



CORPORATIONS AND CLIMATE CHANGE:

**‘GREEN CAPITALISM’ AS A TOOL FOR SUSTAINABLE
DEVELOPMENT**

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Outline

- Corporations, Climate Change and Sustainable Energy
- Green Capitalism: Merging Capitalism with Sustainability
- Green Capitalism and Sustainable Development Goals (SDGs)
- Challenges of Green Capitalism in Developing Countries
- ‘Green Washing’ as a blight on sustainability

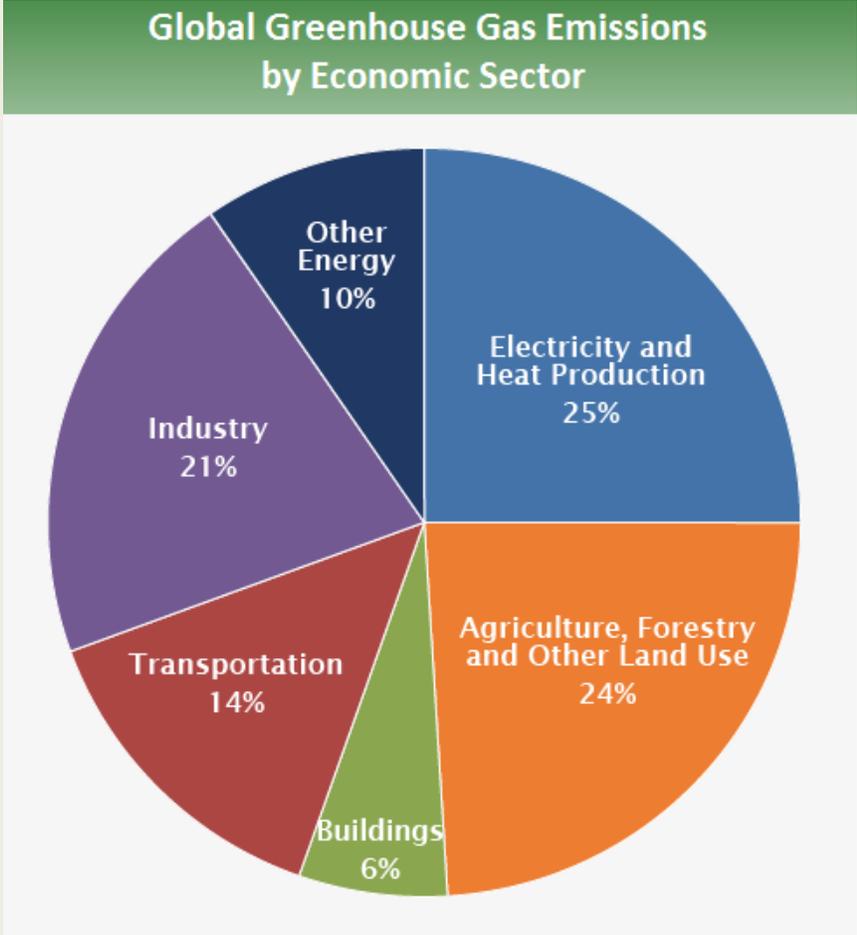
Introduction

- Corporations generally have an apathetic attitude towards climate change mitigation
- Source of apathy is Capitalism (i.e. they are profit driven)
- Green Capitalism harmonises corporation's capitalist pursuit with environmental Objectives; (Proffers a win-win position)
- Strict regulations needed to prevent greenwashing.

Corporations and Climate Change

- Climate change is the increase in global temperatures above coping capacity of the atmosphere arising from Green House Gases (GHG) emissions– IPCC Assessment 2018.
- It causes rising sea levels, drought, extreme weather events.
- Corporations contribute to Climate Change through GHG
 - *leading producers of carbon emissions (over 56%). – Environmental Protection Agency (EPA 2018)*
 - *Fossil fuel dependence by corporations – unsustainable energy production and consumption.*
- Corporations have a responsibility to invest in mitigation efforts.

Corporate Contribution to Green House Gas (GHG)



- EPA 2018

Ways Corporations Contribute to Sustainable Energy

- Shifting from fossil fuel dependence to renewable energy sources.
- Less coal dependence (SA – coal constitutes 70% of electricity source)
- More hydro/bio-fuel (Brazil- RE constitutes 80% of electricity source).
- Key steps-
 - *Increase Investments in RE/cleaner energy*
 - *Reduce investments in fossil fuels*
 - *Design financial instruments to encourage green investments e.g. Green Bonds*

