

Carbon branding is fast becoming a unique selling point for companies in search of the ethical dollar. Getting the message right is critical for brand integrity, however, as savvy consumers are increasingly wise to hypocritical and insincere gestures. It pays to assess what climate change means to your organisation so that marketing becomes a complementary activity to carbon disclosure and your corporate responsibility programme. Andrew Pinkess sets out the carbon stall.

# climate change and *your* business

## Creating a platform for action

We live in an age when climate change is unquestionably the most serious threat facing humanity and the real implications and effects of our carbon-intensive lifestyles are now being recognised. We are, in the words of leading environmental campaigner and commentator George Monbiot, living in 'the brief historical interlude between ecological constraint and ecological catastrophe'.

Debate on climate change has recently passed a key landmark with the publication of The Stern Report. Until now, the issue was seen by many as a specialist topic for meteorologists, environmentalists, niche political parties and CSR professionals. Now it is a mainstream issue receiving massive media exposure across all major channels, as well as close attention from Prime Ministers, Chancellors and Presidents.

And in the first week of April the latest report from the Intergovernmental Panel on Climate Change was covered widely in the global media, forecasting that in Europe 'coastal flooding is likely to threaten up to an additional 2.5 million people each year by 2080. In Africa, some regions will experience increased water shortages, which will affect livelihoods and lead to large increases in

numbers of people at risk of water scarcity. In Asia, declines in crop productivity will increase the risk of hunger.' One of the lead authors on the small island chapter said in a statement that the warming temperatures also would hurt sectors as wide-ranging as tourism, agriculture and fisheries on many island nations.

## What is business' response?

In the UK, the CBI has recently set up a Climate Change Task Force including members such as Ben Verwaayen, of BT, Clara Furse of the London Stock Exchange and Peter Redfern, of George Wimpey Plc. BP has also said it will direct some 5 percent of its investment over the next 10 years into clean energy e.g. low carbon energy sources like wind. It has also joined the UK government and the WWF environment group in publicly backing the EU's Emissions Trading Scheme (ETS), which has created a market for carbon, providing incentives for businesses to cut pollution.

The CEO of GE, America's biggest corporation, has effectively staked his company's future on its ability to "define the cutting edge in cleaner power and environmental technology." Under its 'Ecomagination'



strapline, GE has promised by 2010 to double its research spending on cleaner technologies to \$1.5 billion annually and double its sales of environment-friendly products to \$20 billion annually. Meanwhile, GE will also reduce its emission of greenhouse gases by 1 percent by 2012. Without this action, emissions would have increased 40 percent.

GE's actions carry a lot of weight. Not only is it the largest company in the US with a market capitalisation of \$381 billion, it is also the most widely-held stock in the world. Its CEO, Jeffery Immelt, represents arguably a new breed that emphasises a company's obligations to a range of stakeholders and interests including the global environment.

Recent indexes are also having an impact on perception. In the third annual Global 100 Most Sustainable Companies, based on ratings by Innovest, Shell knocked BP, a G100 constituent for the last two years, off the top of the list. BP had attracted some negative attention due to its health and safety, attention which related to the study conducted by an independent safety review panel headed by former US Secretary of State, James Baker.

BP's top-rated spot has been taken by Shell in spite of the fact that BP seems to be addressing its health and safety problems.

Bank of America also dropped off the list, not so much due to its poor ESG performance, but rather due to the fact that it had fallen behind the improving performance on these issues by its sector peers – new G100 constituents Goldman Sachs and JPMorgan Chase.

On a different tack, the importance of climate change and green credentials are moving out of the world of reporting and compliance and into mainstream communications, with mixed results. Corporate advertisers in key business publications like The Economist and Harvard Business Review are beginning to focus their messaging on green issues, such as the creation of low carbon factories (e.g. Ford in the US), or pictures of unspoiled landscapes, implying friendliness to the environment. HSBC has also stuck its neck out with a recent 'green' January sale, where they offered to donate money to green charities for every product sold.

Whilst these efforts show an encouraging willingness to bring climate change and concern for the environment into the mainstream, corporates need to