

The Role of Business



World Business Council for
Sustainable Development

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Agenda

- Introduction to WBCSD
- Business and Sustainable Development
- WBCSD Energy & Climate Focus Area
- The Global Framework
- Conclusion



WBCSD

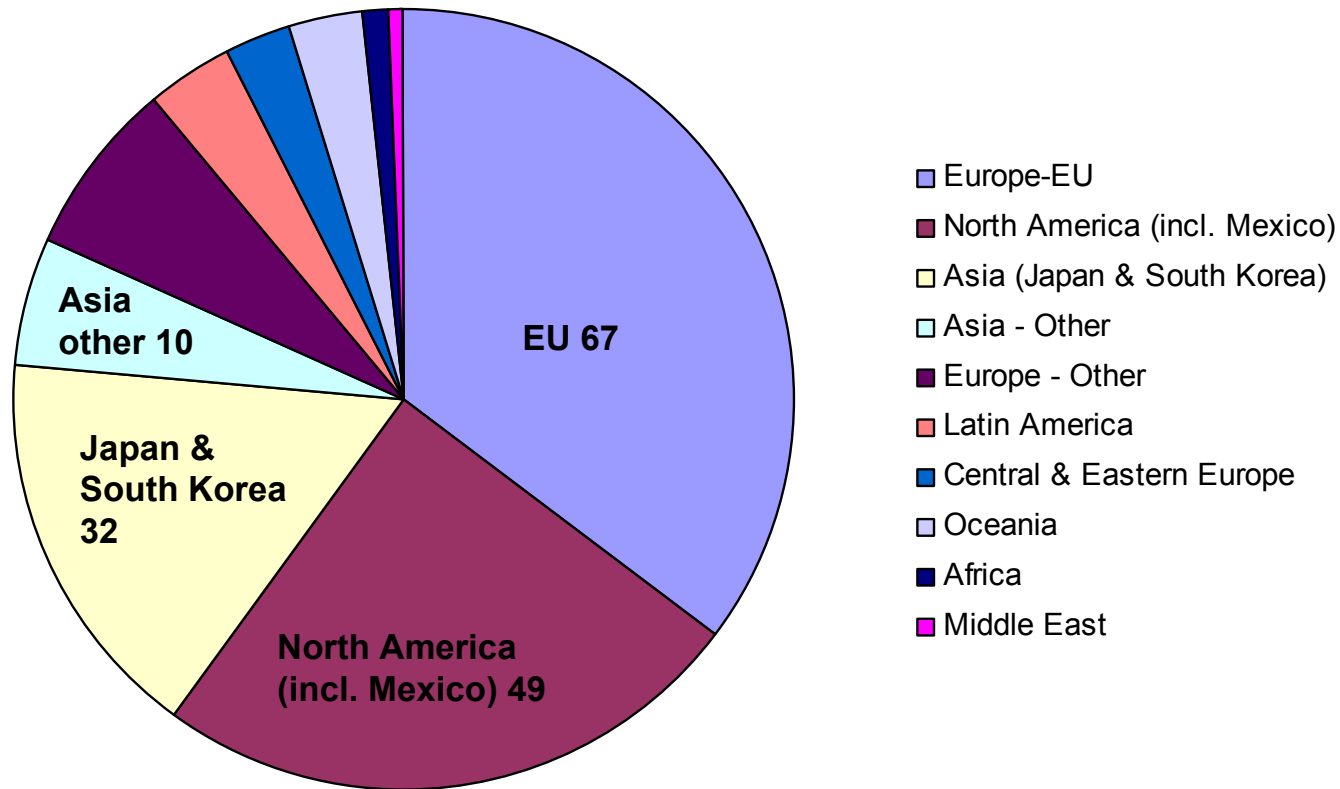
Coalition of 190 leading companies

- Total turnover = USD 5,200 billion
- Market capitalization = USD 5,400 billion
- Total member company employees = 12 million
- Global outreach
 - 3 billion consumers *per day* buy a product or service from a WBCSD member company





