**Increased transparency and documentation of private sector contributions to NDCs**

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**TRANSFORMATIVE ACTION REPORT**

 Case studies and template for self-assessment of companies' climate action

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Case studies and template for self-assessment of companies' climate action

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Table of Contents

[Introduction 4](#_Toc50987448)

[Definition of transformational change 5](#_Toc50987449)

[The ICAT definition 5](#_Toc50987450)

[Conceptual understanding of a transformational company 8](#_Toc50987451)

[Case studies of transformational private companies 9](#_Toc50987452)

[Textil El Amazonas - Sustainability is our new north (Case 1) 9](#_Toc50987453)

[Grupo Futuro - Transforming the footprint is now the meaning (Case 2) 10](#_Toc50987454)

[Interconexión Eléctrica S.A - Connections that inspire (Case 3) 11](#_Toc50987455)

[Guayaki - Regenerative Rainforest Products (Case 4) 12](#_Toc50987456)

[SINBA - Nothing left, everybody contributes (Case 5) 12](#_Toc50987457)

[TONKA - towards a less carbon-intensive business (Case 6) 13](#_Toc50987458)

[Summary of key insights from the case studies 14](#_Toc50987459)

[Template for self-assessment of company’s transformative actions 16](#_Toc50987460)

[Conclusions 16](#_Toc50987461)

[References 17](#_Toc50987462)

[Annex 1 18](#_Toc50987463)

[Annex 2 20](#_Toc50987464)

[Annex 3 87](#_Toc50987494)

# Introduction

The Paris Agreement established an Enhanced Transparency Framework for action and support to build mutual trust and confidence among Parties, allow for comparability, ensure accountability and to promote effective implementation. Transparency and documentation of private sector contributions to Nationally Determined Contributions (NDC) can enhance ambition of countries NDCs to the global goals of the Paris Agreement and the 2030 Agenda for sustainable development. A means to achieve the desired impacts is the development of a registry and reporting framework for transparency of private and non-state climate actions for assessment and documentation of their contribution to global and national goals for climate mitigation and sustainable development.

However, actions by private-sector and other non-state actors are not well reflected in national or international efforts. Therefore, transparency efforts need to be developed to ensure that the private-sector and other non-state actor actions are appropriately Measured, Reported and Verified (MRV), both as part of national efforts and to bring credibility to the many international pledges made by these groups of actors. A number of initiatives by non-state actors and the private sector are currently emerging and reporting structures like NAZCA, the Climate Initiative Platform and several other portals have started to collect and organize the important contributions from these actors.

In the Latin American region, the motivation of private sector leaders to take climate action was explored in a report titled *'Deliverable 2.4. Report on the assessment of private sector motivation and engagement strategies in reporting and participation'* (Libélula, 2020). The study is based on a survey of 15 CEO's considered to be champions of transformational change to sustainable development among private sector companies in Latin America. Key conclusions of the report are that there is a deep disconnection between private sector emerging climate action driven by the use of voluntary standards such as the Global Reporting Initiative (GRI), GHG Protocol - Corporate Standard, ISO 14064, Science Based Targets and B-System commitments and how such transformative actions are contributing to international and national targets 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.

On this background, the objective of this report is two-fold:

1. To share best case examples of how private companies are currently engaged in self-reporting their transformative actions
2. To adapt the *ICAT Transformational Change* assessment template to private sector objectives for a structured, comparative and aggregated monitoring approach to assessment of company’s transformative actions, contributing to national NDC and SDG goals

The Initiative for Climate Action Transparency (ICAT) *Transformational Change Methodology* and its definition of transformational change serves as a starting point to introduce the concept of transformation impact for the purpose of enabling private sector companies to self-assess their transformative actions. Best case examples of companies' transformative actions are presented with the aim to understand, how different types of companies currently report on their climate and sustainable development impacts. Insights from the case studies are used to propose an adapted template for self-assessment of private sector transformative actions to track progress of companies and other non-state actor contributions to NDC and SDG implementation.

This report is one sub-deliverable among several others contributing to the overall project objective to 'Establish national or regional systems to systematically account for non-state actions as part of national and global NDC compliance, through piloting of the systems in a small group of countries'.

# Definition of transformational change

## The ICAT definition

Attributes of transformational change are identified in sustainability transition literature as *system change*, which involves multiple actors at multiple levels (ICAT, 2020). Change of a system constitutes deep, fundamental change that disrupts the status quo, and sustains the change over a long period of time. The term 'system' refers to the part of society targeted for change by a particular policy or action. Generally, a system refers to a set of interconnected elements working together to fulfil various functions. The elements can be physical entities, such as humans or technologies, as well as legislative, institutional, political or fiscal structures and regulations organized to achieve a set of objectives and functions.

ICAT defines Transformational Change (TC) for climate mitigation as follows:

“*A fundamental, sustained change of a system that disrupts established high-carbon practices and contributes to a zero- carbon society in line with the Paris Agreement’s 1.5 - 2 °C temperature goal and the UN Sustainable Development Goals”.*

Further, transformational change as defined above is characterized by:

* *large-scale outcomes* or a multitude of smaller-scale changes leading to largescale, *system-wide impacts*
* *sustained, long-term outcomes* that reinforce zero-carbon practices while avoiding carbon lock-in and dependence on fossil fuels.

The methodology identifies four main drivers (or processes) of system change based on the existing literature:

* *technology change* – processes, skills and practices that drive research and development, early adoption and widespread scale-up of clean technologies
* *agents of change* – governments, entrepreneurs, the private sector and civil society, as well as cross-cutting coalitions and networks as agents of transformational change
* *incentives for change* – economic and noneconomic incentives, along with disincentives, which play a critical role in shifting technology and societal change
* *norms and behavioural change* – include processes that influence awareness and behaviour of people to drive a long-lasting change in societal norms and practices

Based on this definition Figure 1 below illustrates the framework of characteristics of transformational impact. There are two types of impacts: outcomes and processes. Within each type there are categories and within the categories, there are characteristics. Together the outcome and process impacts are used to determine, the extent to which a policy or action is transformational.

Figure 1: ICAT taxonomy of transformational impact characteristics

Table 1 presents a more detailed explanation of the transformational change taxonomy for the process characteristics based on the ICAT Transformational Change Methodology. The description of characteristics added to assess impacts specific to private sector companies are indicated in light blue.

Table 1: Process categories and characteristics for the TC taxonomy

|  |  |  |
| --- | --- | --- |
| Process categories | Characteristics | Description of process characteristic |
| Technology  | Research and development (R&D)Intervention supports or drives R&D for building technological capabilities that can contribute to a low-carbon economy and/or a more climate-resilient society. | Technological research and development happens through support of science, innovation, specialization and learning. Investment in R&D, development of the knowledge/skill base, research networks and consortiums, capacity-building efforts, and experimentation are examples of activities supporting technological development. |
| Adoption Intervention leads to early adoption of promising technologies that can contribute to a low-carbon economy and/or climate-resilient society. | Technology adoption can be facilitated by pilot projects, demonstrations, experimentation, and publicly or privately funded trials of low-carbon technologies. This helps in assessing the market for new technologies, developing skills and capacities to use them, and building networks to support new solutions. It can be understood as the initial phase when an entity first gains knowledge of, develops an understanding or opinion about, experiments with or rejects an innovation. |
| Scale-up Intervention supports scale-up and further diffusion of low-carbon and/or resilience enhancing innovations. | Technology scale-up can be facilitated by replication, diffusion through public–private sector networks, training workshops, business forums, and application of innovative ways to conduct business and deliver products and services at a larger, more widespread scale. |
| Agents | Entrepreneurs Intervention promotes entrepreneurs, businesses, and other private sector entities to invest capital in a new area associated with the transformational change being catalysed by the intervention. | Actors behaving in an entrepreneurial fashion (here considered to be entrepreneurs) are those that invest capital in a new area. Expending capital in this sense can include: innovating and experimenting with new technologies or new applications for old technologies, entering or developing new markets, and investing financial capital into clean technology. Entrepreneurship can be supported by interventions (often policy-based) that facilitate an enabling environment that rewards actors who take the initiative and take risks, and/or facilitates the exchange of information and ideas. |
| Coalitions of advocates Intervention supports the formation of multi-actor coalitions and networks that seek to broaden and deepen support for low-carbon and/or climate-resilient development. | The agency of a wide range of stakeholders, including those that can provide checks and balances on those representing entrenched interests, can be exercised through political mobilization, coalitions, lobbying strategies and engagement in advocacy. New networks of various types of actors (e.g. labour and environmental movements, private–public actors, political and civil society organizations) may come together because of the way the intervention was designed. |
| BeneficiariesIntervention supports diverse groups of society affected by the transformational change including communities, employees and investors in a manner that enables them to subsequently support the intervention either directly or indirectly. | Beneficiaries include those who benefit directly from the intervention (e.g. solar producers in an intervention promoting solar energy) and those who are compensated if the intervention has adverse effects (e.g. workers employed in the coal industry who lose their jobs). Beneficiaries can be mobilized as agents of change, and play a role in ensuring that the intervention is durable and strengthened over time. |
| Incentives  | Economic and non-economic incentivesIntervention uses business model by private company as well as fiscal and non-monetary incentives to shift technology and increase market penetration.  | The business model reflects the value proposal by a company to achieve its transformative purpose through new products and services. Economic incentives include tariff structures, access to low-cost finance, feed-in tariff policies for renewable energy, value-added tax (VAT) exemption, import duty exemptions on new technology, and lowered land rates on renewable energy projects. Non-economic incentives include partnerships, transitional support to communities affected by phase-out of emissions-intensive activities (e.g. alternative employment, training), giving ownership to local initiatives and communities, long-term institutional and governance support, political power and support for transition, signing memoranda of understanding, and removing bureaucratic procedures. |
| DisincentivesIntervention de-incentivizes technologies and business models contributing to a high-carbon economy and/or societal vulnerability. | Disincentives include taxes on carbon-intensive products, use of market-based instruments such as import duties, tariff structures that discourage investments in business-as-usual technologies, reduction or phase-out of fossil fuel subsidies, and increased or new fossil fuel taxes. |
| Institutional and regulatory incentivesIntervention creates or reconfigures existing conditions, including availability of finance for implementation, and puts in place regulation and institutions favouring low-carbon development. | The intervention leads to fertile ground for further institutional or regulatory change by the government. For example, a climate policy may lead to the creation of formal and informal institutions, or new regulations over time, or may create a steady budgetary allocation for policy implementation. The intervention may also lead to development of intragovernmental processes for horizontal integration (e.g. inter-ministerial coordination bodies) or multi-scale governmental processes facilitating vertical integration (e.g. national–state–local coordination entities). |
| Norms | AwarenessIntervention supports awareness raising and education amongst actors that is intended to catalyse the intended transformation. | This includes raising awareness to increase support for low-carbon solutions to effect a change in norms and behaviour among diverse groups of stakeholders. Examples include awareness campaigns and sensitization of policymakers and consumers (e.g. to inform policymakers about falling prices of renewable energy technologies, to enable consumers to easily identify more efficient appliances through labelling programmes), addressing barriers to adopting new behaviours, disseminating information at various levels of governance, and using local organizations and media to spread information. |
| BehaviourIntervention supports measures that discourage high-carbon and/or un-resilient lifestyle and practices, and/or promotes low-carbon resilience-enhancing solutions. | Measures focused on influencing consumer behaviour include peak energy savings, credit provided by utilities, cash incentives for using alternative transport modes, congestion charges for driving in certain areas during busy hours, and rewarding recycling or use of public transport. |
| Social normsIntervention affects norms within society that align with, and further promote, low-carbon and climate-resilient development. | Social norms refer to cultural rules of behaviour that are considered acceptable in a society. As awareness increases and behaviour changes, societal norms change. The intervention contributes to a low carbon lifestyle becoming the prevalent societal norm, which reflects broad and deeply entrenched support within society. Such impacts may change how natural resources are valued, encourage willingness to pay for pollution, or influence social norms relating to household energy consumption or sustainable behaviour in general. |

## Conceptual understanding of a transformational company

For the purpose of learning from 'champions' of transformative change among private sector companies, a conceptual description of a transformational company is illustrated in Figure 2. This conceptual framework is used to structure and assess case studies of transformational private companies.

Figure 2: Conceptual understanding of a transformative private company



Source: Libelula, 2020

A transformational company adopts a purpose of systemic transformation to guarantee sustainable development with triple impact (social, economic, environmental) into society and the planet. To do so, a company transforms itself internally, covering its business model and corporate culture; likewise, the scale of the challenge leads it to transform its sector, public policies and the society in which it operates. Managing this transformation process requires collaboration with other actors in society.

The three axes to assess the progress of transformational companies allow us to know (i) how systemic and holistic the purpose of transformation is, (ii) internal transformation: the level of incorporation of the purpose in the business model and corporate culture; external transformation: the impact on a sector, public policy and society; and (iii) and the governance of transformation: the degree to which the company involves and/or empowers different actors in society as part of its transformation strategy. A detailed description of the three axes of transformational companies is provided in Annex 1.

Through the case studies we analyse, why these companies are considered as champions, how and how much they contribute to a positive transformation of companies’ emissions reductions and other SDGs. Results are used to propose, how the new approaches and innovation that companies bring can inform the next round of more ambitious actions and the Long-Term strategies development, as well as the National Transparency system protocols, methods and registries. Understanding why, and how these companies are doing this will lead us to insights that can serve to promote private sector NDC contributions, with more ambition and scale.

# Case studies of transformational private companies

The case studies provide information from a diverse set of companies (named champions) as examples of private sector climate action in Latin America that have potential to contribute to the Nationally Determined Contributions (NDC) climate targets and the required increase of its ambition over time. The cases selected show the diversity of challenges and opportunities that exists in LA.

Six champions were selected (01) Textil El Amazonas, (02), (03), (04), (05) SINBA and (06) Tonka. The companies provide best practices and successful stories of measurable and recordable action and ambition and at same time, the opportunity to assess skills and capacity needs for private companies' climate action delivery and its measurement, registry and report. Brief narratives are presented below, while complete case studies are included in Annex 2 structured according the table format shown below.

**Table 2: Format of full case studies presented in Annex 2.**

|  |  |  |
| --- | --- | --- |
| **Type** | **Section** | **Description** |
| Box | Abstract | Overall conclusion from analysis |
| Section 1 | Company`s profile | General description of company |
| Section 2 | Dimensions of the Transformation. What makes (company) transformative? | Analysis based on the definition of transformational company presented above. Data, initiatives, quotes and other information is also presented in this section. |
| Section 3 | Lessons learned and looking into the future | Lessons learned, needs and future perspectives |
| Section 4 | References | Primary and secondary references used (publications, interviews, official reports, web communications, etc) |

## Textil El Amazonas - Sustainability is our new north (Case 1)

Textil El Amazonas S.A. is a Peruvian textile company, which dedicates itself to the production and marketing of high-quality textile supplies for the garment and handicraft industry, under the brand TREN. The company is a family run business, founded in 1947 with 180 employees in 2020. The headquarter is in Lima and operations take place in Colombia, Bolivia, Ecuador, Chile and Paraguay.

Textil El Amazonas has assumed the challenge of leading the Peruvian textile sector towards Sustainable Development Goals compliance. In their way towards Sustainability, it has gone through an internal transformation that has already had a transformational external impact, involving suppliers and clients.

By today, their efforts have already resulted in the achievement of their first Sustainability goals and the willingness to go for much more. Nevertheless, there are still some challenges to overcome. Increasing awareness, experimentation and innovation in solution alternatives and a stronger governance will deliver the enabling conditions required for greater change.

**Figure 3: Highlights of what makes Textil El Amazonas transformative**

## Grupo Futuro - Transforming the footprint is now the meaning (Case 2)

Grupo Futuro is a group of leading Ecuadorian companies in services (insurance, health and tourism) with the aim to contribute to the well-being of people. It is a diversified business group, increasingly venturing into new business lines related to sustainability. Since 2000, Fundación Futuro leads the sustainability, climate change and conservation efforts of Grupo Futuro companies. Grupo Futuro was founded in 1978 and has about 4000 employees in 2020 with operations in Ecuador, Peru and Colombia.

