



Workshop 4 - Are voluntary measures sufficient – the role of big companies

In considering the question of whether voluntary measures are enough, a framing question was how much competitive advantage can be gained from such measures. Participants opened the workshop by offering examples of successful voluntary measures to reduce GHG emissions. Examples included Toyota's development of the Prius Hybrid, the Swiss travel agency RBM's cooperation with myclimate, Interface Carpet Company's product-leasing business model, and Matsushita Electric's development of appliances which make use of carbon dioxide.

The workshop coordinators then referred back to relevant points made in previous sessions of the conference, paraphrasing speakers from science, business, and non-profits who suggested that business leadership to mitigate climate change is at least necessary if not sufficient. The quotes also pointed to business opportunities such as risk management and getting ahead of or shaping regulations.

The question of how to define the "sufficiency" of voluntary measures was raised, particularly given that some experts have claimed that voluntary measures have already proven themselves insufficient. A proposition was made that sufficient might mean equivalent to Kyoto protocol standards.

The participants then returned to their own experiences with voluntary measures, primarily those not relating to climate change, to seek out common factors which might provide insight into the likely success of voluntary measures to mitigate climate change. A few examples are given below in Chart A



Chart A: Socially Beneficial Voluntary Measures

Programme	Sector	Benefits to Business	Experience (how successful have they been?)
myclimate ticket	All sectors, esp. travel		In progress
Laundry measures	Hotel industry	Keep laundry bills low	☺
Pay public transport to employees / subsidize public transport	All	Enhance well-being of employees and simplify commute	☺
River improvement (esp. Rhine platform)	Chemical and other manufacturing industry		☺ (successful where mandatory schemes failed)
Saving energy (insulation/ no ac/ turn off computers)	Office buildings	Save money	☺
Micro-loans	Financial		☺ (future uncertain)
Paid charity/volunteer labour time	All	Improve reputation in community	☺
Forest Stewardship Council (FSC) certified paper	All	Demonstrate company environmental commitment when used to print annual report	☺
Bioproduction	Agriculture – small business, raw material for larger business		☺
Promoting career opportunities for women and family-friendly policies	All	Increase talent pool and improve employee retention	☺
Car-sharing	All		
Certification for tropical timber			Neutral
Product take-back	All manufacturing industries	Reuse materials	☺ in some areas (glass bottles) ☹ in others: needed Germany cycle economy law
Water, electricity efficiency improvement loans (Austin, Texas)	Utility company	Don't have to build new energy or treatment plants	☺
Sustainability funds	Financial sector	Provide new product	☺



Framing thoughts which resulted from this reflection process included:

- Changing business operations does not change society as much as changing the product provided or produced.
- The 'carrot' to motivate companies to take voluntary action is often fear of losing market share if they do not. (However, while participants were confident that many consumers would pay a premium for healthier food or personal care products, they wondered to what extent people choose banks or other services based on environment concerns.)
- Companies are composed of individual people who are more engaged and loyal when they know they are working for a socially responsible business.
- There may be a trend towards individuals being able to enforce international environmental agreements through legal action.
- Participants noted that when venture capitalists hold the opinion that sustainability is simply intelligent business, this should be publicized.

The group's next project was to discuss which sectors would be potential winners and losers if climate change were successfully counteracted (Table C). In categorizing sectors, the group found that determining whether climate change would have a positive or negative impact on certain industries was not straightforward. Agriculture is one such sector. If climate change is not mitigated, then agriculture in many regions may be adversely affected. At the same time, global warming could open up new lands (colder lands not currently arable due to adverse weather) for use in agriculture.

Participants also considered whether large companies would suffer more than small companies from rapid and unpredictable change due to inflexibilities or whether their assets and geographic spread would better equip them to survive. (Similarly large companies are positioned to meet the highest regulated standard for their products in order to simplify production, yet at the same time may not be as accountable to local communities on other issues.)

Participants then divided into two groups. The first group analysed the situation facing the potential losers (Table D). The second group developed a set of recommendations (such as those in Table E) for sectors whose involvement in climate change mitigation is sometimes ignored (Table F).



