# 5 Corporate Greening Strategies

### **Online student resources**

## Additional materials

### **Environmental NGOs**

Non-governmental organisations are non-profit advocacy groups supporting certain cause(s) by means of high-profile communications (press releases, direct action, demonstrations, petitions, lobbying etc.) whose purpose is to influence politicians and/or civil society by increasing awareness of problems that need to be resolved. Some of the world's leading green NGOs include:

#### Amazon Watch (www.amazonwatch.org/)

"Amazon Watch works to protect the rainforest and advance the rights of indigenous peoples in the Amazon Basin. We partner with indigenous and environmental organizations in campaigns for human rights, corporate accountability and the preservation of the Amazon's ecological systems.

We envision a world that honors and values cultural and biological diversity and the critical contribution of tropical rainforests to our planet's life support systems. We believe that indigenous self-determination is paramount, and see that indigenous knowledge, cultures and traditional practices contribute greatly to sustainable and equitable stewardship of the Earth. We strive for a world in which governments, corporations and civil society respect the collective rights of indigenous peoples to free, prior and informed consent over any activity affecting their territories and resources. We commit, in the spirit of partnership and mutual respect, to support our indigenous allies in their efforts to protect life, land, and culture in accordance with their aspirations and needs."

#### Carbon Disclosure Project (www.cdproject.net)

"The Carbon Disclosure Project launched in 2000 to accelerate solutions to climate change by putting relevant information at the heart of business, policy and investment decisions. We further this mission by harnessing the collective power of corporations, investors and political leaders to accelerate unified action on climate change.

Some 3,000 organizations in some 60 countries around the world now measure and disclose their greenhouse gas emissions and climate change strategies through CDP, in order that they can set reduction targets and make performance improvements. This data is made available for use by a wide audience including institutional investors, corporations, policymakers and their advisors, public sector organizations, government bodies, academics and the public.

We operate the only global climate change reporting system. Climate change is not a problem that exists within national boundaries. That is why we harmonize climate change data from organizations around the world and develop international carbon reporting standards.

We act on behalf of 534 institutional investors, holding \$64 trillion in assets under management and some 60 purchasing organizations such as Cadbury, PepsiCo and Walmart".

#### Climate Action Network (www.climatenetwork.org/)

"The Climate Action Network (CAN) is a worldwide network of roughly 500 Non- Governmental Organizations (NGOs) working to promote government and individual action to limit human-induced climate change to ecologically sustainable levels. CAN members work to achieve this goal through information exchange and the coordinated development of NGO strategy on international, regional, and national climate issues. CAN has seven regional offices which co-ordinate these efforts in Africa, Australia, Central and Eastern Europe, Western Europe, Latin America, North America, South Asia, and Southeast Asia.

CAN members place a high priority on both a healthy environment and development that 'meets the needs of the present without compromising the ability of future generations to meet their own needs' (Brundtland Commission). Climate Action Network's vision is to protect the atmosphere while allowing for sustainable and equitable development worldwide."

#### Conservation International (www.conservation.org)

"Our scientists, field staff and policy experts are: measuring the contribution of healthy ecosystems to human well-being; assessing the implications of development decisions; putting cutting-edge, rigorously tested information in the hands of decision-makers and the public; and demonstrating through field models how economic opportunity and the stewardship of natural resources can leverage change at an international scale.

In order to have the most impact as quickly and effectively as possible, we will focus both marine and land-based efforts on:

- working to secure a stable global climate
- understanding and protecting the sources and flows of fresh water
- ensuring nature's ability to provide food for human needs
- minimizing environmental pressures on human health
- valuing the role of nature in human cultures
- safeguarding the unknown and as-yet-undiscovered option values that nature provides.

For more than twenty years, we have empowered communities in jungles and deserts to make conservation part of their livelihoods. From early partnerships with Patagonia and Starbucks to our ground-breaking relationship with Wal-Mart, we've worked with companies large and small to make conservation part of their business model. Governments from Costa Rica to China have worked with us to make conservation a core component of their national policies. Throughout this process, every strategy, every action has been guided by ground-breaking science."

#### Earthwatch (www.earthwatch.org)

"Earthwatch was founded in Boston, Massachusetts, in 1971. A need to invent a new funding model for scientific research became apparent, as dwindling government funding was combined with an increased urgency in the need for scientific information and action.

