

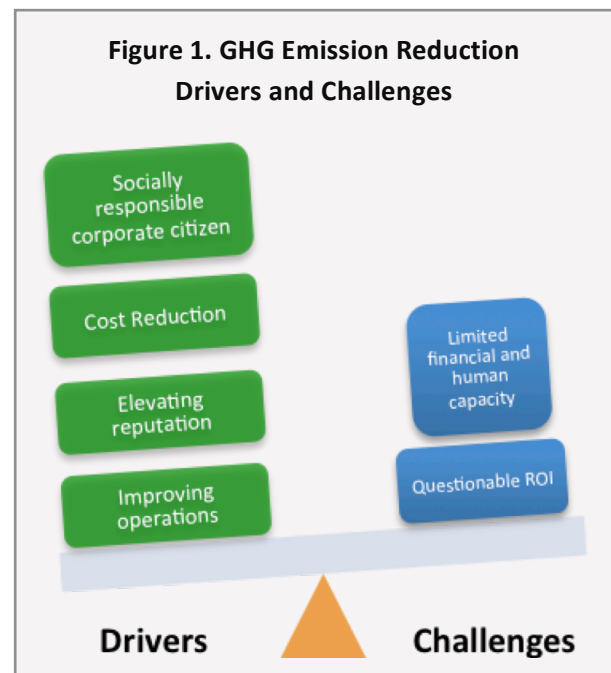
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Business Drivers Impacting Establishment and Implementation of Greenhouse Gas Emissions Reduction Goals

As organizations address climate change risks and opportunities many have turned to greenhouse gas (GHG) emissions management as a tool for understanding and addressing aspects of the issue as they pertain to their operations. Many organizations have publicly committed to reducing their GHG emissions by leveraging strategies incorporating energy efficiency, renewable energy, employee engagement and behavior change, and process improvement; such goals are now widely used in a variety of corporations, universities, and government entities.

Although GHG emissions reduction goals are being undertaken by many organizations, it is not immediately clear what drives the efforts in the absence of a regulatory or executive mandate. Without comprehensive climate legislation in the United States (or many other parts of the world), most of these goals are voluntary. Thus, questions arise as to what drivers are influencing organizations to voluntarily commit to reducing their GHG emissions, as well as understanding the drivers that are impacting the aggressiveness of the goals and implementation of the GHG reduction efforts.

In the early 2000's, attempts to answer this question were made with the assumption that comprehensive climate legislation was inevitable. Now, attempts to explain corporate motivations for instituting GHG emissions reduction goals focus on business considerations rather than results of a regulatory or executive mandate. One survey conducted in 2011 showed "cost reduction" and "stakeholder expectations" as highest-ranked drivers for goals.ⁱ Another recent study of corporate renewable energy use in the U.S. suggested "consumer demand" and "energy price volatility" as reasons to pursue renewable energy and a GHG reduction plan.ⁱⁱ Using these previous studies as guidelines, the Association of Climate Change Officers (ACCO) issued a survey to a group of climate professionals in 2013 to identify the factors that were driving organizations to pursue GHG emissions reduction goals.