**Figure 4: Highlights of what makes Grupo Futuro a transformational company**

## Interconexión Eléctrica S.A - Connections that inspire (Case 3)

Interconexión Eléctrica S.A (ISA) is a multi-Latin business group recognized for the excellence of its operations in the energy, road and telecommunications businesses. The company is active in the sectors of Electric Power Transportation, Information Technology and Telecommunications, Road Concessions and Real Time Systems Management. It was founded in 1967 and now has about 4.000 employees with operations in Colombia, Perú, Brasil, Bolivia, Chile, Argentina & Central America.

ISA has enforced environmental and social regulatory requirements and has by now, walked beyond pure compliance, in the path forward to a sustainable development. Currently, they are looking for diversification of their business portfolio, giving particular importance to low-carbon choices. However, some issues associated to the sector might make this path longer. ISA is thus committed to be part of the development of a framework that brings benefits for all stakeholders.

**Figure 5: Highlights of what makes ISA a transformational company**

## Guayaki - Regenerative Rainforest Products (Case 4)

Guayaki Sustainable Rainforest Products, Inc. is a global B-corporation founded in 1996 with headquarters in California and operations in USA, Canada, Paraguay, Argentina and Brazil. Guayakí imports organic yerba mate from South America to create a range of ready-to-drink beverages, Loose Leaf Yerba Mate, and Yerba Mate Bags.

By harvesting yerba mate that has been cultivated under native South America Atlantic rainforest trees, Guayakí provides indigenous communities and small-hold producers with a renewable income stream as well as the ability to steward and restore their land.

**Figure 6: Highlights of what makes ISA a transformational company**

## SINBA - Nothing left, everybody contributes (Case 5)

SINBA Sura S.A., short for “sin basura” (without waste), is a Peruvian start-up based on circular economy principles to give value to food waste from restaurants of Lima. A part of the services provided is to collect food-waste that later on is transformed into high- quality animal feeding products. The company is a start-up, B-corporation, an SME, founded in 1996 with now 25 employees based in Lima.

**Figure 7: Highlights of what makes SINBA a transformational company**

## TONKA - towards a less carbon-intensive business (Case 6)

Tonka SA is a metallurgical company that designs, develops and fabricates gas controls for household gas appliances, also security and control devices for instant water heaters, stoves and many other appliances. It is a family owned business and B-corporation founded in Argentina in 1970, which today has about 80 employees.

**Figure 8: Highlights of what makes TONKA a transformational company**

## Summary of key insights from the case studies

Insights from the case studies of companies' transformative actions are identified and summarised with regard to their transformational process characteristics as shown in Table 3 below. Most companies have focused on processes of transformation under the category of 'Technology' associated with the *adoption* of specific procedures or technologies (highlighted in dark grey). Other transformational change process characteristics identified the most times were *scale-up*, *coalitions*, *economic and non-economic incentives* and *awareness* (highlighted in light grey).

Highlighted in red is the characteristic 'Business model' added in the category 'Incentives' due to particularities of the processes leading transformational actions by LATAM companies. In terms of *Agents*, employees, clients and value chain stakeholders were mostly named. The characteristic ‘Business model’ aims to describe the actions that involve:

1. Companies that are migrating to a less carbon-intensive business units
2. Companies that were launched to address a social/environmental problem through their core business

**Table 3: Table overview of case study insights.**

|  |  |  |
| --- | --- | --- |
| **Companies** | **Transformative Actions** | **Transformative process characteristics**  |
| **Technology** | **Agents** | **Incentives** | **Norms** |
| **Research & development** | **Adoption** | **Scale Up** | **Entrepreneurs** | **Coalitions** | **Beneficiaries** | **Business model** | **Economic & non-economic** | **Disincentives** | **Institutional and regulatory** | **Awareness** | **Behaviour** | **Social Norms** |
| Textil El Amazonas   | Improvement of the energy consumption performance | **X** | **X** | **X** |  |  |  |  |  |  |  |  |  |  |
| Re-thinking of yarn-cones to avoid the unnecessary generation of plastic waste within the supply chain | **X** | **X** |  |  | **X** |  |  | **X** |  |  | **X** |  |  |
| Setting and implementing a Sustainability Strategy |  |  |  |  |  |  |  | **X** |  | **X** | **X** | **X** |  |
| ISA REP | Support Energética 2030 Program | **X** | **X** |  |  | **X** |  |  |  |  |  |  |  |  |
|   | Jaguar Connection Program: Conservation of Forests, Certification and Neutralization |  | **X** |  |  |  | **X** |  | **X** |  |  |  |  |  |
|   | Green bonds |  |  |  |  |  |  |  | **X** |  |  |  |  |  |
| Guayakí | Regenerative Business Model |  |  | **X** |  |  | **X** | **X** |  |  |  | **X** |  |  |
|   | Renewable Energy Goal |  | **X** |  |  |  |  |  |  |  |  |  |  |  |
|   | Implementation of a carbon reduction program |  | **X** |  |  |  | **X** |  |  |  |  |  |  |  |
| Grupo Futuro | Pathway to ecological regeneration: carbon neutrality  |  | **X** |  |  |  |  |  |  |  |  |  |  |  |
|   | Carbon emission management |  | **X** |  |  |  |  |  |  |  |  |  |  |  |
|   | Pathway to ecological regeneration: carbon neutrality projects |  | **X** | **X** |  |  | **X** |  |  |  |  | **X** |  |  |
| Sinba | Setting a circular business model to solve an environmental problem (food waste generation) |  |  | **X** | **X** | **X** |  | **X** | **X** |  |  |  |  | **X** |
|   | Working together with the academia and universities | **X** |  |  |  | **X** |  |  |  |  |  |  |  |  |
|   | Capacity-building for collaboration |  |  |  |  | **X** |  |  | **X** |  |  | **X** | **X** |  |
| Tonka | Re-formulated company purpose for giving solution to a social-environmental problem  |  |  | **X** |  |  |  | **X** |  |  |  |  |  |  |
|   | Migration towards a new business model |  | **X** | **X** |  |  |  | **x** |  |  |  |  |  |  |
|   | Offsetting of historical emissions |  | **X** | **X** |  | **X** |  |  |  |  |  |  |  |  |
|   | Influence towards less carbon intensive energy sources in Buenos Aires |  |  |  |  |  |  |  |  |  | **X** |  |  | **X** |
| **Total** |  | **4** | **11** | **7** | **1** | **6** | **4** | **4** | **6** | **0** | **2** | **5** | **2** | **2** |

Other cross-cutting insights from the case studies are as follows:

* When private companies register or report TA, they basically report it in terms of tCO2e/year (carbon footprint). Climate action is usually associated with the implementation of mitigation measures.
* Activities such as advocacy & policy recommendations (political dialogue), publications & presentations (technical dialogue) and fundraising (funding) are not considered in most monitoring/reporting systems.
* Although private companies rarely report, they would be able, in terms of data availability, to start monitoring under suggested indicators.
* Degree of transformation seems to be associated with progress in reporting, in terms of both (a) data availability and (b) capacity building.

Even though private companies are transformative (i.e. display transformative characteristics), these actions are rarely monitored and reported in a way that enables outcomes of the transformative actions to be registered in terms of their quantitative contribution to NDC and/or SDG goals.

# Template for self-assessment of company’s transformative actions

To understand how “transformation that disrupts established high carbon practices and contributes to a zero –carbon society” can be promoted by private companies, we will learn from the disruptors in LA, the so-called early movers through the study of their transformative actions. All the selected cases will have a potential to reduce emissions in contribution to the NDC commitments and the Paris Agreement global goal as well as to the SDGs in the 2030 Agenda.

Based on the *ICAT Transformational Change Methodology* a template for the self-assessment of companies' transformative actions is adapted to assess contributions to NDC and SDG targets:

* Template for self-assessment of transformational impact (Annex 3)

The template can be applied by private sector companies using the *ICAT Transformational Change Methodology* for examples and guidance, how to fill in the template. Capacity building support will be provided by Libélula and UNEP DTU.

# Conclusions

With the overall aim to develop a registry and reporting framework for transparency of private sector contributions to NDC and SDG targets at national and international levels this report has explored, how case studies of private sector transformative actions can inform use of a simplified template for companies' self-assessment of transformational impact based on the ICAT Transformational Change Methodology for a structured, comparative approach to reporting.

Key insights from the case studies show that ongoing voluntary climate actions by champions of private companies provide data to assess the transformative *process* characteristics of their efforts in a structured, comparative way using the ICAT Transformational Change Methodology. However, given the lack of incentives and assessment tools for quantitative and standardized GHG and sustainability accounting and reporting towards national NDC and SDG targets, it is not yet possible to assess the transformational outcomes of private sector contributions.

Use of the adapted ICAT template for self-assessment of transformative actions can enable awareness raising of the data needed by companies to assess their transformational impact for NDC and SDG goals. While insights from self-assessments can be used by companies to learn, how to improve results of their business models for transformative purposes, further work is needed to develop private sector reporting formats aligned with government formats such as tabular overviews and structured summaries to track progress of transformative actions towards SDGs and NDCs according to the Enhanced Transparency Framework requirements and 2030 Agenda guidance.

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# Annex 1

**Purpose of transformation**

* **The purpose of a transformational company is reflected in its vision and mission and is oriented towards solving an environmental or social problem linked to the company's core business**. It is a clear change from a profit-driven company to a purpose-driven one. The scope of the purpose can address ecological challenges such as avoiding transgressing planetary boundaries, and social challenges of well-being, human health and social justice (which can be guided by scientific frameworks such as donut economics and political consensus building). (1, 2, 3,7,9, 23, 25, 26, 27, 28, 29, 30, 31, 32)
* **The purpose of the company evolves from managing negative externalities to generating positive externalities and regenerative systems**. Three phases can be distinguished: Do less bad, mission zero, regenerative. The blue date expresses the need for the purpose to evolve from impact management by default to regenerative by design. (3, 24, 22)
* **The purpose of the company is to help transform the economic system, extending its scope to transform production systems and consumption systems with an emphasis on some sector** (11). The transformation of production systems ranges from linear systems of exploiting - producing - consuming - discarding to circular and regenerative models of production. The transformation of consumption systems goes from a materialistic over-consumption (consumerism) to a conscious consumerism that promotes purpose-based lifestyles or sustainable lifestyles. The blue date manifests the need for purpose to expand its scope to not only transform production systems but the culture of consumption in our societies. (12-21)

**Internal dimension of transformation (business model and corporate culture)**

* A transformational company has **mechanisms to convert its purpose into strategic planning** e.g. prospective studies, materiality assessment (1,3)
* It has new metrics to measure company and employee performance (KPIs). The indicators should measure more than financial assessment and reflect the impact the company wants to have. Examples are the B-Corp impact assessment and the Common Good Balance Sheet (1,3)
* It has **new internal regulatory policies, internal incentives in relation to performance indicators** (internal price policy includes externalities e.g. internal carbon price; accounting for natural resources in your cost prices, etc) (1,3)
* Generates **new products and services that has positive impact in the environment and improve the quality of life of citizens**. For example, strategies can range from improving logistical efficiency; increasing product lifetimes that reduce impacts associated with the creation of new products; switching to product-services that create opportunities to decrease demand for materials by creating services that share a high active value among multiple parties; applying new design approaches (1,3, 16, 17)
* **Manages its direct productive and administrative operations in a sustainable manner**. Strategies may include managing its solid waste, effluents, emissions (carbon and pollutants), and/or incorporating new approaches to production and consumption (nature-based innovation, nature regeneration, circular economy, cradle to cradle, sharing economy, etc) (12- 21)
* **Manages its value chain with a focus on the entire life cycle of products and services**, i.e. it includes all activities involved in the supply chain, manufacturing, distribution and final disposal of services and goods. These activities have an impact on social welfare through working conditions and relationships with communities and impact on climate, air quality, land use, soil quality, water quality, biodiversity. The company can collaborate with its suppliers along the value chain and/or incorporate new production and consumption approaches (nature-based innovation, nature regeneration, circular economy, cradle to cradle, sharing economy, etc.) (12- 21)
* **Distributes value from design**. In other words, it **goes beyond redistributing income to redistributing ownership of the company, of ideas, of technology and power over decision making**. There are alternative forms of ownership such as steward-ownership, employee-owned companies or co-operations. Another way to integrate value redistribution in design is to free up patents, and to have innovation schemes based on open-source (2, 3,12)
* Manages human talent offering its employees fair wages, purposeful jobs and opportunities to adopt sustainable lifestyles at work, as well as opportunities to develop skills for sustainability e.g. ARUP has the ARUP University (1,3,4)
* **Develops transparency and reporting mechanisms** such as voluntary reports in platforms such as CDP, Dow Jones, UN, and seeks radical transparency opportunities using new technologies such as blockchain (4,5,8,9)

**External dimension of transformation (sector, academia, public policy, etc.)**

* **Research partnerships:** Leading research processes in collaboration with think tanks and academia to solve challenges of lack of information and methodologies (4)
* **Advocacy with decision-makers**: influence policy change for a specific sector or place, and participate in domestic and international sustainability agendas (ODS, UNFCCC) to influence policy and regulatory frameworks that support transformation processes and create an 'ambition loop' (4, 6, 5)
* **Sectoral and cross-sectoral leadership**: Exerts sector leadership by involving / empowering / collaborating with companies in its sector or other sectors to change standards, demand regulations for a sector, create certifications, build coalitions around challenges (e.g. Plastics Coalition in Chile) (4,5).
* **Investor engagement**: Promotes criteria for responsible investment in sustainable sectors or investment in the recovery of degraded ecosystems (4).
* **Partnerships with organized civil society:** civil society groups can provide credibility and experience in a company's activities. This can range from access to experts in their field to accreditation of certain activities (4,5).

