

Increased transparency and documentation of private sector contributions to NDCs



Report on the assessment of private sector motivation and engagement strategies in reporting participation

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Report on the assessment of private sector motivation and engagement strategies in reporting participation

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REVIEWERS

Fatemeh Bakhtiari, Daniel Puig and Sandra Roxana Aparcana Robles

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Acronyms

CDP	Carbon Disclosure Project
CO ₂ e	Carbon Dioxide equivalent
ETF	Enhanced Transparency Framework
GDP	Gross Domestic Product
GHG	Greenhouse gases
GRI	Global Reporting Initiative
IPCC	Intergovernmental Panel on Climate Change
LATAM	Latin America
MRV	Measurement, Reporting and Verification
NDC	Nationally Determined Contribution
SDG	Sustainable Development Goal
SME	Small and Medium Enterprise
UNFCCC	United Nations Framework Convention on Climate Change

Glossary of terminology

B Corporations

Company whose *raison d'être* is to generate a triple impact, at economic, social and environmental level, simultaneously (Sistema B, n.d.-b); that is, with a clear purpose that goes beyond just generating profitability, through collaboration and interdependence as a new way of doing business (Romo, 2018).

BIC Companies

BIC, is an acronym in Spanish that stands for Collective Interest and Benefit. These companies as a collective ask for the legal recognition of triple impact companies (or B companies). In BIC companies, partners are obliged to generate a positive social and environmental impact in the community, and translate these goals into concrete strategies (Sistema B, n.d.-a).

B-System

Organization that promotes the evolution of markets and economy with the aim of going beyond economic growth through scale solutions to the challenges of humanity and the planet. Proposes that success be measured by the well-being of individuals, societies and nature (Correa, 2019).

Carbon Footprint / GHG Inventory

Term commonly used to describe the totality of Greenhouse Gas (GHG) emissions produced by a person, organization, event or product. It is expressed in tons or kilograms of carbon dioxide equivalent (CO₂e) (Carbon Trust, 2007).

Carbon Market

Set of transactions where amounts of GHG emission permits or reductions are exchanged (Eguren, 2004). The transaction unit for these GHGs is the carbon credit, which is equivalent to one ton of CO₂e. In this market, those who reduce emissions or sequester carbon sell their credits to those who cannot reduce emissions further (Cristina Seeberg-Elverfeldt, 2010).

Carbon Neutrality

State in which the GHG emissions that could not be reduced, and are within the limits of the emitter, are compensated through an equivalent reduction of external and certified emission reductions, to achieve net zero emissions during a defined period of time (Natural Capital Partners, 2020).

Carbon reporting / disclosure system

GHG emissions information management system to communicate these data in an orderly manner, both internally (shareholders, employees) and externally (stakeholders) in an organization (World Resources Institute & The World Business Council for Sustainable Development, 2006).

Circular Economy

A holistic concept and alternative to the unsustainable lineal economic model (take – make – use – dispose). Economy whose purpose is to radically limit the extraction of raw materials and the production of waste, by recovering / reusing as much of products / materials as possible, in a systemic way, over and over again. Circular economy takes besides inspiration from natural systems (Ellen Macarthur Foundation, 2012).

Climate Action

In the corporate context, and for the purposes of this report, Climate Action refers to the measures adopted by companies to tackle climate change. In this way, companies contribute to achieving SDG 13 and the commitments made in the Paris Agreement. The challenges posed by climate change require the various actors in the international community to work in a coordinated and precise way so that developing countries move towards a low-carbon, sustainable, and environmentally friendly economy (UN, n.d.).

However, in a broader approach, the term also includes aspects as adaptation, transparency, finance and governance. These are not often considered when referring to corporate climate action.

Institutional arrangements for climate action

In the corporate context, it can be understood as the set of structures and processes designed to ensure that Climate Action is inclusive, transparent, responsive, equitable, and with broad-based participation (International Bureau of Education, n.d.). The governance of Climate Action promotes dialogue with collaborators, company networks, clients, suppliers, society, and governmental and non-governmental actors (Brito, 2011).

Climate Change

Climate change is the change in the identifiable state of the climate (for example, through statistical tests) in the variations in the mean value and / or in the variability of its properties, which persists for long periods of time, generally decades or longer periods (IPCC, 2007). This change is directly or indirectly attributed to human activity that alters the composition of the global atmosphere and that adds to the natural variability of the climate observed over comparable periods of time (UN, 1992).

Greenhouse Gases (GHG)

GHGs are gaseous components of the atmosphere, of natural or anthropogenic origin, that absorb and emit radiation at certain wavelengths of the spectrum of thermal infrared radiation, emitted by the Earth's surface, by the atmosphere itself and by clouds. This property gives rise to the greenhouse effect. Water vapor (H₂O), carbon dioxide (CO₂), nitrous oxide (N₂O), methane (CH₄) and ozone (O₃) are the primary GHGs in the Earth's atmosphere. Furthermore, the atmosphere contains a number of entirely anthropogenic GHGs, such as halocarbons or other substances that contain chlorine and bromine, contemplated in the Montreal Protocol (IPCC, 2007).

The Kyoto Protocol considers seven gases as the main GHGs: carbon dioxide (CO₂), nitrous oxide (N₂O), methane (CH₄), sulfur hexafluoride (SF₆), nitrogen trifluoride (NF₃), hydrofluorocarbons (HFC) and perfluorocarbons (PFC).

CO₂ is the most important GHG, and it can be generated naturally and anthropogenically. The concentration of CO₂ in the global atmosphere has gone from a pre-industrial value of approximately 280 ppm (parts per million) to 379 ppm in 2005. The atmospheric concentration of CO₂ in 2005 greatly exceeds its natural range of variation in recent years. 650,000 years (from 180 to 300 ppm), according to samples taken from glacial layers (IPCC, 2007).

GHG Emission Measuring

To measure corporate carbon footprints, the most widely used and widely used standards are the *GHG Protocol* and the *ISO 14064*. The second was built based on the first, and both classify the GHG emissions to report in 3 scopes (Carbon Trust, 2007):

- **Scope 1:** Direct GHG emissions: are those GHG emissions from sources that belong to or are controlled by the organization.
- **Scope 2:** Indirect GHG emissions associated with electricity generation: Indirect emissions are those generated by purchased electricity, which is consumed in the equipment that belongs to or is controlled by the generating companies.
- **Scope 3:** Other indirect GHG emissions: These are GHG emissions that occur as a consequence of the organization's activities, but that originate from GHG sources that belong to or are controlled by other organizations.

GHG-emission offsetting

A mechanism for managing emissions that cannot be avoided, through which organizations pay someone to reduce or sequester emissions by developing certified projects for this purpose (Christina Seeberg-Elverfeldt, 2010).

MRV (Measuring, reporting and verification) system

The term MRV in the context of climate change first appeared in the Bali Action Plan, which called for measurable, reportable and verifiable actions and commitments; These actions must be supported and enabled by technology, financing and capacity building, in a measurable, reportable and verifiable way (UNFCCC, 2008). However, it is not a new concept since previously some governments and institutions already saw monitoring and evaluating (M&E) their actions and objectives in a systematic way. The MRV practice integrates 3 independent and complementary processes (Singh *et al.*, 2016):

- Measurement or monitoring of data and information related to emissions, mitigation and support actions.
- Report of the information collected in standardized formats to make them available to different users and facilitate public disclosure of the information.
- Verification by submitting the information reported periodically to some type of independent evaluation or review, to validate its integrity and reliability. This process serves to guarantee the precision and conformity of the established procedures; and to promote continuous improvement for future reports.

Nationally Determined Contributions (NDC)

Nationally Determined Contributions (NDCs) represent the mechanisms by which countries that are party to the Paris Agreement reduce national GHG emissions and adapt to the effects of climate change (UNFCCC, n.d.-a). Article 4, paragraph 2 of this agreement requires each party (signatory country) to prepare, communicate and maintain the NDCs it intends to achieve (UNFCCC, 2015).

Corporate climate action/sustainability movements

For the purposes of this report, it refers to a collective of private sector organizations engaged in issues of climate change and/or sustainability. These joined companies (e.g. sectorial coalitions) have pledged e.g. to set highly ambitious emissions reduction targets to help limit the worst effects of climate change. Their activities are oriented to leadership, research and innovation, and advocacy campaigns by providing information, ramp up action, and setting climate action in political agendas (UNFCCC, n.d.-a).

Paris Agreement

Binding global agreement on climate within the United Nations Framework Convention on Climate Change (UNFCCC). It was opened for signature in 2016 and entered into force in November of the same year. Its central objective is to reinforce the global response to the threat of climate change, keeping the temperature rise below 2 ° C and continuing efforts to further limit this increase to 1.5 ° C (UNFCCC, n.d.-b). The 125 signatory parties agreed to reduce their emissions through Nationally Determined Contributions (NDCs) and to report periodically on their enforcement and emissions efforts (UNFCCC, 2015).

Reduction commitment

For the purposes of this report, it is understood as the corporate pledge of GHG emission reduction. As it depends on the progress of GHG emission management in a corporation, it can have a different focus. Reduction commitments mostly consist of *going carbon neutral within a specific time frame*. Others are stated in terms of *shifting their energy source*. Further climate-related pledges are *measuring the corporate carbon footprint*, *emissions offsetting* and *setting an emission reduction target*. Some include the *contribution to achieving NDCs*.

Regeneration of Ecosystems

The regeneration of ecosystems consists of the capacity of ecosystems to stay healthy, even after being intervened by human activity. This is because natural systems are highly dynamic and have the ability to adapt and self-organize in the event of a disturbance. This approach recognizes that humans are, and always have been, part of the natural environment, its cycles and processes. The regeneration of ecosystems promotes that natural systems and processes are considered an important part of human development. In this way, the regeneration of ecosystems requires a constant human effort to maintain a harmonious integration between humanity and nature (Hindle, 2006).

Reporting frameworks, initiatives and platforms

For the purposes of this report, a 'framework' refers not only to the 'reporting framework' itself but encompasses standards, protocols, methodologies and/or platforms. By these reporting frameworks, there are different 'initiatives' under which companies are disclosing concrete

measures to support low carbon and sustainable development. Therefore, a 'framework' allow the creation and follow-up of those initiatives. These initiatives are useful to make climate and sustainability actions visible to stakeholders. Some initiatives are equivalent or directly related to a framework or framework sponsor (for example, CDP), but in many cases they are independent and specific for a group of private companies or a sectoral coalition. Some of them are sponsored by non-governmental or multilateral organizations.

Science Based Target

GHG emission reduction targets that are aligned with the emission reduction levels required to limit global temperature rise below 1.5 degrees Celsius according to the IPCC (CDP et al., n.d.).

Senior management representatives

Name attributed to the study interviewees. It refers to the person who leads the company and is ultimately responsible for making managerial decisions. They mostly hold the position of Chief Executive Officer (CEO). However, given the corporate organizational structure and the particular internal dynamics of every company, it may be called under a different position denomination.

Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs) were built on the lessons learned from the Millennium Development Goals (MDGs), and define a much more ambitious global development agenda by 2030. They are 17 goals and 169 targets that reflect in a balanced way the economic, social and environmental dimensions of development. These goals integrate outstanding issues of the MDGs, and go further by addressing inequality, new challenges and structural issues such as climate change, sustainable economic growth, productive capacity, peace and security, and effective, responsible and inclusive at all levels; they adopt a dynamic approach to achieve gender equality. The SDGs were built through an unprecedented collaborative process involving governments and non-state entities, led by the Open Working Group (UN, 2015).

Transparency

In the framework of the Paris Agreement, it refers to the Article 13 that established an Enhanced Transparency Framework (ETF) for action and support in order to build mutual trust and confidence among the Parties and to promote the effective implementation of the Paris Agreement. The purpose of the ETF for transparency of action is to provide (Dal Maso & Canu, 2019):

- A clear understanding of climate change actions in light of the objective to limit global warming to well below 2°C and to pursue efforts to limit warming to 1.5°C
- Clarity and tracking of progress towards achieving Parties' NDCs

Summary

Nationally Determined Contributions (NDCs) are currently not ambitious enough to achieve climate science-based goals. There is a clear need for private sector and non-state participation. However, when it comes to their action, developing systems that allow for measuring and reporting GHG emissions reduction progress is critical for evaluating whether the world is on track to achieve the global climate goals. Even though several reporting frameworks collect and organize the significant contributions of the private sector to the Paris Agreement, the engagement of Latin-American companies is still low.

This deliverable¹ addresses a key question ***why or why not do Latin-American private-sector leaders disclose their companies' climate action?***, by a qualitative analysis based on semi-structured interviews with senior management representatives of fifteen Latin-American companies from different sectors and types, early-adopters that are leading societal transformation. A better understanding of the motivations and challenges faced by the private sector in the region, both for taking and reporting climate action, is the key to further involve companies in NDC implementation and documentation.

Key findings of the report are that there is a deep disconnection between private sector emerging climate action reporting driven by the use of voluntary standards such as GHG Protocol - Corporate Standard or ISO 14064, and B-System commitments and how much such the documentation of such transformative actions are contributing to tracking accomplishment of international and national goals for climate and sustainable development. While companies know about the 2030 Agenda Sustainable Development Goals (SDGs) and the Paris Agreement global goals, less than 50% of the companies surveyed know about national NDC targets. Furthermore, the transparency of private sector contributions to NDC and SDG targets are not considered a priority for companies' climate actions.

¹ This report is one of a set of studies that contribute to the overall project objective of '*Increased transparency and documentation of private sector contributions to NDCs*', providing a better understanding of the private-sector's potential to contribute to NDCs in Latin American countries and to increase ambition on their GHG reduction commitments.

1. Introduction

The Paris Agreement encouraged an enhanced framework for climate action transparency which supports confidence among Parties, allows for comparability, ensures accountability, and promotes effective implementation. In Latin America (LATAM), most countries have already formulated their Greenhouse gas (GHG) emissions reduction commitments through their Nationally Determined Contributions (NDC), and are currently preparing for implementation. However, NDCs are not ambitious enough to achieve science-based goals (Climate Action Tracker, 2019). Therefore, private sector and non-state climate action becomes more relevant than ever.

As corporate climate action is not well reflected in NDCs, which are mainly based on sectoral policies and measures with a strong public focus, transparency improvements need to be developed to ensure actions by the private sector are properly measured, reported and verified (MRV). At the same time, such improvements are expected to bring credibility to the many international pledges made by this group of actors. Even though several reporting initiatives collect and organize the significant contributions of the private sector to the Paris Agreement and the 2030 Agenda for Sustainable Development, the engagement of Latin-American companies is still low (CDP, 2020).

Disclosure of climate change information and action is still not a priority for companies in LATAM. A better understanding of the motivations and challenges faced by the private sector in the region, both for taking and reporting climate action, is the key for involving companies in NDC implementation and, especially, in the so-required increase of ambition.

In this sense, this deliverable aims to explore what drives Latin-American companies to carry out and disclose their climate action. The report is based on in-depth interviews with senior management representatives of fifteen Latin-American companies from different sectors and types. All interviewees belong to the 2.5-percent companies' group², which is expected to drive transformation through a multiplier effect (Libélula, 2019). Thereby, findings are expected to provide initial insights on private sector motivations for climate action and reporting. This preliminary study has validated an instrument for data collection and can be further enriched in a subsequent stage with a greater number of interviewees.

