CARING FOR CLIMATE

First Meeting of Signatories

PALAIS DES NATIONS, GENEVA
20-21 OCTOBER 2008

THE GLOBAL COMPACT

UNEP

INTELLECTUAL PROPERTY NOTICE

Copyright
This document is copyright-protected by the United Nations. The reproduction and distribution of this document for information purposes is permitted without prior permission from the Global Compact Office. However, neither this document nor any extract from it may be reproduced, stored, translated, or transferred in any form or by any means (electronic, mechanical, photocopied, recorded, or otherwise) for any other purpose without prior written permission from the Global Compact Office.

Table of contents

Executive Summary

The UN Global Compact, the UN Environment Programme (UNEP) and the World Business Council for Sustainable Development (WBCSD) convened the first meeting of *Caring for Climate* signatories on 20-21 October 2008 at UN Headquarters in Geneva. The meeting brought together 150 business executives, government representatives, UN officials and climate experts involved in designing the post-Kyoto climate framework.

The meeting aimed at reviewing and discussing how *Caring for Climate* can help companies to advance practical solutions, share learning, innovate and shape public attitudes. Opening addresses were delivered by the heads of the three partners behind the initiative: Georg Kell, Executive Director of the UN Global Compact, Björn Stigson, President of the WBCSD and Sylvie Lemmet, Director of the Division of Technology, Industry and Economics, UN Environment Programme. Mr. Kell underlined the significance of the initiative, as a key growth area on the broader work program of the UN Global Compact. Ms. Lemmet compared the losses associated with the global financial crisis and those losses and opportunities associated with climate change. She challenged each *Caring for Climate* participant to bring in five new members and help increase the numbers of participants. Mr. Stigson noted the responsibility of both governments and companies to raise the awareness and impact-informed decision-making by the average citizen or consumer. He underlined regulatory, investment and technological innovation challenges that the global community faces in delivering the scale of climate action required.

As the first day's keynote speaker, Fu Chengyu, Chief Executive Officer of the China National Offshore Oil Corporation (CNOOC), offered his views on the challenges, opportunities and the future development of *Caring for Climate*. He described climate change as a more pressing and enduring problem than the global financial crisis, explaining that it is an environmental as well as a developmental issue. It poses a bigger challenge for oil companies because of their production sites, which tend to be located in very environmentally sensitive regions of the world. Thus they must engage in practices like reducing flaring, producing cleaner fuel, installing wind turbines for powering oil rigs and sequestering and offsetting their emissions. Simultaneously, he said, oil companies must also engage with all external stakeholders including local governments, suppliers and upstream business partners.

On the second day of the meeting, a *Caring for Climate* publication series was introduced, and preliminary findings from several of the seven new studies were presented. Doug Miller, President of GlobeScan, shared results from the 2008 Survey of *Caring for Climate* signatories, taking stock of actions taken by signatories to combat climate change and highlighting best practices and expectations for post-Kyoto policy frameworks. Andrew Howard, Executive Director of Goldman Sachs Global Investment Research presented a study titled "Technologies, Policies and Competitiveness for a Lower Carbon Economy", forecasting how competitiveness in major business sectors may be affected by climate trends and related policy responses. Dr. Robert Bailis from the Yale University School of Forestry and Environmental Studies introduced research tracking the progress of signatories by looking at energy efficiency and carbon emissions. Malini Mehra, CEO and Founder of the Centre for Social Markets, presented a study of emerging leadership in developing economies, particularly highlighting corporate climate strategies in India, China and Brazil. Jean Laville, Director of the Ethos Fund, shared the perspective of the Principles for Responsible Investment on how the finance sector can be leveraged to advance the climate agenda.

In three parallel workshops participants discussed the themes presented in the plenary presentations: Best Practices and Policy Frameworks; Investments, Technologies and Policies; and Emerging Leadership in Developing Economies. The workshops were designed to enable participants to take stock of the progress made and share experiences in implementing climate strategies, lowering risk exposure and increasing business opportunities. Participants were asked to develop key recommendations for business and government action.

During the closing plenary, Erik Rasmussen, CEO of Monday Morning and the Founder of the Copenhagen Climate Coun-

cil, informed participants about the World Business Summit on Climate Change, to be held in Copenhagen, Denmark, on 24-26 May 2009. This Summit, taking place six months before to the UN Climate Conference (COP15) when the post-Kyoto treaty will be negotiated, will bring together business leaders with other stakeholders to put forward recommendations for the new international framework on climate change. More information about the intergovernmental process leading to the COP15 was subsequently presented by Haldor Thorgeirsson, Director of Bali Road Map Support at the Secretariat of the UN Framework Convention on Climate Change (UNFCCC).