**Governance of transformation (alliances and stakeholder empowerment)**

* A transformational company **involves/Empowers the company's managers**: It goes beyond offices of sustainability or social responsibility to a mainstreaming of competences in sustainability throughout the organization (4)
* **Involves/empowers company employees** in decision making, strategy creation, new product development and innovation (3,4)
* **Involves/empowers customers**: Processors empower consumers to make sustainable lifestyle changes. The level of involvement can be in decision making, product and service design, innovation processes. (4)

# Annex 2

**CASES OF TRANSFORMATIONAL COMPANIES IN LATIN AMERICA**

**Annex 01. Case: Textil El Amazonas**

***Sustainability is our new north***

1. **Company’s profile: Who is Textil El Amazonas?**

|  |  |
| --- | --- |
| **Name** | Textil El Amazonas S.A. |
| **Description** | Textil El Amazonas S.A. is a Peruvian textile company, which dedicates itself to the production and marketing of high quality textile supplies for the garment and handicraft industry, under the brand TREN. |
| **CEO** | Alessandra Gerbolini |
| **Employees** | 180 |
| **Founding year** | 1947 |
| **Sector** | Textil |
| **Category of company** | (a) Global, (b) Multi-latin, (c) Diversified Business Group,**(d) Family business**, (e) B-corporation, (f) SME or (g) Start-up. |
| **Headquarters** | Lima (Peru) |
| **Other geographies where it operates** | Arequipa (Peru), Colombia, Bolivia, Ecuador, Chile, Paraguay |

1. **Dimensions of the Transformation. What makes Textil El Amazonas transformative?**
	1. **Understanding the Ambition of their Purpose**

**Description:**

* + - **The big challenge textile industries face:** The textile industry represents one of the most environmentally-harmful sectors – not only by contaminating but also increasing pressure on already fragile water resources1. In Lima, one of the driest capitals in the world, water scarcity is a major challenge2. However, these are not the only issues the sector faces. Significant amounts of plastic, which is used along the value chain, and the mass production of textiles, are contributing to the overuse of global resources.
		- **South American leader in sustainable textile supplies and solutions:** *Textil El Amazonas* has decided that daily work must be made taking into consideration the Sustainable Development concept and the SDGs, in line with the UN efforts. In this context, they assumed a corporate commitment to contribute to build a better society, to leave a cleaner environment for future generations and for Peru to follow the path that leads to Sustainable Development. Their purpose is to provide high quality textile supplies and solutions in a reliable, efficient and sustainable way. Moreover, the company wants to contribute to an approach of environmental sustainability in the textile sector.
		- **The path forward to the sustainability:** Textil El Amazonas is aware of textile sector challenges and has started to rethink and transform its business model and processes towards one that holds environmental sustainability at its core3.
		- **From isolated actions to a sustainability program:** Alessandra Gerbolini explains that: *“If someone wants to implement these changes, it's actually quite radical. It’s not a trend or a project. You are really changing the way you do things and thus your company*”4. So what started with the construction of a water treatment plant has turned into a holistic sustainability program, which serves to navigate all areas of Textil El Amazonas during its journey towards sustainability.
	1. **Internal Transformation:**

**How did they transform its corporate culture and business model?**

**Description:**

* + - **SDGs as guidance for Corporate Sustainability:** Since the formulation process of the Sustainability Program at the end of 2018, Textil El Amazonas has decided to take the UN SDGs as a leading framework (Box 1). Thereby, display becomes more meaningful more than ever3.
* **Five principles for the systematic implementation of the program:** In line with the SDGs, and in order to better organize and evaluate concrete steps towards sustainability, five core principles were derived: (1) *Ethics*, (2) *Well-Being*, (3) *Environmental Management*, (4) *Good Neighborhood* and (5) *Solidarity*. These are clustered into actions, objectives, activities, and, finally, goals. Goals represent concrete indicators such as those regarding hazardous chemicals and water use: “*Certify all the chemicals and dyes used by the company and completely replace the elements of the MRSL-ZDHC list.”* or *“Reuse 75% of water (14,4 m3/hour* 6*) by the end of 2020”*6 (Box 2)*.* As a result, the program allowed the company to systematically re-evaluate all their processes and products in order to make them more efficient4.
* **Certifications for ensuring Sustainability:** In order to prove the seriousness of the company’s commitments certification processes were carried on. CEO Alessandra Gerbolini explains some of the benefits: “*The largest clients are informed and interested in demanding a production chain that contemplates social and responsible working conditions. Therefore, they are increasingly requesting for certificates and information about our impact*”5. Textil El Amazonas has already acquired the certification *WRAP (Worldwide Responsible Accredited Production)* that guarantees promoting lawful, ethical and safe manufacturing processes. In like manner, *OEKO-TEX* label certifies that their products are harmful substance – free.

On the other hand, as part of their Sustainability Program goals, the company plans to obtain the *Certificado Azul* (Blue certification in English) by the Peruvian National Water Authority for measuring and reducing their water footprint. Likewise the System-B Certification to be recognized and supported as an “agent of change”3,9. Moreover, Textil El Amazonas is part of the *Producción más limpia* (Cleaner production in English) agreement by the Peruvian Ministry for the Environment and the Peruvian Ministry of Production, which involves annual goals in order to reduce waste from their production chain7.

* **Measuring and reducing the company’s carbon footprint:** Although sustainability actions had previously concentrated on the company’s water footprint, at the beginning of 2020, Textil El Amazonas decided to measure their carbon footprint for 2019, using the ISO 14064 and the GHG Protocol guidelines for scope 1, 2 and 3. According to Susana Zárate, Sustainability manager, they are looking forward to making public the results by April at the Peruvian Carbon Footprint Platform, which is an initiative of the Peruvian Ministry for the Environment. Based on these findings, Textil El Amazonas will formulate strategies for reaching short and mid-term reduction goals of their carbon emissions within the scope of their 2020 - Sustainability Program. This would mark a relevant precedent on their journey towards carbon neutrality7.
* **Becoming a leader in sustainability:** While some internal changes are a question of organizational arrangements, others do require financial investment. For sustainability enforcement, Textil El Amazonas set an annual budget out. Whether or not sustainability efforts involve additional costs, they will deliver benefits not only for the environment but also for the company. For instance, reducing by 38% the use of paper from 2018 to 2019 had direct financial benefits. Moreover, Textil El Amazonas has witnessed employees to feel prouder as part of a more sustainable company. CEO Alessandra Gerbolini thus emphasizes that “*businesses use to think that these changes only generate expenses, they do not see where the market and the needs of the planet are going*”8.
* **Empowering and capitalizing employees:** Textil el Amazonas has launched a capacity building program for employees to involve them in the sustainability enforcement. Themes such as waste segregation, carbon footprint and water treatment processes to be held in the plant are part of this program. According to the Sustainability manager, Susana Zárate, it

represents a very first step to involve the staff into the annual Sustainability Program, but expectations in the middle-term are to empower them to come up with their own projects and ideas for sustainability8,9.

* 1. **External Transformation:**

**How did they transform policy decision-making, sector standards, other stakeholders way-to-do, researching processes and civil society?**

**Description:**

* + - **Inspiring others by your own transformation:** CEO Alessandra Gerbolini’s desire is “*to inspire with sustainable management in order for more companies to join*”5. Projects such as the water treatment plant for reusing water and the recycling system for cones will hopefully inspire other companies to work for a more sustainable production and their own concrete sustainability measures.
* **Sustainable value chain as a leverage point:** Relevant sustainability action can be also given by analyzing the impact of partners and suppliers: “*The idea is to involve everyone because, of course, I can put certain values into practice within the company, but if the cotton I use is harvested by children who do not go to school, it makes no sense*”5, states CEO Alessandra Gerbolini. Therefore, they do have plans to include the complete value chain into the Sustainability Program. The B-system certification will be a key step to look at the company’s social and ecological impact “*from the base*”5. Concrete steps will, be taken, however, once the internal analysis is completed. According to the CEO, this will also raise them to a leading position in the textile market: “*Foreign brands begin to ask where your cotton comes from, how you produce your T-shirt or where the wastewater flows into. Brands and customers have already started asking for information of that kind; as a result, the entire textile chain is affected”*5.

On the other hand, recycled solid materials are donated to enterprises that use them as raw material for the production of other goods.

In terms of suppliers, Textil El Amazonas has started the implementation of sustainable standards for contracting merchandising entrepreneurs.

* **Within the textile sector:** According to the CEO, “*the sector must begin to think about how we are going to respond to a new market context, as a sector, as a country*”5. The coming-up strategy is thus to collaborate with other companies and to find ways to distinguish Peruvian companies from those from other countries. Especially because “*the market feels more competitive than ten years ago*”5, Textil El Amazonas aims at bringing relevant stakeholders together to create a more dynamic sector, which allows companies to exchange information and to work collaboratively on sustainability.

Represented by the CEO Alessandra Gerbolini, Textil El Amazonas participate in the Peruvian Sustainable Fashion Cluster looking for alternatives to bridge the gap in textile sector that involves suppliers and clients, both large (export scale) and small companies (SMEs), since they are in charge only for sewing. Their role is thus to share their learning process on how to establish a path to sustainability with them.

* **Sharing insights and knowledge**: In order to exchange knowledge with sectorial stakeholders, Textil El Amazonas has committed to formalize partnerships with academic institutions3. As part of their Sustainability Program, the company works together with researching groups from the University of San Marcos and the Catholic University of Peru on solutions for the beyond-the-process use of *waype*8, a by-product that does not have a sustainable management yet. Moreover, the company has designed a space to share ideas of how to manage water responsibly with neighboring communities. As such, Textil El Amazonas holds an annual program of workshops on sustainable water use and sustainability with local high schools and universities.
* **Public reporting of progress:** Clients and the public can be kept up to date about the company’s journey towards Sustainability. With the launch of the Sustainability Program a year ago, Textil El Amazonas has announced to annually (by April) publish a Sustainability Report. Additionally, a biannual report of progress – presented by the general management – is expected to be presented. All Sustainability-related material is currently available in their website3 through a section particularly set to publish it, no having at the moment other channels of communication in that sense.
	1. **Governance: How did they make operative transformation?**

**Description:**

* + - **CEO vision as the starting point:** Given the awareness and the high involvement of the board of Directors, financial requests do not mean a significant constraint. There is a separate annual budget for the development of Sustainability projects, which is managed through the Sustainability coordinator of the organization. Likewise, the board of Directors yearly facilitates, as a donation, a substantial amount of money which is directed on the highest- impact Sustainability projects. For example, this year for the 2019 Carbon Footprint measurement.
		- **Adoption of a Sustainability Program: “***When different projects were running out alone, monitoring impacts and evaluate the need for some corrective measures were more difficult*”, holds Susana Zárate7. In that sense, giving a big framework where all of them were constituted, and responding to specific and determined-by-the-organization goals, facilitated the following-up processes. In addition, opportunities for greater change were more easily identifiable.
		- **Sustainability coordination:** Textil El Amazonas has in Susana Zárate the person responsible for monitoring key performance indicators and clarify roles to the personnel

operating Sustainability. For example, practices of paper consumption reduction has been closely followed up by her and successfully gotten the goal (-46% last year).

* + - **Empowering employees and capacity building:** Employees incentives are oriented towards a non-monetary award approach. Textil El Amazonas has an evaluation process of employee performance that includes a criterion on participation in the Sustainability programs (beyond the competences of their position). At the most important event of the year, a employee receives a special mention in front of the rest of the participants.

As part of the annual Sustainability Program, training is carried out for personnel on environmental issues in order to generate not only awareness but also skills regarding basic concepts that would help them develop bottom-up initiatives. Every relevant project developed by the company (PTAR, Water Footprint, and now, Carbon Footprint) has been presented by the CEO to all staff to make known their objectives and how they will impact them, your daily tasks and even your life. In addition, there are smaller projects, such as segregation and recycling of solid waste, where constant meetings are held to influence the change in behavior that is associated.

1. **Assessment of transformational phase and outcomes (ICAT transformational change elements)**

|  |  |
| --- | --- |
| **Phase of transformation 1** | **(a) Pre-development,** (b) Take-off, (c) Acceleration or(d) Stabilization at a new level or relapse |
| Textil El Amazonas shows an incipient state of transformation, moved initially towards low-carbon and sustainable development by new market demands. By leaving their *comfort zone*, they have just decided rather than keep working under conventional paradigms, to attempt change them. Beyond only standards compliance, new approaches are recently coming out.By today, their efforts have already resulted in the achievement of their first Sustainability goals and the willingness to go for much more. Nevertheless, there are still some challenges to overcome. Increasing awareness, experimentation and innovation in solution alternatives and a stronger governance will deliver the enabling conditions required for change. |

|  |  |
| --- | --- |
| **Scale of outcomes** | **(a) Micro level**, (b) Medium level or (c) Macro level |
| Willing to lead the Peruvian textile sector in terms of Sustainability is a challenge they assumed in 2018. Even though there are some components of their at-the-moment transformation to scale-up in the sector, their current impact cover only the subnational level. |

|  |  |
| --- | --- |
| **Sustained nature of the** | (a) Long term (≥15 years), (b) Medium term (≥5 years and <15 years) or **(c) Short term (<5 years)** |

|  |  |
| --- | --- |
| **outcome** | Textil El Amazonas has a clear vision of what they want to reach in the long- term. However, at the moment, their outcomes have a short-term nature, meaning that most projects are expected to have concrete results in less than 5 years. A long-term view might result in a more advance state of transformation. |

1. **Lessons learned and looking into the future**
	1. **What did you learn in your journey? What were the main challenges?**

**Description:**

* + - **Challenges of Sustainability:** Textil El Amazonas has identified several barriers in their path towards Sustainability. Even today, there is resistance in the textile sector to go for a transition. Therefore, partnerships for mutual awareness, along the way, represent a key aspect to take into consideration8. On the other hand, lack of technical capacities for installation and maintenance of cleaner technologies and personnel capacities still means big challenges that might be addressed by joined work with academy or research institutions, how they are managing so far.

Finally, although Textil El Amazonas recognizes that many Sustainability decisions do not generate extra expenses for the organization, financial support might represent a major constrain particularly for SMEs in the textile sector.

* 1. **What does the champion expect to achieve in the coming years? What do they need to get there?**

**Description:**

* + - **Adoption of better technologies:** Textil El Amazonas is currently looking for alternatives to improve illumination in areas with high demand for intensity and lighting quality taking advantage of sunlight, such as production plants and storage rooms. By now, they count on 100% of the lighting of the plant and warehouses with LED lamps. However, they found that *Solar-tube*s might even improve their performance in terms of energy consumption7.
		- **Zero-emission electrical energy:** The ultimate goal is indeed 100% of their energy coming from renewable sources. Therefore, they have already identified suppliers that can attend their needs until 2023 under this requirement.
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**Annex 02. Case: Grupo Futuro**

***Transforming the footprint is now the meaning***

1. **Company’s profile: Who is Grupo Futuro?**

|  |  |
| --- | --- |
| **Name** | Grupo Futuro S.A. |
| **Description** | Grupo Futuro is a group of leading Ecuadorian companies in services (insurance, health and tourism) that had as aim to contribute to the well-being of people. Since 2000, Fundación Futuro leads the sustainability, climate change and conservation efforts of Grupo Futuro companies. |
| **CEO** | Roque Sevilla |
| **Employees** | 4000 |
| **Founding year** | 1978 |
| **Sector** | Insurance, health and tourism; and increasingly venturing into new busi lines related to sustainability. |
| **Category of company** | (a) Global, (b) Multi-latin, **(c) Diversified Business Group**,(d) Family business, (e) B-corporation, (f) SME or (g) Start-up. |
| **Headquarters** | Quito (Ecuador) |
| **Other geographies where it operates** | Ecuador, Peru and Colombia |

1. **Dimensions of the Transformation. What makes Grupo Futuro transformative?**
	1. **Understanding the Ambition of their Purpose**

**Description:**

* **Caring for all life forms:** For almost two decades Fundación Futuro had focused in community health programs and economic development in the Andes of Ecuador. But a new stage has started. In 2018, Fundación Futuro proposed a holistic conservation model as a response to mitigate climate change in one of the most biodiverse territories of Ecuador: The Cloud Forest of the Andean Chocó, specifically in the community of Mashpi located in the Chocó forest of the Western Andes1.
* **From social responsibility to sustainability:** Over the years Fundación Futuro has addressed a broader scope of socio-ecological challenges. When Fundación Futuro took on its work, it was responsible for social responsibility issues. After an institutional reflection process, it however, became the sustainability arm of the group2.
* **Pathway to social regeneration (+1): From community health programs, to economic development and microfinance, to agroecology.** From the beginning, Fundación Futuro was a channel to mobilize resources from Grupo Futuro companies to social projects, especially those involved with socio-economic challenges of indigenous communities in Ecuador. Leveraging on their expertise in the health sector, Fundacion Futuro started its journey improving health conditions of indigenous communities with Health Community Centers in Cotopaxi, Tungurahua, and vulnerable areas or Guayaquil. In 2005, Fundación Futuro expanded its scope to create economic opportunities for low-income communities. *"We realized that we were fighting against a*

*hidden monster called poverty, which comes from the lack of means of generating wealth”. Fernando Navarro. Presidente de la Fundación Futuro 2005-20131.* Soon after, Fundación Futuro also provided microfinance for local communities. Today, Fundacion Futuro sees economic activities in synergy with conservation efforts. They acknowledge that to minimize threats to conservation they have to promote new sources of income generation for the local population, through biodiversity-compatible mechanisms. For example, they are helping communities in the Chocó Andino area, such as San José de Mashpi, Guayabillas y Pachijal to transition to agroecological practices in their territories1.

