

Stories of Change

Accelerating action towards a sustainable future



The world is changing. And business is changing in response. The Paris Agreement and the UN Sustainable Development Goals (SDGs) have put our planet’s environmental and social challenges firmly on the corporate agenda – and companies are acting and innovating to seize the opportunities created and mitigate the risks involved.

By providing a global platform for disclosure, CDP helps drive awareness of environmental impacts. But our work also highlights the actions companies are taking to address climate change, water scarcity and the effects of deforestation.

By highlighting examples of leading practice, we hope to help other companies understand that the tools exist to mainstream environmental action, and to take steps to reduce their environmental impacts.

For example, US Healthcare company **Biogen** discusses next generation process efficiency and how this will significantly reduce their energy and water usage. Brazilian chemicals company **Braskem** is aligning its strategic goals with the SDGs, seeing in them opportunities for growth in the years to come. Real estate developers **City Developments Limited** talk about how they embed sustainability concepts and technology into their projects so they are aligned with Paris goals. As the global automotive sector prepares for an electric future, **Daimler** has adopted a top-down governance structure to ensure that climate action is integrated throughout its business.

KT Corporation discusses its progress with smart systems and AI to significantly improve energy consumption across the value chain, while cosmetics giant **L’Oreal** makes the case for action along its value chain, from ingredient sourcing to how consumers use its products. **Metsä Board**, meanwhile, sees the opportunity presented by the circular economy for greater use of its fresh fiber paperboard products, and lightweight products that require less raw materials, energy, and water.

Mitsubishi Electric elaborates on its ‘Environmental Vision 2021’, and its plans for setting 2030 and 2050 goals.

Homebuilding company **MRV Engenharia e Participações**, in Brazil, explains how third-party certification is helping to drive improved energy efficiency and reduced waste in its buildings. **Novo Nordisk** sets out how renewables and energy optimization have delivered a 60% cut in the pharma company’s direct emissions since 2004. **Shinhan Financial** in Korea sees the benefits in providing preferential business terms for companies that have proven environmental credentials, and notes how they are instrumental in financing renewable energy projects in Korea.

French IT firm **Sopra Steria** explains how it is collaborating with cities, transport authorities and other large companies to address one of its biggest sources of emissions, from business travel. Finally, for US toolmaker **Stanley Black & Decker**, its commitment to aligning its strategy with climate science means it plans to become operationally ‘carbon positive’ by the end of the 2020s.

We hope these profiles, and other examples from the organizations that disclose to CDP, will inspire and encourage other companies to embrace the change needed to address the sustainability challenges we all face.

This publication comprises sponsored editorial from companies disclosing data to CDP programs. The paid-for content was created in collaboration with CDP, with the aim of showcasing efforts already underway to cut emissions, use water more efficiently, and reduce deforestation.

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Our science-based target is a 35 percent reduction of absolute emissions across our entire value chain (Scopes 1, 2 and 3) by 2030, from a 2013 baseline.





Best practice actions

- ✓ **Setting a science-based target;**
- ✓ **Becoming a RE100 member;**
- ✓ **Engaging in CDP’s A list for climate and water;**
- ✓ **Becoming a USEPA Green Power Partner;**
- ✓ **Gaining ISO 50001 certification;**
- ✓ **Driving employee engagement;**
- ✓ **Developing performance metrics and tracking.**

Tips for success

- ▼ Use a science-based approach to set your environmental goals, especially for climate impacts, for which there is more established scientific consensus and emerging best practices.
- ▼ Look beyond traditional facility and operational efficiencies and include innovative approaches to product development and manufacturing for impact reductions.
- ▼ Engage with key suppliers and other business partners to share goals and develop collaborative initiatives to reduce your scope 3 emissions and other impacts.
- ▼ Identify a portfolio of actions, including some high-priority major initiatives that will drive significant improvements, and more fundamental actions that will provide near-term wins.

As a leader in the development and delivery of innovative therapies for people with neurological and neurodegenerative diseases, our commitment to improving lives goes beyond the therapies we provide. We are also committed to doing our part to provide a healthier environment. Each year we reassess our most material environmental, social, and economic impacts. In our 2016 review, among our 18 most important impacts beyond access and improving patient health outcomes, were those related to climate change, water, waste, and product stewardship. We have programs in place to address these and our other material impacts.

As a company rooted in science, we take a science-based approach to setting our environmental impact reduction goals. Specifically, in 2017, we received approval of our science-based target (SBT) for greenhouse gas (GHG) emissions reduction from the Science Based Targets initiative (SBTi). A partnership between CDP, WRI, WWF and the UN Global Compact, the SBTi works with companies to set ambitious targets in line with the level of decarbonization needed keep global temperature increase below 2 degrees Celsius. Our goal is a 35 percent reduction of absolute emissions across our entire value chain (Scopes 1, 2 and 3), to be achieved by 2030, from a 2013 baseline. We have already achieved a 70% reduction in Scope 1 and 2 emissions intensity from a 2006 baseline via efficiency measures and planned use of on-site and off-site renewable energy. We are now formalizing the mid-term and longer-term initiatives to achieve our updated science-based target.

A critical innovation that will drive significant reductions in energy and water use, as well as climate impact, is our focus on next generation process efficiency. Traditional biopharmaceutical development processes are very energy and water intensive. We have developed and are continuing to innovate product development processes that significantly reduce energy and water usage. For example, the next generation process to be used at our production facility in development in Solothurn, Switzerland, is projected to reduce energy use and emissions by roughly 80% per kilogram of output, and to reduce water usage by nearly 90% per kilogram of output.

Pharmaceutical and biopharmaceutical manufacturing processes can also require a significant amount of material inputs per unit of output. Our increasing focus on green chemistry has helped us reduce materials and water usage per unit of output, as well as the climate change impacts of our production processes. For example, innovations in the manufacturing of a molecule that is the foundation of a medicine we are developing to treat a rare but debilitating neurological disease resulted in a 57% improvement in materials efficiency, a 49% reduction in water usage, and a 44% reduction in climate impacts based just on the reduction in materials used.

We strive to be a catalyst for change that goes beyond our own operations, buy engaging with suppliers and business partners to reduce our mutual environmental impacts. In 2016, we expanded our supplier impact reduction engagement, working with approximately 50 suppliers that collectively represented roughly 75% of our 2016 supply chain carbon emissions. These collaborations contributed to a 15% reduction in our overall carbon footprint.

As we move forward, we will continue to reduce our environmental impacts by:

- ▼ Identifying innovative ways to source more on- and off-site renewable electricity through co-generation and renewables;
- ▼ Driving further innovations in the energy, water, and materials efficiency of our operations and manufacturing processes;
- ▼ Exploring additional collaborations with suppliers and other business partners.

