

23 January, 2024

# RAISING THE BAR ON LEADERSHIP AMIDST CLIMATE EMERGENCY

**Objective of today is to discuss leadership capabilities needed to fast forward the climate change plans and commit to actions**

We need to

- **align on 'why' & 'why not';**
- **learn 'how',**
- **and commit to 'what'**

We need to complement environmental science with **behavioral science** – before it is too late, and focus on things **within our control**

# Making the right decisions in the face of climate change

**Chapter Zero is a program operating under the auspices of the World Economic Forum, supporting the development of corporate management and supervisory bodies competencies.**

Businesses have a significant role to play in tackling the climate crisis and companies must develop the right approach to the topic. Boards of directors play a critical role in ensuring the long-term stewardship of the companies they oversee.

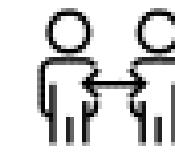
*\* More information about the Climate Governance Initiative can be found on [climate-governance.org](https://climate-governance.org).*

## WHAT IS CHAPTER ZERO?



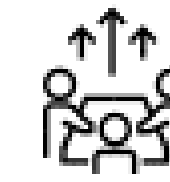
### GLOBAL KNOW-HOW

Climate Governance Initiative's local agencies ("Chapters"), are already operational and active in 71 countries\*.



### EXPERIENCE SHARING PLATFORM

Chapter Zero provides knowledge and specific tools, as well as creates a platform for the exchange of experiences between members of corporate management, supervisory boards and thematic experts.



### STRATEGIC MANAGEMENT

Chapter Zero supports CEOs and supervisory board members in identifying risks and opportunities of climate change, investing in appropriate measures and developing climate mitigation and adaptation strategies.

## WHAT DOES CHAPTER ZERO OFFER?

**Tools and ideas** for meeting the climate change challenge and low- and zero-carbon emission policies adopted by governments (financing, risk analysis, reporting, supply chain, etc.).

**A platform for strategic discussions and reflection on the challenges** facing businesses in the area of climate change and climate policies initiated by governments and the European Union.

Essential in-depth **expert knowledge** in the form of trainings, workshops, seminars, readings, videos, and self-assessment tools.

## WHO CAN JOIN?

CEOs and supervisory board members, representing companies from all sectors of the economy.

Potential applicants must complete a questionnaire, that will be available online at a dedicated website; all applications will be verified by the program's Steering Committee afterwards.

**Chapter Zero is being driven and governed by the host organization, steering committee and advisory board.**

The host organization, steering committee and advisory board are supported by partners, academia, founding non-executive directors and other organizations with an interest in the climate governance topic.



## Partners and broader ecosystem



### HOST ORGANIZATION

Performs administrative and finance functions, develops capacity building plan, manages relationships with other stakeholders and human resources, ensures compliance and manages public relations.



### PARTNER ORGANIZATIONS

Partners are a group of leading industry bodies that provide broad-based support.  
Partners facilitate the work of the chapter.



### FINANCING AND FEES

Participation in Chapter Zero and all its educational activities for members (board members and company CEOs) is free of charge.

Host Organisation

Strategic Partners

Content Partner

Chapter Zero Türkiye has been established with donor support from:



