcoming climate reporting requirements. The remaining six industries also have room for improvement.

Considering individual aspects of the climate-related disclosures, we found that risk disclosure and GHG emissions were high, while few companies describe the resilience of their business strategy to a world with a changing climate. Interestingly, 33 companies claimed to have a transition plan, but only 16 described it. Another aspect with less coverage in the disclosures is non-GHG targets in relation to climate change and its risks and opportunities. Indicators such as water, energy and resource use describe dependencies and can be considered forward-looking indicators that may influence greenhouse gas emissions.

The findings highlight a substantial gap in terms of meeting reporting obligations and standards across various sectors and climate-related reporting criteria. The need for substantial progress in order to align with reporting requirements poses a significant challenge in most sectors.

The heatmap on the right shows the results by sector and key assessment criteria structured according to TCFD categories. The percentage indicates the share of companies that we assessed to be fulfilling this criteria.

The real estate sector stood out as the top performer in our analysis, but it is important to note that this finding is based on a limited sample size of two companies. Sectors with a bigger sample size that stood out were the chemicals and pharmaceuticals sector (n=9), followed by the financial sector (n=15) and the computer and telecommunications sector (n=5). The consumer goods (n=3) and construction and subcontracting (n=5) sectors fulfil on average about half of the requirements.

The energy sector (n=3) exhibited the lowest degree of climate-related disclosure, disclosing only risks and greenhouse gas (GHG) emissions, if anything. Similarly, the medical equipment and life science sector (n=4) and the insurance sector (n=15) are notably lacking in

Category	Criteria	Financial Services (n=15)	Insurance Services (n=15)	Chemicals / Pharmaceuticals (n=9)	Computer / IT / Telecommunication (n=5)	Construction and Subcontracting (n=5)	Consumer Goods (n=3)	Electronics / Electrical Engineering (n=6)	Energy Supply and Distribution (n=3)	Food and Beverage Manufacturing (n=7)	Machinery and Industrial Goods (n=16)	Medical Equipment / Life Science (n=4)	Mobility / Logistics / Transport (n=3)	Other Industries (n=4)	Real Estate (n=2)	Retail and Wholesale Trade (n=3)
		Governance	a) Board oversight	93%	40%	89%	60%	40%	67%	50%	0%	43%	38%	75%	33%	50%
b) Management's role	93%	33%	78%	60%	40%	67%	33%	0%	57%	56%	75%	33%	50%	100%	67%	
Strategy	a) Risks disclosed	87%	27%	100%	80%	60%	100%	50%	33%	43%	44%	25%	33%	50%	100%	33%
	b) Opportunities disclosed	53%	27%	89%	60%	60%	67%	50%	0%	43%	44%	75%	33%	50%	50%	33%
	c) Impact on Organization	60%	27%	67%	60%	40%	67%	33%	0%	43%	31%	0%	33%	50%	100%	33%
	d) Resilience of Strategy	27%	13%	33%	40%	20%	0%	0%	0%	14%	13%	0%	33%	25%	0%	0%
	e) Transition plan disclosed	13%	13%	22%	20%	20%	33%	0%	0%	14%	19%	0%	33%	25%	50%	0%
Risk management	a) Risk identification and assessment process	67%	40%	78%	60%	60%	67%	33%	0%	57%	31%	0%	33%	50%	100%	33%
	b) Risk management process	53%	27%	67%	60%	60%	67%	33%	0%	29%	38%	0%	33%	50%	50%	33%
	c) Integration in ERM	87%	33%	67%	60%	60%	67%	33%	0%	57%	44%	25%	33%	50%	100%	33%
Metrics and Targets	a) Climate-related metrics	47%	27%	33%	60%	80%	67%	0%	0%	14%	31%	0%	0%	25%	100%	33%
	b) Scope 1,2 and 3 GHG emissions	73%	47%	89%	80%	80%	33%	33%	67%	71%	63%	50%	100%	50%	100%	33%
	c) Scope 1,2 and 3 GHG targets	33%	20%	78%	60%	40%	33%	50%	0%	43%	38%	50%	33%	25%	50%	33%
	d) Non-GHG targets	40%	14%	11%	40%	60%	33%	17%	0%	14%	25%	0%	33%	0%	0%	33%

Ninety percent of the Top100 Swiss companies report climate-relevant information, but disclosure across TCFD categories is mixed.

When only looking at the 23 criteria derived from the TCFD framework, we found that 90 percent of the companies already report some sort of climate-relevant information recommended by the TCFD, although only 60 percent reference the TCFD framework explicitly.

Despite mentioning (or not mentioning) the framework, the companies analysed report on average on 47 percent of TCFD recommendations for governance, strategy and risk management, as well as metrics and targets for climate-related risks and opportunities.

Governance

Disclosures regarding the governance of climate-related risks and opportunities are the most advanced, with companies on average providing reporting on 57 percent of the recommended disclosures.

In total, 52 companies report on board oversight and the role of management regarding climate-related risks and opportunities, 10 companies report on one of the two and 38 companies provide reports on none of the recommended governance disclosures.

Metrics and targets

The companies provide reporting on more than half the disclosures regarding metrics and targets (52 percent). Most of the companies cover this TCFD category at least partially. The criterion the companies reported on the most was Scope 1, 2 and 3 emissions, with 64 percent of the companies providing this information. There are only 15 companies in our sample that do not provide reporting on any of the recommended disclosures. At the same time, companies seem to struggle to report the information in full, with only 10 companies disclosing GHG emissions and targets, along with other metrics and targets to manage risks and opportunities.

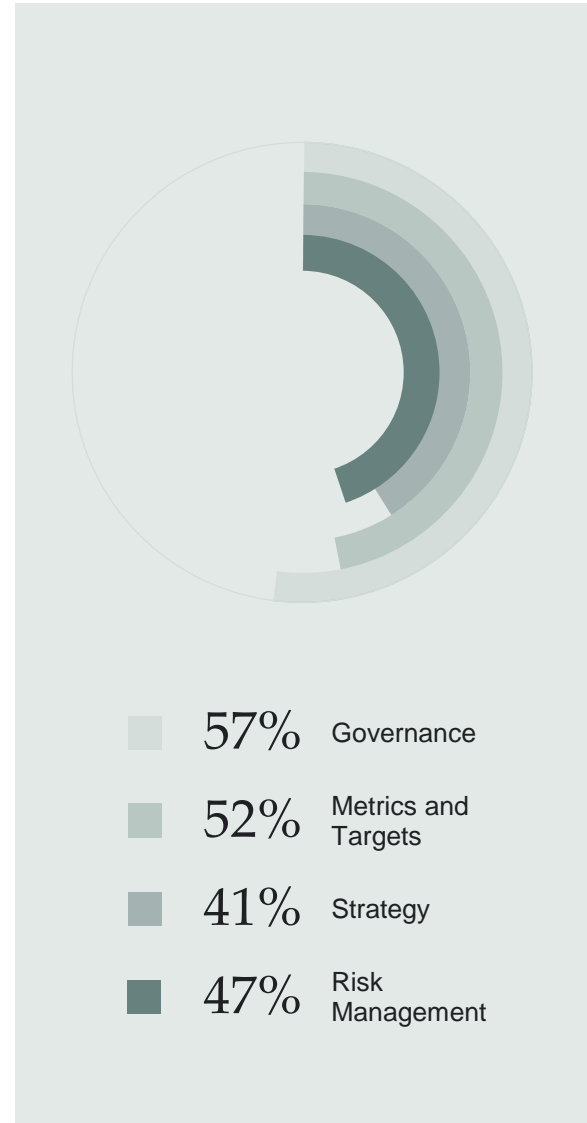
Risk management

More than half of the companies do not report on recommended disclosures for risk management. On average, companies disclose 47 percent of the reporting criteria. Thirty-seven companies disclose all the recommended information on climate risk identification and assessment processes, climate risk management processes and the integration of these processes in their overall enterprise risk management (ERM), while 44 companies do

not report on risk management at all. Eight companies provide one of the three disclosures for risk management, while 11 provide two of the three.

Strategy

On average, companies disclose only around 41 percent of the recommended information. Thirty-one companies provide no reporting on strategy-related disclosures, while only eight comprehensively report on all recommended disclosures regarding strategy. The remaining 61 companies provide incomplete reporting on their strategy. For example, 19 of the 61 companies only report on their identified risks and/or opportunities, neglecting to report the impacts on their business, the scenarios they have used to assess risks and opportunities and the resilience of their business to the scenarios used.



Twelve of the Top100 Swiss companies cover 80 percent of the 32 assessment criteria.

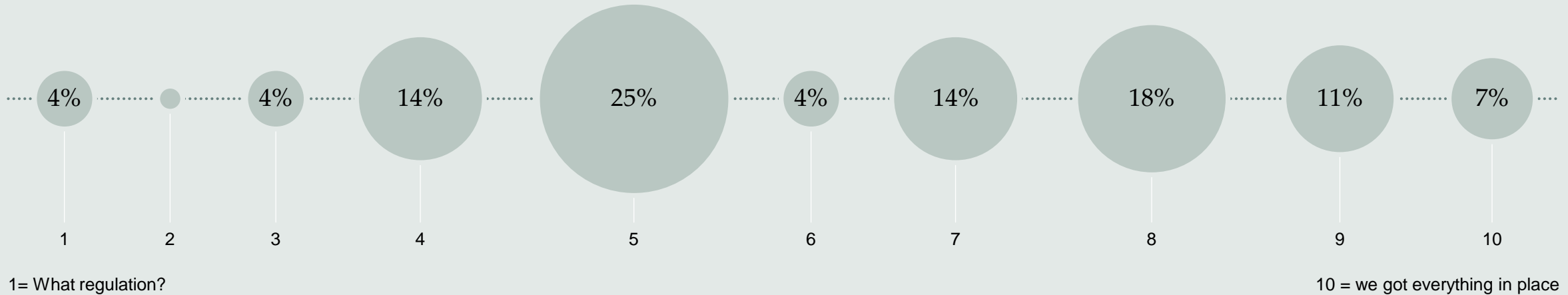
We found that 12 of the Top100 Swiss companies covered over 80 percent of the 32 criteria used to assess climate change preparedness. This indicates a high level of commitment and a proactive approach to climate change adaptation, positioning these companies as leaders in integrating climate considerations in business practices, not only in Switzerland but also globally.

A closer look at the climate-related disclosures of those 12 companies provides an opportunity to learn from best practice and identify common challenges. You can find examples of best practice regarding governance on page 12, on climate scenario analysis on page 16, on transition plans on page 21 and on target setting on page 31.

Best performing Swiss companies



How prepared is your company for the upcoming Swiss climate reporting requirements?



Overall, companies feel moderately prepared for the upcoming Swiss climate reporting requirements.

The responses to the online survey provide valuable insights into the perceived preparedness of 28 of the Top100 Swiss companies for the upcoming Swiss climate reporting requirements. The respondents rated their preparedness on a scale of one to ten, where one indicates a lack of awareness of the regulation and ten signifies comprehensive preparedness.

Twenty-two percent of respondents indicated that they were poorly prepared for the upcoming Swiss climate reporting requirements [rating 1–4]. Slightly less than half of the respondents positioned themselves at a moderate preparedness level [rating 5–7]. Slightly more than a third of respondents claimed to be well prepared for the upcoming requirements, of which seven percent indicated to have everything necessary in place.

The distribution of responses indicates a varied level of preparedness among the companies surveyed. While a majority falls within the mid-range, a notable proportion demonstrates a proactive stance toward compliance. The lower scores highlight the need for greater awareness and preparation among some companies if they are to meet the upcoming Swiss climate reporting requirements. Overall, these results emphasise the importance of ongoing efforts to raise awareness and ensure greater preparedness across the business landscape.

Companies highlight the challenges in assessing the impacts of risks and opportunities under different climate scenarios.

The foremost challenge in preparing for reporting in line with the upcoming Swiss climate reporting requirements, as expressed by 58 percent of survey respondents, centres around assessing the impacts of climate-related risks and opportunities on their business, strategy and financial planning. A closely related challenge, identified by 54 percent, pertains to evaluating business resilience in different climate scenarios, which corresponds to the gaps revealed by our desk study.

Approximately 29 percent of respondents cite the difficulty in crafting a comprehensive climate change transition plan, demonstrating the strategic complexity of adapting the business to a changing climate.

