

Future of Business series – Season 4

Episode 1 'Fight against climate change - Are the efforts enough?'

Welcome to Future of Business, a podcast run by a team of MBA students which takes you behind the walls of the business school, to explore the diverse range of sectors and stories embedded in the Oxford MBA cohort and beyond, and how they will shape the future of business. My name is Rudolph Okai.

Today we will talk about climate change, joining me now is Alexis McGivern who is an MBA student here at Saïd Business School. Prior to the MBA, she worked at the International Union for Conservation of Nature, working on issues of plastic pollution, worked as education director of the Oxford Climate Society and also Co-founded 26,000 Climate Conversations, an initiative to encourage meaningful conversations about the climate.

Welcome Alexis.

Thanks so much for having me, Rudolph.

You are welcome.

So, I think there's a lot to talk about, but I would like us to start with, what is the state of our climate at the moment?

Yeah, I think there is a few things that are undeniable about the state of our climate, which is our climate is changing very significantly. We are seeing increased warming, increasingly more that the hottest years are the most recent years, so the last ten years have been the hottest years on record. And we are also seeing that it is undeniable that it is anthropogenic which is what we call human caused or human induced climate change. so we're no longer able to really deny that it's human caused, and that's really important because it means that we need to be part of driving the solution and I think what I want to emphasize at the top what's important about climate change, is we talk a lot about saving the planet, the planet will be fine without us, the problem is sustaining the ability for humans to live on the planet and especially sustaining the ability for humans in all parts of the world to live on the planet. Because what we see with climate change is that its effects are very distributed, here in the UK, we are seeing some floods we are seeing some change in weather, but we are not seeing the devastating impacts of climate change. In other parts of the world especially in the global south, we are seeing really devastating impacts of climate change, we are seeing massive cyclones, typhoons, we are seeing people homes being lost, we are seeing droughts that are making it difficult to survive and live and grow food. And so, it's important that to understand that the effects are very distributed and we need to make sure the earth is a place where everyone can live, and everyone can be safe into the future.

Great, so would you say that was the impetus behind the nations and the presidents, the leaders meeting in Scotland for the COP26? There was a whole lot of talk about COP26, saving the climate, can you give us something like COP26 for dummies?

Sure, so COP26, C-O-P stands for Conference of the Parties and that is basically the parties to this convention, which is, it's quite long, it's the UN Framework Convention on Climate Change, we call it UNFCCC for short, and that was signed in 1992 and every year since then the Conference of the Parties, so the parties who are party to that agreement meet to discuss the state of the climate and what action should be taken. And so, this is just the 26th conference, actually now in the 27th year because we missed last year COP26 and so we meet every year to discuss the state of the climate and what could be done. So, it's not only countries that are meeting, it's also businesses, civil society organisations and industry and many other players. Glasgow is actually the most attended COP ever, which is quite interesting in a Covid year that had a lot of travel restrictions and a lot of people that were tuning in online. But essentially what happens at COP is that you have certain objectives before the conference of what you want to get done and for this conference what we needed to do was establish what we call the Paris rule book. So, I don't know if you remember that COP21, which happened in 2015 in Paris was one of the most significant COPs to ever happen, we had an agreement which sounds like not a big deal but it is a huge deal, which is that all the parties to the convention, so all the countries in the world agreed to limit warming to 2 degrees and aiming towards 1.5 degrees Celsius. We used these temperate ranges and what we mean is global temperature change. It's quite confusing because some regions might see much higher than 1.5 temperature change but overall, we are looking for 1.5. It's important to know right now we are at about 1.13 degrees of warming. We always compare this to pre-industrial levels, so in climate science we are able to understand what the temperature of the earth was like before the start of the industrial revolution and we always compare temperatures to that. So there was this key objective at Glasgow was to establish the Paris rule book, especially with regard to a few key things which is basically establishing what we call it a common time frame for change, and also one thing that was really sticky and difficult and ended up not being resolved at the last COP which was in Madrid was something that we call Article 6, which is an article within the Paris Agreement that is about carbon market. So, carbon markets have been introduced and kind of played around with by COP and other non-government stakeholders and what we needed to do in Glasgow was to really establish a clear rule book on how we should trade carbon credit. And the idea of a carbon credit, is, let's say if Ghana has a goal for emissions reduction and they actually make that goal and even are far above that goal, they have extra carbon credit that they can sell to, for example the United States. As you can see just in that example, it's a really complicated and quite messy system because it can introduce quite big power inequalities, and what's happening more and more is that countries in the global north are basically convincing countries in the global south to not emit so that they can buy their carbon credits off them. So there is a big tension between environment and development, and power, COP26 is essentially a meeting of many stakeholders to discuss what can be done on the climate.