The closing keynote address was delivered by Janos Pasztor, Director of the UN Secretary-General's Climate Change Support Team. He said that an effective response to the climate change challenge will require "a complete change of course in how we power or fuel our way of life and how we develop, in short, an energy and ultimately an economic revolution leading to low-, and eventually zero-carbon societies".

Mr. Pasztor stressed the need to aid the private sector through appropriate public policy and incentive structures at multiple levels, global, regional and national. In particular, he called for an agreement on an ambitious emissions cap; a new multilateral cooperation architecture that will enable the financial flows and technology transfer to developing countries; the transformation of key energy-intensive sectors through regulation and incentives; for investing in building modern infrastructures or grids through which energy from renewable sources can be delivered; for investment in further refining nascent technologies that are too expensive right now; and for investment in research and development in new technologies.

He further stressed that the *Caring for Climate* constituency is well positioned to identify CEOs who can be engaged in the Copenhagen climate deliberations as champions, but urged that government delegates are sensitized to the business community's messages well before.

"Your leadership in developing climate-friendly strategies, in making your operations sensitive to climate, and of course in disclosing relevant information annually, will perhaps encourage others to do the same", Mr. Pasztor said in closing.

Monday 20 October 2008

OBJECTIVES OF THE MEETING

Claude Fussler, Programme Director, Caring for Climate:

By 20 October 2008, the number of signatories to *Caring For Climate* has grown from 153 companies at the launch in 2007 to 298 signatories, including 206 large companies and 92 SMEs. *Caring For Climate* aims to grow an efficiency wave by shaping public attitudes and influencing governments.

Business must take bold and comprehensive action to reduce climate change, reduce its climate footprint and to develop innovative solutions.

Decoupling economic growth from carbon combustion necessitates massive and multiple innovations in the areas of energy efficiency, zero-carbon energy, carbon capture, as well as cooperation and burden-sharing, likely requiring an investment of up to USD 45 trillion over 40 years (equivalent to 1.1 percent of global GDP) — both on the supply side and the demand side.

At the same time, energy innovation and fossil fuel substitution can save up to USD 51 trillion and stabilize oil markets. The risks of delayed climate action, as outlined in the 2006 Stern review, will cost at least a continuous five percent of world GDP. The scenarios described by the International Energy Agency (IEA), will require urgent implementation of unprecedented and far-reaching new policies in the energy sector.

On the path towards an effective post-Kyoto agreement, the challenge is not cost, but the rules of burden distribution between rich and developing nations. What is needed is the political will and decision to set a target for carbon/GHG emission levels that limits the risks of climate change while ensuring economic development and poverty reduction, as well as a timetable for rapid and concerted action. The following actions must be negotiated:

- agreement on infringement costs that stimulates compliance;
- ensuring appropriate monitoring;
- agreement on a global stabilization level of CO2/GHGs and a timeframe;
- enabling markets to operate for lowest cost mitigation;
- agreements on differentiated national targets in line with capabilities and development needs; and
- financing and fostering technology innovation.

At the same time, business must take early, bold and comprehensive action, including joining leadership initiatives such as *Caring for Climate*. *Caring For Climate* entails a range of voluntary performance and outreach commitments.

Performance Commitments:

- Measure CO2 and GHG emissions.
- Develop a coherent climate and energy strategy.
- Increase energy efficiency and reduce the carbon burden.
- Set voluntary improvement targets.
- Empower employees throughout the organization.
- Communicate annually and publicly on progress.


CARING
FOR
CLIMATE
First Meeting of
Signatories

Outreach Commitments:

- Be a champion for rapid, extensive action on climate risks.
- Cooperate with others in the sector and value chain.
- Help shaping public attitudes for energy conservation.
- Inspire policies that disseminate and amplify innovations.
- Support policy makers for a good outcome of climate negotiations.

On the road to the 15th Conference of Parties to the UN Framework Convention on Climate Change (COP 15) and the World Business Summit on Climate Change, to be held on 24-26 May 2009 in Copenhagen, *Caring For Climate* will focus on five broad areas of action:

- Measure progress and needs.
- Advocate solutions and policies that enable innovation and inclusion.
- Amplify reach and leverage of *Caring for Climate*
- Share knowledge and join forces
- Partner with like-minded business networks

THE GLOBAL COMPACT AND CARING FOR CLIMATE - STATE OF PLAY AND PROGRESS

Georg Kell, Executive Director, United Nations Global Compact:

The world's economic/financial crisis relates closely to the climate problem, because both stem from the practice of focusing on short-term profits while ignoring medium and long-term goals.

This is also very applicable to *Caring For Climate* because climate change is one of the most defining challenges of our times. It does indeed pay off to focus on medium and long-term policies. A long-term, proactive approach is needed for risk management and to take care of the planet. The people that have gathered for this first meeting of *Caring For Climate* signatories are pioneers. The forward-looking perspective of *Caring For Climate* signatories is a big force helping to combat climate change.