This report is one of a set of studies: (1) *Report on approaches and modalities for private sector reporting*, (2) *Annual Report on Private Sector Contribution to NDC*, and (3) ***Assessment of private sector motivation and engagement strategies in reporting participation***. These studies complement each other to contribute to the overall project objective of 'Increased transparency and documentation of private sector contributions to NDCs', providing a better understanding of the private-sector's potential to contribute to NDCs in Latin American countries and to increase ambition on their GHG reduction commitments. This third report (3), is an initial assessment of *why* and *how* companies are taking action and reporting on climate mitigation in the region. This information is relevant as countries strive to develop better-informed and more ambitious NDCs for the next round of commitments and Long-Term Strategies under the Paris Agreement, while abiding to more comprehensive and consistent transparency protocols, methods, and registries.

² According to Nexos+1's *Innovation Diffusion Curve* (Libélula, 2019), only 2.5% of society (the "innovators") are required to influence another 13.5% (the "early adopters"), and with these 16%, societies can adopt an innovation through a multiplier effect.

In **Chapter 2. Presentation of the Report** the context, relevance, objectives and methodology of this study are explained. **Chapter 3. Private sector understanding on climate action in Latin America** addresses Latin–American corporate climate action, by analyzing senior management’s understanding of climate change and their willingness to take action. **Chapter 4. Understanding the CEO's main motivations to take climate action in their companies** focuses on having a better grasp on the drivers for climate action. **Chapter 5. Transparency and reporting mechanisms for climate action and the SDGs** deals with climate action transparency. In **Chapter 6. Private–sector goals aligned to climate action**, whether or not the private sector includes climate action within their corporate goals is discussed. **Chapter 7. Private–sector participation in international/national climate action efforts** assesses how familiar private–sector leaders are with current international/national climate legal frameworks and instruments. Finally, **Chapter 8. Conclusions** summarizes the main takeaways of the study.

Most interviews were carried out before the declaration of the COVID-19 Pandemic by the World Health Organization. These circumstances generated delays in interview scheduling to close this report, and an increased level of uncertainty in senior management representatives when asked for their 2020 – 2021 goals. In most cases, interviewees reported re-formulation of targets and rescheduling of climate action efforts due to the current uncertainty.

2. About this report

2.1. Rational behind the report

The Paris Agreement, signed during the 21th session of the UNFCCC Conference of the Parties (COP 21, 2015), placed most nations³ in a common path to make an ambitious effort to tackle climate change and adapt to its effects. Under this agreement, parties were encouraged to prepare, communicate and implement binding commitments, known as Nationally Determined Contribution (NDC). Furthermore, the agreement established mechanisms to facilitate the application and promote compliance, and stressed the need for a comprehensive accounting and transparency system to provide clarity on the action and contribution of the Parties (UNFCCC, 2015). The 2018 decision at COP24 in Katowice reiterated this frame by the adoption of modalities, procedures and guidelines for all Parties during transparency implementation processes in their specific country context.

Given that the increase of NDC ambition is urgently required to achieve the goals of the Paris Agreement and those required by science (keeping below 1.5 °C), the participation of the private sector in taking and reporting climate action becomes more relevant than ever. Indeed, it was emphasized by Carolina Schmidt, the president of the latest COP:

“We must mark a change of course in ambition by bringing new actors to the table; regional, local governments, cities and the private sector, both productive and financial. Because climate action should not be just a political issue. National commitments are necessary, but not sufficient”

³ 197 Parties (196 States and 1 regional economic integration organization).

2020 is a key year for climate action, as countries have been called to increase the ambition of their climate commitments and to guide societies towards low-carbon climate-resilient economies through the development of Long-Term Strategies (LTS), in line with the Paris Agreement and the 1.5° IPCC report (UNFCCC, 2019). Postponing more ambitious climate action will severely constrain options for achieving the Paris goals, requiring even more rapid and costly decarbonization. Non-state actor involvement is crucial in order to raise ambition. It is also key for countries not only to increase action, but also make it transparent in order to build trust and inspire other state and non-state actors to act. Therefore, a transparency registry and reporting framework for climate action must allow non-state climate action, including that from the private sector, to be accounted for at the national or international level.

Companies have announced significant commitments to climate action that are not reflected in initial NDCs. Actions announced enable governments to go further. Enhancing NDCs can also help create the conditions for governments and the private sector to do even more. However, how and how much the private sector is taking climate action is not sufficiently disclosed. According to the CDP, there were 7018 companies disclosing climate change information in 2018. However, only 91 of them are Latin-American, representing only 1.3% worldwide (CDP, 2020). *Science Based Targets*, an initiative that collects information from companies pledging climate commitments based on science has registered 854 companies worldwide, of which only 4.0% (34 companies, see Table 1) were from Latin-America (Science Based Targets, 2020).

Table 1. Number of Latin American companies that have adopted a Science Based Target.

Latin American countries that adopted science-based targets	Number of companies
Brasil	11
Chile	8
Colombia	3
Costa Rica	1
Granada	1
México	6
Uruguay	4

Source: Science Based Targets, 2020

In order to foster a comprehensive system that quantifies the private sector contribution to the NDCs, it becomes essential to have a better understanding of the motivations and challenges of the private sector in Latin America to engage and report on climate action. To get this understanding, it is necessary to delve in the way companies are currently taking and disclosing climate action in the region, since there is a wide range of processes and no standardized accounting methodology or reporting platform. Thereby, we must establish key questions that allow us to reflect the current panorama of companies:

- Is Latin American private-sector taking climate action? How?
- Why or why not do Latin American private-sector leaders disclose their companies' climate action?
- What are the incentives that companies expect to report on their climate action?
- What are the main challenges that companies in the region face for taking and reporting climate action?

2.2. Characteristics of the Private Sector in Latin America

Latin America accounted for 200 GtCO₂ of cumulated world GHG emissions, less than 10% (Global Carbon Project, 2019). The three main sources of GHG emissions (sectors) in Latin America are (1) energy, (2) agriculture, and (3) changes in land use and forestry activities (46%, 23%, and 19%, respectively). Consequently, most countries in the region have identified these sectors as priorities for the design and implementation of mitigation actions (Bárcena et al., 2018). These sectors are also where the private sector can contribute greatly to increasing the ambition of NDCs.

The private sector in Latin America is characterized by a strong presence of smaller companies (small, micro and one-person), with low productivity and high levels of informality. According to a study by the Economic Commission for Latin America and the Caribbean, only 0.5% of formal companies in Latin America are classified as large (Dini & Stumpo, 2019). Smaller companies represent the highest percentage, with microenterprises being the largest group with 88.4%. Additionally, the latest OLI (International Labour Organization) study indicates that one-person businesses, micro and small businesses contribute to 74.1% of employment in Latin America⁴ (OLI, 2019). Unfortunately, due to their low levels of productivity, the informality rates in these jobs are higher. It is estimated that the informality rate in LATAM is higher than 50% and 80% in micro and one-man businesses, respectively (Ferraro & Rojo, 2018). Small companies have a productivity level equivalent to 22% of that of large companies, while the level of micro companies and independent workers is only 6% (Ferraro & Rojo, 2018). This may explain why one-person businesses, micro, small and medium-sized companies contribute only to 25% of the Gross Domestic Product (GDP) of the region, despite the number of companies and labor force employed (Dini & Stumpo, 2019).

With respect to large companies in Latin America, the presence of multinational, multi-Latin⁵ and family companies stands out. The presence of multinational companies is relevant in the region. However, according to a 2014 Deloitte study, multi-Latin companies represented 70% of the largest companies in the region and generated 71% of total revenues (Deloitte, 2014). The origin of multi-Latin companies is similar to that of multinationals, with companies related to mining in the 1990s, when the prices of raw materials were high (Casilda Béjar, 2015). However, the multi-Latin category has diversified and currently 44% is destined to the production of consumer goods (Marcos Aguiar et al., 2018).

On the other hand, according to Boston Consulting Group, the most important asset that the private sector has in Latin America is its resilience, resulting from the large number of family businesses. It is estimated that 80% of companies in the region are owned by family members and the BCG study indicates that family businesses focus their strategies on resilience (Marcos Aguiar et al., 2018). Another study has estimated that family businesses generate 60% of GDP and 70% of employment in Latin America (Ramírez Solís et al., 2017).

⁴ There is no standardized classification at Latin American level on how they are defined or categorized. Therefore, for this study, criteria by the International Labour Organization (ILO) will be used. It categorizes companies globally as: (1) micro companies, (2) small companies, and (3) medium and (4) large companies.

⁵ Understand by multinational company, those that operate in different countries, but their country of origin is not Latin American, while multi-Latin companies operate in different countries and their country of origin or parent company is in Latin America.

The present study intends to sample companies that are representative of the reality of the private sector in the region. Taking into account the above, the study classifies companies into four sizes⁶: (1) Micro, (2) Small, (3) Medium and (4) Large. Given that the economic context in every Latin American country is different and there is no real economic integration, there are no standardized criteria in the region to categorize companies according to size (Dini & Stumpo, 2019). Therefore, the size-related category is assigned according to the country of origin's criteria for each company. Additionally, other attributes were added to complement categorization by size. In the case of micro, small or medium-sized companies, they can also be classified as Startups. While large companies may also have the attribute of multinational or multi-Latin. Finally, regardless of size, it will be indicated if it is a family business or if their operations cover more than one economic sector (diversified). Table 2 presents the categorization described.

2.3. Methodology: sample selection

Through a semi-structured interview, senior management representatives from 15 private companies in Latin America (Figure 1) provided information regarding their motivations for taking and reporting climate action. As the private sector in the region is highly diverse, these companies were carefully selected to get a sample as representative as possible. Selection criteria were established based on four main attributes: (1) size, (2) geographical coverage, (3) economic, and (4) sector other attributes independent of company size. Some category denominations have been updated to complement the initial selection criteria presented in *Deliverable 1.2. List and criteria for selection of private sector companies*, as explained in Table 2.

Table 2. Criteria and categories for selection of companies.

Criteria	Categories	
(1) Size For this study, the criteria of every company's country of origin were taken into account to categorize them according to their size. Commonly, used criteria are: number of employees, annual sales and assets.	Micro Small Medium Large	
(2) Geographical coverage Refers to the geographical location in terms of the company's headquarters and operations.	Global	Origin in a Latin American country, but operations in several countries of the world
	Multi-national	Operations in several countries of Latin America, but origin out of the region (headquarters)
	Multi-latin	Headquarters located in a Latin American country and operations in several countries of the region.
	National	Operations located within their country of origin, that exports to other countries.
	Local	Headquarters and operations located within a Latin American country.

⁶ For this study, the criteria of every company's country of origin were taken into account to categorize them according to their size. Commonly, used criteria are: number of employees, annual sales and assets.

Table 2. (...).

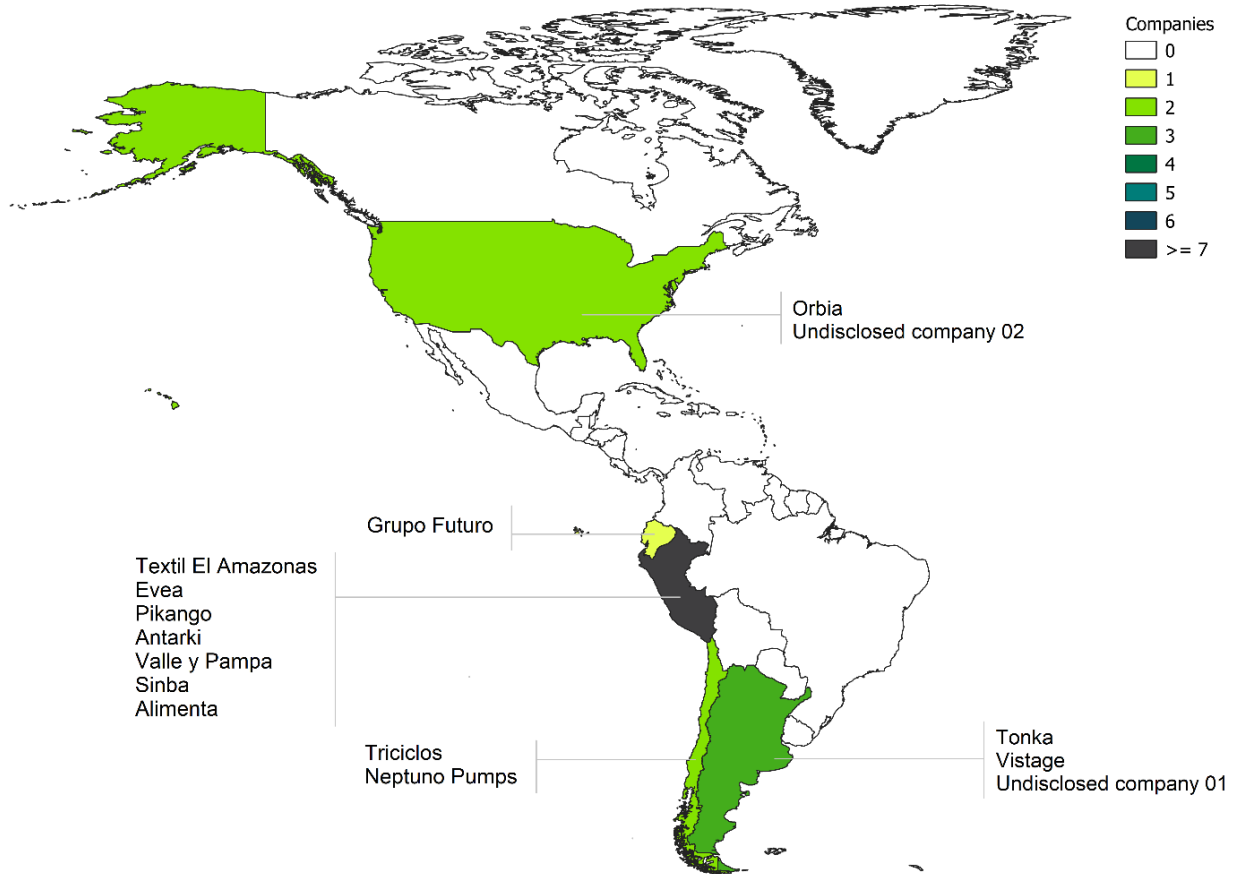
Criteria	Categories	
(3) Other attributes independent of company size	Family	A/few family/ies has/have control over the patrimony and government, which is passed from generation to generation (Domínguez, 2012).
	Start up	Innovation – intensive, high impact and fast – growing companies.
	Diversified	Operations cover more than one economic sector.
(4) Economic sector Each sector has its own challenges and level of development. It is important to acknowledge this and study this diversity in order to understand what is possible in terms of climate action, depending on the economic activity they develop.	12 sectors are represented in this study	

The Table 3 presents companies included in the study, given the four above–explained criteria. In terms of location, companies are displayed as presented in Figure 1.

Table 3. List of companies included in the study.

