



WBCSD Council Meeting 2009 - Summary

WBCSD Council & Liaison Delegate Meetings 2009

11-15 October 2009 – Washington D.C.

OVERVIEW

World business *changing* for sustainable development

To set the tone and highlight the theme, WBCSD Chairman Samuel A. DiPiazza Jr. launched the discussions by asking Council Members: *“How is business changing for sustainable development?”* Sam noted, *“It’s not about us, it’s not about my generation, it is really about the next generation of young people”*. With those words, the meeting kicked-off with a week that welcomed 450 participants from some 140 companies and nearly 40 Regional Network partners, coming together for 50 separate sessions.

Key Take-Aways

- Business is in the solutions space. However, business cannot generate and deliver solutions alone: collaboration with government and other players in society is essential.
- Systems thinking will be central to achieving the speed and scale necessary to tackle the major challenges facing society.
- As a cross-sectoral global business platform, the WBCSD is in a strong position to advance on integrated approaches.
- The race is on to move to low carbon economies, with different regions / countries vying to become the leading supplier of green technologies and solutions.
- Consumer behavior and consumption patterns will be a key element in moving towards a low carbon economy.
- 75% of participants agreed that we can shift to a low-carbon economy in time to make a difference and that their companies are actively seeking business opportunities in a low carbon future.
- Copenhagen (COP 15) is a milestone, not a finishing point. It is unlikely to deliver a framework with details; these will be worked out over the next 2 years, internationally and nationally.

COUNCIL DINNER - GUEST SPEAKER

As part of our outreach in Washington, we welcomed Larry Summers, Director of the National Economic Council as our guest dinner speaker. Mr. Summers shared his thoughts about the US Administration’s optimism for the Copenhagen negotiations. He stressed the importance of technology and the role of innovation in solving some of the world’s most challenging problems. Mr. Summers rounded off his remarks by taking a handful of challenging questions from the audience, including what advice would he give to the Japanese Prime Minister and how he felt about border tax adjustments for carbon emissions. This no doubt led to lively and entertaining conversation over dinner.

COUNCIL MEETING

You may watch the main plenary sessions at <http://www.wbcsd.org/web/washington2009.htm>, including the option of Chinese or Japanese voice-overs. Slides and summaries of these and other sessions through the week can be viewed at the same place.

Scenarios: Where are we heading?

Representative Rick Boucher, Democrat from Virginia, opened discussions by saying that controls on greenhouse gases (GHGs) in the US are coming. The outstanding questions involve not whether GHGs will be regulated but rather how. Some argue that regulatory measures under the Environmental Protection Agency (EPA) are a more effective approach whereas others advocate legislative measures such as those under development in the House and Senate. Under all circumstances, Congress is now well along a path toward adopting controls.

Boucher emphasized that it would be extremely helpful if there were firm decisions made before Copenhagen and signaled that there are some encouraging developments that Congress might have something by the end of the year. Boucher also believes that the US must look to China for leadership in controlling GHGs, but stated that it is not reasonable to ask China to implement controls until the US has done so.

President's status report

"Sustainable development means different things to different people. Consider, for example, who has the right to what resources, who is responsible for what pollution, and who is going to pay for what?" WBCSD President Bjorn Stigson noted in his opening remarks.

Bjorn emphasized that business is in the solutions space with different regions and countries vying to become the leading supplier of green technologies and solutions. *"Let there be no doubt: the race is on to move to a low carbon economy"*. Bjorn summed up the geographic differences as:

- The EU is in the leading position today with regard to green technology;
- Japan has a strong position in energy efficiency;
- China's next 5-year plan includes being the principal exporter of green technology;
- The US is mobilizing innovation capacity to be world leader on green technology;
- Finally, a number of countries have built green technology into their stimulus packages, with Korea having a noticeably high proportion of their stimulus package marked out for this.

"The world cannot succeed without business committed to the solutions that ensure sustainable societies and ecosystems. This can only be done by government and business working in partnership" concluded Stigson.

Lunchtime guest speaker – Senator Lindsey Graham

Senator Lindsey Graham (Republican, South Carolina) joined us our guest luncheon speaker. Senator Graham co-authored a *New York Times* op-ed with Senator John Kerry a few days before, in which they outlined an interesting set of principles which Graham captured in his comments:

- Climate change is real and the US has an obligation to act.
- It is in the economic and national security interest to act.
- The bill must advance a range of energy opportunities, including nuclear, coal and the development of CCS, and both onshore and offshore oil and gas development.
- It must carry a funding mechanism for CCS and other technologies.