From what you said, it looks there is a lot of collaboration between the host nations, businesses, and other stakeholders, how do you see them working together, is it working, what problems are they facing, what are the challenges, and how has it been like between these entities?

Yeah, definitely, so I think one thing that has changed significantly in the last 10 years or so, is that the conditions and the reality of climate change is so stark and so apparent that business and stakeholders can no longer deny it's happening. And therefore, they can no longer sit on the side of inaction, so what we are seeing more is that there are different stakeholders who are trying to get involved in working on climate change. However, I think what is really scary and what's happening more and what is a very big concern to people in the climate justice space, is that we are seeing stakeholders using the language of action to kind of mask their inaction. So, a really good example of this is the narrative and discussion around net zero. So net zero is a concept that came from climate science and it's the idea that we need to balance our emissions, we need to balance outgoing emissions with emissions that we are sequestering, so emissions we are eliminating or offsetting. The problem with net zero is that we really need to focus on bringing down emissions as much as possible, as quickly as possible, and what net zero and the discussion around net zero has done, is shifted the conversation from reducing emissions and moved it instead towards offsetting emissions. The problem with offsetting emissions is that, while it's good for balancing the books and it allows countries and businesses to look like they are balancing their books in terms of outgoing and sequestered emissions, it doesn't actually bring down the global level of emissions. So, in the example I gave earlier, if Ghana does really well on their climate commitments or in another scenario, which is perhaps a more likely scenario, where they are not emitting, because they have been convinced not to, in order to keep their carbon credits to sell off to the United States. We are not overall reducing the amount of emission; we are just moving around who has ownership of them. And so, what is really scary, is that for example, we see places like BlackRock, is a good example, where a few years ago, their CEO, Larry Fink came out and said that their entire portfolio will be net zero, and many people hailed this as a great decision but the problem is, it's just fancy accounting. It's not anything that's actually changing the state of our climate or the level of emissions. It's just people buying off offsets in places around the world, which then intersects with a huge number of issues, for example, what's happening more and more, is that we are seeing land grabs for carbon. So, a lot of indigenous people are being kicked off their land so that places can buy their land and basically say this forest, we are now no longer going to cut down the trees in this forest, or use any part of this forest, therefore we are going to count those carbon credit so that somewhere in the global north, we will continue to emit. So, I think that, the thing that is really concerning and the thing we need to stay so vigilant about is understanding that there is a huge amount of greenwashing going on, and that was basically all that COP26 was. Announcement, after announcement was really flashy, a lot of really nice headlines and then when you scratch the surface, you will see that the whole thing crumbled apart and that we are not seeing the very urgent reduction in emissions that we need in order to maintain a healthy future on the planet.

Alright, so that seems to be what some of the businesses are doing. What about the other nations? Do you see stricter restrictions in their regulations, are they putting in tighter laws to kick against this? Because I can imagine that a developing nation will take money from the United States or some of developed countries to take something like solar, then for them to get the carbon credit just as you said. But how do you see the other nations responding, are they seeing from the business side of view or they are seeing from the humanity point of view?