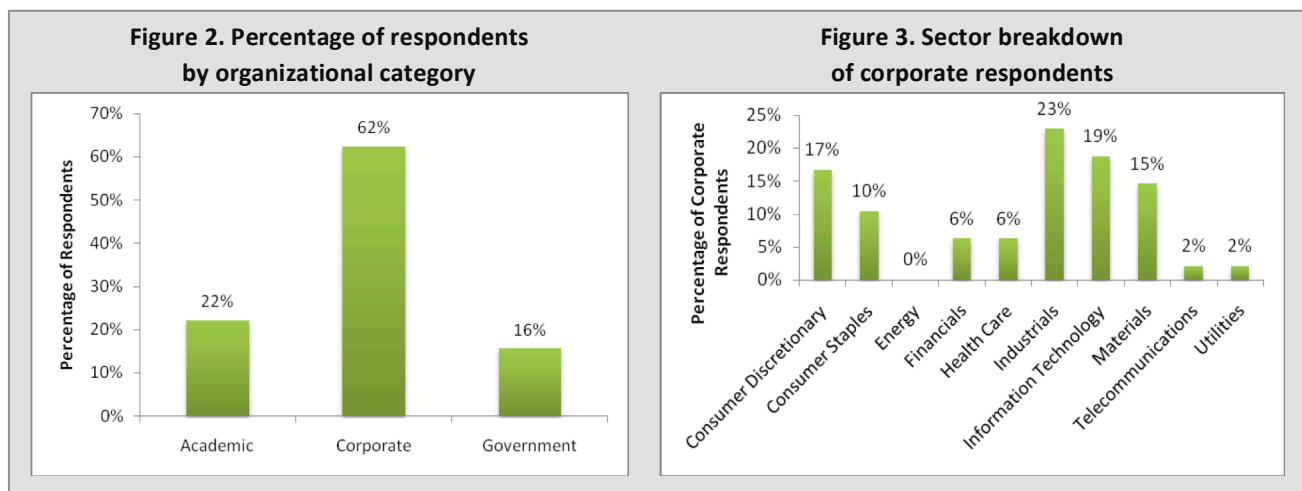


ⁱ Ernst and Young, GreenBiz. "Six Growing Trends in Corporate Sustainability." [http://www.ey.com/Publication/vwLUAssets/Six_growing/\\$FILE/SixTrends.pdf](http://www.ey.com/Publication/vwLUAssets/Six_growing/$FILE/SixTrends.pdf)

ⁱⁱ David Gardiner and Associates, LLC. "Power forward: Why the world's largest companies are investing in renewable energy." <https://www.ceres.org/resources/reports/power-forward-why-the-world2019s-largest-companies-are-investing-in-renewable-energy/view>

Survey Methodology

The survey was conducted online and sent to climate, sustainability, environmental and corporate responsibility professionals at approximately 500 organizations with significant operations in the United States, and specifically targeted organizations known to have a GHG emissions reduction goal (or significant GHG management activities). Approximately 100 responses were collected. Respondents were categorized based on being from the private sector, a higher education institution (university) or government entity. The survey produced meaningful quantities of responses from each category, with the majority of responses coming from corporations (62%), followed by universities (22%), then governmental entities (16%). Nearly all of the major categorizations of corporations (as defined by North American Industry Classification System) were represented, with the exception of energy companies. Of these corporation classifications, the top four categories (Industrials, Information Technology, Consumer Discretionary, Materials) represented almost three-fourths of all corporate respondents.



The survey requested respondents to provide information on the objectives of their GHG emissions reduction goal, the drivers behind that goal, and the organizational governance managing the goal. Survey questions included:

- What is the magnitude of reduction of your GHG emissions reduction goal?
- What are the Scope 3 categories that are included in your emissions reduction goal?
- Please rate GHG reduction goal drivers on their impact in motivating your organization
- Which are challenges to implementing your GHG emissions reduction goal?

For example, to collect data on GHG reduction goal drivers, 18 drivers were identified and provided in the survey for respondent selection. The drivers were identified on the basis of a literature review and input from experts and practitioners. Respondents were required to rate the drivers on a scale of zero to six with the rating of zero as the driver never discussed or considered and the rating of six as a critical driver.

Key Findings

Reputation plays an important role — Respondents consistently rated “being a socially responsible citizen” and “elevating corporate reputation” amongst the most important drivers in driving the establishment and implementation of their GHG reduction goals. Indeed, numerous respondents identified reputation or image as being the single most important driver. These results indicate that stakeholders are making value judgments based on their GHG management efforts. In the absence of regulatory or executive mandates, enhancing or protecting the reputation and brand of an organization appeared to be a powerful motivator for GHG reduction efforts.

Cost reduction is a primary driver for most GHG reduction efforts — Reduction of costs was the second most cited driver for GHG reduction goals. While reputation was a driver in specific sectors, cost reduction was consistently cited across sectors. This particular driver is of particular concern in the long-term as support for GHG reduction efforts may wane when ongoing GHG reduction results in a bottom-line cost to organizations. On a related note, the most common challenge identified was “limited financial and human capacity for managing and implementing GHG.”

Other strategic benefits of goals also influential — Some of the common identified drivers of GHG emissions reduction goals included reduced costs, improved operations, and employee morale.

Regulation not yet a driver — Drivers related to regulation were not considered important, receiving some of the lowest ratings in the survey. Neither current nor anticipated regulations were considered significant drivers for pursuing GHG reduction activities, and the related driver of enabling access to carbon trading markets was the lowest rated. The primary drivers for existing GHG reduction efforts appear to be in the realm of strategic considerations as opposed to compliance with current or future mandates.