* **Pathway to ecological regeneration (+1): In the path to carbon neutrality and restoration of the landscape.** From the beginning Fundación Futuro had environmental considerations in its projects with the communities. "The possibility of generating higher economic income went hand in hand with the improvement of agricultural practices, the protection of natural resources and the restoration of the soil and watersheds”1. In the new stage, Fundación Futuro has asked itself where their purpose makes more sense in current times. *“Never before was the conservation of unique and vulnerable ecosystems more urgent. Mitigate climate change from Ecuador is a local and global responsibility”3.* And thus, they have put a holistic conservation approach at the heart of Fundación Futuro’s purpose. In the Mashpi Cloud Forest of Chocó, they envision to have sustainable landscapes, compensate their carbon footprint and build regenerative relations of local people and the forest4.
	1. **Internal Transformation:**

**How did they transform its corporate culture and business model?**

**Description:**

* **Planning with 4 key pillars.** Fundación Futuro put forward in 2019 a 20-year strategic plan to implement a conservation approach in Chocó Andino Cloud Forest. This plan has 4 strategic pillars: Managing ecological connectivity, Sustainable Landscape, Managing the Carbon Footprint and Corporate Culture1.
* **From a Sustainability Foundation to Sustainability embedded in all Grupo Futuro Companies.** Fundación Futuro is the sustainability arm of Grupo Futuro Companies. The role of Fundación Futuro, for example, is to explain at all levels what is carbon neutrality so that leading managers (at Grupo Futuro Companies) can implement measures, but according to Carolina Proaño, Director of Fundación Futuro, “the foundation shouldn’t address this task alone, this should happen within each of the strategic business areas (of Grupo Futuro), and little by little we are moving into that direction. For example, our biggest tourism company, they created a sustainability office”2.
* **Impact-oriented metrics.** Fundación Futuro has put together indicators to assess impact in its 4 strategic pillars. To manage ecological connectivity they focus on the consolidation of the Mashpi Reserve Area, and aim for example, at 1331HA of protected area, 80% of deforestation reduction and 10km of bio-ecological corridors. To manage a Sustainable Landscape they assess their impact for example, aiming at 2 vulnerable groups (youth, women) empowered; triggering an agroecology transition in at least 100ha and creating at least 30 innovative forest products. To promote a sustainability corporate culture they aim, for example, to introduce at least 2 sustainable practices related to the core business of Grupo Futuro companies, 1 sustainable practice related to talent management and to involve at least ¼ of Grupo Futuro staff in activities of Fundación Futuro. To manage the carbon footprint they aim, first of all, to involve at least 4 Grupo Futuro companies in measuring their emissions, and setting at least 2 mitigation strategies per company, and offsetting emissions that can’t be reduce by investing in securing at least 2500ha of protected primary forest7.
* **Eco-lodge Marshpi, research, conservation and sustainable tourism**. Located in Ecuador's cloud forest, Mashpi is at the heart of a private conservation area and offers unique sustainable tourism experiences. Mashpi claims that it has the ability to change the worldview of guests, to teach them something new, inspire them to build a more sustainable existence. The 2,500 hectares of land that make up the Mashpi Lodge reserve were purchased by the hotel founder, Roque Sevilla. His goal was to protect this biodiversity hotspot from deforestation. The reserve is the Natural habitat of approximately 15-17% of plant species in the world and almost 20% of bird biodiversity. Mashpi functions as a scientific research station that carries out valuable dissemination work and provides sustainable employment for local communities8.
* **The eco-lodge Mashpi has received many awards for its sustainability practices.** World Travel Awards 2017 named it the Leader of Green Hotels of South America. Moreover, Mashpi was selected as one of the Unique Lodges of the World de National Geographic. and has been recognized as a Good Practice of Sustainable Development by the Ecuatorian network of UN Global Pact8.
* **Fundación Futuro will achieve their 4 strategic pillars through an holistic conservation approach**. Fundación Futuro promotes both conservation and sustainable economic activities in Mashpi Reserve. Mashpi is the epicenter for the development of bio-corridors that will connect two national reserves. But Fundacion Futuro also implements economic productive activities to minimize the threats to conservation and find new sources of income for local population, while at the same time being compatible with biodiversity efforts. Two examples of this are the promotion of agroecology practices among local people and MashpiLAB a project that starts to research the gastronomy potential of the forest with the creation of a gastronomic laboratory that allow to add value to new products such as: flowers, roots, oils essential, edible fruits and insects; involving populations in Its production and commercialization1.
* **Managing CO2 emissions.** The companies of the Grupo Futuro, under the guidance of the Fundación Futuro, will focus their efforts on reducing their carbon emissions. Currently, the way companies of Grupo Futuro manage their emissions varies. According to Carolina Proaño, *"at the moment the 4 largest companies (for example: Metropolitan Touring, Mashpi Lodge, Finch Bay – Galapagos Hotel and Tecniseguros) in the group have already measured their carbon footprint- following GHG Protocol standards - and have become carbon neutral (...). Metropolitan Touring which is the largest tourism Company of Grupo Futuro measured its 2017 footprint and certified 2018 carbon neutra. Each of the reduction strategies depends on the company and its business core, that are very different, but all have identified their sources of pollution and reduction plans. So far the goal or commitment has been totally voluntary, but what we are going to do in 2020 is to have a commitment as a holding company, recover everything that companies have measured and together reach goals”2.*
* **Raising money for a Carbon Fund.** Through the ‘Carbon Fund’, a responsible mechanism for carbon footprint compensation, Fundacion Futuro seeks to raise economic resources. These are invested in conservation, restoration of fragile areas and financing of conservation agreements1.
* **Sustainability culture:** Fundacion Futuro’s goal is to involve 4000 people of the Grupo Futuro’s companies to live a sustainability culture4.
	1. **External Transformation:**

**How did they transform policy decision-making, sector standards, other stakeholders way-to-do, researching processes and civil society?**

**Description:**

* **Empowering stakeholders is key to generate policies that support conservation.** For Fundación Futuro, a fundamental element of the new sustainable landscape strategy in Chocó Andino de Pichincha Cloud Forest Reserve is to achieve the organization of all the stakeholders in the decision making and raise awareness among the actors regarding the need for conservation of the forest and the value it holds for local people. This requires to empower may stakeholders settlers, landowners, organizations working in the territory and local authorities, in order to generate public policies that support the conservation initiative1.
* **In collaboration with universities, research in Mashpi has allowed to discover species such as the Mashpi Frog and the Mashpi Magnolia and study many others.** A collaboration with Universidad Indoamerica was focused on the ecology and ichthyological biodiversity of the rivers in the area and also in identifying new species of fish. This project provides information on the state of the fish populations and the rivers where they are found, for proper management of the water sources found in Mashpi and the surrounding communities. Another project carried out in conjunction with the University of Florida monitors day butterflies. This study seeks to create a standardized methodology for the sampling of butterflies, for this an experiment is currently carried out where four different baits are tested to determine which bait attracts more butterflies to the traps. Being an experiment that occurs along an altitudinal gradient, this study also allows us to analyze the diversity of butterflies at different altitude ranges that occur within the Mashpi Reserve10.
* **In collaboration with NGO CONDESAN, Mashpi is measuring the capacity of CO2 sequestration of forests.** Condesan is an organization focused on the conservation and sustainable use of the Andean region and part of its work aims to measure the capacity of carbon dioxide absorption in the forests of northwestern Ecuador. In the reserve there are now 2 plots that are constantly monitored to obtain productivity co2 absorption data10.
	1. **Governance: How did they make operative transformation?**

**Description:**

* + - **Empowering organized civil society.** Since its beginnings, Fundación Futuro has strive to work with grassroots organizations: The fact that the indigenous communities had several decades of grassroots organization allowed the Foundation to identify communities and families, more populated areas, small villages with a lot of a strong sense of place to carry the first projects of Fundacion Futuro1. This way of working with people holds true in the current intervention in communities of Pichincha. Fundación

Futuro recognizes the importance of empowering local communities in developing a holistic vision of sustainable territories. But collaborating with civil society also means joining efforts with key social movements. For example, in the opening of the Escuela de Agroecología in the Mashpi community, they collaborated with Slow Food Ecuador, to create innovative and delicious dishes made with local agro ecological forest products6.

1. **Assessment of transformational phase and outcomes (ICAT transformational change elements)**

|  |  |
| --- | --- |
| **Phase of transformation 1** | **(a) Pre-development**, (b) Take-off, (c) Acceleration or(d) Stabilization at a new level or relapse |
| For many years, Fundación Futuro worked on community health and productive development programs in the Ecuadorian Andes. Recently in 2019, they made public the change in their mission to mitigate climate change from their area of influence. They still do not have established reduction commitments, so it is expected that in 2020 they will reach a consensus as a corporation. |

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| **Scale of outcomes** | (a) Micro level, **(b) Medium level** or (c) Macro level |
| Grupo Futuro is a diversified business group that operates in the tourism and insurance sector. Roque Sevilla, member of their board of directors, at political level was the mayor of Quito and has been in several policy areas. He is a very influential person in Ecuador´s politics. As a group they have latin American operations, so they could influence the whole country. |

|  |  |
| --- | --- |
| **Outcome sustained over time** | **(a) Long term (≥15 years),** (b) Medium term (≥5 years and <15 years) or (c) Short term (<5 years) |
| Fundación Futuro leads the sustainability, climate change and conservation efforts of Grupo Futuro companies since 2000. |

1. **Lessons learned and looking into the future**
	1. **What did you learn in your journey? What were the main challenges?**

**Description:**

* The biggest challenge for moving forward into their transformation is the availability of sustainable solutions in the its value chain. The market in Ecuador is in a pre development phase, with a little supply of green and sustainable services and solutions.
	1. **What does the champion expect to achieve in the coming years? What do they need to get there?**

**Description:**

* In the course of 2020, they will recover all the progress made by the group's companies in measuring their carbon footprint, so that together they can reach targets with an established reduction plan. So far, there are initiatives by companies but there is no quantified commitment to growth and reduction, they do not have a science base target at the moment.
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**Annex 03. Case: ISA**

***Connections that inspire***

1. **Company’s profile: Who is ISA?**

|  |  |
| --- | --- |
| **Name** | Interconexión Eléctrica S.A (ISA) |
| **Description** | ISA is a multi-Latin business group recognized for the excellence of its operations in the energy, road and telecommunications businesses. |
| **CEO** | Bernardo Vargas Gibsone |
| **Employees** |  4,000 |
| **Founding year** | 1967 |
| **Sector** | Electric Power Transportation, Information Technology and Telecommunications, Road Concessions and Real Time Systems Management |
| **Category of company** | (a) Global, **(b) Multi-latin**, (c) Diversified Business Group,(d) Family business, (e) B-corporation, (f) SME or (g) Start-up. |
| **Headquarters** | Colombia |
| **Other geographies where it operates** | Colombia, Perú, Brasil, Bolivia, Chile, Argentina, Central America |

1. **Dimensions of the Transformation. What makes ISA transformative?**
	1. **Understanding the Ambition of their Purpose**

**Description:**

* **“Connections that inspire” is the superior purpose guiding ISA:** In 2017, after many years connecting countries and improving the quality of life of millions of people through electric transmission, roads and digital platforms, ISA rebranded its business purpose under the manifesto “connections that inspire”. In their manifesto they explained “*when we connect one point with another we are connecting people, making each connection an inspiring act. If we are aware that we are all one, there is connection. If we are aware that our well-being is linked to everyone else’s, there is connection. If we recognize that our planet is fragile and we must take care of it, there is connection*”1.
* **ISA REP has delivered more than energy infrastructure; it has focus on creating social and ecological value in the paths of their transmissions networks.** "*It is not simply transmitting energy, we are influencing in communities* (...) *we are not doing equipment maintenance, we are bringing energy to people who need it, so we need to look at the community where we are*” explains Carlos Mario Caro, CEO of the Energy Network of Peru (Consorcio Transmantaro and ISA Perú) . He strongly believes “*companies that think that everything is just money will fail, if they don’t change that mentality, those companies will be very good in the short term but not in the long one*”2.
* **From compliance of environmental regulations to carbon neutrality and biodiversity regeneration:** The emissions in their main business, the Electric Energy Transportation, do not exceed on average 56,000 tons of CO2 equivalent per year. These emissions are mainly due to the leakage of SF6 (an essential gas for insulation in electrical equipment), and due to energy consumption in administrative offices and substations. Moreover, through the construction of their projects they disturb important forested areas, affecting biodiversity, and thus contributing to climate change. They address both issues as part of the obligations to obtain environmental licenses, but they do more with voluntary programs to restore biodiversity and start a market for carbon credits so other companies can also compensate their emissions3.
* **ISA conducts a materiality assessment to identify socio-ecological challenges shaping its future.** Materiality assessments are formal exercises aimed at engaging internal and external stakeholders to find out how important specific environmental, social and governance (ESG) issues are to them. ISA recognizes that its operational context includes risks and opportunities that are dynamic and that need to be monitored to adapt its strategy and create value in a sustainable way. In their last report 2018, they included those issues relevant to the Energy Transmission business, in relation to their corporate strategy and relevant considerations of key stakeholders. To identify relevant issues, the following criterion was applied: topics relevant for stakeholders, requirements given by the Global Reporting Initiative GRI and the supplement for the electricity sector; requirements given by the Dow Jones Sustainability Index (DJSI) and analysis of future trends4.
* **Being a purpose-driven company is reflected in the overall success of ISA**. “In the last 10 years we have double the numbers of energy transmission infrastructure, profits have doubled, and tripled over the last 6 years (...) we haven’t had any fines (in ISA Rep), the working environment indexes have been above 85% in the last 4 years and we have had many international sustainability recognitions”, Carlo Mario Caro, General Manager of the Energy Network of Peru, Consorcio Transmantaro and ISA Perú, explains2.
	1. **Internal Transformation:**

**How did they transform its corporate culture and business model?**

**Description:**

* + - **From profitable growth to sustainable value at the core of the corporate strategy:** In 2018, ISA launched “ISA 2030: Our Future Inspired by Sustainable Value", the result of a corporate planning process to realize their purpose. This strategy is aligned to the fulfillment of the SDGs and framed under the concept of “Sustainable Value”, which means they aim to generate value not just for shareholders but for society and the planet. ISA 2030 has 4 strategic pillars: (1) Green, for environmental awareness and commitment to the planet; (2) Innovation, as a lever to grow through new technologies and modern and potentially disruptive trends; (3) Development, to continue growing profitably and through new proposals for entrepreneurship, business models and geographies; and (4) Articulation, of new mechanisms of collaboration and alliances4.
		- **Together with financial indicators of success they have other sustainability goals**. By 2030, ISA aims to achieve a minimum increase of 70% in EBITD, but it also aims to reduce 11 million ton CO2-eq, and create 400,000 ha of ecological corridors for jaguars via conservation efforts, to invest USD 2,000 million in new energy businesses and to invest USD 150 million in entrepreneurship4.
* **Guiding their sustainability performance with international standards:** ISA has been member of the Dow Jones Sustainability Index for 4 consecutive years. In 2018, they had the maximum qualification on the categories of Corporate Citizenship and Philanthropy for energy sector companies. In 2016, ISA was recognized as a leading company in the energy public services sector by The Sustainability Yearbook of ROBECOSAM, and has been included for three consecutive years6. Additionally, they were included for the second year in the FTSE4Good, index of the London Stock Exchange that recognizes companies that meet global corporate investment standards and best practices in business sustainability4.
* **ISA has been certified under ISO 55001 Asset Management Standard for managing the lifecycle of its energy transmission assets.** ISA puts this ambition in the priority of its companies with its Asset Management Corporate Policy, which proposes “*managing energy transport assets with an integrated vision of its life cycle by executing safe processes for people, in balance with the environment and with the related communities* (...) *and to consider in the decision-making the optimization of the cost, the risk and performance of assets throughout its lifecycle: planning, supply, design, construction, purchases, operation, maintenance, renovation or replacement and final disposal*”7. In 2019, ISA REP was the first energy transmission company to be certified in asset management - ISO 55001 in Latin America. A little later, in 2020 ISA

INTERCOLOMBIA also achieved the certification8. “*That norm has not been implemented in Latin America* (...) *here in Peru OSINERGMIN is figuring out how to incorporate it. But we have already incorporated it* (...) *soon in Colombia as in 2 years it will be mandatory*” highlights Carlo Mario Caro, CEO of the Energy Network of Peru, Consorcio Transmantaro and ISA Perú2.