WBCSD Membership

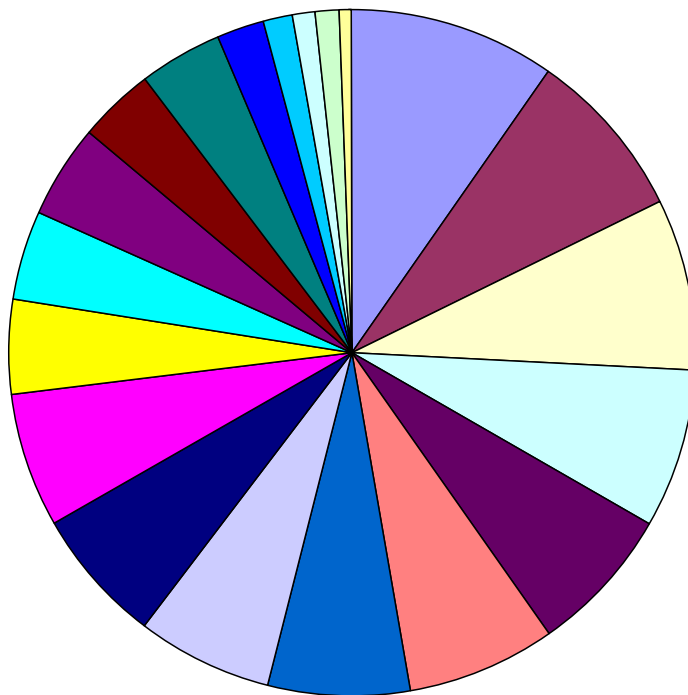


7 Swiss companies



Membership by Sector

WBCSD Sectors



Utilities & Power	18
Mining & Metals	15
Oil & Gas	15
Consumer Goods	14
Chemicals (13)	13
Forestry & Paper products	13
Auto	12
Banks & Insurance	12
Cement	12
Services	12
Food & Beverages	8
IT & Telecoms	8
Tires	8
Construction	7
Engineering	7
Healthcare	4
Water Services	3
Media	2
Retail	2
Airlines	1



WBCSD Regional Network



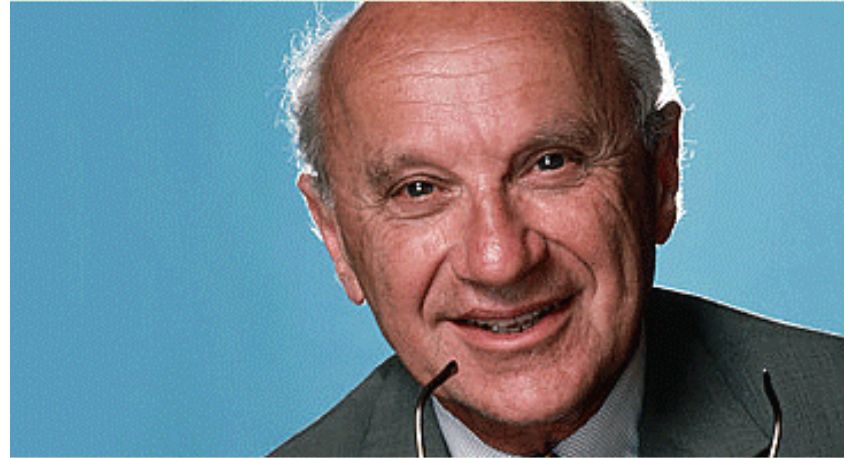


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Back in 1962



Milton Friedman

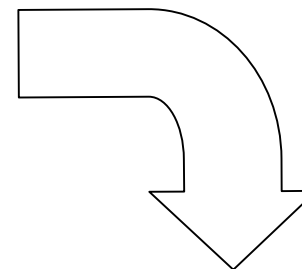
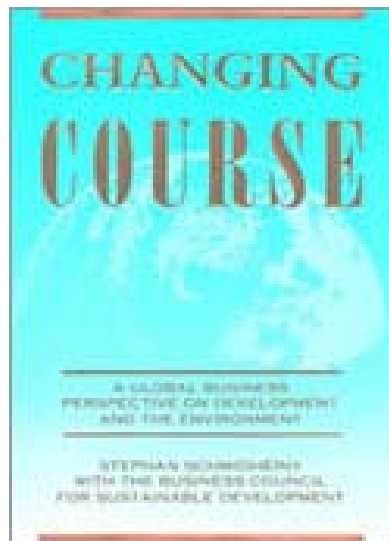
« The business of companies is to make as much money for stockholders as possible ... »