The innovative idea of engaging general public into the scientific process by bringing together individual volunteers and scientists on field research projects was developed, not only to provide this alternative means of funding, but also providing a dedicated labour force for field scientists.... Earthwatch is a diverse community of scientists, educators, students, businesspeople, and resolute explorers who work together to get the fullest benefit from scientific expeditions. In addition to 150 dedicated staff in the United States, England, Australia, and Japan, Earthwatch supports more than 130 scientists each year and builds networks of hundreds of students and teachers. The Earthwatch community also includes 20,000 global members, 4,000 eager volunteers each year, 50 collaborating conservation organizations, and 50 corporate partners, all of whom work together to make a difference. Below you will find out more about our leadership, employment opportunities, and contact information"

#### Forest Stewardship Council (www.fsc.org/)

"FSC is an independent, non-governmental, not-for-profit organization established to promote the responsible management of the world's forests. Established in 1993 as a response to concerns over global deforestation, FSC is a pioneer forum where the global consensus on responsible forest management convenes and through democratic process effects solutions to the pressures facing the world's forests and forest-dependent communities. Within this forum, voices from the Global North and South, from organizations big and small, assemble to define environmentally appropriate, socially beneficial and economically viable forest management and identify the tools and resources that will effect positive, lasting change.

As a multi-stakeholder organization, FSC applies the directive of its membership to develop forest management and *chain of custody* standards, deliver trademark assurance and provide *accreditation* services to a global network of committed businesses, organizations and communities. FSC *certification* provides a credible link between responsible production and consumption of forest products, enabling consumers and businesses to make purchasing decisions that benefit people and the environment as well as providing ongoing business value. FSC is nationally represented in more than 50 countries around the world"

#### Greenbelt Movement (www.greenbeltmovement.org/)

"The Green Belt Movement (GBM) was started in 1977 by Dr. Wangari Maathai, the first African woman and the first environmentalist to receive the Nobel Peace Prize (in 2004). What began as a grassroots tree planting program to address the challenges of deforestation, soil erosion and lack of water is now a vehicle for empowering women. The act of planting a tree is helping women throughout Africa become stewards of the natural environment.

By protecting the environment, these women are also becoming powerful champions for sustainable management of scarce resources such as water, equitable economic development, good political governance, and ultimately..... peace.

Today, more than 40 million trees have been planted across Africa. The result: soil erosion has been reduced in critical watersheds, thousands of acres of biodiversity-rich indigenous forest have been restored and protected, and hundreds of thousands of women and their families are standing up for their rights and those of their communities and so are living healthier, more productive lives...Our goal in the next decade is to plant one billion trees worldwide. A healthy natural world is at the heart of an equitable and peaceful society. And protecting the environment is something every individual can take part in."

#### Greenpeace (www.greenpeace.org)

Greenpeace is an independent global campaigning organisation that acts to change attitudes and behaviour, to protect and conserve the environment and to promote peace by:

- Catalysing an energy revolution to address the number one threat facing our planet: climate change.
- Defending our oceans by challenging wasteful and destructive fishing,

and creating a global network of marine reserves.

- Protecting the world's ancient forests and the animals, plants and people that depend on them.
- Working for disarmament and peace by tackling the causes of conflict and calling for the elimination of all nuclear weapons.
- Creating a toxic free future with safer alternatives to hazardous chemicals in today's products and manufacturing.
- Campaigning for sustainable agriculture by rejecting genetically engineered organisms, protecting biodiversity and encouraging socially responsible farming.

Greenpeace is present in 40 countries across Europe, the Americas, Asia, Africa and the Pacific. To maintain its independence, Greenpeace does not accept donations from governments or corporations but relies on contributions from individual supporters and foundation grants.

Greenpeace has been campaigning against environmental degradation since 1971 when a small boat of volunteers and journalists sailed into Amchitka, an area north of Alaska where the US Government was conducting underground nuclear tests. This tradition of 'bearing witness' in a non-violent manner continues today, and our ships are an important part of all our campaign work.

We exist to expose environmental criminals, and to challenge government and corporations when they fail to live up to their mandate to safeguard our environment and our future.