At Biogen, we will continue to build upon our current commitments, actions, and successes because we view reducing our environmental impacts as a source of business value, an expectation of any responsible company, and quite simply, as part of who we are as a company striving every day to improve lives around the world.

Braskem S.A.

Materials, Brazil

At Braskem, evolving means growing sustainably.

Best practice actions

- ✓ CDP Climate and Water A List 2017;
- ✓ Developing an adaptation plan to climate change;
- ✓ Defining and implementing an internal carbon price;
- ✓ Leading the 'Movimento Menos Perda, Mais Água' ("Less Losses, More Water Initiative"), aligned with UN's Sustainable Development Goals (SDG);
- ✓ Investing in Innovation and Technology in 2016.

Tips for success

- Define a long-term strategy for your organization which is aligned with its overall vision and that on its main stakeholders. Engage the highest levels of your business' leadership on the issues of sustainability to ensure the decision are taken across your business.
- Stimulate life-cycle thinking, seeking value chain engagement for identification and reduction of impacts.
- Identify and manage climate and water risks and opportunities, integrating this with corporate risk management and establish clear, open, and transparent communication with all stakeholders.
- Define effective medium and long-term goals and targets, considering the adoption of innovative processes and technologies.

At Braskem, evolving means growing sustainably. This principle is manifested through the company's constant search for innovative solutions aimed at both improving people's lives and creating value for the business.

Drawing on this vision and focusing on the opportunities for growth in the coming years, Braskem formulated its core strategy based on ten strategic macro goals that seek to strengthen its contribution to Sustainable Development. All Braskem's macro goals contribute to the UN's 17 Sustainable Development Goals.

Our actions encompass, among others things, investments in innovation and technology to create increasingly sustainable products; improving the eco-efficiency of our industrial operations; encouraging solutions for plastics recycling; fostering local development by training people, suppliers and clients; enhancing management practices, especially those related to fostering diversity and acting with ethics, integrity and transparency.

Over the past few years, Braskem has made significant advances in its climate change and water efficiency strategy, which includes actions to adapt to climate change. We look to assesses and manage water scarcity risks at its production units and developing effective actions for reducing its greenhouse gas emissions.

A noteworthy example is the plan to adapt to climate change, which is being developed and implemented with the goal of ensuring Braskem's competitiveness while contributing to the transition to a new development model based on a low-carbon economy. After identifying and prioritizing potential opportunities and climate risks at all plants in Brazil, United States, Germany and Mexico through 2040, Braskem is validating the respective actions for mitigating the most relevant risks.

During the process of identifying the risks associated with climate change, one of the scenarios identified as posing potentially high risk for some of Braskem's plants was the impact of severe drought and water scarcity on power generation. This risk scenario enables, as an intervention measure, the opportunity to develop new products with lower environmental footprints, such as the Maxio® line of resins developed by Braskem, which enables clients to make lighter products with less energy and higher productivity.

Expanding its view to encompass the chain, Braskem has been working for five years to develop initiatives to promote voluntary engagement by its suppliers, in a bid to manage indirect emissions, risks and opportunities in the upstream segment of its supply chain more effectively. Actions to raise awareness, encourage the reporting of emissions inventories and identify risks and opportunities are conducted annually with the support of CDP's supply chain program. As a result, there has been a significant increase in the number of suppliers engaged, enabling Braskem to attain a 2017 engagement rate of 65% for climate change and of 76% for water resources; the highest response rate among participating companies in Latin America.

Braskem is also the largest worldwide manufacturer of biopolymers, with annual production capacity of 200,000 tons of I'm green™ Polyethylene (green plastic) produced from sugar cane, a 100% renewable origin. The life cycle assessment of the green plastic indicated that Braskem's biopolymer made from ethanol removes 3,09 kilograms of CO₂ from the air with each kilogram produced.

To Braskem, it is essential to always minimize any negative environmental and social impacts caused by its activities and, most importantly, to maximize the positive ones, effectively becoming a solution for improving people's lives through its products, services and actions.

Fernando Musa, CEO

City Developments Limited

Real Estate, Singapore



Sustainability serves as a strategic differentiator for our brand and products, helping us achieve sustained growth while creating shared value for our investors, customers, community and the environment at large.

Esther An,
Chief Sustainability Officer, CDL



South Beach - CDL's Green Mark Platinum certified mixed-use development with extensive green building design and features. These features including 1,800 sq m of solar panels that generate some 219,000kwh/year have helped raise energy efficiency by over 30%.

Best practice actions

- ✓ **Achieved CDP's Climate Change Score; A-**
- ✓ **Committed to setting a science-based target;**
- ✓ **Gaining ISO 14064 Assurance for GHG Emissions Disclosures.**

Tips for success

- Set an unwavering commitment towards low carbon operations for over two decades.
- Ensuring strong leadership and management commitment.
- Be an early adopter of global best practices.
- Develop a value-driven business model with a triple bottom line in mind.
- Future proof your business by setting long-term Environmental, Social and Governance (ESG) targets.

City Developments Limited (CDL) is a Singapore-listed international real estate operating company with a global presence spanning 97 locations in 26 countries. Since 1995, CDL has embraced its ethos of "Conserving as we Construct", integrating sustainability into its business to create lasting value for its investors, customers, community and the environment.

The building industry has a high environmental impact. Globally, buildings account for 30% of GHG emissions and consume 40% of energy and resources. With the global paradigm shift to sustainable development accelerated by the landmark Paris Agreement and the United Nations Sustainable Development Goals, green and energy-efficient buildings could be the lynchpin of many countries' climate pledge and solutions to reduce Greenhouse Gas (GHG) emissions.

As early as 2008, CDL took the lead to be the first Singapore company to publicly disclose its carbon emissions with CDP. It sought to be a pioneer in carbon management through emissions target setting and public disclosure. Even prior to that, in 2003, CDL had already set firm commitments to being an environmentally responsible company with the establishment of its corporate Environmental, Health and Safety (EHS) policy. In subsequent years, it further demonstrated its industry leadership by becoming the first Singapore developer to be certified for ISO 14001 Environmental Management System (in 2003), ISO 50001 Energy Management System (in 2014), and ISO 14064 Assurance for GHG emissions disclosures (in 2016).

With its solid foundation in environmental management, CDL continues to align with global climate agendas and best practices to enhance its strategy and commitments towards low-carbon operations. In 2015, CDL put forth its commitments to combat climate change across its operations with a dedicated Climate Change Policy. Building on that, in 2017, CDL made the bold move to further raise its carbon emission reduction target from 25% to 38% by 2030, based on 2007 levels under its new CDL Future Value 2030 Sustainability Blueprint. The enhanced target adopts the Sectoral Decarbonisation Approach to support Singapore's commitment to the Paris Agreement, Climate Action Plan and Sustainable Singapore Blueprint. It is also in line with climate science to limit the global temperature rise to 2°C above pre-industrial levels.

