

MULTINATIONAL CORPORATIONS AND THE CHANGING LANDSCAPE OF CLIMATE ACCOUNTABILITY

Geoff Lye, Vice Chairman of SustainAbility

The 2008 Linacre Lectures:
"Climate governance beyond
the nation state: how business,
the arts, and cities are
responding to climate change"

Wk 1: "A new politics? Governing
climate change beyond the state"
Dr Harriet Bulkeley, Durham
University

Wk 2: "Multinational corporations and
the changing landscape of climate
accountability."
Mr Geoff Lye, Vice-Chairman,
SustainAbility

Wk 3: "The business of governing
climate change"
Prof Peter Newell, ECI and James
Martin 21st Century School

Wk 4: "Financing the transition to a
low carbon economy"
Mr Nick Robins, HSBC

Wk 5: "Catalyzing the business
response"
Mr Mark Kenber, The Climate Group

Wk 6: "Good planets are hard to
find: a cultural response to climate
change"
Mr David Buckland, Cape Farewell

Wk 7: "Managing our civilisation's
greatest challenge: the roles
of governments, private sector,
academics and individuals."
Prof Sir David King, Director,
Smith School of Enterprise and the
Environment

Read more about Geoff Lye
at: www.sustainability.com

Blog: SustainAbility at the UN
Climate Change Conference 2007:
[www.sustainability.com/about/profile_](http://www.sustainability.com/about/profile_published.asp?id=10)
[published.asp?id=10](http://www.sustainability.com/about/profile_published.asp?id=10)

Article: How business can change
the world. (2006) [www.sustainability.](http://www.sustainability.com/insight/article.asp?id=494)
[com/insight/article.asp?id=494](http://www.sustainability.com/insight/article.asp?id=494)

The second Linacre Lecture was presented by Geoff Lye, Vice Chairman of SustainAbility and Visiting Teaching Fellow at the Environmental Change Institute. His talk focused on the changing nature of corporate accountability in relation to climate change, suggesting that management of the issue is rapidly moving beyond corporate responsibility and public relations responses and into mainstream business strategy. He demonstrated this using case studies and examples garnered from 20+ years in the consulting industry. Geoff centred his talk on four main points:

1) **Multinationals are under increasing pressure to shift from a business model rooted in compliance towards one rooted in accountability.** The traditional model where directors of business look at their performance in terms of responsibility purely measured against stipulated regulations within a legal framework is now moving towards one which takes into account both societal expectations and values, and the needs and expectations of the various stakeholders over and above the law. This represents a fundamental shift in terms of the lenses through which business needs to operate.

2) **Climate is finally being addressed as a mainstream strategic issue.** Having monitored this space in the corporate sector for over 10 years, Geoff described what he views as a dramatic shift in business engagement on climate change over the last 18-24 months. Progressive corporations are today acting unilaterally to lessen their own carbon footprints and are actively calling on regulators for urgent policy shifts to accelerate market demand for lower carbon products.

3) **Corporations are hugely powerful, and with that power there is an equivalent obligation and moral responsibility.** The world's top 100 companies had revenues of £10trillion in 2006,

with the top 50 representing 5% of world GDP. Six of the top ten corporations are oil companies. With global economic power of this magnitude, there are clear opportunities and responsibilities for these multinational corporations to develop powerful climate solutions; and many are. Regulation is likely, however, to lag behind market demands for low carbon products and services, which will put great value at risk for those corporations which decide to wait for regulation .

4) **The increasing focus of the oil majors on energy security is taking priority over climate security, reversing the positive commitments and achievements made by companies like BP and Shell over the last decade.** There is an implication that energy and climate are aligned, but this is not always the case: many solutions to energy security do not simultaneously deliver climate security. Although there are options which fulfil both goals (e.g. alternative energy and carbon capture and storage), oil companies are mainly pursuing those which do not - such as oil sands, the extraction of which is highly carbon intensive and has other significant negative environmental impacts.

Geoff concluded his lecture by arguing that to achieve true corporate environmental accountability, three main objectives need to be met: sustained stakeholder scrutiny, true alignment between energy and climate security and a visionary new breed of CEOs.