Businesses are increasingly going global, to exploit benefits of scale. Investing in climate action will strengthen countries in the South. Indeed, engagement on the environment

and CSR are becoming very strong forces for building brand recognition and customer retention. Thus, investments in these will necessarily have to pay off in a few years time. It is not surprising that both *Caring For Climate* and the CEO Water Mandate are receiving very good responses.

Next year's World Business Summit on Climate Change in Copenhagen will be a very timely event to showcase the achievements of businesses.

AN UPDATE ON THE EVIDENCE AND THE URGENCY TO ACT

Sylvie Lemmet, Director, UNEP Division of Technology, Industry and Economics

The global economy is losing more money from the disappearance of forests than through the banking crisis today. There is much urgency to act, underlined by what science is telling us today:

- Carbon dioxide emissions have risen to record levels. Emissions from fossil fuels and cement manufacturing are increasing faster than the worst-case scenario of the Intergovernmental Panel on Climate Change. CO2 levels rose by 3.5 percent a year from 2000 - 2007, compared with 2.7 percent as calculated by the IPCC. During the 1990s, emissions rose at 0.9 percent a year.
- Fears are also surfacing over methane emissions. A detailed scientific explanation of the methane threat and the current state of understanding will appear in the 2008 UNEP Year Book. Preliminary data from two Arctic expeditions suggest that rising temperatures are already causing substantial amounts of methane to be released from beneath the ocean floor.
- Recent research shows that the observed amplification of rainfall extremes is found to be larger than that predicted by models, implying that projections of future changes in rainfall extremes in response to anthropogenic global warming may be underestimated.
- Research on glacier mass balance provides further cause for concern, as can be seen from the "Global Glacier Changes" research published by UNEP and the World Glacier Monitoring Service. The global average annual mass loss in glaciers of more than half a meter during the decade from 1996 to 2005 represents twice the ice loss of the previous decade (1986—95) and over four times the rate of the decade from 1976 to 1985.
- Global average sea-level was projected by the IPCC to rise by 0.1 to 0.9 meters between 1990 and 2100. Latest research suggests 0.8 — 1.5 meters. Sea level rise will also continue for hundreds of years after stabilization of GHG concentrations.

The projected impacts of these changes include the following:

- Predictions for a 1 °C rise in mean surface temperature above pre-industrial levels, which seems inevitable at this point, include increases in water stress and hunger, with up to 10 percent crop yield loss in Africa.
- Predicted damages associated with a 450 parts per million concentration of CO2 equivalent and a 2 °C rise above pre-industrial levels include agricultural yields starting to fail in the USA and Europe, vector-borne diseases expanding poleward, and up to 26 million people displaced from coastal areas.
- The health-related impacts include increases in malnutrition and consequent

disorders, including those related to child growth and development. Considering these realities, it is evident that we urgently need a process of action for adaptation that includes systemic risk reduction.

Looking towards solutions: in the same way that the consequences of global climate change are systemic, the solutions need to be systemic. A longstanding message from the IPCC is that the greater the reductions in greenhouse gas emissions and the earlier they are introduced, the smaller and slower the projected warming and the rise in sea levels. Now is a time of strategic action.

While governments need to find multilateral solutions, the role of transnational business in boosting innovation and alternative business models is clear. This includes innovation in both the area of mitigation and adaptation. In key areas, low-hanging fruits for drastic reduction in GHG emissions can be surprisingly obvious. A study on "Scaling up sustainable building projects in CDM", published by UNEP's Sustainable Building and Construction Initiative (SBCI), shows that with proven and commercially available technologies, the energy consumption in both new and old buildings can be cut by 30-50 percent without significantly increasing the investment costs.

Cause for optimism also comes from the new Green Jobs Report published by UNEP with the International Labour Organisation, the International Trade Union Confederation, and the International Organisation of Employers. "Green Jobs: Towards Decent work in a Sustainable, Low-Carbon World" shows that changing patterns of employment and investment resulting from efforts to reduce climate change and its effects are generating new jobs and could create millions more in both developed and developing countries. Although the report is optimistic about the creation of new jobs to address climate change, it also warns against "dirty jobs" and calls for "just transitions" for those affected by transformation.

BUSINESS AND THE INTERGOVERNMENTAL PROCESSES: A REVIEW OF PROGRESS AND HOW BUSINESS CAN BEST CONTRIBUTE

Bjorn Stigson, President, World Business Council for Sustainable Development

A global energy revolution is needed, one that (based on IEA data) will reduce global emissions by 50 percent by 2050 and makes roughly USD one trillion in additional investments in the same time frame.