The article can be viewed on: [“Yes we can \(pass climate change legislation\)”](#).

Shifting gear: Moving to a low-carbon economy

“What is the key challenge in moving towards a low carbon economy and significantly, where are the business opportunities?” asked Jorma Ollila, WBCSD’s incoming Chairman and currently Chairman of Royal Dutch Shell and Nokia. Jorma then opened the discussion with his fellow panelists.

According to Jim Rogers, Chairman, President and Chief Executive Officer of Duke Energy, the key challenge is legislation. “By 2050 every plant we [Duke Energy] own today will be replaced, with or without carbon legislation. Therefore, the sooner we have legislation, the sooner we can decide what to retire and how to move forward.

For Rick Duke, Deputy Assistant Secretary for Climate Policy, US Department of Energy, the real challenge involves both government and business. The government needs to ensure policy and legislation that reinforces business, and business needs the stability to be confident in its investments. Also, Duke added, *“we need policies that include the buy-in and participation of the major emerging economies”*.

Jonathan Lash, head of the World Resources Institute shared his optimism, *“I don’t understand how anyone could not be optimistic about technology and the opportunities around technological solutions,”* he said. Lash further believes we need a global agreement and a quantitative commitment from the US about reductions. Lash also stressed the role of consumers: *“It is possible for business to educate consumers and I think the pressures to do that will grow,”* he concluded.

Spotlight on solutions: Innovation and integrated approaches

We live in the world of the possible said John Rice, Vice Chairman of General Electric. *“But, it’s not whether something is possible or viable, it is whether it is commercially viable.”* With that provocative opening, the panel on solutions got down to business.

Michael McQuade, Senior Vice President Science and Technology at United Technologies Corporation continued: *“A unit of energy saved is as important as a unit of new energy made. 40% of the energy in the world is consumed in buildings. Significant, profound, economically viable measures can be taken to reduce energy use in buildings.”*

John Holdren, Director of the Office of Science and Technology Policy of the US President, said US President Obama understands the importance of sustainability. He said that we need breakthroughs on, for example: making the smart grid reality; ensuring CCS viability; producing long-term solutions for biomass fuel and; manufacturing cost-effective photovoltaic cells. He sees that business has a role in educating consumers and believes that it is also about educating lawmakers, some of whom are besieged by special interests.

Frank Kern, Senior Vice President, Global Business Services at IBM, said digitization creates a world that can be smarter. Within the smarter planet are microcosms called smarter cities. Let’s have smart healthcare, smart transport, smart everything, creating systems that interconnect them. He reminded participants that the US loses enough power every year to power Germany, India and Canada.

Scott Harrison, Senior Environmental Specialist at BC Hydro, said that it is essential for companies like his to make the tie between energy use and the ecosystems they rely on.

Candid conversations

WBCSD members believe that to implement sustainable development, we need collaborative engagement with governments and other partners in civil society. A small group of guests from the US Administration, Congress, and leading intergovernmental and non-governmental organizations were invited to join Council Members for some *Candid Conversations*. The aim was to exchange

ideas on some of the key challenges of our time, in an informal context, to better inform our own strategic direction.

Sam DiPiazza opened the Candid Conversations with a summary of Vision 2050. *“Nine billion people all living well on one planet....how will we make this happen?”*

The session was moderated by Chad Holliday, Chairman, DuPont, and Bjorn Stigson, WBCSD President with Council Members and guests exploring what it will take to move to a sustainable trajectory. Taking the pulse of the room, Chad asked first the guests, and then the Council Members:

Do you believe we can make the transformational changes needed to achieve a sustainable world?

The pulse was positive, with over 90% choosing, roughly equally, between the first two responses:

1. Yes, I am optimistic – awareness of the urgency has never been higher
2. Maybe – but it will probably be transformation through crisis

The key questions posed to the group for roundtable discussion were:

- What are the major obstacles to achieving sustainable development?
- What types of crises would be enough to trigger transformational change?
- What should business be doing that it is not doing now?

A [summary and list of guests](#) is attached and online.

