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Less than 200 corporates responsible for majority of global industrial emissions

New research has found that less than 200 global companies and their associated suppliers account for the majority of industrial greenhouse gas emissions, with many firms insufficiently supporting climate action to address their impact.

Matt Mace
Published **23rd May 2023**

Many MNEs are "resisting, obstructing, or lobbying against change" the report notes

The new report, from the World Bank and CDP, found that just 157 global companies account for 60% of industrial emissions when also considering their vast supply chains.

The multinational enterprises (MNEs) analysed by CDP in the report are key drivers of the climate crisis, but many do not have strategies in place to adequately account for and attempt to eliminate their impacts.

The report found that only 40% of these companies have committed to net-zero emissions by 2050. Indeed, only 20% have "long-term" climate strategies in place, falling to 5% for short-term targets to reduce emissions. CDP's chief impact officer Nicolette Bartlett said that addressing the issue would require both "carrot and stick" that incentivises action while forcing some companies to deliver through changes to the taxing system.

"Global industrial emissions are being driven by a handful of large corporates and the longtail of their supply chains. To fix the problem we need both carrots and sticks; for example, stronger standards and environmental taxes alongside incentives to increase investment in clean energy," Bartlett said."Global temperatures are already reaching a critical threshold. This important new research highlights the central role for bold, urgent policymaking to allow us to step back from the brink."

Industrial emissions are predominantly derived from the use of fossil fuel used and account for two-thirds of global greenhouse gas emissions according to the **Intergovernmental Panel on Climate Change (IPCC)** The 157 companies analysed account for 10% of these industrial emissions, but this rises to 60% when accounting for their supply chains and Scope 3 emissions.

The report notes that MNEs are able to "impose sustainability standards or encourage green technology transfers that affect millions of producers and quickly reduce emissions" across the supply chains. However, many MNEs are "resisting, obstructing, or lobbying against change".

Finance and the growth of green technology markets could still sway some MNEs to act. The report notes that foreign direct investment into green sectors has increased by 700% since 2003, compared to an 80% decline in polluting sectors.

The report does call on new national and global policies to help drive sustainable action from MNEs. A "5Ps" programme is suggested, focusing on patrolling (monitoring emissions), prescription (laws and regulations), penalties (taxes), payments (incentives and fiscal support), and persuasion (corporate commitments and information).

Change afoot

At COP27 last year, businesses including Unilever, BT and Ikea called on other corporates to join them in a collective initiative to halve value chain emissions by 2030.

The 1.5C supply chain leaders is a collaborative platform for businesses striving to cut emissions sharply across their supply chains, which was launched by a string of big businesses including BT, Unilever and Ikea.

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The Exponential Roadmap Initiative was launched in September 2020, as part of the Race to Zero campaign, with Ikea, Unilever, BT, Ericsson and Telia named among the founding corporate members of the 1.5C supply chain leaders.
This scheme, and its other workstreams, are supported by the We Mean Business coalition.

Since then, the likes of technology giant Telefónica, food manufacturer Nestlé and waste management firm Ragn-Sells have all joined the initiative. Today. The initiative represents $440bn in annual revenue.