In pursuing our mission, we have no permanent allies or enemies. We promote open, informed debate about society's environmental choices. We use research, lobbying, and quiet diplomacy to pursue our goals, as well as high-profile, non-violent conflict to raise the level and quality of public debate. ... Greenpeace speaks for 2.8 million supporters worldwide, and encourages many millions more than that to take action every day."

#### Friends of the Earth (www.foe.co.uk)

"Friends of the Earth is:

- UK 's most influential environmental campaigning organisation.
- Most extensive environmental network in the world, with around 2 million supporters across five continents and more than 70 national organisations worldwide.
- Unique network of campaigning local groups, working in over 200 communities throughout England, Wales and Northern Ireland.
- Dependent on individuals for over 90 per cent of its income.

.. Friends of the Earth seeks to influence the government to make changes to policies in favour of people and planet....access to 77 Friends of the Earth international groups and 230 local groups in the UK"

#### Marine Stewardship Council (www.msc.org/)

"Our vision is of the world's oceans teeming with life, and seafood supplies safeguarded for this and future generations.....Our mission is to use our ecolabel and fishery certification programme to contribute to the health of the world's oceans by recognising and rewarding sustainable fishing practises, influencing the choices people make when buying seafood, and working with our partners to transform the seafood market to a sustainable basis.

We will collaborate with fishers, retailers, processors, consumers and others to drive change forward; never compromise on the environmental standard we set, nor on our independence; continue to lead the world in wild capture fishery certification, with the most trusted, recognised and credible seafood ecolabel."

#### Nature Conservancy (www.nature.org)

"The Nature Conservancy is the leading conservation organization working around the world to protect ecologically important lands and waters for nature and people. We address the most pressing conservation threats at the largest scale. Thanks to the support of our more than 1 million members, we've built a tremendous record of success since our founding in 1951:

- We've protected more than 119 million acres of landand 5,000 miles of rivers worldwide — and we operatemore than 100 marine conservation projects globally.
- We work in all 50 states and more than 30 countries protecting habitats from grasslands to coral reefs, from Australia to Alaska to Zambia.
- We address threats to conservation involving climate change, fresh water, oceans, and conservation lands.
- Everything we do is rooted in good science aided by our hundreds of staff scientists.
- We pursue non-confrontational, pragmatic solutions to conservation challenges.
- We partner with indigenous communities, businesses, governments, multilateral institutions, and other non-profits."

#### Natural Resources Defences Council (www.nrdc.org)

"NRDC is the nation's most effective environmental action organization. We use law, science and the support of 1.3 million members and online activists to protect the planet's wildlife and wild places and to ensure a safe and healthy environment for all living things....NRDC was founded in 1970 by a group of law students and attorneys at the forefront of the environmental movement. NRDC lawyers helped write some of America's bedrock environmental laws. Today, our staff of more than 300 lawyers, scientists and policy experts ....work out of offices in New York, Washington, Chicago, Los Angeles, San Francisco and Beijing. With the support of our members and online activists, NRDC works to solve the most pressing environmental issues we face today: curbing global warming, getting toxic chemicals out of the environment, moving America beyond oil, reviving our oceans, saving wildlife and wild places, and helping China go green."

#### Naturschutzbund Deutschland (www.nabu.de)

"Founded in 1899, NABU (Nature and Biodiversity Conservation Union) is one of the oldest and largest environment associations in Germany. The association encompasses more than 450,000 members and sponsors, who commit themselves to the conservation of threatened habitats, flora and fauna, to climate protection and energy policy. NABU's main objectives are the preservation of habitats and biodiversity, the promotion of sustainability in agriculture, forest management and water supply and distribution, as well as to enhance the significance of nature conservation in our society.

About 30,000 volunteers play an active role in practical nature conservation work, with great success: this is something that is special to NABU. These active NABU members look after more than 110,000 hectares of valuable protected reserves in Germany. NABU also has volunteer groups working on an international level to conserve nature and combat poverty in Africa, Eurasia and the Caucasus. This work is supported by professionals at our regional offices and at our national headquarters in Berlin, who take care of public relations, project development and management and political lobbying.

NAJU, NABU's own youth organisation, has around 75,000 young members. It is the biggest environment organisation for young people in Germany. It offers a framework for children an young adults aged 6 to 27 to protect nature and the environment."