Chapter  
Zero Türkiye  
The Executives' Climate Forum

TÜSİAD

01

/05

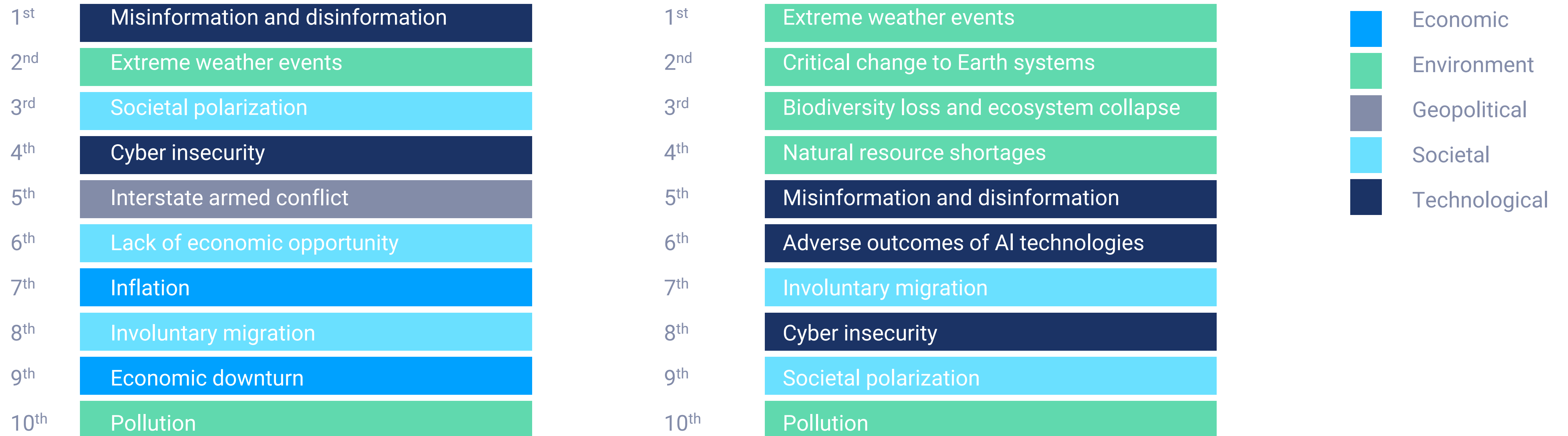


# Why? BUSINESS CASE

# Environmental risks continue to dominate the risks landscape over all three time frames

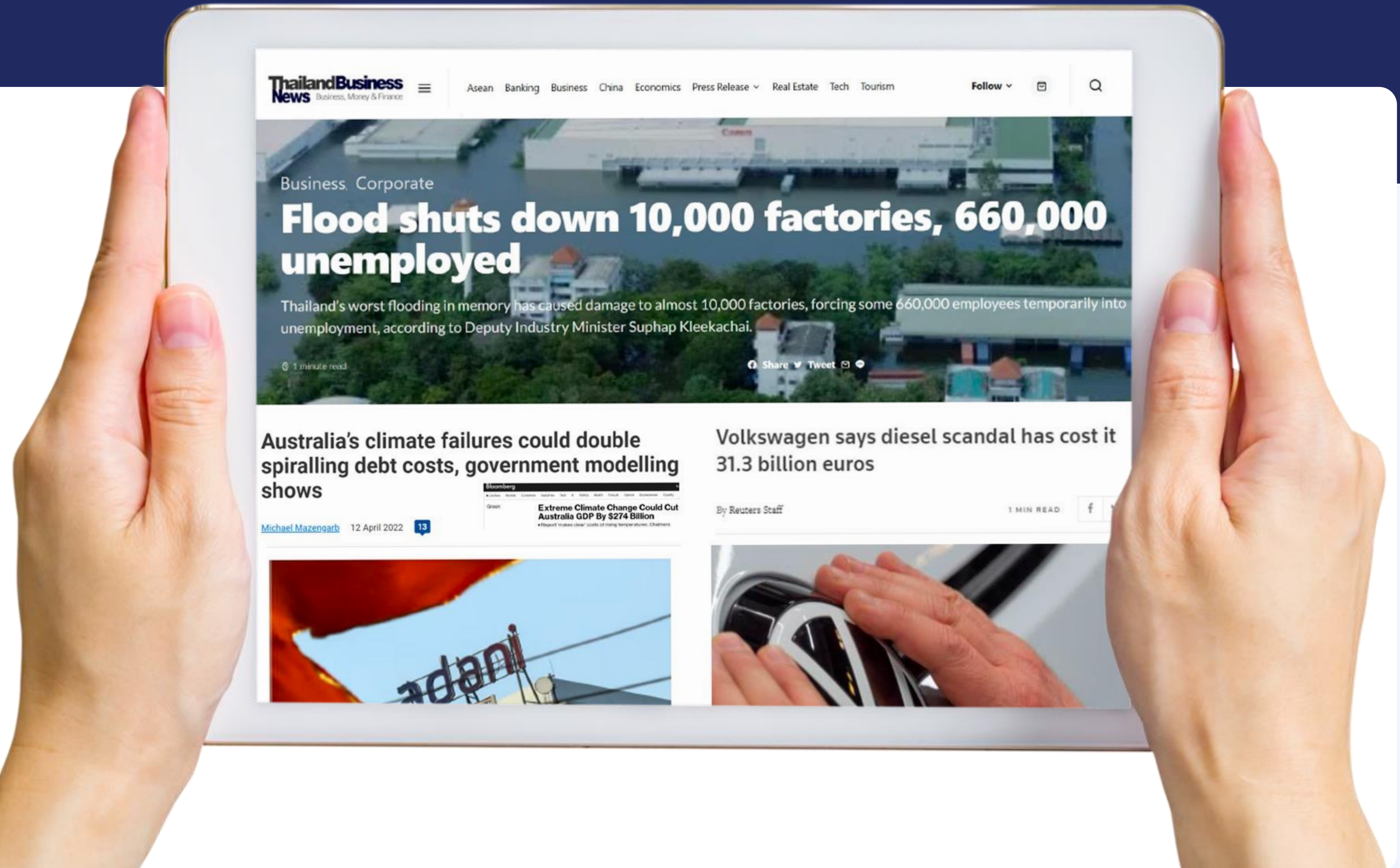
## Global risks ranked by severity over the short and long term

Please estimate the likely impact (severity) of the following risks over a 2-year and 10-year period



## The risks are real

Physical, Legal, Reputational, Transition-related, tied to the Degradation of Natural Capital...



Making use of AI & ML, the depth of the environmental performance which Banks, Governments, Asset Owners and Citizens can examine ..... is *exponentially increasing*...