30 years later



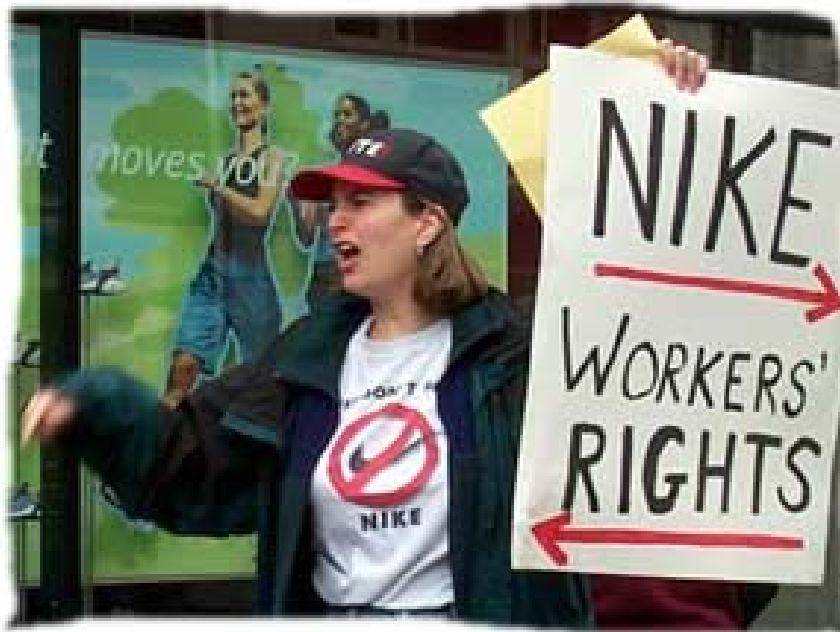
Earth Summit



Eco-efficiency



10 years ago

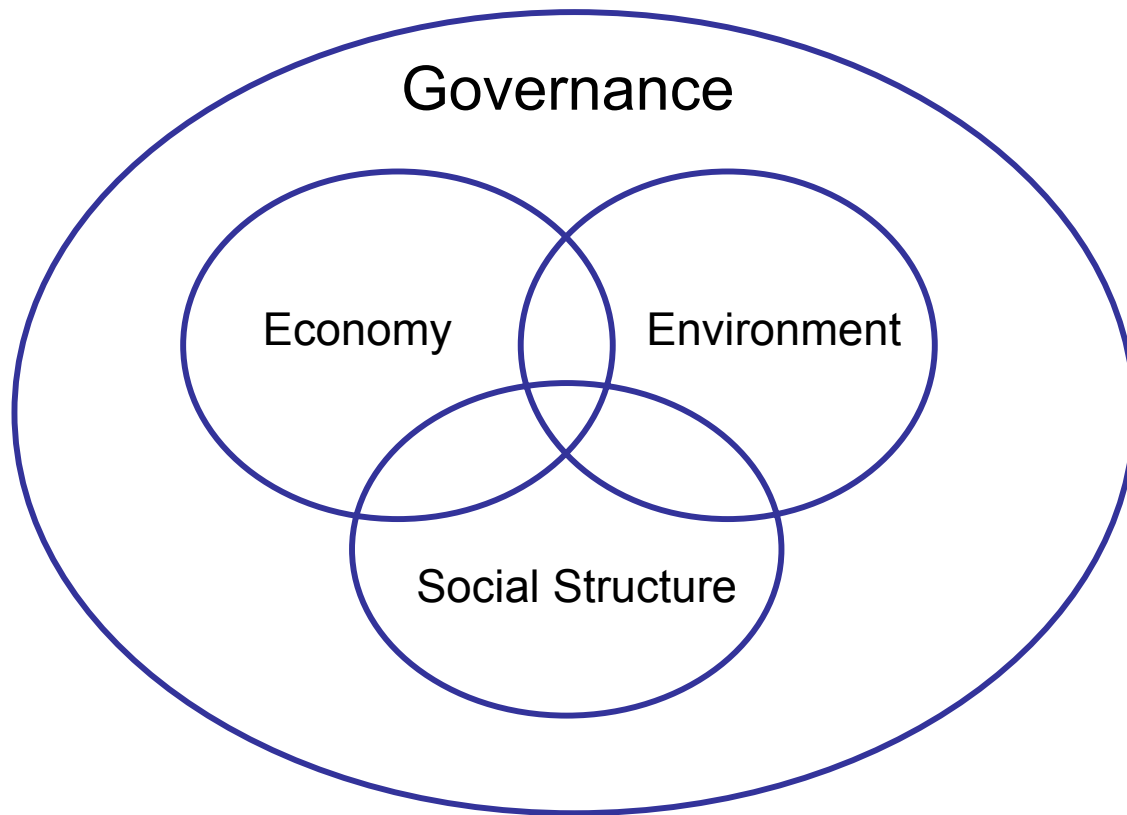


Social dimension

- Labour practices
- Health & safety
- Bribery & corruption
- Supply chains
- Privacy
- Training & education
- Diversity
- Etc.



