

# **Proposal for a Policy Session**

## **The role of firms in climate mitigation: Internal strategies, new business ethics, and the role of public policies**

Policy Session Organizer

**Xavier Labandeira**

### **General Description of the proposed policy session**

The aim of this policy session is to discuss the design and empirical evaluation of climate mitigation instruments in the business sector, with special attention to own or internal instruments.

The private sector has a key role in the transition towards a low carbon economy. First, because their contribution to GHG emissions is very relevant. Second, because the business sector has a major role to play in mobilizing and implementing resources for structural change. Third, much of the change has to do with the development and deployment of new technologies, which in large part will have to be thought out, developed, and implemented by the private sector.

In Europe, several objectives, transition paths, and regulatory instruments have been established by the European Commission. The global objectives to 2030 are detailed, taking mid-century decarbonization as a reference, and a set of EU policies have been implemented (e.g., EU ETS), or designed with framework characteristics (e.g., energy efficiency, renewables or energy taxation) whose intensity and relevance are left to the member states. Yet the change needed is so vast that, without the mobilization of sizeable resources and the involvement of the business sector, it will not be possible to achieve the desired objectives.

In this sense, even in territories without intense public policies in this area, there are proactive companies in climate mitigation for several reasons. Firstly, because of the presence of "win-win" solutions in their operation, i.e., environmental improvements that lead to a direct reduction of operational costs. Very often these situations are related to processes for improving energy efficiency, a fundamental vector for achieving the objectives of the Paris Agreement. However, the business world may also be interested in acting on reputation issues to reinforce its capacity to maintain and attract end customers and investors. Finally, the challenges associated with adapting to climate change may lead to unilateral actions as, in some cases, climate adaptation and mitigation efforts are linked.

In addition to being subject to external policy objectives and instruments, companies may have their portfolio of objectives and intervention mechanisms. It is thus increasingly common for the business sector to adopt objectives linked to international agreements (i.e., science-based targets) or to those aimed by the countries in which it operates. These business objectives

can be obtained through various channels: the expected action of external policies, compensation for unmitigated emissions, or the implementation of own mitigation measures (either implemented on internal operations or on external agents such as suppliers).

## Participants

**Xavier Labandeira** is a professor at the University of Vigo. Xavier is the director of Economics for Energy, a private research center that specializes in the analysis of energy issues and aims to create and transmit rigorous, neutral, and useful knowledge to the different agents of Spanish society. He is also a member of the UN Intergovernmental Panel on Climate Change (IPCC) for the elaboration of its Fifth and Sixth Assessment Reports (respectively released in April 2014 and forthcoming in July 2021). Moreover, between 2014 and 2017 Xavier was the director of the Florence School of Regulation-Climate at the European University Institute in Florence. Xavier's research lies in the boundaries between climate, energy, and public economics: his work has been published in the leading academic journals of my field and he regularly participates in conferences and workshops, in many cases as the organizing host. Xavier and Maria Loureiro won the AERNA Award for the best published paper in 2018/2019 for his work in "Exploring Energy Use in Retail Stores: A Field Experiment". Xavier has been a member of the EAERE's Policy Outreach Committee since 2018. More information available at <https://labandeira.eu>

**Xavier Labandeira will chair the session.**

**Catalina Serra (confirmed)** is a PhD candidate in Economics at Vigo University. Catalina's areas of expertise are behavioral economics and experimental economics. Her research is supported by an FPU grant from the Spanish Ministry of Science and Innovation. Catalina was previously in the UNFCCC Climate Neutral Now team, engaging with companies and stakeholders promoting them to measure and reduce their GHG emissions. Catalina holds an M.Sc. in Economics from Bonn University. More information is available at <https://bidi.uvigo.es/en/researcher/catalina-serra-tomas>

**Catalina will contribute to the policy session by illustrating the key findings related to pro-environmental behavior interventions in the workplace through a systematic literature review. Thus, picturing a framework of the current state of the art and identifying the next steps for researchers and policymakers.**