**8,659 Assets**

# of Assets U.S. EPA can monitor in U.S.

**VS**

CLIMATE TRACE

**54,000,000 Assets**

# of Climate Trace [1] can monitor in U.S.

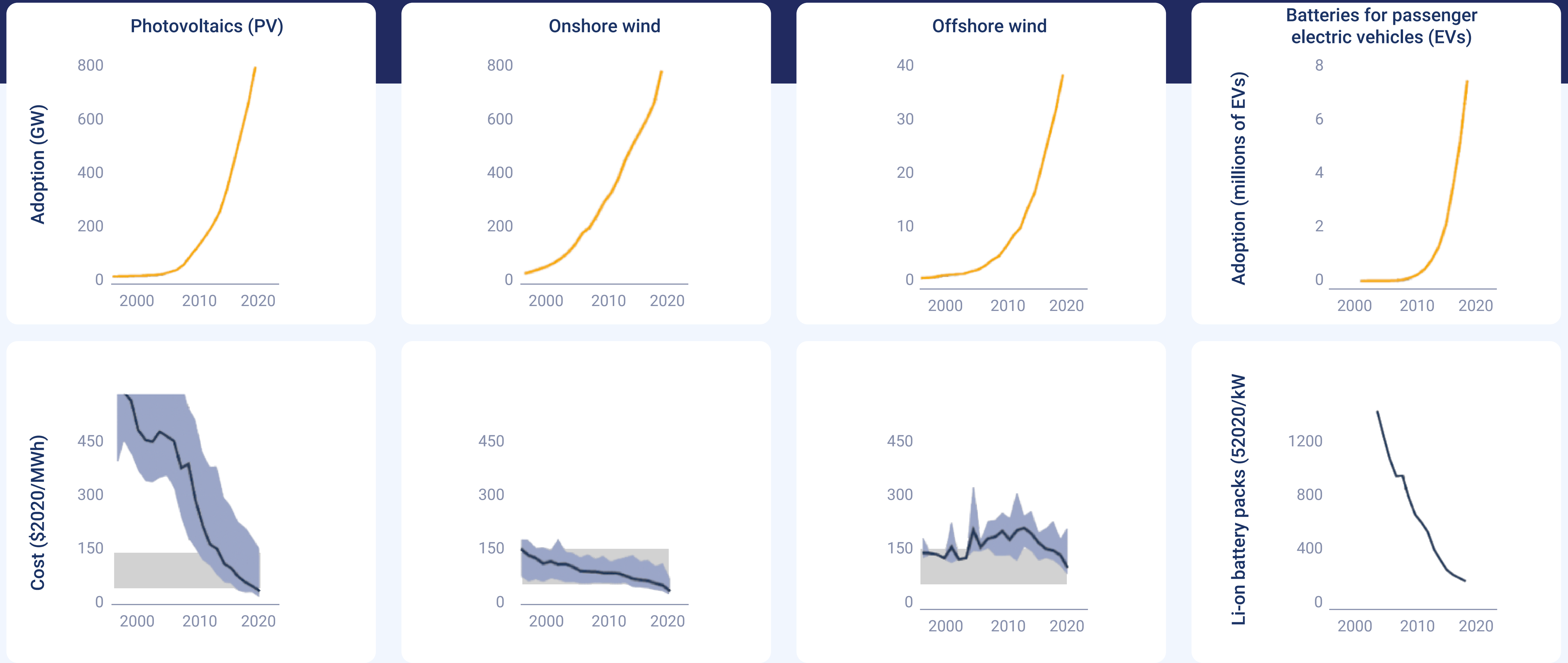
Climate Trace can monitor **58.37 billion** tons of GHG emissions, and identifies point sources from every country...

...and Investors, Banks and Governments do care our climate data

[1] <https://climatetrace.org/>



# Opportunities are also real...

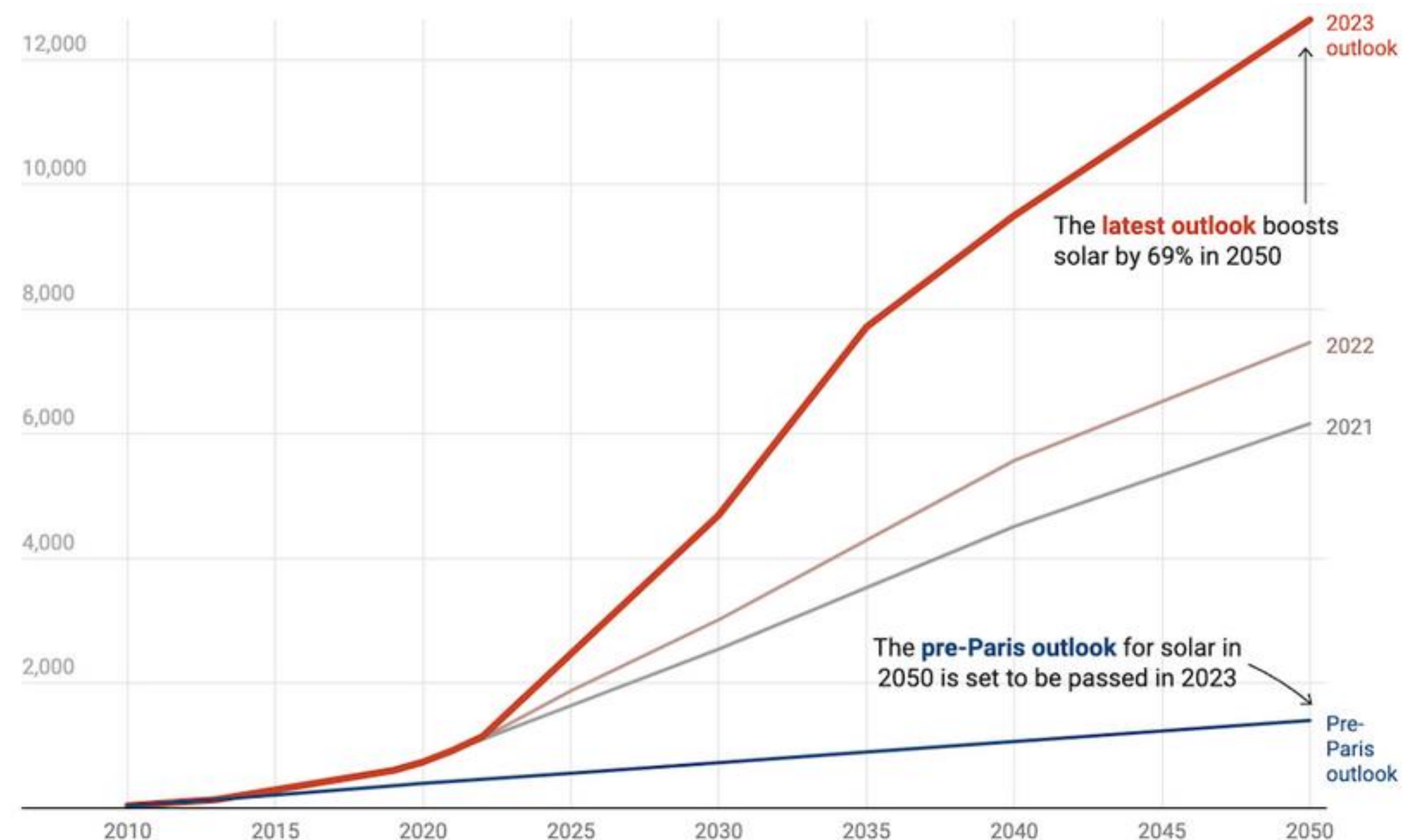


...with exponentialities becoming more steep

The IEA has boosted the outlook for **'UNSTOPPABLE'** solar in 2050 by

**69%**

Global solar capacity, gigawatts



# Taking into consideration the exponentialities, reaching to Net Zero may happen faster than we think

Easter morning 1900: 5<sup>th</sup> Ave,  
New York City.  
Spot the automobile.



