Now or Never
Climate change: time to get down to business

- The business role: a call to action
- Three steps to take now
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- The urgency for business action
Why is Oxfam talking about business and climate change? Because we believe that companies can help to determine whether the world wins or loses the fight against climate change. The consequences could not be more important – not only for millions of poor people around the world but also for the health and stability of the global economy.

Oxfam’s focus is on helping people to overcome poverty and make a better life for themselves. Many people fail to realise the impact that a changing environment is already having on poor people. Their livelihoods, homes, and food and water supplies are on a knife-edge, and even slight environmental changes can tip the balance. These impacts are already being felt, from extended droughts and climate variability across Africa to flooding in South Asia.

Climate change poses a huge threat to poor people and their future chances of development. Research commissioned by Oxfam shows that, by 2015, the number of people affected by climate-related natural disasters could grow by more than 50 per cent to more than 375 million people a year. Although further climate change is already inevitable, we can prevent catastrophic climate crisis if we all work together—governments, businesses, and individuals alike.

Oxfam is working with people living in poverty to respond and adapt to the impacts of climate change through its humanitarian and development work. And Oxfam is campaigning for a fair and effective global deal at the UN climate-change conference in Copenhagen in December 2009.

We welcome the commitment of business to fight climate change, without which such a deal would be impossible.

Jeremy Hobbs
Executive Director, Oxfam International
Climate change affects poor people first and worst. It is a major obstacle to development and poverty alleviation, as well as a serious threat to business supply chains and markets in developing countries.

Business must play a leading role in the fight against climate change. Oxfam is calling on companies to take the following steps:

1. **Ask governments to act.** Lobby louder and harder for world leaders to set ambitious emissions-reduction targets and to provide sufficient financing to enable poorer countries to mitigate and adapt to climate change. Companies can:
   - Sign up to business calls for action at Copenhagen.¹
   - Ask politicians for ambitious emissions-reduction targets and adequate finance for developing countries.
   - Get the CEO to call for a strong deal in Copenhagen when speaking in public or to the press.
   - Get employees and customers to register support for climate action.

   In return, governments will establish policies that set out a clear framework for emissions reductions; open markets for new technologies; create certainty for investment in a low-carbon economy; and determine carbon prices.

2. **Cut absolute emissions.** Ensure that less greenhouse gas emissions are being released into the atmosphere overall, regardless of company expansion, while also addressing ‘indirect’ emissions from the company’s supply chain. Companies can:
   - Set, plan for, and report on ambitious absolute emissions-reduction targets.
   - Estimate and start to tackle indirect emissions and promote energy efficiency in supply chains.
   - Host conferences promoting the company’s climate policies and explaining the business case for emissions reductions.

   By doing so, companies can reduce their own contribution to climate change even as they prosper and grow.

3. **Develop technologies and products that will help people to adapt.** Drought-tolerant crops, new flood-defence systems, and weather-related insurance products can help developing countries to cope with climate change, provided they have access to these technologies flexibly and affordably. Companies can:
   - Develop technologies and products that will help people to adapt – and make sure that developing-country employees and suppliers are prepared for climate change.
   - Ensure that their use of scarce resources in developing countries – such as water and energy – do not conflict with the needs of local communities.

   These actions can generate business opportunities and stimulate the economy, while building supply-chain resilience and reducing impacts on poor people.
Action on climate change is urgent. It’s now or never. We must keep the rise in global temperatures below 2°C. This means that emissions must peak and start to decline in the next decade – so we must act now to set the world on a low-carbon path. Coordinated international action is essential.

2009 is a crucial year. World leaders are meeting in Copenhagen in December to agree on the next steps. Oxfam is calling on them to reach a fair and safe deal that will achieve the following:

- Cut global emissions by 80 per cent from 1990 levels by 2050.
- Reduce rich countries’ emissions by 40 per cent below 1990 levels by 2020.
- Provide $150 billion annually to help developing countries to develop in a low carbon way and adapt to the effects of climate change.

Oxfam and climate change – at a glance

Oxfam has seen first-hand the impacts that climate change can have on poor people. South Asian floods are deeper and longer-lasting than ever before; Kenyans are suffering from irregular rainfall and drought; and hotter temperatures are melting glaciers in Tajikistan – causing floods, pollution, disease and landslides. Climate change is a global problem, requiring a global solution. Unless we all act now, there will be much worse to come.