Today





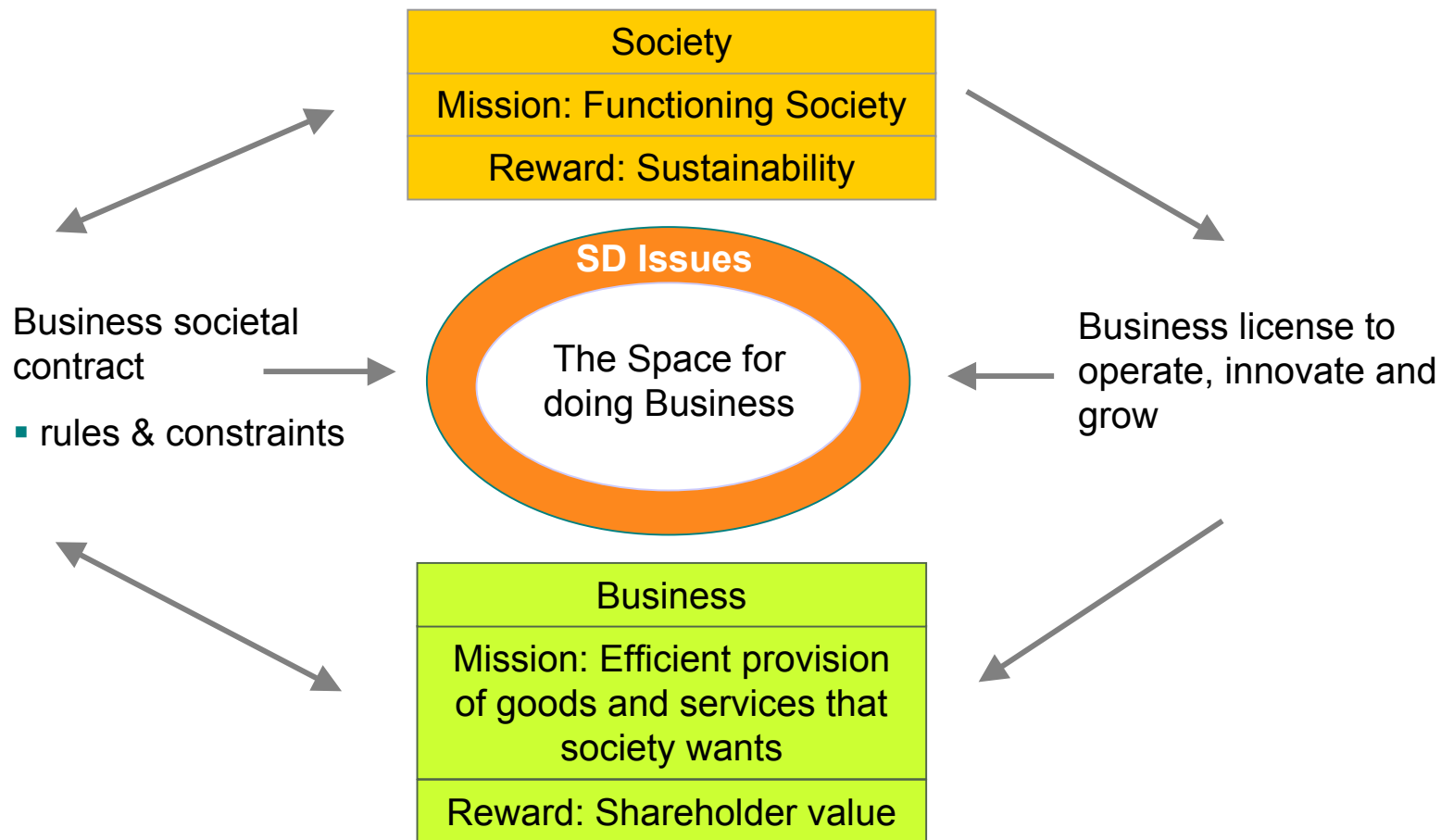
3 main topics/forces

- Globalization
- China and India
- Energy and Climate





Business and Sustainable Development





Consequences for Companies

1. Business Model

- Is your business model robust enough to cope with the SD constraints and opportunities?
- What do these issues mean to your long-term investments?



Consequences for Companies

2. Brand and reputation

- Company SD performance is impacting the perception of a company
 - Employees
 - Customers
 - Investors
 - Authorities





