



## Leading by Example: Environmental Corporate Responsibility in the Renewable Energy Industry

*Climate change concerns everybody. From governments to the people they govern - and corporations and companies. The latter, especially production intensive companies, are some of the main contributors to the global emission of greenhouse-gases and are facing criticism for just that. With rising public interest, companies have started to face their responsibility and commit to more sustainable practices. Despite the pandemic, especially utility and electrical companies have remained focused on contributing to the fight against climate change.*

### Rising Public Pressure and Calls to Action



Picture: Markus Spiske from Pexels

Climate change and corporate responsibility are topics no company can or should ignore. Consumers are increasingly aware and adapt their behaviors. Influenced by political guidelines and regulations in line with national commitments to sustainability, public movements such as Fridays for Future and noticeably changing weather patterns, corporate responsibility is an increasingly strategic matter for the industry around the globe.

How a company is responding to its ecological responsibility plays a large role in a customer's decisions to choose a specific product. To remain competitive and to avoid financial disadvantages through a failure to meet political climate goals, companies are working on decreasing their carbon footprint, exploring and implementing more responsible sourcing, manufacturing and distribution practices.

## **Changing Priorities in a Worldwide Pandemic**

Since the pandemic swept the world last year, the conversation about corporate climate responsibility dropped by about 50% within Standard & Poor's 500 companies, according to fortune magazine and a study by Bloomberg<sup>1</sup>. Economic uncertainties shifted priorities towards financial stability and short-term measures instead of long-term goals. fortune magazine revealed that, according to their research, especially utility and electrical companies have remained significantly more on target with their sustainability goals. Compared to sustainability conversations dropping by 58% in phone calls made by executives at energy companies, the focus of utility companies only declined by 31% - the decline in the industrial sector was even smaller with just a 10% drop according to Bloomberg. These numbers may be related to these sectors taking responsibility for climate related disasters, such as the 2018 Camp Fire in California.

## **The Fight Against Green Washing**

In the context of all of this, being labeled as "green" has become a marketing strategy. Consumers are looking for ways in which they can be more sustainable, and are expecting the same from the companies they support. However, when these companies are positioning themselves and their products as "green" while not actually operating in an environmentally friendly way, it makes it hard for consumers and governments to determine whether they are following through on their promise. This green washing of business practices poses a great risk to the success of the energy transition. One of the problems is that not every step of production and distribution practices is taken into account when disclosing emissions. If, for example, a company commits to reducing their factory's emissions, that is only a fraction of their actual environmental impact. Sourcing raw materials used in production, transport and so-called downstream emissions all contribute to the total carbon footprint.

When it comes to green washing, a good way to combat the problem are control instances and mechanisms such as the RE100 initiative. The initiative is part of the Climate Group, a globally operating NGO whose mission it is to accelerate climate action and to cap global warming at the 1.5 degree Celsius mark to avoid the disastrous effects of climate change. They challenge companies and governments with high environmental impact to commit to sustainable practices, encourage immediate action and hold them accountable. They also foster networks to mobilize the power of collective action.

The CDP - the Carbon Disclosure Project is another way to measure and control environmental impact. The non-profit charity runs a system and database where companies and governments disclose their carbon footprint. The CDP sets the standard for environmental reporting with its comprehensive and extensive database, the global environmental disclosure system. Corporations and governments of all sizes can measure their impact on climate change, and act accordingly.

## **Companies Joining the Fight Against Climate Change**

In the next few weeks, we will be looking at commitments made by major players in the renewable energy industry. We will be interviewing some of the companies who have

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<sup>1</sup> [fortune magazine, July 2020](#)

committed themselves to do their part in fighting for a more sustainable future. What are they doing to ensure a greener earth? What are their concepts for a sustainable business model? The first company interviewed is going to be Sungrow. They recently joined the RE100 to affirm its commitment to run on 100% renewable electricity by 2028.

### **About Us**

Joint Forces for Solar (JF4S) and the International Battery and Energy Storage Alliance (IBESA) are the leading global B2B networking platforms for the solar and energy storage industry. Multinational corporations and local companies alike can connect and share knowledge. The goal of both platforms is fostering a community for a vibrant renewable energy industry.

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