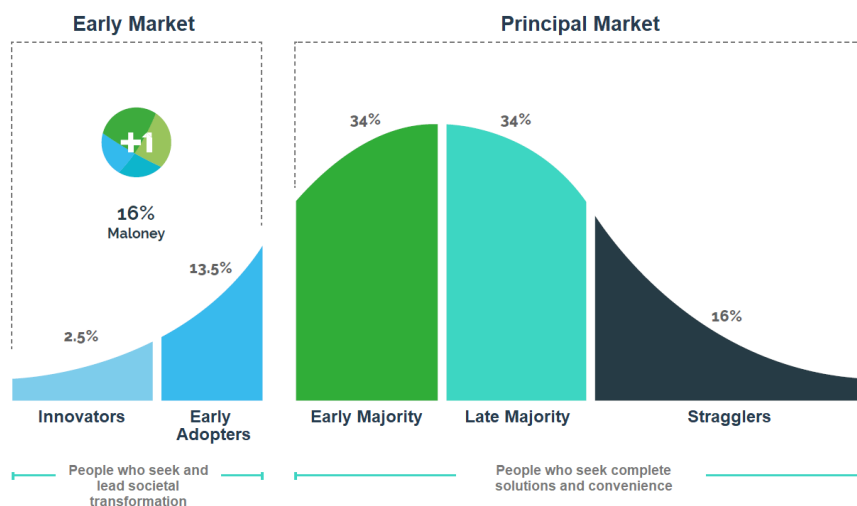
Company	(1) Size	(2) Geographical coverage	(3) Other attributes	(4) Economic sector
1 Textil El Amazonas	Medium	Multi-Latin	Family	Textile
2 Grupo Futuro	Large	Multi-Latin	Family Diversified	Tourism, Insurance
3 EVEA Eco-fashion	Micro	Local	Start up	Fashion
4 Pikango	Medium	National	-	Transport
5 Antarki	Micro	Local	-	Fashion
6 Valle y Pampa	Large	National	Family	Agroindustry
7 Tonka	Medium	National	Family	Manufacture
8 Sinba	Small	Local	Diversified	Waste, Consulting
9 Undisclosed c-01	Small	Multi-national	-	Commercial
10 Alimenta	Large	Multi-Latin	-	Agroindustry
11 Triciclos	Medium	Multi-Latin	Diversified	Waste
12 Vistage	Medium	Multi-national	-	Consulting
13 Neptuno Pumps	Large	Multi-Latin	Family Diversified	Manufacture, Engineering
14 Undisclosed c-02	Large	Global	-	Finance
15 Orbia	Large	Global	Diversified	Materials, Chemicals

Figure 1. Countries of the participating companies.



According to the *Nexus+1's Innovation Diffusion Curve* (Figure 2), only 2.5% of society (the 'innovators') are required to influence another 13.5% (the 'early adopters'). With these 16%, societies can adopt an innovation through a multiplier effect.

Figure 2. The Nexus+1's Innovation Diffusion Curve (Libélula, 2019).



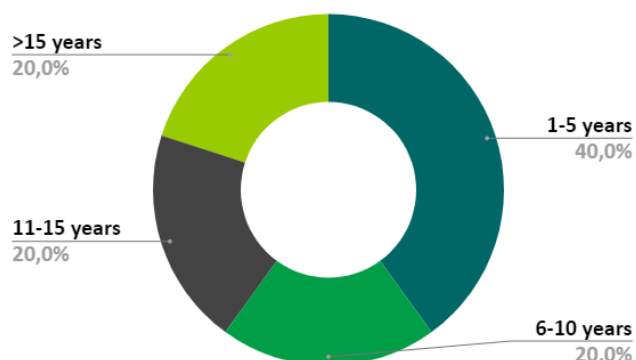
Therefore, as only ‘2.5-percent companies’ were considered in this study, two extra attributes were included when selecting companies: (5) transformational approach, and (6) business model. As shown in Table 4, these ‘2.5-percent companies’ have adopted at least one of the following transformational approaches (a) *Circular Economy*, (b) *Migration to Renewable Energy*, or (c) *Ecosystems Regeneration*, leading to zero waste and/or low-carbon emission operations.

Table 4. The attributes of ‘2.5-percent companies’, taken into consideration in this study.

Company	(5) Transformational approach			(6) Business model
	Circular Economy	Renewable energy	Ecosystem Regeneration	Purpose-driven
1 Textil El Amazonas	x	-	-	-
2 Grupo Futuro	-	-	x	x
3 EVEA Eco-fashion	x	-	-	in progress
4 Pikango	x	-	-	-
5 Antarki	x	-	x	in progress
6 Valle y Pampa	in progress	-	x	x
7 Tonka	x	x	x	x
8 Sinba	x	-	-	x
9 Undisclosed c-01	x	-	-	x
10 Alimenta	x	-	x	-
11 Triciclos	x	-	x	x
12 Vistage	-	-	-	in progress
13 Neptuno Pumps	x	in progress	-	-
14 Undisclosed c-02	-	x	-	-
15 Orbia	-	-	-	x

In terms of business model, purpose-driven schemes such as *B company*, *Company with Social Purpose* (in Chile) and/or *Collective Benefit and Interest Company* (better known by the acronym BIC in Colombia), make companies to consider equally financial, environmental and social results (by using new KPIs⁷ to measure business performance and success). All selected companies are part of at least one international, national and/or sectoral network where, among other things, climate action and sustainable development measures (SDGs) are discussed in order to scale up.

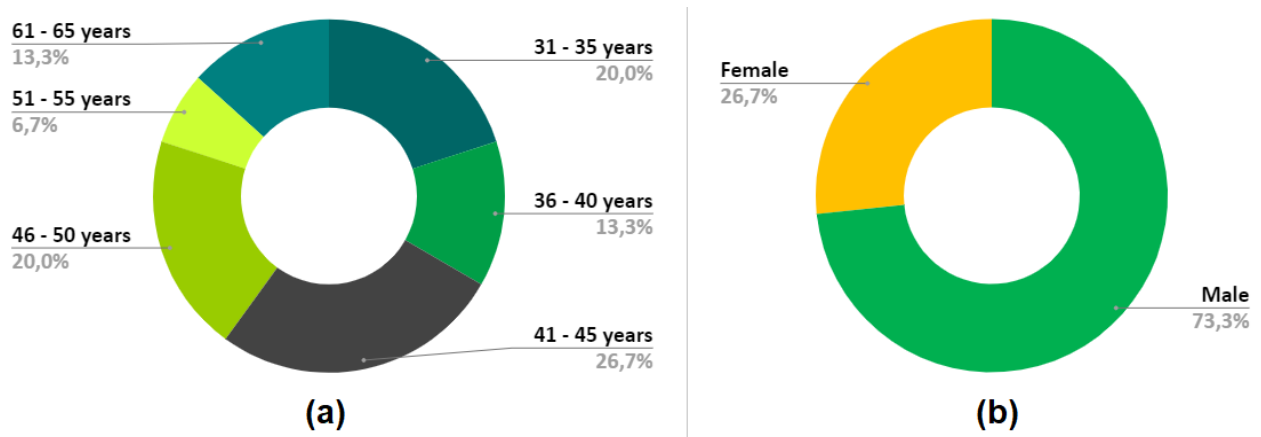
Figure 3. Interviewees holding a senior management position.



⁷ Key Business Performance Indicators

With respect to the interviewees, these are senior management representatives who mostly hold the position of Chief Executive Officer (CEO). However, given the organizational structure and the particular internal dynamics of every company, the most suitable representative for the purposes of this study has been determined. Regarding the number of years that they have held this position in the company, 40% have been holding it for 1-5 years (Figure 3).

Figure 4. Characteristics of the interviewees: (a) age and (b) gender.



As shown in Figure 4, around 66,7% of the interviewees are older than 41 years; while the range of 31-35 years also represents a significant percentage (20%). Regarding gender, most of the interviewees are men (73,3%). For more information, Appendix 01 presents a brief description of every participating company and its senior management representative.

2.4. Methodology: data collection

The study consists of a qualitative analysis that used as the main data source the results obtained from an interview questionnaire to senior management representatives.

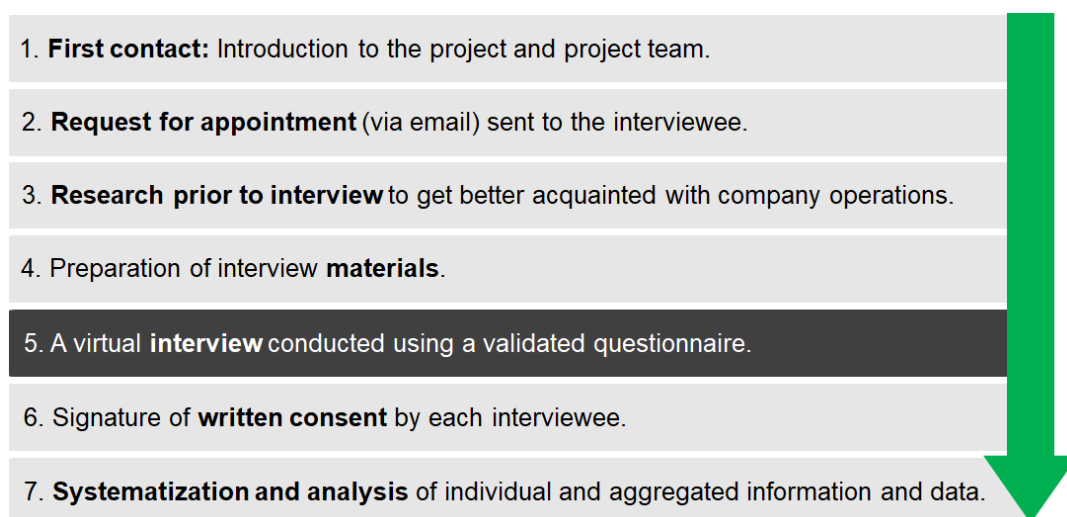
Figure 5. Data sources for developing this report.



As complementary data input, (1) literature review, (2) interview questionnaires to sustainability leaders of the companies whose senior management representative was interviewed⁸, (3) an online survey to other sustainability leaders for collecting more technical aspects⁹, and (4) meetings' transcriptions of the sounding board for climate action in Latin America led by nexos+1¹⁰, are also comprised in the methodology followed by this study (Figure 5).

To ensure a proper data collection, a unique process (from the first contact with interviewees to the analysis of collected data) was established and followed for every selected company (Figure 6). The conduction of the interview to senior management representatives (using the questionnaire in Appendix 02) is the milestone of this process.

Figure 6. Data collection process followed by this study.



The mentioned interview questionnaire consists of 190 open and closed questions. Questions were grouped into 6 sections and followed a logical order to effectively collect information about the company and the senior management representative at different levels. As presented in Figure 7, the first section covers basic information of the company and the interviewee. In *Section 2. Climate action and alignment with other SDG*, includes questions about how the company relates to climate change and the SDGs, and questions about taking climate action. Questions about company motivations for taking climate action were included in *Section 3. Climate action motivations and commitment*. *Section 4. Motivations and challenges for reporting climate change* consist of questions on motivations for climate action disclosing. *Section 5. Company's goals aligned to climate action* comprises questions on how the company has considered climate action in their long-term strategies. Finally, under *Section 6. Understanding of international agreements and reporting mechanisms*, interviewees are asked about their familiarity with international and national

⁸ For those companies who have one.

⁹ An online survey addressing technical aspects was uploaded in the 'nexos+1 platform' to be fulfilled by sustainability leaders of private-sector companies of LATAM. Results are presented in Appendix 4.

¹⁰ Main quotes from the '1,000 millones+' sounding board for climate action in Latin America are presented in Appendix 5.

frameworks for climate action and reporting. The content of this report is arranged following this sequence.

Figure 7. Six sections covered in the questionnaire.



One of the most relevant challenges of the interviews was to rigorously condense the information for subsequent analysis. In order to obtain information more effectively and better systematize it; the arrangement of questions and sections is the result of a validation process. The questionnaire as presented in the Appendix 02 was validated by testing it on a group of CEOs.

The interview, although nearly 2 hours long, was taken positively by senior management representatives. All interviewees expressed that they felt comfortable answering the questions, and it was useful for them to reflect on the depth of the information that they handle in relation to the Sustainable Development Goals, and specifically to SDG13 on climate action. It was also regarded as very helpful to remember and connect with their true purpose and motivations. In some of the post- COVID-19 interviews, representatives felt the interview was a crucial reminder to continue considering environmental protection as a priority and it is close linked to profitability and survival.

The 15 completed questionnaires are gathered in Appendix 03.

3. Corporate climate action in Latin America

3.1. Climate action in Latin America and private sector participation

NDCs in Latin America differ in their commitments profile and the progress of their implementation, more than the reduction scope (Calero et al., 2020). Nevertheless, energy is the key sector for several reasons; the best known is associated to the irrefutable evidence of the existing link between the growing consumption of energy based on fossil fuels and the increase of global GHG emissions (Marzano Franco, 2016). It turns especially important in Latin America as it is strongly linked with the objectives and strategies for sustainable development in the next decades, focusing on low carbon and resilience (Calero et al., 2020). Another important sector in climate action is *Agriculture, Forestry and Other Land Use*, which

address emissions reductions resulting from deforestation and forest degradation, as well as conservation, sustainable management and forest carbon stock enhancement.

A UNEP report about decarbonization in Latin America (2016) concludes that the current economic and technological context, as well as the emerging policies, are leading significant emissions reductions in the region. The report claims that: “*Latin America is probably closer to reach zero-carbon emissions than other regions worldwide*”, because power generation in the region is largely driven by renewable energy, transportation sector still maintains low levels of carbon intensity, and the deforestation rate has been decreased, reducing the carbon intensity indices of the economic activities (PNUMA, 2016).

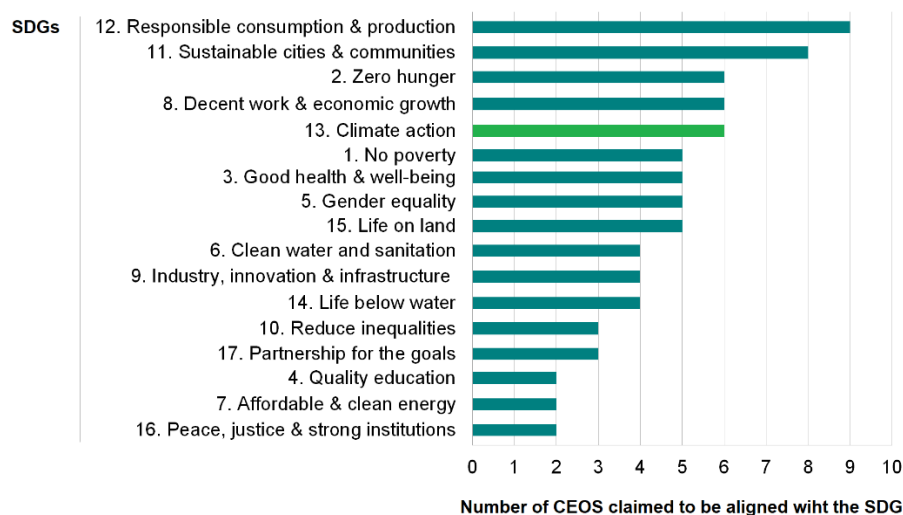
However, NDCs in Latin American countries are considered insufficient to reach the objective of keeping global warming below 1.5°C. Since climate crisis cannot be solved only by governments, non-state actors as private sector plays a key role to set out the global goals. Government investment for NDCs implementation will not be enough and investment flows from private sector are bigger; nevertheless, private sector heterogeneity causes that climate action participation (potential and actual) becomes variable from company to company. In this context, it is important to encourage state and non-state cooperation in order to develop investment plans and project portfolios (MINAM, 2019).