Consequences for Companies

3. Stock market valuation

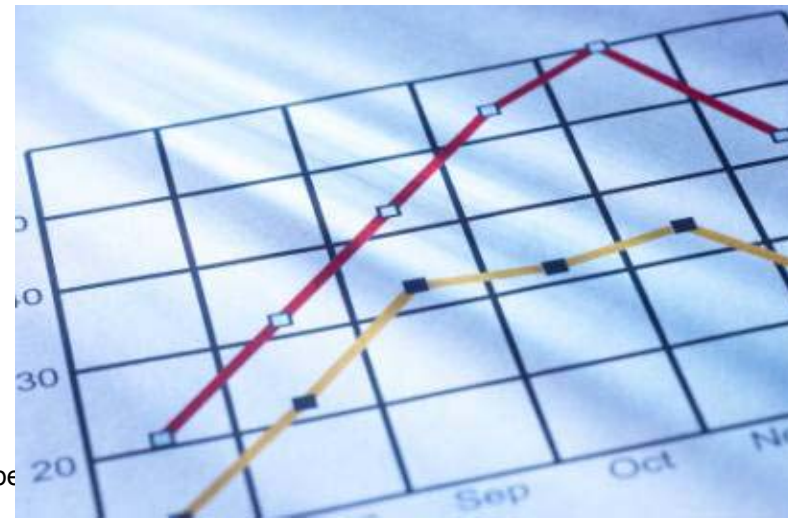
- Perceptions about your ability to respond to the SD challenges will influence your stock market valuation
- How do you communicate with investors and analysts?





Consequences for Business

- The role of business in tomorrow's society?
 - What can Business do and what can Business not do?
- “How do we make ourselves heard?”





Tomorrow's Leaders



A commitment...

adidas



GRUPO
NUEVA



storebrand

Swiss Re



A manifesto for tomorrow's global business

We believe that the fundamental purpose of business is to provide continually improving goods and services for increasing numbers of people at prices that they can afford.

We believe that this statement of our purpose unites the interests of business and society at the deepest level.

It makes clear that we prosper by helping society to prosper, by innovating to create new goods and services and by reaching out to new customers.

We believe that the leading global companies of 2020 will be those that provide goods and services and reach new customers in ways that address the world's major challenges – including poverty, climate change, resource depletion, globalization, and demographic shifts.

If action to address such issues is to be substantial and sustainable, it must also be profitable. Our major contribution to society will therefore come through our core business, rather than through our philanthropic programs. We see shareholder value as a measure of how successfully we deliver value

to society, rather than as an end in itself.

In aligning our interests with the needs of society, we will follow a model based on our own experience and analysis of successful business strategies:

- We will develop an understanding of how global issues such as poverty, the environment, demographic change, and globalization affect our individual companies and sectors.
- We will use our understanding of the significance of these signals to search for business opportunities that help to address them.
- We will develop our core business strategies to align them with the opportunities that we have identified.
- We will incorporate long-term measures into our definition of success, targeting profitability that is sustainable, supported by a positive record in social, environmental, and employment areas.

In each of these phases, we will engage broadly with a range of groups and organizations, including governments, international bodies, customers, employees, partners, academics, NGOs, civil society institutions, and the general public.

We will then use our experiences to move to new starting points for understanding and action.

If we can deploy this model with the full creativity, focus, and resources of business, we believe we will contribute significantly to resolving the major issues that society faces.

- We will develop technologies and products that enable the world to address its environmental and social challenges.
- We will help to create new businesses, new markets, new livelihoods, and new customers among the three billion people who live in poverty today and the three billion who will be added to the world's population in the next 50 years.
- We will help to set global benchmarks and global frameworks that create universal standards and raise the bar for all companies.

■ We will operate and compete successfully in a range of countries, markets, and cultures, maintaining consistent global standards while acting as part of the local community.

■ We will responsibly manage the challenge of moving assets and activities between regions to make the most of the benefits of global scale.

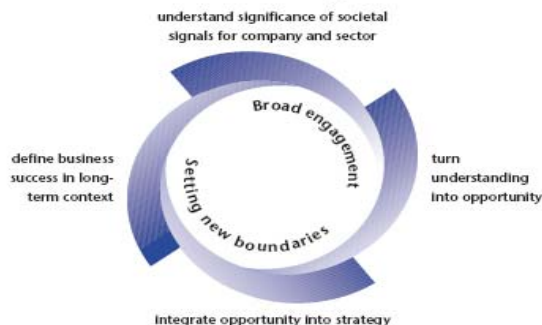
■ We will devise strategies to address the issues raised by ageing populations in the developed world and growing populations in the developing world.

■ We will attract new generations of employees, creating an inclusive culture, advancing more women, and enabling people from any nationality, race, or background to fulfill their potential.

■ We will set high standards of corporate governance, demonstrating openness about our business activities and building trust.

By pursuing these aspirations we believe we will move our companies into new areas, pushing the boundaries of business activity as we seek greater synergy between our goals and those of the society we serve.