In pursuit of a post-2012 climate framework, business must provide input to the political negotiations in a timely manner in order to ensure that any framework makes business sense.

The WBCSD has developed a Copenhagen Framework that prioritizes energy efficiency and demand-side management, technology, carbon markets and financing, as well as sectoral approaches. Additional priorities are adaptation and land use change and forestry.

As for energy efficiency, most technologies already exist, but market forces are not enough. What is needed are policies that will direct consumers' choices to reduce the impact on climate.

On the technology side, deployment will be crucial, and it will require government interventions for building codes, fuel efficiency standards for cars, energy efficiency standards for appliances, and technology standards for power generation. In addition, huge increases in R&D funding will be required to achieve technological breakthroughs in carbon capture and sequestration (CCS), the next generation of nuclear energy, and renewables.

Of similar importance will be technology transfer to developing countries, as many cur-

rently lack the capacity or capability to absorb new technology and lack and understanding of the diffusion of technology in business. Intellectual property rights are also an issue.

Carbon markets, specifically, emissions-trading is one of the newer developments in this front, but as of now, only a few countries can claim Clean Development Mechanism (CDM) credits. The annual volume of carbon trading is around USD 40-50 billion, mostly under the EU Emission Trading Scheme. CDM arrangements will grow to USD 9-10 billion in 2008. But the regional distribution of CDM credits is a problem, and there is only limited appetite for CDM reform by governments. However, additional mechanisms based on energy intensity or technologies are possible.

We need to have a more open and inclusive carbon market. To achieve a 50 percent emission reduction target by 2050, major changes will have to be made. Governments would need to be visionaries and lead from the front. However, government cannot be the only one in charge of creating a sustainable future.

As for financing, 85 percent of global investment flows come from the private sector. Developing countries need USD 200 billion for energy investments. 50 percent of these investments have already been identified, but it is unclear at this point where the remaining investments will come from. Likewise, the potential role of carbon markets is still debated.

Sectoral approaches have been included in the most recent G8 declaration and are important, but they will require strong business involvement and solution proposals. The WBCSD has launched a task force working in ten sectors to advance this agenda and develop solutions.

Overall, climate change remains a transformational challenge for society. If a global emissions reduction of 50 percent is to be achieved by 2050, major impacts on lifestyle, consumption patterns and infrastructures are likely. The transformation from today will not be easy and will create tensions.

After all, present institutions and processes are not designed for transformational change. We need new platforms for interactions between governments and business on global issues. *Caring for Climate*, as a cooperation between the UN and Business, can only work if key organizations become part of the effort. Business cannot succeed in a society that fails.

CARING FOR CLIMATE: PERSPECTIVES ON CHALLENGES, OPPORTUNITIES AND THE FUTURE DEVELOPMENT OF THE INITIATIVE

Fu Chengyu, Chief Executive Officer, China National Offshore Oil Corporation

Climate change is a more pressing and enduring problem than the global financial crisis. Climate change is an environmental as well as a developmental issue. It poses a bigger challenge for oil companies because of their production sites, which tend to be located in very environmentally sensitive regions of the world. Thus they must engage in practices like reducing flaring, producing cleaner fuel, installing wind turbines for powering oil rigs and sequestering and offsetting their emissions. Simultaneously, oil companies must also engage with all external stakeholders including local governments, suppliers and upstream business partners.

“Companies that play a leadership role in addressing climate change are those that provide solutions and lead by example”

—2008 Survey of Signatories - Best Practices and Policy Frameworks, GlobeScan

Tuesday 21 October 2008

BEST PRACTICES AND POLICY FRAMEWORKS – 2008 SURVEY OF SIGNATORIES

Doug Miller, President, GlobeScan

Doug Miller of GlobeScan presented the results of the first survey of *Caring For Climate* signatories, aimed at identifying best practices and policy expectations among *Caring for Climate* signatories.

The survey was based on telephone interviews with 19 *Caring For Climate* champions, followed by an online survey, fielded from 24 July to 15 August 2008. The online survey was completed by 81 of 206 signatories, including companies of less than 1000 to more than 50000 employees, and with annual revenues from below USD 1 million to over USD 10 billion. Half of the survey respondents said they had "significant operations" in a large emerging economy.

Caring for Climate signatories rate positively the effectiveness of their own climate change activities overall. However, they recognize room for improvement in implementing strategies, and in sharing climate experience with other companies.