Annual General Meeting

The Annual General Meeting approved nominations for the WBCSD Executive Committee for 2010:

- Jorma Ollila, Chairman, Royal Dutch Shell (and Nokia), as Chairman of the WBCSD
- James (Jim) Rogers, Chairman, President and Chief Executive Officer, Duke Energy, as Vice Chairman – North America
- Masataka Shimizu, President, The Tokyo Electric Power Company (TEPCO), as Vice Chairman – Japan
- Fujio Cho, Chairman and Representative Director, Toyota Motor Corporation, as Executive Committee member
- José Manuel Entrecanales, Chairman and Chief Executive Officer, ACCIONA, as Executive Committee member
- Michael Morris, Chairman, President and Chief Executive Officer, American Electric Power (AEP), as Executive Committee member

The full [Executive Committee](#) is attached and online, including re-elections of existing members.

In addition, the AGM voted to keep the 2010 membership fee unchanged from 2009 at CHF 70,000.

THE WEEK'S HIGHLIGHTS

Executive Committee Meeting

The Executive Committee (ExCo) focused on evolving the WBCSD's strategy from Strategy 2015 to Strategy 2020. ExCo members encouraged a provocative and bold approach to the thinking that underpins the organization's vision and strategy. Central to this will be the output from the Vision 2050 project. A first draft for Strategy 2020 is expected for February 2010.

The ExCo recommended that we continue to emphasize advocacy and outreach. Many commented that our strength lies in robust content on complex issues yet we are not as strong as we could be in the communications and advocacy of our work.

Other key items for action included the approval, in principle, of the EEB Manifesto, the formation of a new honorary committee, the continued exploration of a liaison activity in Washington, and the need for more targeted recruitment of new members.

Communications

With the encouragement of US and Executive Committee members, we used the annual meeting to raise the profile of the WBCSD in Washington. In addition to guest speakers and contributors from the US Administration, Congress and leading NGOs, we also ramped up our media outreach.

We held a **press briefing** with some major media outlets including the New York Times, Wall Street Journal, Washington Post, Reuters, BusinessWeek, Greenwire and the UK Guardian and Telegraph. WBCSD member participation included our current and incoming Chairmen, Sam DiPiazza, PricewaterhouseCoopers, and Jorma Ollila, Royal Dutch Shell and Nokia, in addition to our four regional Vice Chairs: Markus Akermann, Chief Executive Officer, Holcim; Mukesh Ambani, Chairman and Managing Director, Reliance Industries; Jim Rogers, Chairman, President and CEO, Duke Energy; and Masataka Shimizu, President, The Tokyo Electric Power Company.

In addition, there was a live **CNBC interview**, *First on Power Lunch*, with Chad Holliday (DuPont), Jim Rogers (Duke), Jorma Ollila (Royal Dutch Shell) and Bjorn Stigson (WBCSD). This was covered by Dow Jones, C-SPAN, New York Times and Climate Wire and can be viewed [online](#).

As incoming Chairman of the WBCSD, Jorma Ollila was also invited to address the **National Press Club** as part of its Lunchtime Speaker Series. In his speech Ollila said that continuing business as usual in the face of global climate change and population growth is not an option. Business must have a constructive partnership with government and civil society because investment in the technology changes needed is beyond the capacity of a single company or even a single country. To view the speech, please visit the [National Press Club website](#).

We also did **video interviews** with nearly 30 WBCSD members and some 20 Regional Network partners, with a view to raising the profile of our members and partners. These 2-3 minute “snapshots” will be used in our own communications, including on the new public website being designed for launch in 2010.

The **Energy and Climate** Focus Area looked at the road to Copenhagen and beyond. They had an overview from Jennifer Morgan, Director of Climate and Energy, World Resources Institute, on both the international and US situation, with a belief that there is still a chance of the Senate voting on the bill before negotiations reconvene in Copenhagen. The group saw four possible scenarios: “foundational”, “architecture, no targets”, “greenwash” and “collapse”. Ms. Morgan believes there will be a global deal, but not a detailed treaty. She encouraged much greater business engagement in the US. There is also great interest from members in Copenhagen and especially the Business Day, with many members keen to participate.

The Focus Area also came together with Water project members to work on land use and climate change issues. Members saw value in the WBCSD collecting case studies on the linkages between land use and climate change to show business as a solution provider.

The **Development** Focus Area Core Team approved the new work program and objectives for 2010, including: an advocacy piece on business and development; the expansion of inclusive business initiatives in Latin America and their replication in Africa and Asia; and the launch of a new initiative on local content in the extractive industries. There was great interest in moving this new initiative forward,

with about 20 member companies attending the session. A more detailed project proposal will be circulated, addressing industries beyond the extractive sector.

