



World Business Council for
Sustainable Development

Executive Member Update

January-February 2010

Dear Council Member,

A lot of soul searching

The new decade 2010-2020 has begun with a mood of uncertainty and soul searching. The weak outcome of the COP 15 in Copenhagen has left many people shaken by the fact that the world could not agree on how to address an obvious and very serious risk for global society.

It was also a wake-up call signalling that the old way of dealing with intergovernmental relations has come to an end and we need to find new ways to manage global issues. But from where will global leadership emerge ?

Davos

The soul searching was clearly felt at the World Economic Forum in Davos. There was a mood of confusion and insecurity in the session rooms, the plenary meetings and corridors. Is global governance broken?

Climate change and the lack of success in Copenhagen was not as dominant a topic in Davos as many of us had expected. This contrasts with the situation before COP15 when it was positioned as “make or break it” for the world. Instead, the proceedings in Davos focused around some other key themes:

- economic growth and jobs;
- lack of trust in business due to the financial crisis: the debate could probably be described as “the world against the bankers”;
- the strong presence of China and the absence of the US Administration;
- sustainable development, including energy, water, resource efficiency, and poverty alleviation;
- energy and technologies for a low carbon world: the race is on for which country should be a leader on green technologies in the future.

Climate Change

The assessment of what happened in Copenhagen continues. People’s conclusions range from “failure” to “meaningful agreement” claiming that “The Accord” captures important principles. As with most things, your conclusions depend on where you are coming from and what your expectations were to begin with.

On a positive note, the Copenhagen failure has increased the appetite for new public-private partnerships as a necessity for managing the climate challenge. *The Financial Times* echoed this in an editorial on February 20 called “A changing corporate climate – see business as carbon reduction ally before it’s too late”.



The political situation in the US makes it unlikely that there will be a substantive climate bill passed by Congress before COP 16 in Mexico. A further challenge is the debate around the IPCC work processes and the error regarding melting Asian glaciers which further complicate the climate debate.

It is also clear that 193 governments cannot negotiate a complex deal like this if everyone has a veto. There will be a need for smaller dedicated teams of countries like Major Economies Forums (MEF) or the G20.

A particular issue is the less than constructive role that the green NGOs played in Copenhagen as advisors to developing country negotiators. Fiona Harvey from *The Financial Times* has highlighted this in an article on January 28th, called “Green is the colour of climate change discord”.

The Copenhagen Accord asks for pledges of support and statements of 2020 emission reductions targets. By the Jan 31, 2010 deadline, 55 countries representing approximately 80% of global emissions had filed papers with the UN Climate Secretariat stating their ambition levels for mid-term 2020 emissions reductions.

Given these difficulties with intergovernmental negotiations, the future focus will be on national action plans driven by national security and competitiveness concerns. A key element of these national actions will be on development of green technology solutions that are resource and carbon efficient. The Green Race is on as to which countries and companies will be the leading suppliers of solutions in a resource and carbon constrained world.

The UNFCCC process will seek to hold these national action plans together by an umbrella agreement, as I outlined in my December Executive Member Update.

A new uncertainty for the climate negotiations is the resignation of Yvo de Boer as the Executive Secretary of the UNFCCC. Yvo will join our member company, KPMG, as advisor on climate and sustainability. In commenting on his departure and the Copenhagen outcome, Yvo said “This calls for new partnerships with the business sector and I now have the chance to help make this happen.” I expect we will strongly benefit from having Yvo engaged with the business community.

WBCSD

The world is, by necessity and default, in a major transition to sustainability. This is being driven by:

- the enormous future growth of populations;
- the necessary investments in infrastructure, particularly in cities, to support that growth;
- the need and desire to improve the quality of life for the poor, and;
- the limitations of the life supporting ecosystems, in particular climate and water.

For business this means commercial opportunities and long-term demand for products and services. It also highlights the fact that the world cannot succeed in its transition to sustainability without business as a committed solutions provider.