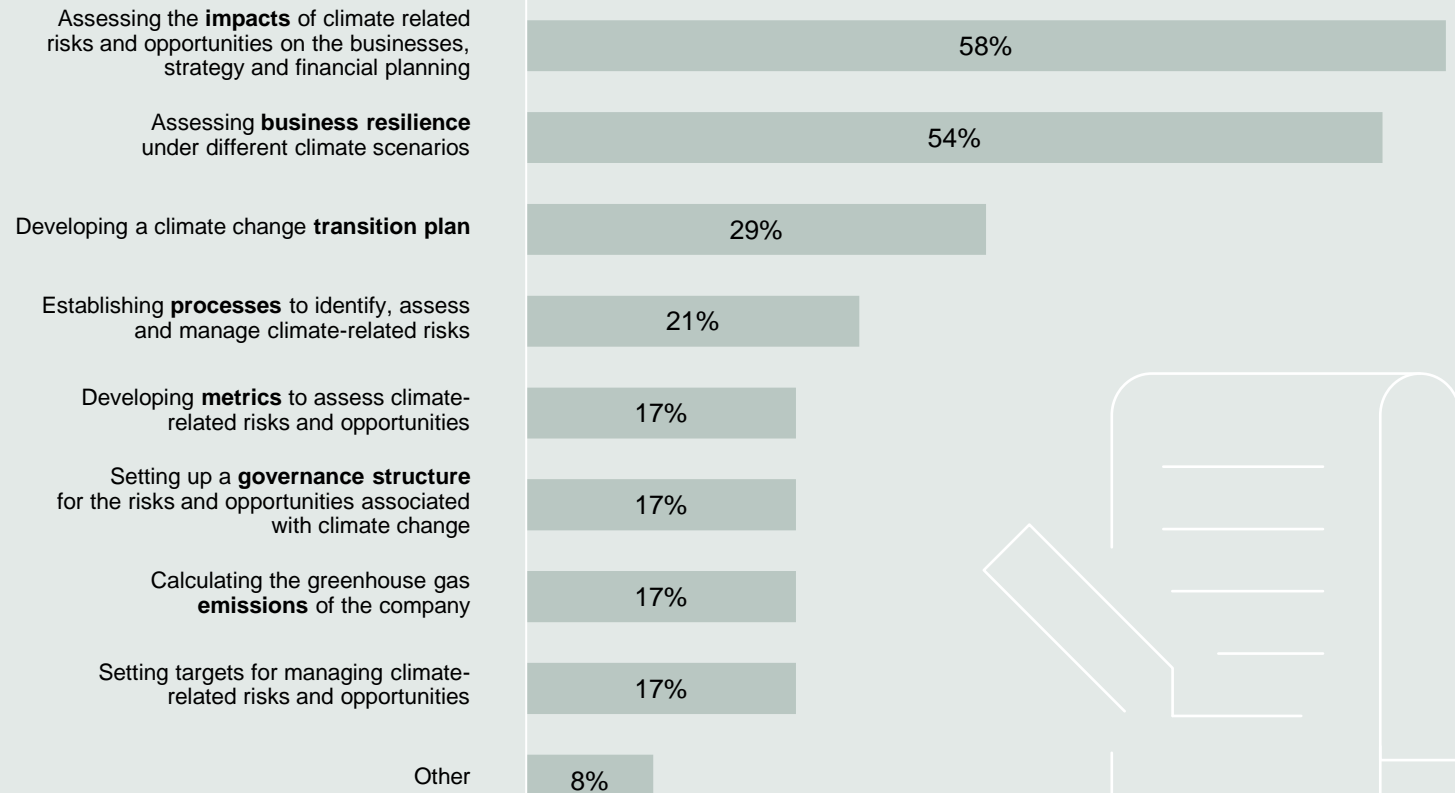
Operational challenges emerge, with 21 percent identifying the need to establish robust processes for identifying, assessing and managing climate-related risks.

Another 17 percent describe the challenge of developing metrics to quantify the impacts of these risks and opportunities, which also corresponds to the gaps revealed in our study.

Setting up a governance structure and calculating greenhouse gas emissions seems to be less of a challenge for most companies and was only described as challenging by 17 percent.

In the 'Other' category, respondents described the challenge regarding the availability of data for Scope 3 GHG emissions reporting, which is one of the disclosures recommended in the TCFD framework.

What do you see as the biggest challenge for your company in preparing for reporting in line with the Swiss climate reporting requirements?



Governance of climate-related risks and opportunities

Regarding the governance of climate-related risks and opportunities, the TCFD framework recommends a comprehensive description of how a company's board oversees such issues and how management is engaged in assessing and managing climate-related risks and opportunities.

Specifically, companies are encouraged to report on the frequency and processes by which the board or its committees are briefed on climate-related matters. This includes how these issues factor into the board's decision-making processes related to strategy development, risk management policies, annual budgets, target setting and overseeing progress in relation to established targets to address climate-related issues.

Where the management's role is concerned, companies are advised to provide a description of whether the management or committees have been assigned climate-related responsibilities, and specifically whether these include the assessment and management of climate issues. Additionally, the structure for reporting to the board, associated organisational structures, processes through which management is

informed about climate-related matters and the methods employed to monitor these matters should be outlined.

Among the Top100 Swiss companies analysed, 56 provide some sort of information on how their board oversees climate-related matters, and 58 described their management's role in assessing climate risks and opportunities.

However, the reporting on climate governance issues in the reports analysed frequently tended to be rather general, often referring to processes for sustainability or matters regarding ESG (Environmental, Social and Governance), mentioning that climate-related issues are also included in these processes.

The majority of companies that reported on board oversight indicated that their board is responsible for either developing or approving the strategy (65 percent) or overseeing risk management and establishing risk management policies (61 percent) concerning climate matters. Forty-five percent report having named individuals or committees responsible for climate change at board level. The responsibility of the board for target setting and monitoring progress towards these targets was mentioned by 32 percent. However, only 7 percent stated that their board is also responsible for reviewing

and guiding annual budgets and overseeing capital expenditure, acquisitions and divestitures. Five percent disclosed that their board integrates climate-related issues in mechanisms such as reviewing and guiding business and action plans.

Despite these responsibilities, the overall competence of boards in terms of making informed decisions on climate-related matters remains unclear. Only 20 of the 100 companies mention having measures in place to expand board knowledge on climate matters.

Where the role of management is concerned, the majority of companies disclosing information provide details on climate responsibilities, particularly if their management is involved in assessing and managing climate-related issues (64 percent). Most also outline the structure for reporting to the board of directors (53 percent) and organisational structures for climate-related matters (52 percent). A proportion (43 percent) indicate the positions or committees through which climate-related issues are monitored, while only a minority discloses how executive management stays informed on climate matters (22 percent). Of the Top100 Swiss companies, 39 percent report having management incentive schemes regarding their climate targets, emphasising the significance of achieving these targets.

56%

Board oversight
56 out of 100 firms describe the board's oversight of climate-related risks and opportunities

58%

Role of management
58 out of 100 firms describe the role of management in assessing and managing climate-related risks and opportunities

20%

Board competency
20 out of 100 companies state that they have measures in place to increase board knowledge on climate related risks and opportunities

39%

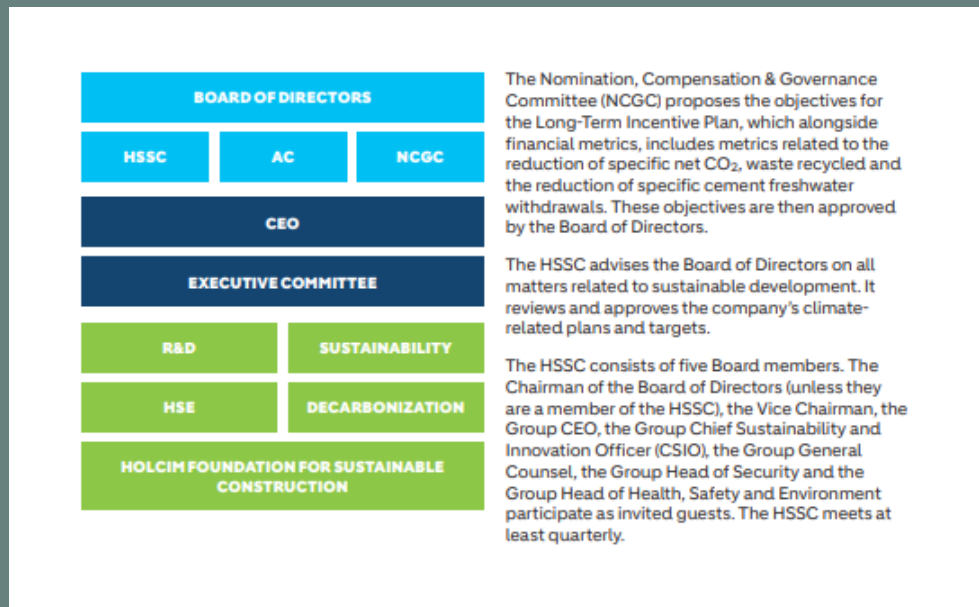
Incentive scheme
39 out of 100 large Swiss companies report on having management incentives for reaching their climate targets

Example of best practice: Governance

Holcim

The company provides a specific and detailed description of its entire governance structure for climate matters. This includes explicit details on the responsibilities of different committees, the processes employed to inform the board of various climate-related matters, and the frequency and number of meetings dedicated to addressing climate issues. This level of transparency enhances understanding and demonstrates a commitment to robust climate governance within the organisation.

Note: Holcim Climate Report 2023 – page 72



The commitment to addressing climate-related issues within the company becomes apparent through multiple teams being established at the executive level, including a newly formed decarbonisation team. Additionally, the company has implemented an incentive structure linked to achieving sustainability and climate goals.

Note: Holcim Climate Report 2023 – page 73

Management incentives for sustainability

With sustainability at the heart of our strategy, the Nomination, Compensation & Governance Committee made it part of the long-term incentive plan of the company's top 200 senior leaders worldwide, making it everyone's business at Holcim to advance its net-zero journey. Senior leaders are incentivized to deliver continuous improvement across three pillars of our sustainability strategy:

- Climate and Energy: reduction of CO₂ emissions per ton of cementitious material produced with a 50 percent weight
 - Circular Economy: quantity of recycled waste derived resources with a 25 percent weight
 - Nature: reduction of freshwater withdrawal per ton of cementitious material produced with a 25 percent weight
- In 2022, our outstanding performance resulted in a payout of 172 percent based on the following achievements:
- CO₂ emission per ton cementitious of 561.5 kg vs target performance of 569 kg/ton (50 percent weight)

- Waste recycled of 34 million tons vs target performance of 34 million tons (25 percent weight)
- Freshwater withdrawal per ton of cementitious material of 303.7 liters per ton vs targets performance of 360 liters per ton (25 percent weight)

Due to the divestment of the operating activities in India and Brazil, and the derecognition of Russia from our key performance indicators, the sustainability targets for the outstanding performance shares granted in 2020 and 2021 were adjusted to comply with the "Sustainability Framework Guidelines" of the Global Cement and Concrete Association (GCCA) for CO₂ reporting. Those require the deconsolidation of divestments for the full year and the restatement of historic emissions, which are the baseline to measure emission reductions. The new baselines were externally validated by EY & Associés.

Holcim additionally set ambitious targets for 2024 performance applicable to the performance shares granted in 2021.

- CO₂ emission per ton cementitious of 534 kg (50 percent weight)
- Waste recycled of 41 million tons (25 percent weight)
- Freshwater withdrawal per ton of cementitious of 302 liters per ton (25 percent weight)