* **ISA has an Environmental management strategy throughout the lifecycle of assets:** ISA group manages the environmental permits and licenses required for the development of their projects and operations in compliance with the applicable regulations. This includes the rational use of natural resources required for the development of own activities in projects during all stages, and the prevention, mitigation, control and compensation of the impacts associated with the development of projects during their life cycle. Throughout this life cycle they implement many strategies such as regulatory monitoring and regulatory management, supplier management aligned with the environmental strategy, Environmental Management System - ISO 14001, among others4.
* **ISA protects biodiversity along the life cycle of their assets.** ISA companies value, respect and support natural heritage, especially in those areas that are important for biodiversity; as established in the environmental regulation of each country and the declaration of the International Union for the Conservation of Nature (IUCN) in relation to protected areas category I - IV. The IUCN Red Books are consulted to identify threatened species; likewise, the national lists that establish endangered species and restricted ecosystems are consulted. The initiatives of the Integrated Management of Biodiversity - part of the Corporate Environmental Policy- includes designs that minimize the impacts on biodiversity, a compensation portfolio (some compensations mechanisms are conservation of protected areas, payment for ecosystem services, habitat banks) and the implementation of the initiative “Jaguar Connection Program” (Box 2)9.
* **ISA manages its GHG emissions and keeps on the path to carbon neutrality.** At the moment, ISA measures its CO2 emissions in scopes 1 and 2. ISA companies have identified that, in terms of their direct GHG emissions (scope 1), more than 80% corresponds to fugitive emissions of sulfur hexafluoride gas (SF6) installed in encapsulated substations and high voltage switches. The second most relevant individual source of GHG emissions is associated with the consumption of electric energy (scope 2), activity for which the short-term goal was established, to reduce its consumption by 5% by 2019, based on the average of the last 3 years. In addition to identifying and optimizing potential sources of GHG, ISA companies compensated their emissions annually through carbon credits generated in Jaguar Connection program projects (Box 2), aiming to achieve carbon neutrality4 and even more, to become carbon negative, according to Carlo Mario Caro, General Manager of the Energy Network of Peru, Consorcio Transmantaro and ISA Perú 2.
* **Flagship initiative “Conexión Jaguar”** is the sustainability program for ISA’s companies to contribute to biodiversity conservation and climate change mitigation in the ecological jaguar corridors, in areas where ISA has ongoing projects. “*We looked at everything that happens in the environment around us, and we asked ourselves what do we have in common in all the countries in which we are? The answer was the jaguar. We know that wherever the jaguar is there is water, and where there is water, there is life. The jaguar is one of the animals that is most responsible for maintaining the biodiversity of the areas where it is, so we all decided to work on the Jaguar*

*Connection Project* (...) *With Jaguar Connection, we will ensure that all companies in the group have zero net carbon emissions*”2 explains Carlo Mario Caro, General Manager of the Energy Network of Peru, Consorcio Transmantaro and ISA Perú. Since 2015 ISA INTERCOLOMBIA and XM are carbon neutral. In 2018, ISA REP offset 100% of the emissions also achieving carbon neutral. The bet is also to generate bonuses available to other organizations and people who want to follow this path4.

**Box 2. Jaguar Connection.**

“Jaguar Connection” is ISA corporate sustainability program that together with its technical allies, South Pole and Panthera, develops to contribute to biodiversity conservation and climate change mitigation. The program is carried out together with the rural communities in priority areas for protection, recovery and connection of the natural habitats and corridors for jaguars in Latin America, which coincide with the territories where ISA operates. In Chile, we talk about “Puma Connection”. These projects have a carbon component for the GHG emissions reduction but also contribute to the improvement of water ecosystem services. “Jaguar Connection” has set big goals. In terms of implementation, it aimed by 2019 to have 6 projects in Latin America, by 2020 to get ISA’s companies carbon neutral, and by 2030 to reach 20 projects implemented in Latin America, thus achieving an impact of 180 000 ha dedicated to protection of the jaguar corridor and compensation of 100,000 ton CO2-eq.

“Jaguar Connection” aims to create a financial loop of initial ISA investment of up to $5,000 million that will attract project co-financing, and that will create more resources out of the commercialization of carbon credits, which will be reinvested in new projects. “*We provide valuable financial resources for structuring and developing forestry projects that must be endorsed internationally, according to the Voluntary Carbon Markets, to issue to the public “certified carbon credits” that will be purchased not only by ISA, but by other companies in the world*. *The money that comes from the commercialization of the carbon credits will be invested in the formulation of new projects that give continuity to the Program, and in actions of forest conservation, protection and monitoring of the jaguar, generation of employment, education, community infrastructure, among others*” 2.

The 2018 achievements are 3,4:

* Protection of 144,328 hectares of forest and water sources
* 3,850 hectares under restoration
* More than 60 wildlife species protected
* 1,600 educated and sensitized people regarding the loss of biodiversity in Colombia and Peru
* Design of a bio-cultural corridor on the western flank of the Sierra Nevada de Santa Marta, Colombia.
* **Verified reporting and compliance with the Global Reporting Initiative:** ISA releases integral reports on the results of the management of ISA and its core businesses: Electric Power Transportation, Information Technology and Telecommunications, Road Concessions and Real Time Systems Management. It also addresses the Progress Communication of the United Nations Global Compact (COP). The 2018 report was prepared in accordance with the methodology of the International Integrated Reporting Council (IIRC) and under the new Global Reporting Initiative (GRI) standard. It is important to note that each of the subsidiaries has their respective management reports that can be consulted on their web pages. The Company hired the

firm Deloitte & Touche to perform the verification of the Report, in accordance with the guidelines of the ISAE 3000 standard, in such a way that the reliability and accuracy of the published information is ensured4.

* **Offsetting:** We have as a target that ISA and its companies will be carbon neutral in 2020 by offsetting their GHG emissions through the purchase of carbon bonds from the projects of our sustainability program “Jaguar Connection”. Aligned with this objective, ISA, INTERCOLOMBIA and XM were carbon neutral for the fifth consecutive year and REP achieved that status for the first time by the compensation of 100% of their GHG emissions (Scope 1, 2 and 3).
	1. **External Transformation:**

**How did they transform policy decision-making, sector standards, other stakeholders way-to-do, researching processes and civil society?**

**Description:**

* + - **ISA has invested $14’465,305 in managing social risks and generating social positive impact throughout the lifecycle of their assets.** ISA develops social investment strategies throughout the life cycle of their assets, in a way that identifies, prevents, mitigates, and compensates social impacts and risks. Carlo Mario mentions that ISA has zero paralyzed projects, which shows they have social license to operate “We don’t have any paralyzed projects, in every community where we work we try to leave a positive footprint”(2). ISA works in synergy with local stakeholders to generate a contribution to the development of the communities and countries where it operates. ISA implements different programs of social intervention (Box 3) according to the asset's life cycle stage (portfolio, design, construction, operation and maintenance and dismantling) such as early engagement programs, information and participation programs, voluntary social investment programs that support local development. The social investment areas are in development and strengthening of organizations, education, and community infrastructure among others. Until 2018, ISA has helped 1,838 organizations and benefited 525,542 people4.
* **In Colombia, ISA contributes with the Energética 2030 Program which aims to develop a comprehensive strategy for the transformation of the Colombian energy secto**r. Energética 2030 has led to the creation of a scientific ecosystem via an alliance with eight national universities, 11 international allies and the participation of ISA and some of its subsidiaries. The program will strengthen research, development and innovation (r+d+i) in Colombian universities and will execute 11 projects to propose strategies for the transformation of the Colombian electricity sector by 2030. These projects aim to explore the first prototypes and models to carry out the operation, supervision and control of the future a high penetration of Non-Conventional Renewable Energy Sources 11,12.
* **ISA participates in academic and sectorial events in order to disseminate their comprehensive biodiversity management program and best practices for the promotion of conservation.** Among those participation arenas are the IPBES (Intergovernmental Platform for Biodiversity and Ecosystem Services), Colombia; Post IPBES Forum “Challenges and Opportunities for the Integral Management of Biodiversity and Ecosystem Services”, Colombia; Avian Collision in Electric Transmission Infrastructure Prevention Workshop, Colombia; II National Symposium on CITES Species with the Presentation of results of the Jaguar Connection Program, Peru4.
* **Since 2005, ISA is a signatory to the United Nations initiative, Global Compact.** Its subsidiaries ISA INTERCOLOMBIA, ISA REP and ISA CTEEP, are also part of this initiative. In 2018, ISA and ISA INTERCOLOMBIA together with other Colombian companies, carried out the Chair of the Global Compact, in which about 37 chairs were developed, with a coverage of 245 participants, aimed at suppliers on labor issues, environmental, equity and inclusion and climate finance; with the objective of including in the company’s key issues of the 2030 Agenda of the United Nations4.
* **ISA is catalyzing green investment with green bonds.** Consorcio Transmantaro, ISA Company, is the first energy transmission company in Latin America to issue green international bonds. The resources of this transaction, made for $400 million, are invested in projects that leverage energy efficiency. “*Our first issue of green international bonds reaffirms something we have been observing: investors want to put their money into sustainable projects, and there we are to synergize with them. At ISA*

*companies in Peru, we are very proud of this milestone that has made us a highly attractive company to invest in*” said Carlos Mario Caro, General Manager of ISA REP and Consorcio Transmantaro13.

* **ISA manages the sustainability of its value chain with emphasis in categories with most impact.** For that, ISA identifies key suppliers, the ones that represent the highest cost and have the biggest impact on the business. ISA sees suppliers as allies of the Company, and it is important to ISA that they are aligned with institutional principles, good sustainability practices, environmental protection, labor rights, quality and efficiency, and with the implementation of standards in health and safety at work;

and that they comply with the legislation established in each of the countries where they operate; relevant agreements and treaties and the voluntary commitments that ISA and its companies have made (Box 4). Some of the strategies include pre-qualification criteria for supplier selection, framework of suppliers’ performance based on the comparison with the standard of the International Council of Large Electrical Networks (CIGRE). For instance, in 2018, ISA conducted a sustainability audit process carried out on four relevant suppliers in services of design of lines and substations, through an evaluation led by an independent third party. With this exercise it was possible to measure and evaluate the performance of suppliers in the different dimensions of sustainability and propose measures to strengthen their management. The compliance percentage of Evaluations performed resulted in 79%, versus 33% of the year 20174.

* 1. **Governance: How did they make operative transformation?**

**Description:**

* + - **ISA has transformed towards a new approach of Organizational Talent:** As strategic aspect of the business, it seeks to connect internal collaborators passion’s with the challenges of ISA’s purpose. ISA has invested USD 3,2 million in capacity building, coaching and leadership experiences for their staff4. Carlos Mario Caro, general manager of ISA REP explains that “*people is happy helping others and they get a chance to do that by helping realize ISA’s purpose*”2. There are incentives aimed at

different employees associated with the development of projects that will allow services such as large-scale energy storage and distributed energy solutions (DER), projects that contribute directly to the reduction of CO2 emissions in the energy system. For this reason, the execution of achievements framed in these objectives was planned in the Variable Compensation System of INTERCOLOMBIA, TRANSELCA and INTERCHILE for 2019.

1. **Assessment of transformational phase and outcomes (ICAT transformational change elements)**

|  |  |
| --- | --- |
| **Phase of transformation 1** | **(a) Pre-development**, (b) Take-off, (c) Acceleration or(d) Stabilization at a new level or relapse |
| As the form summarizes, ISA has made the first steps (beyond pure compliance) in the path forward to a sustainable development. That they are looking for diversification of their business portfolio, giving particular importance to low-carbon choices, show it.By doing so, they have understood that its presence in several Latin America countries rather than a difficulty is an opportunity to contribute to a sector that offer great resistance to change. Therefore, their efforts in pushing for a clear regulation system will enable space for giving low-carbon solutions and innovation. |

|  |  |
| --- | --- |
| **Scale of outcomes** | (a) Micro level, **(b) Medium level** or (c) Macro level |
| Due to their presence, their impact transcends several Latin American countries. Therefore, several of their initiatives can be scale-up in all locations and influence different national contexts; which can even shape the sector’s strategies globally. |

|  |  |
| --- | --- |
| **Outcome sustained over time** | (a) Long term (≥15 years), (b) **Medium term (≥5 years and <15 years)** or (c) Short term (<5 years) |
| Most ISA projects are expected to impact and last at least more than 5 years. |

1. **Lessons learned and looking into the future**
	1. **What did you learn in your journey? What were the main challenges?**

**Description:**

* + - B**etter together:** All ISA goals are designed for national territories, and subject to the evolution of the national economy. ISA participates in discussions with governments, on the regulations applicable to the business related to climate change. In addition, ISA has programs with its own funds and makes alliances to co-finance, with other companies and the government. “*We are always looking by alliances… working together, we multiply benefits*” explains Carlo Mario Caro, General Manager of ISA REP and Consorcio Transmantaro2.
	1. **What does the champion expect to achieve in the coming years? What do they need to get there?**

**Description:**

* **Climate change mitigation goals based on SF6 Management:** With the corporate goal of reducing leaks up to 0.65% regarding the inventory installed in 2018, and the goal established for each subsidiary, a reduction of 3.833 ton CO2-eq was obtained due to a decrease in the SF6 leakage percentages considering the installed inventory of this gas in 2017. To achieve this target, ISA established individual goals for each subsidiary. The target for CTEEP, the subsidiary that is above the standard leakage level, is to reduce 10% of their leaks regarding the inventory of the previous year up to 2020, seeking to reach leaks under 0.5% regarding the inventory. For INTERCOLOMBIA, REP, TRANSELCA, INTERCHILE and ISA BOLIVIA, the target is not to exceed 0.5% of leaks because they are already below the level established by the International Electro technical Commission Standard (IEC). Although there is no regulation that requires ISA to adopt SF6 gas management practices, they set up as consolidated target for 2020 to reduce the SF6 leaks to a value of 0.5% according to the National Electrical Manufacturers Association -NEMA- and International Electrotechnical Commission Standard – IEC.
* **The ISA 2030 Strategy “Sustainable Value”** includes within its objectives the incursion into new energy businesses to diversify your business portfolio and positively impact the environment by decarbonizing the energy system. Based on an analysis, four business lines for development were prioritized: (1) energy storage, (2) distributed energy solutions (DER), (3) network connection for renewable energy projects and (4) regional energy integration.
* **Strengthening the climate change adaptation strategy:** In countries where ISA is present, they have a low contribution to global emissions but high vulnerability to the effects of climate change, basically given by uncertain long-term events that can affect the business and incorporate the view of the environment. The adaptation component is being incorporated by evaluating the possible threats and risks for the activities derived from the scenarios of change and climatic variability (risk assessment), and possible measures.
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**Annex 04. Case: Guayaki**

***Regenerative Rainforest Products***

1. **Company’s profile: Who Guayaki?**

|  |  |
| --- | --- |
| **Name** | Guayaki Sustainable Rainforest Products, Inc. |
| **Description** | Guayakí imports organic yerba mate from South America to create a range of ready-to-drink beverages, Loose Leaf Yerba Mate, and Yerba Mate Bags. By harvesting yerba mate that has been cultivated under native South America Atlantic rainforest trees, Guayakí provides indigenous communities and small-hold producers with a renewable income stream as well as the ability to steward and restore their land1. |
| **CEO** | Christofer Mann |
| **Founding year** | 1996 |
| **Sector** | Wholesale / Retail |
| **Category of company** | **(a) Global**, (b) Multi-latin, (c) Diversified Business Group,(d) Family business, **(e) B-corporation**, (f) SME or (g) Start-up. |
| **Headquarters** | California, USA |
| **Other geographies where it operates** | USA, Canada, Paraguay, Argentina and Brazil |

1. **Dimensions of the Transformation. What makes Guayakí transformative?**
	1. **Understanding the Ambition of their Purpose**

**Description:**

* By harvesting yerba mate that has been growing and cultivated under native South America Atlantic rainforest trees, Guayakí provides indigenous communities and small- hold producers with a renewable income stream as well as the ability to steward and restore their land. Their partner communities and restoration projects are primarily based in the yerba mate growing regions of Argentina, Paraguay and Southern Brazil3.
* Guayaki has a score of 119.8 in the B Impact Assessment, being above the lowed required to qualify for B Corp Certification1.
* Guayaki has six aspirational objectives that guide their Market Driven Regeneration™ business model. Each objective lists key sustainability metrics alongside a regenerative indicator and self-assessment (on a scale ranging from Engaging to Innovating). Together they form the ‘whole systems’ picture of their global impact2.
	1. **Internal Transformation:**

