12 - 13 September 2011
Royal Horticultural Halls
& Conference Centre, London

B4E Business for the Environment
Climate Summit 2011

Outcome Statement
A CALL TO ACTION

Reaching for zero

Innovation, growth and the clean industrial revolution

globalinitiatives WWF wbcsd

The path towards the future we want

In October 2010, 270 organisations from 30 countries gathered in Mexico City at the 1st Business for the Environment (B4E) Climate Summit. The first global business conference to recognise the role of companies as solution providers, the B4E Climate Summit Mexico concluded with an ambitious statement from business calling for greater action on climate change. For example, delegates from the ICT sector agreed to reduce 7.6 gigatonnes of CO2 emissions by 2020; representatives from the building sector committed to reduce emissions in new buildings and improve energy efficiency in existing buildings by 40 percent by 2020; and participants from the energy group agreed to work towards a 100 percent renewable energy solution by 2050.[1]

A year later, as a 2nd B4E Climate Summit is convened, there is a growing movement among companies to adopt a more comprehensive approach to climate change, one that includes a more ambitious transition to renewable energy use, and places higher priority on natural resource efficiency, in both the production and consumption of goods and services. This has moved the climate response beyond carbon to include water, food and materials, with innovative closed loop and dematerialised business models that target net zero energy and resource use and significantly reduced consumption.

To cut global emissions and avert climate catastrophe, a rapid and massive scaling-up of these and other transformative solutions must be implemented immediately, not only in industrialised nations but also in the emerging and developing markets of Africa, Asia and Latin America. This clean revolution will create jobs, strengthen economic growth, and secure a better, more prosperous future for all. Achieving this transformation will require a higher level of collaboration that goes far beyond that which we've experienced to date. Business, government and NGO stakeholders must break down barriers and deliver more substantive solutions-oriented outcomes at the UNFCCC COP17 in Durban and the Rio+20 UN Conference on Sustainable Development in Rio de Janeiro.

2011 B4E Climate Summit Outcome Statement

Climate change, stresses within the natural environment, resource supply concerns and the need for greater resource productivity challenge the sustainability of a business-as-usual global economy and the viability of current business and financial models. Interlinked resource constraints, such as those between water and energy, water and food, and food and energy, demand an integrated approach to resource management. Achieving long-term environmental sustainability and mass prosperity requires new ways of collaborating and new ways of doing business. Businesses, and the human societies which they support, will have to adapt.

Together, mobilisation of existing technologies and capital – as well as innovations in technology and in service provision – offer multiple viable pathways to a sustainable future. While "reaching for zero" is both complex and tough - requiring transformative structural change and involving many different interests -, it is also a necessary goal. Many businesses, large and small, are already part of this third industrial revolution, bearing the risks and standing to reap the extraordinary benefits this entails. The participants affirm the exciting work done by African businesses to advance sustainability and recognising the opportunities ahead, more businesses are ready to join.

The overwhelming message from businesses at the B4E London Summit to national governments and to international negotiators at the COP-17 global climate talks in Durban and beyond is a demand for transparency and regulatory certainty to enable the acceleration and scaling up of innovations in technology and business models. Governments must recognise that the collective ambition of pledges currently on the table falls short of meeting the 2°C objective. To cut global emissions and avert climate catastrophe, a rapid and massive scaling-up of transformative policy solutions must be implemented immediately with businesses adopting a more comprehensive approach to climate change, one that includes a more ambitious transition to renewable energy use, and places higher priority on natural resource efficiency. This clean revolution will create jobs, strengthen economic growth, and secure a better, more prosperous future for all. Businesses call on governments at COP17 to provide strong support for adaptation to the impacts of climate change, particularly in the most vulnerable countries.

2011 B4E Climate Summit Outcome Statement

Concerted governmental and inter-governmental action, singly and together, can leverage a stronger private sector response, and more substantial flows of capital to projects which offer the potential to contribute to long-term sustainability. Overcoming path dependence in the global energy economy offers the prospect of both enhanced security and greater prosperity. The balancing measures required to achieve it should be temporary.

- Businesses present at the B4E Climate Summit 2011 *urged* governments to recognise that traditional incremental activity on sustainability is already giving way to a "green race" in which future national economic competitiveness is best assured by establishing supportive frameworks for sustainable development.
- They *reaffirmed* their support for commitments to take measures to keep climate change within the bounds of 2°C, and their demand for measures to provide certainty and consistency for investment in a more sustainable and decarbonised future.
- They *commended* the actions of the South African government to achieve real and lasting progress at COP-17 global climate talks in Durban in December. Businesses recognise that current trajectories risk carrying climate change beyond the 2°C limit.
- They *acknowledged* the need to support communities in Africa and elsewhere that are particularly vulnerable to climate change.
- They *supported* ambitious future objectives, unilaterally where necessary and multi-laterally where possible, as a means to galvanise a wider response.
- They *emphasised* their own commitment to innovation and sustainability within their own businesses, as well as their commitment to facilitate their sector, their supply-chain and their consumers in adopting more sustainable behaviours, products and processes.