**Antoine Dechezleprêtre (confirmed)** is Senior Economist at the Organization for Economic Co-operation and Development (OECD). Antoine's areas of expertise are climate change policy and innovation, and international diffusion of low-carbon/climate change mitigation technologies, in particular to emerging countries. Antoine holds a PhD from Ecole des Mines de Paris, France. Antoine was a Post-Doctoral Researcher with the Grantham Research Institute on Climate Change and the Environment (LSE) from 2009 until 2020. More information available at <https://personal.lse.ac.uk/dechezle>

**Antoine will contribute to the policy session by providing the view, from an international institution, on the role of the private sector in climate change mitigation. In particular, Antoine will discuss the assessment of mitigation alternatives within the business sector, including reflections on the effects of public policies and internal actions (eg CSR) on different matters such as productivity or innovation.**

**Alfred Marcus (confirmed)** holds a faculty position in the Technological Leadership Institute (TLI) in the College of Science and Engineering at the University of Minnesota. Alfred has consulted with numerous major corporations and has received grants from government agencies. Alfred is the author of *Managing Strategic Uncertainty: Booms and Busts in the Energy Industry*, Cambridge University Press, 2019. His previous book, *Innovations in Sustainability: Fuel and Food*, Cambridge University Press, 2015, won the prestigious Academy of Management ONE Outstanding Book Award in 2016. In 2016 he also published *The Future of Technology Management and the Business Environment: Lessons on Innovation, Disruption, and Strategy Execution* with Pearson Press. He is the author, co-author, or editor of more than 20 books and many academic articles in journals such as the *Strategic Management Journal*, *Academy of Management Journal*, *Academy of Management Review*, and *Organization Science*. From 1995-2001, Alfred was chair of the Strategic Management and Organization Department at the Carlson School. His Bachelor's and Master's Degrees are from the University of Chicago and his Ph.D. is from Harvard University. More information available at <https://carlsonschool.umn.edu/faculty/alfred-marcus>

**Alfred will contribute to the policy session by illustrating an academic point of view of the role of corporate approaches on climate change mitigation. Alfred is one of the leading experts in this issue in the field of management and will draw conclusions from this literature. Moreover, Alfred will also contribute illustrating his view on managing business ethics in companies, based on his book “Managing Business Ethics: Making Ethical Decisions” where he emphasizes the need for employees at all levels to carefully consider the ethical implications of their actions.**

**María Mendiluce (confirmed)** is CEO of the We Mean Business coalition. Maria played a pivotal role in expanding WBCSD's climate and energy work, guiding over 200 member companies on transformative actions energy, circular economy, plastic waste, and urban mobility to influence the decarbonization of companies and economies. She has over 20 years' experience in sustainable development, energy, and climate action. She is also passionate about defining and implementing solutions for sustainable business transformation and previously held senior positions at the Spanish Prime Minister's Economic Bureau, in the CEO's office of Iberdrola, and at the International Energy Agency. María holds a PhD in energy economics and regularly teaches at different universities and publishes in academic journals and media. More information available at <https://www.wemeanbusinesscoalition.org/press-release/we-mean-business-coalition-appoints-new-permanent-ceo>

**Maria will contribute to the policy session by illustrating a business sector point of view of the role of the private sector on climate change mitigation. In particular, Maria will cover how companies are addressing the low carbon transition and how from the We**

**Mean Business** coalition they are helping companies to achieve the decarbonization goal.

**Robert Metcalfe (confirmed)** is Assistant Professor at Boston University. Prior to joining Boston University, Robert was a Postdoctoral Research Scholar in Economics at the University of Chicago and a Research Fellow in Economics at the University of Oxford (Merton College). He has previously worked in the U.K. Government as an Economist and had a short-term position as a Fellow at the Social and Behavioral Sciences Team at the Office of Science and Technology Policy, Office of the U.S. President. Robert's main area of expertise is the use of field experimental methods to understand human behavior in consumer markets and within organizations. Many of his projects have led to testing economic theory in collaboration with industry and government partners, such as Virgin Atlantic Airlines or Uber among many others. Robert holds a PhD from Imperial College London. More information available at <https://www.rmetcalfe.net>

**Robert will contribute to the policy session by providing an academic vision on the role of the private sector on climate change mitigation. Specifically, on the importance of establishing research-business relationships and on the economic toolkit available for this purpose. Robert will present the results of some of his projects where he has tested economic theory in collaboration with companies and which conclusions can be drawn for future applications.**