**How did they transform its corporate culture and business model?**

**Description:**

* **Values-aligned suppliers and processing:** They partnered with B Lab and Sustainable Food Trade Association on a Supplier Engagement Initiative to benchmark their suppliers’ performance. Guayaki focus to 2020 is to drive continual improvement for suppliers and reduce short-lived climate pollutants from processing2. Guayakí has set goals to their 2020 Mission and made has made progress towards achieving them by that date as:
* 2020 goal: Engage 100% of significant suppliers in the QIA and integrate QIA into supplier onboarding. Advances by 2018: 50% of significant suppliers were educated about B Corps and completed the Quick Impact Assessment (QIA).
* 2020 goal: 90% of byproduct diverted from landfill for all processing and manufacturing. Advances by 2018: 288 cubic yards of byproduct diverted from landfill per year at partner manufacturer.
* 2020 goal: maximize low-emission drying without sacrificing flavor. Advances by 2018: 16% of yerba mate drying used low-emission methods.
* 2020 goal: benchmark water usage and research options. Advances by 2018: 96% of units sold were manufactured in water-stressed regions.
* 2020 goal: increase renewable energy percentage. Advances by 2018: 71% overall renewable energy at HQ and two international offices.
* 2020 goal: 90% waste diversion from landfill. Advances by 2018: 76% waste diversion from landfill at HQ with 64 tons material recycled, reused and composted, preventing 35 MT CO2e.
* Guayakí uses 100% renewable electricity at headquarters (HQ) from local geothermal source, preventing 86 MT CO2e.
* 100% of “Cebadores” (employees) were trained on zero waste and new Regeneration Policy. Regeneration training was incorporated into new hire orientation.
* Guayakí operations has health benefits by not exposing producers and harvesters to agro-toxins. At the same time, being organic, it generates jobs, by replacing machines with manual work. Likewise, it respects the culture of the various yerba mate producing communities, as well as the working conditions that promote fair trade4.
* **Regenerative Agriculture:** They source yerba mate grown regeneratively under the shade of native forests, which produces a better tasting beverage while building healthy soil, storing carbon, and preserving air quality, water supply and biodiversity2.
* 2020 goal: host 2019 workshop. Advances by 2018: 127 stakeholders from four countries identified their challenges, strengths and dreams at a workshop in Brazil.
* 2020 goal: educate 500 students for the 2018 school year. Advances by 2018: 390 students from 16 schools were educated about shade-grown yerba mate at Guayakí education and research nonprofit Fundación Agroecológica Iguazú.
* 2020 goal: participate in Regenerative Organic Certification Pilot. Advances by 2018: 99.9% of purchased ingredients certified Organic.
* 2020 goal: develop Fair for Life Strategic Plan. Advances by 2018: 91% of purchased ingredients certified Fair Trade.
* $130,000 in Fair Trade premiums to enrich yerba mate producer communities.
* **Zero waste**: They assess their packaging and purchasing with an emphasis on using less, sourcing well, and considering the end-of-life treatment. They updated our policy to guide purchasing of supplies and merchandising, and they discontinued our mate bag overwrap and string2. Guayakí 2020 focus is to continue improving the environmental performance of their packaging as:
* 2020 goal: increase percentage of post-consumer recycled material. Advances by 2018: 33% of packaging by weight contained post-consumer recycled material.
* 2020 goal: continue to research opportunities for packaging redesign for better environmental performance. Advances by 2018: 44,000 pounds of packaging reduced annually through packaging redesign.
* 2020 goal: support recycling programs. Advances by 2018: 92% of packaging was recyclable.
* 2020 goal: support composting legislation and learning through Sustainable Food Trade Association Packaging Working Group. Advances by 2018: 5% of packaging was home-compostable.
* 2020 goal: source 100% renewable materials. Advances by 2018: 3% of packaging was from plastic.
* Until 2018, 77% of units sold were cans with 60-70% post-consumer recycled aluminum requiring 95% less energy.
* **Conscious leadership:** Guayakí make time and space for: expressing gratitude, experiencing the outdoors, engaging with each other in fun ways, growing personally, traveling to South America, volunteering in our communities, and being of service through the sharing of yerba mate2. Their 2020 focus is to stregthen the capacity, resilience, and diversity of their team.
* 2020 goal: keep annual trips a priority. Advances by 2018: 80% of Cebadores have experienced life-regenerating trips to South America producer communities.
* 2020 goal: develop our team and expand our training programs. Advances by 2018: 37 average training hours per Cebador.
* 2020 goal: secure investors that allow Guayakí to remain mission-driven and not profit- driven. Advances by 2018: 59% of Guayakí is owned by Cebadores and the remainder is owned by impact investors.
* 2020 goal: celebrate our overall diversity, increase Cebador ethnic diversity of 26%, and support programs that improve social equity. Advances by 2018: 13 B Corp metrics improved for diversity & inclusion, including a new policy and training, diversity outreach field initiative, and survey of self-identified ethnicity.
* 2020 goal: create more volunteer events and co-host local conscious gatherings. Advances by 2018: 90% of HQ Cebadores supported the local community with volunteering.
* 2020 goal: seek continual improvement. Advances by 2018: 120 is Guayakí’s B Impact Score, more than twice the average for all businesses having completed the B Corp Impact Assessment.
* 2020 goal: strengthen women’s leadership with women’s gourd circles and support. Advances by 2018: 41% female managers.
* 140 volunteer hours spent delivering $41,000 of Guayakí Yerba Mate to firefighters, police, and volunteers responding to the devastating wildfires that burned in our community in October 2017.
* 100% of Cebadores received a living wage.
* $341,000 donated in both product and charitable contributions.
	1. **External Transformation:**

**How did they transform policy decision-making, sector standards, other stakeholders way-to-do, researching processes and civil society?**

**Description:**

* **Zero emissions:** They completed a third-party greenhouse gas inventory, showing they’ve been carbon beneficial or “net negative” for 22 years due to rainforest carbon storage. That didn’t dissuade them from joining the Climate Collaborative and pledging continual improvement in all nine areas to reverse global warming. Their work earned them an Outstanding Value Chain Engagement award from National CO+OP Grocers, OSC2 and SFTA in 2018. Guayakí buys buys renewable energy for their offices from California to Green Mountain Energy2. Their 2020 focus is to reduce emissions from miles traveled and build 100% fossil fuel free fleet.
* 2020 goal: increase usage of rail freight for finished product. Advances by 2018: 17 MT CO2e offset from UPS carbon neutral shipping and 52 MT CO2e prevented by using SmartWay long-haul carriers.
* 2020 goal: 100% fossil fuel free fleet. Advances by 2018: Operated the largest commercial fleet of all-electric Chevy Bolts for our DSD distribution.
* 2020 goal: install EV charging stations at HQ. Advances by 2018: 30% of HQ Cebadores commuted by bike/public transit/carpool/EVs and received credit at Guayakí Mate Café.
* 2020 goal: 100% fossil fuel free where available and educate Cebadores about their impact. Advances by 2018: 5,200 fleet miles + 760 business miles + 16,100 flight miles traveled per Cebador.
* 50 MT CO2e from flights to Cebador Summer Gathering offset by personal carbon offset purchases, home tree planting, and drinking loose leaf Guayakí Yerba Mate.
* 21 electric tricycles served Guayakí Yerba Mate at gatherings and events.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Growing | Procesing | Packaging | Transport | Guayakí Yerba mate |
| Guayakí is | Every step of | The life- | Guayakí | For every pound |
| originally shade | processing the | cycle | calculated the | (454 grams) of |
| grown in the | mate, from the | emissions | emissions from | Guayakí, 573 grams |
| rainforest and in | drying process to | of this | transporting the | ofcarbon are |
| reemerging | rhe energy used to | packaging, | yerba mate, | reduced from the |
| forests. The | put mate into the | from raw | including | environment2. |
| forest´s growth | bag, produces | material | moving from |  |
| captures enough | emissions. | extraction | drying facility to |  |
| carbon dioxide to | Guayakí assessed | to final | the sea port, |  |
| make Guayaki´s | each of these steps | disposal, | shipping from |  |
| carbón footprint | to determine their | produces | South America |  |
| negative over its | respective impact. | 11g of | by boat, and |  |
| production cycle. |  | carbon | trucking to the |  |
|  |  | emissions. | relater. |  |

* **Share the gourd:** Sharing yerba mate through the traditional gourd fosters community and connection2. Guayakí 2020 focus is to educate and inspire people about yerba mate culture and regenerative lifestyles, and to achieve those commitments they have specific goals as:
* 2020 goal: 1,000,000 cans in hand by 775 University Ambacebadores and Cebadores. Advances by 2018: 390,000 cans shared through 1,500 opportunities across 171 colleges and universities for school year 2017-2018.
* 2020 goal: share the yerba mate culture and inspire our followers to nurture regenerative lifestyles. Advances by 2018: 675,000 lifetime video views on YouTube

and Facebook + 115,000 social media followers across numerous social media channels.

* 2020 goal: build bridges among leaders that are regenerating ecosystems and communities worldwide at new Life Regeneration Center in Argentina. Advances by 2018: 2nd annual Activating Regeneration conference educated global leaders in Rio de Janeiro, Brazil.
* 2020 goal: promote activism and inspire change. Advances by 2018: Guayakí launched Come to Life, a good news network for the regenerative movement experienced through the lens of film, music and productions. In its first year, Come to Life is producing 12 music events and films such as Why B Corps Matter.
* TEDx with CEO Chris Mann educated people on how we can learn from native cultures, implement mindfulness, build long-term social infrastructures, and use ritual and play to inspire more connected, aware, and empathetic businesses.
* TEDx in Spanish with Chief Cebador and Alex Pryor educated people about creating regenerative businesses and the challenges Guayaki faces in achieving its mission.
* **Guayaki and the B Corp certification:** Guayakí was one of the first companies to obtain the certificación of B corp in the United States in 2007. Thecertification follows the guidelines of the company, so there was no change in the fundamental purpose of the company. Certification is a form of legitimisation of the actions of Guayakí. Through certification, the company demonstrates its commitment to improvement. The B-Lab continues in the four areas analysed by the B-Lab: governance, workers, environment and community. Therefore, its performance is measured, not only in economic terms, but also in the number of hectares of forest and reforested, as well as the development generated in communities4.
	1. **Governance: How did they make operative transformation?**

**Description:**

* + - **Empowering families of the community Aché5:** Approximately 60 families of the Kuetuvy community, one of the six communities of the Aché Guayakí wich is located in 4760 hectares of forest granted by the state, are the beneficiaries of the initiative “Proyecto de Desarrollo Rural Sostenible” (PRODERS) of the national government of Paraguay, for the construction of an industrial dryer built with the support of the Ministry of Agriculture and Livestock in order to export in partnership with Guayakí, with whom they have a contract thanks to the efforts of all its members.

Since 2007, the community has been working on social and environmental development programs, with state institutions and private companies with whom they have substantially improved the production of yerba mate. The production dates from the implementation of a program of native species under shade with the criteria of care

of the forest. Currently they have 48 hectares of Yerba Mate with international certification of Organic Standards for the market in the United States and Canada, in addition to Fair Trade certification. With these two norms applied and in force, they are able to export their production to the United States market. In the year 2018, they were benefited by the Paraguayan state through funds applied by PRODERS with the support of the World Bank.

The priority was given to the installation of an industry to process the production and thus maintain the quality of the product for export after an investment of 96,000 dollars. In total it is highlighted that the production covers an area of 60 hectares under the forest and the projection establishes that in 5 years, 300 tons of green leaves can be exported; a quantity 5 times higher than the current one. Also, it is highlighted that this is the only indigenous community in the country that has an international organic and fair trade export stamp to the United States. In this case can be seen that Guayakí has encouraged the Paraguayan government to have initiatives that benefit the communities, since they know the market that they could influence if they had technological improvements to enhance their production5.

1. **Assessment of transformational phase and outcomes (ICAT transformational change elements)**

|  |  |
| --- | --- |
| **Phase of transformation 1** | (a) Pre-development, (b) Take-off, (c) Acceleration or**(d) Stabilization at a new level or relapse** |

|  |  |
| --- | --- |
|  | Guayakí shows matureand grown-up state of transformation. As Guayakí aligns their 2020 impact objectives with the SDGs, they recognize that it will take a new way of thinking to achieve goals of such scale and complexity. It will require a regenerative mindset that recognizes living system principles and the interconnectednessof all living beings. |

|  |  |
| --- | --- |
| **Scale of outcomes** | (a) Micro level, **(b) Medium level** or (c) Macro level |
| Guayakí has impact on different countries in America. They have achieved that the organic production of yerba mate is sustainable since they have presented this business model to consumers who bet on having a positive impact on the environment. |

|  |  |
| --- | --- |
| **Outcome sustained over time** | **(a) Long term (≥15 years)**, (b) Medium term (≥5 years and <15 years) or (c) Short term (<5 years) |
| Guayakí was born with a vision that has allowed them to enter a select market, stay in time and position themselves as the favorite of many. They have opened the market for more products made from yerba mate or with purpose, demonstrating that their business model works and can be profitable. |

1. **Lessons learned and looking into the future**
	1. **What did you learn in your journey? What were the main challenges?**

**Description:**

* Unfortunately, the more successful you are, the more you attract competition. If you're not successful, why would anyone compete with you? In the last months, they have seen competition from SC Johnson, Clorox, Kimberly Clark. A multitude of corporations are entering the green household space. Guayaki was unprepared for competition and found that they were not doing an effective enough job of telling their story. But they developed a competitive strategy using a mission-based perspective to differentiate. Guayaki competes on values and needs to find what level they'll compete on and market that message8.
* The company faces more RTD competition than ever, in the form of products like CLEAN Cause, Yerbae and Yachak, the latter of which is part of PepsiCo’s portfolio. Of those, Yerbae has expanded quickly; along with adding chains like Target, CVS and Circle-K, the brand has broadened its nationwide DSD coverage with partners like Columbia, Big Geyser, Burke and Atlas. CLEAN Cause, a sparkling Yerba mate drink, has also weaved a social mission — in its case, helping fight drug abuse and substance addiction — into its brand identity. The company is projected to surpass 7,500 retail accounts by the end of Q3, with recent growth coming along the West Coast and Pacific Northwest6.
	1. **What does the champion expect to achieve in the coming years? What do they need to get there?**

**Description:**

* **Who will be delivering Guayakí products to accomplish their ambitious goals over the next decade?**

To bring its products to over 200 countries and 23,000 colleges and universities, the company is aiming to hire 10,000 employees from the “legion of the system affected”

— a term the company uses to describe formerly incarcerated individuals — to distribute its products across the U.S. and Canada via a fleet of 100% electric vehicles.

Guayakí’s self-distribution model, called its “Hacedor” program, is designed to be integrated easily into new markets. Sales associates, or “hacedors” (Spanish for “doers”), give stores on their routes their first shipments for free, then come back in two weeks and take a reorder, for which there is no minimum. All logistics are tracked digitally.

The company has taken a measured approach to the program’s rollout; its eventual goal is complete self-distribution, to which Karr said it was over halfway there with approximately 10,000 accounts — or, “all of California and basically most of the U.S., outside of natural [retailers],” — serviced by a fleet of over 300 electric cars. Guayakí has hired over 100 hacedors from the “legion of system affected” during that time7.

