



The Prince's
Responsible
Business Network



OUR ROUTE TO A NET ZERO, CLIMATE RESILIENT FUTURE

2022

A business manifesto for a just transition



INTRODUCTION

Now that the UK has handed the COP Presidency to Egypt at COP27, Business in the Community (BITC) is calling on UK business leaders and Government to ensure its legacy, accelerating the net zero transition with fair and inclusive action.

Business and society face converging economic, environmental and social crises. How the UK responds to the cost-of-living crisis, climate breakdown and increasing inequality will determine whether businesses and communities survive and thrive in this decade and beyond. BITC and leading members recognise that all three will continue to escalate unless they are tackled together. The answer is a just transition – a fair and inclusive journey to a net zero, resilient future where people and nature thrive.

Our more than 600 business members, employing almost 20% of the UK's workforce, can play a powerful role. At COP26 we launched the [Seven Steps for Climate Action](#) to support businesses to plan for a just transition. We have since supported our members to set robust net zero targets and involved more than 100 business leaders in innovation sprints to enable this through: building the skills needed for the transition; designing and delivering plans with diverse stakeholders; and embracing a circular economy.

Leading businesses see a just transition as a clear opportunity to unlock the UK's productivity, innovation and green growth. Tackling the cost-of-living and climate crises together – putting people and nature at the heart of the change – will position the UK as a global leader in the new economy while building the UK's economic, environmental, and social resilience.

UK businesses and Government must meet their global responsibilities to support developing economies to transition fairly and adapt, while also ensuring the most vulnerable communities in the UK are protected from economic and climate shocks and able to experience the benefits of the transition.

In October 2022, we published our [Cost-of-Living Action Plan](#) for Businesses with calls to action to support employees, customers, communities and suppliers. A just transition enables these groups to be part of the solution, accelerating the transition and building resilience long into the future.

This manifesto sets out our vision for 2030 – a key milestone on the path to a just transition. Targeting businesses and policymakers, it identifies priority actions for businesses across our Seven Steps for Climate Action and five key areas where policy support is critical.

OUR VISION FOR 2030

#11

DAILY NEWS

UK hits 2030 climate targets, reversing poverty and inequality trends

29.11.2030

The UK has met its ambitious 2030 climate targets, achieving reductions in carbon emissions that put it firmly on the path to net zero before 2050, independent reports have shown.

It's an achievement considered highly unlikely just eight years ago as the UK faced an escalating cost-of-living crisis and what was expected to be the longest recession since records began.

The dramatic turnaround follows a rebound in UK productivity resulting from world-leading green growth plans focused on resource and energy efficiency and innovation, backed by Government and private investment.

Businesses led the charge with a call for Government to back just transition plans, recognising that what is good for people and nature is good for business and the economy. In response, after passing the COP Presidency to Egypt in 2022, the UK government embarked on a people-powered journey to net zero and climate resilience, investing in skills, nature, and green infrastructure.

Long-term infrastructure planning and committed investment, boosted UK business investment in the services, technologies and skills needed to deliver. This led to increases in employment, workplace productivity and quality job creation. Upskilling and flexible working have enabled more women and people from previously marginalised groups to take up these opportunities.

Retrofitting homes and business premises, while also accelerating the transition to renewables, has put the UK on the path to low energy costs and high energy resilience. Upgrading, refurbishing and reusing products and materials has almost



eliminated waste, along with the need for landfill and incineration. This move towards a circular economy made a significant contribution to achieving our carbon reduction targets.

Financial policies have moved investment away from carbon-intensive land use and energy projects. A rush to invest in green alternatives is paying dividends in places that need it most. Spaces for nature are improving lives in cities. Restoration of key habitats such as peat moorlands has halted biodiversity loss in many rural areas. Regenerative farming practices and more sustainable, increasingly plant-based, diets have increased food security. Green transport infrastructure has cut air pollution and carbon emissions, enabling green tech hubs and good jobs outside major cities.

Overall, the results for population health and wellbeing, poverty and inclusion have been transformative. Child poverty is beginning to fall and the UK's previously 'left behind' areas are narrowing the income gap with London.