As a sustainability pioneer and green building champion, CDL is also amongst the first Singapore companies to pledge its support for the voluntary disclosure recommendations of the industry-led Financial Stability Board (FSB)'s Task Force on Climate-related Financial Disclosures (TCFD). It has embarked on a scenario planning exercise around its supply chain and climate change to identify risks and opportunities that may present themselves to its business in future.

Moving forward, CDL remains cognizant of the growing challenges and complexities of climate change. It has begun aligning its own science-based GHG emissions reductions targets with that of the Science-Based Targets initiative (SBTi), and is currently reviewing the adoption of an internal carbon price to stay ahead of the Singapore government's upcoming carbon tax regulation in 2019.

Climate change will have significant impacts across many sectors and regions, and businesses must play a key role in ensuring transparency around climate-related risks and opportunities. CDL will continue to improve and uphold its long-established sustainability strategy and best practices around carbon disclosure. Amidst growing global uncertainty and an ever-evolving business landscape, CDL remains poised to leverage its long-standing sustainability commitments to stay dynamic and resilient to deliver lasting value for its business, investors, stakeholders and the environment at large.

Daimler AG

Consumer Discretionary, Germany



By 2022 we will have launched a total of more than ten purely electrically driven vehicles. We shall electrify the entire Mercedes-Benz portfolio and offer the customer the choice – depending on their individual preference and needs.



Source: Daimler AG
Concept: Future Innovation
Realisation: XOIO GmbH

DAIMLER

Best practice actions

- ✓ **Engaging in the CDP Climate A List;**
- ✓ **Becoming a member of the Task Force on Climate-related Financial Disclosures (TCFD);**
- ✓ **Committing to the Science Based Targets Initiative (SBTi);**
- ✓ **Becoming a member of H2 MOBILITY and a high-power electric vehicle charging initiative for Europe.**

Tips for success

- ▶ Dig deeper: Don't think climate change is just another external factor to your business. It's what's on the inside that counts.
- ▶ Pursue a systematic approach: Install a top-down governance structure with direct board access to control climate action at the relevant stages of your business activity.
- ▶ Build your goods not only for the eye: Product development at Mercedes-Benz Cars is in compliance with the ISO 14006 "Design for Environment" standards
- ▶ Engage with your stakeholders: Starting in Germany in 2008, our "Daimler Sustainability Dialogue" has since been expanded to China, Japan, the US and Argentina.
- ▶ Be watchful: Turn major trends into profit for society. Connected, Autonomous, Shared & Services and Electric: We bundled it in our CASE-organization.

For Daimler, acting in line with the principles of sustainability means striving to achieve long-term business success on a viable basis. To make this possible, our activities must be in harmony with society and the environment. As a globally operating automobile manufacturer, we face industry-specific challenges. Road traffic contributes to the generation of CO₂ and pollutant emissions, which can endanger the health of pedestrians and people on the road. We therefore use our power of innovation to create environmentally friendly and safe vehicles that conserve resources to the greatest extent possible. We also develop sustainable mobility solutions and promote their profitable implementation.

There is every indication that two current trends, the switch to renewable sources of energy and the growing demand for electric vehicles, will continue to intensify worldwide in the years to come, and the vision of completely emission-free mobility could become a reality in the not too distant future.

As we head toward this future, we have to utilize all of the means available to us to reduce CO₂ emissions more quickly. The electrification of the drive system is without doubt the key component towards achieving this goal. At Daimler, we are quite consciously establishing ourselves on a broad basis in view of our extensive vehicle portfolio and the mobility requirements of our customers. We are continuing to pursue a three-lane drive system strategy: we are focusing on highly efficient combustion engines i.e. with 48 volt systems and starter generators, systematic hybridisation and battery-electric or fuel cell drive. In the years ahead, we will invest more than €10 billion in the expansion of our purely electric fleet. By 2022 we will have launched more than ten purely electrically driven vehicles. Over and above this we shall electrify the entire Mercedes-Benz portfolio and thus offer our customers at least one electrified alternative in every Mercedes-Benz model series, over 50 in all. We offer the customer the choice – depending on their individual preference and needs.

Coming along with the market launch of electric vehicles, we introduce a new product brand for electric mobility: EQ. The name EQ stands for "Electric Intelligence". The new brand encompasses all key aspects for customer-focused electric mobility and extends beyond the vehicle itself. EQ offers a comprehensive electric mobility ecosystem of products, services, technologies and innovations. The spectrum ranges from electric vehicles to wallboxes and charging services to home energy storage units. The new brand will thereby not only enable climate-friendly driving (locally zero CO₂ emissions), but it will also foster private solar electricity generation. Customers can create a whole renewable energy ecosystem for their home electricity demand and their electric vehicles.

It goes without saying that we, the world's leading manufacturer of commercial vehicles, also employ sustainable new drive systems in our trucks, buses, and vans. We put our first electric van into series production in 2011: the Vito E-CELL. It will be followed in 2018 by a new van, which will be completely electric and connected and will feature an automated cargo area. In the same year, we also plan to launch an electric version of our Citaro short-distance bus with a range of 300 kilometers. Finally, our third generation Fuso Canter E-CELL ensures that we are also the leader when it comes to green trucks.

In general, Daimler will continue to increase its share of investment in future-oriented technologies. We are investing €1 billion alone in the global expansion of our battery production for electric cars and plug-in hybrids. In this way, we are ensuring that we have direct access to key components of electric mobility and thus safeguarding our strategy to switch to emission-free mobility.

KT Corporation

Telecommunications, South Korea



KT will present a new paradigm for the environmental ICT industry.

Best practice actions

- ✓ Engaging in CDP Climate A List;
- ✓ DJSI WORLD for the eighth consecutive year;
- ✓ UNGC lead company.

Tips for success

- ▶ A far stable and more strategic environmental management has been realized and systematically executed by founding a 'Sustainability Management Committee' under the Board of Directors.
- ▶ In order to protect and improve environment in a systematic way, KT has introduced 'KT Environmental Management Policy' with relevant department like Smart Energy Division.
- ▶ KT has upgraded its GHG management competency by including Scope 3 management function in the inventory system in 2016.
- ▶ KT participates actively in national greenhouse gas (GHG) policies, such as establishing carbon management targets and leading the GHG emission trading scheme.

Due to global climate change and energy depletion, the ability to efficiently manage energy in most sectors is becoming core for our company's competitiveness. As customer demands for new environmental services and products increases, the role that these services will play in our future growth is expanding. KT will present a new paradigm for the environmental ICT industry by identifying and fostering new eco-friendly businesses in order to solve the environmental issues facing humankind through the development and provision of innovative technologies.