The Latin American WBCSD members and Regional Network partners met with the Vice-President of the Inter-American Development Bank and other high level officials. Opportunities to enhance cooperation in promoting inclusive business opportunities were discussed. It was agreed to create better synergies between the Bank's financing packages and the WBCSD's inclusive business activities in the region and to cooperate in providing business input to its flagship events.

The **Ecosystems** Focus Area came together to discuss their action plan, build understanding on ecosystem valuation and refine their plans for the Convention on Biological Diversity conference in 2010. They see that ecosystem valuation is the next logical step for companies as they identify related risks and opportunities. As The Economics of Ecosystems and Biodiversity (TEEB) G8 initiative progresses, the WBCSD will play a leadership role in developing "smart" policy recommendations for the UN Convention on Biological Diversity Conference of the Parties COP 10 (October 2010, Nagoya).

The Focus Area also collaborated with the World Resources Institute to provide training on the Ecosystems Services Review and for a joint media briefing - with Jonathan Lash and Craig Hanson of WRI, James Griffiths of the WBCSD and Scott Harrison from BC Hydro - on WRI/WBCSD cooperation and specific decision support tools, such as the Corporate Ecosystems Services Review. Green Television interviewed Hanson and Harrison and the *Fortune* magazine writer wrote a blog piece.

The **Business Role** Focus Area saw that the topics the Business Role is addressing are maturing, and are of strategic importance to the WBCSD going forward. This applies to the Vision 2050 project, sustainable consumption, and the need to secure the right skills for business and society to succeed in bringing about sustainable development. There was also a lunch discussion among companies interested in the emerging sustainable value chain initiative.

Vision 2050 held a CEO meeting, attended by nine Council Members and representatives from 22 Vision 2050 companies. The Council Members expressed support for the project's approach, as well as the work-in-progress report and murals illustrating the pathways and vision. They recommended focusing the final months before the February 2010 launch in New Delhi on strengthening the emerging markets perspective, innovation in several forms (technical, social, mindset and governance) and on making sure that the material communicates well.

There were more than 40 **Regional Network** partners in Washington - the highest presence ever in a WBCSD annual meeting. The Regional Network meeting focused on cooperation opportunities between the WBCSD and its Regional Network partners and among the Regional Network itself. There was also a special session with the US BCSD, featuring their projects on by-product synergy and afforestation, along with presentations on South Africa's National Business Initiative Energy Efficiency Accord, BCSD Brazil's Climate Change proposal and TERI BCSD India's "Lighting a Billion Lives" campaign (solar lanterns to electrify rural populations). In addition, sub-regional gatherings of the European and the Latin American representatives took place.

The **Water** working group noted that global frameworks are developing quickly around accounting and reporting on a company's water use and impacts. The WBCSD is monitoring these activities and closely participating in a selection of them. They discussed a proposal to add a module to the Global Water Tool that would include the water needed to produce the energy used in operations (similar to "scope 2" in the GHG Protocol), which will be further scoped out after Washington.

The **Cement Sustainability Initiative** (CSI) came together to discuss priorities for 2010. All 11 core members of the CSI were represented at the CEO meeting. The CEOs welcomed the application of 2 Chinese cement companies to become CSI members (China National Buildings Material and Tianrui). They approved and signed the CSI driver and contractor safety initiatives and will oversee their implementation over the next five years.

On climate protection, the CSI has made important progress in 2009. With the publication of the Sectoral Approach modeling results and the report on the cement CO₂ and energy information database (“Getting the Numbers Right”) as well as with the submission of a new Clean Development Mechanism methodology based on benchmarking, the CSI has gained recognition by many stakeholders for being at the forefront of discussing industry responses to climate change. Furthermore, the CSI companies approved the WBCSD-IEA cement technology roadmap, which explains the technological potential and levers for emissions reduction in the cement industry. This will be a key document in the climate discussion going forward. Lastly, the CSI will develop a work proposal on the sustainability of concrete as a construction material – a logical expansion of its work on the impacts of cement production towards the end-use of the industry’s product.