The WBCSD is the leading global voice of business on sustainable development. We are in very high demand for participation in different international initiatives and events. But our contributions are limited by our available resources, personnel and



funds. We simply cannot meet demand and we need to carefully consider and prioritize how we select in which activities to engage.

Looking ahead, not only do we need to be selective, but we must also be more pragmatic and specific in our discussions and outputs. As Yvo de Boer said in Copenhagen, “the days of the 2-pagers are over”. He means that policy makers need specific and meaningful interventions as opposed to broad generalities.

In order to be prepared for COP 16 in Mexico at the end of this year, we need to be contributing clear examples of what businesses can and are doing, and what is required from governments for business to be able to advance solutions to climate change. Where the rules are clear, long term and stable, we see progress. Where there is uncertainty about regulatory frameworks and government ambitions, progress in implementation by business is slowed. We need also to stress the obvious fact that actions by business must be profitable otherwise the business case is too weak for serious actions and investments to be undertaken.

There are excellent examples in industry where we have made progress which we could showcase. One such example is the technology roadmap work with the International Energy Agency (IEA). In December, we published jointly the first industry sector roadmap for the cement industry. We have also agreed on a joint technology roadmap for buildings to be published later this year.

On February 2, we held a joint meeting with IEA (International Energy Agency) and chief technology officers from over 35 companies. The focus was on the 2010 issue of the IEA report “Energy Technology Perspectives to 2050”. We have agreed a further extended collaboration between IEA and WBCSD around energy technologies.

Vision 2050

The Vision 2050 project launched its report at the Delhi Sustainable Development Summit (DSDS) in early February. The report has been well received as a platform for dialogue about the transformation that society will have to go through up to 2050. It outlines a pathway to a sustainable world based on nine key elements.

The report stresses the importance of the actions that are being implemented during the next decade up to 2020: “the turbulent teens”, as it has been termed. There are a number of “must haves” that need to be in place by 2020 if we are going to be on track to a sustainable world by 2050.

We will now use the Vision 2050 report for stakeholder discussions regarding the role of business going forward. It will also serve as an important input to the WBCSD deliberations about our own new Strategy 2020.

WBCSD U.S. Office

On February 1, the WBCSD Executive Committee formally approved the establishment of a U.S. office, based in Washington D.C. Planning for the new office and recruitment of a full-time Director is underway: we welcome your suggestions of appropriate candidates.

The WBCSD U.S. office will provide a stronger resource base to our members who are regularly collaborating with U.S.-based stakeholders on energy, climate, ecosystems, development and a range of sustainability challenges.



Although much more remains to be done as we lay the groundwork for the successful launch of this more formal, visible U.S. presence, we are confident that this effort adds value to the WBCSD global membership with interests and a presence in the United States.

2010 UN International Year of Biodiversity (IYB)

The focus on biodiversity next year will provide WBCSD a good opportunity to demonstrate that our leading members are ahead of the curve in terms of managing ecosystem impacts and dependence. We are developing a guide to Corporate Ecosystem Valuation in partnership with WRI, IUCN, ERM and PwC which 16 members are currently road-testing. This will be released during the next COP of the Convention for Biological Diversity (CBD) in Nagoya, Japan in October. We will be organizing a joint “International Business and Ecosystem Day” with IUCN and Nippon Keidanren during the COP.

WBCSD continues to work closely with the G 8’s The Economics of Ecosystems and Biodiversity (TEEB) study on the economic loss of biodiversity and ecosystem degradation by providing the business perspective on corporate and government response options. We anticipate that the launch of TEEB’s final report in October at CBD COP10 will significantly focus attention on business impacts and use of ecosystem services.

New Members

In January, we were delighted to welcome on board two new members: Borusan Holding, Turkey, and KONE Oyj, Finland.

Member Meetings

On March 8-11, we are holding a Liaison Delegate’s meeting in Montreux where we hope to see your company represented.

The 2010 Council Meeting will take place in Shanghai from November 1-4. We are looking forward to seeing you there.

Best regards,

A handwritten signature in black ink, appearing to read 'B. Stigson'.

Bjorn Stigson
President