

## SOCP6808 ASSIGNMENT

Name: Mulalo Sadiki

Student number: 2016231603

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## **Addressing Climate Change: Corporations and Business**

### **Introduction**

The relationship between environment and capital accumulation is not a new one. Quite recently this relationship has become a source of contention between governments, corporations, organisations, the people and other relevant parties. The issue of contention is straightforward, 'what is the impact of capital accumulation on the environment?'. Through this essay I will speak to some aspects of this issue by evaluating corporations' attempts to address climate change. I will critically evaluate the environmental policy and greenwashing as it applies to BP, more specifically I will highlight the existing discrepancies in their claims and their actions. To contextualize the company, I will start by briefly clarifying the strained relationship between capitalism and the environment. I will then locate the fossil fuel (energy) industry within capitalism as one of the largest players in the strained relationship between capitalism and the environment. Following this, I will locate BP within the industry as one of the world's largest energy companies that have garnered a lot of attention for their efforts in portraying an environmentally responsible narrative. Subsequently, I will discuss BP's environmental policy and critically assess their crimes and their policy based on available literature. In conclusion, I will attempt to provide some recommendations for BP in their claimed shift towards green growth.

### **Capitalism and environmental ruin**

The relationship between capital accumulation and environmental exploitation is as old as many modern human civilisations, with this relationship intensifying during the industrial revolution. It is a history tainted by violence, exploitation, colonisation and various other human and environmental unpleasanties. This is a hard truth that we tend to downplay, often glance over or ultimately ignore. This notorious process of capital accumulation at the risk of our environment has sunk its claws so deep in society that it remains thriving after decades of being challenged and has even earned itself a name: The Capitalocene – described as the current geological epoch where wealth, capital accumulation, power and production are the largest contributors to the climate crisis (Moore, 2017a). Although the earth has provided us with a supply of natural resources for survival, capitalism greedily uses more than the earth can supply at any point in time; without adequate attempts to offset their unrestrained usage (Haraway, 2015; Davies, 2018; Ruccio, 2017). Should capitalism continue to operate in this manner, it is

only a matter of time before the earth decides that we are not worthy of its provision (Sweezy, 2004). This essentially means that the earth's limited levels of non-renewable resources will inevitably not be enough to accommodate the growing population.

Within the capital-driven glutton of a monster known as Capitalism, there exists the industry of energy. The energy industry, particularly the fossil fuel sector (oil, coal and gas) has been at the centre of the climate change debate for decades (Batruch, 2017). According to the CDP Carbon Majors Report by Paul Griffin (2017) the top 100 fossil fuel producer are responsible for approximately 71% of the greenhouse gases between 1988 and 2015. According to Taylor and Watts (2019), the top 20 global energy companies have been responsible for 35% of the global carbon and methane emissions since the 1960s. This is certainly a staggering amount for one industry to be responsible for. Of the aforementioned 35%, British Petroleum, Shell, Exxon and Chevron are responsible for approximately 10% (Taylor & Watts, 2019). Batruch (2017) further demonstrates that oil, coal and gas account for more than 80% of the global energy use and this is no surprise considering they are responsible for more than 35% of global emissions.

### **British Petroleum**

As mentioned before, British Petroleum, in conjunction with 3 other energy companies is responsible for approximately 10% of the global carbon and methane emissions. Widely known as BP, British Petroleum is not hard to locate within the industry as they are one of the world's largest energy-producing companies (Forbes, 2023; Taylor & Watts, 2019; Li, Zhu & Lu, 2014). BP is a global energy behemoth that is found across 6 continents and over 80 countries (Li, Zhu & Lu, 2014). Since 1965, BP has produced over 34 Billion tonnes worth of carbon dioxide globally (Taylor & Watts, 2019), this may even be a conservative measure. By 1999, BP's emissions were greater than the countries of Canada, Britain and other countries in Central America (Beder, 2002).