Private sector actors in Latin America are diverse and have different motivations when it comes to participate in climate action initiatives. Some companies decide to take action and report on climate change in order to increase their profits and building new markets, or reduce business risks; others are motivated by policy compliance or investors requirements (Crawford & Church, 2019). These circumstances condition their capacity to invest in developing climate action tools and getting involved with reporting initiatives.

3.2. Private sector understanding on climate change

When asked about the SDGs, all interviewees showed familiarity with the seventeen SDGs. However, when asked the question: *What SDGs does your company align with?*, responses varied. Most companies claimed to be aligned to more than one SDG. The representative of TONKA considered his company to be aligned to all SDGs, as the company’s goal is to lead sustainable development.

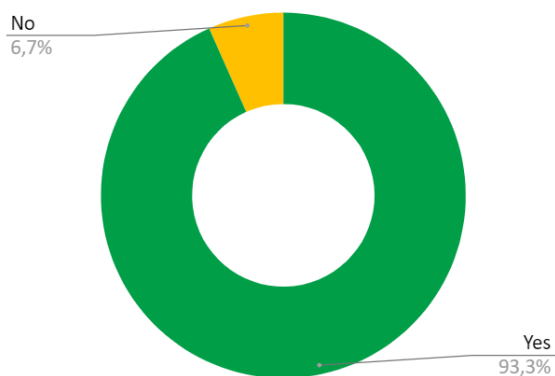
Figure 8. Level of alignment to *SDG 13– Climate action*.



As shown in Figure 8, *SDG-12. Responsible Consumption and Production* is the SDG that most companies declared to be aligned with. It is followed by *SDG 11. Sustainable cities and communities*. *The SDG 13. Climate action* along with *SDG 2. Zero hunger* and *SDG 8. Decent work and economic growth* are in third place.

Most companies gave a positive answer to the question *Is your company affected by climate change?* (Figure 9). However, not all companies claimed to be affected by climate change in the same way nor intensity. Some interviewees consider that climate change effects and the need for adaptation should take priority. Many considered that climate change translates in new requirements from costumers. Only a few stated that climate change represents an opportunity to come up with new business units.

Figure 9. Most companies claimed to be affected by climate change.



To the question *What do you understand by the term 'climate change'?*, they all agreed that climate change is a natural effect exacerbated by human activity (consistent with UNFCCC definition). It is striking that only the representative of 'Neptune Pumps' mentioned fossil fuel combustion specifically. Climate change effects such as atmospheric temperature variation, more frequent natural disasters, and ecosystems degradation, were included in 60% of responses. Some interesting quotes from the interviewees were collected and are cited in Table 6. To sum up, all senior management representatives included in the study concluded that climate change is a current global problem, in which we are all involved, and therefore taking action is absolutely necessary.

Table 5. *What is 'climate change'?* Quotes from the interviewees.

Interviewee	Climate change quote
Alessandra Gerbolini from Textil El Amazonas	<i>'If something is not done now, it will become unmanageable'</i>
Carolina Proaño from Grupo Futuro	<i>'It is a catalyst for threats, what sets the new rules of the game'</i>
Phillip Reiser from Sinba	<i>'A symptom of the ecological imbalance caused by human activity'</i>
Vasco Masías from Alimenta	<i>'What will lead us to make one decision instead of another'</i>
Petar Ostojic from Neptune Pumps	<i>'Absolutely thermodynamic phenomenon that led us to move from a fossil fuel economy to one based on renewable energy'</i>

In terms of *how climate change affects their businesses*, most interviewees stated that it represents an actual risk that already affects their operations, and even their subsistence over time. The representatives of 'Valle y Pampa' and 'Alimenta' highlighted the fact that crops are especially threatened, as largely depend on the weather conditions and might be negatively impacted by the climate extreme events. Those interviewed during COVID-pandemic confinement¹¹ added that this global disease is a clear demonstration of how sensitive businesses are to this kind of situations that are expected to become more frequent.

3.3. What is 'climate action' for the private sector?

When senior management representatives of the selected companies were asked about 'climate action', 93,3% of them declared to know what the term is and gave a definition in their own words (Table 7). Interestingly, all interviewees mainly associated the term with reducing GHG emissions in their operations. Some also considered adaptation and transparency. Other components of climate action such as finance and governance were not mentioned though.

Table 6. What do you understand by the term '*climate action*'?

Interviewee	What do you understand by ' <i>climate action</i> '?
Alessandra Gerbolini from Textil El Amazonas	<i>'Any action that contributes to reducing climate change'</i>
Carolina Proaño from Grupo Futuro	<i>'It begins with the decarbonization of investments. Transparency. Business improvements on issues such as emissions reduction'</i>
Jorge Cajacuri from Evea	<i>'Activities that one does to contribute to climate change mitigation'</i>
Juan Wu from Pikango	<i>'It is related to acting to avoid climate change effects'</i>
Lizia Rivera from Antarki	<i>'To generate some kind of action and change of real things that can last over time'</i>
Miguel Bentín from Valle y Pampa	<i>'It refers to the behavior that a company must have to contribute to planet conservation. The challenging is to create a chain effect'</i>
Pedro Friedrich from Tonka	<i>'To try to capture the greatest amount of GHG and regenerate ecosystems so that the different species of flora and fauna that inhabit them can continue to evolve. In other words, minimize impacts and reverse negative impacts'</i>
Phillip Reiser from Sinba	<i>'To commit to doing something against what we already know is coming with climate change. An important component of climate action is working to reduce emissions by direct mitigation or carbon capture schemes. Further, it involves to change the vision of the economy, and understand that in a context of climate change, it is measured in emissions, but many other factors such as disaster risks or reducing vulnerability is also required. We need nature and not it to us'</i>

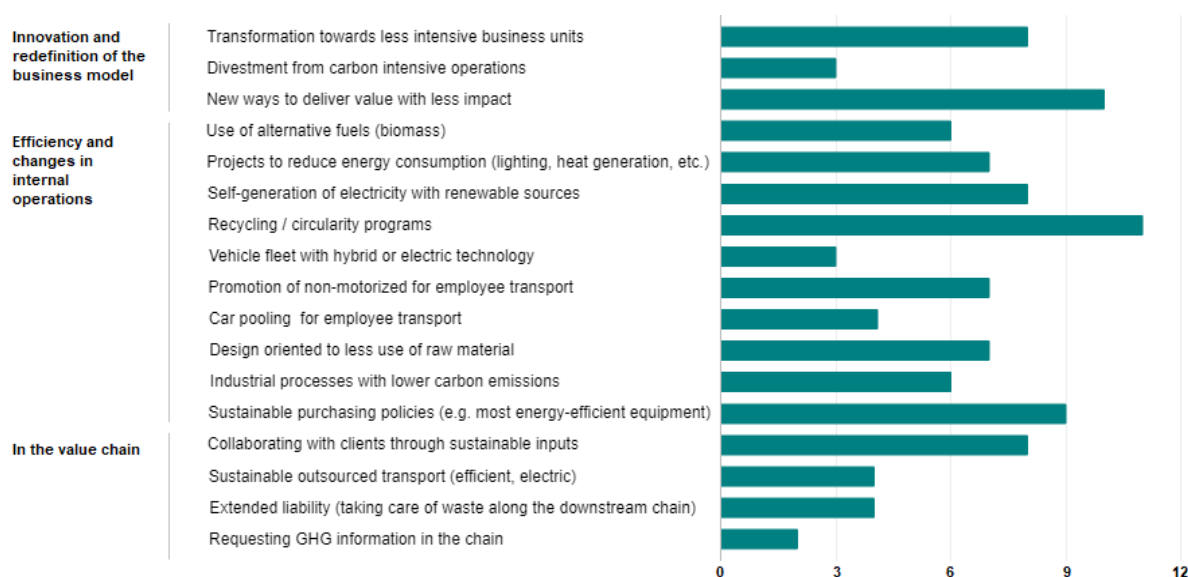
¹¹ Fundación Futuro, Valle y Pampa, Vistage, Neptuno Pumps, Orix, and Orbia.

Table 6. (...)

Interviewee	What do you understand by 'climate action'?
Undisclosed CEO from company-01	<i>'It relates to carbon reduction and awareness raising of society for carbon reduction'</i>
Vasco Masías from Alimenta	<i>'There are two types: adaptation and mitigation'</i>
Verónica de la Cerda from Triciclos	<i>'Make decisions and evolve those decisions to actions that are in favor of creating a positive impact rather than a negative impact on the environment. Climate action has an urgent, rapid and effective component of results, so it is to improve in everything we can regarding the use of natural resources'</i>
Alejandro Cantón from Vistage	<i>'Concrete measures that help tackle climate change'</i>
Petar Ostojic from Neptuno Pumps	<i>'There are several lines of action. It is about moving from a fossil fuel economy to one based on renewable energy... moving to a circular model that decouples economic growth from the use of natural resources'</i>
Undisclosed CEO from company-02	<i>'Urgent measures to prevent future catastrophes ... a call to evaluate how we are doing things, what impact we are having'</i>
Daniel Martínez from Orbia	<i>'It is about what are the duties from our diverse trenches ...the individual behaviors and attitudes, the daily decisions more than words, this is how the difference is being made'</i>

When asked *How has the company been taking climate action?* it was clear that this varies from company to company. Three main approaches were proposed: (1) *Innovation and redefinition of the business model*, (2) *Efficiency and changes in internal operations*, and (3) *in the Value Chain*. The senior management representatives indicated that their climate action is rather than only focused on one of them, it is carried out on several fronts at the same time.

Figure 10. Taking climate action varies from company to company.



From the list given in Figure 10, material recycling/circularity programs and sustainable purchasing policies are the most mentioned by the interviewees. Although not given originally as a choice, remote work was considered by those interviewed during – COVID. Forced lockdown for staff has planted a possibility of remote work more often than we previously anticipated is possible or productive¹². Thereby, many private sector leaders are willing to contemplate it to reduce their emissions.

In terms of *Innovation and redefinition of the business model*, the search and implementation of new less carbon-intensive business units represents their largest effort. Several of the senior management representatives added that businesses, as they were conceived, will not last much longer. Therefore, the climate crisis is also an opportunity transition to lower-impact business units. This is the case of ‘Tonka’, whose representative claimed they are currently experiencing a process to make their new production unit (‘Tonka Solar’) the core business. ‘Tonka Solar’ today represents 40% of their profit and supply with accessories to facilitate the installation of renewable energy in remote areas of Argentina while developing a less carbon-intensive business model. On the other hand, representatives of purpose-driven companies claimed that their businesses themselves represent a less impactful model.

Regarding climate action in the value chain, it is the least implemented. The interviewees argued that these measures challenge them the most when implementing, as they involve strong coordination with suppliers, costumers, etc.

None of the companies started taking climate action before 2005. However, 50% of senior management representatives included in their response that the Latin American private sector started taking action many years ago, but without awareness. They argued that e.g. ‘*Design oriented to less use of raw material*’ or ‘*Recycling/circularity programs*’ are part of their nature. The other group of interviewees attributed their early climate action to the process of certification as a B Corp.

All interviewees mentioned that decisions about taking climate action are mainly made by senior management representatives, such as owners, CEOs, shareholders, and members of the board. In contrast, implementation activities are deployed through internal operational teams, according to the dynamics of the organization.

Even though most of the interviewees have a clear idea of what climate action is, and started taking climate action several years ago, to the question *Does your company measure its GHG emissions*, only 53,3% answered positively, while 13,3% declared to be in progress (Figure 11-a). As relevant details, they added that the GHG emissions measurement is mainly done on an annual basis (80%), and following the guidelines of the GHG Protocol–Corporate Standard¹³ and the ISO 14064-1:2018¹⁴. Although smaller companies generally

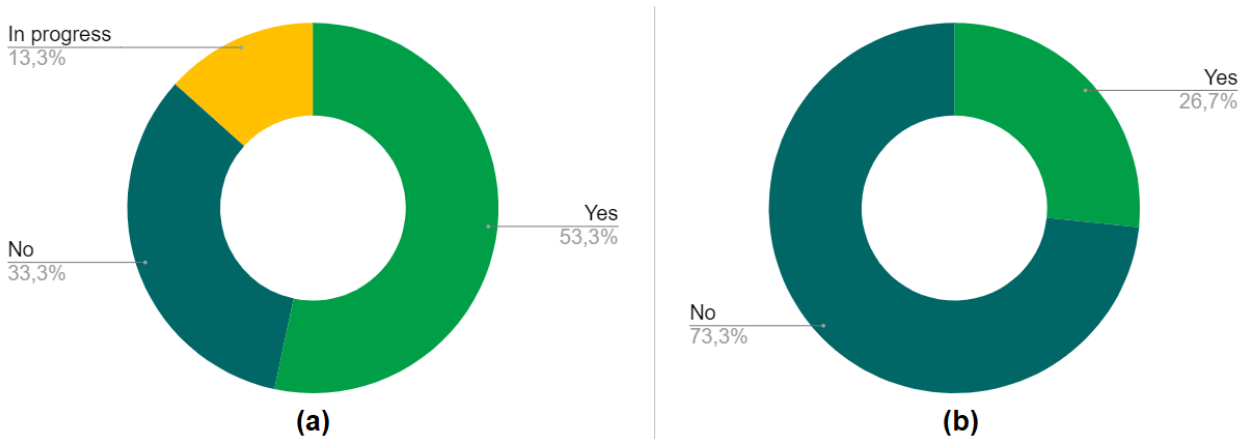
¹² The COVID-19 crisis has the potential to leave a lasting legacy – reinventing the concept of the workplace. Having been restricted to remote meeting and discovered that the technology is frequently good enough to make these effective as well as saving time and money, organizations may decide to move to more remote work in the longer term. In terms of carbon emissions, there are benefits of reducing onsite energy use as well as emissions associated with commuting and business travel.

¹³ The GHG Protocol Corporate Accounting and Reporting Standard provides requirements and guidance for companies and other organizations preparing a corporate-level GHG emissions inventory. Retrieved June 17th, from: <https://ghgprotocol.org/corporate-standard>

¹⁴ Greenhouse gases - Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals. Retrieved June 17th, from: <https://www.iso.org/obp/ui/#iso:std:iso:14064:-1:ed-2:v1:en>

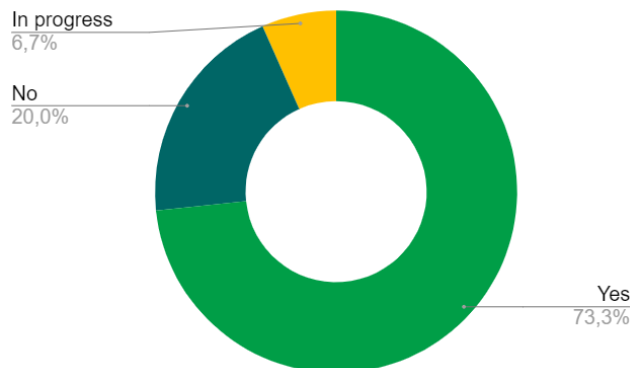
do not have a Sustainability team, they estimate their GHG emissions¹⁵ in-house (meaning that a group of designated employees is in charge of developing the quantification). Larger companies instead use to hire a consulting firm to measure their carbon footprint. On the other hand, only 26,7% claimed to have offset their emissions (Figure 11-b). None through a carbon market, but forest conservation projects.