The **Energy Efficiency in Buildings** projected finished its work and had its final meetings in Washington. Their last task was to produce a “Manifesto” encouraging member companies to reduce the energy use of their buildings and sign up to a commitment to do so. Mr. Maekawa of TEPCO presented to the group how he implemented the Manifesto within his company. The Manifesto was approved by the Executive Committee, and will shortly be sent to members. The group has also developed a guidance note to help with implementation.

The **Electricity Utilities** working group was open to non-project companies, to facilitate exchange with current working group members as the project considers its next phase of work. Concretely, energy efficiency is not seen as separate from smart technology, but rather linked to existing and advanced technology. While energy-efficiency opportunities exist today, future technology solutions to more effectively meet the full potential of energy-efficiency opportunities are emerging. Both of these elements should be considered in the project moving forward

The **Sustainable Forest Products Industry** (SFPI) working group, which has had reduced participation and a narrower focus in 2009, has agreed to continue in 2010 with a focus on forests and climate via The Forests Dialogue, with the ongoing update and promotion of the WRI/WBCSD sustainable procurement guides and the launch and promotion of the PwC WBCSD Sustainable Forest Finance Toolkit. It also decided to launch a reengagement process with forestry companies that have recently left the WBCSD and involve SFPI member company CEOs/Council Members in the working group on a more regular and active basis.

The **Urban Infrastructure Initiative** (UII) held a couple of sessions during the Council Meeting, including a general presentation of the future sustainability challenges due to population growth, migration and urbanization. Solutions need systems thinking and cross-sectoral approaches with the participation of many stakeholders. In this initiative, companies aim to:

- develop and test an approach to help cities measure their progress,
- propose pragmatic business models to cope with key urbanisation issues,
- suggest integrated solutions related to policies, technology, economics, and communications, enabling the WBCSD to act as a trusted advisor towards city stakeholders.

The **Maritime Initiative** met to further define the scoping of this project. The project will focus on “Pathways to Low Carbon Shipping” with a goal of reducing CO₂ emissions from the existing maritime world fleet by 15%. The project would like to align efforts with the emerging work in the WBCSD on sustainable supply / value chain.

The Washington meeting allowed the **Future Leaders Team** to finish the 2009 program by participating in the Council Meeting and wrapping up their new tool, the Inclusive Business Challenge. This small group of younger business leaders brought fresh perspectives and dynamism into the meeting and over the last 8 months, they worked closely with the Development Focus Area to explore the business contribution to development. They embarked on individual projects from March-July inside their companies using the WBCSD’s Measuring Impact Framework.

During the WBCSD meeting, they ran a Learning by Sharing session around Inclusive Business, presented at the Development Focus Area working group and participated in the broader Council Meeting. The group also benefited from a communications training day, a change management workshop and a question and answer session with Bjorn Stigson and other sustainability experts.

Always a popular part of WBCSD meetings, the **Learning by Sharing** sessions provide members with an opportunity to discuss emerging sustainability issues in an informal setting. On Wednesday, there was a session on WBCSD tools, providing members with a chance to explore the uptake and value of WBCSD tools with a deep drill on the Measuring Impact Framework, Global Water Tool, Greenhouse Gas Protocol and the Ecosystems Services Review. On Thursday there were several sessions looking at company sustainability efforts, including engaging employees around climate change and transformational change processes. Other sessions looked at the relationships business has with external stakeholders such as consumers (through labeling), NGO partnerships and the media. There were also sessions on topics such as eco-efficiency, tax and sustainable development, and shifting mindsets for inclusive business.



Visiting the halls of Congress

On Wednesday some 100 members participated in a visit to the Capitol Visitors Center with a tour of the Capitol itself, and enjoyed a presentation by the architect of the Center on its green building qualifications.

COUNCIL AND LIAISON DELEGATE MEETINGS 2010

The 2010 Liaison Delegate Meeting will be in Montreux, Switzerland, 9 and 10 March, with, as always, some working groups either side of these two core dates. We will send an advance note nearer the time with a draft program and agenda.

The 2010 annual Council and Liaison Delegate Meetings will be in Shanghai. In Washington, we had a warm welcome to Shanghai from Wang Jiming, Council Member for Sinopec and a member of the Executive Committee. The Shanghai meetings will be:

- 1 November - Council Dinner
- 2 November – Council Meeting
- 3 November – Liaison Delegate Meeting
- Working Groups – 1 and 4 November

We have timed the Shanghai meeting to align with the tail-end of the Shanghai World Expo so that members can come in a few days before to visit the Expo.