According to their responses, the best-performing segment of signatories comprises large companies with high revenues and large workforces. These companies also report higher-costing climate activities that bring substantial financial benefits. Signatories implement a wide range of activities to address climate change, across a variety of industries and geographical regions, including 35 countries. Most initiatives are implemented at a relatively low cost of less than USD 1 million, and are expected to bring low financial benefits. The main difficulties faced are financial constraints, low awareness, and technical limitations. Strategies to overcome these difficulties rely on technological, internal, and external resources. Champions offer

a selection of stories of successful initiatives to reduce greenhouse gases. Respondents define companies that play a climate leadership role as those that provide solutions and lead by example; exercise social responsibility beyond reducing their own emissions; and demonstrate a sincere commitment to addressing climate change. The climate priorities for companies operating in large emerging economies, according to signatories, are to focus on clean and efficient energy; to employ climate-friendly technology; and to set targets and standards.

Signatories most often mention *Caring for Climate* as a global business initiative that helps companies achieve their climate change goals. They also suggest the initiative could strengthen its advisory function, its advocacy to influence governments, and its authority—by introducing benchmarking and compliance monitoring (an approach favored by almost one quarter of signatories). A plurality would also like to see the initiative communicate to reach more companies, and collaborate effectively with similar initiatives.

The respondents indicate the most helpful national government policy approaches include investing in technology, long-term climate planning, encouraging citizens to contribute, and promoting international policy. Fewer signatories find national policy approaches that put a cost on carbon to be helpful. Several signatories also call for national government leadership in addressing climate change, and active governmental support for developing and implementing climate solutions. Some would like to see governments focus on regulation and compliance enforcement. Most signatories also stress the need for governments to develop education and awareness-raising activities to address climate change, and some recommend that governments meeting to finalize the post-Kyoto agreement in December 2009 should ensure universal participation by developed and developing nations, as well as the United States. The governments should provide visionary leadership by actively ensuring they reach an agreement, and setting GHG reduction targets even if compromise is required. They should also establish workable mechanisms to help nations meet targets, along with incentives for business. Similarly, signatories believe the most important outcomes from a post-Kyoto agreement will be participation by all major GHG emitters, and financial mechanisms that support reductions in developing countries. Other important outcomes will be broad consensus on emission targets, a cap-and-trade system that includes developed and developing countries, and an agreement to mobilize business by sector.

For a more detailed analysis of survey results, please refer to the Interim Report by GlobeScan, available for download on the Global Compact website.

TECHNOLOGIES, POLICIES AND COMPETITIVENESS FOR A LOWER CARBON ECONOMY

Andrew Howard, Executive Director, Goldman Sachs

Climate change is a social issue, as targets imply dramatic change. Social awareness of climate change has risen substantially in recent years, as the issue has shifted from niche to mainstream. Goldman Sachs has identified three major ways in which society impacts companies - as consumers, employees, and voters. Meeting the GHG emission targets outlined by international scientific studies will require significant behavioral change across all areas of society.

Equity markets increasingly reflect companies' climate-related performances. A relationship between companies' management of carbon emissions and equity market valuations is already evident in more carbon-intensive sectors, such as utilities, energy,

basic materials and industrials. Goldman Sachs expects that the relationship between companies' management of climate-related challenges and opportunities and their financial performances and valuations will become stronger and increasingly important in a widening range of sectors.

Social change will impact all industries. It is believed that no sector is immune from the implications of rising social awareness of climate change. Further, companies will likely have little option but to develop comprehensive climate strategies if they are to achieve and sustain competitive advantage and industry leadership, deliver superior return on capital and ultimately deliver higher equity market performance.

Companies in all industries have already begun to react to the changing social and environmental pressures they face. Executives in all regions recognize the importance of climate-related strategies to their competitive positioning. Companies globally are beginning to adapt to reflect these structural changes. In sectors such as financial services and media, where regulation is not currently on even the distant horizon, companies are adapting their strategies to reflect shifting consumer and employee demands.

EMERGING LEADERSHIP IN DEVELOPING ECONOMIES

Malini Mehra, Founder and Chief Executive Officer, Center for Social Markets

Climate leadership can (increasingly) be found in developing economies. In the cases of China, India and Brazil, government support for Clean Development Mechanisms has accelerated investment into renewables and clean tech, and created appetite for carbon markets.

Strong potential exists for pro-active and positive business engagement in domestic and international climate policy talks. But national leadership agendas — with some exceptions — have largely been missing, while there has also been little civil society push.

At this point, improved data is needed — new soon-to-be launched reports by the Carbon Disclosure Project will help fill this knowledge gap. Companies in China, India and Brazil are largely at the first stage of carbon management, focusing on energy savings and neutralizing their footprint. What is needed is the development of a broader "game-changing" paradigm to facilitate the emergence of climate change solutions, while creating business value.

Business leadership can help move government positions and create confidence and an enabling environment for hard policy choices. Indeed, emerging market businesses can help break the logjam — it is therefore right to focus on them, as their ranks must be swelled.