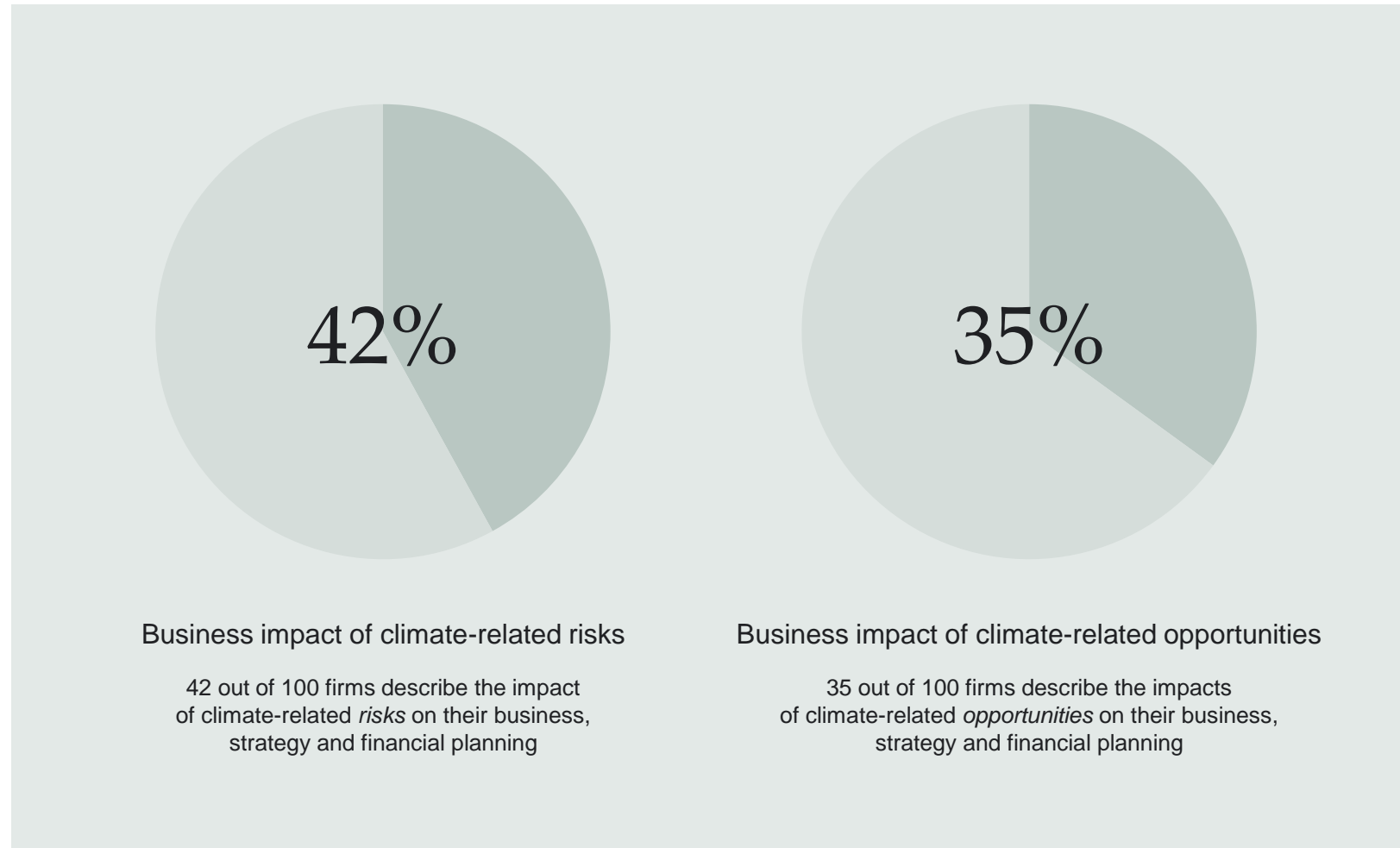
These targets are in line with our long-term sustainability goals and net-zero ambition.

Use of climate scenario analysis to assess business resilience

Climate change is bound to impact companies in various ways. To provide a comprehensive picture of how prepared companies are to resist any adverse impacts and seize potential opportunities, the TCFD offers guidance on assessing and describing companies' strategic resilience. By identifying actual and potential risks and opportunities faced by vital strategic functions over time and across different climate change scenarios, companies can showcase their foresight and future-proof strategies.

To evaluate their resilience, companies should analyse their business models, financial planning and corporate strategy in relation to climate change risks and opportunities in the short, medium and long term. It is recommended that companies consider multiple climate change scenarios in order to outline various possibilities and infer their resilience to different outcomes. This assessment should encompass not only physical risks associated with a warming climate (e.g., extreme weather events) but also transitional risks, which include potential adverse impacts that derive from inaction (e.g., market risks or legal risks).

As shown previously, Switzerland's Top100 companies are more inclined to describe climate-related risks (65%) on their business than climate-related opportunities (55%). Of the companies that describe their climate-related risks and opportunities, only around two out of three assess the business impact of those risks and opportunities. This indicates that a limited number of firms consciously assess their business in relation to climate risks and opportunities.

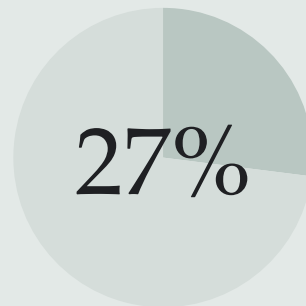


The vast majority of companies appear to be largely unaware of how resilient their business is to the changes needed to limit global warming to 1.5°C.

Analysing climate scenarios is essential in understanding possible future development paths and assessing how the company can thrive in a changing climate. Careful consideration of different climate-related scenarios helps companies gain valuable insight into the potential impact of climate-related risks and opportunities arising from climate change on their operations and value chain.

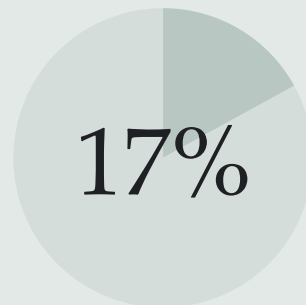
Transition risks are caused by changes in policies and regulations or changing consumer behaviour and market dynamics. An example would be the risk to revenue streams derived from fossil fuel combustion due to an increased CO₂ tax. Such risks are best approximated by scenarios that align with a 2°C or lower trajectory, where climate action is the norm. Physical risks can be acute, such as damages from extreme weather event, or chronic, such as rising sea levels. Particular scenarios that describe weak international climate action or business as usual reflect increasing physical risks.

We have analysed whether companies claim to use climate scenarios to identify climate-related risks and opportunities. The results show that this is the case for 27 out of the Top100 Swiss companies. Seventeen percent of the companies state that they have assessed business resilience to different climate-related scenarios. This is concerning, as it indicates that most companies may not be adequately accounting for evolving climate challenges derived from potential future scenarios. Finally, we only found eight companies that seem to evaluate the resilience of their business to a 1.5°C scenario. These findings suggest that the vast majority of companies are largely unaware of how resilient their business is to the coming changes required to limit global warming to 1.5°C. Collectively, these findings underscore the need for more and improved climate resilience assessments by the Top100 Swiss companies.



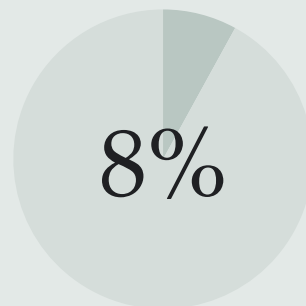
Use of climate scenarios

27 out of 100 companies describe the climate scenarios used to identify climate risks and opportunities



Business resilience to different scenarios

17 out of 100 companies state to assess the resilience of the business strategy to different climate-related scenarios



Business resilience to the 1.5°C scenario

8 out of 100 companies evaluate the resilience of their business to a 1.5°C scenario

The usefulness for decisions and the substance of the climate scenario analyses described vary greatly.

qualitative approach to climate scenario analysis while four companies applied a quantitative approach. Two companies used a mixture of quantitative and qualitative approaches. Other companies do not detail which approach they have used.

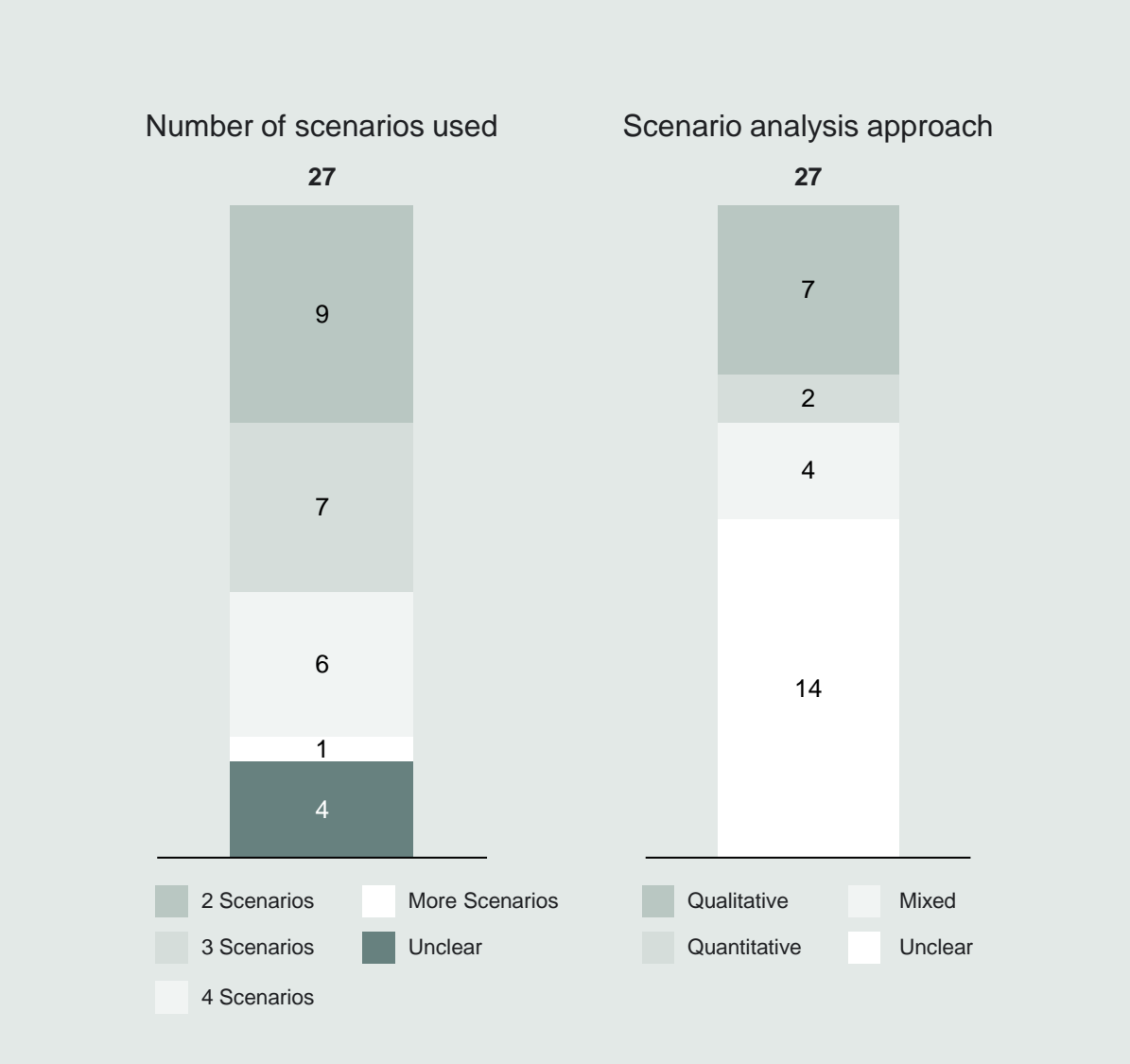
The scenarios most commonly used among companies disclosing scenario analysis are the Representative Concentration Pathway (RCP) 2.6 (<2°C), 4.5 (<3°C) and 8.5 scenarios (>5°C) of the Intergovernmental Panel on Climate Change (IPCC), along with the Sustainable Development and Net Zero scenarios of the International Energy Agency (IEA). Financial service providers often rely on scenarios from the Network for Greening the Financial System (NGFS).

Regarding time horizons used for climate scenario analyses, the years 2030 and 2050 are the most frequently mentioned. Some companies provide details of the databases used, such as Munich Re Climate Change Edition of the Location Risks Intelligence Platform, Swiss Re RDS Sustainability Compass, MSCI ESG and ISS ESG.

Climate-related opportunities and risks vary depending on the location, market and sector in which a company operates. For this reason, it is important not only to identify generic risks and opportunities, but to also analyse where and how they can impact the business in the future.

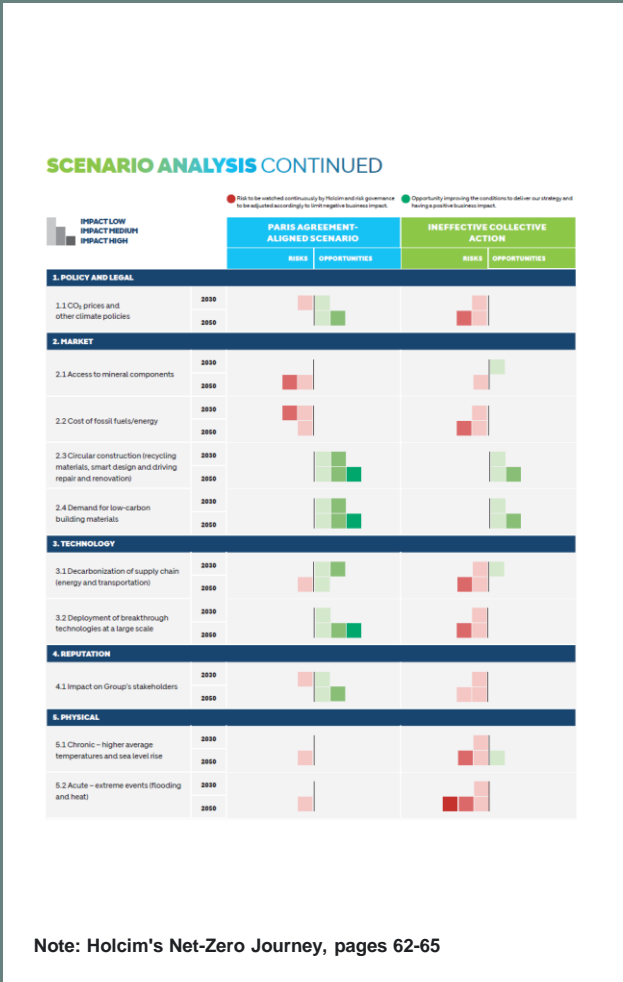
When analysing the public sustainability reporting of Switzerland's Top100 companies, we found that few companies present their climate scenario analysis in a clear and vivid manner. Conversely, some companies describe their scenario analysis in a way that was difficult to understand.

