



# ***Business practices in support of a low- carbon future.***

***Challenges and lessons learned from the  
OECD Guidelines and practices***

*Céline Kauffmann and Cristina Tébar Less*

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# OECD project on business practices in support of a low carbon future

Examines 3 key areas of business action

1. ***Emissions accounting***: measuring, reporting and verifying emissions
2. ***Emissions reduction***: reduction targets; changes in production and corporate governance; managing the supply chain
3. ***Engaging and co-operating with stakeholders***: consumers, policy makers, NGOs

# Emissions accounting

## MNE Guidelines

*Enterprises should*

- *ensure that timely, regular reliable and relevant information is disclosed regarding their activities and performance*
- *apply high quality standards for disclosure, accounting and audit*
- *provide the public and employees with adequate information on the potential environmental impacts of the enterprise*

# Emissions accounting

## Challenges

- *Why measure GHG emissions?*
- *Which methodologies to use?*
- *Which emissions to measure?*
- *How to report emissions?*
- *How to ensure accuracy and relevance of corporate information on emissions?*

# Trends and business practice

- Increasing regulatory pressure to measure & report, incl. in countries which do not have international reduction commitments (e.g., China's Top-1,000 Enterprise Energy Efficiency Action Plan“ requires top emitting companies to reduce their energy consumption, and to report on progress made).
- An increasing number of companies measures and publicly reports emissions. This trend is also visible in Asia (e.g. the number of Asian companies reporting to the Carbon Disclosure Project increased by 39% between 2008 and 2009).
- External verification and certification increases the credibility of the data, and is compulsory in certain cases.

# Reducing emissions

## MNE Guidelines

*Enterprises should*

- *establish and maintain a system of environmental management*
- *establish measurable objectives and targets for improved environmental performance*
- *develop and provide products and services that have no undue environmental impacts*
- *encourage business partners, including suppliers, to apply principles of good corporate conduct*

# Reducing emissions

## Challenges

- *What are the key changes to be made corporate strategy in order to reduce emissions?*
- *How to set emission reduction targets?*
- *What changes to corporate governance are needed to achieve targets?*
- *How to engage employees?*
- *How to reduce emissions throughout the supply chain?*

# Trends and business practice

- Key drivers: regulation, energy costs, customer (supply chain) and investor demand. Emerging “Green Growth Strategies” (e.g. in Korea) provide further incentives.
- Emission reduction is increasingly becoming part of corporate strategies (e.g., Samsung’s target to reduce GHG emissions per basic unit by 36% by 2011).
- Efforts to reduce carbon footprint directly affects suppliers (e.g., M&S policies has led Brandix to implement carbon reduction efforts, Toyota is reducing emissions in productions and logistics).
- Companies are involving managers and engaging staff (e.g., DiGi’s policies to raise staff awareness and engagement)



# Engaging and cooperating with stakeholders

## MNE Guidelines

*Enterprises should*

- *promote higher levels of awareness among consumers*
- *contribute to the development of environmental policy*
- *enter into partnerships to enhance environmental awareness and protection*

# Engaging and cooperating with stakeholders

## Challenges:

- *How can companies raise consumer awareness on climate change issues?*
- *How to provide consumers with clear and accurate information?*
- *How to change consumer behaviour - and stay in business?*
- *How can companies contribute to the development of low-carbon policies?*

# Trends and business practice

- Companies are aware of the need to engage and empower consumers, but many are struggling to find ways to do it.
- Carbon labels are being developed to provide information on carbon content to consumers (e.g. AEON indicates carbon footprint on selected products), in some countries they may become compulsory.
- Coalitions with other companies are emerging, both at national and international levels, to mutually support efforts and take part in policy developments (e.g. Japan Climate Leaders Partnership)

# Lessons learnt

- Contributing to fighting climate change is part of responsible business conduct.
- Emissions accounting has a trigger effect - once you know how much you emit, you can start reducing. Helps identify the low hanging fruit and take first steps with measurable results.
- Reporting is increasingly becoming a legal requirement – the earlier you start, the better prepared you will be.
- Information on emission (reduction) provided by companies needs to be trustworthy – pressure from governments and consumers for verification is increasing

# Lessons learnt

- Reduction targets must be ambitious to make a difference – both environmentally and economically.
- Reducing emissions makes good business sense and often means reducing costs.
- Climate change should be put into the boardroom and be part of the corporate strategy.
- Companies should help employees get engaged; employees have a role in keeping the pressure

# Lessons learnt

- Managing the supply chain: companies are under pressure to reduce their carbon footprint and in turn put suppliers under pressure. Cooperation – including by providing funding and technology - and creating trust is necessary.
- Consumers look for information in products' carbon footprint, through labels, company overall low carbon strategy, reputation, leading by example.
- Cooperation with governments and other stakeholders is important: exchange of expertise, puts innovative approaches into the mainstream, keeps pressure.

# Follow up and next phases

- Review of practices in companies in Asia, OECD countries, other regions.
- Consultation with key stakeholders and experts (companies, governments, NGOs).
- Focus will be on main challenges to companies, business practice and lessons for further development of low carbon strategies.
- Results will feed into work on greening investment frameworks.

Comments, examples and other  
inputs are welcome!

[celine.kauffmann@oecd.org](mailto:celine.kauffmann@oecd.org)  
[cristina.tebar-less@oecd.org](mailto:cristina.tebar-less@oecd.org).