We take a three-pronged approach to tackling climate change:

1. **Humanitarian work** responding to natural disasters linked to climate change, and building resilience to future disasters through Disaster Risk Reduction programmes.

2. **Development work** supporting communities to adapt to the effects of climate change and helping to reduce their vulnerability to its impacts.

3. **Campaigning** demanding urgent and decisive action by world leaders, and a global deal that is fair for all.

Oxfam is a founding member of the ‘tck tck tck’ campaign, an alliance of NGOs, faith groups, trade unions, and individuals, which demands an ambitious, fair, and binding climate deal that reflects the latest science. [www.tcktcktck.org](http://www.tcktcktck.org)
The business role – a call to action

Every business must join the fight against climate change. Companies large and small can take steps to ensure that they reduce their own contribution to climate change and encourage world leaders to agree a fair and safe global deal in Copenhagen in December 2009.

Oxfam calls on businesses to take these measures:
1. Ask governments to go further than they have gone so far.
2. Set absolute targets for their emissions reductions – and meet them.
3. Help to reduce the impact of climate change on poor people.

Ask governments to go further

“A strong deal in Copenhagen will unlock the potential of business to do what it does best: to profitably invest, innovate, and make affordable low-carbon products and services to billions of consumers around the world.”

Project Catalyst, 2009

A little talking can go a long way. We want the business world to use its influence and ask governments to take ambitious action on climate change.

This is a crucial year. In December 2009, world leaders will meet at the UN climate-change conference in Copenhagen to agree the successor to the Kyoto Protocol. It’s a make-or-break summit.

In order to keep global warming below 2 degrees, and help developing countries adapt, Oxfam has identified three primary targets:

• Global emissions to peak and begin to decline by 2015, with cuts of 80 per cent from 1990 levels by 2050.
• In rich countries as a group, 40 per cent emissions reductions from 1990 levels by 2020.
• The mobilisation of $150 billion from additional and predictable sources each year, to help developing countries develop in a low carbon way and adapt to the effects of climate change. To put this in perspective, this is less than the amount mobilised by the US government to save AIG from collapse.

Without global co-operation, from developing nations as well as developed countries, any deal that aims to limit global warming to below 2°C will fail. But some developing nations have threatened to walk away from the talks if their richer counterparts fail to deliver concrete action and financial commitments. We believe that the greatest threat to a deal in Copenhagen will be richer nations showing up empty-handed.

Companies can help to break this deadlock. Companies must lobby louder and harder for world leaders to set ambitious emissions-reduction targets and provide sufficient finance to enable poorer countries to mitigate and adapt to climate change. This will help to keep developing countries at the negotiating table.

US industry support for adaptation finance

In the USA, companies are coming together to ask the administration to fund climate-change adaptation.

Key movers and shakers include Business for Innovative Climate and Energy Policy (BICEP). This coalition of consumer-facing companies includes Levi Strauss, Nike, Starbucks, and eBay. It is co-ordinated by CERES, a group of investors and public-interest organisations. In April 2009, the BICEP coalition released a statement calling for substantial support for adaptation and other international climate-related investments.
Set absolute emissions-reduction targets – and meet them

A key step is to reduce operational emissions. This is the focus of countless climate campaigns and many companies’ sustainability activities. But setting relative emission-reduction targets isn’t enough. Businesses want to grow, and that means that total emissions will increase, despite efficiencies. Oxfam is calling for businesses to set absolute targets – ensuring that less carbon dioxide is released into the atmosphere, regardless of company expansion. Absolute reductions are possible, even on a large scale. In Denmark, for example, while economic activity grew by more than 45 per cent between 1990 and 2007, emissions fell by more than 13 per cent. Leading companies to turn to for inspiration include:

• telecoms provider, BT: aiming for an 80 per cent absolute reduction in its UK emissions by 2016, from 1996 levels;

• clothing manufacturer, Timberland: working towards a 50 per cent absolute reduction by 2010, from 2006 levels.