According to the Global e-Sustainability Initiative, the global research organization for sustainability, 20% of global GHG emissions could be reduced by 2030 through ICT development and services. Thus it is anticipated that the global GHG emissions could be reduced to the emission level in 2015. This is the equivalent to saving 25 billion barrels of crude oil per year. Smart Energy business (smart grid, energy analysis solutions, building and factory energy solution, and cutting-edge energy management service) is especially attracting attention as a core industry that can have a direct impact on energy efficiency. In addition, Smart Transportation business such as real traffic information, smart logistics and intelligent lighting has been emerging as a new growth business as it suppresses the use of fossil fuel and reduces fine dust.

In 2015, KT newly founded the Smart Energy Division and created KT-MEG (Micro Energy Grid) Center to contribute to address climate change issues by the integrated energy consumption monitoring system as a new business model. KT-MEG Center is the world-first integrated monitoring platform to control energy consumption using Artificial Intelligence, dubbed as e-brain to analyze and monitor the entire energy value-chain of production, consumption and transaction. Currently, 26,000 sites across the country are connected to the KT-MEG center and contribute to energy consumption reduction through big data analysis. The KT-MEG Center provides synergies to various KT services such as 'GiGA Energy Manager', 'GiGA Energy Gen', 'GiGA Energy Charge.'

The GiGA Energy Manager is an energy saving solution for high-energy consumers such as factories, large buildings and apartments by analyzing energy consumption patterns through big data analysis. The solution includes the services such as real-time energy consumption monitoring, effective electricity consumption management, and remote-control optimization for facilities. The service reduced about 76% of the apartment's total electricity consumption in a year in Dae-Gu City, South Korea and saved about 75% of the building's total energy consumption in Gwang-Ju City.

GiGA Energy Gen is the service for setting up and managing the renewable energy facility. Big data service has enabled to assist the service more intelligent by around 10% with its accuracy of production prediction and contributes to increase the amount of energy generation through a pre diagnostic and a real-time monitoring program. So far, 21MW solar plants are being operated, and 26,500MWh amount of clean electricity has been produced for public.

The GiGA Energy Charge is a charging solution for electric cars. KT has already set up 15,000 mobile charging stations nation-wide as an official supply company endorsed by the Korean government in 2017.

KT-MEG was awarded the best prize in the Smart City Sector from Mobile World Congress Global Mobile Awards 2017. It is a meaningful achievement, which shows KT's constant efforts for solving climate change issues through its innovative technologies. KT strives to strengthen its energy efficiency capabilities through ICT technology innovation and pursues to develop diverse energy saving projects as a leading ICT company for the future.



Sustainability is who we want to be: a responsible business that creates a positive impact on society and the environment.

Best practice actions

- ✓ **Engaging in CDP's Climate, Water and Forest A List;**
- ✓ **Committing to setting Science Based Target;**
- ✓ **Committing to deforestation-free supply chain;**
- ✓ **Committing to reporting climate change information in mainstream reports;**
- ✓ **Becoming a CDP Supply Chain member.**

Tips for success

- ▶ Lead with a clear sustainability vision, driven by the CEO and its Management Committee. L'Oréal sustainability strategy addresses all the company's impacts: the way we design, produce, distribute and communicate our products.
- ▶ Set a long-lasting commitment – for more than 25 years – to reduce the environmental footprint, through tailor-made and agile solutions adapted to the local context of the sites.
- ▶ Build a worldwide sustainability programme with tangible 2020 commitments across the entire value chain, from the sourcing of ingredients through production to distribution of products.
- ▶ Encourage the involvement of all employees worldwide, with a strong collaboration and sharing of best practices between Marketing, Research & Innovation and Operations.
- ▶ Develop a transparent and open approach that engages suppliers, external stakeholders, NGOs, local communities in order to build, all together, the most relevant and efficient projects.

As the leader of the beauty industry, we have a responsibility and an opportunity to help address the major challenges faced by humanity today, including climate change, resource scarcity, poverty and social inequality. This will contribute directly to our long-term success. Through our global vision for 2020, 'Sharing Beauty with All', we are transforming every aspect of our value chain – all the way from the sourcing of raw materials to the consumer interaction with our products.

Halfway through our 2020 ambitions, L'Oréal has already undertaken an in-depth transformation in order to reach the ambitious targets set by ourselves on a wider scale specifically on climate protection, sustainable water management and our fight against deforestation.

Firstly, we want 100% of our new or renovated products to have an improved environmental or social footprint by 2020 and have already reached 82% of our target in 2016. This is a huge global effort. It implies that whenever our teams invent or renew a product, they enhance its formula by improving biodegradability or using responsibly sourced ingredients. At the same time, they optimize the packaging by using recycled or biosourced materials. This is the case for an increasing number of our products for which the packaging is already composed of 100% recycled plastic.

Another key milestone was reached in 2016 in terms of sustainable production: we achieved a 67% reduction in CO₂ emissions since 2005, exceeding our target of 60% reduction four years ahead of schedule. This sends out a strong signal. With a production volume that has increased by 29% over the same period, we are continuing to decouple our growth from our environmental impact. While climate change is a major challenge, our commitment is stronger than ever. We are taking action to cut the carbon, water and waste impacts of our production by 60% by combining several actions. To reduce our carbon emissions, we have improved the energy efficiency of our industrial processes, our buildings, and increased the use of renewable energy, using technologies such as biomethanation, biomass installations and solar panels. With our transporters, we have launched a worldwide initiative to foster cooperation to reduce CO₂ emissions from the transportation of products.

We have also deployed our industrial projects with a concern for respectful water use, by reducing requirements to a minimum and taking into account the local availability of this vital resource. To succeed in reaching this target, we have optimized consumption and developed projects for on-site recycling and reuse of wastewater. Finally, 100% of L'Oréal's industrial sites reached the "zero waste to landfill" target.

One of our major concerns is our commitment to "zero deforestation". We are currently deploying an innovative strategy for the traceability of agricultural commodities, especially palm oil, in partnership with independent smallholders, NGOs and suppliers.

Sharing our growth with all our stakeholders is central to fulfilling our vision. By 2016, we had helped 67,500 people from underprivileged backgrounds find access to employment through one of our social inclusion programmes. For many years now we have also worked with our suppliers to integrate sustainability as a key lever of performance to enhance their environmental and social policy.

We want all our brands to help raise consumers' awareness of living sustainably by 2020. 'Walking the talk' is very important here. We are being clear with our consumers about how we are improving the footprints of our products.

We are working hard to reach our 2020 targets and I am confident today in our capacity to achieve them. At L'Oréal, we see sustainability as a responsibility, the only possible way forward in the 21st century and as a "license to operate". It is what our consumers will expect more and more in the future and this is why it is fully integrated into our mission of bringing beauty to all. Put simply, sustainability is who we want to be, a responsible business that creates a positive impact on society and the environment.

Jean-Paul Agon, Chairman and Chief Executive Officer, L'Oréal

Metsä Board

Materials, Finland



Fresh fibre paperboard answers to the requirements of circular economy perfectly.