Figure 11. (a) GHG emissions accounting (carbon footprint) and (b) offsetting.



When asked if they have a GHG emissions reduction commitment, 73,3% of senior management representatives answered 'yes' (Figure 12), while 6,7% claimed to be in progress to set one. 3 companies ('EVEA', 'Alimenta', and 'Undisclosed company 02') declared to do not commit yet. The representative of 'Alimenta' considered that a public pledge to a reduction in carbon emissions does not make a difference, since an actual commitment are actions rather than only written words.

Figure 12. Companies with a GHG emissions reduction commitment.



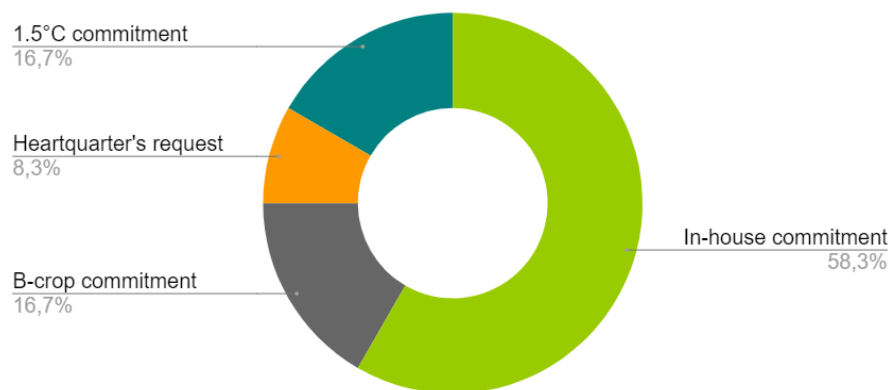
However, what led them to commit voluntarily varied. As shown in Figure 13, 58,3% of these commitments correspond to an internal pledge to reduce the company's emissions. Among them, only 'Orbia' has made it public by their 2019 Sustainability Report¹⁶ uploaded on their

¹⁵ Also known as 'carbon footprint'

¹⁶ Orbia's 2019 Sustainability Report. Retrieved June 20th, from <https://www.orbia.com/49b26d/siteassets/6.-sustainability/sustainability-reports/2019/orbia-2019-sustainability-report2.pdf>

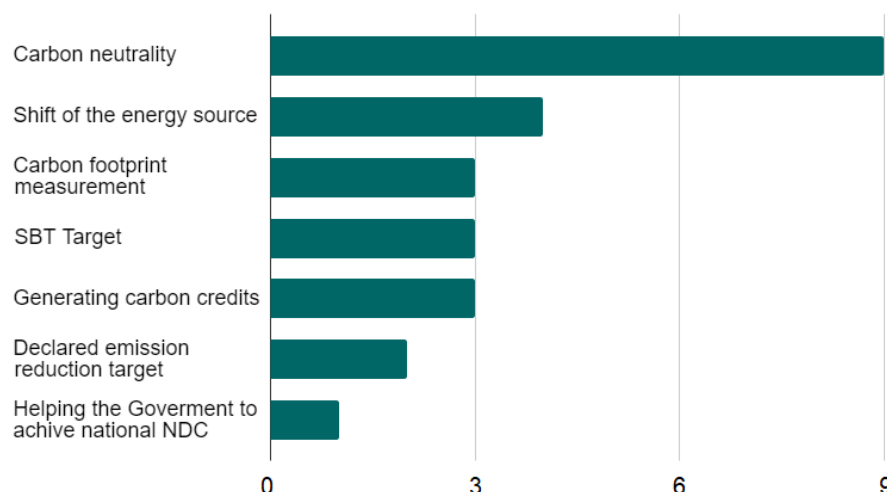
website. 16,7% of companies signed a commitment to carbon neutrality by 2030¹⁷ as part of the B system commitment¹⁷. Another 16,7% reported a business commitment to limit global temperature rise to 1.5°C above pre-industrial levels. For instance, the representative of 'Neptuno Pump' showed during the interview a signed document from the initiative '*Business Ambition for 1.5°C*' led by Science Based Targets (SBT)¹⁸. Only 'Undisclosed Company 01' reported that it was a requirement by its main office.

Figure 13. To whom is the company committed to reducing its GHG emissions?



Regarding the nature of commitments (Figure 14), they mostly consist of *going carbon neutral* within a specific time frame (75% of interviewees). For others, commitments are stated in terms of *shifting their energy source*. Further climate-related pledges are *measuring their carbon footprint*, *emissions offsetting* and *setting an emission reduction target*. Only 'Triciclos' included as one of their commitments to *contribute to achieving NDCs*.

Figure 14. Type of GHG emissions reduction commitments.



¹⁷ Article on "530 B-companies are committed to carbon neutrality by 2030". Retrieved June 20th, from: <https://sistemab.org/mas-de-530-empresas-b-se-comprometen-a-alcanzar-la-carbono-neutralidad-para-el-ano-2030/>

¹⁸ 'Neptuno Pumps' signed commitment: <https://drive.google.com/file/d/1Buu0nirFkp8LmNSv6Q6aRj14mRWgaHZ7/view?usp=sharing>

4. Understanding the CEO's main motivations to take climate action in their companies

4.1. Private-sector motivations for taking climate action

The reasons why companies in Latin America take climate action are diverse. Therefore, when asked *Why did the company start implementing climate/sustainability action?*, 73,3% of the senior management representatives gave more than one reason. All interviewees agreed that tackling climate / sustainability action is *the correct way to operate their businesses*, impacting as less as possible (Figure 15). It was considered by 67% of the interviewees that implementing such measures is *strategic for their businesses*. *Requested by the market* was indicated by 33% of them. As for tax reduction incentives, none reported being benefited by them.

Figure 15. The reasons why companies in Latin America take climate/sustainability action.



4.2. Motivations of private-sector leaders to take climate action

To the question *On a personal level, why did you decide to take climate/sustainability action?*, senior management representatives gave a wide range of responses. Table 7 gathers main given quotes. It can be inferred that most interviewees recognized climate change (and/or unsustainable models) as a risk not only for their businesses but also for their own well-being. There is thus a need to act and contribute on *'leaving the world as a better place than they found it'*.

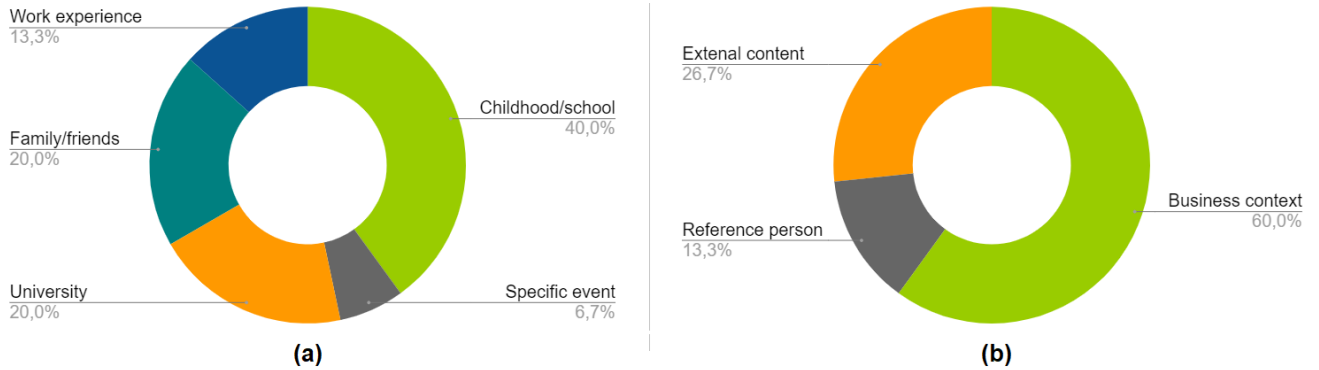
Another relevant aspect is that private-sector representatives made strong reference on keep coherence with personal values and impacting positively during life. A smaller number of the interviewees said that only few companies were taking climate action and, therefore, they are willing to lead on the way. Furthermore, some claimed that doing so is the *only way for businesses to have a future*.

Table 7. Private sector leader's views on taking climate/sustainability action.

Interviewee	<i>On a personal level, why do you go for implementing climate / sustainability action?</i>
Alessandra Gerbolini from Textil El Amazonas	<i>'Because, by doing so, I can make decisions that are indispensable for my business. But addressing behavior changes is challenging. We have to be persistent in implementing such measures, enforce and make them permanent within our operations'</i>
Carolina Proaño from Grupo Futuro	<i>"My motivation has never been financial. I do have an academic formation on climate change. In that sense, I do not need to be convinced of what is best for our business"</i>
Jorge Cajacuri from Evea	<i>"I became interested in taking action in the fashion world, as I realized that no fashion companies had implemented it before"</i>
Juan Wu from Pikango	<i>"We must face the current challenges to take care of the world, otherwise we will have more challenging issues later and it is important not to leave our children a worse world"</i>
Lizia Rivera from Antarki	<i>"Leaving a better world for future generations by any kind of positive action should be a matter of willing and not a duty"</i>
Miguel Bentín from Valle y Pampa	<i>"Generating value through the way our operations are conducted means to be responsible, honest, and conscientious"</i>
Pedro Friedrich from Tonka	<i>"It is a matter of coherence between my feelings and what I perceive. Besides, it is about appreciation for our children and future generations"</i>
Phillip Reiser from Sinba	<i>"For consistency, I want my company to be a reflection of my principles and values. Besides, it is the only way for businesses to have a future in every way"</i>
CEO from Undisclosed c-01	<i>"To be a pioneer on the desired change"</i>
Vasco Masías from Alimenta	<i>"I can thus stand in front of my children and tell them what I do" "To be aligned towards changing something"</i>
Verónica de la Cerda from Triciclos	<i>"Because if we do not do it, nobody will do"</i>
Alejandro Cantón from Vistage	<i>"Because that is what my conscience tells me, because it is my responsibility. It is also in line with my life purpose"</i>
Petar Ostojic from Neptuno Pumps	<i>"It is about the purpose behind what I do, the meaning behind what I am doing day to day"</i>
Daniel Martínez from Orbia	<i>"It is about transcending. We must not put our passion in the destination, but in the journey; which means that above all our lives count. We can consider ourselves fortunate that in the performance of our profession we can have a positive impact"</i>

In order to better understand how motivations for implementing climate/sustainability action were shaped, interviewees were then asked when their environmental concern arose (Figure 16-a). Most senior management representatives replied *during their childhood* or *at school* (40%). Due to *family or friends' influence*, *at the University* and other life episodes such as a *specific work experience*, or *when they became a parent*, were also mentioned.

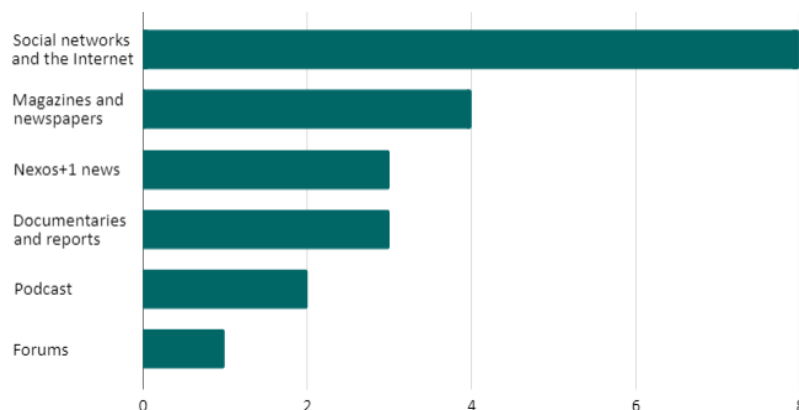
Figure 16. (a) At what stage in leaders' life did environmental concern raise? and (b) How did they get involved in climate / sustainability action?



On the other hand, as shown in Figure 16-b, most leaders (60%) stated that they got involved in climate/sustainability action in response to a business event they attended (workshop, conference, etc.) that helped getting inspired from successful cases, connecting with peers, and better understanding the multiple benefits that it brings to their business, and particularly towards a more resilient future (*business context*). The strong influence of another climate leader was pointed by 26,7% (*reference person*). 13,3% of interviewees identified the *external context* (constant contact with nature or involvement in youth movements for change) as their main driver.

Regarding a *reference person*, senior management representatives were additionally asked about the people, climate leaders, that they most admire. Besides LATAM climate leaders *Christiana Figueres* (Costa Rican high-level climate diplomat), *Gonzalo Muñoz* (B-system co-founder) and *Manuel Pulgar Vidal* (Climate & Energy Global Practice Leader at WWF), other business representatives mentioned as a referent for climate action were *Paul Polman* (former Unilever CEO), *Yvon Chouinard* (Patagonia founder), *Elon Musk* (Tesla Inc. CEO), and *Luiz Seabra, Guilherme Leal and Pedro Passos* (Natura's co-founders).

Figure 17. Where do you get information or learn about climate change?



When asked about how they keep informed about climate change or sustainability, Social networks at the Internet (e.g. Facebook, LinkedIn, etc.) were the most mentioned. The representative of 'Neptuno Pumps' highlighted the fact that sharing real-time information and setting purpose-driven trends is today possible through these channels. Online magazines

such as ‘Bloomberg Green’ and ‘GreenBiz’ were included as well. Interviewees also cited nexos+1 platform (online news, events, etc.).

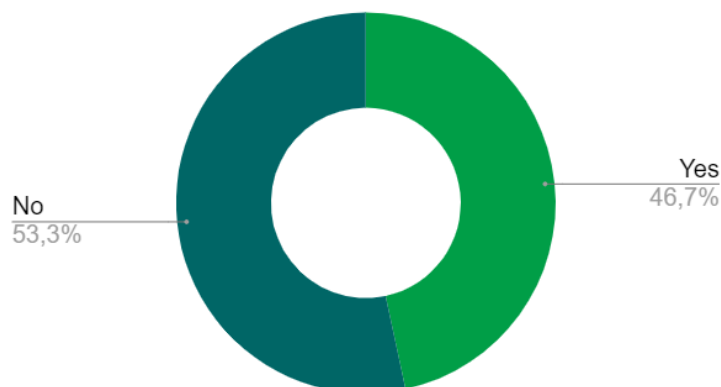
80% of senior management representatives confirmed their participation in spaces where they able to learn and discuss further on sustainability/climate action. The most alluded were the national movements and initiatives (53,8%), e.g. sectoral coalitions (e.g. Textile Cluster) or centers for social responsibility and sustainability. Latin American–flavored innovation movements like B–System were as well mentioned, mostly attracting Small and Medium Enterprises (SME), but also including big multinationals like Danone or multi-Latin companies like Natura. However, the interviewees pointed out that more "business-type" spaces should be included in order to influence much more the LATAM private sector agenda, e.g. National Confederation of Private Sector Institutions (CONFIEP) in Peru. According to them, reverting ‘business as usual’ would be possible only if involving those who need to be convinced, i.e. other CEOs.

5. Transparency and reporting mechanisms for climate action and the SDGs

5.1. Why companies do or do not disclose climate action?

In the fourth section of the interview, senior management representatives were asked whether or not they disclose their climate action¹⁹. 53,3% replied negatively (Figure 19). The main given reason was that they find no value in doing so. In their own words, *‘it represents extra work that nobody pays attention to in the end’*. Other mentioned explanations for non-reporting were that their motivation was purely *obtaining a certification* or, on a more technical note, due to the *availability of data*.