Of the 27 companies claiming to use climate scenarios, 22 employ two to four climate scenarios. We consider this to be both a feasible and sufficient number of scenarios to assess business resilience to climate change. We noted that seven companies used a



Example of best practice: Scenario analysis

We consider the scenario analyses of Holcim and Sika to be examples of best practice due to their thoroughness, clarity, business impact analysis and high-level visualisation.



Holcim

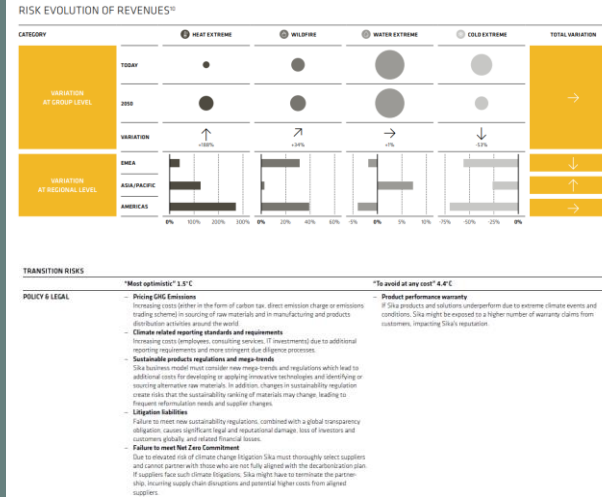
Holcim's scenario analysis uses two extreme scenarios to construct two potential futures: one with strong climate action and demand for low-carbon products and the other one without any coordinated action. They choose ten transitional and physical risks and assess how these change for 2030 and 2050 based on the two scenarios, and what this means in terms of risks and opportunities for the business ('impact'). The assessment can be considered qualitative with some quantitative elements and covers aspects relevant to Holcim.

It could be improved by showing the quantified financial impact to the business when a parameter changes in one of the two scenarios.

CLIMATE SCENARIOS

In 2022, Sika conducted a scenario analysis based on two global warming scenarios:

- "Most optimistic": 1.5°C scenario, in line with the Paris Agreement.
- "To avoid at any cost": 4.4°C scenario, consistent with continued dependence on fossil fuels.



Note: Sika's Task Force on Climate-Related Financial Disclosures (TCFD) Report 2022

Sika

Sika as well worked with two extreme scenarios using different approaches for transitional and physical risks. One assesses the impact on revenues and assets from damage and production losses at their global manufacturing plants due to physical risks, today and in 2050. It is commendable that they calculated the financial impact. The other approach considers the transitional risks related to the two scenarios. In this case, risks are merely described, their impact not being further quantified or categorised.

What could be improved is the financial impact assessment of the transitional risks, such as carbon pricing or increased costs for raw materials.

The companies only evaluate business resilience to climate-related impacts at a high level and rarely disclose potential financial implications.

The resilience of businesses to changing climatic conditions will likely be a relevant factor for success in the future. To better understand how this topic is currently being addressed, we took a closer look at the 17 companies who reported on assessing the resilience of their business strategy to different climate-related scenarios.

Most companies only described the resilience of their business at a high level, and just six companies explicitly described how their strategy is affected by climate-related risks and opportunities (see top left figure). Only four companies outlined how they might adapt their strategy to address these risks (see top right figure).

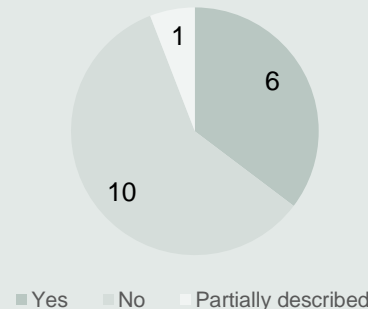
Nevertheless, the majority of the companies that assess the resilience of their business to climate change do so with explicit references to different climate scenarios, indicating an awareness of different future pathways (see bottom left figure).

In total, only ten companies describe the potential impact of climate-related risks and opportunities on their financial performance and position (see bottom right figure). Of these, the majority only provide high-level information, and some companies only report on conducting such an assessment without providing any further explanation of how they expect to be impacted. Only four companies explicitly declared how potential climate-related risks and opportunities might impact their financial performance and positioning.

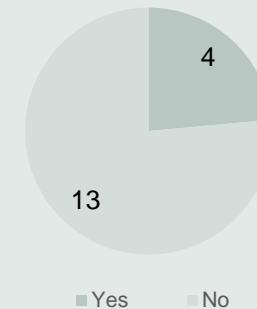
The majority of the Top100 Swiss companies do not appear to address the financial implications of climate-related risks and opportunities at all.

Overall, our analysis indicates that there is a general lack of depth in the assessment of strategic resilience to climate change. In particular, there appears to be a need for more detailed assessment of adaptive strategies and of the financial implications of climate change.

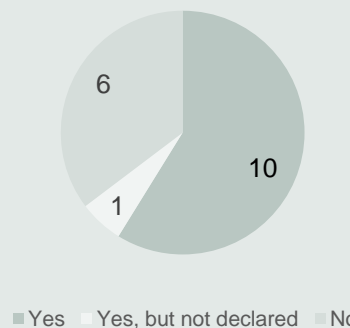
Number of companies describing how their strategy is affected by climate-related risks & opportunities



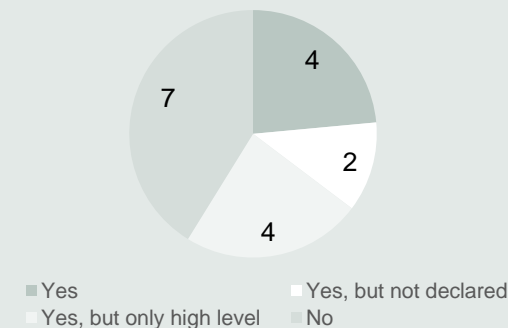
Number of companies describing potential strategic adaptation to address climate-related risks and opportunities



Number of companies referencing climate-related scenarios in assessment of resilience

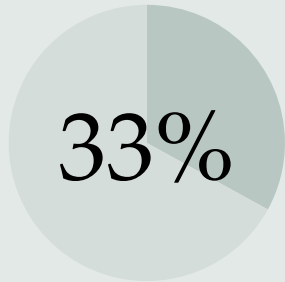


Number of companies reporting on potential impacts on financial performance and position

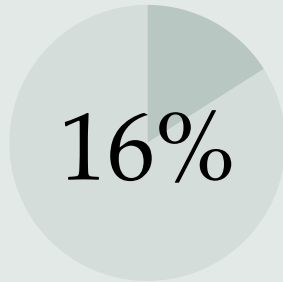


Planning the business transition to a net-zero world

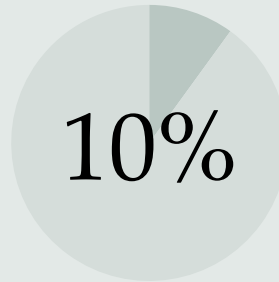
While 33 of 100 large Swiss companies state to have a transition plan for a world in a changing climate...



...only 16 of them describe their plan in detail...



...and only ten have aligned their plans with the Swiss climate goals.



Climate transition plans show how a company plans to reduce emissions over time to achieve net zero, and what it is doing to keep its business relevant in a low-carbon world.

In general, we found that there is a lack of a standardised language and framework for disclosing climate transition plans. Various structures are being used to report these plans, with some organisations creating their own

frameworks, others following institutional frameworks and recommendations (such as UBS following the guidance by the Glasgow Financial Alliance for Net Zero) and some aligning their sustainability reporting and climate transition plans with TCFD reports. Most plans are buried within extensive texts, often referring primarily to the Science-Based Targets initiative (SBTi) or focusing on risk management and scenario building. This finding is consistent with CDP's own analysis¹, in which over a third of companies surveyed met the criteria for 'risks and opportunities', 'governance' and 'policy'

elements, while performing the poorest in 'financial planning', 'targets' and 'strategy to achieve net zero'. In summary, the absence of a standardised structure and terminology for reporting on climate transition plans makes it challenging to understand a company's exact objectives. Furthermore, most reports use vague or hypothetical language, which conceals the lack of specific actions. None of the companies analysed in this report come close to meeting the definition and requirements outlined by the CDP.

"CDP
(Carbon Disclosure Project)
Transition Plan Definition¹

A climate transition plan is a time-bound action plan that clearly outlines how an organization will pivot its existing assets, operations, and entire business model towards a trajectory that aligns with the latest and most ambitious climate science recommendations, i.e., halving greenhouse gas (GHG) emissions by 2030 and reaching net-zero by 2050 at the latest, thereby limiting global warming to 1.5°C.

1) <https://www.cdp.net/en/guidance/guidance-for-companies/climate-transition-plans>

Transition plans disclosed by various companies share a set of common initiatives that they are looking to implement. These include enhancing energy efficiency, shifting towards renewable energy sources, integrating new technological advancements and embracing digital solutions such as cloud computing. While these by no means constitute an all-encompassing best-practice solution, they can provide a good starting point.

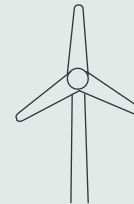
A common denominator in transition plans is boosting energy efficiency through process optimisation and energy-saving technologies, directly targeting emissions reductions. Companies are also pivoting to renewable energy, investing in projects such as solar and wind, or buying renewable certificates to lessen reliance on fossil fuels and looking to electrify previously fossil-powered operations. New technologies form another pillar, with companies investigating in options such as carbon capture and storage (CCS) and advanced, more efficient materials and machinery. Finally, digitalisation efforts, especially the adoption of cloud computing, are also prevalent, offering more energy-efficient data management and enabling remote work, which cuts down on travel-related emissions.

Beyond these commonalities, many companies acknowledge Scope 3 emissions, which pertain to indirect emissions stemming from up- or downstream activities in their value chain. However, detailed action plans to address such emissions are rare. While most companies discuss 'engaging' with suppliers as a strategy to reduce Scope 3 emissions, there is typically no backup plan presented for scenarios in which such supplier engagement might be unsuccessful.

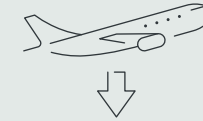
For producing companies, broader and more proactive strategies, such as switching suppliers to ensure adherence to climate targets such as those set by the SBTi, are not widely mentioned. This indicates a deficiency in the robustness of transition strategies and a potential area for improvement in ensuring that companies' entire value chains are aligned with their climate objectives.

Companies with investment activities have taken a selective approach to excluding certain high-emission industries, such as coal, from their portfolios.

The Net Zero 2050 transition plans examined include the same six elements:



Moving to renewable energy sources



Reduction of business travel



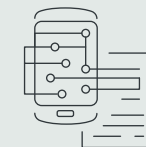
Use of new technologies



Increase in operational efficiency and productivity



Increase in energy efficiency



Increase in digitalisation and cloud solutions

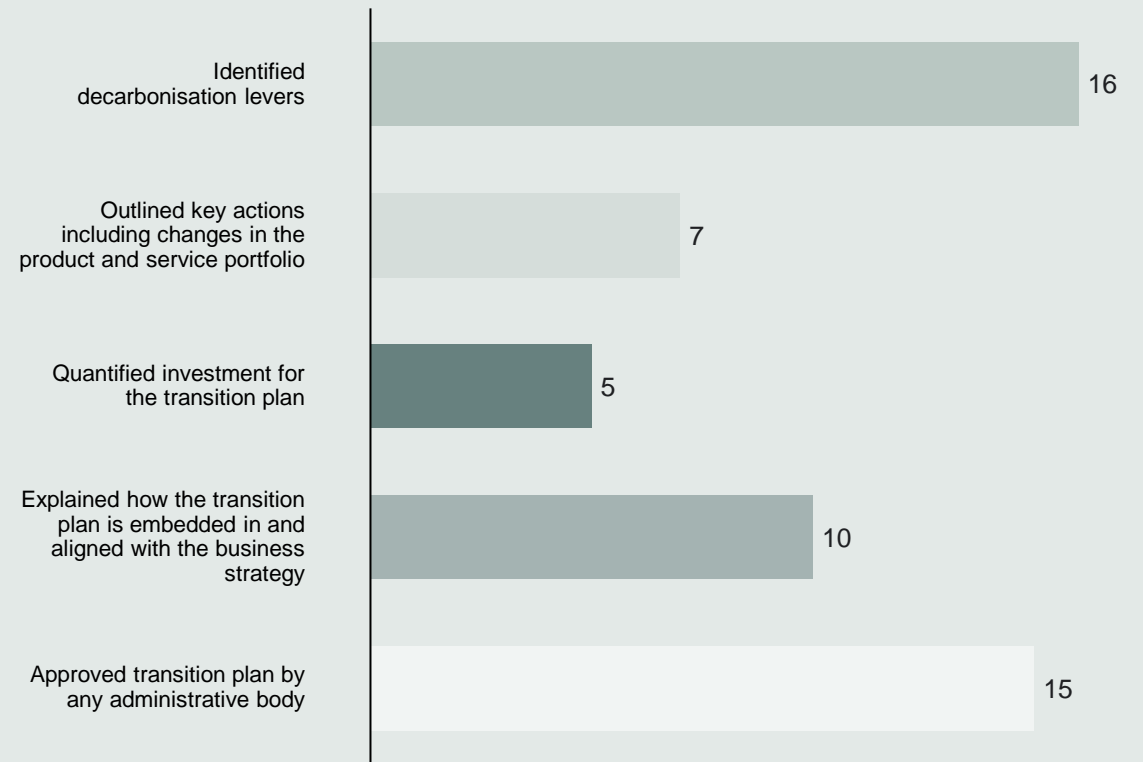
The few transition plans presented by the Swiss Top100 companies lack credibility, critical reflection and integration in the business strategy.