Mika Joukio,
CEO Metsä Board Corporation



Best practice actions

- ✓ Engaging in CDP Water A List;
- ✓ Engaging in CDP Climate A List;
- ✓ Committed to setting Science Based Target.

Tips for success

- For sustainability projects to be embedded into standard business practice, they should be initiated and driven by the company's top management.
- Decreasing CO₂ emissions and water use often bring cost efficiencies along with sustainability benefits.

Metsä Board Corporation, part of the Metsä Group, is a leading European producer of premium fresh fibre paperboards including folding boxboards, food service boards and white kraftliners. The company's lightweight paperboards are developed to provide better, safer and more sustainable solutions for consumer goods as well as retail-ready and food service applications.

Sourcing from sustainably managed forests

The main raw material in Metsä Board's paperboard is 100% traceable fresh fibre that comes from sustainably managed Northern European forests which do not need artificial watering. All wood raw material used by Metsä Board comes from third-party verified, certified or controlled forests and all Metsä Board mills have both PEFC™ and FSC® chain-of-custody certifications. Metsä Board's target is to sustain the amount of certified wood at the minimum level of 80% in its operations. In 2016 81% of the wood used by the company came from certified forests.

Future continuity of fibre supply is guaranteed, as in Finland the wood is supplied by 104,000 private forest-owners that also own Metsä Group's parent company Metsäliitto Cooperative. Good management of the forests has resulted in an annual increase in growing stock of 30% to 40% in Finland and Sweden and the annual forest growth exceeds the amount of wood harvested. Metsä Group can ensure the availability of sustainable wood in both the short and long term.

Reduced CO₂ emissions

Resource efficiency is one of the key development areas of Metsä Board. Investments in efficient technology and bioenergy production have reduced CO₂ emissions, and the efficiency targets are driven by the company's top management. In 2009 Metsä Board set a 2020 target to reduce its CO₂ emissions by 30%, and achieved a reduction of 45% already by 2016.

Metsä Board strives to increase the use of bioenergy in its production. In 2016 59% of all energy used was bio-based. With the recent Metsä Group investment in a new bioproduct mill in Äänekoski, Finland, the share of bioenergy will further increase. This EUR 1.2 billion bioproduct mill generates excess bioenergy and does not use any fossil fuels. The new bioproduct mill is integrated to Metsä Board's paperboard production which has positive effects on CO₂ emission reductions.

Water conscious

Water is essential in making pulp and paperboard. In the process water helps to separate wood fibres for the paperboard production process and it carries these fibres to different stages of the production process. Water is also needed for cleaning, cooling and in smaller quantities for steam generation in production. Some of Metsä Board's paperboard mills operate next to a pulp mill allowing even greater efficiency in respect to the water use. In the integrated mill sites the wet pulp is typically fed via pipelines directly to the board production without drying and transportation in between.

Metsä Board only uses surface water in the production. Metsä Board's mills follow the water and environmental permits set by local authorities. The mills continuously seek new ways to reduce the use of water. Since 2010 Metsä Board has reduced its water use by 14%. The target is to reach 17% reduction by 2020.

At the mills, process waters are always carefully cleaned before release back into the watercourse. For example, at Metsä Board Äänekoski mill, after cleaning the water is released back to the nearby lake where people swim and fish. From the same lake the Finnish capital area also gets its drinking water.

MITSUBISHI ELECTRIC CORPORATION

Industrials, Japan

Mitsubishi Electric Group aims to become a “global, leading green company” that contributes toward realizing a sustainable society.

The picture was taken at Siam Compressor Industry Co., Ltd., our affiliate in Thailand.

Best practice actions

- ✓ CDP Climate A List 2017 and 2016
- ✓ CDP Water A List 2017 and 2016

Tips for success

- ▶ Apply technological expertise and new innovations to minimize the environmental impact of your business and to help preserve biodiversity.
- ▶ Strive to make positive contributions through the continuous improvement of products and services, focusing on size and weight reduction, high performance, resource savings and energy efficiency.
- ▶ Inform the public about environmental initiatives to promote mutual understanding as a responsible corporate citizen.

The Mitsubishi Electric Group recognizes that the planet needs to be protected for future generations. Limiting our impact on the environment is thus one of our top management priorities. Our aim is to become a global, leading green company by producing energy-saving products and systems and by building social infrastructure in business activities around the world. In doing so we aim to contribute to creating an affluent society where both a sustainability and safe, secure, and comfortable lifestyles are simultaneously achieved.

The Mitsubishi Electric Group created “Environmental Vision 2021” as a long-term vision for its environmental activities, setting 2021 as the target year for completion, coinciding with the 100th anniversary of the company’s establishment. In order to achieve this vision, the ongoing 8th Environmental Plan (fiscal 2016 -2018) focuses on four areas of activities: contributing to the realization of a low-carbon society, contributing to the creation of a recycling-based society, ensuring harmony with nature, and strengthening the environmental management foundation.

Among these areas, the Mitsubishi Electric Group have placed a particular emphasis on creating a low-carbon society, with targets set for reducing CO₂ emissions during the production of products and systems and during product use. The company has been contributing to energy savings around the world by providing a range of products that incorporate power semiconductors helping to improve energy-saving performance. Additionally, the company offers solutions for overall systems that deliver high energy-saving performance, such as net zero-energy buildings (ZEBs¹) and net zero-energy houses (ZEHs²). Through these initiatives, we have been working to achieve our targets for contributing to the reduction of CO₂ during product usage. Meanwhile, by working to reduce CO₂ generated from energy sources, as well as to reduce PFCs and other non-CO₂ greenhouse gases by taking advantage of the Internet of Things (IoT) and other start-of-the-art technologies, the company has also worked towards its aim of reducing CO₂ emissions from production.

Other activities we’ve undertaken include enhancing its resource recycling businesses. This includes, for example, recycling plastics from used home electrical appliances and the renewal (modernization) of elevators, which also contributes to energy savings. The Mitsubishi Electric Group is also promoting activities that contribute to living in tune with nature by conducting living creatures studies at business sites. Furthermore, we appropriately abide by and respond to environmental laws and regulations, including RoHS and VOCs, which have become increasingly more stringent around the world. Through our efforts to reduce the environmental load at all business sites, the aim is to strengthen our environmental management foundation.

In 2015, the United Nations set 17 sustainable development goals (SDGs) that should be achieved by 2030, five of which pertain to the environmental activities of the Mitsubishi Electric Group, including “Climate change and mitigating its effects” and “Ensuring access to and sustainable management of water and sanitation”.

In fiscal 2019, the Mitsubishi Electric Group will embark on the 9th Environmental Plan (fiscal 2019-2021), a final 3-year plan before reaching the goals set in Environmental Vision 2021. This will include formulating medium- and long-term plans that look forward to 2030 and 2050, and will help us achieve the SDGs.