In their pursuit of profits, BP has been placed under scrutiny for issues related to human rights abuse, oil spills, militarization and other environment-related problems (Tomlinson, 2017). From small leaky oil pipes to major oil spills, BP is known to have one of the worst environmental records in the energy industry, based on their poor environmental record they were even named by Multinational Monitor as one of the 10 worst companies in 2000 and in

2005, they have also been known to have paid some of the largest fines due to their environmental blunders (Multinational Monitor, 2005; Greenpeace, 2010). For their blunders, BP was fined by the Department of Interior Minerals Management Service (USA) three times in 2002, twice in 2003, twice in 2004, in 2006 and again in 2007 for unsafe practices (Greenpeace, 2010). They were fined \$20 million in 2006 for spilling approximately 1 million litres of oil in Alaska and fined again in 2009 for spilling another 200 000 litres (Greenpeace, 2010). They have been found guilty of contaminating drinking water with gasoline additives, after their 2010 explosion in Texas, 15 workers died, 170 were injured and they were fined approximately \$50 million, this was their third fatal incident at their Texas facility in 4 years (Multinational Monitor, 2005; Greenpeace, 2010); this particular explosion also emitted a significant amount of benzene into the atmosphere. Following this incident, the Environmental Protection Agency fined them \$700 000 and the Texas state fined them \$130 000. They were also fined \$30 million in California for air pollution. In comparison to their yearly profits, their investments, their public relations spending efforts and their lobbying, these fines are a significantly small amount, a very small cost of doing business, one that does not seem to deter them from expanding their business and continuing to profit. These are some of the fines and recurrent environmental violations by British Petroleum after they had claimed a sort of environmental enlightenment, this long history of exploiting and complete disregard for the environment precedes and succeeds their 1997 goal to become green.

### **British Petroleum's Environmental Policy**

Admittedly, BP is known as one of the world's 'greatest polluter', despite their infamous title, they have since made effort in attempt to address their environmental crimes, and they have been widely praised for this. In the recent years, particularly following the First Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) in the 1990's, environmental awareness and sustainability has become a priority for organizations and governments worldwide, with many companies and governments making efforts to reduce their environmental impact and promote sustainability. When the IPCC report was published, approximately 80% of the world's energy was from fossil fuels (Grasso, 2019). Compared to other energy companies, BP became one of the first energy producers in 1997 to publicly acknowledge their contribution and their complacency in climate change and promised to work on finding solutions (Tomlinson, 2017: p. 3). They amended their company standards, updated their business principles and included safety, health, relationships, employees and

commitments to manage their social impacts (Tomlinson, 2017: p. 4). They essentially started to move away from doing ‘business as usual’ to ensuring social, ecological and economic sustainability by being open about their business’s environmental policies, venturing into renewable energy and by building relationships with various environmental groups (Tomlinson, 2017; Li, Zhu & Lu, 2014).

BP’s environmental policy claims to focus on achieving ‘net zero’, ‘improving peoples lives’, and ‘caring for the planet’. They assert that their policy is to

- To comply with environmental laws and company policies and procedures to protect the environment
- To identify and systematically manage the environmental performance of our operating activities
- To continuously improve their environmental management system.
- To deliver on the aims of their sustainability frame.
- To raise awareness and understanding of environmental issues with their employees.
- To monitor and report on their progress in support of their aim to be recognized as an industry leader for their transparency in reporting.
- To maintain board and executive-level oversight of the management of operational environmental risks and the effectiveness of their sustainability frame.

With their 1997 admission of climate change and their contribution in the matter, they seemed to be making efforts to lessen and perhaps reverse their damage. Although they have seemed to be trying their best in addressing their crimes, they have been criticized for greenwashing. Particularly because of the events mentioned above that preceded and succeed their green growth proclamations. They have been accused of promoting a myth of a green oil company through PR without substance, they publicize their intention to become a green oil company, their intention to willingly pay fines, and they clean up their oil issues, but they never publicly claim responsibility for causing those oil problems in the first place (Matejek & Gössling, 2014). BP has attempted to rebrand by changing their slogan and company name to ‘Beyond Petroleum’ and have even changed their logo into a green and yellow sun that supposedly represents their environmental awareness and their strategy for green growth (Kassinis & Panayiotou, 2018; Greenpeace, 2010; Sydney Marketing Society; 2021). This rebranding was meant to transform BP from being just an oil company into an energy company that is willing to move away from oil into renewable energy; particularly solar and wind energy (Cherry &

