Corporate Carbon Reduction Efforts Put At Risk By Climate Scepticism, Finds New Report

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The past year has seen an upsurge in public scepticism about climate change, following the perceived failures of December's Copenhagen summit and rising concerns about the accuracy of climate science. This is one of several factors that has stalled corporate progress on carbon reduction over the past year, as highlighted in After Copenhagen: Business and climate change, the latest in an annual sustainability research series from the Economist Intelligence Unit. The report was sponsored by the Carbon Trust, Hitachi and IBM, with supporting sponsorship from 1E.

This new report shows that the rise in scepticism is strongly echoed in the business world. More than one-half (52%) of executives agree that conflicting evidence on climate change means the jury is still out on how serious this issue is. Just 31% disagree.

Roughly as many "sceptics" (those who doubt the science on climate change) as "believers" say their companies have implemented energy efficiency initiatives—not surprising given the potential cost benefits to businesses. But far more companies with believers have actually developed new "green" products and services—and more than twice as many have improved the environmental footprint of existing products and services.

"There's essentially a divide in the marketplace," says James Watson, the editor of the report. "One group of companies is actively moving further along the carbon journey we outlined, while another group is unsure whether this should be a key focus. This rise in scepticism means a tougher sell when trying to make the case for environmental projects within a business."

Other key findings include:

·Efforts on climate change have stalled over the past year, neither advancing nor retreating. One in two companies (49%) globally has a coherent strategy to address issues related to climate change, slightly down on the proportion from a year ago (54%). However, the proportion of firms that are also engaging both their external partners and their supply chains in this strategy shows a starker decline, at 10% in 2010 compared with 17% the previous year. Those acting on climate change tend to be larger, publicly-listed firms.

·Executives remain convinced, however, that there are significant business benefits to be gained. Nearly half (45%) of executives agree that their companies see carbon emission reduction as a way to gain competitive advantage by cutting costs. The economic downturn has not materially damaged these efforts: of those who made a change to their existing focus (if any) on carbon reduction, 26% are doing more, especially in terms of energy efficiency, compared with 11% that are doing less. Fifty-nine per cent say their companies see carbon reduction as a way to obtain advantage through new products and services.

· Business has less confidence than ever in the ability of governments to deliver a level regulatory playing field. Nearly one-half (46%) of those polled are now more pessimistic about the ability of their government to deal with climate change, especially in an international context.
·PR considerations are still the most common driver of carbon reduction efforts. More than one-third (35%) of executives say that climate change is always taken into account in public relations (PR) efforts.

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In addition, highlighted within the report are a set of scenarios that explore potential policy and economic outcomes over the medium term. Rather than seeking to predict where carbon policy is going, they aim to provide business leaders with a set of potential environments they might find themselves operating in and some associated implications.

After Copenhagen: Business and climate change is available, free of charge, at: www.eiu.com/sponsor/aftercopenhagen