Business must also address the issue of ‘indirect’ emissions, which can far exceed operational emissions. For example, retailers’ supply-chain emissions can be ten times greater than their own. Yet a 2009 study found that only one in 10 companies collects emissions data and actively manages its supply-chain carbon footprint, even though most have undertaken some green initiatives in their warehouses or transport fleet. Exceptions include Hewlett Packard, which in 2008 became the first major IT company to record and publish emissions from across its supply chain, and Vodafone, which monitors its key suppliers’ climate-change management twice a year.

Help poor people to deal with climate change – and secure new markets along the way

Business opportunities arise from developing products and technologies that enable people in developing countries to increase their resilience to climate change. Examples include drought-tolerant crops, new flood-defence systems, and weather-related insurance products that can lessen the impacts of events such as droughts and hurricanes. Such offerings help a company’s developing-country workforce, supply chain, customer base, and local communities to cope.

Developing these technologies is one thing – but enabling equitable and affordable access to them is just as important. Poor nations will struggle to adapt to climate change and develop in a low carbon way if they rely solely on open-source technologies. Instead they should be able to access patented innovations flexibly and affordably. Oxfam is calling on companies to guarantee that intellectual-property rights will not be used as a barrier to transferring emission-reduction and adaptation technology to developing countries.

What not to do: lobbying against progressive action

Auctioning of carbon permits is one of the best incentives for moving to a low-carbon economy. But in the EU, many companies and industry associations are opposing auctioning. The loudest voices come from the iron and steel, cement, oil refining, and chemical manufacturing sectors, as well as associations such as Business Europe and the European Roundtable of Industrialists. They say that auctioning will lead to increased costs, lower competitiveness, and ‘carbon leakage’ – the shift of operations to countries that don’t impose a carbon price.

Yet research, including the Stern Review, suggests that the risks of carbon leakage have been exaggerated, given that environmental legislation is just one aspect of the decision around location of production facilities, and in most cases not the most important factor. Oxfam’s view is that 100 per cent auctioning across sectors is necessary, and will be an important source of funding for both adaptation and low carbon investment in developing countries. It can also provide support for mitigation in rich countries – which will ultimately be to the benefit of industry.
Checklist for leadership action against climate change

• Sign up to business calls for action at Copenhagen.  

• Ask politicians for ambitious emissions-reduction targets and adequate finance for developing countries.

• Get your CEO to call for a strong deal in Copenhagen when speaking in public or to the press.

• Get employees and customers to register support for climate action.

• Do your bit: set, plan for, and report on ambitious absolute emissions-reduction targets.

• Estimate and start to tackle indirect emissions and promote energy efficiency in supply chains.

• Host conferences promoting your company’s climate policies and explaining the business case for emissions reductions.

• Develop technologies and products that will help people to adapt – and make sure your developing-country employees and suppliers are prepared for climate change.

• Ensure that your operations’ uses of scarce resources in developing countries – such as water and energy – do not conflict with the needs of local communities.
Why businesses need to act

Scientific consensus on the reality and causes of climate change is unequivocal, and the business world largely accepts the case for action in order to safeguard the health and stability of the world economy. However, there are also more immediate opportunities and benefits for companies willing to take leadership.

Companies’ demands for action send a powerful message and pave the way for more ambitious national policies. In return, governments can set out a clear path for business to follow.

**Why ask governments for action?**

By being at the table, businesses can develop mutually beneficial relationships with governments.

Industry has the ability – and, we believe, the responsibility – to influence governments positively on climate change. Governments listen to business leaders. Companies’ demands for action send a powerful message and pave the way for more ambitious national policies. In return, governments can set out a clear path for business to follow.

Although many companies already invest in reducing emissions and improving efficiency, these isolated actions alone are insufficient to deliver the necessary cumulative impact. Fewer than half of the FTSE 100 companies, for example, have reduced their total emissions in the last five years.¹⁰

We need governments to encourage action from all companies by setting emissions reduction targets and providing guidance on how to reach them.

Companies would benefit from the certainty and frameworks necessary to scale up investment in low-carbon technologies,¹¹ as well as government recognition of their efforts – for example through tax incentives or a shifting of fossil-fuel subsidies to green technologies.

