

Pleon Climate Change Stakeholder Report

Multi-Stakeholder Partnerships in Climate Change A leadership agenda towards 2012... and beyond

In the face of the Kyoto Protocol's expiration in 2012, partnerships with stakeholder groups have emerged as a crucial tool for companies to manage the risks and exploit opportunities posed by climate change and to participate in setting a post-Kyoto agenda. However, many companies are not communicating their efforts to stakeholders and are missing opportunities to improve their market share and global reputations in the face of climate change.

These are among the key findings of the Pleon Climate Change Stakeholder Report, a cooperative research effort between leading European communications consultancy, Pleon, and the University of Amsterdam Business School. The research, focused on the partnership activities of more than 350 global companies around climate change, found that stakeholder partnerships are both driving business and creating real environmental solutions.

Participating in climate change partnerships has emerged as a meaningful way for firms to navigate regulatory uncertainty and to influence corporate governance. Multi-stakeholder partnerships offer companies a way to effectively manage their environmental impacts as well as to answer the demands placed upon them by stakeholders from the public and private sector. Further, multi-stakeholder projects are providing infrastructure for innovation and development of opportunities in market leadership through ethical branding and corporate social responsibility.



'We have long believed that developing solutions to human-induced climate change depends upon business, government, and non-governmental organisations collaborating in research and development of the technologies and systems necessary to reduce the generation of carbon dioxide and other greenhouse gases.'
- UPS Carbon Disclosure Project

Other research findings include:

- **Climate change partnerships, particularly with governments, are a powerful tool for building multi-lateral framework beyond 2012.** In the context of the fourth report of the Intergovernmental Panel on Climate Change and the absence of a multilateral agreement beyond Kyoto Protocol's expiration in 2012, multi-stakeholder partnerships serve as a mechanism to help companies navigate an uncertain policy future. Approximately one third (30%) of the total partnership efforts in the study were aimed at influencing policy environment. Engaging directly with government partners and other political stakeholders is a tool to manage regulatory costs and gain credibility. Governments have made climate change a priority and represent the most active partners, present in almost half (43%) of the climate change activities. As Kyoto's expiration in 2012 approaches, we see momentum for stakeholder engagement is increasing.
- **Many companies are missing leadership opportunities and not communicating about climate change activities.** Multi-stakeholder partnerships are playing an important role in how companies are positioning themselves towards the challenges of climate change, but many are missing opportunities to communicate to stakeholders. Where some organisations lagged behind in recognizing the importance of cooperative initiatives, there were also repeated instances of companies failing to provide evidence of their commitment to climate change in annual reports, websites or other forums. Though 55% of the firms in the study are participating in more than one multi-stakeholder initiative, we see some companies are much more explicit about strategic pursuit of climate change opportunities. Research suggests that companies with a clear assessment of climate change risks and opportunities that are explicitly linked to core business practices and multilateral targets are emerging as reputation leaders in climate change.
- **Stakeholder partnerships are crucial to building corporate social responsibility (CSR) leadership and ethical brand value.** As one of the fastest growing areas of marketing, ethical branding is no longer a niche market, but a powerful means of income and reputation strength. Growth in ethical consumption continues in food and household goods, renewable energy markets, eco-travel and transportation, and fair trade goods.¹ Participation in multi-stakeholder partnerships on climate change and other issues can be a potent means of strengthening CSR reputation for the company on one hand, and ethical brand value on the other.

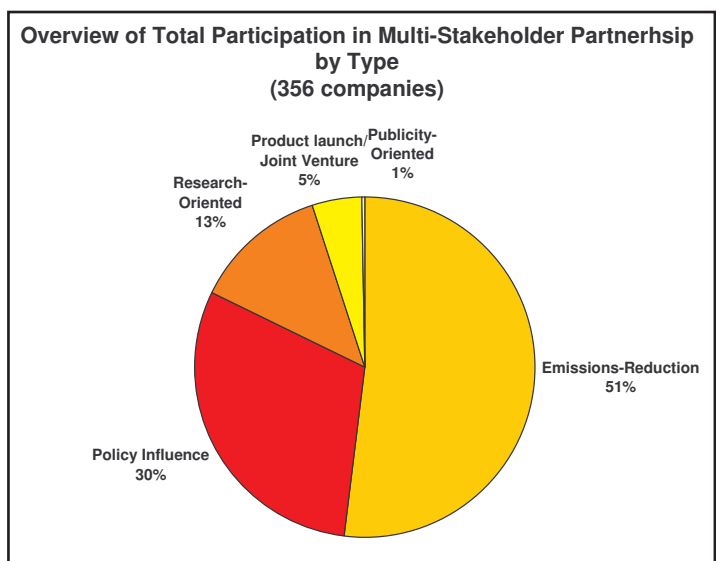
Research findings continued:

