



# A Manager's Guide to Corporate Climate Adaptation



## ✓ Why implement sustainability measures and how?



Climate protection and sustainability measures should be sensibly integrated into the value chain and operational processes to:

- **minimize risks and costs,**
- **protect and maximize competitive advantages, sales and margins, and**
- **make a significant and relevant contribution to climate protection.**

Each company must develop an individualized approach.

**However, in our experience, many MzN International mandates are based on three steps:**

1. Analysis of climate risks and opportunities within the company and along the supply chain.
2. Management and continuous reduction of emissions and annual monitoring and reduction of supply chain risks.
3. Annual reporting in accordance with current and forthcoming legislation on non-financial annual reporting, and open and honest public relations. If necessary, quarterly reporting to investors.

## ✓ Where do we start?



First, **conduct a basic analysis of all climate factors within the company and in the operating environment.** This analysis should identify the climate and sustainability relevance, cost and revenue enhancement potential, and key strategic factors.

Secondly, **create a priority list** stating where, when and in which area the climate and sustainability risks (and thus cost-saving potential) are highest.

Third, **take action.** Many action steps will likely fall in one or more of these categories:

1. **Reduce and avoid environmental risks:** For instance by actively reducing the largest emitters and thus reduce emissions costs. A further example would be to minimize the risk of human rights violations in the direct and indirect supply chains (a word of caution: environmental damages can also be regarded as human rights violations!).



# A Manager's Guide to Corporate Climate Adaptation



2. **Reduce costs:** Stable supply chains and climate-friendly operations are less prone to disruption and therefore more efficient. They can help to promote considerable potential, especially in markets where margins are tight. In addition, sustainable companies are more attractive to investors and employees. In short, the business case for sustainability is undeniable.

3. **Protect and increase sales and margins:** Our experience clearly shows that brands that consistently pursue climate protection and sustainability experience an increase in sales. In addition, consistently climate-neutral products can be sold with higher margins. However, we expect this advantage to become the standard over the next two years. This would put companies without good climate protection management operations at a significant competitive disadvantage.

4. **Reporting and public relations:** Well-founded reporting should be part of the company's climate objectives. It is the basis for being attractive to investors, customers and employees and evidence of long-term success management.



**When should we act?**

**Like any investment, the earlier you start, the more profitable it will be. Acting too late can only be corrected by large-scale restructuring, which will be considerably more expensive.**

By the fall or winter of 2021, at the latest, experts expect the next wave of regulations to be introduced:

- In Germany, ethical supply chain regulations will become legally binding for many companies as early as January 2023, including a duty to ensure compliance and publicly report on it.
- The EU set the goal of reducing emissions by more than half by 2030. Each EU country will be required to translate this into national law in the coming months. Emission certificate prices have already increased and will do so further. In the near future, all European companies will be subjected to an emissions cap that will allow only about half of current emissions. Emissions above this level will be subjected to additional charges, taxation or fined.
- Companies active in the USA face even greater pressure to act. The legislative plans assume a reduction of emissions 50 to 60% by 2030 and complete climate neutrality by 2040.
- In Germany, following a ruling by the Constitutional Court in Karlsruhe in April 2021, the Climate Protection Act will be tightened with regard to the measures to be taken after 2030.



**Do Good.  
Better!**



# A Manager's Guide to Corporate Climate Adaptation



## What are the costs and benefits?

The costs of analyzing climate and sustainability factors are comparable to those of auditing or occupational health and safety in many companies.

The costs depend on the complexity of the existing processes and supply chains and, of course, on how much has already been done in this area. The initial analysis is more extensive than those in subsequent years.

However, **experience shows that the investment pays off in the second year**, when risks and costs have been reduced to such an extent that they significantly exceed the costs of the analysis. From the third year onwards, with consistent management, the competitive advantage and attractiveness for investors can be measured. **In short, the later you start investing in sustainability, the more expensive it becomes.**



Do Good.  
Better!



# A Manager's Guide to Corporate Climate Adaptation



## Beyond the Cost-Benefit Analysis

Climate protection and sustainability make good business sense and should therefore be on every leader's agenda. Beyond that, however, the non-operational reasons are more important and the consequences of environmental apathy more serious. As business leaders, we should be asking ourselves now how we can continue to enable future generations to live on this planet.

MzN has been working in the field of sustainability and development cooperation for over 10 years. Every day, our partners are in the flooded fields of Bangladesh, the parched fields of Kenya, or working with climate refugees in Latin America. Climate change is certainly happening and we all need to do our part to minimise it.

Contact us for more information: [office@mzninternational.com](mailto:office@mzninternational.com)