Source: US National Archives

Easter morning 1913: 5<sup>th</sup> Ave,  
New York City.  
Spot the horse.



Source: George Grantham Bain Collection.

“The Horse Is Here To Stay, But the Automobile Is Only a Novelty - a Fad”

# The gate keepers of the global economy, i.e. financial sector, *know* who is playing it right...

## ESG positioning - some stylized types

- ✓ A built-in tension is often felt between the RI perspective and short-term financial return
- ✓ Although - depending on the time horizon - ESG restrictions can create both tailwinds and headwinds for financial performance ex post, from the portfolio management perspective they are a cost ex ante
- ✓ On the other hand, lack of risk awareness and coherence in firms'/funds' ESG approach represents a real cost in terms of financial, regulatory and reputational exposure
- ✓ The risk described under 3. increases, the more an organisation highlights its ESG credentials ("greenwashing risk")
- ✓ The graphic on the right hand side is a stylized representation of some positions available in the



...even fossil-fuel-dependent economies are cognizant of the shifting tide



# Unveiling key discussions and collaborative strategies for a more resilient and sustainable world.



Sustainability is a business imperative

01

The generative AI revolution is only just beginning

02

Speed is crucial to outperformance

03

Cooperation is multifaceted and can coexist with competition

04



Chapter  
Zero Türkiye  
The Executives' Climate Forum

TÜSİAD

02

/05



# Why not? CHALLENGES

## Where do you see yourself?

**01**

### **Anticipatory**

no sense of  
urgency, low  
agreement on the  
need for change

**02**

### **Reactive**

moderate sense of  
urgency, moderate  
agreement on the  
need for change

**03**

### **Crisis**

high sense of  
urgency, high  
agreement on the  
need for change



**Pace and scale is still not enough despite all efforts due to...**

**01 Resistance to Change**

**02 Lack of Awareness**

**03 Short-Term Focus**

**04 Lack of Collaboration**

**05 Lack of Effective Strategy/Roadmap**

**06 Financial Barriers**

**07 Policy and Regulatory Gaps**

**08 Complex Data Requirements**

**09 Transformation in Workforce**

**10 Technological Innovation Challenges**

**Sustainability is not seen as a core business driver that can drive profitable growth. It is often dealt with as an add-on activity, which distracts from the core business.**

## What are the obstacles?



- ✓ The short-term focus on what organizations know and control
- ✓ Delivering quarterly financial promises to shareholders
- ✓ Perceived difficulty of addressing a systemic, large-scale climate problem as an individual or a single organization—as there are no perceived rewards for a collaborative, coalition-based approach
- ✓ Lack effective road maps for sustainability – high focus on tactical reporting and disclosure requirements, rather than on strategizing on how to redesign work to achieve and exceed the disclosed goals.
- ✓ Significant gap in clarifying behaviors, processes, roles, and interdependencies. The deeper transformation in attitude, mindsets, and governance is also often entirely missing from these roadmaps.



Chapter  
Zero Türkiye  
The Executives' Climate Forum

TUSIAD

03

/05



# How? LEADERSHIP

## Where would you rank yourself?

### We identified three main patterns:

- ✓ Few companies seem to holistically manage the sustainability transition and align with all dimensions
- ✓ Companies more or less in "Leading Edge" with slowest changing dimensions - "Culture & Mindset" and "Leadership & Talent" lagging behind.
- ✓ "U-shaped" companies trying to catch-up on sustainability by initially tackling "Purpose & Strategy" and adjusting "Governance", with slow progress in other dimensions.