Working it fairer and greener together, the UK is leading a just transition to a net-zero, resilient future where people and nature thrive.

KEY BUSINESS CHALLENGES AND BARRIERS

Businesses have identified a range of barriers to action for a net zero, resilient future. These include:

- **Limited policy certainty / clarity** - There remains a lack of clarity around how key sectors will transition, with slow progress on many Government policies, in particular around buildings, agriculture, products and materials, and transport infrastructure. This could delay key investment decisions.
- **Skills gaps / mismatches** – Many businesses recognise they are lacking the knowledge and mindsets needed for the transition, as well as skills in key functions such as HR, finance, communications and marketing and procurement teams to enable the changes needed. All employees will need a foundational level of climate skills, while specific technical skills are needed to operationalise sustainability across organisations and sectors.
- **Stakeholder engagement** - Engagement to date on net zero plans and climate action is limited. Designing and delivering just transition plans with diverse stakeholders will increase the chance of success and reduce the risk that some groups are left behind.
- **Information / data gaps** - Understanding of environmental impact, risks and opportunities is patchy. Data is available for some activities, but in other areas (e.g., nature / biodiversity, value chain impacts) it will be harder to come by and costly. Good data is needed to support effective targeting of action.
- **Complex Supply Chains** – The complexity of supply chains and business ecosystems makes it difficult for a company to reduce its scope 3 emissions without collaborative action. Those scope 3 emissions are substantial with current UK emissions by consumption being 50% more than territorial emissions¹.
- **Misaligned incentives** - Weak or insufficient pricing of environmental externalities (e.g., carbon, waste, biodiversity) weakens the business case for action, particularly in challenging economic times.

¹ [Emissions](#)

KEY BUSINESS BENEFITS

BITC's report [The right climate for business: leading a just transition](#) and our Seven steps for climate action toolkit summarise the key business benefits as increasing:

- productivity
- brand value
- innovation
- customer attraction
- talent attraction
- business reputation
- business resilience.

Leading members have highlighted the vast opportunities and benefits associated with the transition to net zero and recognise the need for this to be achieved alongside building resilience in markets and communities.

PUTTING A JUST TRANSITION INTO PRACTICE

To help business deliver a just transition and futureproof their operations and value chains, we also created the [7 steps for Climate Action](#).



TOGETHER WE CAN MAKE THE CLIMATE CRISIS HISTORY

RECOMMENDATIONS FOR BUSINESS

In collaboration with hundreds of leaders from business, community groups and government, we identified the key actions to deliver a future where they and the communities they serve can thrive. We are calling on businesses to:

Recommendations	Rationale	Seven Steps
<ul style="list-style-type: none"> • Create a Just Transition Plan for your business – going beyond mandatory requirements and using Business in the Community’s Seven Steps for Climate action – to ensure a fair and inclusive transition for people and nature. 	<ul style="list-style-type: none"> • Prepares businesses for upcoming mandatory transition plans such as through the Taskforce for Finance-Related Disclosures (TCFD). • Increases stakeholder support for transformation. 	Embed climate risks and opportunities into strategy
<ul style="list-style-type: none"> • Set externally verified net zero targets across scopes one, two and three, in collaboration with suppliers. 	<ul style="list-style-type: none"> • Increases investor, buyer, and customer confidence. • Builds brand value and reputation. 	Set robust net zero targets, as close to 2030 as possible
<ul style="list-style-type: none"> • Enable all employees to upskill in transferable essential skills¹ and foundational climate knowledge. • Invest in developing in-demand technical green skills in your current and future workforce and across your supply chain 	<ul style="list-style-type: none"> • Supports talent attraction and retention. • Boosts productivity and accelerates transformation. • Fills skills gaps from homegrown workforce. 	Equip your current and future workforce with the skills they need to thrive

² Essential skills include communication (listening and speaking), problem-solving, creativity, staying positive, aiming high, leadership, and teamwork.