Business will also benefit if rich nations commit to providing adaptation finance. Without it, developing-country governments will be forced to divert funding from health care, education, and infrastructure to disaster relief when climate-related emergencies occur. Companies may then have to finance these services themselves – or do without skilled workers and a functioning infrastructure.

“You simply can't operate as an international business and not take climate change seriously... You can choose to be in the driving seat or to be a passenger.”

Karen Jordan, manager of National Grid’s UK climate-change policy
“For every pound we invest, we are making savings that allow us to not only meet our environmental commitments but also to offer even better value for our customers”

Richard Gillies, Director of Marks & Spencer’s ‘Plan A’ sustainability initiative

Why cut emissions and invest in a low-carbon future?

A climate-resilient economy is a healthy economy. Investment in a low-carbon, climate-resilient future must not falter because of the global recession. Indeed, economic recovery and urgent action to tackle climate change are complementary since investment in the infrastructure necessary to reduce emissions will create jobs at the same time.

By acting on climate change, businesses can help to stimulate renewed prosperity, establish a more predictable framework for planning and investment, and ensure the stability and sustainability of the future world economy.

Business benefits include the following:

• **Job creation**: A report from the UN Environment Programme emphasises the potential for millions of new jobs in a low-carbon economy. More than two million people are already employed in the renewable-energy sector, and this could grow to more than two million employed in wind energy alone by 2030, with a further six million employed in solar power, while some 12 million people could be involved in growing biomass for energy.

Making buildings more energy-efficient could generate up to 3.5 million jobs in Europe and the USA – with much more potential in the developing world.

• **A vibrant economy**: The cost of inaction (5–20 per cent of global GDP) would far out-strip the cost of action (just 1 per cent of global GDP).

• **Greater energy security**: through energy savings and the diversification of energy sources.

• **New business opportunities**: in clean technology and energy-efficient buildings and transport. For example, the global market for renewable energy hit $50 billion in 2005 and is projected to exceed $150 billion by 2015.

• **A better reputation and a secure licence to operate**: society expects companies to respond to climate change and to recognise their responsibility to developing-country stakeholders.
**Why help poor countries to adapt to climate change?**

Climate change threatens to disrupt the supply chains and markets that are crucial to global businesses. The following facts illustrate some of these impacts:

- Increased weather variability in Central America is posing a significant and direct business risk to coffee companies that import gourmet beans from affected farmers.
- More intense and frequent floods in Bangladesh are disrupting labour markets and factory operations for major clothing brands.
- Drought and desertification in West Africa are causing concern for these same apparel companies, which source high-quality cotton from the region.
- Increasing water scarcity in parts of India is prompting major beverage companies to address the effects not only on bottling processes, but also on surrounding communities.

Starbucks is one company aware of the threat climate change poses to its supply chain. Starbucks sources Fair Trade coffee from the Kilimanjaro Native Co-operation Union (KNCU), which is experiencing the effects of climate change first-hand. Rising temperatures and unpredictable rainfall are hitting coffee-bean yields, as irrigation ditches and water taps run dry. Farmers’ incomes are suffering and their health is affected too, as malaria spreads up the mountain to areas that it never reached before.

Motivated by concern for the quality and quantity of its coffee supply, Starbucks joined the Business for Innovative Climate and Energy Policy (BICEP) coalition. As part of BICEP, Starbucks is lobbying the US government on climate policy, including a call for substantial financing to help developing countries to prepare for and adapt to climate impacts, and to protect local communities and global supply chains alike.

**“We see investments in adaptation as a win–win. Adaptation efforts that respond to more severe climate impacts at home and abroad can create new jobs and drive economic growth. They can also help developing countries cope with a changing climate”**

Brian Bieron, Senior Director, Federal Government Relations and Global Public Policy, eBay Inc

Investments in adaptation can also create new opportunities for businesses and help vulnerable communities all over the world to prepare for and respond to the impacts of climate change. For example, Swiss Re – the world’s largest reinsurance company – has joined forces with Oxfam, Columbia University’s Earth Institute, and local partners to introduce micro-insurance to small-scale farmers in Ethiopia. This innovative financial tool helps growers to reduce risk in the face of drought, and represents a potential business opportunity at the ‘base of the pyramid’. Swiss Re has also been a strong voice for government action on climate-change adaptation.