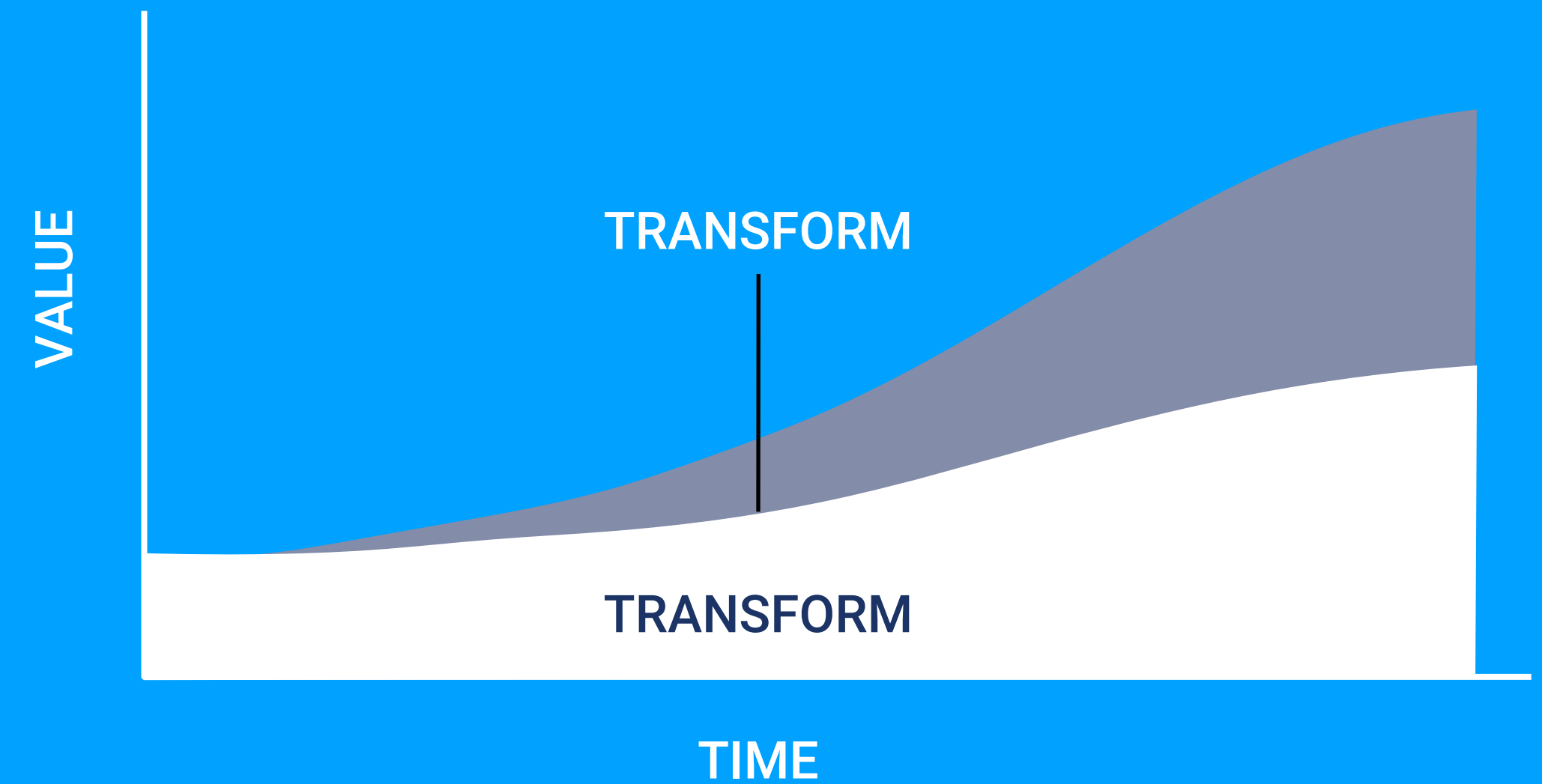


# Perform-Transform Capabilities = Value Creation Capabilities

## Perform Transform Capabilities



## Enterprise Impact based on Perform Transform Polarities



**Enterprise Leaders know that what they do today creates the tomorrow they want.**

**Horizontal influence is important.**

Connect the dots in the ecosystem.