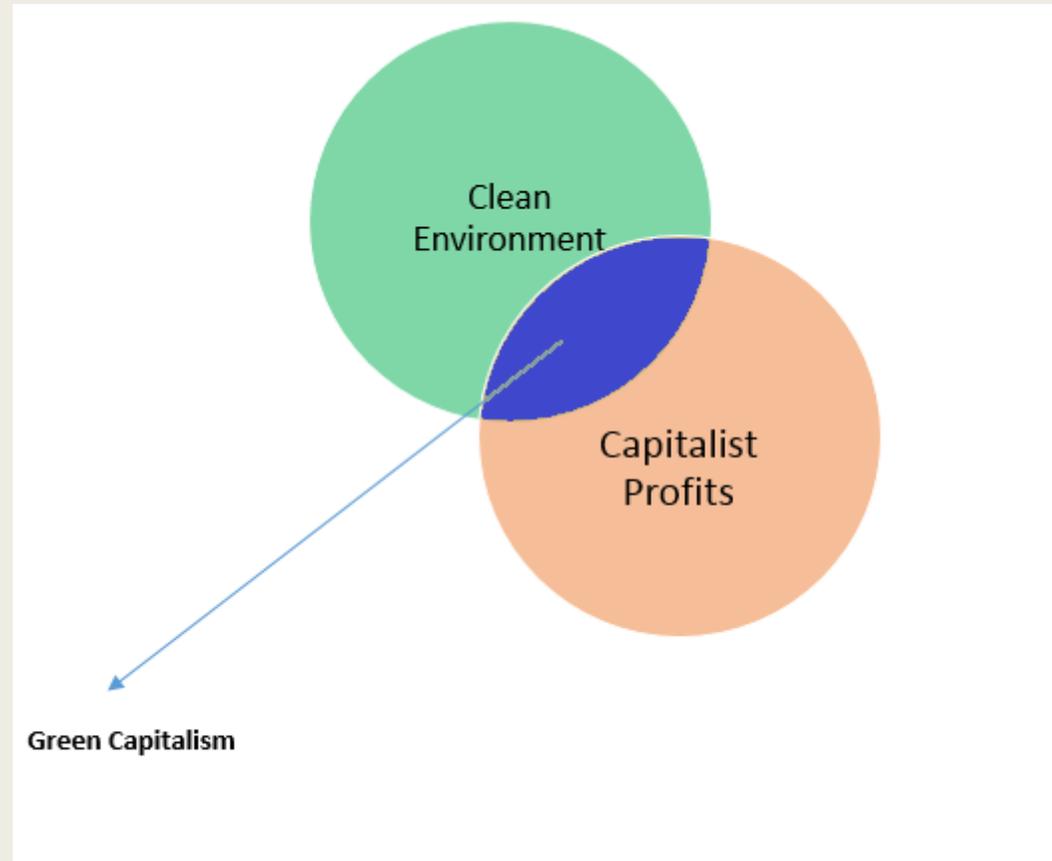
Green Capitalism

- Refers to a wide range of modern financial and investment tools that corporations utilise in channelling financial investments into sustainability projects/sustainable energy.
- Green capitalism shows that maximising profit and saving the planet can harmoniously co-exist.
- Clean environment is converted to a 'commodity' that Corporations sell to investors in order to make profits.
- Examples of Green Capitalism are Green Bonds and the various climate bonds offered at stock exchanges around the globe. (London Stock Exchange, Johannesburg Stock Exchange etc.)

Green Bonds

- A bond is a type of project finance scheme which corporations, governments and banks use to raise capital for specific projects.
- Bond issuer raises a fixed amount of capital from investors and repays the capital invested when the bond matures.
- Also pays an agreed amount of interests on the capital invested over the life of the bond.
- Green bonds are targeted at 'Green' or climate change mitigation projects.
- Proceeds of the bond are 'ring-fenced' for financing climate change or renewable energy and other environmental projects

Green Capitalism



Green Capitalism and Sustainable Development Goals (SDGs)

- Corporations can contribute to SDGs through Green Capitalism.
- Green Capitalism fulfils 3 of the SDGs 2015
 - *Goal 11- Sustainable Cities and Communities*
 - *Goal 12- Responsible Production and Consumption*
 - *Goal 13- Climate Action*

Challenges of Green Capitalism in Developing Countries

- Weak regulatory systems.
- Disparity in transnational treatments by corporations
 - *Compare Royal Dutch Shell's Flaring Policy in UK and in Nigeria*
- Poorly developed financial markets.
- Overdependence on fossil fuels (e.g. SA's coal dependence; Nigeria's reliance on fossil fuel for revenue)

Corporations and Green Washing

- Green washing – cosmetic, symbolic show of environmental friendliness without any substantial environmental impacts.
- ‘Green-talk’ without any ‘green-walk’.
 - *ESKOM’s Cosmetic RE investments in South Africa*
- Usually a consequence of regulatory laxity (developed countries penalise green washing – Canada (Canadian Competition Bureau); UK (DEFRA)).
- Developing countries often overlook green-washing, leading to corporate impunity.

Impact of Green Washing

- Undermines sustainability as the needed investments are not put into sustainable energy.
- Restricts government's efforts to improve sustainability as the deceptive environmental marketing masks the true state of poor environmental investments by corporations.
- Elevates capitalist goals over environmental goals.

Overcoming Green Washing

- Regulatory interventions.
 - *Stricter prescriptive interventions*
 - *Stricter monitoring of environmental activities/products*
- Corporate commitment to sustainable energy.

Conclusions

- Corporations have an important role to play in increasing access to sustainable energy and contribute to mitigating climate change.
- Green Capitalism enables corporations contribute to sustainable energy while maintaining their capitalist outlook by reaping profits from environmental activities.
- However, weak regulatory oversight of green capitalism can lead to 'green-washing' which undermines sustainability.
- Overcoming this requires strict regulatory interventions by government and technological improvements to monitor corporations' green activities.