Working Group Sessions

Three parallel working groups discussed the study presentations and made proposals to shape the *Caring for Climate* program and reinforce the synergies between the various business initiatives on climate change. The groups' recommendations will also feed into the World Business Summit on Climate Change to be held in May 2009 in Copenhagen.

WORKSHOP 1 - BEST PRACTICES AND POLICY FRAMEWORKS

Chairperson:
David Croft, Conformance and Sustainability Director, Cadbury

Caring for Climate in practice:
Toshio Arima, Executive Corporate Advisor, Fuji Xerox, Henrique Lian, Chief Executive Officer, CPFL Energia

Rapporteur:
Laurent Corbier, Vice-President, Sustainable Development and Continuous Improvement, Areva

Summary:

The working group placed more emphasis on identifying, sharing, spreading and reporting best practices than on concrete policy recommendations. Participants focused on four key areas related to best practices:

- the place of CSR in a business organization;
- the role of quantifying and of tools;
- the role of a shared "corporate culture" of climate action ; and
- the required focus on multiple players.

As for the place of CSR in a business organisation, participants stressed that CSR must not be treated as a self-supported or an isolated concept. The CSR vision, practices and control should be embedded into the mainstream strategy and management systems of the company. At the same time, companies should identify their scope of action with regard to CSR.

Tools, it was said, should be simple, business-friendly, and adapted to any company's size of operation. They should also be acceptable to external enquiries and to reporting.

Participants agreed that corporate culture plays a pivotal role for climate strategies. In particular, participants stressed the need to raise awareness (most often through external and visible experts); facilite ownership; accelerate the pace of change within the organization; and to share and promote practices externally, including through partnerships with the media.

As stressed before, participants agreed on the need to define a company's scope of action to select relevant objectives, action plans, tools and indicators - not only in its own operations, but also along the supply chain and vis-à-vis customers.

As for policy areas to be explored further, participants noted that ways should be found to ensure that "early movers" are incentivized and rewarded. Likewise, in many instances, breakthrough changes can only occur if business and governments collaborate to define relevant and workable guidelines, standards or technical norms (e.g. for buildings).

WORKSHOP 2 - INVESTMENT, TECHNOLOGIES AND POLICIES

Chairperson:
Anders Kullerud, Senior Vice President, StatoilHydro ASA

Special study:
Nick Robins, Head of Climate Change Center, HSBC

Caring for Climate in practice:
Li Zhengmao, Vice President and Executive Director, China Mobile

Rapporteur:
Russell Mills, Global Director for Energy & Climate Change Policy, Dow Chemical

Summary:

This workshop saw presentations from both the financial sector and the telecommunications industry. Nick Robins of HSBC explained that while investments have gone up, greenhouse gas emissions have increased, too.

In the context of *Caring for Climate*, Mr. Robins proposed two projects focusing on making energy-efficiency and adaptation investable. While he described the investment potential as "expanding", he also stressed that


L. CORBIER

the policy outlook, albeit improving, is still uncertain.

In the context of an emerging consensus on halving emissions by 2050, Mr. Robins outlined the need for an investment shift in the same time period: Clean energy will require 18 times the amount of investments at 2007 levels; energy efficiency will require a 50-fold increase in investment.

Li Zhengmao of China Mobile explained that the ICT sector accounts for only 2 percent of global GHG emissions, but is experiencing high growth. The sector's key challenge is the increase in energy prices which translates into increased business costs. At the same time Mr. Li noted a strategic opportunity to provide information services and to reduce energy use. He further stressed the responsibility of business to increase public awareness around environmental issues.

China Mobile's climate strategy thus rests on three pillars, as Mr. Li explained: The main goals are to reduce the company's own carbon footprint through implementing its Green Action Plan; to provide customer services with energy-saving applications; and to raise public awareness.

Workshop participants responded to the presentations through five feedback groups. The issues of adaptation, technology transfer and emerging economies based on more missive fuel sources were generally seen as not sufficiently resolved.

Shifting to a long-term orientation was identified as a key challenge, with specific financing packages for longer-term energy efficiency investments described as one required solution. Participants also urged to focus resources on energy efficiency, as up to 50 percent of greenhouse gas savings by 2030 have been said to result from improved energy efficiency.

Participants further emphasized the need to factor carbon costs into sector investments everywhere and to develop a better understanding of short-term cost savings in an increasingly carbon- constrained world.

Additional recommendations included new policies ("carrots and sticks") to address business model breakthroughs (not only technology breakthroughs), and to leverage "disruptive technology" thinking for "disruptive employee communication".

Participants also stressed that value chain market solution opportunities should be recognized. *Caring for Climate* was described as a network to agree on and improve common performance standards.

Overall, the feedback groups agreed that there was no single solution to the challenge at hand and called for sector-specific policy innovations and stronger business involvement in policy development.