**Demonstrate Courage and challenge the status quo.** Push people out of comfort zone.

**Involve everyone** in the transformation, not just senior leaders.  
Empower people at all levels.

**Create sense of urgency** and affirm your conviction to change by defining a clear, challenging and impactful purpose

**Mobilize people** while building execution discipline from the start. Build resilience.

**Enterprise Leaders know that what they do today creates the tomorrow they want.**

01  
**Self and  
situational  
awareness**

03  
**Curiosity**

02  
**Empathy**

04  
**Persistence**

05  
**Resilience**



Chapter  
Zero Türkiye  
The Executives' Climate Forum

TÜSİAD

04

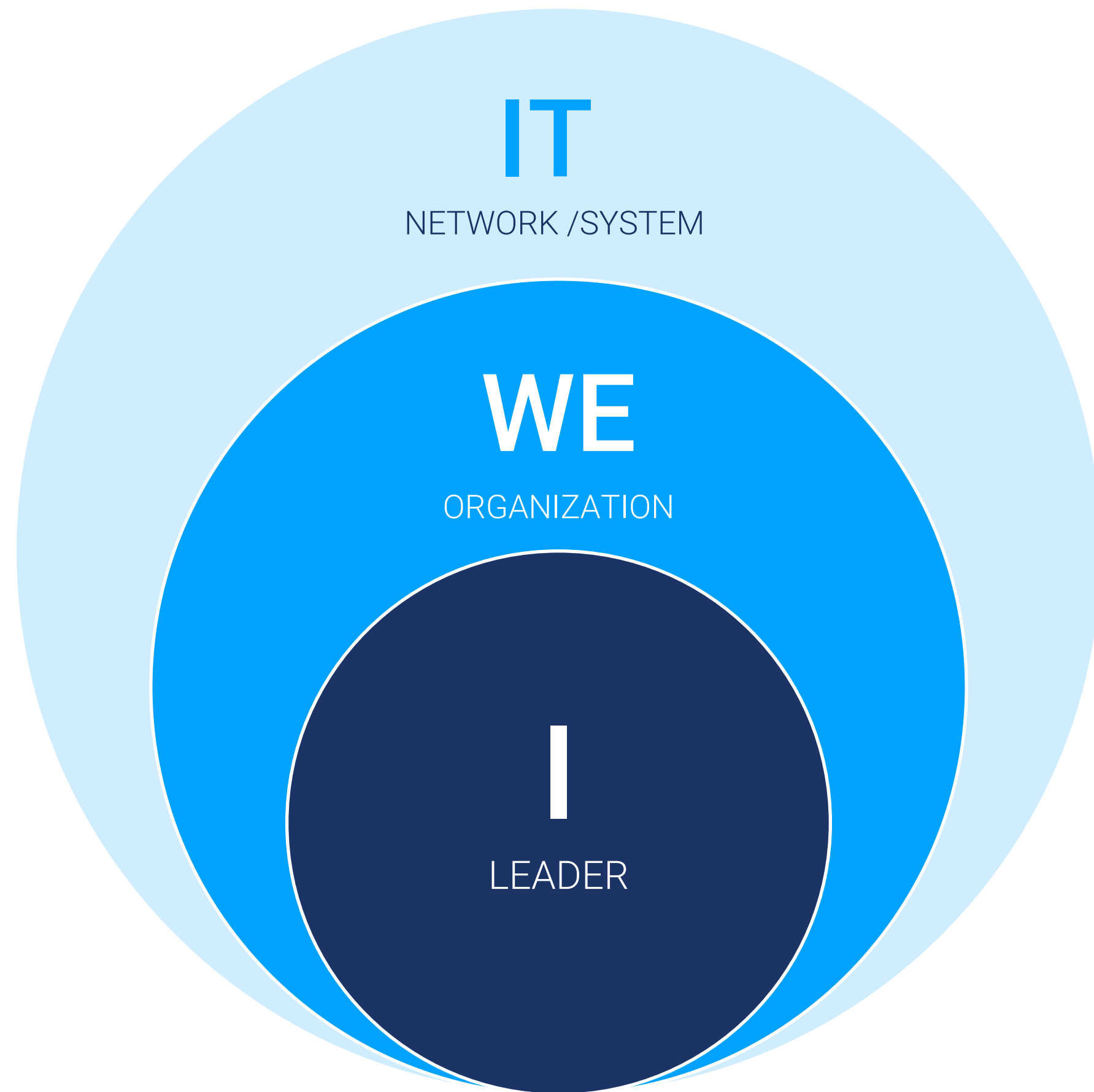
/05



# What? ACTION PLANS



# I – WE – IT Model





Chapter  