Companies from different industry sectors meeting in the B4E Summit discussed their own commitments, their sector commitments and their expectations from the COP-17 Durban meeting and from national governments. Where possible, they re-emphasised commitments on sustainability applying at the level of the corporation or at the level of their industry sector. Where necessary, they recommended policy or other measures to help enable change within their company or sector.

1. Building & Construction

- Building & construction companies present at the B4E Summit reaffirmed their goal of a 40% reduction in greenhouse gas emissions in new buildings by 2020 and a 40% improvement in energy efficiency for existing buildings, consistent with the longer-term Major Economies Forum Technology Action Plan.
- The companies present suggested that the built environment should be an explicit part of UNFCCC sectoral approaches and National Plans.
- National governments should commit to performance goals for their own building stock (through targets for increased renovation rates and new building performance goals).
- The building industry and energy sectors should cooperate more effectively to achieve utility rate structures that incentivize energy efficiency and encourage distributed technology at the community scale.
- Capacity building along the building value chain is essential. Technology centers, networks and capacity building initiatives can link expertise in from within the industry to support improved resource efficiency and reduce energy demand and carbon emissions.
- Energy and carbon performance data and information is essential to track progress. Since buildings are responsible for 40% of energy consumption, codes and standards are essential. Data on building performance should be made available and can be aggregated and included as a component of national reporting.
- Open source designs for sustainable buildings should be made available with best practice and prototypes for given climate zones, with existing performance information and building approaches.
- Loan guarantees and dedicated funding initiatives could help overcome the perceived risk of investing in EE technology in buildings.

2. Transport & Mobility

Existing commitments within and across different parts of the transport and mobility industry vary:

- *Rail:* European railways have made a commitment to carbon reductions by 30% by 2020 and 50% by 2030.
- *Passenger vehicles:* Commitment to reach consensus on how to best measure carbon and on what constitutes low-carbon travel.
- *Shipping and logistics:* Commitment to innovate into the future of high energy prices and decarbonisation.
- *Intermodality:* Meet and collaborate with others from the various transport sectors, and to ensure that the discussion does not revolve around "fastest" or "best" travel versus different types of values for transport.

Specific expectations from within the sector, from national governments and from Durban, similarly, vary:

- *Rail:* Proper global emissions trading schemes should include the aviation sector, while the externalities of other modes of transport should be adequately accounted for.
- *Rail:* More electrification is required as part of the decarbonisation of the industry. At a country specific level, better integration of transport is required; at the international level, greater ease of ticketing should reduce barriers to rail travel growing as a cross-border transport choice.
- *Rail:* Incentivizing charging points and other new technologies at stations should be encouraged.
- *Passenger vehicles:* High-carbon vehicles and travel should be disincentivised based on the concept of an individual carbon

2011 B4E Climate Summit Outcome Statement

budget, and high-emitting choices should be exponentially penalized.

- *Passenger vehicles:* Legislative kickstarts should be in place to encourage better marketing across the sector to improve the image of low-carbon transport.
- *Shipping and logistics:* Innovation and energy types needed to decarbonize the sector should be incentivised.
- *Intermodality:* Profitability models should be redefined around the question of why goods or people are being moved in the first place, with a reframing of discussion around air quality, community quality of life and convenience instead of carbon alone. Bundling of information (carbon emissions, convenience, quality of travel, business productivity whilst travelling) could help boost modal shifts.
- Intermodality: Integrative planning should be supported.

3. Food & Beverage

- While some individual companies have committed to substantial sustainability objectives, particularly with regard to waste and water in their direct operations (Scope 1 and 2) there are relatively limited commitments across the sector as a whole. Further progress needs to be made in Scope 3 (supply chain and consumer phase).
- Some trade associations have national sustainability programmes to help their sectors. National trade associations have begun to link up with each other, and the Consumer Goods Forum has brought companies together effectively. However, further progress is required in quantifying impacts and extending commitments.
- Progress on common metrics within the food and beverage sector could help drive sectoral assessments of sustainability.
- International cooperation is essential to prevent local action from becoming a non-tariff trade barrier.
- Training and 'soft' aspects of industrial design could be included in definitions of technology
- Poorer nations, who are most at risk from the effects of climate change, and who export much of their food to wealthier nations, must be allowed a just transition to a thriving, sustainable economy. This means greater flexibility for their producers, good job opportunities for their citizens, and a more supportive fiscal and regulatory environment.
- Government-led frameworks to enable business sustainability are essential, including improved education to help change

consumer behaviour and greater collaboration between government and industry on regulation.

- At national level, fiscal policy should favour sustainable agriculture, food processing and retailing with tax breaks and other incentives. The food, beverage and agriculture sector should work closely with government and civil society to help create a more sustainable political and fiscal framework.
- Localised integrated water management - particularly around vulnerable water sheds is required. This should be led by government and local authorities with the participation of water users to ensure communities, biodiversity and fair water access are supported.