A model for tomorrow's global business



Frank Dassler
General Counsel,
adidas-Salomon

John Manzon
Chief Executive,
Refining & Marketing,
BP plc

Andrew Brandler
Chief Executive Officer,
CLP

Julio Moura
Chairman and CEO,
Grupo Nueva

Paul Polman
Former Group President,
Western Europe, Procter & Gamble

Idar Kreutzer
Chief Executive Officer,
Storebrand

Christian Mumenthaler
Chief Risk Officer,
Swiss Reinsurance Company

Peter Bakker
Chief Executive Officer,
TNT



Company examples

- GE Ecomagination doubling research in cleaner technologies
- BC Hydro offering consumer incentives to energy reduction
- Statoil, Norsk Hydro, Suncor, etc. investing in carbon capture & storage technologies
- BP, EDF, Shell, etc. developing solar electricity solutions
- Cement companies adopting global standards for GHG reduction
- Shell and BP using internal mechanisms for emissions trading





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WBCSD Energy & Climate Focus Area

Dialogues & Advocacy

G8 process

IEA

EU HLG

UK Stern Review

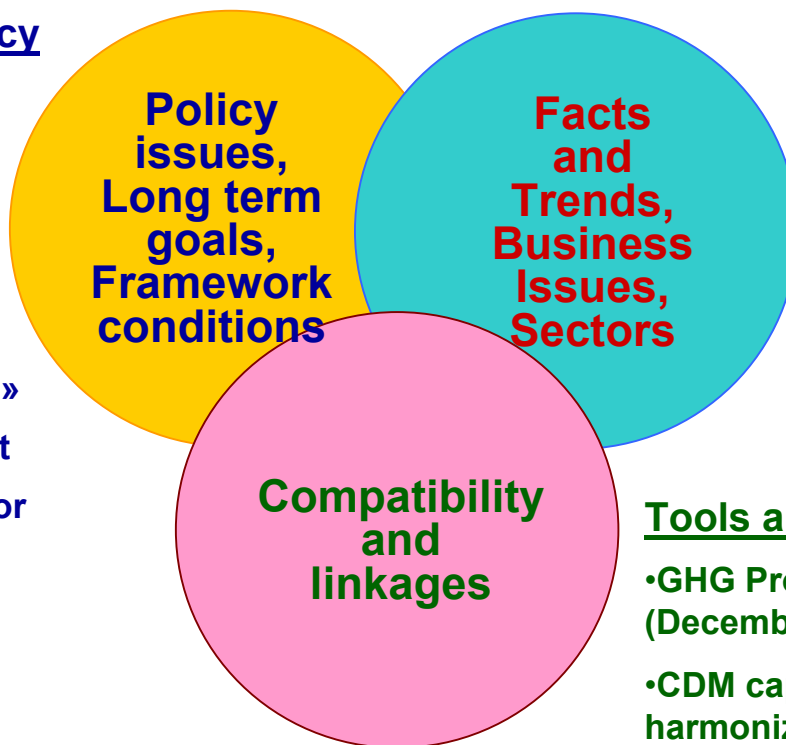
Glion II dialogue

UNFCCC & « post-2012 »

Energy for Development

BAE (Business action for Energy) & UN CSD 15

IPCC



Research & Analysis:

Trilogy of reports:

- Facts and Trends to 2050
- Pathways to 2050
- Policy Directions to 2050

Issue briefs

Links with WBCSD projects

Tools and practices

- GHG Protocol- Project module (December 05)
- CDM capacity building and harmonization: GHG forums
- Expertise and facilitation for national programs (e.g. Mexican GHG Pilot program; evaluation of new potential SAR, India and Philippines)



