

**POLICY WATCH**

Angeli Mehta on the underplayed weapons in war against climate change

**BRAND WATCH**

New U.N. panel to help tame Wild West of net-zero claims, writes Oliver Balch

**ESG WATCH**

Mike Scott on why 'writing is on the wall' for U.S. companies with new SEC rules

**SOCIETY WATCH**

Mark Hillsdon talks to the activists with SUV owners in their sights

**THE SUSTAINABLE BUSINESS**

# Review

**REUTERS EVENTS™**

May 2022

## IPCC says we have the tools to limit global warming. But do we have the will?

MIKE BLAKE/REUTERS



**T**he latest report from the [Intergovernmental Panel on Climate Change \(IPCC\)](#) was the most alarming yet, warning that the prospects for limiting global warming to 1.5 degrees are vanishingly small without “immediate and deep” cuts in greenhouse gas emissions across all sectors.

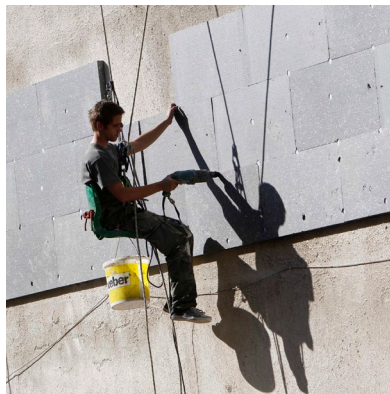
“We are at a crossroads. The decisions we make now can secure a liveable future. We have the tools and know-how required to limit warming,” said the IPCC’s chair, Hoesung Lee, citing in particular vast cost reductions in renewable technologies and batteries in the past decade.

Yet as Angeli Mehta reports in her latest Policy Watch column, the immediate threat to energy security caused by Russia’s invasion of Ukraine has led Western governments to make decisions that risk throwing such progress into reverse by locking in investment in new fossil fuel infrastructure.

At the same time, there is little focus on driving down energy demand through efficiency measures such as insulation and heat pumps. ➤

# THE SUSTAINABLE BUSINESS Review

## 4 POLICY WATCH



The “underplayed strategies” that could help energy security and climate change

## 7 ESG WATCH

Why ‘writing is on the wall’ for U.S. companies with new SEC rules.

## 10 SOCIETY WATCH

When it comes to cars, there is little appetite to curb consumption.

## 13 BRAND WATCH

New U.N. panel seeks to ensure companies walk their net-zero talk.

## 17 INTERVIEW

Oliver Balch meets Ann Mukherjee, the Indian-American CEO of Pernod Ricard North America.



REUTERS TV VIA REUTERS

The IPCC report for the first time highlighted the need for more sustainable and resource-efficient consumption, also known as Sustainable Development Goal 12. Yet, as Mark Hillsdon reports in his Society Watch column, there seems little appetite to downsize when it comes to cars, given the rapid rise in ownership of SUVs globally.

He talks to activist groups that have targeted them for clogging urban streets, spewing pollution and contributing to the rise in deaths of pedestrians. And while the car industry can point to plans to electrify SUVs, activists say this is no answer given the critical shortage of minerals for car batteries.

On a more positive note, the

U.N. Secretary-General’s office has struck a high-level expert panel to ensure businesses walk the talk on their climate pledges. In his Brand Watch column Oliver Balch reports on a development that could help bring some order to the Wild West of voluntary net-zero target-setting.

And Mike Scott, in his ESG Watch column, reports on reaction to the U.S. Securities and Exchange Commission’s tough new climate reporting rules.

Finally, Oliver Balch profiles Ann Mukherjee, the Indian-American woman who is chief executive of Pernod Ricard North America, about how she has been championing diversity and inclusion.

I hope you enjoy this month’s issue. ●



REUTERS EVENTS™

[reutersevents.com/sustainability](https://reutersevents.com/sustainability)

5 Canada Square, Canary Wharf, London, E14 5AQ

**Editor-in-chief:** Terry Slavin

**Sub-editor:** Karen Luckhurst

**Contributors:**

Angeli Mehta  
Mike Scott  
Mark Hillsdon  
Oliver Balch

**Editorial:**

[terry.slavin@thomsonreuters.com](mailto:terry.slavin@thomsonreuters.com)

**Advertising, sales and event opportunities:**

Matt Buckingham  
[matt.buckingham@thomsonreuters.com](mailto:matt.buckingham@thomsonreuters.com)  
+44 (0) 207 536 7242



REUTERS EVENTS™



# Responsible Business Europe

**Balancing the Need for Action with  
Sustainable Commercial Success**

8-9th June, London

## KEY METRICS

**400+**

Attendees

**80+**

Expert Speakers

**30+**

Sessions

**2+**

Days of Networking



**NADIA CALVIÑO**

3rd Vice President Spain  
and Minister for Economy  
and Digitalization  
Spain



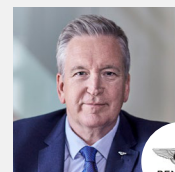
**JUVENCIO MAEZTU**

CFO and Deputy CEO  
**Ingka Group**



**EMMA HOWARD BOYD**

Chair  
**Environment Agency**



**ADRIAN HALLMARK**

Chairman & CEO  
**Bentley**

<https://events.reutersevents.com/sustainable-business/responsible-business-europe>



POLICY WATCH



Workers fix insulation panels on a building.