We believe that these initiatives, together with the aim of becoming a global, leading green company, will allow us to achieve our planned growth targets of ¥5 trillion in consolidated sales and 8% or higher operating margins by fiscal 2021.

¹ ZEB (net Zero-Energy Building): A building where the net consumption of fossil fuel energy is reduced to zero or roughly zero through energy-saving initiatives and the use of renewable energy resources.

² ZEH (net Zero-Energy House): A house where the net consumption of fossil fuel energy is reduced to zero or roughly zero, through energy-saving initiatives and the use of renewable energy resources.

MRV Engenharia e Participações

Homebuilding, Brazil



Our goal is to provide to our clients a new way to live and to relate with the planet.



Best practice actions

- ✓ **Contribution to the achievement of the Sustainable Development Goals;**
- ✓ **Setting of GHG emissions reduction target.**

Tips for success

- ▶ Include climate change in the top management agenda and make it a priority across your business.
- ▶ Create mechanisms to drive the integration between technologies and processes focused on incorporating climate change risks into your core business.
- ▶ Hire an independent third party to audit your initiatives in order to ensure transparency and to have feedback on a regular basis.

MRV is a real estate and construction company with 38 years of experience in the Brazilian market. We are currently the largest construction company in Latin America, and we have built over 300,000 apartments so far. Nowadays, one out of 200 Brazilians lives in an MRV apartment, which gives us the know-how to address the housing issue in Brazil.

Sustainability is one of MRV's core values. We are constantly seeking ways to reduce our ecological footprint and to keep our operations and products' environmental impact to a minimum. We have been able to tackle environmental issues by a process of continuous learning. Also, our climate change approach is continually developed and improved so that MRV's operations have a positive impact on the planet.

Our first step to address climate change was to include energy efficiency indicators in our green seals. Our green seals are: (i) MRV + Verde (MRV + Green), which aims to evaluate our buildings and (ii) MRV Obra Verde (MRV Green Construction), which aims to evaluate our construction processes. These seals were adopted in 2015 and have been used to certify more than 330 projects so far. To be certified with the MRV + Verde seal, a building must have LED lights in its common areas and have a better thermal and visual comfort performance.

To be certified with the MRV Obra Verde seal, in turn, MRV's construction sites must reduce their waste generation - especially of energy-intensive materials -, use translucent roofing tiles on the construction sites and promote ventilation at the office and refectories, with the aim of reducing energy consumption. Energy efficiency improvements in our buildings and construction sites allowed us to reduce our energy consumption by two million KWh per month, which represents an approximate emissions reduction of 249 tCO₂e per month³.

In order to assure the validity of the results and to have feedback from internal departments on our progress, both seals are audited by our Quality Department and by an independent third party, Bureau Veritas Quality International.

We have also been working on having our buildings certified with the sustainable construction seal "Selo Casa Azul" (Blue House Seal). This seal was introduced by Caixa Econômica Federal - a Brazilian public bank and the most important housing financier in the country. This represents another opportunity to improve our products' quality and to seek new ways of reducing our environmental impact.

In 2016, we took our commitment to mitigate climate change a step further, by developing our first project of buildings fitted with photovoltaic panels. In addition to the environmental benefits, solar energy can reduce the cost of energy consumption in a building's common areas. Energy consumption in common areas includes lighting of hallways and stairwells, elevators, automatic gates and water pumps and it is the second most relevant expenditure in a condo fee (10% to 17% of total condo costs).

Due to the success of the pilot project in 2016, we have expanded this initiative and set the goal of implementing clean and renewable solar energy in all of our projects by 2022, which will be a result of a R\$800 million investment (approximately U\$242 million). At this point, we are working together with our suppliers, to adjust our supply and construction processes, and power distributors, to accommodate the energy influx into the national grid.

Looking ahead, MRV has an annual emission reduction target to achieve and we expect to engage all company departments in the emission reduction efforts. Our main goal is to turn MRV into an international benchmark in climate change mitigation.

³ According to the Brazilian Ministry of Science, Technology, Innovation and Communication, the National Integrated System (National Grid) emission factor was 0,1244 tCO₂e/MWh in 2015 (source: http://www.mctic.gov.br/mctic/export/sites/institucional/arquivos/emissoes_co2/03/Fatores-medios-de-emissao-de-CO2-grid-mes-ano.pdf)

Novo Nordisk A/S

Health Care, Denmark



We are fully committed to continuing to push the boundaries of what we know and what we can do to reduce carbon emissions.

Dorethe Nielsen, senior director of Corporate Environmental Strategy, Novo Nordisk

CHRIS BOMBARDIER
Chris has haemophilia B
US

Best practice actions

- ✓ Taking part in the CDP Climate A List;
- ✓ Sourcing 100% of power from renewable sources by 2020;
- ✓ Preparing for science-based targets;
- ✓ Collaborating with suppliers on climate change issues.

Tips for success

- ▶ Unite your organisation so that environmental responsibility is embedded in your way of thinking.
- ▶ Engage with your stakeholders in strong partnerships as these are fundamental to the success of an environmental strategy.
- ▶ Develop strong environmental data that enables you to set science-based targets and monitor progress.
- ▶ Discover your carbon footprint by tracking carbon emissions at each step in the value chain.
- ▶ Collaborate with partners and suppliers to achieve carbon reductions outside your immediate control.

Novo Nordisk produces life-saving medicines for millions of people living with diabetes and other serious chronic diseases. For decades we have been focused on reducing our environmental impact and we were one of the first global companies to report annually on environmental performance and set targets for improvements in the areas of energy and water consumption, waste reduction and direct carbon emissions.

By investing in energy optimisation and shifting to renewable energy we have cut carbon emissions from our global production sites by almost 60% since 2004. We use bio-natural gas in Denmark and certified wood in Brazil for our steam supply, and utilise wind, hydro and biomass as green sources of electricity around the world.

As a member of the RE100 initiative, we have pledged to use 100% renewable power at all our production sites globally by 2020. This is a challenging target at a time when the company is growing, but we have already transformed more than three quarters of our production power and are now looking at how we can move beyond this target. One way of doing this is through partnerships. For example, in Denmark our collaboration with an energy supplier has led to a shift from coal to wood-chips at the country's biggest power plant, securing steam and heat supply from a renewable source for many local businesses, including our largest production site.

Historically our focus has been Scope 1 and 2 carbon emissions from production. But now we know that direct emissions from production only account for a small percentage of our overall carbon footprint. We have therefore broadened our focus to include indirect emissions from the goods and services we purchase - for example from raw materials, business flights and product distribution. Reducing these indirect emissions requires close collaboration with others, so we are sharing our knowledge and experience with strategic suppliers to help them reduce emissions and increase their energy efficiency. We are currently setting science-based emission reduction targets in accordance with the Science Based Targets initiative.