Energy and climate change

Facts and Trends to 2050

WBCSD, November 2004



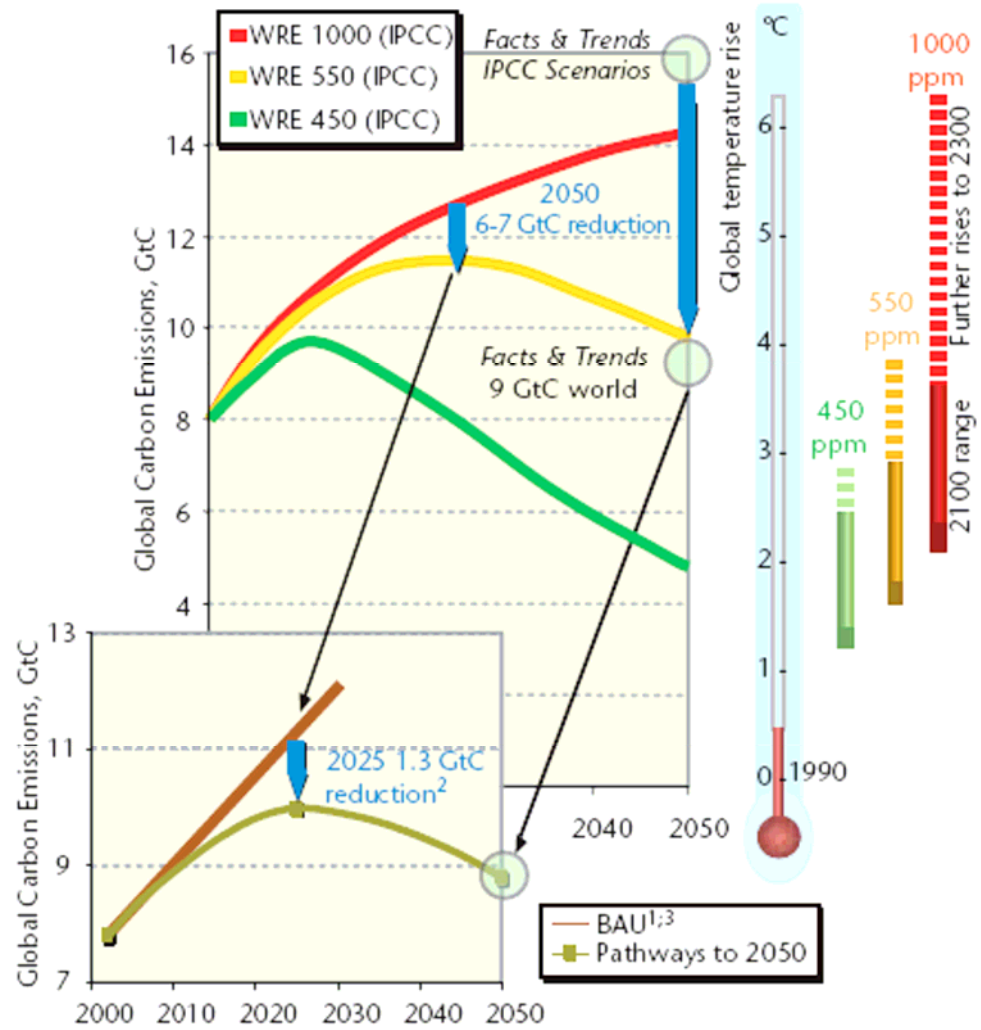
World Business Council for
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Pathways to 2050