OLEG POPOV/REUTERS

VIEW ONLINE

# Renewables and energy efficiency 'underplayed weapons' in response to Ukraine crisis

Measures to curb energy demand are being ignored in the rush to invest in more fossil fuels

**R**ussia's war against Ukraine is forcing Europe to rethink energy security in a bid to become independent of Russian fossil fuel supplies. But just as the [Intergovernmental Panel on Climate Change \(IPCC\)](#) is warning in its latest report that limiting global warming to 1.5 degrees would be beyond reach without "immediate and deep emission reductions across all sectors", Western governments are making decisions that risk the opposite.

Just days after the IPCC report,



**Angeli Mehta**  
Policy correspondent

the United Kingdom [published](#) an energy strategy that included plans to secure more domestic oil and gas production.

While any new licenses are supposed to be subject to a "climate compatibility" checkpoint, the criteria have yet to be published.

The UK's Climate Change Committee, which advises on

emissions targets, has said carbon budgets could still be met with the development of new oil fields if efforts are made to minimise production emissions (of methane and CO<sub>2</sub>), but has [questioned](#) "whether developing new UK fields would help or hinder efforts to reduce emissions globally".

At the same time, Boris Johnson's government wants up to 50 gigawatts (GW) of offshore wind by 2030, compared with just over 10 GW operating now, to help deliver a 95% decarbonised grid by 2030. >

POLICY WATCH



PHIL NOBLE/REUTERS

The Burbo Bank wind farm near New Brighton. The UK government wants up to 50 GW of offshore wind by 2030.

It also wants to develop eight new nuclear reactors, so nuclear provides 25% of electricity demand by 2050.

Mike Thompson, director of analysis at the Climate Change Committee, said meeting the offshore wind targets would require “delivery at a scale and pace as yet unseen”.

But as households struggle with soaring energy costs, there is little focus on driving down energy demand through efficiency measures such as insulation. And although the UK government wants to see 600,000 heat pumps installed each year by 2028, it hasn’t provided a roadmap to support the sector and address the lack of skilled engineers needed to install them. ➤



QATAR NEWS AGENCY/MIA REUTERS

German Economy Minister Robert Habeck, left, meets Saad Sharida al-Kaabi, Energy Minister of Qatar in Doha, Qatar, in March 2022.



## POLICY WATCH

Observers and environmental groups have lambasted the government's failure to address this low-hanging fruit. Nick Eyre, director of the Centre for Research into Energy Demand Solutions (CREDS), [argues](#) that over the last 30 years, improvements in energy efficiency have contributed more to energy security than nuclear and renewables combined. Experts at CREDS [estimate](#) the UK could halve energy demand by 2050, while still improving the quality of life.

This is supported by climate think-tank E3G, which suggests that energy efficiency, low-carbon heat and renewables investment could eliminate all Russian gas within a year, and by 2025 [replace](#) four times as much gas as is currently imported.

Energy security is an even bigger issue in Germany, which gets almost 55% of its gas imports from Russia, compared with just 4% for the UK. Germany's new economy minister (and former green party co-leader) Robert Habeck has been in Qatar and the United Arab Emirates, looking for alternatives. Some will come in the form of liquified natural gas, including from the U.S., prompting plans to build LNG terminals. Germany is also looking to extend the life of some of its coal power plants, which had been slated for closure.

Yet a [group of European climate think-tanks](#) argues that Europe could achieve energy independence from Russia without recourse to fossil fuels by fast-tracking plans to build out renewables and ramping up energy efficiency and heat pump use.

Maria Pastukhova, senior policy adviser at climate change think-tank E3G, says residential heat "has the largest potential for Germany to get away from dependence on gas altogether – not just Russian gas".



STUDIO HARMONY/SHUTTERSTOCK

**Heat pumps could be a key to helping Europe achieve energy independence.**

Ambitious targets for decarbonising heating through heat pumps are now expected to be sped up but, as in the UK, skills are a big barrier, Pastukhova said. "The major challenge here is not so much the availability of heat pumps, or problems in manufacturing, but the availability of skilled workers" to carry out installations.

There are discussions at European Union level, and through a new Energy Security Taskforce launched jointly with the U.S., which intends to address both energy supply and demand. The U.S. is one of the world's largest manufacturers of heat pumps and has the skills to match.

"It is crucial that they really address the demand side, and skill-sharing will be central for what both countries can do," Pastukhova said, adding that "international cooperation is really key to both solving the energy security and the climate crisis challenges."

The Russia-Ukraine conflict has also exacerbated shortages of raw materials needed for the energy

transition, including nickel and cobalt, which will be needed to scale up the production of technologies such as wind turbines and lithium-ion batteries.