Figure 18. Does the company disclose its climate action?

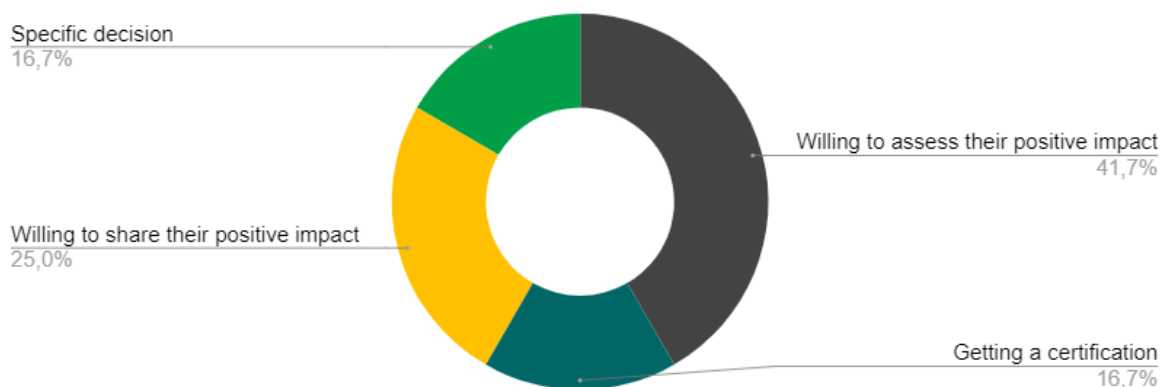


In terms of how the initiative of disclosing climate action came about (Figure 19), most interviewees attributed it to their *willingness to assess their positive impact* (41,7%), while 25% claimed that they were moved by their *willingness to share their positive impact* with others. Due to *getting a certification* (e.g. B system) or a *specific decision* were both

¹⁹ Disclosure, for the purpose of this study, is to report about their GHG emissions and efforts for reductions.

mentioned by 16,7% of the senior management representatives. By a *specific decision*, it is understood e.g. as the result of a significant internal shift on the company.

Figure 19. How did the initiative of disclosing climate action come about?



On the issue of how the climate-related disclosure is made, three approaches were identified (see headers in Table 9). A first approach is about companies reporting internally for endogenous decision-making processes, involving several corporate departments. For those, GHG emissions measurement helps monitor the impact of their operations.

Table 8. How is the climate-related disclosure made?

	Internally (by internal monitoring system)	Externally, in their own platforms	Externally, in platforms of reporting initiatives
1 Textil El Amazonas	x	-	-
2 Fundación Futuro	x	x	-
3 EVEA	x	x	-
4 Pikango	-	-	-
5 Antarki	x	-	-
6 Valle y Pampa	x	-	-
7 Tonka	x	-	x
8 Sinba	x	-	x
9 Undisclosed c-01	-	-	-
10 Alimenta	-	-	-
11 Triciclos	x	x	-
12 Vistage	-	x	-
13 Neptuno pumps	x	x	-
14 Undisclosed c-02	x	-	-
15 Orbia	x	x	x

Public disclosure of climate action involves the following two approaches. The second approach corresponds to companies that disclose their climate action through a Corporate

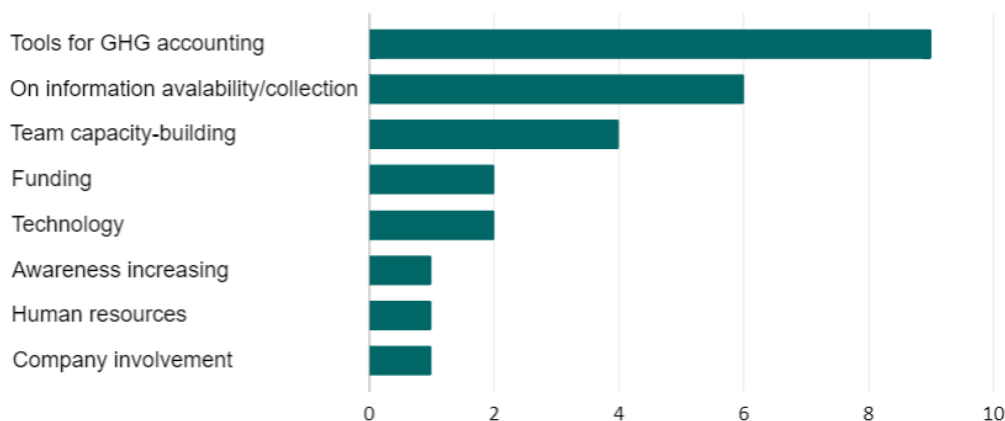
Sustainability Report (the standard guidelines followed were from GRI²⁰) or a publication on their own websites²¹ and/or social networks (e.g. Twitter, Facebook or LinkedIn) for informing their stakeholders such as costumers, managers, employees, etc.

The third approach relates to the companies reporting on other initiatives' platforms. Two modalities were mentioned. First, there are companies disclosing climate action as part of a certification process such as the B system²². On the other hand, only 'Orbia' reported disclosing on CDP²³ and Dow Jones Sustainability Index²⁴. In this last one, GHG emissions measurement is just one of several indexes disclosed. None of the interviewed companies declare to the disclosure on the NAZCA platform²⁵.

5.2. Capacities and incentives for reporting climate action

Disclosing climate action demands capacities, tools, and internal implementation procedures in companies, even when they contract GHG measurement services from a third party, as one of the assessed companies does. Indeed, when asked *What the challenges are for the company to report its climate action?* around 50% of the senior management representatives replied that involving several departments of the company is the main challenge in doing so. In addition, the lack of technical expertise, and a clear GHG emission accounting system (with attributes similar to those of a software), make it much more difficult (Figure 20).

Figure 20. Main challenges for disclosing climate action.



In terms of the skills that are required for enhanced climate action disclosing (Figure 21), most of the interviews (60%) held that setting *a comprehensive GHG accounting system* is the milestone. It is mentioned as the key point for providing business with information on

²⁰ Global Reporting Initiative (GRI) is an independent international organization that has pioneered sustainability reporting since 1997. Retrieved June 20th, from: <https://www.globalreporting.org/standards/the-reporting-process/>

²¹ For instance, 'Vistage' at its website: <https://argentina.vistage.com/proximopaso/>. Retrieved June 20th.

²² For instance, 'Tonka' at B system website: <https://sistemab.org/tonka/>. Retrieved June 20th.

²³ Carbon Disclosure Project (CDP) is a not-for-profit charity running the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. Retrieved June 20th, from: <https://www.cdp.net/en/companies/companies-scores>

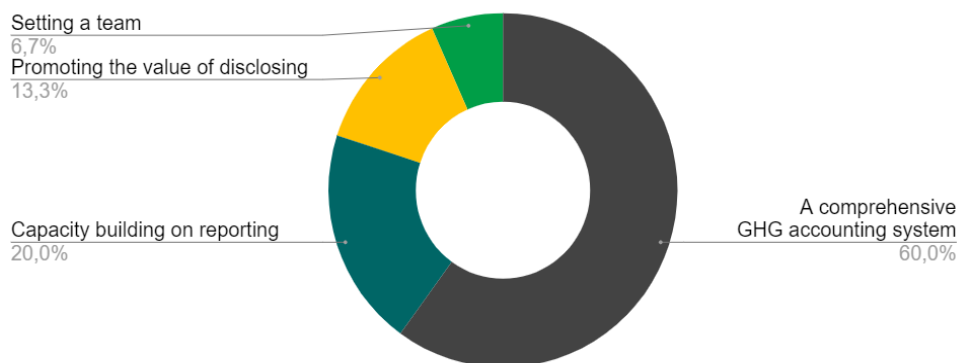
²⁴ Dow Jones Sustainability Index belongs to the DJSI family, the longest-running global benchmarks worldwide in sustainability for investors and companies alike. It is based on an analysis of corporate economic, environmental and social performance, assessing issues such as corporate governance, risk management, branding, climate change mitigation, supply chain standards and labor practices. Retrieved June 20th, from: <https://us.spindices.com/>

²⁵ NAZCA The Global Climate Action is a tool focused on showcasing and promoting visibility of the diverse and collaborative. Retrieved June 20th, from: <https://climateaction.unfccc.int/>

measuring, following up, and reporting climate action outcomes that can be used to build an effective strategy to manage and reduce GHG emissions. Interviewed companies started accounting their GHG emissions based on partial data of each scope ²⁶; and by an annual continuous improvement exercise, they have been leading with data gaps, enabling fluxes of information and setting tools and/or procedures that make possible better reporting. For instance, the Orbia's representative declared that after 10 years of GHG inventory calculation, they do have a validated internal mechanism for data compiling and processing. Therefore, current efforts are focused on setting an *ad hoc* system for integrating scope 3.

Building capacities on reporting in teams was as well mentioned (20%). Few interviewees considered *that promoting the value of disclosing* (13,3%) or *setting a team* that can address not only technical aspects of reporting activities but involving all company's departments would help improving climate/sustainability action disclosure.

Figure 21. What skills are required by companies for enhancing climate action disclosure?



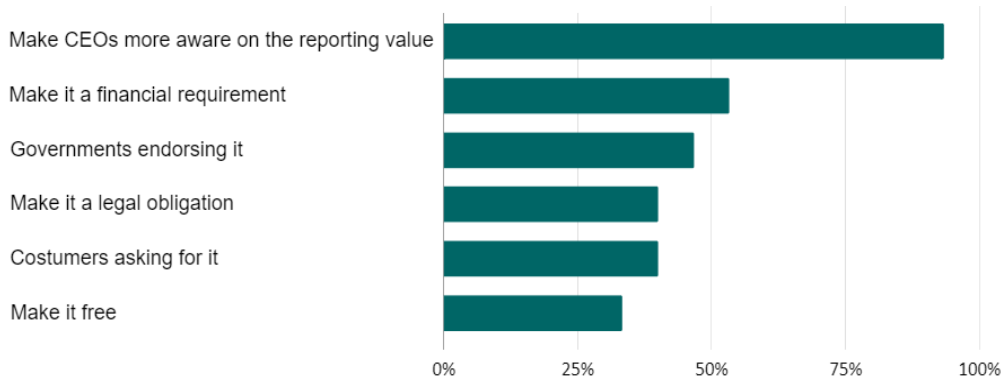
Furthermore, more than 90% of the interviewees agreed that what would help companies the most to disclose their climate action is to make other private-sector leaders aware of the value behind reporting (Figure 22). According to what was mentioned by the interviewees, beyond the brand positioning, the private-sector leaders do not distinguish further benefits of reporting climate/sustainability actions. How their planning processes and especially decision making can be better informed towards less carbon-intensive operations are still not understood by companies. *'There is thus the challenge of making aware especially those who do not understand these benefits'*, held Orbia's Sustainability Manager who refers to the fact that most events on sustainability or climate change are aimed at those who already know of such benefits.

On the other hand, the senior management representatives highlighted that many of their peers find disclosing their climate action worthless. Such a significant effort is not rewarded in any way. There is not an actual motivation that drives companies to disclose climate action. In words of the Neptune pump's representative, *'the current schemes of climate action disclosing have been established in a way that does not contribute to businesses, as expected to do so. As a result, it does not become a priority for private sector leaders'*. Conversely, if it were a requirement to get better banking interest rates (53,3%), or the

²⁶ According to the *GHG Protocol Corporate Accounting and Reporting Standard*, there are three scopes for preparing a corporate-level GHG emissions inventory. The scope 1 addresses direct emissions (owned/controlled by the company, e.g. emissions from combustion in owned or controlled boilers or vehicles), scope 2 accounts for emissions from the generation of purchased electricity consumed by the company; and, scope 3, an optional reporting category, allows for the treatment of all other indirect emissions (e.g. use of sold products and services).

Government recognized it through at least a simple reward system (46.7%), it would make it more attractive for companies, and more would be willing to disclose.

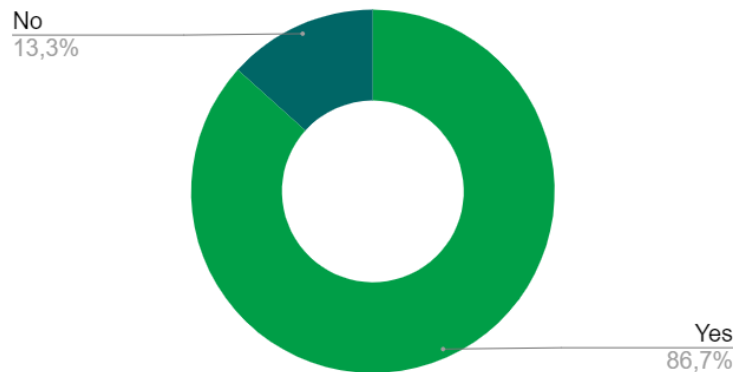
Figure 22. What would promote companies to make transparent their climate action?



6. Private-sector goals aligned with climate action

All private-sector representatives interviewed asserted that their corporate goals for the near future include climate action. In fact, they report having in mind climate action commitments for the coming years. Related to this, about 86,7% stated that their intention is for their company to achieve carbon neutrality by 2030 (Figure 23). However, some enabling conditions might be required to accomplish it.

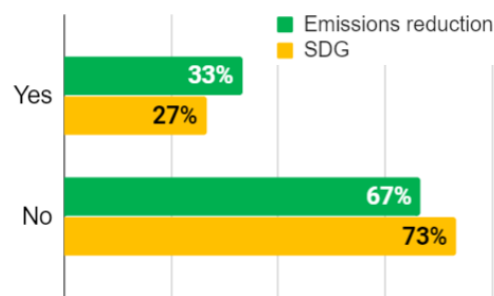
Figure 23. Net-carbon by 2030 as part of the business strategy of interviewed LATAM private sector representatives.



The representatives interviewed during COVID expressed that the intensity of their carbon reduction goals might change in the coming years, as there is high uncertainty associated with how their business resulted affected by the pandemic. However, while COVID-19 brings unprecedented negative social and economic impacts, most interviewees mentioned that isolation and social distancing measures have proven effective to drastically reduce carbon emissions and allow nature to regenerate. In this context, several of the interviewed senior management representatives recognized that it is a key challenge for companies in the post-COVID world to recover levels of profit without generating pre-COVID levels of GHG emissions. Therefore, climate action is needed more than ever.

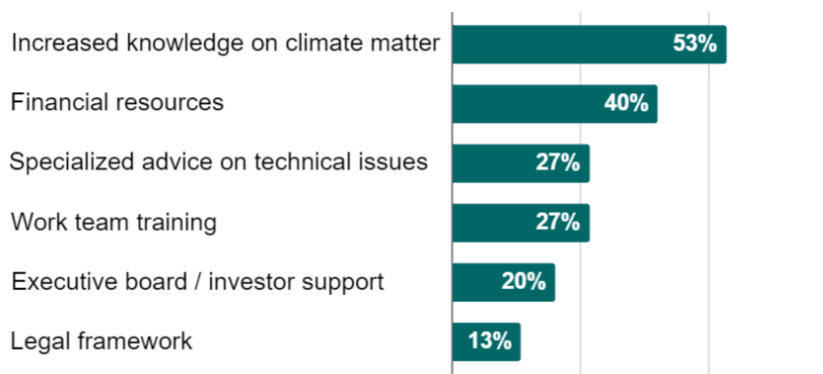
Since the capacity building was recognized as one of the key factors in implementing climate action, private-sector leaders were asked whether their staff ever received training on how to measure GHG emissions or implement emission reduction/sustainability actions. Contrary to expectations, for both cases (training on SDGs and Emissions reduction) positive answers represented no more than 33% (Figure 24). Although the intentions are to implement climate/sustainability actions within companies, internal raising awareness and training have not been addressed at the required level and, therefore, it could be one of the activities to prioritize for the coming years.