• **Forward-thinking companies are benefiting from innovation and new market opportunities through partnerships.** Significant innovation R&D efforts and joint ventures are occurring in partnership context. Companies who realise that the risks of climate change are worthy of action are among the first to explore and capture market benefits through research and innovation. Of the 256 total partnerships identified in the research, more than half (52%) focused on innovation, research, or new market development. Through partnerships, many companies are pursuing opportunities in ethical branding, socially responsible investment, emissions trading, and continuing expansion of low-emissions technologies. The growth of these markets is supporting links between financial performance and climate change action.

• **Companies are linking financial performance with corporate social responsibility through stakeholder partnerships.** Through partnerships, many companies are pursuing opportunities in ethical branding, socially responsible investment, emissions trading, and continuing expansion of low-emissions technologies. “Green” investment portfolios are growing and the emissions trading market has tripled over the past year to 20.3 billion dollars in 2006.² Recent data shows that solar and wind energy have become significant alternative markets at 11.8 and 11.2 billion dollars respectively.³ The growth of these markets is supporting links between financial performance and climate change action. Climate change partnerships, particularly those aimed at supply chain efficiencies, have demonstrated cost savings that provide additional incentive to engage in corporate social responsibility with stakeholder partners.⁴

Typology of Multi- Stakeholder Partnerships

The types of partnerships emerged in five categories including emissions-reporting/reduction; policy influence; research-oriented; joint venture; and publicity-oriented. These various types of multi-stakeholder partnerships represent the various fronts on which firms are addressing climate change. Taking a closer look at the types of partnership activities reveals insight into how companies are using expertise and resources outside the bounds of the firm to mitigate risks of climate change and exploit opportunities. The report shows that companies are using partnerships to reduce emissions (51%), participate in policy discussions (30%), pursue research opportunities (13%), launch new products (5%), and to gain publicity (1%).



Practical Advice for Linking Climate Change Partnerships and Business Strategy

In addition to an overview of current multinational activity in climate change partnerships, the Climate Change Stakeholder Report outlines practical strategies for:

- Identifying partnership opportunities
- Criteria for selecting stakeholder partners
- Linking partnerships and climate change communication to core business strategy

Methodology

The Climate Change Stakeholder Report is based on data provided by more than 350 Financial Times (FT) Global 500 firms reporting to the 2004 Carbon Disclosure Project (CDP), an international carbon emissions disclosure survey. The report identifies trends in multinational firms' responses to climate change via multi-stakeholder projects. In addition to CDP surveys, data was procured and verified through company reporting mechanisms, websites, press coverage, and other independent publications. Additional anecdotal data was procured through interviews and surveys with key stakeholders in industry, government, research, and NGOs.

Project Background

The Climate Change Stakeholder Report is a bi-annual report concerned with Corporate Social Responsibility (CSR). Where previous reports have focused on professional readership of CSR reports, the urgency of the climate change issue prompted a refocusing of the research to stakeholder engagement around climate change in the corporate agenda. The report represents a cooperative research effort between Pleon and the University of Amsterdam Business School. Colleagues from throughout Pleon's 30 European offices participated as a sounding board mechanism to capture the pan-European nature of the research. "The Climate Change Stakeholder Report" is a product of Pleon's Corporate Social Responsibility Practice Group, lead by Arthur van Buitenen at the Pleon office in Amsterdam, the Netherlands. Authors of the report are Lia Hull, Marjolijn Vencenken, and Arthur van Buitenen.

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The Pleon Climate Change Stakeholder Report is available for download at www.pleon.com**

1. The Cooperative Bank (2006). The Ethical Consumerism Report 2006. Available at: <http://www.co-operativebank.co.uk/servlet/Satellite?c=Page&cid=1170748475331&pagename=CB%2FPage%2FtplStandard&loc=I>
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