In the United States, President Joe Biden announced he intends to make use of the Defence Production Act to secure U.S. supply chains. "We need to end our long-term reliance on China and other countries for inputs that will power the future," he said. "And I'll use every tool I have to make that happen."

But other facets of the U.S. president's response to the Russian invasion, including the commitment to provide more LNG to Europe, sanctioning of new oil and gas production on federal lands, and the release of strategic oil reserves, are raising doubts about his commitment to the energy transition.

The big question is whether the new measures will only maximise existing capacity or lead to new investments in oil and gas infrastructure. ●

ESG WATCH



DANE RHYS/REUTERS

VIEW ONLINE

# ‘Writing is on the wall’ for U.S. companies with SEC’s tough new climate reporting rules

## The requirement to report Scope 3 emissions will have far-reaching implications

**A**fter a considerable delay, the U.S. Securities and Exchange Commission (SEC) has finally arrived at the climate disclosure party – and it is going to have a significant impact on U.S. companies.

Its recently released [proposals](#), which are under consultation until May, call for businesses to disclose how they identify and manage climate risks, and how those risks will affect the company; what they are doing in terms of scenario analysis; and how the board oversees climate risk.

The SEC also calls on companies to provide updates on any climate pledges and how they are doing on meeting them, as well as any use of carbon offsets or renewable energy certificates.

Perhaps most importantly, companies with revenues of more than \$75 million will have to report on not just their Scope 1 and 2



**Mike Scott**  
ESG correspondent

emissions (those that derive from their own operations) but also Scope 3, which covers emissions from their supply chains and customers. And they are likely to have to do this from 2024, for their 2023 results.

“Investors representing tens of trillions of dollars support climate-related disclosures because they recognise that climate risk can pose significant financial risk to companies, and investors need reliable information to make informed investment decisions,” Gary Gensler, chair of the SEC, told Reuters Events’ Responsible Business USA 2022 conference in April. “Companies and investors alike would benefit from clear rules of the road. Our role is to bring consistency and comparability.”

Many observers thought Scope 3 would be omitted from the proposal because companies have complained that these emissions are out of their control and difficult to estimate. However, dealing with Scope 3 is seen as essential in helping to meet climate targets.

The proposal has been mostly well received by the environmental, social and governance (ESG) community. “The SEC is finally heeding the calls from institutional investors, companies, regulators and the public,” said Mindy Lubber, chief executive of sustainable investment advocate Ceres. She said the “thoughtful proposal would allow investors and companies to better tackle climate-related financial risks across investment portfolios and global supply chains, and seize the opportunities that come with acting on those risks.”

The framework, which is closely aligned with that of the Taskforce ➤

## ESG WATCH

on Climate-related Financial Disclosures (TCFD), will help to bring the United States in line with other jurisdictions, including the European Union, the UK, Canada, China and Japan.

But the proposals will require some drastic changes from U.S. companies – finance company MSCI reported that only 28% of companies it analysed recently disclosed Scope 1 and 2 emissions, and just 15% disclosed any portion of their Scope 3 emissions. Ironically, it is the most emission-intensive sectors that are best-prepared for the changes: disclosure rates are much higher in materials (64%), utilities (55%), consumer staples (48%) and energy (47%) than in the least emission-intensive sectors of health care (12%), financials (17%), communication services (18%) and information technology (25%).

“It will be interesting to see how companies respond to the proposals,” says Margaret Peloso, lead sustainability partner at law firm Vinson & Elkins. “Clients are asking, ‘Do I have the controls and processes in place?’ because if the rule is finalised, I won’t have much time to prepare.”

With states like West Virginia threatening to sue the SEC over the plan, “it could be several years before we have clarity on what the requirements are”, she says, but “now the process is out there, I can’t imagine them un-ringing the bell. Companies are facing rapidly evolving investor expectations. The first thing investors are going to do is push companies to disclose.”

Keith Fortson, global head of ESG at integrated risk management provider Riskconnect, agrees. “It feels like the writing is on the wall. There is a convergence of the political, economic and social environments that are all calling for this.”

States and even individual



DANE RHYS/REUTERS

**Under the SEC proposals, companies with revenues of more than \$75m will have to report on Scope 3 emissions, supply chains.**



**U.S. SEC chair Gary Gensler told Reuters Events’ Responsible Business USA 2022 conference that companies and investors ‘would benefit from clear rules’.**

EVELYN HOCKSTEIN/REUTERS

cities may introduce their own requirements, he added, and over time, disclosure is likely to encompass other issues such as water, waste, and diversity and inclusion.

Atul Vashistha, founder of risk intelligence provider Supply Wisdom, says the SEC rules will require companies to delve deep into both their own operations and that of their value chains for climate risks. “Companies will need to disclose their risks at a zip code level ... (but) there is still a very big gap when it comes to companies

understanding their supply chains.”

He adds that few companies have set goals for supply chain emissions and even fewer have managed to do this consistently. “There is confusion about what to measure and what disclosure is needed. I hope the SEC can bring some clarity to this. It will help companies recognise upcoming supply chain challenges and in the long run it will make supply chains more resilient and dependable.”