WORKSHOP 3 - EMERGING LEADERSHIP IN DEVELOPING ECONOMIES

Chairperson:
Steve Lennon, Managing Director, Corporate Services Division, Eskom

Caring for Climate in practice:
Edgardo F. Garcia, Chief Operating Officer, Senior Executive Vice President, Development Bank of the Philippines,

Rapporteur:
Ravi Fernando, Director Corporate Branding & Strategic Sustainability MAS Holdings

Summary:

Steve Lennon introduced the theme of the workshop: How can business take leadership on climate change issues in developing countries? In these countries, as compared to industrialized countries, a larger emphasis is put on economic, human and social development. If protection of the climate is seen as contradictory to these development objectives, it will not easily be accepted.

In this context, Mr. Lennon explained governments repeat the mantra of historical inequity and the need to close the gap between North and South. Given the magnitude of the climate challenge, there is a need to move beyond this rhetoric. While governments as representatives of the national interest follow their own logic, business can more easily do so and take leadership action.

Mr. Lennon stressed that the challenge is to make the business case for climate action. Which are the affordable and profitable measures that businesses can take today?

To stimulate the discussion, Mr. Lennon raised a number of critical points:

- There is a need to consider the demand side, not only the supply side. Business should increasingly ask themselves: “What do our consumers do with our goods?”, and not only encourage higher consumption.
- It is important to partner with governments and to use public-private partnerships to move action on climate change forward.
- Carbon markets - especially through the Clean Development Mechanism (CDM) — are an important business opportunity which should be used more.
- Business leadership is important to inform public values and to shape consumer preferences.
- Developing and emerging countries should look less to developed countries for leadership. In many regards, developing countries are in a position where they can become a model of low-carbon and energy-efficient economies. It is thus important to change the paradigm and to take the lead.

Edgardo F. Garcia of the Development Bank of the Philippines (DBP), presented how environmental concerns where included in the DBP's way of doing business. As the Philippines' premier development bank, DBP does not rely on government financing, and has to be profitable while keeping a development focus. All DBP-financed projects have to be environmentally sound. Resistance to this policy has come from borrowers - because environmental assessments required investments, took a long time and sometimes made projects less viable - but also from within the bank, where some feared losing costumers to other banks with less strict requirements.

The DBP has, however, developed ways to overcome these resistances, including: partnerships with industry and regulatory agencies; encouragement of other banks to set in place similar standards; encouragement of industries to commit to sustainability (e.g. through the chamber of commerce and industry); establishment of an own environmental management system (according to ISO 14001); and bi-annual corporate environmental reports.

The DBP conducts two projects directly related to *Caring for Climate*, one relating to reforestation and forest conservation, the other to carbon markets and the Clean Development Mechanism. Today, the DBP is a case of successful integration of environmental and climate concerns into business practice. Three factors were essential in achieving this: Strong institutional commitment, government support, and the involvement of all stakeholders.

Ravi Fernando of MAS Holdings, a manufacturer of garments (e.g. for Nike, Victoria's Secret, and Speedo) based in Sri Lanka, gave a brief presentation on his experiences with business leadership on climate issues in developing countries.

Since 2006, MAS has been involved in a youth education program on sustainable development. This was the first step in moving the entire company on a more sustainable and climate-friendly path. Subsequently, MAS developed plans to create the world's first green free trade zone, including green energy sources, management of affluent and green cover. MAS' first green apparel manufacturing plant opened in April 2008.

Mr. Fernando shared three general thoughts to move the discussion forward:

- The world's reward system needs a drastic shift from its exclusive focus on shareholder value. Otherwise, we will not be able to successfully combat climate change.
- Innovation is needed, not only concerning products, but also strategies and mindsets.
- For consumers to behave sustainably, education is crucial — in the North as well as in the South.

During the discussion that followed, most participants acknowledged that combating climate change does not only require improvements in efficiency, but also reductions in consumption levels — especially in developed countries, but also amongst the emerging middle class in some developing countries — in order to make sure that efficiency gains are not overcompensated by growth. While some companies are in a position to advocate such behavioral changes (e.g. monopoly power suppliers), these are exceptions. In general, advocating less consumption is contrary to business logic. This was identified as a challenge for business leaders. If they do not find an answer, they will lack credibility and won't be able to engage with more critical parts of civil society.

Some possible ways towards such an answer were identified. Large increases in efficiency could be a strategy. Sometimes, scarce resources might also help to make a business case for reduced consumption. However, the general contradiction remained: following business logic, one cannot put limits on consumption or growth.

The issue of society's values was a further important topic of the discussion. One way for business to contribute to combating climate change can be to contribute to develop more sustainable values, particularly through education. Participants shared their experience that entry points for raising climate issues in developing countries are waste management and local air pollution. These more concrete and local environmental concerns can then be linked to general questions of sustainability, consumption, and climate change.