I think very few countries are seeing it from a humanity point of view. It's kind of the race to the bottom, so who can emit the most in the time frame that they have when they are still able to do it. I think there is a huge huge gap in ambition and in capacity, so for example, the United Kingdom who is the host of this year's COP who made a big deal about raising the ambition and encouraging countries to really bring as much dedication as possible to the conference. This government is in the middle of opening, trying to open new oil fields and trying to open new coal plants when we have absolutely agreed there can be no new fossil fuel extraction in order to stay within the 1.5-degree limit. So, the UK while speaking the big talk about how important it is to urgently stop climate change, they are in fact benefiting from fossil fuel extraction. And I think the main thing we are really seeing which is tough and problematic is that, not only are they not reducing their emissions, they are also not providing the support or capacity to very vulnerable nations that are experiencing the impact of climate change right now. So, one thing that was really contentious at COP, was this idea of loss and damage funding, so that's basically, we bucket climate action into 2 big buckets, one is, mitigation so that is reducing emissions and the other is adaptation, that's adapting to climate change. So, making sure we have things like resilient infrastructure or sea walls, to protect houses from sea level rises and things like that. But when we go beyond adaptation when there is no longer capacity to adapt because the change is so fast, there are people especially within the climate justice movement who are calling for loss and damage funding. Which basically is a kind of climate repatriation, is the idea that rich nations which have caused climate change should pay countries like Bangladesh for example, which is one of the most affected by climate change in order to compensate them for the losses they have incurred. And so what was really disappointing about COP is that, we did not see any commitment of loss and damage funding apart from Nicholas Sturgeon who is the leader of Scotland committing 1 million pounds into a loss and damage fund, but in general we are just not seeing enough ambition and the problem is, it's all talk and no action.

Alright, so, I'm very much aware that before the COP26 there was this promise of \$100bn funding to support developing nations and to support the movement and before the COP there was this talk about the countries not fulfilling them, so I'm actually surprised they are bringing this thing again, but how do you think you would get, how do you get the bigger nations, the developed nations put in their money where they mouth because there is ambition, they are giving all this talk and from what you said it sounds like greenwashing, but how do you get them to actually commit, because from what I see, it's going to take lot of financial muscles to be able to tackle this, because you will need to change the technologies, when you are taking out fossils you need to replace the energy. So how do you see the business committing their monies to it, because some also say, well fossil is giving us money, just like you said, they are making money, they need to take care of their citizens, they need to meet profit so now there is tension between profit and purpose, so how do you see the companies' transitioning, to move away from just making money and being responsible with profit, while they change the environment as well.

It's a really good question, it's a really difficult question and fundamentally what I see as quite as important is for many stakeholders including businesses to question whether or not infinite growth is possible or desirable. I think that's one of the key things that we need to consider and discuss is whether or not we can survive under this model of exploitative capitalism, which I personally don't think that we can. I think what we can need to see more and more is, and this is something everyone can do if you are living in a democratic country, is to really push their leaders on climate finance and to make sure that translates to stricter regulations on business in order to pay for their negative externalities, that's what we call basically the impact of their business that are not considered within the bounds of their kind of cost benefit analysis. When companies are able to pollute basically right now with impunity, there is changing regulation but for the moment, it's so easy to go around, that it's almost like the regulation is there just in name in many places in the world and so we really need to see more ambition to make sure there are (A) being taxed accordingly which will then hopefully make these things less appealing, and then we need to see government support and government subsidy of things that would contribute to a better world, so we talked a lot about in the post Covid or in the Covid era of green recovery, so that's government spending that not only brings people back on board in terms of after a very difficult economic year and a half and two years but also allows us to move forward on climate goals, so an example of this would be a government subsidising installation of solar grids, that not only gives people jobs and training and brings communities onto the electricity grid that might otherwise not have been but it also allows us to fade away from fossil fuels, so there are lots of win-win scenarios but there are also lots of scenarios in which very powerful people have benefited from exploitation and that this growth model will need to, empower people to take back the power from these people at the top.

Alright, so what I do realise is that, the oil majors are all talking about going into green energy, so you have BP, coming up with hydrogen strategy going into wind energy. Shell is doing the same, how do you see them transitioning, do you see it as something to balance the books or genuinely wanting to change the energy source and change the climate, because what you do realise is, well they have accepted climate change is happening, well there are regulations coming out them, well, there's a chance for them to buy carbon credit, but how do you see them making an impact with this, do you genuinely think they're going this route because they see that the industry is becoming like a dinosaur which can phase out or there are just doing that to balance the accounting when it comes to the oil majors.