Helpfully for companies, the SEC rule will enter a world full of initiatives and tools to help them provide the information that investors want – and increasingly these are becoming more standardised. Most notable is the International Sustainability Standards Board’s (ISSB) Sustainability Disclosure Standards, which could be ready by the end of the year, at about the same time the SEC rules are finalised.

Like the SEC proposal, they will be closely aligned with the TCFD. That should mean that, although the requirement to disclose climate risks will increase, at least everyone will be disclosing the same information, allowing investors and others to assess how companies are dealing with climate risks as they become more material in years to come. ●





# Reuters Events Sustainable Business Calendar 2022

~~Responsible  
Business USA~~

~~New York  
19-20 April~~

**Responsible  
Business Europe**

London  
8-9 June

**Responsible  
Business Asia**

Virtual  
22-23 June

**Reuters Impact**

London  
3-7 October

**Responsible  
Business Awards**

London  
13 October

**Sustainable Finance  
& Reporting USA**

New York  
1-2 November

**Transform: Supply  
Chains USA**

Chicago  
1-2 November

**Transform:  
Food USA**

Chicago  
1-2 November

**Sustainable Finance  
& Reporting EU**

London  
22-23 November

SOCIETY WATCH

# When it comes to cars, few are heeding the IPCC's plea to curb consumption

Activist groups in Europe and the U.S. are trying to persuade drivers to rethink their love affair with SUVs



ERIK DE CASTRO/REUTERS

A Jeep Wrangler SUV outside a local dealer of U.S.-made vehicles in Manila, Philippines.

**L**ove them or hate them, sport utility vehicles (SUVs) are ubiquitous in cities the world over. Synonymous with the school run, and criticised for clogging urban streets, spewing pollution and contributing to a rise in deaths of pedestrians, many see them as potent symbols of planet-



**Mark Hillsdon**  
Civil society  
correspondent

destroying over-consumption. According to the International Energy Agency, SUV sales **grew 10%** between 2020 and 2021, despite

the global slowdown during the pandemic, and made up about 45% of all new vehicles sold globally last year.

Worryingly, SUVs consume around 20% more energy than a medium-sized car because of their size, and over the last decade have outstripped aviation to ➤



## SOCIETY WATCH

FABRIZIO BENSCH/REUTERS



**SUVs have outstripped aviation to become the second-fastest source of CO<sub>2</sub> emissions.**

become the second-largest cause of rising CO<sub>2</sub> levels.

So, while behaviour change is one of the key recommendations of the [most recent report](#) from the Intergovernmental Panel on Climate Change (IPCC), there seems little appetite to downsize when it comes to cars.

In recent months in the United Kingdom there has been a spate of night-time attacks by activist groups such as Tyre Extinguishers, with SUV owners across the country waking to find their tyres deflated and fake police notices stuck to their windscreen branding them as “gas-guzzling killers”.

With a touch of irony, the tyres are deflated using a dried bean or lentil, for decades the butt of so many eco, tree-hugging jokes. The bean is placed under the cap of the tyre valve and once it is tightened, the pulse pushes down and the air escapes.

In North America, the activist group Adbusters recently launched a campaign on Twitter urging followers to target SUV drivers in wealthy neighbourhoods using similar tactics.

“We’ve had lots of people get in touch who quietly support our cause but don’t want to say publicly,” explains Marion Walker, spokesperson for the Tyre Extinguishers, via email, which the group believes is the safest way for its members to communicate. “This is because most people hate SUVs and see them as the polluting vanity vehicles they are.”

Alex Keynes, clean vehicles manager at the Brussels based non-governmental organisation (NGO) Transport & Environment, agrees that SUVs are “incredibly high-polluting vehicles”.

One reason that car makers have been focused on selling them is because of their high profit

margins, he says. Another is the “mass adjustment factor”, an obscure clause hidden within the pages of the European Union’s CO<sub>2</sub> regulation for cars and vans.

The clause was originally added after pressure from German car manufacturers such as Daimler and BMW in the late 1990s. In essence, it protected makers of heavier, premium cars from being overly penalised by new fledgling laws on exhaust pipe emissions.

“It is now becoming a much bigger problem because these car makers can use the clause to sell heavy plug-in hybrids and lots of SUVs,” Keynes says.

The EU is currently reviewing the main legislation, and changing the clause would help curb the rise of SUVs. But with members of the European Parliament (MEPs) preoccupied with working on the new Green Deal – a set of policy initiatives aimed at making the EU climate-neutral by 2050 – Keynes fears they won’t get round to looking at this arcane clause.

“I just don’t think there is the political momentum to be doing anything about this,” he says. “(But) there isn’t an argument for keeping it. It’s not only bad for the climate, but social justice, too. Essentially, you’re allowing car makers to sell expensive, high-polluting cars to rich people ... it’s giving them a pollution pass.”