While the investigated transition plans cover similar topics, they also demonstrate similar deficiencies, failing to consider certain critical aspects. First, they often lack specific, time-bound measures, and when these relate to GHG emissions reductions, an indication of how much the measures would reduce GHG emissions. Second, they do not outline how much investment is necessary for the measures described. Third, transition plans are not sufficiently integrated in the core business strategy. Instead, most companies relegate their transition strategies to separate sustainability reports rather than embedding them in their overall corporate strategy, despite the likely need to align sustainability with core business goals in order to achieve net zero by 2050. Transition plans need to evolve from standalone sustainability initiatives to integral elements of a company's overarching business strategy and include clear, time-bound and costed action plans, transition measures and strategies to achieve targets.

On a more conceptual level, we found that the transition plans rely on energy efficiency and resource productivity as means of transitioning without addressing the efficiency paradox, according to which increased efficiency leads to increased production and potentially stagnant or even rising emissions. Moreover, none of the plans analysed critically considered the implication of continued business growth, which often means increased material throughput and energy expenditure. None of the companies mention a reduction in material throughput or revenue growth as a means to meet climate targets.

Additionally, there is a strong dependence on emerging technologies, but without a realistic assessment of their commercial availability or alternative options should they fail to meet expectations.

Coverage of essential elements* of a transition plan



* according to European Sustainability Reporting Standards (ESRS) E1 Climate Change, Disclosure Requirement E1-1

Example of best practice: transition plan

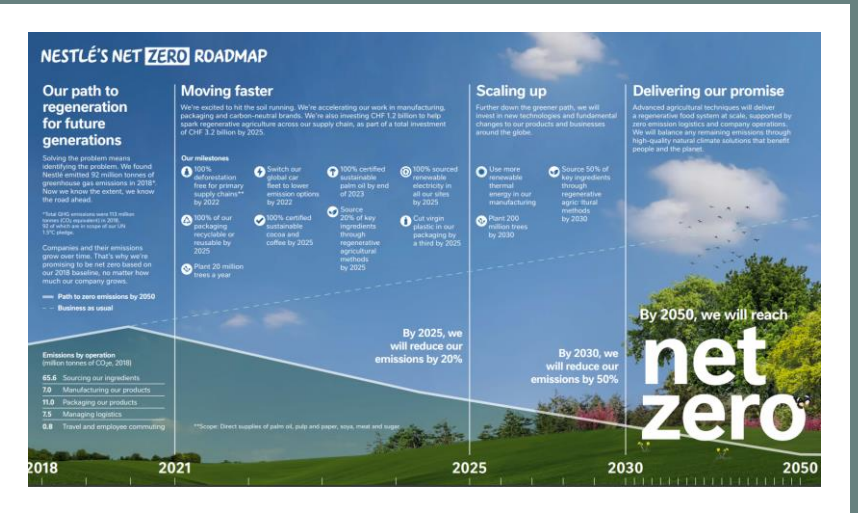
Ideally, transition plans contain specific milestones, concrete action steps and realistic timelines, as some best practices show

Nestlé

Nestlé describes concrete measures and milestones, categorised according to policy, market and technology. Moreover, Nestlé reports its progress with regards to its goal achievement, for example by indicating that 78.4 percent of the 100 percent switch to renewable energy by 2025 had already been achieved by 2022. They also detail how the specific actions in the eight different fields of activity contribute to the emission reductions.

One detail that could be added is a rough indication of costs or internal resource allocation for each field of activity, which would provide more confidence into the implementability and maturity of the actions.

Note: Nestlé's Net Zero Roadmap, March 2023

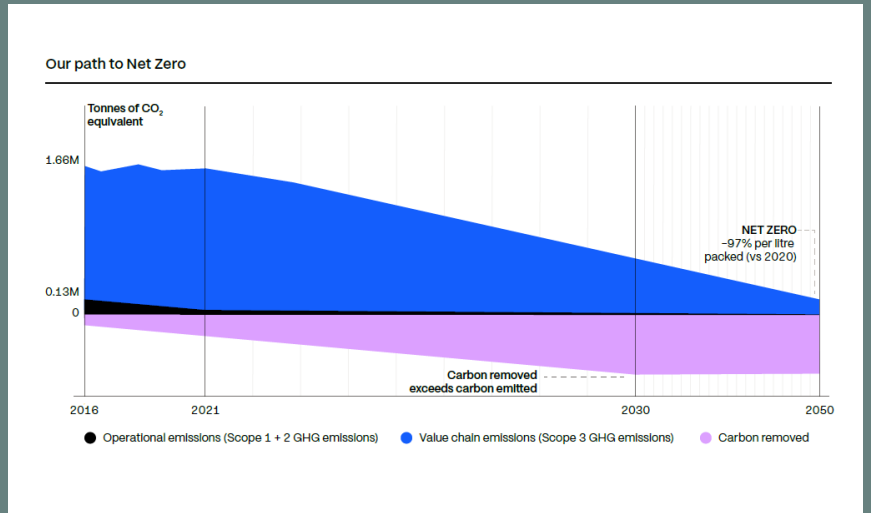


SIG Combibloc

SIG's plan for achieving net zero clearly describes the three emissions scopes and specifies several goals and initiatives aimed at reducing emissions in the company's own operations, as well as in their supply chain and other areas of their business. Overall, they place major focus on increasing efficiency regarding operations and energy consumption.

This plan could be improved by defining not only initiatives but also clear action steps per emission scope and placing them on an appropriate timeline. Further, a strong reliance for net zero on forestation and prevention of deforestation might be problematic, as the carbon removal is less permanent and effective compared with other technologies to achieve negative emissions.

Note: SIG Annual Report 2022, pages 93-104



Management of climate-related risks and opportunities

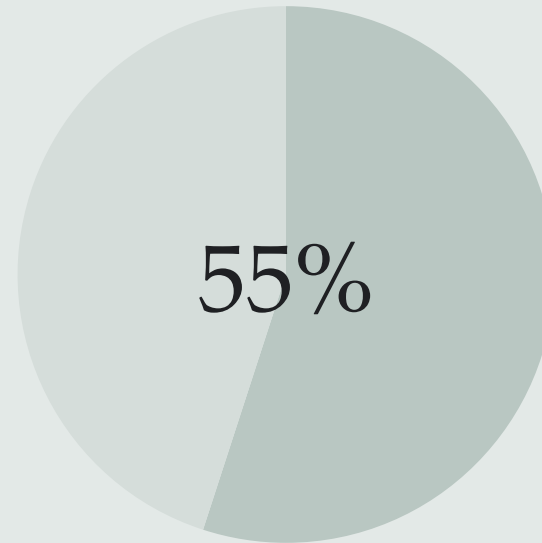
Most companies have identified both risks and opportunities arising from climate change.

Identifying the risks and opportunities arising from climate change is the first step towards being able to accommodate them. We found that 65 of the 100 largest Swiss companies disclosed having identified risks arising from climate change, whereas only 55 of them have identified opportunities related to climate change. However, there is significant overlap between companies identifying risks and opportunities, as more than half of the companies have identified both.

A deeper dive into the data reveals that although the majority of Switzerland's Top100 companies have identified the risks and opportunities, fewer companies have described them and even less disclosed that they have determined a timeframe for the risks or opportunities.

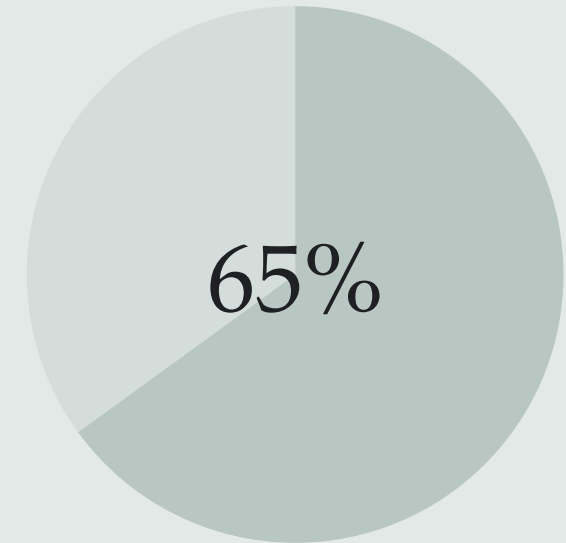
This means, although 55 percent of the companies have identified climate-related opportunities, only 49 percent have described them, and less than a third of the companies have determined whether they will be impacted in the short, medium or long term. The pattern is similar for the risks arising from climate change. In this respect, however, 39 percent of the companies have established a timeframe for accommodating the risks.

These results indicate that most of the largest Swiss companies are aware that climate change will affect them and their business in some way. However, how and when the companies will be affected is less clear.



Climate-related opportunities

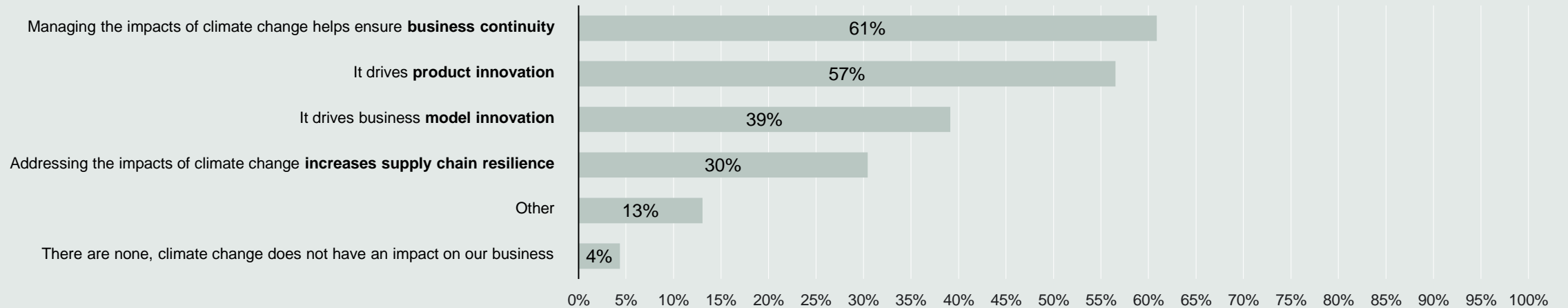
55 out of 100 companies identified opportunities



Climate-related risks

65 out of 100 companies identified climate-related risks

What opportunities arise for your company from climate change?



Ensuring business continuity and driving product innovation are seen as the main business opportunities arising from climate change.

Sixty-one percent of survey respondents state business continuity as the main business opportunity arising from climate change, followed by product innovation (57 percent) and business model innovation (39 percent) driven by climate change.

Most of the respondents see several opportunities arising from climate change, as they selected two or three different ones. Very few see no business opportunities arising from climate change.

Only four percent of the respondents see no opportunities arising from climate change, as they do not consider that climate change will impact their business. This suggests that most respondents are aware that climate change can have a positive impact on their business. Overall, this reveals that Swiss companies have a positive outlook on the opportunities arising from climate change.