Figure 24. Capacity-building efforts displayed within private interviewed sector firms.



The above findings are in line with the answers given to the question *What does your company need to implement carbon neutrality next year?* (Figure 25). *Increasing knowledge of climate action* is deemed the most important (53%). According to the senior management representatives, there is still a strong lack of awareness among their peers on what climate change is, the risks it represents, how businesses may get involved as well as the benefits that companies can achieve by implementing a program towards neutrality.

Figure 25. What does your company need to go for carbon neutrality?

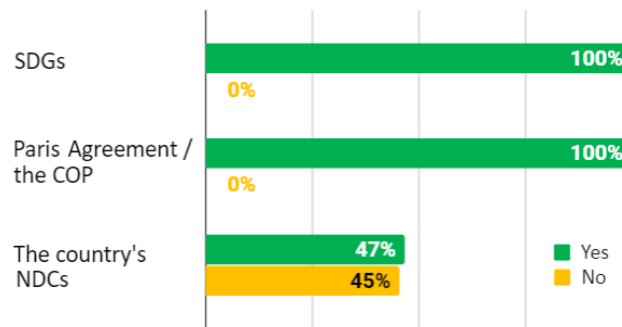


The financial resources (40%) were also identified as a relevant condition for deployment. Available and well-allocated innovation funds for mitigation, such as incentives for research or tax reductions for achieving certain levels of GHG reduction, could be important approaches for increasing carbon disclosure and action. Capacity-building processes (i.e. training of work teams and specialized advice on technical issues) were mentioned as well.

7. Private-sector participation in international / national climate action efforts

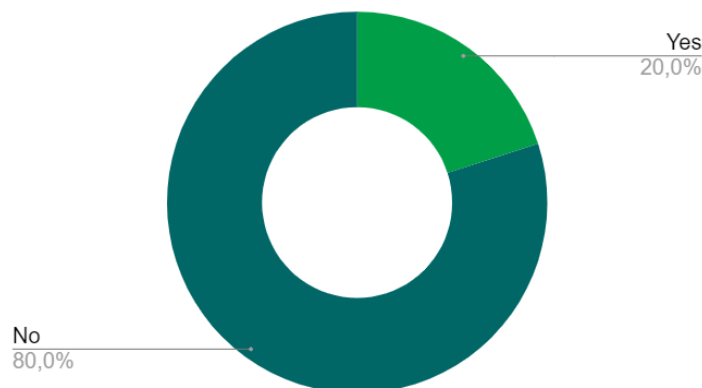
When asked the question "Which international or national environmental/ climate change frameworks are you familiar with?", all interviewees acknowledged the Sustainable Development Goals (SDGs) and the Paris Agreement, as well as the term "COP", or Conference of the Parties, annual climate conferences held under the UNFCCC. Despite this, when it comes to their countries' NDC, only 47% did have knowledge of what these are, and how they could be involved in their implementation (Figure 26).

Figure 26. International and national climate action frameworks acknowledged by private-sector leaders.



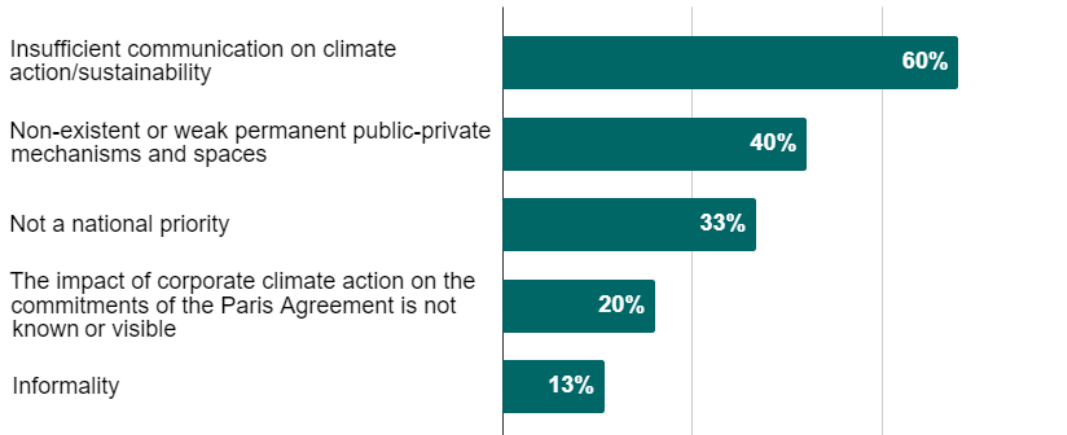
As expected, representatives are also largely uninvolved in NDC processes. Only 20% are engaged in climate change initiatives led by Government (Figure 27), by influencing peers and other agents, normative, and technology/innovation outcomes.

Figure 27. Private sector participation in NDC implementation.



When asked why there is low private-sector participation in NDC implementation at their countries (Figure 28), senior management representatives mostly stated that there is insufficient communication on climate action (60%). The private-sector leaders are not familiar with the terminology and the key role they can play to tackle climate change yet. As mentioned by several interviewees, LATAM companies are taking climate action more often than they are aware of.

Figure 28. Reasons for low private sector participation in NDC implementation.



On the other hand, Governments are not enough promoting the importance of private-sector participation for the achievement of national commitments. It was also mentioned that there is a lack of collaborative work between the private sector and governments, highly associated with insufficient permanent action-oriented spaces (40%). Other external factors such as other national priorities (33%) or the high informality in LATAM private sector (13%) were as well given as reasons for low private sector participation in NDC implementation.

8. Conclusions

On private–sector understanding of climate change and SDGs

- **The most relevant SDGs:** *Climate action* (SDG13) is not the SDG that companies stated to be most aligned with, even though they are identified as ‘early movers’ in the region. Action priorities are instead focused on *Responsible Consumption and Production* (SDG 12) and *Sustainable Cities and Communities* (SDG 11), which strongly influences how sustainability/climate actions are taken and following up, i.e. by different scope (in the direct company operations, or in the value chain), modality (e.g. by a GHG inventory, a life cycle analysis, etc.), and not only in units stated by main protocols (e.g. CO₂-eq, avoided or reduced kWh, avoided or reduced cubic meters, etc.).
- **The contribution to the national / international efforts as motivation:** The interviewed private-sector representatives were mostly familiar with the terms ‘*sustainable development*’, ‘*climate change*’, and ‘*climate action*’. However, a comprehensive identification and analysis of how climate change impacts their businesses is not developed. This seems to result in a deep disconnection between their emerging climate action and how it is contributing to the national/international efforts. Placing special emphasis on such contribution arises extra motivation in companies to carry out and disclose climate action.
- **A more business-focused communication:** How the climate community and academia inform climate change to the private sector is not necessarily the most adequate. It seems to be necessary to re-formulate the climate change terminology and the narrative in a way that enables them to be better included in their agendas. To lead companies not only to a deeper reflection on how to operate with less impact but also to better contribute to the climate/sustainability efforts, more businesses – focused communication is claimed by the interviewees (e.g. in terms of the value chain, in the sector they display, etc.).

On corporate climate action

- **Transparency for enhancing corporate climate action:** Transparency is not considered by interviewees as a relevant component of *climate action*. Indeed, most companies leave it out of their climate action programs, which is mainly focused on deploying initiatives to reduce GHG emissions. Reinforcing the fact of how climate action disclosure enriches such programs may result in more companies deciding to include disclosing as a strategic line.
- **The value of reporting for corporations:** Most interviewees do not fully comprehend what the most convenient climate action program is. The GHG-emission reduction and/or offsetting activities are set as corporate goals without a robust system to account for their emissions. The interviewees do not understand yet what the implications of having no GHG inventory (or an impact assessment) could be. Benefits such as useful information for better decision-making processes and a resulting more robust climate action program are not still considered.
- **Different approaches to assess the impact of climate action:** Interesting new approaches for GHG–emissions accounting were found during the interviews. These can contribute to adjusting / updating current approaches, protocols, and standards for the

business community. One of the companies interviewed (Tonka) did not only measure their GHG-emissions on a specific year basis but also set a historical GHG inventory. Such historical emissions are offset by private-private forest conservation projects. On the other hand, in 'Neptuno pumps' GHG-emissions are estimated in terms of efficiency (i.e. resources avoided) in circular industrial processes.

- **Incentive-based approaches:** The assessment of the company's impact is also done by applying alternative approaches such as the life cycle assessment (LCA) of a particular product or process. Several interviewees found value on getting a certification to go for the international market that requires strict environmental standards for products. This kind of incentives (market-related) seems to most likely encourage companies to take action and follow up outcomes.

On the company arrangements for climate action

- **Corporate arrangements to enable climate action:** Mostly larger companies are able to incorporate under their organizational dynamics, units of Sustainability or Climate Action Management. These institutional arrangements allow participating companies to deploy strategies and initiatives with an approved budget and a trained team. Decisions for implementing climate actions that require non-extra budget are quickly made. However, further efforts are difficult to be deploy – especially for SMEs – without these enabling conditions.
- **Different roles for climate action:** It was found that senior management representatives are closely involved (leading) in sustainability programs. They provide strategic guidance to person/team who provides technical support and ensure deploying sustainability-related measures (where mostly climate action ones are also included). In almost all cases, the line managers of the company are in charge of the enforcement and monitoring of actions. In other words, involving the core business departments as a transversal management process is key, rather than as an additional process that can represent extra work to be done.

On the main motivations to take climate action

- **No motivation for tracking climate action progress:** All interviewed private-sector leaders claimed that behind taking climate action there is a strong conviction to do what is right for our planet and future generations. They are willing to incorporate a '*correct way of doing business*', beyond the purely monetary profits. However, measuring and monitoring data related to these actions do not seem to correspond to this motivation.
- **Business coalitions for climate action:** A wide range of patterns on when and how environmental concern arose was mentioned by interviewees, e.g. a childhood marked by closeness to nature, by deepening knowledge at university or by some work experience. However, all senior management representatives highlighted the fact that taking part of a business group/coalition with a social/environmental connotation help keep motivation, as it represents a space where they can develop further knowledge in climate action, get inspiration from peers and work on collaborative initiatives. Therefore, spaces such as the '*1,000 millones+*' sounding board for climate action in Latin America – where several interviewees are participating – play a key role to catalyze and scale up climate action.

- **Transparency is not addressed in information spaces:** Spaces providing climate change-related information do not focus very often on the importance of climate action disclosing for businesses. Several interviewees claimed to be asked for the first time about assessing the impact of their climate actions and make this information public. Neither MRV modalities nor standard guidelines/protocols are provided in a way that can get the attention of companies. The benefits for companies are not enough explained and, therefore, current motivations are mainly oriented to a more apparent reward system.
- **Main motivations on taking and disclosing climate action:** Certification schemes (B corporation, net-carbon, etc.) and economic incentives such as reduction on taxes or better banking interest rates were stated as the main motivations to take climate action. These approaches might trigger companies to follow standardized protocols on preparing a GHG inventory, MRV processes, and disclosing climate action, as they serve to guarantee the award.
- **Climate action for a sustainable future:** Raising awareness on the benefits of taking and disclosing climate action for business (for example, to become more resilient over time) is a strong motivation for private sector leaders. As Latin America is one of the world's regions at the greatest risk due to climate change, transparency and accountability are vital to tracking progress towards a thriving and sustainable future. In this context, '1,000 millones+' could be the first business-oriented space for top private-sector representatives of the region to lead this transformation and set the precedent at the global level for Latin American articulation.

On climate action transparency and reporting mechanisms

- **A comprehensive GHG-emission accounting as key step for disclosing climate action:** The information availability and management, as well as the efforts required to build and conduct internal processes for data generation, estimation of indicators and systemic reporting schemes, involving several departments of a company, represent major challenges for transparency that should be addressed by a comprehensive system for assessing climate action impact. There is thus a need to create more automated processes (based on existing technology) that help make much easier for companies to measure and report climate action with the required evidence.
- **Feedback-based reporting mechanisms:** As most interviewees find no value in disclosing their climate action, neither transparency nor rigor in reporting climate action is a priority for them. On the other hand, setting a proper reporting mechanism is a process of continuous improvement for most participating companies. In that sense, it is an aspect to be considered. Reporting mechanisms should give the possibility for companies to go from incipient (e.g. including only partial data) to more proficient reporting outcomes. Transparency require a level of maturity of the company. Therefore, for some companies it might be much easier to implement transparency than others.
- **Alternative channels for reporting:** The social networks (e.g. Twitter, Facebook, etc.) are mentioned by interviewees as alternative channels for reporting their climate action. The possibility to do it in real-time makes it especially attractive for companies and represents a space to further explore when proposing transparency mechanisms.

On goals and challenges of companies aligned to climate action

- **Addressing climate action and disclosure:** How taking and disclosing climate action is addressed within companies make a difference on goals for the coming years. The companies that have incorporated it at the core business formulate more advanced goals. As a result, targets are associated with GHG emissions reduction towards neutrality. However, companies that approach climate action only as complementary measures still split the business profitability goals from the climate action ones. These efforts are developed parallelly to their traditional operations, while are treated only as innovation projects, activism or nature conservation.
- **Triggers for further climate action and disclosing:** It seems to be a need to develop further or adjust schemes for transforming companies into low-carbon businesses that disclose their climate action. A first key task is to come up with attractive incentives (economic and non-economic), actual motivation that lead companies to take and disclose climate action. Getting a reward has worked in most of the interviewed companies, as it represents the value that is not found yet.
- **Guidance, capacity building and knowledge:** Although interviewees are familiar with the SDGs and climate action, teams have not been enough trained neither in the importance nor in key technical aspects of tackling climate action in the company. Even when, most of actions are developed as part of the company operations, internalizing the change by employees is something that is not considered yet in the management of climate action within companies. More spaces of capacity building for teams/employees are hence required.

On the participation in international/national climate action efforts

- **National / international platforms where to report:** Most interviewees do not know them. As an example, none knew about the NAZCA platform for non-state actors reporting on climate action. On the contrary, they find value on reporting by their own channels (web pages and social network accounts), since this information does have a direct impact on positioning in the face of their customers and other relevant stakeholders.
- **Relation with NDCs:** None of the private-sector representatives was able to answer about the NDC of their countries. Any relationship of their climate action with the national commitments is neither identified. They cannot relate their contribution to the goals that Parties have been making for achieving Paris Agreement goals. In this regard, some reflections:
 - Interviewed representatives claimed that there are still communication issues from the Governments to make known what the NDCs are, how they related to private sector and how they indeed contribute to their compliance.
 - According to the interviewees, the institutional dynamics of Governments in their countries do not allow a close, systemic, permanent, and transparent association with private-sector climate action. As a result, the efforts of companies with the NDC seem to be disconnected. Therefore, a Government communication strategy might play an important role in demonstrating the value generated by corporate climate action for the national and Latin American climate goals and ambition.