#### Natural Wildlife Federation (www.nwf.org)

"The National Wildlife Federation works to inspire Americans to protect wildlife for our children's future. As the nation's largest conservation organization, NWF and its 4 million supporters are committed to sustaining the nature of America for the benefit of people and wildlife. [Its focus is on] Protecting and defending wildlife and the wild places they need to survive; restoring the health of our natural habitats and ecosystems; and educating and inspiring Americans to care for and protect our natural heritage.

The National Wildlife Federation builds coalitions with our affiliates, sportsmen, Native American tribes, scientists and state wildlife officials to protect and restore wildlife habitat--with a critical focus on species already being impacted by the effects of global warming."

#### Sierra Club (www.sierraclub.org/)

"Since 1892, the Sierra Club has been working to protect communities, wild places, and the planet itself. We are the oldest, largest (1.3 million members), and most influential grassroots environmental organization in the United States. And our founder, John Muir, appears on the back of the California quarter... The advice to "climb the mountains and get their good tidings" has been followed by Sierra Club members since the organization's start, and the pursuit of this goal has played a key role in shaping the Club's history."

#### Wateraid (www.wateraid.org)

"WaterAid enables the world's poorest people to gain access to safe water and sanitation. Together with improved hygiene, these basic human rights underpin health, education and livelihoods, forming the first essential step in overcoming poverty. We work with local partners, who understand local issues, and provide them with the skills and support to help communities set up and manage practical and sustainable projects that meet their real needs.

We also work locally and internationally to change policy and practice and ensure that water, hygiene and sanitation's vital role in reducing poverty is recognised."

#### World Wildlife Fund (www.worldwildlife.org)

"For more than 45 years, WWF has been protecting the future of nature. The world's leading conservation organization, WWF works in 100 countries and is supported by 1.2 million members in the United States and close to 5 million globally. WWF's unique way of working combines global reach with a foundation in science, involves action at every level from local to global, and ensures the delivery of innovative solutions that meet the needs of both people and nature.

WWF's mission is the conservation of nature. Using the best available scientific knowledge and advancing that knowledge where we can, we work to preserve the diversity and abundance of life on Earth and the health of ecological systems by

- protecting natural areas and wild populations of plants and animals, including endangered species;
- promoting sustainable approaches to the use of renewable natural resources; and
- promoting more efficient use of resources and energy and the maximum reduction of pollution.

We are committed to reversing the degradation of our planet's natural environment and to building a future in which human needs are met in harmony with nature. We recognize the critical relevance of human numbers, poverty and consumption patterns to meeting these goals."

### Green business coalitions

The sharing ethos that is a key value in the environmental movement often encompasses relationships between companies that share interests in this field but may on occasion find themselves compete with one another in other areas. This cooperation can occur for altruistic reasons or – as often as not – because of the general understanding that everyone will benefit from growing the new product market. A prime example is the lighting sector (see Chapter 9), where getting consumers to shift from traditional lower quality incandescent bulbs to more expensive but higher performing CFLs is a task that one of the lead companies in the sector, Philips, thought best to open up to all parties, including rivals GE and Osram Sylvania (Siemens), with the Lighting Efficiency Coalition that it founded in 2007. In a similar vein, there is the rise of 'product stewardship councils' that companies such as Dell and HP have joined to enhance their understanding of greening processes in areas such as packaging.

Other green business coalitions will be less product-specific. Companies such as LG or Waste Management have been seen "forming partnerships with retailers and waste haulers to create e-waste recycling centres and drop off points...hoping that such voluntary efforts will stave off regulatory mandates" (Makower and Pike 2008). Conversely, Levi Strauss, Nike Starbucks, Sun Microsystems and Timberland recently cooperated to lobby the US government to adopt a more stringent climate framework because of their sense that this would clarify strategic planning for all companies since everyone would know exactly what different authorities expect of them now and in the future (Greener World Media 2009). Otherwise, a coalition can also involve a relationship between a company, on one hand, and a non-corporate entity, on the other. This "partnering for advantage" approach (Esty and Wilson 2006) is exemplified by the relationships that companies such as Chiquita or McDonalds have developed with NGOs like Rainforest Alliance; the sustainability boards that companies such as Dow, Unilever or Coca Cola are creating so that company officials have access to expert opinions; or the work that Nokia and Carrefour have done together with government bodies such as the EU to pilot projects focusing on goods' "life-time cycle impacts"; not to mention the innumerable ad hoc environmental relationships that companies build in their local communities.