Table 1. Rating of GHG goal drivers by organization category (0-6 point scale)

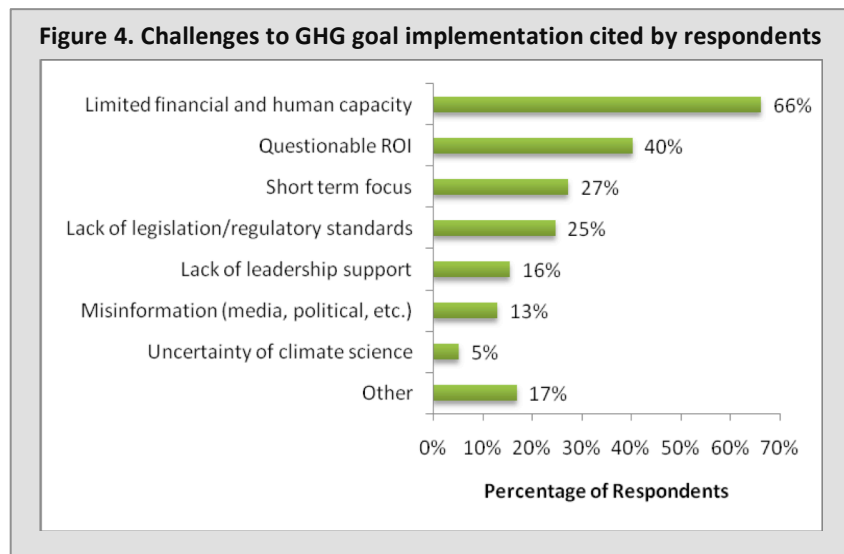
Driver	Overall Average	Academic	Corp.	Gov't
Being a socially responsible corporate citizen	4.95	4.87	5.07	4.64
Reducing costs	4.74	4.82	4.87	4.73
Elevating corporate reputation	4.71	5.20	4.89	3.55
Improving operations	4.67	4.59	4.81	4.73
Engaging and motivating employees	3.81	4.06	3.86	3.45
Responding to consumer expectations	3.73	4.29	3.71	3.27
Driving innovation	3.71	3.53	3.98	2.91
Contributing to scientific climate stabilizing goal (e.g. 2° goal)	3.63	4.43	3.16	3.90
Meeting client or customer requirements	3.41	4.27	3.44	2.64
Improving risk management	3.30	2.27	3.77	3.36
Anticipating and influencing future regulations	3.15	2.86	3.40	2.73
Developing new technologies and practices	3.13	2.88	3.36	2.64
Engaging suppliers and other stakeholders	3.00	2.00	3.53	2.45
Responding to competitors actions	2.93	3.00	3.27	1.82
Providing health benefits	2.40	3.29	1.84	3.09
Complying with existing regulations	2.23	3.06	2.00	1.91
Identifying new market opportunities	2.16	1.40	2.50	1.64
Accessing new sources of capital (e.g. carbon markets)	1.31	1.33	1.29	1.36

Combating climate change is divisive — The driver “Contributing to climate stabilizing goals” in particular seemed to have divided responses from organizations. Some organizations rated this as a very important driver, while a comparable number of respondents reflected that this was an inconsequential issue. The driver was also rated unevenly depending on the type of goal. There was also substantial variance in rating the importance of contributing to climate stabilizing goals based on the respondent’s experience with GHG reduction (goal generation), magnitude of the goal established, duration, and nature of the goal (absolute vs. intensity-based).

Academic, government and corporate organizations reflect very different drivers — The factors that motivated a GHG goal differed based on whether that organization was a corporation, university, or government entity. There were more drivers which respondents from each of the three categories rated differently than drivers that they rated similarly.

Diversity amongst respondents leads to varying drivers and approaches — Respondents reflected substantial diversity in the titles, functions and roles of the direct supervisors of the GHG goal managers. The distinction between the titles of GHG managers and their supervisors frequently correlated to drivers affecting the respondent’s GHG reduction goal.

Challenges faced by organizations can help inform whether the anticipated benefits that were drivers for pursuing a goal will be realized — For example, most organizations rated reducing costs as an important driver, but 40% of respondents also found that a questionable return on investment was a challenge to implementing their goal. The most common challenge (66%) was “limited financial and human capacity” for managing and implementing GHG goals.



About ACCO

The Association of Climate Change Officers (ACCO) is a 501(c)(3) non-profit membership organization that defines, develops and supports the functions, resources and communities necessary for effective organizational leadership in addressing climate-related risks and opportunities. An industry leader in producing education and training events for climate change and sustainability professionals, ACCO’s members include a broad range of organizations and executives in industry, government, academia and non-profit organizations worldwide. For more information about ACCO, please visit www.ACCOonline.org.

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