Well, I'm a very cynical person so I see it more as them trying to mitigate risk there's increasing risk of what we call stranded assets which is basically that there's this kind of investment huge investments that are made that ended up needing to be abandoned because either because of changing regulation or because of the impact of climate change itself and also they see it as an opportunity for growth but I'm extremely suspicious of companies that have historically done nothing but try to block genuine action on climate like BP and Shell and then trying to get into a space where they can ethically generate clean energy. I think the issue that we're not looking into so much is how these renewable energy and hydrogen is actually really good example or hydro power is another great example of how they basically can create unintended consequences for other areas of the climate justice movement. Climate justice by the way I have mentioned a

few times is this idea that we can pursue social justice at the same time as pursuing ecological justice, so this idea that climate justice brings together the fact that we are all exploited under and suffering because of capitalism and that we can seek liberation on multiple fronts. I think what I would rather see rather than big places like BP or Exxon or Shell moving into the renewable energy space I'd rather see power move away from them and into community-led energy which is happening increasingly in the UK, for example there is actually a place very near to Oxford which is a solar fields that is entirely owned by the community and entirely financed and operated by the community. And would much rather see that where the community has a stake in what energy they receive, also increasingly happening in Germany and in other places and I'd rather see that than this massive profit-focused oil majors moving into renewable energy, I think they have had their time in the sun and I think it's time to move to a different system now.

Alright so, from what you just said, it means it would take a lot of commitment from the people in the communities. But then let me ask you on this, when you talk about Africa, so I know Africa, probably emits correct me if I'm wrong about 3% of emissions so you hear African nations we just found oil, we just found gas that can help us with industrialization, we are not emitting that much, but the west have benefited from capitalism. This is our chance to also bring our people out of poverty. How do you talk to a leader like that, how do you bring them onboard and say we know you want to liberalise your people, you want to give them jobs, you want to industrialize but we don't need you to bring this out, so how do you talk to people like that?

It's really difficult, I mean this is where I say there is tension between climate and development. There is there idea that we were first in the late 90s discussing which is CBDR - common but differentiated responsibility and so this idea that that we all have a common responsibility to reduce our emissions but some have more responsibility than others and so it was agreed to in a kind of landmark decision in 1997 in a Kyoto agreement was that, we split countries into we what call Annex 1 and non-Annex 1 countries, so Annex 1 were already industrialised countries and Non-Annex 1 were developing countries, so they said Annex 1 need to cut but non-Annex 1 can continue to emit in the goal of development, the problem is that the United states was not pleased with this they said unless everyone cuts we won't sign any agreements. The United states famously decided not to ratify the Kyoto convention and then it crumbled without a superpower like the United states inside it. So, it's really difficult to balance between wanting developing countries to be able to rise to the level of standard of living, to be able to develop in line with sustainable development goals, having major priorities and concerns in healthcare for everyone, education, clean water, these are all extremely relevant concerns but what we find difficult is that those often contradict with climate goals. There's a really really good academic paper that came out in 2017 which looked at the sustainable development and how many of them were resource conserving versus resource constraining and they found that they were outnumbered 5 to 1, so if we fulfilled all the sustainable development goals we do that at the expense of climate and environment. So it does become a huge tension and I do very much understand that there is desire to move forward to grow. I think the question is how we can do that instead of going through the same phases and so going through dirty emissions and then now in places in the global north moving towards clean emission, it's just what we call leap frog so trying to leap frog

over that and going straight into clean emissions so instead of tapping those oil fields instead going straight to solar wind to thermal energy which obviously is where is more difficult more technical but the idea is that there should be a sharing of capacity understanding technology transfer in order to make that possible from the get go rather than cycling through. The problem is that it's much easier and it's much cheaper to exploit fossil fuels but the problem is that those countries that are exploiting them will often also be on the frontline of climate change so it's a very difficult decision for leaders to make, with this idea of climate versus development.

Well, I guess that's a lot of things to think about. But then, you have been in the space for a while, you have been doing this for a couple of years now. How's the Oxford MBA helping you, trying to change the world in that space?