Another eye-catching cooperative initiative is the GreenXchange online marketplace that Nike has developed to help companies "collaborate and share intellectual property which can lead to new sustainability business models and innovation" (Tapscott 2010) The idea here is that companies need to expand their green innovation capabilities, something that can best be achieved by formalising a structure where intellectual property in this area is offered or requested more openly (albeit on a generally commercial basis) - with the party originating the innovation also benefiting from any further improvements achieved by fellow participants in http://greenxchange. force.com/. Universities are also encouraged to join the coalition so that other members can access the great amount of intellectual property at their disposal. The fundamental logic is, again, that sharing sustainability research is a more efficient way to grow the sector as a whole, one example being the way that Nike's discoveries in relation to "environmentally preferred rubber" containing fewer toxins might also be used, for instance, by fellow Xchange members such as Mountain Equipment Co-op, whose products include bicycle inner tubes. This sort of cross-sectorial synergy would be difficult to achieve in the absence of a coalition arrangement.

Lastly, note the work being done in the United States by an NGO called the EDF Environmental Defense Fund (www.edf.org/) to create a "climate corps" that training MBA students to enter companies and champion energy efficiency and greenhouse gas emission reduction measures (Mills 2010). Companies from a wide variety of sectors have engaged with this programme, including "telecommunications (AT&T and Verizon), to IT (Cisco and Sungard), e-commerce (eBay and Yahoo!), retail (Target and JCPenney) and financial services (Bank of America and Wells Fargo)... In the first two years of the program, Climate Corps fellows identified almost \$90 million in net operating cost savings, and 280 million kilowatt hours of energy savings". The arrangement does not constitute a coalition per se in the sense that each participant company has direct dealings with EDF alone. However, in the sense that the Climate Corps fellows themselves become the conduits of environmental action (insofar as they take the lessons learned in one corporate setting back to EDF where the new knowledge can be recycled for use elsewhere), participants are enabling the replication of their best practices – a wilful collaborative attitude congruent with the green business coalition mindset.

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### Revision tips

- For many companies, the ecological mindset is part of corporate responsibility (CR) /stakeholder agenda. Green issues were once less central to CR image than labour standards or human rights but are just as much of a priority now.
- Some greening strategies occur for positive reasons (to cut costs; reduce dependency on certain inputs; enter new markets). Others are more negative (avoiding criticism from NGOs). Codes of conduct have proliferated in recent years. It is one thing to express a desire for corporate sustainability but another to implement it (need for metrics, cascading of best practices, etc.)
- Some greening initiatives are top-down and driven by EMS Environmental Management Systems, performance metrics and reporting systems. Relevant factors include the company's organisation - centralised firm with green HQ? – as well as executive motivation – with some seeking to "get ahead of the pack" and others merely jumping on a bandwagon. Other variables are sectors (energy-intensive sectors are apt to be more attuned), economic conditions, etc. How motivated is the executive to move beyond 'low hanging fruit' and radically change internal processes when the cost of the adjustment cuts into short-term returns? Note the risk of greenwashing.
- Bottom-up change is crucial because employees need to be on board. Eco-attitudes range from "defensive" (responsive) to "conformist" to "sensitive" (proactive). Green staff members have limited leverage on disinterested bosses and may be seen as irritants, leading to demotivation. On other occasions, it is at the staff level that apathy reigns. Staff can be engaged through training, personal responsibility, "shared mental models" (cross-departmental task forces) and lifestyle changes. There is a question if "sustainability coordinators" should be lodged centrally or attached to each division.
- Performance indicators devised for internal purposes are often publicised externally (and vice versa). Problem is absence of standardised international models and variety of potential standards (ISO, GRI, private toolkits, etc.). Also, EMS environmental management systems are not always effective at tracking embedded inputs: data can be confused or incomplete: it may be difficult to allocate responsibilities, etc. Balanced scorecards bolstered by employee input are the most effective.
- Different kinds of external reporting exist. The first is comprised of environmental reporting groups requiring significant documentation such as compliance affidavits or toxic release inventories. These can be burdensome, especially for SMEs. Triple bottom line reporting is becoming more prevalent. Note rise of environmental ratings agencies.