Table C: Industry Categorization

Industries impacted by climate change and therefore should play a pioneering role: Potential Winners	Industries impacted by counteracting climate change: Potential Losers	Sectors experiencing potential positive as well as negative impacts
<ul style="list-style-type: none"> • Insurance sector • Renewable energies 	<ul style="list-style-type: none"> • Heavy industry • Mining • Petrochemicals • Transportation (Airlines, Logistics, etc.) • Utilities 	<ul style="list-style-type: none"> • Service sector • Agriculture • Tourism industry • Health care • Media • Construction & Housing • Finance

Table D: Analysis of Potential Losers

Industry	Public Eye	Level of Org.	Profit Margin	Comments
Aviation	+	+	-	Carrot: Label Stick: Tax
Lorry/Trucking	-	-	-	C: - S: Tax (fuel)
Shipping	-	+	+	C: Port State Control System S: Anchor
Petrochemicals	+	+	+	C: Label S: Tax (Cars)
Heavy Industries	-	+	+	S: Tax (Emission)
Power Plants (excl. nuclear)	+	+	+	C: Label
Mining	-	+	-	S: Tax and other

Table E: Selected Categories of Voluntary Measures

Improving Energy Efficiency
Optimizing Transportation
Fuel Switching
Purchasing Renewable Energy
Trading Emissions
Offsetting Carbon Emissions
Materials Conservation: Product Design
"Indirect" Opportunities to reduce use of energy-intensive materials

Adapted from Business for Social Responsibility (bsr.org)



Table F: Recommendations for Sectors Experiencing Both Positive and Negative Outcome When Climate Change Mitigated

Sector	Expectations	Carrot	Stick	Barrier
Construction & Housing	<ul style="list-style-type: none"> -Use green materials (e.g., certified wood, less concrete) -Aim for high standards in green design, particularly energy-efficient houses -Use minimum energy while constructing (e.g., recycling C & D waste) 	<ul style="list-style-type: none"> -Customer demand for green buildings in order to have good PR and save on energy -Industry standard of being modern/forward looking -Used materials can be less expensive 	Customers will reject inefficient buildings	Green materials/better design are often more expensive. Lack of knowledge/training. Not enough demand. Large, expensive houses and second homes are likely less environmental than less square footage per person.
Media	<ul style="list-style-type: none"> -Should communicate and make people aware that there is climate change -Communicate opportunities and benefits of action – how to mitigate individually and as group -Offer free public service announcements -Show environmental habits in entertainment programmes as normal part of life 	<ul style="list-style-type: none"> -Climate change is interesting, newsworthy subject 	<ul style="list-style-type: none"> -If news is too outrageous, people will write and embarrass journalists. -In the future there may be more dedicated climate change newswatch groups 	<ul style="list-style-type: none"> -scientists should be communicating to journalists -large companies may control through advertisers



Sector	Expectations	Carrot	Stick	Barrier
Banks	<ul style="list-style-type: none">-Should disclose risks of large long-term investments (if no action taken)-Don't plan as if reinsurance companies can cover beyond a certain cap-Offer sustainability funds, create indices.-Provide more socially responsible options in employee retirement plans-Give loans with lower interest rate to organizations mitigating climate change/sustainability-Credit card companies should proactively inform cardholders of funded projects	consumer demand, PR	<ul style="list-style-type: none">-reinsurance can't cover their risk-Investments are not covered until paid back (decades)	
Tourism (Travel Agency / Hotels, Resorts)	<ul style="list-style-type: none">-Endorse programmes such as myclimate-Advertise "environmental soundness" and educate customers about climate change-Form coalitions and creative tourists to keep tourists happy when climate change prevents usual activities	<ul style="list-style-type: none">-With climate change, tourism would suffer immensely (especially for countries that depend heavily on it)-Government support where economies rely on the tourism industry sector-Locations are sensitive to climate change so possible loss of customers is imminent-For some practices, no additional investments are involved and savings would be achieved		<ul style="list-style-type: none">-Damage already exists before any action can be taken-No budget to make changes-Would need to work in coalitions-May have to raise prices in highly competitive market



In conclusion, whether businesses benefit or suffer from climate change mitigation depends upon whether they position themselves to benefit. Given this, it is particularly misleading when spokespeople for businesses claim that "business" speaks with one voice on climate change mitigation.

The focus of our influence efforts should not be on the leading companies in a given sector (beyond learning from them) or the sectors which clearly benefit from mitigation (such as insurance or renewable energy). Nor should our efforts focus on laggards in each sector who seek out loopholes to circumvent with existing environmental regulations. Instead, we should focus on the middle majority in each sector who are willing to change but need guidance and pressure to act.

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