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**“Levi Strauss needs to be very focused on what climate change may do to our cotton supply and the farmers who produce it and their needs to adapt... We strongly believe that [the US] Congress should include adaptation [in climate-change legislation] and finance it properly.”**

**Business action: the story so far**

Many businesses have already taken action to limit their climate-change impact. But few have really demonstrated the leadership necessary to achieve radical global action, and many others are still sitting on the sidelines.

### Crucial conversations in Copenhagen

Business leaders have already met in the Danish capital at the World Business Summit on Climate Change. In May 2009 they gathered to thrash out demands for action. The result – The Copenhagen Call – asks governments to agree an ‘ambitious, effective and globally equitable’ climate treaty, but it does not go far enough to ensure that catastrophic climate change and devastating impacts on poor people are avoided (see table). It is critically important that world leaders do more than this in December.

Poznań Communiqués, and some 500 are expected to sign the Group’s third statement, the 2009 Copenhagen Communiqué. The Communiqué emphasises the need to keep warming to within 2°C, and asks governments to agree an ‘ambitious, effective and globally equitable’ deal including:

- A global emissions cap and long-term reduction pathway.
- Immediate and deep emissions-reduction commitments from developed countries.
- Clear language on the need for mitigation and adaptation finance for developing countries.

But the Communiqué omits some key elements that Oxfam believes are important, particularly specific figures for mid-term emissions cuts and the scale of financing needed for adaptation and mitigation in developing countries.

### The Copenhagen Call – what it said, what it didn’t

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<th>What it said</th>
<th>To avoid devastating impacts, we need:</th>
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<td>Asked for 50 per cent emissions reductions by 2050</td>
<td>At least 80 per cent reduction in global emissions by 2050 from 1990 levels¹⁷</td>
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<td>17 Gigatonne reduction versus Business as Usual by 2020 (equivalent to 28 per cent reduction¹⁸)</td>
<td>At least 40 per cent reduction from 1990 levels by 2020 by rich countries</td>
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<td>Importance of adaptation and mitigation finance, but no figures given</td>
<td>At least $150 billion per year for climate-change adaptation and mitigation in developing countries</td>
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The Corporate Leaders Group on Climate Change is one initiative bringing together executives who believe there is an urgent need for new and long-term policies on climate change. Around 150 major companies signed the Group’s Bali and
Investors are also taking a stand. The Investor Network for Climate Risk is a group of more than 130 leading investors in the USA, Europe, and Australia which represents assets worth $6.4 trillion. Its members have demanded sufficient government funds for both adaptation and mitigation.

**Action by a few, resistance by many**

Leading businesses are working to address climate change, but progress in reducing business emissions has been very patchy so far. A new study reveals that one third of the world’s biggest companies have done nothing to mitigate climate-related risks, with just over half setting themselves short-term targets. Efforts must be drastically and rapidly stepped up if targets are to be met.

Executives’ awareness of the issue is increasing, and some companies have taken action far beyond legislative requirements. Climate leaders include the following:

- Marks & Spencer, the British retailer, which has earned plaudits for its ‘Plan A’ sustainability initiative and commitment to reducing emissions in its operations and supply chain. The company pledges to become ‘carbon neutral’ by 2012, mainly through efficiencies and the use of green electricity. Marks & Spencer provides its suppliers with practical advice to help them to cut emissions, and has set up four ‘eco-factories’ in China, Sri Lanka, and Wales which have cut energy and water use by 50 per cent.

- National Grid, the international electricity and gas company, aims to reduce its emissions by 80 per cent from 1990 levels by 2050. It has already achieved a 30 per cent cut and is the first major company to link carbon cuts to executive pay.

But many are lagging behind. Shell announced in 2009 that it is pulling out of investment in wind, solar, and hydro power to focus solely on oil, gas, and bio-fuels. At the same time, the Anglo-Dutch giant tripled its investment in unconventional sources of oil, such as tar sands, which are three times more polluting than conventional oil extraction. German power company E.ON plans to build new coal-fired power stations across Europe, including the UK’s first new coal plant since 1974, the much-disputed Kingsnorth. These are steps in entirely the wrong direction, given the long lifetime and huge emissions that such investments represent and that emissions need to peak and start to decline in the next decade.