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**Annex 05. Case: SINBA**

***Nothing left, everybody contributes***

1. **Company’s profile: Who is SINBA?**

|  |  |
| --- | --- |
| **Name** | SINBA Sura S.A. |
| **Description** | SINBA, short for “*sin basura*” (without waste), is a Peruvian start-up based on circular economy principles to give value to food waste from restaurants of Lima, which as part of the services they provide, is collected to later on be transformed into high- quality animal feeding products. |
| **CEO** | Pipo Reiser & Andrea Rivera(Under SINBA’s model, rather than a CEO there is a co-leadership) |
| **Employees** | 25 |
| **Founding year** | 2016 |
| **Sector** | Food waste treatment (as a service) and manufacture of livestock feeding products |
| **Category of company** | (a) Global, (b) Multi-latin, (c) Diversified Business Group,(d) Family business, **(e) B-corporation**, **(f) SME** or **(g) Start-up**. |
| **Headquarters** | Lima (Peru) |

|  |  |
| --- | --- |
| **Other geographies where it operates** | Not Applicable |

1. **Dimensions of the transformation. What makes SINBA transformative?**
	1. **Understanding the Ambition of their Purpose**

**Description:**

* + - **A solution for food waste mismanagement in Peru:** SINBA is a co-creation of a group of colleges that became aware of the huge amount of food wasted and there wasn’t a possible and affordable solution, so they felt the need to do something about it. In Peru, about 30 thousand tons of waste2 are thrown into improvised landfills every day. Half of that waste is food waste and kitchen scraps, which decompose and emit methane, a powerful greenhouse gas.

The rate of recycling is unfortunately only 4%2 and most of that is performed informally by recyclers who have no other income opportunities3. At the same time, there are small pig- farmers on the outskirts of Lima who are feeding organic waste to their pigs in clandestine conditions, as this is illegal without proper processing to ensure the safety of the feed. Seeing this reality, they see huge potential in harnessing the best of these activities

* + - **Multiple-impacts purpose:** From the very beginning**,** SINBA had the position of being a company that impacts positively in the environment and society besides profit. Ultimate SINBA’s is to give a new meaning to waste in Peru by transforming food waste into animal feed for urban farms in partnership with urban recyclers. This resulted in positive impact to (1) the environment, by reducing pollution due to inadequate management of food waste coming from restaurants, and to (2) communities, by their work that includes continuous awareness campaigns and training to the Peruvian gastronomic community, as well as the creation of partnerships in the value chain to promote a gastronomic regenerative cycle, besides the economical sustainability.
		- **From linearity to circularity:** “*Nothing left...*” is the first part of SINBA’s slogan that corresponds to their circular model of production. The food waste – lefts of bread, fruits and vegetables, including bones and scraps of meat, fish or shellfish, which are 75% of the waste of a restaurant3 - is taken to SINBA’s factory, where it is processed, sterilized and converted into a high-quality food for pig farms in urban areas of Lima. Later on, this meat is again served in restaurants, and the cycle is closed (Box 1).
* **Creating opportunities for collaboration:** “..., *everybody contributes*” is the second part of SINBA’s mind. When they went deeper into the food waste context, they realized that restaurants’ waste reaches informal landfills. There, many poor families collected food

leftovers and used them on clandestine farms for feeding their pigs. In this context, they decided that their work couldn’t be completed without those taking part. Thereby, SINBA’s processes promote formal and decent employment by including recycling associations and small breeders, besides the gathered community of committed restaurants, food markets and catering services.

* 1. **Internal Transformation:**

**How did they transform its corporate culture and business model?**

**Description:**

* + - **Operations aligned to SDGs:** SINBA’s business model is itself an entrepreneurship in line with the SDGs (2) Zero Hunger, (11) Sustainable cities and communities, by integrating cities with their food production sites, and (13) Climate Action, as co-benefit. Moreover, “to keep coherent”3, they are continuously looking forward to contribute to them by making their operations more efficient in terms of resources consumption. In that sense, SINBA is currently trying to totally decouple their production from fossil sources by the implementation of a renewable energy system (PV) to feed their bio-factory with less carbon-intense electricity.
* **Learning by doing:** SINBA’s innovative model has evolved from its first version. As it involves an unprecedented deployment, what is now known as SINBA’s model is the result of a trial- and-error process, which gave solutions to the issues that founders have found throughout. Still today, they are looking for ways to make it more efficient by incorporating other cycles (such as biodiesel produced from used cooking oil, see section 3.2) to the at the moment set.
* **B – Certification for evaluating their impact:** SINBA is a certified B-company4, meaning that measure their impact under an assessment for social and environmental performance (that covers the company’s entire operation and determine the positive impact of the company in terms of governance, workers, community, the environment, as well as the product or service the company provides), and commit themselves personally, institutionally and legally to make decisions considering the consequences of their long-term actions in the community and the environment (meeting accountability standards). In the B-system platform, SINBA has decided to make available the resulted reports.
* **A low-carbon business without a carbon footprint:** Although SINBA has not measured their CO2-eq emissions yet, it does not mean the Executive board is not aware of the need. In 2019, they decided to start yearly measuring their operation emissions from 2020 onwards, and go for carbon neutrality in 20215. It is worth to mention that as part of the assumed B- certification commitments, SINBA must reach carbon neutrality by 2030; however, they are willing to anticipate compliance as they recognize that global climate action is strongly required.
	1. **External Transformation:**

**How did they transform policy decision-making, sector standards, other stakeholders way-to-do, researching processes and civil society?**

**Description:**

* + - **Collaboration as a leverage point:** SINBA seeks to articulate the community and different stakeholders, executing the circular solution above-described and training others to replicate eventually the solution across the country. In doing so, their contribution is orientated to climate change mitigation and adaptation in several ways. One of first and most direct ways is by creating a community of businesses and people who want to participate in making a change, and organizing communication campaigns in order to create awareness about the problem and possible solutions, which they are already doing through social media and industry groups.
		- **A model based on alliances:** SINBA’s model is possible only because partnerships. Along SINBA’s cycle stakeholders associated to the food waste issue participate and be part of this innovative solution. Strong alliances with (1) food businesses (main allies who allow for SINBA to thrive financially) to manage and segregate organic waste at the source, (2) recyclers to pick up and transport food waste to SINBA’s plant, (3) local communities to run the bio-factory under proper working conditions, and (4) urban pig farmers to be provided with a fair-price high-quality feed, make SINBA’s cycle happen.
		- **#SinBasura (zero-waste) Peruvian gastronomy:** “*The Peruvian gastronomy hides an uncomfortable truth*” holds Phillip Reiser, SINBA’s co-founder. Peruvian restaurants (many of them leading the best in Latin America) produce between 30 to 400 kilos of food waste per day. Unfortunately, only 4% is recycled5. SINBA addresses the challenge through the services they provide. SINBA currently collects around 840 ton/year from 42 businesses in Lima. In order to properly separate organic waste in restaurants, SINBA strategy includes a program of certification for restaurants. SINBASURA certificate recognizes their good practices and commitment assumed (Box 2).
		- **Contacting Academia:** SINBA has recently gotten into contact with a researching group from the Peruvian University Cayetano Heredia to keep improving the proposed solutions and give a scientific backup to their claims. There are no patents so far associated to the innovative model of SINBA.
	1. **Governance: How did they make operative transformation?**

**Description:**

* + - **Top-down decision-making approach:** All decisions are taken by SINBA’s co-founders as the team is still quite small and keep being required in the way of searching for an increasingly sustainable business model. At the moment, no further organizational arrangements have been necessary in these processes.
		- **Capacity – building playing a key role:** No minor SINBA’s impacts are the creation of jobs under fair conditions, and the enforcement of practices that enhance the Peruvian food system sustainability. Increasing employees’ environmental awareness and capacity building is thereby highly relevant. Having understood this, SINBA is providing continuous training sessions to their employees to fulfill knowledge-gaps.
1. **Assessment of transformational phase and outcomes (ICAT transformational change elements)**

|  |  |
| --- | --- |
| **Phase of transformation 1** | **(a) Pre-development**, (b) Take-off, (c) Acceleration or(d) Stabilization at a new level or relapse |
| SINBA business is by itself a pioneer in developing a concrete solution for food waste management issues in Lima, Peru. Currently, they are giving continuity to their efforts in order to keep ambition towards zero-carbon and sustainable practices.Low collective awareness and strong resistance from those benefiting from the existing paradigms is still the main challenge. |

|  |  |
| --- | --- |
| **Scale of outcomes** | **(a) Micro level**, (b) Medium level or (c) Macro level |
| Leading the revolution of food waste management has paid off. Even though several outcomes are today visible and likely to scale-up in other communities, SINBA’s potential is still becoming clear even in direct action communities, before further mobilization. |

|  |  |
| --- | --- |
| **Outcome sustained over time** | (a) Long term (≥15 years), (b) Medium term (≥5 years and <15 years) or **(c) Short term (<5 years)** |
| SINBA has a clear vision of what they want to reach in the long-term. However, at the moment, their outcomes have a short-term nature, meaning that most projects are expected to have concrete results in less than 5 years. A long-term view might result in a more advance state of transformation. |

1. **Lessons learned and looking into the future**
	1. **What did you learn in your journey? What were the main challenges?**

**Description:**

* + - **Technology challenges for an innovative approach:** Since there is no precedent in terms of machinery and expertise, one of the biggest challenges was the one related to technical aspects to address the conceptual alternative to food waste management that the

found out. A negative side effect (or rather a risk) has been, for example, the improper handling of the organic waste that could become animals ill. This issue was amended by including sterilization and fermentation stages in the waste handling process, what came out after several attempts of trying out a solution.

* + - **Social barriers:** On the other hand, reluctance to accept the introduction of a value to waste especially when replacing conventional view represented an initial barrier that was broken through intense awareness campaigns and training to the allies to better get involved in the solution SINBA brought. Later on, when trust in equitable distribution of benefits from
		- **Policy enabling conditions that allow better performance:** SINBA highlights three key policy changes that would allow for them to multiply our performance, and accordingly, their impact3:
1. *Putting a price on carbon* would make energy intensive competitors that rely on fossil fuels less competitive and create a positive revenue stream.
2. *A ban on disposing of organic waste in illegal landfills and waste dumps* would set the stage for mandatory solutions such as theirs to be implemented on every level, like passed in California, France and on a commercial scale, Massachussets.
3. *A zero-waste government program* would force stakeholders to seek solutions such as the one SINBA is proposing.
	1. **What does the champion expect to achieve in the coming years? What do they need to get there?**

**Description:**

* **CO2-credit market as financial support for further action**: One ton of wet food waste if decomposed in a landfill generates about 37.5 kg of methane. Taking a CO2 equivalency factor of 23 for methane, it would mean an emission saving of 863 kg/ton CO2-eq. In the first 5 years, SINBA expects to divert 223,015 tons of organic waste from, which translates into an emission reduction of 192,462 tons CO2-eq6. Based on this clear potential, CEO Phillip Reiser affirms that they have been already working on getting methodologies to access to a CO2-credit program from their core operations3,5.
* **A step further still to be incorporated:** In addition to picking up waste, SINBA is planning on picking up used cooking oil from the food businesses and turn them into biodiesel, which they will use for all their logistical processes.
* **SINBA’s time-line:** In the short term (< 5 years), SINBA’s expectations are to have a fully operative cycle, reaching out 20% of restaurants and food markets (in Lima) within their waste management program.
* **Scaling – up the model:** By further training, SINBA strongly believe that replication is possible in major regions of the country (cities such as Arequipa, Cajamarca, Piura, Cusco and Iquitos). By 2025, they expect to manage at least 3 bio-factories, set up and operated in Peru. In the long term, they expect to “*Neighboring countries’ main cities: Santiago de Chile, Guayaquil and Quito (Ecuador), Bogota and Medellin (Colombia), La Paz and Santa Cruz (Bolivia) and anywhere where we find this opportunity and people interested in executing it”*.
* **A new goal:** Peruvian cities have resilient, local, organic food chains that allow them to be self-sufficient and have access to high quality food at a reasonable price. The concept of organic waste no longer exists (and landfills are no longer needed), as all of it is reused in different optimized processes and agriculture is local, healthy and integrated into thriving ecosystems that provide food for communities while maintaining a healthy environment.
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**Annex 06. Case: TONKA**

***Towards a less carbon-intensive business***

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| --- |
| TONKA is a company with more than 50 years in operation. The leaders have understood that businesses, how currently are run, do not go anymore and must actually respond to current global challenges. Therefore, after being certified as a B-company, they established a transition strategy. By a new production unit (Tonka Solar) that currently represents 40% of their profit, they supply with accessories to facilitate the installation of renewable energy in remote areas of Argentina, while developing a less carbon-intensive business model.  |

1. **Company’s profile: Who is Tonka?**

|  |  |
| --- | --- |
| **Name** | Tonka S.A. |
| **Description** | Tonka SA is a family owned company. They are an Argentine metallurgical company that develops and fabricates gas controls for household gas appliances. Innovation is a way of living for them. The company started 46 years ago with an innovation and Tonka SA has been doing so for all these years. They design and create security and control devices for instant water heaters, stoves, heaters and many other appliances. |
| **CEO** | Pedro Fiedrich |
| **Employees** | 80 |
| **Founding year** | 1970 |
| **Sector** | Manufacturing industry |
| **Category of company** | (a) Global, (b) Multi-latin, (c) Diversified Business Group,**(d) Family business**, **(e) B-corporation**, (f) SME or (g) Start-up.  |
| **Headquarters** | Buenos Aires (Argentina) |
| **Other geographies where it operates** | Argentina |

1. **Dimensions of the Transformation**

**2.1. Understanding the Ambition of their Purpose**

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| **Highlights/ Key Messages:*** Tonka has always aimed to supply with innovative products that reduce the energy consumption in gas-based appliances.
* Tonka’s current purpose is to solve Argentina energy – related issues not only by developing solutions for more efficient energy consumption but also by becoming an agent to migrate to a less carbon-intensive energy matrix.
* Hapiness display by the value chainas an ultimate Tonka’s goal.
 |

**Description:**

* **Innovative solutions to reduce energy consumption in gas-based appliances2.** TONKA seeks to solve some Argentina energy-issues, under its vision "more efficient energy consumption". To do so, they develop a wide range of accessories for gas-based appliances such as pilotless valve for boilers (INTI and ENERGAS), gas-pressuare micro regulators, valves for hybrid systems (gas-sun), pilot analyzers for carbon monoxide and direct ignition systems. They also provide with solar pumping systems to bring water and develop photovoltaic kits to supply with electricity to remote areas.
* **Dealing with fossil fuels.** Due to existing public policies, fossil fuel consumption has been promoted in Argentina in past decades. Recently, conditions changed and natural gas became unaffordable as international prices increased. By Tonka’s innovation and strong research and development, the company supplies the local industry with the products required to save gas and promote the essential use of it. The company vision is to help society use it properly, while saving natural resources. “*Environment and society need to be taken into consideration when providing the industry that creates gas appliances*”, says Pedro Fiederich, Tonka's former CEO3. Moreover, Tonka´s mission is not only oriented around saving energy, but also seeking to promote the common good within society.
* **A less carbon-intensive Argentian energy matrix.** During all their years of operation, Tonka have always provided to the market with innovative solutions for increasing energy consumption efficiency in gas-based appliances. By 2014, they decided to launch a new business unit, Tonka Solar, to be aligned to their new purpose “*to solve Argetina energy – related issues not only by developing solutions for more effiecient energy consumption but also by becoming an agent to migrate to a less carbon-intensive energy matrix*”. Tonka Solar currently represents 40% of their profit by supplying with accessories to facilitate the installation of renewable energy in remote areas of Argentina. By doing so, they support public sector inititatives (INTA, ENERGAS, MINEM, MADS) to take Argentina out of the poor scenario that displays in terms of renewable energies, in comparison to other countries of the region.