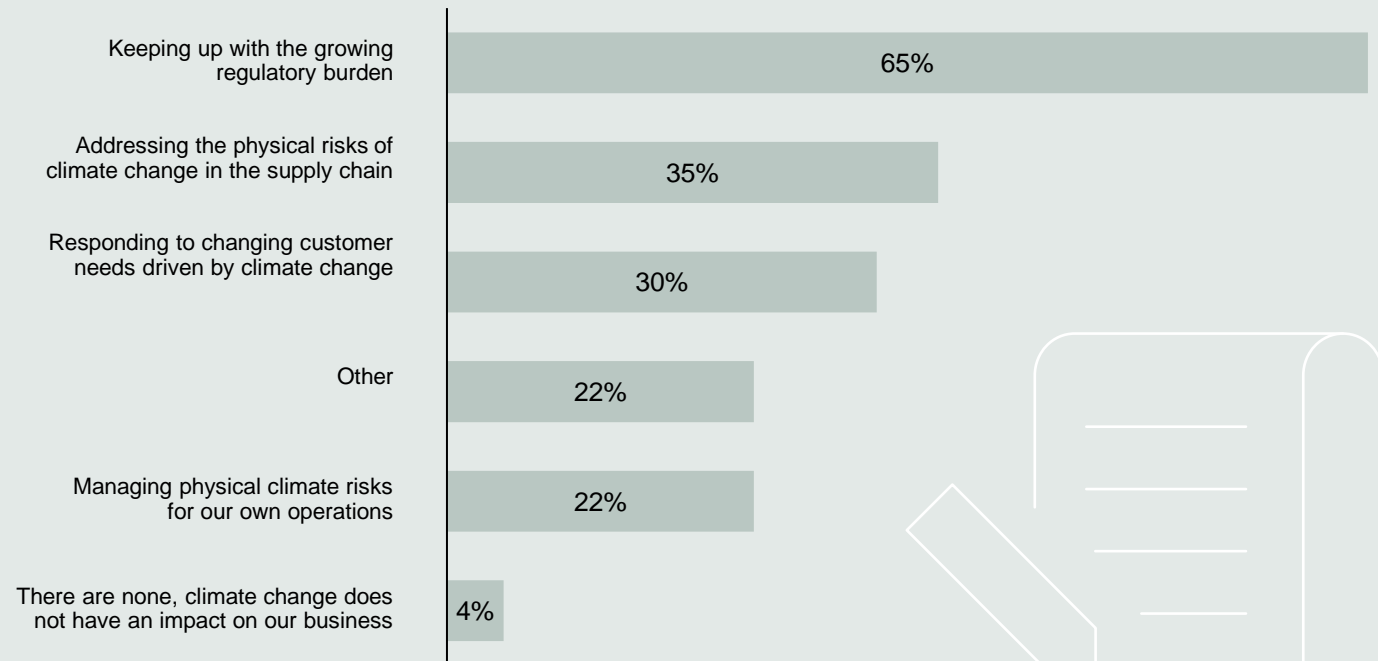
Companies do not yet consider vulnerability due to climate change to be of prime concern.

The regulatory burden is by far the biggest challenge that companies face due to climate change, as indicated by 65 percent of respondents. The regulatory burden from new legislation could be understood as the difficulty in knowing what to do to comply, but also the effort required to properly implement the many recommendations and obtain the required data. One interpretation could be that companies do not yet view the regulations as a strategic tool for preparing their business for the future but rather as a liability.

Most companies do not consider physical risks to be their primary challenge, as only 22 percent report physical risks to their own operations as a issue. Although more companies (35 percent) foresee physical risks elsewhere in the supply chain, they do not yet consider vulnerability due to climate change to be of prime concern.

Three respondents mentioned that they instead view transition risks as challenges downstream of the business, e.g., regarding markets and customers. One respondent cited indirect influences of climate change on the business as the biggest challenge.

What are the biggest challenges for your company related to climate change?



About half of the companies describe their processes for identifying and managing risks and incorporating these processes in their ERM system

A large share of companies describe the processes they use to identify and assess (48 percent) as well as manage (41 percent) risks and opportunities related to climate change.

In particular, companies that submitted a CDP report explained this process in detail; otherwise, it was typically explained alongside the more general sustainability risk management process. It thus remains unclear how risks specifically related to climate were assessed, providing potential investors and other stakeholders with only limited information.

Fifty-two percent of all companies integrate these processes in their ERM system. We often found that they merely stated this fact, rarely explaining how they integrated the identification, assessment and management aspects. Interestingly, more companies claimed to have integrated climate risks in their ERM system than described the process of identifying and assessing the risks.

Overall, we found that the questions posed by the CDP might be a helpful guide to adequately describing the processes related to climate risks and opportunities.

Share of companies that described their...



Setting targets and measuring performance

Most companies that disclose Scope 1 and Scope 2 emissions also set reduction targets

Defining metrics in relation to climate change, both from a mitigation and an adaptation perspective, helps companies to steer efforts towards a future-proof business and ensures that performance can be measured in relation to targets.

Most companies disclose the emissions from their own operations, including Scope 1 from direct GHG emissions, such as from combusted fuels and company vehicles, and Scope 2 from energy purchased.

The majority also set emissions reduction targets. The share of companies disclosing their Scope 1 and 2 GHG emissions is, at 84 percent, relatively high. However, it means that 16 percent of the Top100 Swiss companies either do not disclose their Scope 1 and 2 GHG emissions or do not yet collect sufficient data to be able to do so.

Understanding emissions from their own operations is often the first step for companies on their climate mitigation journey.

We found that 11 percent of the companies that disclose their Scope 1 and 2 GHG emissions have not yet set any explicit reduction targets. The non-financial reporting obligation requires Swiss companies to set such targets when reporting on their non-financial matters for 2023 in 2024.

In some sectors, 100 percent of the companies have emissions reduction targets. This is the case for the companies in the chemicals/ pharmaceuticals and electronics/ electrical engineering sectors, for instance.

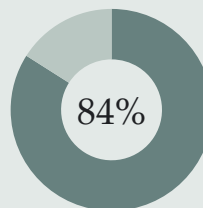
On the other side of the spectrum, we found that none of the three energy companies in our sample has yet set Scope 1 and 2 GHG emissions reduction targets. Scope 1 and 2 GHG emissions from the energy sector may be considerable when fossil fuel power plants form part of the portfolio.

For some sectors prevalent in Switzerland, such as insurance services, there are still deficiencies in terms of disclosing emissions targets.

Although Scope 3 GHG emissions from their investments are often comparatively higher, setting targets and taking action in relation to their own operations is often easier as a first step.

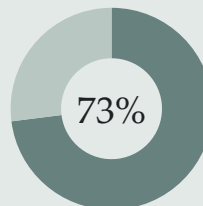
Emission metrics

84 out of 100 companies disclose their Scope 1 and Scope 2 emission



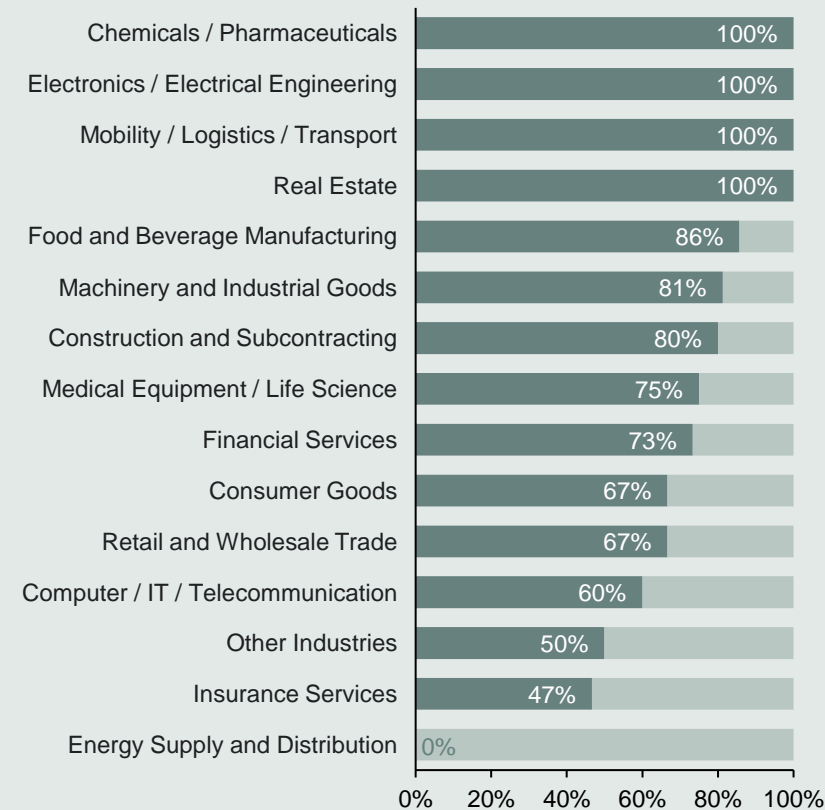
Emission targets

73 out of 100 companies set targets for their Scope 1 and Scope 2 emission reductions



Scope 1 and 2 emission targets by sector

YES
NO



Of the

100

Top Swiss companies



64

report their Scope 3 emissions



but only

39

report on their Scope 3 emissions targets.

Disclosure of Scope 3 emissions and targets varies widely by sector, but is overall higher than expected

Comparing the disclosure of Scope 1 and 2 with that of Scope 3 emissions, we found that a large share of companies do both, despite it being typically more difficult to obtain data for Scope 3 emissions (with 84 companies reporting Scope 1 and 2 data and 64 reporting Scope 1 to 3 data).

We cannot say whether the outcome means that 36 of the Top100 Swiss companies are unaware of their Scope 3 emissions or simply have not yet reported them, although some indicate that they are currently in the process of mapping their Scope 3 emissions.

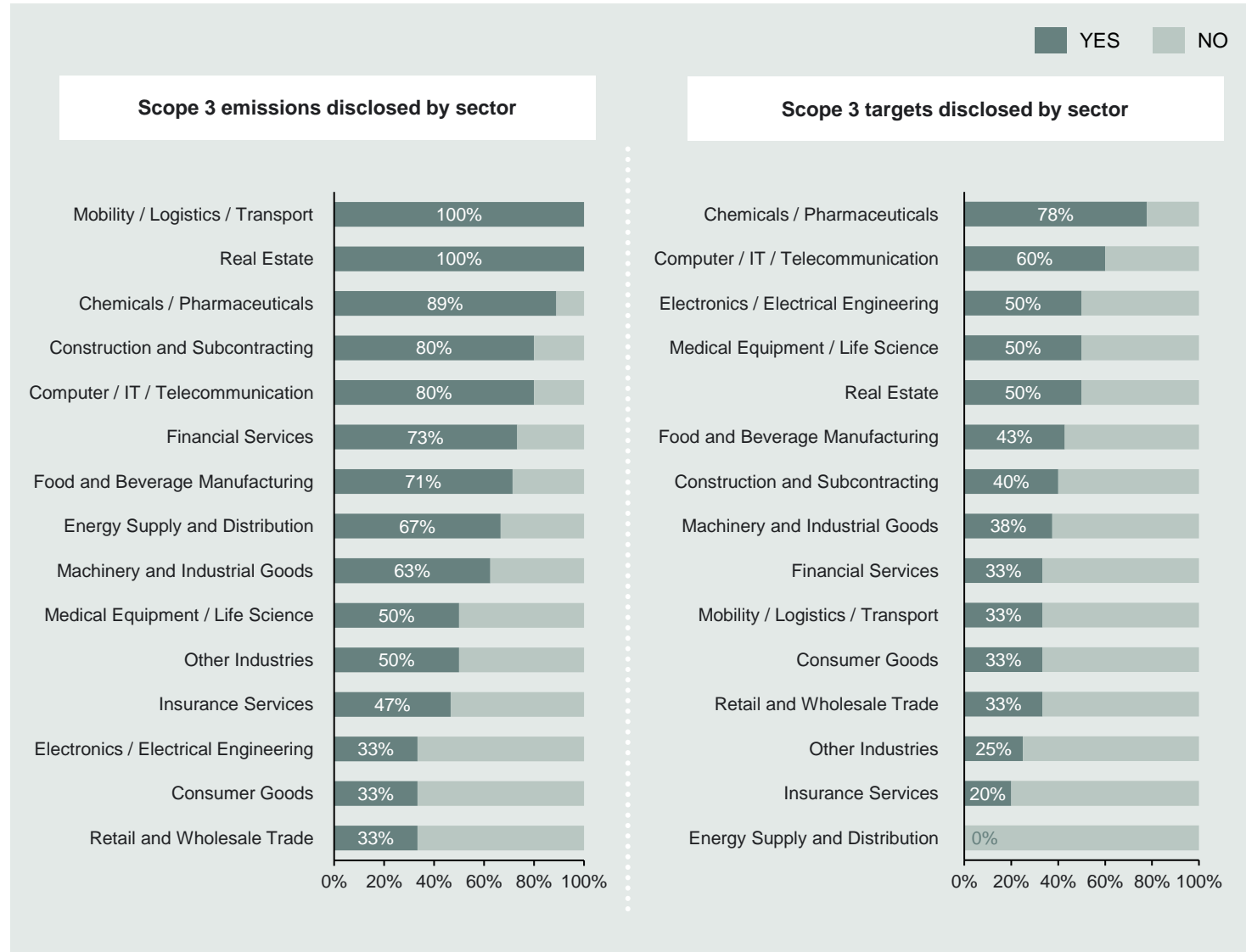
The majority of sectors will have a larger share of their emissions in the Scope 3 category, either in their upstream supply chain (e.g., chemicals and pharmaceuticals companies), downstream in the use phase (e.g., machinery and industrial

goods) or as part of their investment portfolio (e.g., financial and insurance services).