Recommendations	Rationale	Seven Steps
<ul style="list-style-type: none"> Map your stakeholders, identifying those most vulnerable to the climate crisis and transition plans. Work with them, and in partnership with the voluntary, community and social enterprise sector (VCSE) to build resilience and access to opportunities. 	<ul style="list-style-type: none"> Increase responsiveness to customer and community needs, boosting business reputation. Builds resilient communities and customer base. 	<p>Involve diverse stakeholders in designing and delivering climate strategies</p>
<ul style="list-style-type: none"> Innovate to create new circular business models that maximise resource efficiency and reduce waste. Collaborate with your value chains to enable energy and resource efficiency. Embed circular economy requirements into procurement. 	<ul style="list-style-type: none"> Improves business productivity and resilience to supply chain risk. Reduces scope 3 emissions and harm to nature. Drives innovation and investment in greener products and services. 	<p>Embed circular economy principles and practices for efficiency and innovation</p>
<ul style="list-style-type: none"> Use nature-based solutions to mitigate flood risk, drought, air, and water pollution. Work with communities to create and open up green spaces and increase biodiversity in places your business operates. 	<ul style="list-style-type: none"> Saves money on crisis responses by reducing the likelihood and intensity of incidents. Improves health and wellbeing and increases climate resilience. 	<p>Invest wisely and work thoughtfully to restore the health of nature</p>
<ul style="list-style-type: none"> Communicate openly and transparently with your stakeholders, sharing your knowledge and the journey with other businesses, suppliers, customers and the public. 	<ul style="list-style-type: none"> Boosts reputation. Increases investor, buyer, and customer confidence. 	<p>Measure and report progress rigorously and transparently</p>

RECOMMENDATIONS FOR POLICYMAKERS

Addressing barriers and supporting businesses to take the above actions will require leadership and clear policy making from government. Far from being a distraction from tackling the cost-of-living crisis, achieving the UK's net zero ambitions will help to deliver a more prosperous and resilient economy. To enable business action, we are calling on Government to:



1. Commit to a just transition to net zero and aim to achieve this BEFORE 2050.

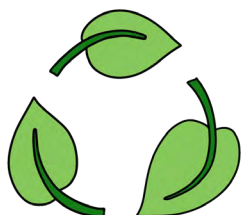
After handing over the COP27 Presidency to Egypt, make a robust public commitment to accelerate the net zero transition ahead of 2050, through fair and inclusive action to build the UK's climate and economic resilience. Options could include:

- Make the just transition a core element of the implementation of the Government's Net Zero Strategy.
- Establish a Just Transition Commission.
- Incorporate fairness and social considerations into fiscal policy for climate action.
- Harness the British Business Bank to support SMEs through a just transition to net-zero.
- Deliver social co-benefits through the UK's green sovereign bond programme.
- Use the social value framework in public procurement to boost market uptake of the just transition to net-zero.
- Strengthen the social dimension in the UK's updated Green Finance Strategy, particularly in terms of place-based investment.



2. Commit to a binding target for reducing the UK's emissions from consumption, in line with international net zero goals.

- Take responsibility for all emissions relating to the UK's consumption – generated both in the UK and overseas – and the UK's footprint on the natural environment.
- Include consumption-based emissions in the measures used to evaluate progress to net zero. We currently only include domestic emissions in our carbon budgets, which does not reflect our overall carbon footprint, and, as such means that we are not accounting for our full contribution to climate change. Developing a target on consumption-based emissions (potentially one of the new Environment Act targets) will give a clear signal to business, encourage greater resource efficiency and promote the development of a circular economy.



3. Enable business innovation to create affordable and sustainable products and services.

- Amend existing taxation and financial practices to stimulate investment in decarbonisation projects and generate economic activity. Options could include:
- Shifting the tax burden away from renewable energy and onto gas generation.
- Tax incentives to support investment targeted at innovating in energy efficiency or renewable power generation.
- Linking business rates to energy efficiency performance.
- Further reductions of VAT to incentivise retrofitting properties over new builds, and reductions for repair and reuse services.
- Fiscal incentives to re-shore manufacturing to the UK, with particular incentives for products that will be part of accelerating the transition.
- Green grants for businesses to develop new zero carbon products and services.
- Innovation funding for new green finance products and services, particularly ones that reduce the cost of finance, and increase accessibility to new customers (e.g., Where household income is below the national average median).