Yeah, I have only ever worked for a non-profit, I worked for a big NGO called International Union for Conservation of Nature and my time there was funded by a Swiss foundation called the Gallifrey Foundation. So, I have only ever worked in a non-profit space and from our perspective at IUCN, we had two kinds of relationships with businesses, it was either trying to fight against them, to push against them and it was like we were flicked away like little bugs. We had no resources, no capacity, always operating on a shoestring budget so it was very easy for them to dismiss us when we called for greater action. And the other relationship that was increasingly happening near the end of my time there, was businesses who wanted to do highly visible but not very impactful projects so giving us money to do, I worked in plastic pollution so getting money to do a beach clean-up or something that really doesn't change anything. It's feel good and it's a good photo opportunity but doesn't actually change anything, and I was getting so frustrated being within that space and not understanding the logic of business and as well coming from my background which is obviously if it's not already clear, quite very left wing ideology, it was hard to understand the logic of business other than a cartoonishly evil you know sitting in a boardroom twirling moustache, trying to decide how to destroy the world and I know that - I hope that is not the case for many businesses. I do genuinely believe that there are probably people in businesses that are doing very bad things but who are very good people and who either don't know the impacts of their actions I hope or who are just maybe falsely believe that is the way towards a better future. So what I wanted to do was, to do the MBA to understand the logic of business, to understand the language of business and then be able to understand it from the inside and take those learnings back to not only the NGO world, but also my kind of grassroots organizing and community spaces and say these are the opponents that we are up against and this is their internal logic, this is their internal way of organising and this is how, this is their pain points and this is where we need to kind of attack. So going forward and I'm still really trying to decide, would I like to be in the private sector learning how things work at probably the expense of my own alignment of my morals and what I'm doing every day or would I rather take my learning to go straight back to the NGO space however understanding that also the NGO space is also riddled with inefficiencies, bureaucracy and just general difficulties working on shoestring budget all the time, being stressed and overworked. Now, I'm kind of in the process of deciding post-MBA would I rather stay a little bit more in the private sector and learn how it works, haven't never worked in the private sector before or go back to my safe community where everyone

thinks like me and swim less against the tide but maybe at the expense of what is better for the planet overall.

Alright that's great, so when you see climate change, the whole fight against climate change, tell us, what are your plans?, What do you want see in the next five years, in the next ten years, because I know all these countries, businesses are talking about net zero 2030, net zero 2050, I think India came up with net zero 2070. But you, Alexis, what do you want to see in the ten years for us to see, we are either on track, we are veering off or there is hope and optimism?

Is there hope and optimism? One of the things I took most away from my time in Glasgow was, there is always hope when you have power to the people, there's always hope when you're empowering people from below to act and I would spend a lot of time in community organising spaces and with other activists. And I got a lot of energy from that, believing that we can create a better world. There is an extinction rebellion chant which is "we are unstoppable, another world is possible" and I really like that, it makes me actually quite emotional to just think that there is a possibility if we work hard to create another better world. What I would like to see urgently, I guess in the next few years is a massive commitment towards climate finance, I would love to see a huge fund towards loss and damage to make sure people right now are not dying because of climate change as they are now. I think there is nothing more important to me than getting loss and damage funding, I think that would be a priority. The second, I guess what I'm really passionate about, and what I think I'm trying to do with this MBA is to get people to understand what the true net zero is and what a false net zero is. And I would like to see my fellow MBA classmates being able to go into their future businesses that have nothing to do with climate and to be able to actively articulate what it means to have a 1.5 degree aligned net zero target or not, so I would love to see more scrutiny, more education, more understanding of what true net zero is, and to be able to make our goals align with that.

And then thirdly, I guess I would like to see in the next future COPs just more ambition from historical emitters, especially the United Kingdom, I have obviously, a stake of what the UK does, because I have been here for a number of years and I will stay here for a while yet. I would like to see more ambition, I would like to see them really take responsibility for their actions. And I would also love to see players like China and India, these big upcoming or not even upcoming, now have arrived big players to also really recognise their power and their capacity for change in their more recent but also very important historical emissions.

Looks like the world has to come together like the way they fought Covid for the greater good. That's all we have time for today but before you go, I want to ask you a question, what is your favourite place at the University of Oxford?

Oh, good question, I'm obsessed with the Radcliffe Camera, I try to not go longer than a week, without sitting in front of the Rad Cam or being inside the Rad Cam, it's one of the most beautiful and it's obviously an iconic building in Oxford, I just love studying there, I love being there and it makes me so happy to think that there are thousands of scholars who have spent hundreds of years studying there, it makes me feel really part of history. So, I love the Rad Cam.

I think everybody loves the Radcliffe Camera. So, thank you very much for coming Alexis, we were happy to have you.

Thank you.