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.