Today, it is known that climate change has not only a severe impact on nature, but also significant implications for health. As a healthcare company we strongly support green policies that benefit both the environment and local communities. Cities are home to two-thirds of the world's 415 million people living with diabetes, and with our partnership with the C40 Cities Climate Leadership Group we aim to strengthen the role of cities in the fight against climate change and poor health.

As the company continues to grow to meet the increasing demand for diabetes treatment we have expanded our knowledge about our products' impact on the environment. Our research shows that the carbon footprint of daily treatment with a Novo Nordisk diabetes product is comparable with the total carbon footprint of making a cup of tea - from harvesting the tea, through production and transportation, and then to boiling the water. This calculation gives an indication of the relative size of the environmental impact related to the treatment of diabetes. Looking at carbon emissions throughout our products' life cycles will enable us to identify opportunities for improvements in areas where the environmental impact is most significant.

With overwhelming scientific evidence of the increased rate and impact of climate change, we are fully committed to continuing to push the boundaries of what we know and what we can do to reduce carbon emissions, and to setting ourselves even more ambitious targets going forward.

Dorethe Nielsen, senior director of Corporate Environmental Strategy, Novo Nordisk

Shinhan Financial Group

Financials, South Korea



SHINHAN FINANCIAL GROUP

Best practice actions

- ✓ **Engaging in CDP's Climate A List;**
- ✓ **Gaining ISO14001:2015 certification;**
- ✓ **DJSI WORLD for the fifth consecutive year.**

Tips for success

- Invest in the development of eco-friendly products and services for accelerated conversion to a low carbon economy.
- Support the expansion of green financing to expand the partnership with environment-related public institutions.
- Invest in the expansion of eco-friendly tasks/services and resources recycling.
- Commit to communicating with all employees on environmental issues.

Promise of Responsibility for Future Generations and Environment

Shinhan Financial Group promotes environmental management through our 'CSR Committee', a subcommittee within our board of directors. Each of our subsidiaries has an 'Integrated Green Management System' that features 12 environmental indicators against which to measure and manage greenhouse gas emissions and energy usage. Also, in 2012, Shinhan Bank became the first financial company in Korea to be certified of ISO50001 (Energy management system), and Shinhan Bank has also been certified of ISO14001:2015 as of October of 2016 to solidify its status as a leading financial institution in terms of environmental management.

Eco-friendly Products and Services for Accelerated Conversion to a Low Carbon Economy

Shinhan Bank offers the New Green Corporate Loan which provides economical interest rates to companies that are proven superior in terms of environmental management or companies that are entering the green industry in order to revitalize the green industry and to protect the environment. Also, the Green Remodeling Interest Subsidy Loan and the Green Energy Factoring are offered to support the funds necessary to replace old energy equipment and to improve performance in order to contribute to the reduction of energy usage.

Meanwhile, Shinhan Bank also participates in various renewable energy markets both at home and abroad including solar power, turbine power, and biomass and it has arranged the financing and provided consultation on financing for a solar power generation project (56,793 MW in power generated) worth KRW 181.5 billion that spread across four regions in Japan in 2016. Also, it has financed KRW 180.8 billion and KRW 55.8 billion respectively for two clean energy fuel cell power generation projects to fulfill the strategy of expanding this newly emerging energy industry, which has also been backed by the government. These fuel cell power generation projects will produce 280,000 MW of electricity, driving clean energy supply within the region.

Shinhan Investment has put together a fund that is worth KRW 350 billion in partnership with other large financial institutions in Korea in order to support companies that are launching solar power generation projects and other eco-friendly projects in Korea. Also, Shinhan Bank and Shinhan BNP Paribas Asset Management supply the initial investment for equipment through PF and funding to solar power and other renewable energy development projects both domestically and abroad to lead the way to prevent global warming through financing in the international market.

Reduction of Energy Usage

As a company subject to 'Greenhouse Gas Energy Targets Management System', Shinhan Bank is assigned an annual emissions reduction target goal from the government and works to meet this target through a range of activities. In 2016, Shinhan was able to surpass its assigned goal of 16.5% reductions, achieving over 20% reductions, thanks to the willing participation from all of our employees. The lights (10,974 bulbs) in the headquarters along with large branches were replaced with LED, resulting in a reduction of greenhouse gases by 1,103tCO₂eq. Meanwhile, through air conditioning and heating controls – timed light controls and a ISO 50001 certified ventilation system – in large building allowed us to overachieve our greenhouse gas targets by around 3.5% (1,294 tons) in 2016. Shinhan Financial Group has also reduced greenhouse gas emissions by 477tCO₂eq for 2016 as a result of implementing financial services such as Sunny Bank, digital kiosks, and S-TB (Shinhan Tablet Branch) and by reducing paper use.

Such environmental management activities enabled Shinhan to be recognized for its efforts being awarded the Prime Minister's award for '2016 Korea Green Management Award Grand Prize'; becoming the first Korean financial group to be included in the DJSI World for four consecutive years; and being selected as one of the Global 100 Most Sustainable Corporations at the Davos Forum for five consecutive years.

We set as ultimate goals for 'Responsible growth', 'Social partnerships', and 'Investments for the future'.

Sopra Steria Group

Information Technology, France



Innovating in support of the environment and extending the benefit to our clients and other stakeholders.

Pioneering with smart Green Office® Meudon, the first large energy positive office building in France.

Best practice actions

- ✓ CDP Climate A List 2017;
- ✓ Setting an internal price on carbon;
- ✓ Setting ambitious science-based targets;
- ✓ Implementing mainstream climate reporting;
- ✓ Increasing the use of renewable energy for electricity consumption;
- ✓ Improving water security.

Tips for success

- ✦ Embed sustainability at the board level and fully integrate it into your business strategy. Employees will then be able to deliver the strategy by implementing programmes and initiatives under clear leadership and governance, which also incorporates internal and external audits to track progress.
- ✦ Set ambitious, but achievable targets, in line with climate science and a pathway towards meeting your targets; embrace your achievements and learn from your experience.
- ✦ Deploy a strong environmental network across entities and countries to support your organisation's objectives.
- ✦ Identify the sources of greenhouse gas emissions that employees can play a role in reducing; introduce shadow carbon pricing in one country; establish internal reporting; and expand to other countries.
- ✦ Establish data-gathering and emissions calculation processes; have figures independently audited (to ISAE3000, ISO14064-3); report emissions to stakeholders annually through reporting platforms (CDP, Gaia Index, etc.); commit to the 'Task Force on Climate related Financial Disclosure' (TCFD) recommendations.
- ✦ Support the work of charities and NGOs engaged in practical water projects.