One answer to the SUV conundrum could be electrification, since from a lifecycle emissions perspective their worse impact compared with smaller cars is in their exhaust pipe emissions, according to the IEA.

Volvo is currently marketing seven SUVs, one electric; the other six hybrids. In a written statement, Volvo said it was “committed to significantly reducing the overall carbon impact and tailpipe >

SOCIETY WATCH



MICHAELA REHLE/REUTERS

**Electric vehicles will do little to relieve the problem of urban traffic congestion.**

emission levels of all our vehicles, including our SUVs". The business also plans to only sell electric vehicles (EVs) by 2030, five years ahead of the United Nations' science-based global goal for the industry to end the production and sale of vehicles with internal combustion engines.

But it's not enough to placate Walker of Tyre Extinguishers: "Under current government policies, it will be many decades before the world's car fleet is fully electrified and we don't have that kind of time. Also, we cannot electric-car our way out of the climate crisis: there are not enough rare earth metals to replace everyone's car, and the mining of these metals causes suffering."

The latter point was underscored by a new report this week from

European metals industry group Eurometaux warning of looming shortages of critical metals needed for the energy transition, with electric vehicles to account for 50-60% of increased demand.

And what a new breed of electric SUV wouldn't do, says Keynes of Transport & Environment, is relieve congestion or make cities safer and cleaner places to live for cyclists or pedestrians. "They are heavy, dangerous and take up a lot of space," he adds.

More could be done to disincentivise ownership, such as higher taxes and local vehicle restriction zones, he suggests. In the German town of Tübingen, for instance, the local authority now charges SUV owners more to park their vehicles, because they take up

more space. The extra revenue is channelled into public transport as part of the town's bid to be climate-neutral by 2020.

Or perhaps now is the time to start calling out greenwash in the car industry and compare its commitments to sustainability with what actually rolls off the production line? Walker believes it's too late for that tactic, and direct action is the only way to change things. "There are a million NGOs politely writing reports, calling out the auto industry, asking politicians to change things. None of this has worked," she says. "We are taking matters into our own hands because politicians have failed to end the sale of these climate-wrecking, air-polluting, pedestrian-killing machines." ●



BRAND WATCH

# Guterres strikes U.N. panel to ensure businesses 'walk the talk' on climate pledges

Initiative could help bring some order to the Wild West of voluntary net-zero target-setting



REUTERS/DYLAN MARTINEZ

VIEW ONLINE

U.N. Secretary-General António Guterres speaks at the U.N. COP26 Climate Change Conference last November.



**Oliver Balch**  
Sustainable business correspondent

**T**he [recent report](#) from the Intergovernmental Panel on Climate Change (IPCC) was another frank warning of pending disaster. Headline writers had no shortage of material to choose from, amid dire predictions

of a 3.2 degrees Celsius rise in global temperatures by 2100, and a [“now or never” warning](#) from the report’s chairperson.

What failed to make headlines, however, was an announcement from the U.N. Secretary-General’s office on the eve of the report of a new [high-level expert panel](#) to “develop stronger and clearer standards” for net-zero emissions pledges by what the United Nations calls “non-state actors”, including businesses,

investors, cities and regions.

At the U.N. COP26 climate summit in Glasgow last November, António Guterres had flagged the urgent need to ensure that non-state entities deliver on the burgeoning number of net-zero pledges. “Today we take a step towards meeting that need and ensuring the highest standards of environmental integrity and transparency”, he said [in announcing the panel](#).

“To avert a climate catastrophe, >

## BRAND WATCH



REUTERS TV VIA REUTERS

The latest IPCC report has warned of the impact of catastrophic climate change.

we need bold pledges but matched by concrete, measurable action.”

Chaired by Catherine McKenna, former Canadian Minister of Environment and Climate Change, the panel comprises 16 experts, including a handful from the private sector. Among them are Camila Escobar (chief executive of Colombian coffee cooperative Juan Valdez Café), Joaquim Levy (a director at Brazil’s Banco Safra), and Günther Thallinger (board member of Allianz Group).

While the creation of a group to discuss standards feels underwhelming, especially when contrasted against the urgency of the climate catastrophe laid out by the U.N., those concerned about the role of global brands in combatting runaway climate change sat up and took notice.

Many see it as an opportunity to finally bring some systematisation to the multiplicity of voluntary target-setting and measurement standards now in existence.

JEENAH MOON/REUTERS



**Catherine McKenna, Canada’s former Minister of Environment and Climate Change, is heading the U.N. expert panel.**

Ursula Woodburn, head of EU relations at Cambridge Institute for Sustainable Leadership (CISL), cites the [Carbon Call](#), the Global Standard on Responsible Climate Lobbying, and CISL’s own net-zero accelerator [Corporate](#)

[Leaders Groups](#), as evidence of the kaleidoscope of existing initiatives.

“The new U.N. group can help steer these many efforts and help provide a force multiplier to increase standards and trust in business action,” Woodburn says.