Zero Türkiye  
The Executives' Climate Forum

TÜSİAD

05

/05



BACK UP

## Derailers to executing on a sustainability strategy

01

**Legacy**

02

**Siloed approach**

03

**Short-term hit**



# Principles for Effective Climate Governance



# Networks in 71 countries worldwide

**30**

Chapters

**100,000+**

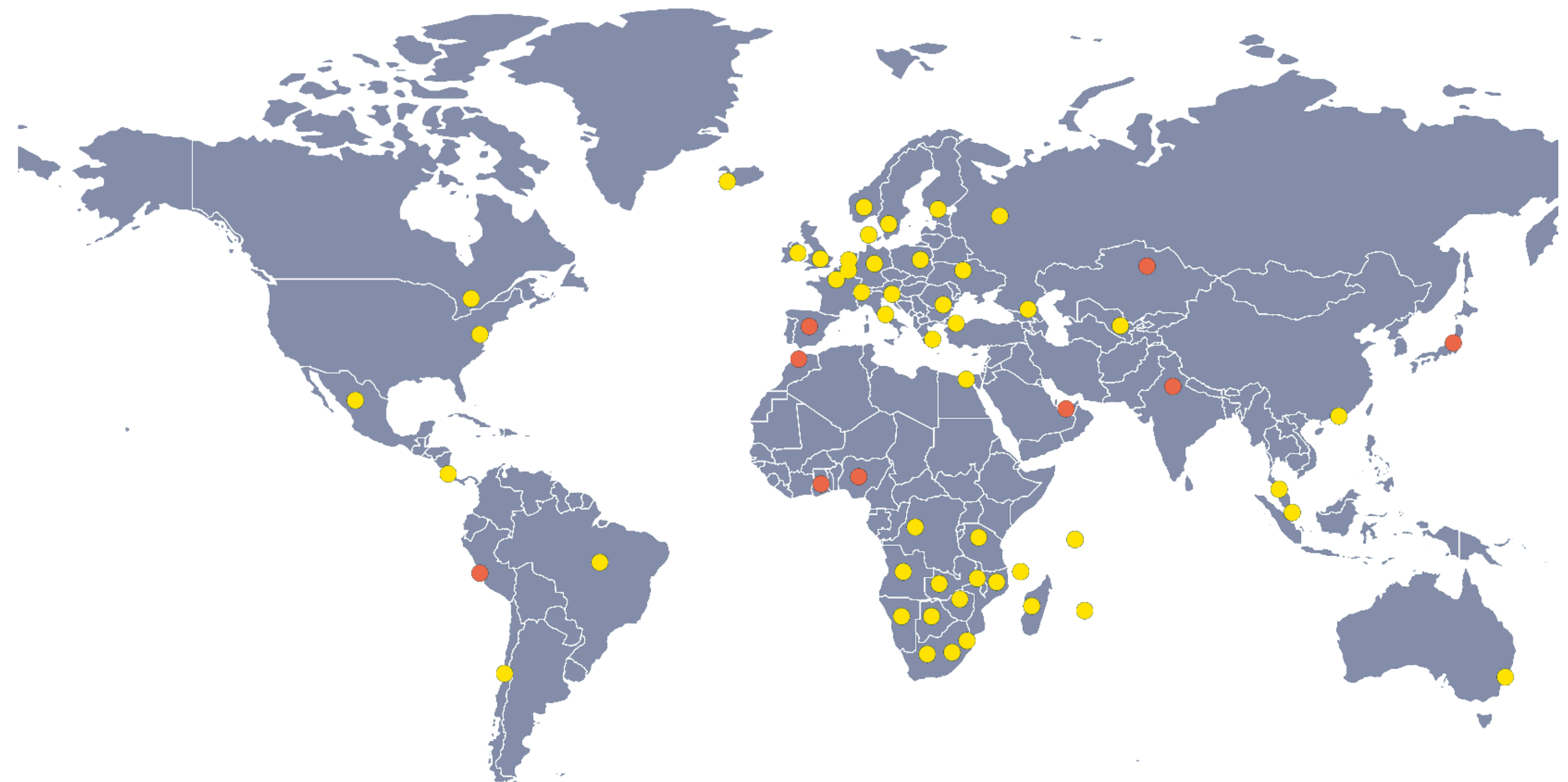
Members

**71**

Countries

**8**

Principles

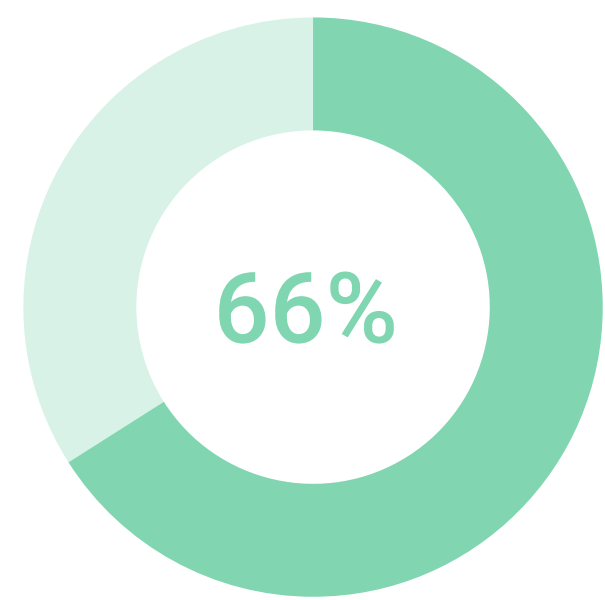


● Chapters ● Emerging Chapters

# The risks are real – Physical, Legal, Reputational, Transition-related, tied to the Degradation of Natural Capital...

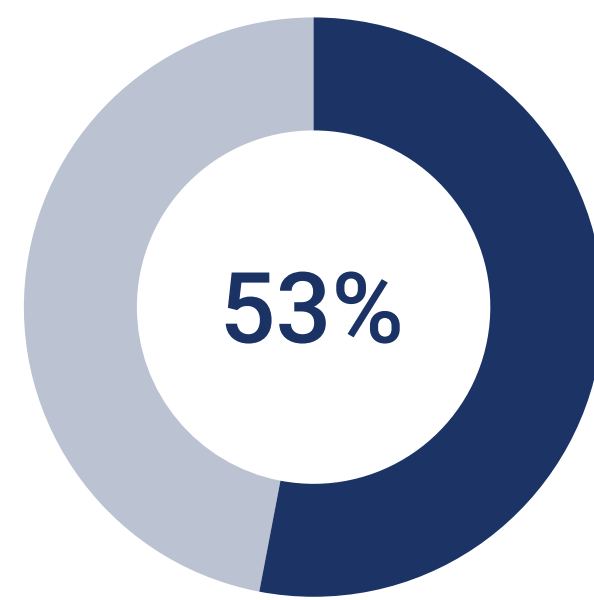
## Current risk landscape

"Please select up to five risks that you believe are most likely to present a material crisis on a global scale in 2024."