It is thus critical to assess these and explore options for reductions. Thirty-nine companies have set Scope 3 targets that usually can only be reached through collaboration with suppliers, end users or firms they have invested in.

The latter is challenging, which is reflected by the lower number of companies in the financial and insurance services sector that have set Scope 3 GHG emissions targets. Similarly for the consumer goods and retail and wholesale trade sectors, mapping the upstream value chain is often challenging, which is reflected in the low number of companies that have disclosed Scope 3 emissions or set targets.

The chemicals and pharmaceuticals sectors are leading when it comes to setting targets, which is facilitated by an increasing number of low-carbon alternatives for commodities and raw materials in the market, as well as good data availability for the lifecycle impacts of chemicals.



About a third of the Swiss Top100 companies report non-GHG metrics related to climate change and about a fifth disclose their targets

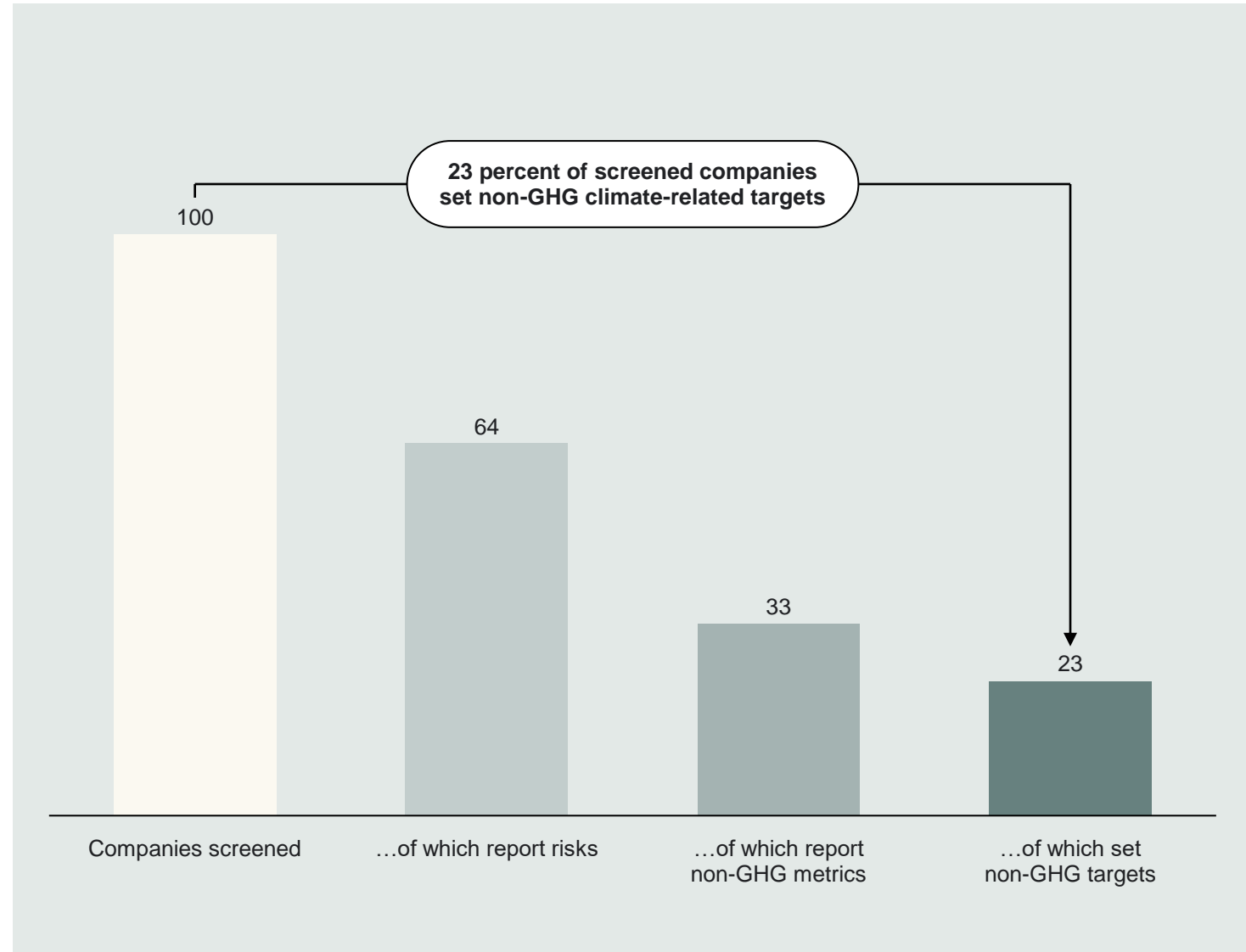
Besides GHG emissions reporting and targets, the TCFD guidance recommends applying other metrics that can be used to assess and manage climate-related risks and opportunities. These may be environmental metrics (including energy and resource consumption) that describe the dependency or vulnerability of a company to climate change but can also be financial, including what percentage of a lending portfolio is allocated to fossil fuel activities or research and development spending to achieve low-carbon solutions.

Out of the 100 largest companies in Switzerland, 33 disclose metrics other than GHG emissions that can be used to manage risks and opportunities. Only 23 companies have targets associated with climate-related risks and opportunities other than GHG emissions.

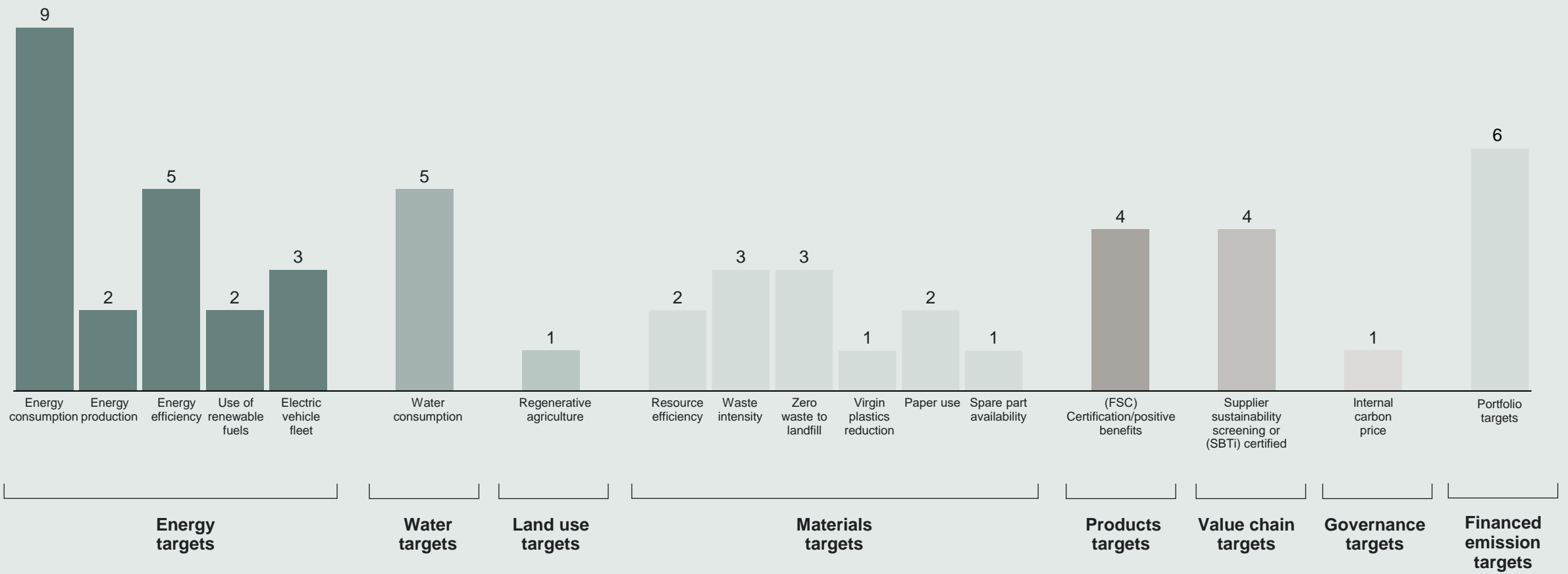
The figure on the next page shows the type of targets companies set and how many times we have found those targets in the reports. It is worth mentioning that the sectors investigated are very different in nature and are thus dependent to differing extents on the natural world and have different impacts on the environment. For example, a company selling bottled drinks depends on water, but also may put stress on water reservoirs, while an insurance provider is less concerned by water use in its offices.

The most common targets set by the companies concern energy consumption, with nine companies having set targets in this area. Other target categories cover a wide range of areas, from water and land use to materials, products, supplier criteria and internal carbon pricing. Five banks also disclose targets related to their financed emissions, such as the carbon intensity and the net zero alignment of the investment or lending portfolio.

There is also a major difference in the level of ambition between the companies that set specific targets. For instance, one company has a target of zero waste to landfill in 2030, whereas another aims to have already achieved this in 2023.



Number of companies that have set a non-GHG target



Note: We included targets that indirectly relate to climate risks and opportunities due to dependencies, vulnerabilities or leading indicators for the carbon footprint.

Example of best practice: Non-GHG metrics and targets

SIG Combibloc

SIG Combibloc has set itself a range of ambitious targets for 2025 in most of the categories. This company has targets for 100-percent renewable energy use, zero waste to landfill and forest restoration, along with several targets for reductions in water use, energy use and the use of other materials.

A progress tracker indicates to external stakeholders whether the company is on track to achieve these targets, and they disclose related activities. Such an approach can be considered a good example of how to use multiple targets to steer the company towards more sustainable and climate-friendly operations.

Further metrics that would help the company to better understand and manage risks could be the share of cellulose sourced from different regions across the globe and their vulnerability to changing climate patterns.

Note: SIG Annual Report 2022

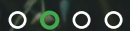
Climate+			
Material issue	2025 target	Progress tracker	2022 performance
	Maintain 100% renewable energy and Gold Standard CO ₂ offset for all non-renewable energy (at production plants)		We have maintained carbon neutral production for our aseptic carton packs with 100% renewable electricity and Gold Standard CO ₂ offset for all non-renewable energy at production plants.
	Expand use of on-site solar power to meet at least 10% of our global electricity use as part of overall renewable power purchase agreements (PPAs) to meet 25% of our global electricity use		In 2022, on-site solar power met 2.6% of our global electricity use for aseptic carton production – and overall PPAs met 12% including our off-site PPA in Germany. More on-site solar is in development at our sites in Germany, Mexico and Saudi Arabia, and we have secured enough PPAs (on- and off-site) to power 100% of our aseptic carton production in Germany from January 2023.
	Transition to 100% bioethanol or other bio-materials for printing		Seven of our eight aseptic carton production plants have already moved from fossil-based solvents to plant-based bioethanol for our printing processes and we are continuing to explore how to extend the switch to renewable alternatives worldwide.

Forest+			
Material issue	2025 target	Progress tracker	2022 performance
Biodiversity and forest ecosystems	Partner to create, restore, protect or improve management of at least 650,000 additional hectares of forest beyond what we need to make our products by 2030		We launched a five-year partnership with WWF Switzerland to directly invest in projects designed to protect, restore or improve thousands of hectares of forests, starting with a project in Mexico that aims to improve forest management of 100,000 hectares and restore a further 750 hectares of forest to secure critical habitat for jaguars. We began engaging with customers and suppliers to identify opportunities to partner on joint forest projects. We also joined WWF's Forests Forward programme, publicly committing to a series of actions designed to scale up our impact (see > page 108).
	Establish a partnership with Brainforest, an NGO, to contribute to restoring or creating resilient and sustainable forests by 2025		In addition to the WWF partnership above, we also began working in partnership with Brainforest – a Swiss for-impact venture studio for forests and climate, co-founded by WWF Switzerland and made possible by the Migros Pioneer Fund – and its venture Xilva AG to identify potential joint forest projects we could undertake with customers and suppliers.
	Partner with an NGO to develop a methodology to measure the impact of FSC™ certification by 2025		We worked with the Institute for Energy and Environmental Research (IFEU) to refine our approach, and agreed a plan to help us develop a methodology to measure the impact of sourcing FSC™-certified raw materials using life-cycle assessment techniques focusing on carbon and biodiversity.
	Work with customers to include the FSC™ label on 100% of the packs we sell, closing the remaining 3% gap by 2025		99% of the packs we sold in 2022 carried the FSC™ label (up from 98% in 2021). To close the remaining gap, we are encouraging our customers to include the FSC™ label on all pack décor for new products and on existing products when décor is changed.
	Maintain 100% FSC™-certified supply of liquid packaging board for our packs		We continued to purchase 100% of the liquid packaging board for our aseptic cartons with FSC™ certification – first achieved in January 2021 – and remained the only aseptic carton producer to achieve this.