Success in tackling climate change is also undermined by some companies’ and industry bodies’ lobbying of governments for lower emissions targets, strict intellectual property laws on new technologies, and free pollution permits. Yet for all the reasons outlined in this briefing, Oxfam believes it is imperative for companies to back progressive policy, rather than lobby on the basis of short-term interests.

**Time to get down to business**

Climate change is having devastating impacts on people and on the economy. Failed harvests, destroyed homes, water scarcity, and deepening health crises hit the poorest hardest, but also threaten to reverberate throughout the global economy. Some companies have shown real leadership in tackling their own contribution to climate change, while supporting long-term frameworks and investing in new products and services to help people to adapt. But isolated efforts do not add up to the urgent and radical global action that is needed. 2009 is a crucial year – we must get a fair and safe deal at Copenhagen. This will require a much more concerted effort across business as a whole, and much greater collaboration between business, government, and civil society. Now is the time to get down to business.
Why Oxfam is talking about climate change

Climate change affects us all. But poor people suffer first and worst, despite having done least to cause the problem.

That’s where Oxfam comes in. Climate change poses the single biggest threat to development and is creating unprecedented demand for humanitarian aid. Our pledge to fight poverty means that we cannot stand by and watch. We have to be involved, and we must spread the message loud and clear.

Climate change affects poor people

Climate change is not just a prediction. It is already a daily reality for hundreds of millions of people in developing countries. In May 2009, Kofi Annan’s Global Humanitarian Forum released research showing that the toll of climate change already stands at more than 300,000 deaths per year. A further 300 million people are severely affected, and 500 million are at extreme risk. Economic losses total more than $100 billion.22

The number of ‘climate refugees’ is growing fast as a result of these mounting pressures. Already 26 million people have been forced to leave their homes, and 200 million may be on the move each year by 2050.23

Climate-change impacts on poor people include:

• Food and water shortages: The most basic provisions are already a luxury for many poor people, and climate change is aggravating this deprivation. Farmers everywhere are reporting unprecedented changes to the timing and pattern of seasonal rains. This poses a threat to rice, maize, and other staple crops which are susceptible to hot and unpredictable weather conditions.24 As supplies go down, prices go up, making food less affordable for many. In some parts of the world, droughts are depleting already-low water supplies. In others, floods are polluting drinking-water sources. The Intergovernmental Panel on Climate Change (IPCC) estimates that, by mid-century, more than a billion people will face food and water shortages as a result.25

• Conflict: Resource-scarcity will spark conflicts and make existing security threats worse. The risk of climate-related violence is high in 46 countries, notably in the Andes, much of Africa, across South Asia, and parts of South-East Asia.26 Political instability is likely in many more areas.

• Disease: Changing weather patterns bring tropical insect- and water-borne diseases to previously unaffected countries.27 Up to 400 million more people will be at risk from malaria, for example, as conditions suitable for malaria mosquitoes spread.28

• Extreme weather and sea-level rise: Climate disasters are becoming more frequent and more severe. Research commissioned by Oxfam29 predicts that climate-related disasters could rise by 50 per cent over the next six years alone, affecting 375 million people. The IPCC expects that Bangladesh and Ethiopia will be among the worst hit, with severe knock-on effects for people as well as industry. These countries are leading producers of textiles and coffee respectively.30 Rising sea levels – the result of melting ice caps and glaciers and warming oceans – increase the flood risk for millions. Around 40 per cent of the world’s population live in river basins, including city dwellers in the mega-deltas of Asia and Africa.31

Climate change is not just a prediction. It is already a daily reality for hundreds of millions of people in developing countries.
About Oxfam International

Oxfam International is a confederation of 13 affiliates working together in over 100 countries to find lasting solutions to poverty and injustice.

Development
Working with local partner organisations, Oxfam helps people to work their way out of poverty – and stay out of it. Oxfam supports people in realising their rights, for example, to education and health care.

Emergency response

Campaigning
Tackling the underlying policies and practices, and putting pressure on leaders to make real and lasting change.