Sneirson, 2011; Beder, 2002). However, this was not BP's first effort with attempting to rebrand and fix their environmental image, in 1989 they revamped their brand by shortening their name from British Petroleum to BP and redesigning their logo to look more socially responsible (Beder, 2002). This 1989 campaign was also not their first because they also attempted rebranding in the early 1980s (Jenkins, 1991; Beder, 2002). Evidently, they are accustomed to managing public perception to represent themselves as environmentally conscious. In 2022 they spent approximately 20 million rands on social media ads in order to position their company as an environmentally friendly company (Lewton, 2022). They have one of the most progressive and ambitious plans and policies within the energy industry, as evidenced in their environmental policy claims above. However, even if they carried out their plans successfully, their efforts would still remain far from being enough (Lewton, 2022). In order to achieve the restriction of global warming to 1.5°C, as per the Paris agreement, BP needs to implement more stringent environmental measures (Lewton, 2022). According to the Oil Change International report by David Tong (2022), even if the use of one of the biggest global polluter, coal, was ended overnight, the continued use of oil and gas would still result in the globe warming at over 1.5°C. Ceasing new development and establishing ambiguous policies is not enough, to prevent the 1.5°C increase energy companies need to decommission some of their oil and gas fields (Oil Change International, 2022).

BP has grossly misrepresented themselves through their policies, their rebranding campaigns and their false advertising. Despite growing pressures to curb their greenwashing campaigns, BP continues to promote themselves as environmentally friendly and cannot properly back it up (Global Witness, 2023). Their launch of an ostentatious campaign based on going green did not stop them from continuing to invest in oil and illegally dump hazardous material (Mitchell, & Ramey, 2011). BP spent over \$3.2 billion on renewable energy between 2016 and 2022, in the same timeframe have spent over \$84 billion in oil and gas investments (Ambrose, 2022). Despite this biased investment approach, they claim that they plan to invest \$8 billion in renewable energy production by 2030, simultaneously, investing only \$8 billion into oil and gas, essentially counteracting their seemingly righteous investment into renewables (BP, 2023). All their proclamations and investments do is to divert public attention away from their corporate greed as they continue to aggressively expand their operations and in comparison to their fossil fuels put very little into renewable energy (Greenpeace, 2010). BP also invests in lobbying against strict and meaningful environmental regulations, which is a direct contradiction of their own environmental policy (Vass, 2008). According to Laville (2019) BP

spends approximately \$30 million each year on greenwashing and branding campaigns that positions them as being in support of action against climate change. On the other hand, they also spend over \$50 million in lobbying against climate policies that do not benefit them (Laville, 2019). Their 1997 proclamation of attempting to go green allowed their share price and their profits to rise while also allowing some of their unscrupulous activities to go on unnoticed (Beder, 2002). One of their biggest disasters was their Deepwater Horizon where over 757 082 356 million litres of oil was leaked from their offshore oil rig into the ocean, resulting in the largest marine oil spill ever recorded (National Commission, 2011). Their unhurried and unconcerned response led to the oil spill only being resolved after 87 days on September 19<sup>th</sup> 2010 and its negative effects were still recorded even after 4 years as evidenced by the continued death of marine life in record numbers (Sahagun, 2014). BP pled guilty to the felony deaths of 14 employees related to this disaster, no one was imprisoned and they were only fined \$4 billion (National Oceanic and Atmospheric Administration, 2017). Despite this 'large' fine, BP still profited in that year and continue to profit, they have reported to have made a profit of approximately \$4.9 billion in the third quarter of 2023 (BP, 2023; Macrotrends; 2023). It seems that BP has mastered the arts of greenwashing and profitability. In addition to their greenwashing, their environmental policy lacks specificity and is a bit vague. They do not specify measurable goals and targets, their timeline and the financial contribution they plan to make in order to achieve their environmental targets. Because of their unspecific and unmeasurable policy claims, It is difficult to measure and compare their environmental sustainability efforts in relation to their policy. This makes it complicated and difficult to hold them accountable of missing any of their targets.

## **Conclusion**

The concept of greenwashing has become ever so more relevant and common among large corporations. This tactic allows them to remain profitable in an economy that is constantly demanding eco-friendly products. BP's case serves as an example of the disconnect between a corporation's managed image and their actual practices. BP has chosen to extensively invest in marketing and public relations in order to make the public look elsewhere while they continue to invest in oil and make profits on the ecosystem. They invest very little into solar and wind while they make substantial investments in oil expansion, this raises concerns regarding the sincerity of their commitments. For the sake of our ecosystem, it is important that these large corporations are strictly scrutinized regarding their actions and their policies and commitments.

This essay should serve as a catalyst in adopting a system of holding corporations accountable for any discrepancies between their commitments and their actions. As a start, governments should start by enforcing mandatory jail time for corporate executives embroiled in greenwashing and environmental abuse, they should promote stricter regulations, increase incentives for renewable energies and perhaps ban offshore drilling.



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