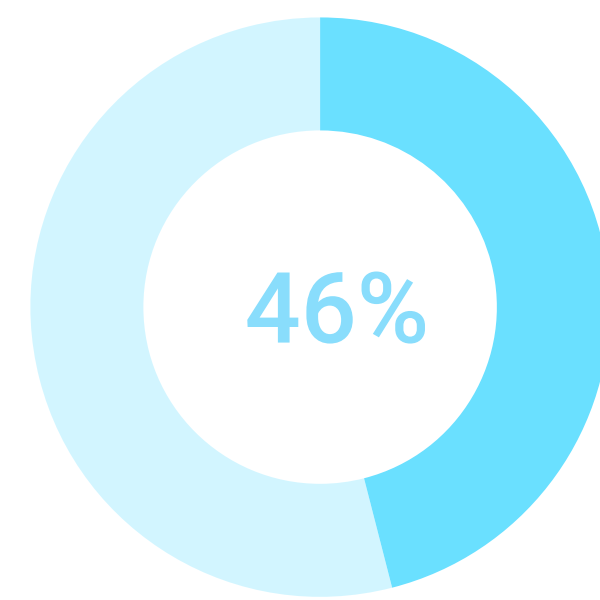
1<sup>st</sup>

Extreme weather



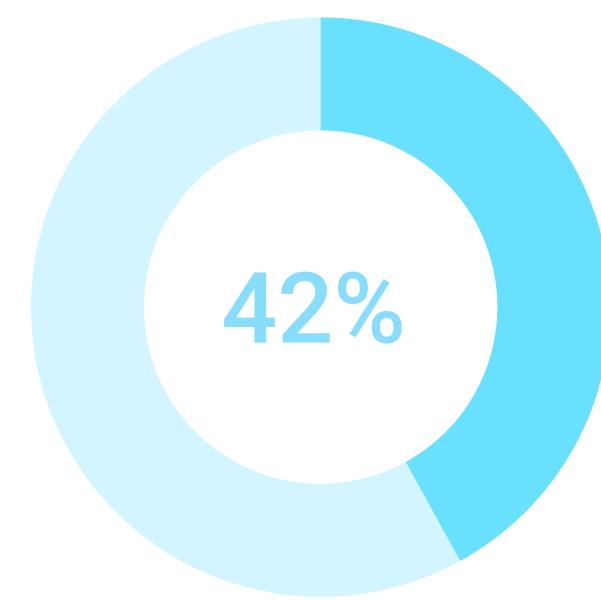
2<sup>nd</sup>

AI-generated misinformation and disinformation



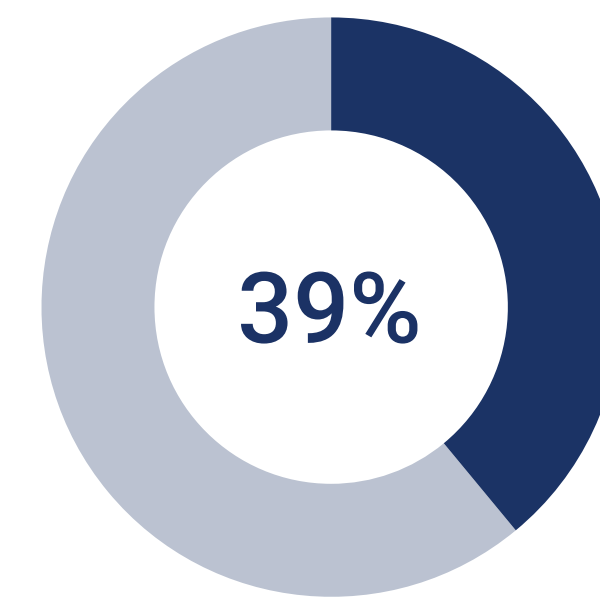
3<sup>rd</sup>

Societal and/or political polarization



4<sup>th</sup>

Cost-of-living crisis



5<sup>th</sup>

Cyberattacks



## COP28 defied the pessimists....

### Major Methane Commitment



On the fourth day of the conference, a cohort of approximately 50 oil and gas producing countries and companies pledged to achieve near-zero methane emissions by 2030. Given methane's extreme potency (30 times the warming potential of carbon dioxide), the reduction of its emissions has been a key focus.

### Boosting Renewables



As part of a coordinated effort to incorporate transition fuels into the energy mix, 22 countries, including the US, Canada, the United Arab Emirates, and Sweden, committed to triple their nuclear capacity by 2050. Signatories also agreed to triple the deployment of renewable energy sources such as wind and solar power and double the rate of energy efficiency improvement by 2030.

### Loss & Damage Fund



The opening session of COP28 began with the formal establishment of a fund to support developing countries dealing with the effects of climate change. With 10+ countries pledging to contribute, the fund stands at close to \$800 million and has a board of 26 members, primarily leaders of developing nations.

## Organizations need to change their operating models and restructure their organizations to meet ambitious climate change targets

Understand the impact the organization's operating model has on the environment and society.

01

Architect the end-to-end business value delivery processes, the technology requirements, organization units and governance models to deliver circularity.

03

Re-imagine the organizational capabilities and operating model needed for circularity.

02

Support leaders and employees with engagement, communications and change management throughout the implementation.

03



## New governance models are needed to support action on climate change

Does climate expertise need to be added to the board?

Should climate change be added to the board agenda?

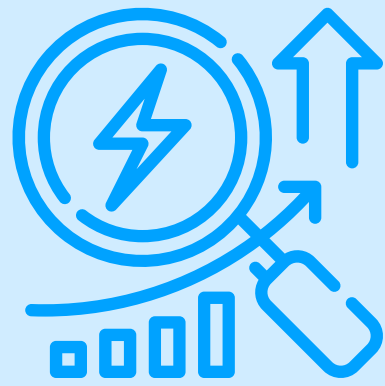


Does the board require additional education on climate change issues?

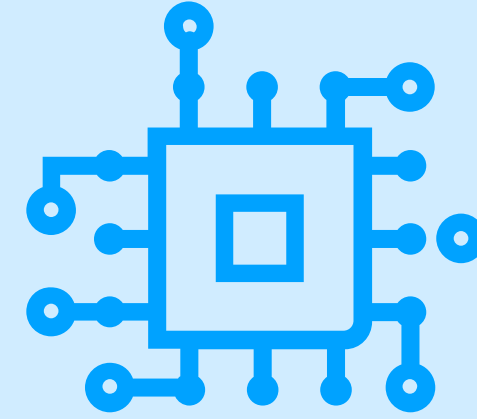
Should climate change be added to the charter of a new or existing ESG committee?

# What does your organization need to be good at to achieve its climate change strategy?

Research & Development



Digital



ESG Expertise



Innovation & Engineering



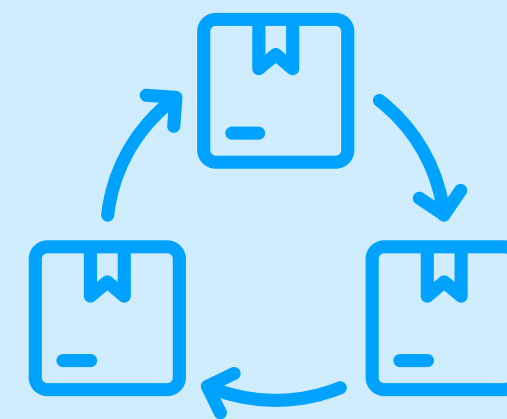
Partnerships & Alliances



Analytics



Supply chain management



**If humans are to be the solution to the problem of climate, then culture needs to be at the heart of your climate change strategy.**

## **Communicate the “why”**

Be clear about the purpose of the transformation and how it will enable people to do their jobs more effectively.

## **Give everyone a say**

Involve employees in the planning stages, asking them for input and encouraging them to share their perspectives.

## **Be authentic**

People can see through empty promises a mile off, so it's important to ensure all your climate change commitments are backed up by real-world actions.

## **Provide ongoing opportunities for people to get involved**

As well as strengthening and extending organizational impact, it increases engagement by enabling values-driven employees to connect their work with the issues that matter to them.

# THANK YOU



**TUSIAD**