**The corporate climate compass**

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Saturday, Jan 11, 2025

Climate change is one of the most pressing global issues today, encompassing every facet of society, including corporations which significantly contribute to climate change through their gigantic share of greenhouse gas emissions, resource exploitation, and waste generation.

As a major contributor to environmental degradation, the corporate sector has a moral and strategic imperative to play its part in addressing climate challenges proactively. Their active inclusion in climate action is also necessary for the entities to adapt to safeguard their operations, ensure workforce wellbeing, manage risks, and ensure long-term sustainability.

As climate impacts such as extreme weather, resource scarcity, and supply chain disruptions threaten business continuity, by adopting adaptive strategies, corporations can enhance resilience, reduce vulnerabilities, and maintain competitiveness in a rapidly changing global environment.

Therefore, businesses, both large and small, can play a critical role in this transformation, helping to achieve the goals that are set out in the Paris Agreement 2015 through innovation and investment. In order to achieve the resilience imperative, a corporation must chalk out strategies for both adaptation and mitigation.

As for corporate adaptation, it involves preparing businesses to withstand climate-related disruptions such as extreme weather, resource scarcity, and supply chain vulnerabilities. By investing in resilient infrastructure, climate-smart supply chains, and resource-efficient technologies, companies can safeguard their long-term viability and reduce vulnerability to climate risks.

On the mitigation front, these efforts being equally critical focus on reducing the environmental footprint of business operations. Transitioning to renewable energy, improving energy efficiency, and adopting circular economy principles help reduce greenhouse gas emissions and resource depletion. These initiatives not only combat climate change but also position companies as leaders in sustainability, improving brand equity and opening new markets for green products and services.

It is also critical to integrate climate considerations into the core of corporate business, equipping corporate boards to mitigate climate risks and seize climate opportunities. In this connection, the Organisation for Economic Cooperation and Development (OECD) guiding documents and the International Finance Corporation’s (IFC) progression matrix and tip sheet provide direction to the board on how they can be positioned to drive climate change action through their corporate purpose and strategy. The IFC tip sheet provides advice on incorporating climate into strategy deliberations and identifying, monitoring, and responding to climate-related issues.

Another critical document is the Nationally Determined Contributions (NDCs) which emphasise the decarbonisation of industries, energy efficiency improvements, and the adoption of renewable energy. It calls for adopting cleaner production technologies, reducing emissions from cement and fertilizer industries, and minimising waste through circular economy principles. By aligning corporate strategies with the NDCs, corporations can address their climate vulnerabilities while ensuring sustainable economic growth.

On the adaptation front, Pakistan’s National Adaptation Plan (NAP) underscores the critical role of the corporate and industrial sectors in enhancing the nation’s resilience to climate change. The NAP identifies key adaptation requirements and strategies for these sectors, focusing on sustainable resource management, infrastructure resilience, and the integration of climate considerations into business operations. It also calls for the integration of climate adaptation measures into corporate policies and planning processes, ensuring that business strategies align with national climate resilience objectives.

Some corporations at national and global fronts which have founded resilience pathways can also serve as learning examples of how businesses can lead the fight against climate change by embedding sustainability into their core strategies, investing in innovation, and inspiring others to follow suit.

In this regard, Patagonia’s model (an American retailer of outdoor recreation clothing, equipment, and food) demonstrates that businesses can thrive while prioritising environmental sustainability, setting a benchmark for the apparel industry. Its ‘Worn Wear’ programme, which encourages repairing and reselling used apparel, extends product life cycles and reduces waste.

By incorporating recycled materials like polyester and wool, Patagonia minimises reliance on virgin resources and cuts greenhouse gas emissions from production. Patagonia adapts to climate change by investing in regenerative agriculture and sustainable material sourcing. The company promotes organic cotton and plant-based dyes, reducing dependence on water-intensive and polluting practices.

In the automotive sector, Tesla has revolutionised the industry with its focus on electric vehicles (EVs). By producing EVs and building extensive charging infrastructure, Tesla has accelerated the global transition to sustainable transportation.

Likewise, IKEA has emerged as a leader in sustainable retail. The company aims to achieve climate positivity by 2030 by using renewable or recycled materials for its products. IKEA also invests heavily in renewable energy projects, owning wind farms and installing solar panels in its stores.

Similarly, Unilever has adopted a ‘Sustainable Living Plan’ aimed at decoupling growth from environmental impact. The company focuses on reducing water usage, minimising plastic waste, and achieving net-zero emissions across its supply chain.

In the agricultural sector, companies like Engro Fertilizers are promoting climate-resilient farming techniques. By providing farmers with access to drought-resistant seeds, efficient irrigation systems, and precision farming technologies, they help safeguard food security against erratic weather patterns.

Corporate programmes like TCF’s Green Schools and PSO’s reforestation initiatives also reflect efforts to combat climate change. These models demonstrate a growing corporate awareness of environmental responsibilities but scaling and integrating these strategies across sectors remain critical to achieving broader climate resilience in Pakistan.

While businesses must do their part to effectively address climate change, the government must revamp its policies to guide corporate and industrial sectors toward adaptation and mitigation. This should include the formulation of robust financial mechanisms, the introduction of new green bonds, and the setting up of climate adaptation funds for the corporation. Policies should also facilitate a corporation’s access to international climate finance from global donors such as the Green Climate Fund, Global Green Growth Initiative, the World Bank and others.

Public resources alone will not be enough to cover the trillions of dollars needed to fulfil the goals of the Paris Agreement and to adapt infrastructure and industrial systems to climate change. Private financing sources such as institutional investors will also have a key role to play in financing the climate transition. For the government, engaging corporations in climate action is vital as they possess the resources, innovation capacity, and influence to drive large-scale change.

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