Final remarks in the current situation

- Interviewees identifies a relevant opportunity in the scenario that the world is facing today with COVID-19. Risk–scenario studies, a design of a contingency plan, or the activation of their company's critical infrastructure, might represent the new motivation for climate action and disclosure. This exercise leads to strategically develop mitigation alternatives to deal with energy shut-down, shortage of supplies, inability to mobilize employees, restriction of water use, inadequate temperatures, among others.
- COVID-19 showed how vulnerable companies could be and the need to reform, to rethink and implement a new way of relating to nature. Companies cannot return to the same. However, there will be a lot of social pressure to recover the economy, thousands of jobs need to be replaced and without the clear strategy that ensures the generation of profits with new models, it will be very difficult to stop the wave of negative impact after COVID-19. The challenge is to generate a strategy, a route that Latin American countries can follow and implement in a few days to boost the economy and make a turn.

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Appendixes

Appendix 01.


Brief descriptions of the participating companies and their senior management representatives.

N°	Interviewee	Brief description
1	 Alessandra Gerbolini CEO	Textil El Amazonas Peruvian company founded in 1943, dedicated to the production and trade of high-quality textile supplies for the garment and handicraft industry.
2	 Carolina Proaño Executive Director	Fundación Futuro (Grupo Futuro) Non-profit organization established in Quito (2000) to lead the corporate responsibility programs of Grupo Futuro, a group of leading Ecuadorian companies in insurance, health and tourism services.
3	 Jorge Cajacuri CEO	EVEA Eco-Fashion Peruvian social company in sustainable fashion, with a vision of responsible and inclusive production that contributes to the forest and biodiversity conservation, and the development of local communities.
4	 Juan Wu CEO	Pikango Peruvian company specialized in vehicle transport. It started operations in 2009.
5	 Lizia Rivera CEO	Antarki Peruvian social company of sustainable fashion, whose sales enable them to invest in local partners to create positive change by enhancing green public spaces.
6	 Miguel Bentín CEO	Valle y Pampa Family business founded in Peru at the beginning of 2008, dedicated to the production and export of high-value fresh fruits and vegetables.

Appendix 01. (...)

N°	Interviewee	Brief description
7	 Pedro Friedrich Executive Director	Tonka A 46-year Argentine metallurgical company that designs and develops security and control devices for stoves, heaters and many other household appliances. By a new production unit (Tonka Solar), they supply with accessories to facilitate the installation of renewable energy in remote areas of Argentina.
8	 Phillip Reiser CEO	Sinba Short for ' <i>sin basura</i> ' (without waste), is a Peruvian start-up based on circular economy principles to give value to food waste, by transforming it into high-quality animal feeding products.
9	Undisclosed CEO	Undisclosed company 01 For more than 40 years, designer of outdoor clothing and gear for sports such as climbing, surfing, skiing and snowboarding, fly fishing, and trail running.
10	 Vasco Masías Owner	Alimenta Peruvian holding with more than 20 years of experience in providing solutions for the food industry, accessible nutrition and soil regeneration.
11	 Verónica de la Cerda CEO	TriCiclos Chilean company dedicated to the design and implementation of waste solutions, by applying the principles of circular economy throughout the chain of production, consumption and disposal of materials.
12	 Alejandro Cantón CEO Argentina	Vistage World-leading organization of executive coaching and peer counseling. Exclusively designed for CEOs, business owners, and business leaders.
13	 Peter Ostojic CEO	Neptuno Pumps Designer and manufacturer with over 44 years of experience delivering custom engineered, innovative and sustainable pumping solutions for highly abrasive and corrosive applications based on circular economy principles.

Appendix 01. (...)

N°	Interviewee	Brief description
14	Undisclosed CEO	Undisclosed company 02 Since its founding in 1964, they have developed a dynamic and diversified portfolio offering a broad range of services, including leasing, financing, investment, life insurance, banking, asset management, automobile-related services, real estate, environment and energy services.
15	 Daniel Martínez CEO	Orbia Advance Corporation S.A.B. A purpose-led company that for decades was a leading producer of commodities. Through investment and strategic growth, they became a global leader in polymers, materials, and infrastructure. Today, they operate in 41 countries and employ more than 22,000 people worldwide.

Appendix 02. Interview questionnaire form to senior management representatives.

N	Questions	Answers
1	Surnames	
2	Names	
3	How would you like us to call you?	
4	Company	
5	Contact mail	
6	Check mail	
7	Phone (optional)	
8	Contact person (optional)	
9	Telephone contact person (optional)	
10	Age	
11	Nationality	
12	Country of residence	
13	City of residence	
14	What did you study?	
15	Postgraduate studies	Master's degree
16		Yes <input type="checkbox"/> No <input type="checkbox"/>
17		Which one? <input type="text"/>
18		Where? <input type="text"/>
19		MBA
20		Yes <input type="checkbox"/> No <input type="checkbox"/>
21		Which one <input type="text"/>
21		Where? <input type="text"/>
21		Other studies
22	What is your relationship with the company?	Owner <input type="checkbox"/>
23		Shareholder <input type="checkbox"/>
24		Chairman of the Board <input type="checkbox"/>
25		CEO <input type="checkbox"/>
26		Other position <input type="checkbox"/>
27	How much time do you have in the company and in the position?	Company <input type="text"/>
28		Position <input type="text"/>
29	In which area or sector does the company operate?	<input type="text"/>
30	What is the size of the company?	Global multinational <input type="checkbox"/>
31		Multi-Latin Company <input type="checkbox"/>
32		Family company (local corporation) <input type="checkbox"/>
33		Small Medium Business or Start Up <input type="checkbox"/>
34	Where does the company currently operate?	<input type="text"/>

Appendix 02. (...)

N	Questions	Answers						
35	What is the company's annual turnover?							
36	Is the company recognized in any framework of companies with purpose?	No						
37		B Company - certificated						
38		Companies with a Social Purpose (EPS)						
39		Benefit Society and Collective Interest (BIC)						
40	Does the company implement any alternative business model?	Circular economy	Explain					
41		Ecosystem regeneration	Explain					
42		Triple impact	Explain					
43		Other/ NA	Explain					
44	The company is part of some network, association, group of entrepreneurs on climate action, climate change?	Yes	No	Which one?		What is the role of the company there? (paid, voluntary, etc.)		
45		National	International	Why is it important for the company?		What goals does the group have in climate action?		
46	Do you know the benefits of sustainable development and the objective of the SDGs?	Yes	No					
47	With what SDG is the company aligned?	Explain if required:						
48	In relation to ods13 - climate change, what do you understand about climate change?							
49	How do you think climate change impacts your business now or in the future as it might?	No	Explain if required:					
50		Yes						
51	What do you understand about climate action?	unknown	Explain if required:					
52		They have an idea, but does not handle the concept						
53		Known						
54	The company currently measures its carbon footprint?	Yes	Why?	No	Why?			
55		How long have you measured your footprint?	How often do they measure the footprint?	With whom or how they measure the print?				
56		Do you know what standard to measure GHG emissions the company applies?	Yes	No				
57			ISO 14064					
58			GHG Protocol IPCCC standards					
59			Other					
60		The CEO does not know the technical aspects	Someone of your team?					

Appendix 02. (...)

N	Questions	Answers
61	Does the company offset its emissions? (purchase of GHG reductions)	Yes (why?)
62		No (why?)
63		What range? Totally? Partially?
64	Does the company participate or has participated in the carbon market/trade GEI certificates?	Since when?
65	Does the company currently have an emission reduction commitment or goal?	Yes
66	What type of emission reduction commitment or target have you defined?	No
67		To whom?
68		Carbon neutrality
69		What year?
70		Goal aligned with SBT target
71	How has the company taking climate action?	SBT's attached? (yes/no)
72		SBT goal (what is it)?
73		Public or declared emission reduction target
74		What's the goal or target?
75		Where does the company disclose it?
76		Migration of the energy matrix to renewable energy
77		Target year?
78		Others
79	Innovating and redefining the business model	Transformation towards less intensive business units
80		Example <i>move from thermal generation company to renewable energy or other opportunities associated with new technologies</i>
81		Des-intensive operations inversion carbon
82		Example <i>selling business units such as oil exploration or similar</i>
83	Efficiency and change in the operations	New ways of delivering value with less impact
84		Example <i>switch to service model instead of product</i>
85		Others
86		Alternative fuels (biomass)
87	Projects and programs to reduce energy consumption (lighting, air conditioning, heat generation, processes)	
88		Self-generation of electricity from renewable sources
89		Recycling programs / circularity

Appendix 02. (...)

N	Questions	Answers				
79	How has the company taking climate action?	Efficiency and change in the operations	Fleet vehicles or hybrid electric technology			
80			Promotion of non-motorized transport and carpooling collaborators			
81			Carpooling for employees			
82			Oriented design less use of raw material			
83			Industrial processes with lower carbon			
84			Sustainable procurement policy (more efficient equipment, sustainable materials)			
85			Others			
86			In the value chain	Collaborating with suppliers for inputs sustainable		
87				Outsourced transport sustainable (efficient, electric)		
88				Extended producer responsibility (take over waste along the chain downstream)		
89	GHG requesting information in the supply chain					
90	Others					
91	When did the company start implementing these actions?		We exist like this	Date		
92	When a decision is made in the company on climate action, at what level is it decided?	At the owner level	Explain if required:			
93		At shareholders level				
94		At the level of the Board				
95		At the level of the CEO				
96		Sustainability/Corporate Affairs Manager, etc.				
97	Other					

Appendix 02. (...)

N	Questions	Answers				
98	Who is in the company the person/team in charge of the climate action deployment?	CEO				Explain if required:
99		Sustainability/Environmental/Corporate Affairs Manager, etc.				
100		Advisor				
101		Risk Area				
102		Programs and projects				
103		Third parties				
104		Others				
105	Why did the company start implementing these actions?	A way to operate correctly	Yes		No	Explain if required:
106		It is strategic for business	Yes		No	
107		This is how they mitigate the risks of the company	Yes		No	
108		Is there legal compliance that binds them or an alignment of national, international policy?	Yes		No	
109		Tax incentives	Yes		No	
110		The global matrix asks for it	Yes		No	
111		Brand value in the market	Yes		No	
112		Customer demand it	Yes		No	
113		It is required by investors	Yes		No	
114		Trade agreements, collisions or private initiatives calling for action by the private	Yes		No	
115	On a personal level, why are you committed to climate action and why do you promote it in the company?					
116	Do you think that implementing carbon neutrality by 2030 is necessary and possible, what do you think about it?	Yes (why?)		No (why?)		
117		Companies should report it?		Why should they report it?		
118	In your life, since when do you consider a concern for the environment and the planet was born?	In childhood		Explain if required:		
119		At the university				
120		In the master's				
121		In the first job				
122		At a specific event				
123		Other				
124	Tell me how it happened, how you got involved, how you took on the climate action in your life?					
125	Do you have a CEO, an entrepreneur, a reference person in your life who has motivated you, inspired by your commitment to nature and the environment?	Yes		No		
126		Who				
127	As a CEO or entrepreneur, do you participate in any initiative, group, network, coalition or business guild?	Yes		No		
128		Which one?				

Appendix 02. (...)

N	Questions	Answers					
129		Do they encourage climate action?		Climate action - related plans		Why do you participate there?	
130		If not, would you like to participate in one?	Yes		No		Which one?
131	Where do you learn or find out about climate change?						
132	What do you think are the main executive spaces to influence the agenda of the private sector with this issue?	In Latin America					
133		In your country					
134	Does the company disclose SDG/climate action?	SDG	Yes		no		Why?
135	If yes, is it disclose in the same report?	Climate action	Yes		no		Why?
136	What is the value behind?	Same report		What generates value you?			
137	How did the initiative to disclose climate action come about? How & when the decision was made?	Year		Explain			
138	Does the company disclose its GHG emissions and climate action?	GHG	Yes (why?)		No (why?)		Where do they report it?
			How is the reporting process?				What are the benefits of reporting?
		Climate action	Yes (why?)		No (why?)		
139	In which schemes or initiatives does the company make climate action transparent?	Internal (website, sustainability report, etc.)					
140		External (GRI, CDP, Global Compact etc.)					
141		National Domestic Reporting System (Gov)					
142		Is it verified by a 3rd party (GRI, System B, etc.)?	Yes		No		Which one?
143		Do you get any certification for disclosing climate action?	Yes		No		Which one?
144	How does the company carry out the process of transparency of its climate action?	Made in house					
145		Outsourced		With whom?			
146		Who decides what's transparent and what's not?					
147		Levels and offices involved		How long does it last?			
148	Tell us about the process, has it been easy, difficult or what challenges do you have?	About Information		Explain If required:			
149		Internal capacity					
150		Financing					
151		External response					
152		Technology					
153		Tools					
154	What capabilities or tools would your team need to more effectively disclose climate action?						

Appendix 02. (...)

N	Questions	Answers				
155	What do you think would help make more companies transparent about their actions?	Legal obligation	Explain If required:			
156		Making it a financial requirement (better interest rates)				
157		Raising CEO's awareness on the value of reporting				
158		Let customers value it more and ask for it				
159		Make it free				
160		Government endorses it				
161		Others				
162	Do you know the Climate Initiative Platform (CIP) and/or the UNFCCC NAZCA platform for non-state actors to disclose their climate action	Yes	No			
163	In the next year, what are your company's priority goals?	Only oriented to profitability	Explain If required:			
164		Includes climate action				
165		Everything is aligned with the climate action				
166	Did your staff ever receive training on how to measure or implement emission reduction actions?	Yes	No		Who did train your team?	
167		About SDG	Yes	No		
168	If you were to implement a neutrality program next year, ¿what would your company need in order to do so?	Increased knowledge about climate action issues		On what issues?		
169		Trained work team		On what issues?		
170		Advice or consultancy on specialized technical issues		On what issues?		
171		Budget and funds				
172		Board / investor support				
173		Legal framework that generates obligations				
174	What international or national framework do you know about the environment and climate change?	The SDG				
175		Paris Agreement / COP				
176		The country's NDCs		Which are they?		
177		Others frameworks				
178	Do you know of or are you participating in any state process on the implementation of the Paris Agreement in your country?	Yes		How do you participate?		
179		No		Why do not you participate?		
180	What are your country's weaknesses in engaging the private sector with the commitments made in the Paris Agreement?	Non-existent or weak permanent mechanisms to generate public - private meeting spaces				
181		The impact of corporate climate action on the commitments of the Paris Agreement is not known or visible				
182		Communication weaknesses				
183		Other weaknesses				

Appendix 03.

Fulfilled questionnaire and records of the interviews.

<https://drive.google.com/drive/folders/1PXoP8V-Pb95fSPmGkXbOoEFEeuic4v7a?usp=sharing>

Appendix 04.

Excel file with graphs and figures presented in this report.

<https://drive.google.com/drive/folders/1PZ9gfMdrzc4Nc3sRxQ4HdKG35IglJkR?usp=sharing>

Appendix 05.

Online questionnaire answers and main results.

https://drive.google.com/drive/folders/1QXoLQIPeRRgYj7bjMfjOI3vF1_DJTZc8?usp=sharing