"A strong and committed network of people across our company implements our environmental responsibility policy with a conviction that we can make a difference in addressing climate change," states **Vincent Paris, Sopra Steria CEO**. "I am really pleased to see that our pioneering work is yielding results in the move to a low-carbon economy. It also gives us opportunities to strengthen our links with our stakeholders," he adds.

With a Group target approved by the Science Based Targets initiative (SBTi) in June 2017, the long-term vision of Sopra Steria is to reduce its greenhouse gas emissions per employee by 76% by 2040 from a 2015 base-year.

For a services and consulting business such as Sopra Steria, business travel represents a major source of greenhouse gas emissions. Building on its investment in video-conferencing and remote working technologies, Sopra Steria has introduced shadow carbon pricing for business travel in business units, as a way of engaging managers and employees in the need to reduce greenhouse gas emissions from their business travel. After a pilot project in the UK in 2016, the practice is now also in place in France.

In 2017, the Group launched a project named "New Mobilities". The project built on a collaborative initiative with cities, transport authorities and large companies in France is working to streamline business travel and employee commuting in big cities using digital devices. This project will, in particular, integrate car-pooling solutions intended to reduce greenhouse gas emissions. Trials will start in 2018.

The company's strategy has been to increase the use of renewable energy in its offices and data centres. The Group procures renewable electricity for some of the offices that it controls, as well as generates its own electricity at its Green Office® Meudon in France. In India, Sopra Steria pioneered renewable energy certificates (PowerPlus®) then purchased I-RECs for all of its grid electricity when they became available. Now 69% of the electricity that the Group uses in its offices and on-site data centres around the world comes from renewable sources. Green gas has recently become available in the UK and Sopra Steria has pioneered the adoption of Green Gas certificates for its gas consumption there.

Sopra Steria offsets its remaining unavoidable emissions to become CarbonNeutral® for business travel, office space and data centres. Its carbon offsetting projects in India increase local renewable energy generation capacity and contribute to the fight against fuel poverty.

We incorporate sustainability into our Terms & Conditions for supply and in our Supplier Code of Conduct. Each year, we assess our key suppliers' sustainability using an independent assessment solution (Ecovadis) and engage them in sustainability under a Supplier Engagement Programme in which we discuss their performance at regular reviews.

Sopra Steria has committed itself to having key suppliers representing at least 70% of its supply chain emissions managing their GHG emissions and 90% of these suppliers having GHG reduction targets in place by 2025.

We work with trade associations helping to shape national climate change policy. We also support NGOs on practical projects in access to water and renewable energy, delivering UN approved carbon offsets. In India, we support schools with clean drinking water and solar power initiatives, developing and promoting an innovative "green school" model.

Sopra Steria has committed itself to the right to water. By supporting charities and NGOs working on projects in access to water, sanitation and pollution control we hope to help nearly 25,000 people around the world gain access to water. Organizations we support include Green Cross, 1001 Fontaines, Les Puits du Desert and the Planet Water Foundation. The Group pioneered Water Benefit Certificates, financing the provision of one million liters of drinking water in India through the charity Water Health India. It also contributed to Green Cross's publications, which aim to raise awareness of issues with water.

Stanley Black & Decker

Industrials, USA

Pledging to become operationally carbon positive before the end of the next decade.

Best practice actions

- ✓ Engaging in CDP's Climate A List;
- ✓ Mainstreaming Climate Reporting;
- ✓ Setting a price on carbon;
- ✓ Setting a Science-Based Target.

Tips for success

- Engage cross-function teams such as human resources, global supply management, IT, engineering, finance, etc. to involve all employees in climate change/sustainability initiatives.
- Embed key performance indicators into sector-, division-, business-, region-, facility-level scorecards/dashboards to drive improvement performance.
- Reach out to external stakeholders, peers, professional organizations, experts, etc. to share best practices/information to help shape internal climate change/sustainability business strategy.

For the builders and protectors, for the makers and explorers, for those shaping and reshaping our world through hard work and inspiration, Stanley Black & Decker provides the tools and innovative solutions our customers can trust to get the job done. A leading global diversified industrial known for superior quality, continual innovation, and rigorous operational discipline, we remain purpose-driven by a passion for excellence and a commitment to serve the builders, makers, and protectors of the world.

Across our businesses, we're investing in breakthrough innovation and digital excellence, striving for outperformance and increasing our focus on social responsibilities. We continue our commitment to people, product, and planet, through our ECOSMART™ plan and embed environmental awareness into everything we do, across our entire value chain. Our "make where we sell" manufacturing strategy improves logistics and distribution, and reduces our carbon footprint. We continue to support the Paris Agreement mandate to hold global temperature rise below 2°C and are actively pursuing the Science-Based Targets initiative. Our sustainability scorecard system calculates potential carbon tax liabilities at the facility level and in 2016 we began a new internal funding protocol for ECOSMART™ projects to tackle climate change and reduce carbon emissions. The process recuses qualifying facilities from the normal project funding approval rigor, based at least in part on their potential carbon tax liability that is our internal carbon price. Additionally, we're leveraging our own hydroelectric power, investing in solar power, and have built a brand-new facility that uses sunlight in a way that makes artificial light virtually unnecessary.

We entrench responsible design principles and practices into our products through life cycle assessments, encompassing everything from safety and ergonomics, to reducing the environmental impacts of material sourcing, manufacturing, packaging, distribution, customer use and end of life. We participate in CDP's supply chain program and encourage our suppliers to do the same. In 2015, we launched our ECOSMART logo alongside our Black & Decker and DeWalt brands to call out products that are more sustainable than their previous generation. Our STANLEY Access Technologies business introduced the Dura-Glide GreenStar in 2016, the industry's first eco-friendly Sliding Automatic Door.

As a CDP respondent since 2007, we demonstrate skill, expertise, and ingenuity to simultaneously reduce our carbon footprint while increasing company growth. Looking forward, we commit to continual transformational action to align our carbon strategy with current climate science via sector, economic, and/or absolute-based approaches. Sector modeling to date indicates that our 2020 carbon reduction targets achieve said alignment. Our commitment to quality, safety and sustainability helps us on our path to becoming the type of uniquely human-centered global industrial company that keeps every stakeholder in mind, while helping to make the world better.

In 2018, we plan to go further. After a yearlong review, we have established bold new ECOSMART targets as a part of our business strategy, including a pledge to become operationally carbon positive before the end of the next decade.

Part of this promise means innovating with purpose, which to us means harnessing our unparalleled ingenuity and engineering capabilities to be a force for good in the world. It also means leading with purpose, taking real and concrete actions to show that we are a responsible actor on the world stage. We've been doing that since 1843, and we believe that we are at a unique point in history where we can leverage our expertise to make a positive impact on the world.

But most importantly it means empowering every single one of our more than 50,000 Stanley Black & Decker associates to positively impact the world around them, and that is exactly what we intend to do in the next year and beyond.

Deb Geyer, Vice President, EHS & Corporate Social Responsibility

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