There has been a generalised expansion in corporate disclosures and a rise in voluntary adherence to eco-labelling groups whose certifications/ endorsements reassure customers. These are often organised along sectorial lines, i.e. in construction (LEED (US), BRE-EAM (UK)), electronics (Energy Star (Canada/US)), etc. One problem is the potential misrepresentation of performance. Also, a firm pursuing sustainable policies at one level in its value chain may very well behave differently at another.

### Case Study: At Clorox, Green Works

With 2009 revenues of \$5.45 billion and net earnings of \$537 million, Clorox (www.thecloroxcompany.com/) is a leading US brand name in household cleaning agents. Its original and main product is liquid bleach made out of chlorine and sodium hydroxide, substances with a highly caustic effect on organic materials. Similarly, the 21 percent sodium hypochlorite contained in its reinforced bleach product can be poisonous if swallowed and even breathed. In other words, the company handles goods that can be hazardous to human health, and even though enough scientists would substantiate Clorox's affirmation that its beach decomposes quite easily into simple water and salt when flushed down the sewer, this is a sector of activity where companies must worry about their brand's vulnerability.

Aware of this basic weakness, Clorox has long sought ways to burnish its reputation. This began with a commitment to corporate social responsibility, starting in 1972 with a Social Action Program aimed at building relationships with community stakeholders. Given that the group's headquarters are located in Oakland (California), a city whose social culture is one of the most progressive in the United States, this attitude is no surprise. Indeed, it would make no sense for Clorox to neglect the values espoused throughout its home market – a consumer goods company that is out of touch with its consumers has a serious commercial handicap.

The company's more recent environmental commitments can be partially explained by the very same ethos of responsibility – but above all, by Clorox's willingness to recognise that growing demand for non-toxic products made out of natural ingredients has endangered the traditional lines that made its success up until now. Work teams began experimenting with natural ingredients around 2004. When new CEO Don Knauss joined in 2006, he threw his full support behind these efforts. By 2008, the company had launched a new Green Works product line and revolutionised its corporate identity.

The products that Clorox offers behind this label (laundry detergent, stain remover, cleaning wipes, dishwashing liquid, surface or glass cleaners, etc.) are all recognised under a US Environmental Protection Agency's Design for Environment (www.epa.gov/dfe/) programme that lauds them for using 'environmentally preferable chemistry' based on biodegradable active ingredients such as alkyl polyglucoside (make from coconuts, helps to lift dirt and grease), ethanol (made from corn, serves as a drying agent) or sodium lauryl sulfate (made from natural plant oils, reduces surface tension in water). The company has been testing these substances for years and can provide ample evidence of their neutral impact on the environment. Such claims have been widely corroborated by recognised environmental advocates such as the Sierra Club. Clorox's hope is that this dual approach - combining transparency and certification on one hand with a policy of reasonable pricing on the other - will help consumers to overcome their customary scepticism regarding new green products. Early market feedback has been positive – all the more so given that Clorox's existing status as a trusted household name helps consumers to trust its claims about the new product line. One question is whether an unknown brand would have had the same success.

It is worth nothing that Clorox's environmental focus goes well beyond Green Works. The company has detailed commitments concerning its total environmental footprint, breaking this down into climate change, biodiversity, packaging, particulate matters and fluorinated gas emissions. It also controls its operational and product footprints, with the former category being divided into greenhouse gas emissions, energy and water use and conservation and waste management, and the latter referring to eco-improvement goals tied to environmental safety assessments that ascertain goods' biodegradation and bioaccumulation characteristics. All of these processes are monitored by internal governance structures and controlled through Clorox's Environmental Tracking, Reporting and Compliance System (ETRACS), which ties into external regulatory controls and is supported by internal training exercises. To publicise its environmental commitment, Clorox also participates in external schemes, ranging from general groups like the Sustainable Packaging Consortium to sector-specific entities such as the Soap and Detergent Association's Sustainability and Ingredients Communication Task Force. The sum total of these affiliations is meant to attest to the sincerity of the company's new green positioning. The hope is that this strategy will be beneficial both in terms of employee loyalty and customer sales.

### **Case study questions**

A. Why did Clorox feel a fundamental need to adopt behaviour demonstrating constructive environmental intentions?

B. What actions has Clorox taken to implement its greening strategy?

C. What external support has Clorox received for its greening efforts?

### Other references

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