4. Ensure ALL businesses are incentivised to invest in upskilling their workforce with essential and technical green skills.

- Give businesses confidence to invest in green skills with clear and consistent policy commitments on domestic transition, such as heat pump installation, renewable feed-in tariffs, and home insulation.
- Implement the recommendations of the Green Jobs Taskforce.
- Use and improve existing instruments such as the apprenticeship levy framework to incorporate upskilling and reskilling workers with the skills and specialisations recognised as 'in demand' by green industries.
- Provide tax breaks or incentive payments for small businesses and sole traders to upskill to fill shortages.
- Work with further education colleges, providing investment where necessary, to ensure they provide the right skills for the transition to a low carbon and circular economy.



5. Tackle the cost-of-living crisis now while building resilience for the long term.

Incentivise the retrofitting of homes and business premises to reduce energy demand while accelerating the transition to renewables. Options could include:

- Introduction of a salary sacrifice scheme for home retrofit (potentially based upon the Cycle to Work scheme).
- Extend the existing super-deduction relief beyond March 2023 but make this available only for the most energy-efficient plant and machinery.
- Recognise higher environmental performance through property taxes (e.g., lower Stamp Duty Land Tax or Business Rates for higher environmental performance).
- Mandate higher standards for insulation and electrified heating and cooling in new commercial and residential buildings.
- Interest-free loan schemes or guarantees to bring down the cost of finance for building retrofit by businesses and homeowners, potentially through the UK Infrastructure Bank.
- Provide incentives to businesses to promote collaboration on critical infrastructure for the transition, such as providing roof space or land for community energy projects or co-funding electric vehicle charging infrastructure that can be accessed by the public in key places.
- Decouple the UK's current energy market so that there is a 'fossil fuel power market' and 'clean power market'. This will ensure that reduced prices can be charged for renewable energy and thereby incentivise its uptake. Decoupling these markets would remove the dependency on fossil fuel-based energy pricing, improving energy security. This needs to be done in a way that doesn't stifle investment in renewables.

About BITC and climate action

BITC has a 40-year history of working with businesses to make the UK fairer and greener together. As the largest and longest-established membership organisation dedicated to responsible business, we have used our convening power to collaborate on tackling environmental issues with thousands of businesses across all sectors and sizes – from establishing the first Environmental Benchmarking initiative in the 1990s to the Prince's Mayday campaign that saw thousands of businesses commit to cutting their carbon footprint.

BITC's membership of over 600 organisations, employing almost 20% of the UK's workforce, can play a powerful role leading a just transition. So far, nearly 70% of our membership have adopted robust net zero targets. Members can demonstrate rapid and ambitious action on behalf of the business community, and support fair and inclusive growth through their employees, customers, suppliers and the communities in which they operate.

Our [Climate Action](#) and [Employment and Skills Leadership](#) Teams, alongside our [Net Zero](#) and [Circular Economy](#) Taskforces and Regional Advisory Boards, bring senior leaders together to tackle complex environmental, economic, and social challenges.

What next?

BITC will continue to work with our members to lead a just transition to a net-zero, resilient future where people and nature thrive. If you're not yet a member, explore the benefits of [joining our network](#).

To support your efforts, we will:

1. Provide targeted [content and insight](#), informed by our network, that will help you stay abreast of these issues and understand how to respond effectively
2. Host specific [events and forums](#) so you can hear and learn from other organisations who are working to address similar challenges. This includes our skills and diverse stakeholders routemap launches in February 2023, our Circular Economy Leadership Roundtable Series and a series of collaborative value chain sprints to address the challenges in this shift from a linear to a Circular Economy.
3. Provide opportunities to put your plans into action and collectively tackle challenges with support from BITC and peers. Email environment@bitc.org.uk to receive more details on our 2023 Just Transition trailblazer programmes.
4. Offer tailored [advisory and support](#) packages that help your organisation to adopt these calls to action quickly and effectively.

We would really value your feedback to improve our content. Please [answer these three questions](#).