

Thinking About Climate Change Demands Sustainability Solutions

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Imagine the atmosphere as a bathtub. The faucet is “human activity,” pumping pollution into the tub. The drain is Earth’s capacity to “absorb that pollution.” Through most of history, the two factors have been in balance. That balance is now gone, so what can we do to stabilise the situation? If people keep generating carbon at today’s rate, the level of carbon dioxide in the atmosphere will keep increasing. Other pollutants contribute to climate change, but the larger, more long-term effects are linked most closely to carbon dioxide. Humanity must decrease carbon production or increase the planet’s ability to handle carbon. Before the Industrial Revolution, the atmosphere held roughly 280 parts per million (ppm) of carbon dioxide. Now it contains roughly 400 ppm. The count is rising; the International Energy Agency predicts [700 ppm](#) by 2100.

In January 2020, the World Economic Forum’s [annual risk survey](#) identified “failure of climate change mitigation and adaption” as the number one risk by impact and number two by likelihood over the next ten years. The survey drew on 750 experts and decision-makers around the world from business, academia, civil society, and the public sector.

The Challenge

Thinking about climate change is difficult for four reasons.

First, it’s global rather than local. China’s air pollution makes it hard to breathe in Beijing, but it doesn’t immediately affect anyone elsewhere. However, the carbon dioxide released into the atmosphere – no matter where – changes the world. Climate change’s global nature makes it harder to create or enact an effective policy.

Second, while many challenges call for our immediate attention, climate change is “uniquely long-term.” Even though recent decades have been the warmest on record, they are only a precursor to much larger changes to come.

Third, while many issues fade away with time or pass, climate change is uniquely irreversible. Even if people stopped adding new carbon to the atmosphere, the effects of what already exists will still cause temperatures to rise.

The fourth factor is uncertainty. Climate science improves rapidly, but some vagaries remain about how the climate actually works. Other uncertainties come from not knowing what effect specific industrial pollutants will have or exactly how much of them have been or will be released into the air.

The Business Case

Many of yesterday's strategies no longer deliver a competitive advantage. In today's business environment, companies face numerous external challenges, including climate change, to growth. Once-abundant resources have become scarcer, driving up costs. Competitors quickly duplicate innovations, customers are more cynical, and government regulation and policy shift continually. Today, companies need new strategies to achieve a long-lasting competitive edge. Companies must develop a "sustainable competitive advantage" to remain ahead. That advantage will come from sustainability itself.

Sustainability enables companies to ensure that their social, environmental and economic activities support the "triple bottom line" (social, environmental and financial) of sustainable performance. Businesses must assess their sustainability activities to make the most of these "unpriced" activities, and to turn them into a competitive advantage.

Fuelled by social network data, millennial consumers demand that companies practice transparency and accountability in conservation and sustainability. Opportunities for growth in the developing world also require new tactics and models. As more consumers in these nations enter the middle class, the demand on Earth's finite resources continues to accelerate.

The 'Fourth' Revolution

The push toward sustainability in the 21st century will mean as much to business as the Industrial Revolution did in the 19th century. Green innovations will profoundly change how societies work and live. In this new world, alternative forms of energy and energy distribution, reduced waste, and improved efficiency will transform the way governments, businesses and households operate.

Going green and expanding a business are not contradictory actions. In the course of developing green supply chains, businesses can become more profitable by producing energy-efficient products and cutting waste. Inefficient companies will go out of business or will suffer from missed opportunities. But companies that redesign themselves to embrace green practices and technologies will advance. The global market for green business is already huge – already totalling approximately **£1.6 trillion** (around \$2.1 trillion) at the end of 2010 – and is on course to double by 2020. This augurs well for opportunities for companies to grow, gain market share and generate new revenues.

A Fiduciary Duty

Climate change is a challenging topic for directors. It is often seen as an issue for the far distant future or one that only affects a few industries or locations. Climate change presents a significant change in the external environment for all organisations in the coming years and decades. Many companies implement sustainability strategies, but their efforts often fail because sustainability demands simultaneous excellence in three overlapping arenas: social, environmental and financial performance. Corporate sustainability requires a clear strategy based on goals that supersede dollar-driven profits and the full commitment of senior management. It needs to focus on practical systems that implement sustainability companywide. Corporate support must come from management control, performance measurement and reward systems as appropriate.

No action by a single individual in isolation will change things. Nevertheless, acting to reverse climate change is a civic duty for everyone.



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