



Climate **change**

How are corporate leaders responding?

Robert Ziplies

While the progress of global climate negotiations (see other article pg 8) has been dangerously slow, the same cannot be said for a growing number of multi-nationals. A few large, mostly energy, corporations are still in denial, but there isn't much to be learnt from dinosaurs. Of greater interest, is to study what agile multi-nationals are doing; and the recent shift here is, simply put, tectonic!

Newsweek's Green Rankings – an annual ranking of some rigour assessing companies on 700 environmental, management and disclosure metrics – indicates that despite a weak economy companies have internalised the need to take on climate change and other issues. Mere 'dabbling' is being replaced by comprehensive strategies and astonishingly ambitious targets. Products, business models and supply chains are being reinvented. A few years ago, just a handful of corporations were doing truly impressive things. Now inspiring case studies can be drawn from names such as IBM, Munich Re, Philips, Hewlett-Packard, Deutsche Post, UPS, Fujitsu, Unilever, Walt Disney, Marks & Spencers, Walmart, Fiat and BMW.

Despite the ineffective pace of global climate negotiations, these innovators are racing ahead regardless and are becoming instrumental in building our low-carbon, low-impact society. Their need to improve operational resilience in the face of changing market and climatic conditions is not the only motivating force. They recognise that societal values are shifting and that to operate with integrity, is to honour their full spectrum of obligations to all stakeholders. Organisations are not run by inanimate 'resources' or 'members of staff', but by human beings that would like to see their organisations contribute to a better world, wherever and however they can. Lee Scott, Walmart's former CEO, posed a rhetorical question of this nature when he announced their commitment to sustainability: "What if we used our size and resources to make this country and this Earth an even better place for all of us?"

People are realising that by exploiting and polluting nature, we exploit and pollute ourselves. It is simple: we are inseparably part and parcel of nature. Daily, we exchange molecules and essential elements with our biosphere. And with this shifting worldview, business' social contract is adapting. As Jeff Immelt of GE said: "When we come out of this fog [referring to the recession], this notion that companies need to stand for something – they need to be accountable for more than just the money they earn – is going to be profound."

In this new world, business success will increasingly depend on the highest levels of social,

environmental, ethical and economic innovation and performance. Astute frontrunners are educating their employees on these issues and are decoupling revenue streams and growth from the consumption of non-renewable and polluting resources. Together with suppliers, civil society, customers and even competitors, they are remodelling their organisational cultures, products, operations and supply chains. There are no holy cows, just better, more ethical ways of doing business. And this applies to all industry sectors and business functions everywhere.

An example is Unilever's recently launched and much-lauded 'sustainable living plan' where they commit to becoming "a sustainable business in every sense of the word". The company has set numerous stretch targets, including halving greenhouse gases, water and waste associated with their products by 2020. And not just in their own operations, but throughout their supply chain. Impressive stuff!

This is what Unilever CEO Paul Polman had to say to address possible concerns from investors about their strategic focus on sustainability: "We must attract the right investors. If you buy into our approach to long-term value creation... then invest in us. If not, I respect you as a human being, but don't invest in us."

Powerful words that reflect how many multi-nationals view their shifting role: to live up to the Gandhian appeal of being the change we all want to see in the world. It maybe is unsurprising that, according to a recent global study, almost 80% of public companies with revenues over \$1 billion now have a sustainability strategy in place.

We have entered the era where companies are becoming whole-hearted corporate citizens that are leading our race for zero: zero carbon footprint, zero water impact, zero waste – zeros to revolutionise how we operate as a society. And this growing momentum will with time hopefully galvanise a fair, ambitious and binding global political climate agreement.

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2°C Challenge Communiqué

As the 2006 Stern Review indicated, the sooner we begin building a low-carbon society, the less costly our transition will be. And globally agreed policies are essential to institutionalise and accelerate this process. For this reason, many corporations urge their governments and the UN to put in place clear, ambitious mitigation targets. One such initiative is the annual '2°C Challenge Communiqué' in which hundreds of corporations, including a number of South African companies, draw attention to the fact that business requires "the clarity and certainty needed to invest to its fullest potential" in driving low-carbon implementation and innovation.

SA corporations rise to the challenge

According to the most recent Carbon Disclosure Project (CDP) report, the number of South African JSE-top-100 corporations having set climate-change emission-reduction targets has doubled from 20 to 40 over the past two years. And 77% indicate that climate change risks have been integrated into their overall business strategy. Bidvest achieved top ten status in this report.



Breakdown of Unilever's supply chain greenhouse gas emissions

While just 5% of emissions occur in their own operations, Unilever has committed to halving greenhouse gas emissions across their supply chain by 2020.