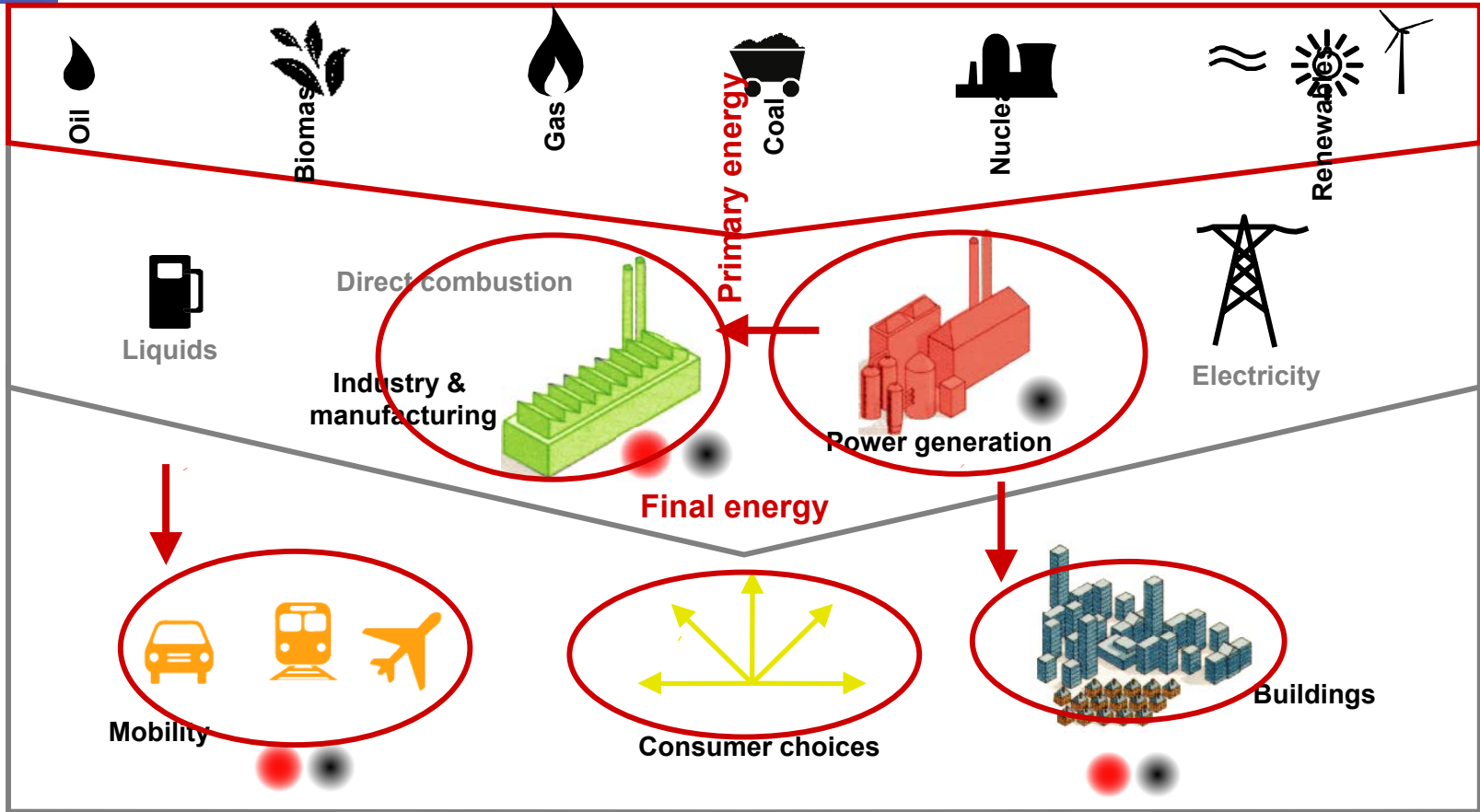


1. Reduce energy intensity
i.e energy efficiency
2. Decarbonization of the energy mix

Pathways to 2050



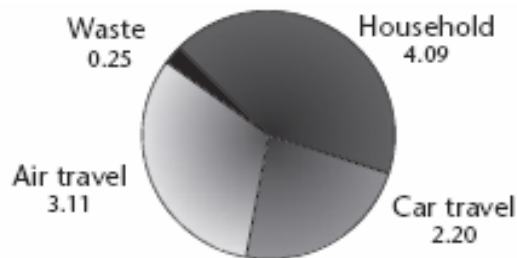
Pathways to 2050 - Megatrends



- Major energy users
- Energy
- Major GHG emitters

Consumer Choices

- Consumer choices have a substantial influence on the energy balance
- The impact of these choices has to become more transparent and available: different choices, different footprints



Lifestyle A: **9.65 tons**



Lifestyle B: **0.85 tons**

Tons of carbon per family of four per year



Policy Directions to 2050

- How far can Business go its own way based on the business case for action?
- How far can renewal and additions of the physical capital stock take us?
- What government policy frameworks will be needed to facilitate and enhance business actions?



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How far can Business go on its own?

Not far enough to mitigate climate change!



Two SD Agendas for Business

Business Agenda (The business case)

- Operational (eco) efficiency
- Risk reduction
- Recruitment and retention of the best talent
- Protecting the resource base of raw materials
- Creating new markets, products and services

Public Policy Agenda (Key societal themes)

- Energy and climate
- Access to water
- Societal infrastructure and services
- Development and poverty
- Trade rules
- Human rights



The Role of Governments

- Who is in charge of creating a sustainable world?
- Do we have a governance system that is up to scale of the challenges facing us?





Global Society Going Forward

- G8 Gleneagles Plan of Action
- Make Markets Work for Climate Change
- World Energy Outlook 2006
- Asia Pacific Partnership on Clean Development
- COP 12, Nairobi
- EU High Level Group on Energy



Common Themes

- Focus on energy efficiency: IEA
- Necessity of clean coal solutions - carbon capture and storage
- Resurgence of the role of nuclear power
- Increased interest for biofuels
- Debate on the role of renewables - solar, wind
- Industry sector approaches to address climate change across borders



Government Policies Supporting Innovation & Technology

1. Safe and successful deployment conditions of mature and competitive technologies
2. Mature technologies that need removal of barriers to be deployed
3. Technologies that require subsidies to be deployed
4. R&D for new technologies



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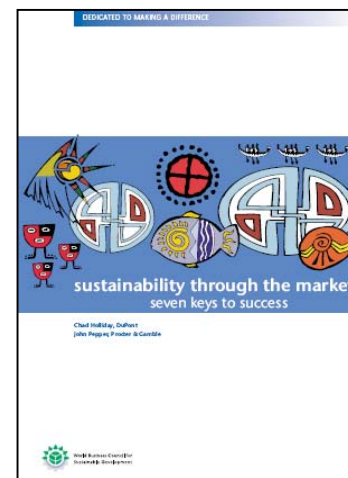


Conclusion

- Strong leadership is needed both from government and the business community
- Decisions taken today and over the coming decades will largely determine which technologies are deployed by 2050
- Progress towards an energy-efficient, low-carbon future will only be achieved through decisive, concerted action by governments, businesses and consumers



«Business cannot
succeed
in a society
that fails»





Thank You!

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