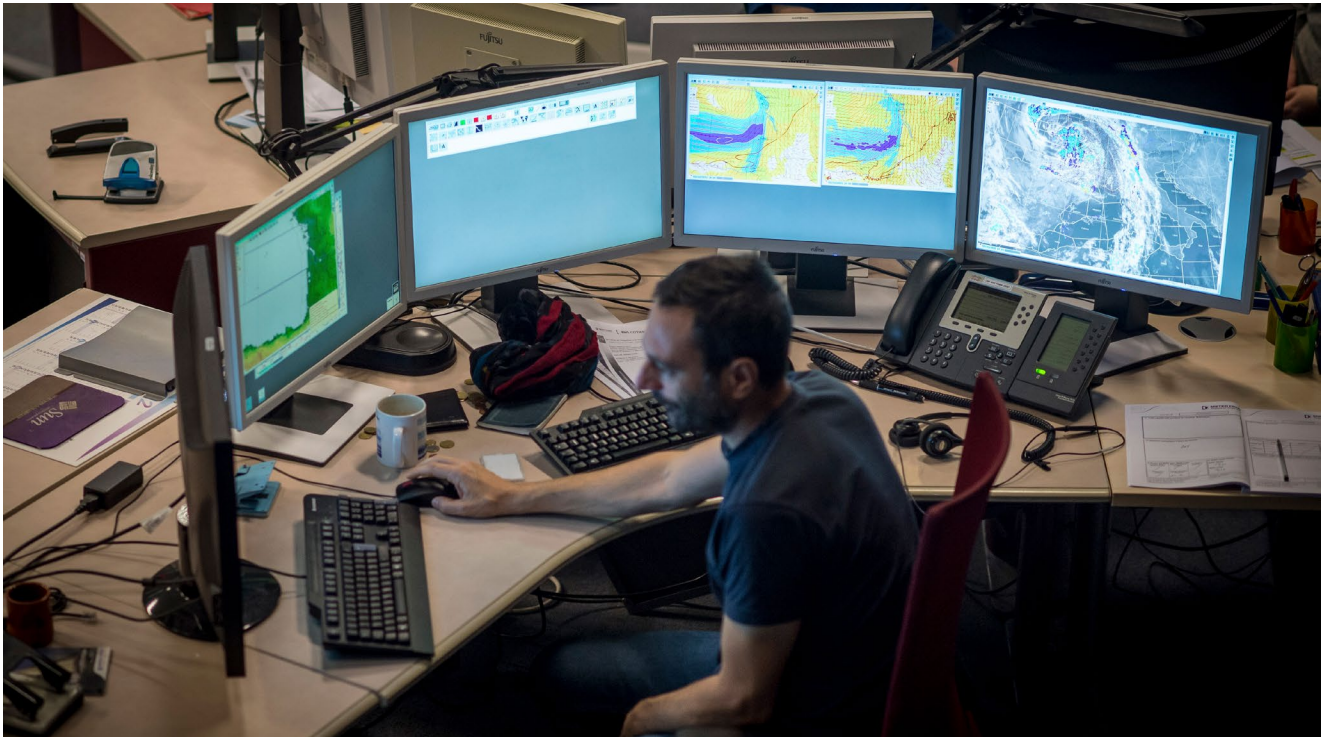
By “steer” don’t read “synthesise”, however. Today’s plethora of emissions-related standards, many of which have a tight industry or geographical focus, are too diverse and the interests behind them too entrenched to hope for a single, homogenised outcome from this U.N. initiative.

Not even the Science Based Targets initiative (SBTi), which many leading brands look to as the authoritative benchmark for target-setting, is putting itself forward as a model to be copied clause for clause.

SBTi’s newly appointed chief executive, Luiz Amaral, advises the panel to ensure the right core principles are in place. Think: materiality (i.e. measuring what is relevant), clear mechanisms for ➤



## BRAND WATCH



FRED LANCELOT/REUTERS

**France's meteorological service tracks climate change – 'science acts as a yardstick for action'.**

reporting and transparency, and, above all, an insistence on being guided by the science.

It's a message already taken on board by one panel member, Günther Thallinger. As he tells Sustainable Business Review: "Most importantly, standards must be science-based, transparent and verifiable, with progress monitored by regular reporting."

The value of scientific rigour in standard setting cannot be underestimated. Most obviously, science acts as a yardstick for action, separating out those who are "doing something" (many brands) from those that are "actually doing enough" (very few).

"Basically, if everybody does it (what's required by science), then the problem is solved," Thallinger says. "But if somebody doesn't do it, or if somebody does less than what is expected, then either others need to do more, or we are not on the right path."

Under a science-governed system, the key question moves from being how far a brand may want to go in cutting emissions to how far it must go to solve the problem.

This "ends-first" framing of the U.N. panel is a reason for encouragement, argues Rory Sullivan, co-founder of specialist consultancy Chronos. The initiative's unambiguous starting point is the delivery of net zero by 2050, he says, "rather than looking at the actions, targets, and strategies necessary to deliver this".

Obviously, process matters. Ensuring that the panel comes up with detailed, specific recommendations is essential, as is ensuring that such recommendations do not become watered down when taken up by brands and others, he adds.