4. Renewable Energy

- The group present at the B4E summit supported a 100% target for renewable energy (including in the transport sector) by 2050, believing that achieving such a target is viable with existing and foreseeable technologies, with limited stranded assets, and that movement towards such a goal should begin now so as to maximize efficiency of capital investments over the long-term.
- Concrete milestones and benchmarks for intermediary time periods – 2020, 2030, 2040 – would help corporate planning, while enforceable targets would unlock long-term project finance to scale up renewables.
- Constructing a 100% renewable energy system will need to include smart grid, storage and other innovations with broad effects on the nature and distribution of the electricity generation system.
- Clear, long-term legal and regulatory frameworks should be established at the global and national levels.
- The lowest-cost pathway to the 100% renewable energy goal will pick no technological winners, but provide access to the grid for producers and consumers, and provide temporary balancing support (such as time-limited feed-in tariffs).
- Existing direct and indirect subsidies in many contexts tilt the playing field against renewables and regulatory action and support is necessary.
- Standardization of policies, regulations and technical standards are key to creating globally responsive industries.
- Renewable research and development should be much better linked.
- Public education around energy costs should include external social and environmental costs, and take account of current and historic subsidies to the existing fossil fuel sectors.

5. Consumer Goods

- Companies within the consumer goods sector have made broad-based targets on reducing energy and water use, conducting full life-cycle product analysis, and in improved transparency in reporting and disclosure.
- Consumer education to achieve extended recognition and price differentiation for sustainable consumer goods products presents an opportunity for the sector, and for government.
- Global level certainty and consistency are essential, in the form of internationally binding standards and the removal of incentives and/or financial support for unsustainable business practices and products.
- National governments must provide frameworks that help support a shift in investment towards sustainable business models, and support sector collaboration rather than collusion.
- Leasing and other models of consumer good use should be welcomed where applicable.

6. Forestry & Agriculture

- The forestry and agriculture companies present at the B4E see reaching net zero deforestation and forest degradation by 2020 as an ambitious but feasible target, and advocate broader consideration for multiple environmental stresses (e.g. food supply and biodiversity), for productivity increases, and for more explicit ecological restoration targets within the sector.
- Global level progress in scaling up sustainability certification of agricultural and forest commodities, alongside encouragement for national targets on sustainable sourcing, is a critical mean to achieve zero net deforestation.
- Resolution of land tenure issues should help boost investment and productivity, and remove incentives for unecological practices.
- Acceleration of domestic capacity building in REDD+ country, and definition of effective and just benefit sharing models for REDD+ are critical near term objective to increase momentum on REDD+.
- Multiple transformative solutions exist in new generation plantation, local adaptation and adoption of global services, new restoration models and in improved territorial agricultural carbon management.

7. Finance & Investment

- Sector level commitments range from operational carbon neutrality, to engagement with the UNEP FI Climate Change Working Group and International Investors Group on Climate Change. The Carbon Disclosure Project and Principles for Responsible Investment have helped created industry benchmarks around Sustainable and Responsible Investment (SRI).
- Greater visibility about ground-level projects is necessary to increase investor confidence, alongside greater knowledge sharing around investment processes.
- Construction of banking infrastructure is the pre-requisite for lending to projects that may improve environmental sustainability in some parts of the world, including Africa.
- Global and national policy should focus on transformation of the mainstream economy through policy and regulatory levers while supporting the scaling up of climate-related projects.
- Governance frameworks for capital markets, including listing rules, should require greater transparency and assessment of potential liabilities linked to carbon and resource assets and consumption, according to a universally accepted and robust methodology.
- Credible ratings of governmental and business environmental and sustainable policies, in parallel with traditional financial ratings, could be developed to help shape investor behaviour, complemented by peer-to-peer and international financial institutions.
- Financial service regulators have a role to play in ensuring long-term visions for the valuation of assets, and creating structures that can bridge the gap between the perceived risk of Sustainable and Responsible Investments (SRI) and mainstream investments over a given time frame.
- Re-engagement of finance ministers on climate and sustainability issues is essential, alongside a stronger voice from financial investment community to policy-makers.
- Construction of banking infrastructure is the pre-requisite for lending to projects that may improve environmental sustainability in some parts of the world, including Africa.

Organised by

In partnership with

Corporate Partner

Supporting Partner

Global Broadcast Partner

Lead Media Partner

Summit Partners

Academic Partner

Knowledge Partner

Media Partners

Tony Gourlay, Chief Executive, together with Benjamin Tan, Director and Kisha Krishna, Manager for Speaker Outreach & Content who were editors of this report.

Global Initiatives and partners of the B4E Climate Summit 2011 would like to extend their deepest thanks to Dr Mike Tennant and the scribes from the Imperial College London for their tireless efforts and contributions in making this report possible.

Editing: Dr Mike Tennant, Imperial College London, Benjamin Tan, Director, Global Initiatives and Kisha Krishna, Manager for Speaker Outreach & Content, Global Initiatives

Concept and Design: Patrick Schulze, Director for Strategic Engagement and Fabian Nusi, Creative Director

B4E Business for the Environment
Climate Summit 2011

Upcoming B4E events:

B4E COP 17 Dialogue
6 December 2011
Durban Botanical Gardens

6th B4E Global Summit
25 - 27 April 2012
Berlin

www.b4esummit.com