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| **Box 1. Tonka Solar’s sustainability strategy5**Tonka’s vision is to be protagonist in changing the energy matrix of Argentina. Their mission, on the other hand, is to develop and market products that promote the use of renewable energies through the generation of efficient solutions for people's lives and the country's economic development.Such ambitious vision cannot fail to be consistent in all respects. Therefore, the deep sustainability compromise of Tonka Solar is constituted by 5 pillars:* 1. **(1) Zero waste:** All the waste they generate must go to a recycling circuit.
	2. **(2) Zero net energy**
	3. **(3) Zero net emissions**
	4. **(4) Promote the happiness and well-being of the value chain**
	5. **(5) Measure the purpose** constantly by means of social and environmental metrics.
 |

* **Towards to being a business model that world needs.** The re-formulated purpose of the company is to ensure that the more their business grows, the better it is for society and the planet. Tonka’s leaders strongly believe that businesses as they were conceived will not last much longer; for this reason, a company today shall work to give solution to a social or environmental problem. Tonka Solar is thus a business model that they are willing to migrate to.
* **Happiness and well-being as a key factor.** According to Pedro Fiederich, Tonka's former CEO3, they have a long history of growth without layoffs due to lack of work. Indeed, they are very proud of using indicators measuring happiness according to Bhutan's index.

**2.2. Internal Transformation:**

 **How did they transform its corporate culture and business model?**

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| --- |
| **Highlights/Key messages:*** The assessment questionnaire of B certification was the tool to identify improvement aspects about their socio-environmental performance.
* A particular scope for estimating Tonka’s GHG emissions has allowed them to compensate historical emissions by today.
* Tonka has identified a way to compensate their emissions in the forest land of Sierra Misionera.
 |

**Description:**

* **B Certification as the starting point.** In 2014, they went for B Certification. By going through the assesstment questionnaire, they realized that they had an enviromental performance to improve. The certification process was the right opportunity to ask themselves why they were working like that, and identify where the chances to enhance internally were. Engineer Ernesto Boerio, Sustainability manager in Tonka, holds that measurement of their GHG emissions was, for example, a result of this process. Before that, they had never thought to do so. As Carbon Footprint was one of the requirements for getting a better score, the decided to start the estimation of their GHG emissions4.
* **Estimation of historical GHG emissions is the correct**, according to Tonka. This is not what companies normally includes in their calculations though. Tonka’s Sustainability manager, Ernesto Boerio, was in charge of estimating GHG emissions generated from foundation year (1970). The approach followed was constituted by the sum of two procedures, (1) from 1970 to 2014, by rough calculation based on the pieces produced by the company during those years; and (2) from 2015 to 2019, by consolidating data (activity level) of the emission sources. About 1,500 CO2-eq tons resulted from this calculation4.
* **Managing GHG emissions.** Tonka reports that at least 70% of their GHG emissions corresponds to scope 2, electrical energy. Therefore, their efforts on mitigating them were focused on generating their own energy by (1) switching to LED lighting, (2) from conventional to solar-thermal generators for washing pieces, and (3) the installation of a photovoltaic system on the roof of the production plant to cover at least 75% of their energy needs. Although this last remains as a project due to legal enabling conditions, other measures to reduce their emissions have been associated to better waste management procedures4.
* **Carbon neutrality in a 25-year forest of Sierra Misionera.** Based on published information about national forest ecosystem properties to absorbe CO2 emission, Tonka estimated how many hectares of forest in Sierra Misionera were required to offset its historical carbon footprint4. How much the company has emitted since the day it was founded in 1970, understanding that the area under the emissions curve is the carbon they have emitted historically. Tonka’s CEO acknowledges having a debt to future generations, so they rented 5 hectares in the jungle in the province of Misiones, Argentina to compensate their emissions until 25 years from now to be zero emissions3,4. The company is actively fixing carbon on the land where they plan to increase biodiversity and reinforce growth, not just spontaneous growth.

**2.3. External Transformation:**

**How did they transform policy decision-making, sector standards, other stakeholders way-to-do, researching processes and civil society?**

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| **Highlights/ Key Messages:*** Tonka has demonstrated that a private – private scheme for carbon offsetting is feasible and replicable.
* Their development of specific accessories for gas - based appliances has contributed in a more efficient gas consumption in the sector.
* In last years, Tonka has been pushing towards less carbon intensive energy sources in Buenos Aires.
 |

**Description:**

* **A private – private scheme for carbon offsetting.** Tonka has developed an agreement with a land owner in the province of Misiones. They pay him in proportion to the carbon that is fixed, taking as a basis the carbon fixing curve, which at the beginning is slowly increasing, but once the trees have a certain age, it accelerates and reaches a flattened state. By this revaluation of forest ecosystem services in carbon sequestration and store, a clear demonstration of how companies can do climate action under a private-private partnership is given. Additionally, ecological conservation of hundreds of forest hectares, that could hold projects of this kind, come out as an attractive alternative for landowners, instead of employing them for livestock, tobacco, soybeans, etc. On the other hand, Tonka has shown that internalizing the cost of carbon is not a large investment, spending 1,200 US dollars per year. In their words, "*it's amazing how easy is to do it*”3.
* **Contributions to the sector, by developing accessories for gas-based appliances.** Tonka has developed, among others, direct-ignition electronic systems in burners for instantaneous water heating systems. In a Life Cycle Analysis study carried out in conjunction with the state entity INTI (National Institute of Industrial Technology), it was demonstrated that this system (without a permanently lit pilot flame) saves half of the gas consumption per appliance. The Argentinien State is studying the possibility of dictating its obligation by law, while the industry is already incorporating it7.
* **Pushing for enabling conditions.** At the end of 2018, a law regulating the sale and injection of renewable energy generated by industries into the grid in Argentina was ruled. However, the city of Buenos Aires has not put it into enforcement yet. Since Tonka has a project to install solar panels to generate its own energy, they have promoted and enabled communication channels between the energy-distribution company and private sector to make this happen.

**2.4. Governance: How did they make operative transformation?**

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| --- |
| **Highlights/Key messages:*** Decisions about climate action implementation are made at the highest level.
* Carbon footprint as an environmental KPI.
 |

**Description:**

* **Top-down decision-making approach.** All decisions about socio-environmental transformation are taken by Tonka’s highest level of direction. On the other hand, implementation of climate action is done by the sustainability leader. At the moment, no further organizational arrangements have been necessary to carry out measures for mitigating GHG emissions.
* **Carbon footprint is the KPI for environmental performance.** According toErnesto Boerio4,sustainability manager in Tonka, their annual carbon footprint measurement works as an environmental monitoring system for them. All measures taken for enhacing company environmental performance are reflected in terms of CO2-eq. For instance, better waste management procedures that result in less amounts taken to a landfill is demonstrated in lower emissions associated4.
1. **Reflecting on the Journey and Looking into the Future**

**3.1. What did you learn in your journey? What were the main challenges?**

|  |
| --- |
| **Highlights/Key messages:*** Sustainability is part of the business.
 |

**Description:**

* **Good practices are not enough.** According to Pedro Fiederich, Tonka's former CEO, sustainability is not reflected in good practices but is part of the business. He thus claims that the private sector should seek to migrate to a business that the planet needs, and only in this way, they can assure the value of the business over time. “*If my business were instead an activity that the planet hardly tolerates, most likely in a few years it no longer exists”*, he adds3.

**3.2. What does the champion expect to achieve in the coming years?**

 **What do they need to get there?**

|  |
| --- |
| **Highlights/Key messages:*** Tonka is looking for continuous improvement in their sustainability strategy.
* Other business opportunities spark Tonka's interest.
 |

**Description:**

* **Further efforts in their Sustainability Strategy:** Tonka is working within their I+D department on making all their production processes going carbon neutral. For instance, the prompt installation of solar panels, they hope to generate 80% the energy they require to heat water for industrial processes and reduce besides their energy consumption in terms of heating.
* **An arising businesses model:** When TONKA began to see ways to offset their emissions, they recognized conservation activities in the Selva Misionera subtropical forest not only as fundamental for ecosystem protection but also as a business model by which other companies can replicate this offsetting schemes.
1. **What makes Tonka transformative?**

|  |  |
| --- | --- |
| **Phase of transformation 1** | (a) Pre-development, **(b) Take-off**, (c) Acceleration or (d) Stabilization at a new level or relapse |
| Tonka is an Argentinian family – owned SME. They are not only applying best environmental practices on their current operations but also, they are currently experiencing a transition 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. |
|  |  |
| **Scale of** **outcomes** | **(a) Micro level**, (b) Medium level or (c) Macro level |
| By the new business model, they bring low-carbon energy-related solutions in remote and rural areas of Argentina. In addition, reforestation activities taking place in Selva Misionera tropical forest represent an effort of trying to scale-up their impact. |

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| --- | --- |
| **Outcome** **sustained** **over time** | **(a) Long term (≥15 years)**, (b) Medium term (≥5 years and <15 years) or (c) Short term (<5 years) |
| Tonka’s transition strategy to a zero-carbon business model is expected to be achieved in 2025 yet and outcomes are willing to be sustained over time. |

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# Annex 3

 **UNEP-DTU Partnership, Libélula**

***ICAT Transformational Change Methodology***

*Methodology for assessing the transformational impacts of actions*

Self-assessment template

This assessment template is adapted for private sector companies to help apply the *ICAT Transformational Change Methodology (2020).* It includes the key assessment tables from the methodology, which can be filled out directly. Users can consult the *Transformational Change Methodology* while using this template for information about how to fill in the tables. The template presents a modular, simplified approach to develop readiness for transformational impact assessment including Part I, II and V.

Part 1: Introduction, objectives, definitions and steps

Chapter 2: Objectives of assessing transformational change

* The objective(s) and intended audience(s) of the assessment

Chapter 4: Steps and assessment principles

* Opportunities for stakeholders to participate in the assessment
* List the principles on which the assessment is based

|  |  |
| --- | --- |
| General information  | Assessment information  |
| Name of the action assessed |  |
| Person(s)/organisation(s) that did the assessment |  |
| Date of the assessment |  |
| Whether the assessment is an update of a previous assessment, and if so, links to any previous assessments |  |
| Objective(s) of the assessment  |  |
| Intended audience(s) of the assessment  |  |
| Opportunities for stakeholders to participate in the assessment |  |
| Principles on which the assessment is based |  |

Part II: Defining the assessment

Chapter 5: Describing the action and the assessment boundary and period

* Whether the assessment applies to an individual action or a package of related actions, and when a package is assessed, which actions are included in the package

|  |  |
| --- | --- |
| Information  | Assessment information  |
| Whether the assessment applies to an individual action or a package of related actions, and if a package is assessed, which policies and actions are included in the package |  |
| Whether the assessment is ex-ante, ex-post, or a combination of ex-ante and ex-post |  |
| The assessment period  |  |

* A description of the action (or package of actions) (including the information in Table 5.1)

*Note: See Table 5.1 of the Transformational Change Methodology for an example of filling out the template*

|  |  |  |
| --- | --- | --- |
| Information | Description | Assessment information |
| Title of the action | Action name |  |
| Type of action | The type of action such as those presented in Table 1.1, or other categories of actions that may be more relevant |  |
| Description of specific interventions | The specific intervention(s) carried out as part of the action, such as the technologies, processes or practices implemented to achieve the action |  |
| Status of the action | Whether the action is planned, adopted or implemented |  |
| Date of implementation | The date that the action comes into effect (not the date that any supporting legislation is enacted) |  |
| Date of completion (if relevant) | The date the action ceases, such as the date a tax is no longer levied or the end date of an incentive scheme with a limited duration (not the date that the action no longer has an impact) |  |
| Implementing entity or entities | The entity(ies) that implement(s) the action, including the role of various local, subnational, national, international or any other entities |  |
| Objectives and intended impacts or benefits of the action | The intended impact(s) or benefit(s) the action intends to achieve (e.g., the purpose stated in the legislation or regulation), including specific goals for GHG emission reductions and sustainable development impacts where available |  |
| Level of the action | The level of implementation, such as national level, subnational level, city level, sector level or project level  |  |
| Geographic coverage | The jurisdiction or geographic area where the action is implemented or enforced, which may be more limited than all the jurisdictions where the action has an impact |  |
| Sectors targeted | Which sectors and subsectors are targeted  |  |
| Other related policies or actions | Other policies or actions that may interact with the action assessed |  |
| Reference | Include a link or full reference to access further, detailed information about the action |  |

* Whether the assessment is ex-ante, ex-post, or a combination of ex-ante and ex-post

|  |  |
| --- | --- |
| Information | Assessment information  |
| Whether the assessment is ex-ante, ex-post, or a combination of ex-ante and ex-post |  |

* The assessment boundary in terms of impacts covered, geographical and sectoral coverage
* The assessment period

|  |  |
| --- | --- |
| Information | Assessment information  |
| The assessment boundary in terms of impacts covered |  |
| The assessment boundary in terms of geographical coverage |  |
| The assessment boundary in terms sectoral coverage |  |
| The assessment period  |  |

Chapter 6: Choosing which transformational change characteristics to assess

* Describe the company's vision for transformational change of the action (including information in Table 6.3)

*Note: See Table 6.3 of the Transformational Change Methodology for an example of filling out the template*

|  |  |  |
| --- | --- | --- |
| Vision for change | Description of the vision for desired societal and technical changes at each level and time period | Assessment information |
| Long-term (≥15 years) | Describe the long-term vision for transformational change – social, environmental and technological – including actions to be taken and impacts to be achieved in the future. Describe the vision for desired changes at different levels that are applicable in a given context – such as global, national, sectoral, provincial, cities and communities. A vision statement is not limited to what is promised by the policy. Rather, it describes the future, desired context to which the policy contributes. |  |
| Medium-term (≥5 years and <15 years) | Describe the medium-term vision for transformational change, including actions to be taken and impacts to be achieved beyond the current planning cycle. Describe the vision for desired changes at different levels in terms of the development of coalitions, agendas and pathways that are planned to achieve the transformational vision. |  |
| Short-term (<5 years) | Describe the short-term vision for transformational change, including actions to be taken and impacts to be achieved immediately within the current planning cycle. Describe the vision for desired changes at different levels, and discuss how actors, political support and investments are mobilized to implement policies and actions for achieving transformation. |  |

* Description of relevant transformational change characteristics of the action (including information in Table 6.6 and Table 6.7)

*Note: See Table 6.6 of the Transformational Change Methodology for an example of filling out the template*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Category | Process characteristics  | Description - specific to an action  | Relevance | Justification |
| Technology | Research and development (R&D) |  |  |  |
| Adoption |  |  |  |
| Scale up |  |  |  |
| Agents | Entrepreneurs |  |  |  |
| Coalitions of advocates |  |  |  |
| Beneficiaries |  |  |  |
| Incentives | Economic and non-economic |  |  |  |
| Disincentives |  |  |  |
| Institutional and regulatory |  |  |  |
| Norms | Awareness |  |  |  |
| Behaviour |  |  |  |
| Social norms |  |  |  |

*Note: See Table 6.5 of the Transformational Change Methodology for an example of filling out the template*

|  |  |  |
| --- | --- | --- |
| Category | Outcome characteristics | Description – specific to an action |
| Scale of outcome – GHGs | Macro level: GHG outcome is large in magnitude at international/global level |  |
| Medium level: GHG outcome is large in magnitude at national or sectoral levels |  |
| Micro level: GHG outcome is large in magnitude at subnational, subsector, city or local levels |  |
| Scale of outcome – Sustainable development | Macro level: Sustainable development outcome is net positive in magnitude at international/global level |  |
| Medium level: Sustainable development outcome is net positive in magnitude at national or sectoral levels |  |
| Micro level: Sustainable development outcome is net positive in magnitude at subnational, subsector, city or local levels |  |
| Outcome sustained over time – GHGs | Long term: GHG outcome is achieved and sustained ≥15 years from the starting situation |  |
| Medium term: GHG outcome is achieved and sustained ≥5 years and <15 years from the starting situation |  |
| Short-term: GHG outcome is achieved and sustained <5 years from the starting situation |  |
| Outcome sustained over time – sustainable development | Long term: Sustainable development outcome is achieved and sustained ≥15 years from the starting situation |  |
|  | Medium term: Sustainable development outcome is achieved and sustained ≥5 years and <15 years from the starting situation |  |
|  | Short-term: Sustainable development outcome is achieved and sustained <5 years from the starting situation |  |

Part V: Decision Making and Using Results

Chapter 12: Learning, Decision-making and Using Results

Insights gained from the assessment, and how results are used to revise ongoing or future actions

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| Information | Assessment information  |
| Insights gained from the assessment and how results are used to revise ongoing or future actions |  |