Focusing on "what targets mean in the real world" and helping consumers distinguish "real action from empty talk" are what matters

now, agrees Gilles Dufrasne, policy officer at environment campaign group, Carbon Market Watch.

He welcomed the expert panel's explicit mandate to "translate" its recommendations into national and international regulations. "Too many companies today are misleading their own customers – and regulators, through false and misleading advertisements. This has to stop," he said.

With no law-making powers of its own, it's unclear how this U.N.-led process will persuade legislators to formally adopt the panel's recommendations.

In his speech, Guterres confirmed that the "lion's share of responsibility" for achieving net-zero emissions starts with governments, particularly the G20.

"If we don't see significant and sustained emissions reductions this decade, the window of opportunity to keep 1.5 alive will be closed – and closed forever." ●



REUTERS EVENTS™



**Save the date**

# **Transform Food USA 2022**

Connecting food industry leaders to create real impact

Food Security | Consumer Health | Planetary Conservation



[events.reutersevents.com/sustainable-business/transform-food-usa](https://events.reutersevents.com/sustainable-business/transform-food-usa)



INTERVIEW

# Ann Mukherjee: 'If I didn't champion diversity, I couldn't look at myself in the mirror'

PERNOD RICARD

VIEW ONLINE



**Oliver Balch** speaks to the CEO of Pernod Ricard North America about what it takes to build an inclusive culture

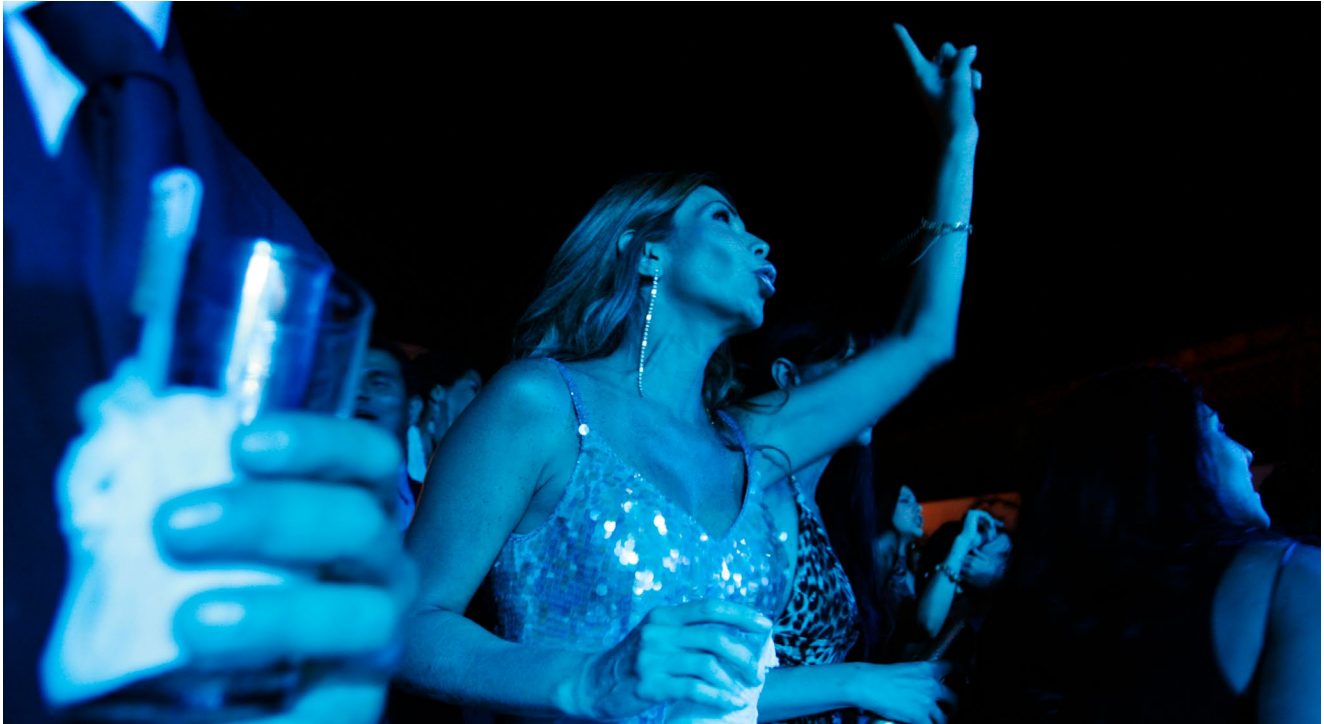
**A**nn Mukherjee doesn't need anyone to tell her why diversity is important. Born in Kolkata, schooled in the United States, and with 30 years' experience marketing some of the world's best-known brands, she has lived these issues up close and personal.

Not that she's allowed the barriers of racism, sexism, or any other "ism" to get in her way. After lengthy stints at Kraft Foods Group, PepsiCo and S.C. Johnson & Son (where she finished as global chief commercial officer), 56-year-old Mukherjee became chairperson and chief executive officer of Pernod Ricard North America in December 2019.