Resource+			
Material issue	2025 target	Progress tracker	2022 performance
Waste and circular economy	Launch a full barrier carton linked to 100% renewable materials		2022 performance is reported later in this table under Sustainable innovation on > page 172.
	Further reduce the amount of non-fibre materials in our carton packs to increase the share of renewable materials and to enable SIG cartons to go into paper recycling streams where relevant by 2030		
	Partner with stakeholders to implement dedicated and country-specific roadmaps to support increased collection and recycling of beverage cartons		We have roadmaps in place for 25 priority countries across our regions, and we continued to work with industry partners, governments, municipalities, customers and communities to implement country-specific programmes to support increased collection and recycling – including innovative tech-based solutions in Egypt that monitor ethical working conditions for waste pickers, the expansion of our social model for collection in Brazil and Indonesia, new recycling facilities in Australia and another planned in Brazil, and consumer awareness and collection programmes in a range of other countries. In Europe, we focused our efforts on influencing policy and legislative developments that enable more collection of used packaging via legislation.
	25% reduction in grams of waste per m ² of packaging material (from 2016)		Our waste rate from production of our aseptic carton packs decreased by 6% from 2016.
	Zero landfill – all waste to be recycled or used as renewable biofuel		In 2022, 91.6% of waste from production of our aseptic carton packs was reused or recycled, 1.5% was recovered for energy and only around 0.2% went to landfill. We have achieved zero waste to landfill at six of our aseptic carton production plants in China, Europe and Saudi Arabia.
	Maintain certification to ISO 14001:2015 at all production plants		We maintained our global ISO 14001 certification for our aseptic carton business – and began work to extend it to newly acquired sites in 2023.



A brief digression: biodiversity



The overlooked state of Biodiversity

According to the World Economic Forum's Global Risks Report 2023¹, biodiversity loss and ecosystem collapse have emerged as being among the TOP10 risks for businesses, coming just after climate change, within the next 10 years. Despite 55 percent of global GDP relying on biodiversity and ecosystem services², ongoing and past economic activities have resulted in a 47 percent decline in natural ecosystems, with one million species facing extinction in the coming decades³.

While these reports underscore the importance of making biodiversity a priority on business agendas, our analysis reveals that companies seldom acknowledge biodiversity as a relevant topic. Among the Top100 companies in Switzerland, currently only 22 identified biodiversity as material, and even fewer are reporting on nature-related risks, strategies, metrics or targets.

Interestingly, there is no clear sectoral focus in biodiversity reporting. There are companies reporting some form of information on biodiversity in 12 out of 15 of the sectors in our sample. Notably, the sectors with no reported nature-related information are electronics/electrical engineering, medical equipment/life science and the retail and wholesale trade.

Nature-related risks

Out of the 22 companies that consider biodiversity a material topic, only four have also identified nature-related risks. Two companies, while not formally recognising biodiversity as material, acknowledge its significance and its associated risks and have thus incorporated it in their environmental risk assessment.

While reporting remains limited, companies offer some insights into the risks identified, which are primarily centred around the sourcing of raw materials. Companies also disclose risks associated with deforestation, water and the intricate relationship between climate and biodiversity. Notably, the focus in the reports appears to be on the companies' impact on biodiversity neglecting their dependence on nature.

Strategies to address nature-related risks

Despite some companies having identified nature-related risks, an observation is that some of these companies fail to implement specific strategies to address these risks. Among those that have identified nature-related risks, four companies lack dedicated strategies to tackle them. Conversely, a total of 12 companies share details about their nature-related strategies, irrespective of whether the topic has been identified as material or if specific risks have been explicitly outlined.

Top100 Swiss companies reporting on nature-related disclosures



(cont'd)

1) WEF Global Risk Report 2023 <https://www.weforum.org/publications/global-risks-report-2023/>
 2) WEF The New Nature Report 2020 https://www3.weforum.org/docs/WEF_New_Nature_Economy_Report_2020.pdf
 3) IPEBS The global assessment report on biodiversity and ecosystem services, 2019: <https://zenodo.org/records/6417333>

Biodiversity risk and materiality assessment

BIODIVERSITY MATERIALITY AND RISK ASSESSMENT

In 2023, we conducted our first Group Biodiversity Materiality and Risk Assessment, which enabled us to understand our biodiversity impact arising from our value chain.

The assessment was conducted across the value chain for 33 commonly sourced commodities by Richemont and identified high-priority biodiversity risk areas along our value chain. We assessed the potential severity of different pressures such as land-use change, resource extraction, climate change, pollution and invasive alien species, as identified by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) and recommended by the Science Based Targets Network.

Note: Richemont ESG Report 2023, p. 41

Nature-related metrics

Note: Lindt No-Deforestation & Agroforestry Action Plan Progress Report 2022, p. 11

The strategies predominantly centre around engaging in or promoting sustainable agriculture practices, such as agroforestry. Additionally, some companies invest in nature-based projects or, in the case of a bank, incorporate biodiversity in their investment strategy. Companies also highlight a commitment to responsible procurement, reforestation efforts, reducing the use of virgin materials and mitigating negative impacts on water. Furthermore, some entities adopt a more general approach by either supporting the Taskforce on Nature-related Financial Disclosures (TNFD) or initiating a first risk assessment.

Nature-related targets and metrics

Interestingly, all companies that disclose having targets to address nature-related issues do so based on a formulated strategy. This alignment between articulated targets and established strategies enhances the credibility of the targets, underscoring that these companies not only set objectives but also possess a corresponding action plan. In contrast, four companies with established strategies do not report any targets for biodiversity. This omission raises questions about the transparency and clarity surrounding how these companies intend to actualise their strategic biodiversity goals.

Given the alignment between targets and company strategies, the majority of these objectives centre around common themes, namely agroforestry, restoration of forests or ecosystems, sustainable water usage, as well as sustainable sourcing including using product labels for agriculture, animal husbandry, fishing and forestry. Some companies only set overarching qualitative targets such as advocacy and raising awareness among employees and customers.

Five companies with established targets also include metrics in their reporting, while one company provides metrics despite not reporting any specific targets. This discrepancy can be attributed to the nature of the targets formulated, which appear to be more like measures addressing negative impacts rather than precise and measurable goals and were therefore not classified as targets in our analysis.

To assess the effectiveness of targets in mitigating biodiversity risks, it is crucial for companies to disclose biodiversity risks more comprehensively. Unfortunately, such an evaluation was not feasible in this study due to limited disclosure regarding nature-related risks. Additionally, companies should clarify how their targets actively contribute to a positive impact on biodiversity. Providing context to illustrate the correlation between their goals and tangible benefits for biodiversity would enhance transparency and understanding.

Approach and method of analysis



Approach and method of analysis

We assessed the climate change preparedness of the Top100 companies headquartered in Switzerland and within the scope of the upcoming Swiss Ordinance on Climate Disclosures. Besides analysing their publicly available sustainability reporting, including reporting to the CDP, we also conducted an online survey to understand how the companies prepare for climate change and what challenges and opportunities they see.

Of the 100 companies assessed, 70 are real-economy companies and 30 are financial service providers, such as banks and insurance companies. We grouped the companies into 15 sectors. Four companies from the healthcare, services and packaging sectors and one conglomerate were grouped under 'Other industries'.

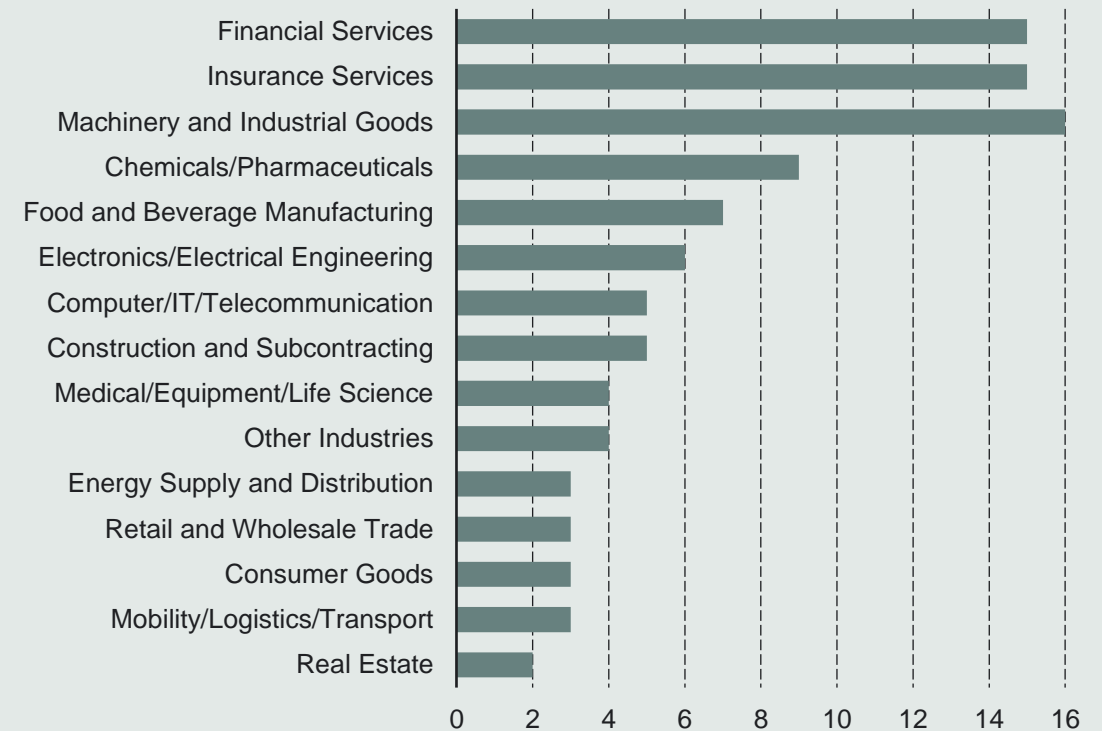
We used 32 criteria to assess the companies' preparedness for a changing climate based on their public reporting. The criteria were derived from the recommended disclosures outlined by the TCFD*.

These criteria were supplemented by criteria derived from the Swiss Ordinance on Climate Disclosures and corporate climate change management best practice, such as using an internal carbon price and embedding climate change performance incentives in the remuneration scheme for the company leadership.

Due to the growing attention to biodiversity loss, we have also included five criteria related to biodiversity reporting derived from the TNFD framework.

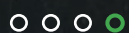
To supplement the analysis of the public sustainability reporting with current data, we also conducted an online survey to gather insights on how companies are currently preparing for mandatory climate reporting and adapting to a changing climate in order to identify best practices and understand the challenges companies face. We were able to invite 97 of the 100 companies to participate in the online survey, with 28 responding to parts of the survey and 23 fully completing it.

The Top100 Swiss companies analysed, grouped into 15 sectors



* TCFD report 2017 <https://assets.bbhub.io/company/sites/60/2021/10/FINAL-2017-TCFD-Report.pdf>

Contact and acknowledgments



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This study is a criteria-based analysis of sustainability reporting and an online survey of selected Swiss companies.

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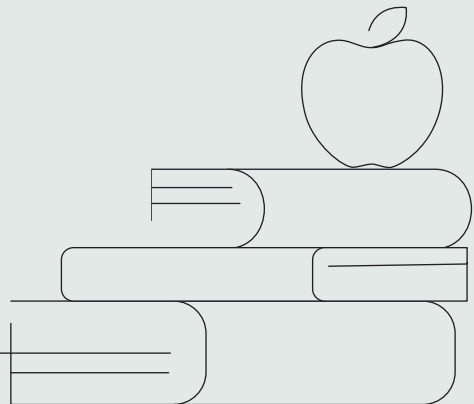
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About Implement

Born in Denmark with offices in Copenhagen, Aarhus, Stockholm, Malmö, Gothenburg, Oslo, Zurich, Munich, Hamburg, Düsseldorf and Raleigh, NC, we count more than 1'500 consultants working globally with clients on projects of all shapes, sizes and ambitions.

We offer a wide range of services, including strategy development, organizational design, change management, digital transformation, and operational improvement.

We believe that great organisational impact leads to great impact for humanity. Our aspiration is to catalyse real transformation by bringing analytical skills, functional expertise and human insight into play in a way that creates impact.

About engageability

engageability is a sustainability consultancy and think tank for innovative, future-positive solutions. Since the foundation in 2010, our client base has grown considerably and includes multinational companies, SMEs, governments and international organisations in Switzerland and abroad.

Our vision is to create and upscale opportunities that contribute to a sustainable future and a thriving global society.

To this end, we serve as facilitators of collaboration and stakeholder engagement and work towards developing solutions for today's challenges through partnership development, co-creation, knowledge-building and strategic advice.