As an Indian-American woman in the alcohol industry, she is a dual rarity. By her own reckoning, levels of senior female leadership in the sector are three times lower than average for U.S. business, and that is measuring from a low base.

"The amount of boardrooms I sit in where I'm the only woman, let alone the only woman of colour – it's still so prevalent," she says. "So, for me personally, if I don't do this >

## INTERVIEW



JORGE SILVA/REUTERS

**Marketing in the drinks industry is traditionally aimed at the young.**

(champion diversity), I couldn't look at myself in the mirror."

That aside, Mukherjee is in no doubt about the direct relationship between building an inclusive culture and delivering on her fiduciary responsibilities.

Success for Pernod Ricard, which counts global brands such as Malibu, Beefeater, Jameson and Absolut in its portfolio, centres on identifying, and then satisfying, people's wants and desires.

"We now live in a world where businesses are really all about monetising predictive human behaviour. It's behavioural economics ... and part of the science of human behaviour is knowing that the consumer base demanding our products is massively diversified."

The running joke in the industry, which Mukherjee says has more than a grain of truth, is of all-male teams designing products and marketing plans for women-oriented products.

But that's just one of the diversity

blind spots. Marketing in the drinks industry is historically a young person's game, yet Mukherjee points out that the over 50s account for more than half of alcohol consumption in the United States.

"These people feel discriminated against because there are products made that they can't read. There are products made that they can't eat. There are products made that they can't open."

The response, however, is not to set up an oldies-only subdivision. Today, older drinkers are trying out "young people" brands, just as Asian-Americans are stepping over into markets historically associated with African-Americans, and women are gaining an appetite for "male" drinks, Mukherjee says.

So, does that mean all brands have to be all things to all people? Not a bit of it, says Mukherjee. Expect individual brands to continue representing their own set of values, but to make them resonate with

as wide a spectrum of people as possible.

The point strikes on one of Mukherjee's favourite dictums about diversity and inclusion: namely, "If you get the 'I' right, then the 'D' follows".

Marketeers need to have an intuitive sense of the people they are marketing to, she argues, so brand teams should bring a mix of different perspectives into the same room.

Essentially, it comes down to "balance", she says, the theme of the company's [Better Balance](#) programme, an umbrella initiative to promote equality across its workforce.

"This isn't about one group versus another. It's about balancing all the voices that are reflective of the communities you serve."

Nor is diversity and inclusion about assimilation, she says. Rather, it's about brands knowing what they stand for – and then going out and actually standing for them. ➤



## INTERVIEW

She gives the example of Absolut. Back in the 1970s, Pernod Ricard's premium vodka brand campaigned vocally in favour of gay rights. Today, it is channelling its "provocateur" spirit in new ways, most recently running a nationwide ad campaign on the contentious subject of sexual consent. (As one of the #SexResponsibly ads puts it: 'Buying Someone a Drink Doesn't Buy You a Yes').

"Today, you're talking to a whole new generation that wasn't even alive back in the 70s," she explains. "But because you understand the issues of today's diverse culture, you can retell that same story in a very contemporary way."

Wading into the culture wars is fraught with risk, of course. Mukherjee warns that brands who jump into this space without a credible commitment to the cause will be called out. Her advice? "If you don't have a right to speak, don't speak."

She adds: "Consumers today just don't want to buy your brands, they want to buy into your brands ... we live in a transparent world on the internet. They know what you do. So don't try to be a poser or a pretender, because that will ruin your brand faster than anything."

So, what about a brand without a long heritage in the politics of cultural inclusion and minority rights? Mukherjee has three pieces of advice. First, design for tomorrow. Building a diverse organisation for five or 10 years hence generally involves putting in place the training, recruitment and mentorship programmes today.

The second point is related: actively support people from diverse backgrounds to become leaders. In Pernod Ricard's case, it works with [BetterUp](#), a one-to-one coaching specialist that offers employees support on a full range of personal and professional development



PIXABAY

Stereotypical ideas around what people drink based on age, gender and ethnic group have become increasingly blurred.



ABSOLUT VODKA

Absolut vodka's campaign on sexual consent.

challenges. "If we truly want diversity, we have to find what I call 'mass personalisation'.

We have to find a way to help people grow and help people open up perspectives," she states.

And while she believes change isn't happening anywhere near fast enough, her third word of advice is patience.

If you can appoint the right people immediately, do so. But there's a danger that rapid promotion could leave individuals without the requisite experience out of their depth.

"There's a lot of people out there

that just want to promote for the sake of promoting and that does no one any good because you're not setting the person up for success," she argues.

Patience, however, is very different from procrastination. Mukherjee's own stellar career trajectory is proof of the huge potential that a proactive diversity strategy can have.

And, finally, a word for those looking to follow her lead? Don't fret about fitting in, she says. "Not being scared to let people see who I am" is at the core of her own success, she adds. "Because then I'm playing on my toes, not on my heels." ●