It was emphasized by some participants that business cannot tackle climate-change alone and that government and regulation play a central role. To create clear and predictable investment frameworks, clear targets are needed. The UK climate bill was mentioned as an example of how such targets

could be combined with a flexible framework. Another example of policy innovation mentioned was the European directive on extended producer responsibility and its lifecycle approach.

Some statements were more critical on the role of government. In many developing countries, government is neither well functioning, nor very ambitious. Furthermore, there is often no culture of compliance. Participants shared their impression that governments do not sufficiently lead on these issues. Ambitious action from people everywhere, including entrepreneurs and businesses, is thus needed to create momentum. In some contexts, where there is no sufficient regulation (e.g. some parts of Africa), the responsibility of business becomes even more important. Additionally, it should be asked which role the governments of home countries of transnational companies can play to regulate activities abroad.

While a consensus emerged on the need for the right policy framework and minimum standards set by governments, it was expressed that business should go beyond that, for example through a partnership approach in which governments, NGOs, business, and trade unions have a role to play.

Participants also discussed how the CDM could become a genuine contribution to sustainable development. It was criticized that currently, it is often just about "picking low-hanging fruits", i.e. realizing easy and low-cost greenhouse gas reduction projects which lack a development or transition to low-carbon dimension. Businesses in more countries should profit from the CDM. Participants suggested looking at successful examples from China and India to identify lessons to be learned. A further problem identified was that the CDM was too often thought of in terms of large projects, while there are many opportunities in small projects. However, realizing these is difficult, as transaction costs are high.

Participants stressed that climate change action can give business a competitive edge. To realize these opportunities and the large innovative potential that exists in developing countries, access to finance is crucial.

It was urged not to look only on the usual suspects when looking for business partners to combat climate change. For instance, diasporas such as the Chinese, Indian, and Lebanese in Sub-Saharan Africa could play an important role, as they are the ones where entrepreneurial, risk-taking attitudes can often be found.

Towards the end of the discussion, participants agree that the role of *Caring for Climate* should be to facilitate the sharing of best practices in all these areas. Furthermore, the imitative could help to develop a progressive business agenda for the international climate negotiations.

Summing up the session, the rapporteur identified three central themes of this workshop:

- Leadership: While business cannot tackle the challenge of climate change alone, business leadership is needed. Business

The World Business Summit on Climate Change

Erik Rasmussen, Chief Executive Officer, Monday Mornings and Founder of the Copenhagen Climate Council announced the World Business Summit on Climate Change, to be held on 24-26 May 2009 in Copenhagen.

The Summit will be co-convened by the Copenhagen Climate Council, the UN Global Compact, the World Economic Forum, the World Business Council for Sustainable Development, Combat Climate Change (3C), the Pew Center on Global Climate Change, and the Climate Group.

The Summit is expected to bring together more than 500 global thought leaders from business, governments, science and international organizations.

needs to champion this cause and to push government for action, while not waiting for government action. A progressive business agenda also needs to be brought to the international climate negotiations.
- Innovation for climate care: There is a large potential for innovation in developing countries, especially related to leapfrogging "dirty" stages of development. The financing needs to be unlocked to realize this potential. Institutional innovation is also needed, e.g. to make the Clean Development Mechanism work better in favor of sustainable development
- Communication and Education for sustainability: The need to take bold action on climate change, and sustainable development more generally, must be reflected in society's values. Education is crucial in achieving this and businesses can do a lot in supporting the relevant education efforts and in communicating about the climate challenge.

LEVERAGING THE FINANCIAL SECTOR FOR CLIMATE - THE PRINCIPLES FOR RESPONSIBLE INVESTMENT IN ACTION

Jean Laville, Director, Ethos Fund

Ethos, the Swiss Foundation for Sustainable Development, was created in 1997 by two Swiss pension funds. It is currently composed of 75 institutional investors and pursues the objective of promoting socially responsible investments (SRI). The Ethos charter identifies three primary goals:

- Promote the consideration of sustainable development principles in investment activities;
- promote the exercise of shareholder voting rights based on corporate governance best practice and the concept of sustainable development (proxy voting services for Swiss companies); and
- engage in an active dialogue with companies to raise their awareness of the requirements of sustainable development and corporate governance best practice. (Ethos Engagement Pool).

Ethos is a signatory to the UN-backed Principles for Responsible Investment. Climate change presents a strong case for responsible investment. From an ethics perspective, it is a true example of trans-generational responsibility to avoid environmental damages. The main focus should be on dialogue and communication — silence is not the way to address the issue.

At the same time, there is a broad economic case. The Stern Review produces terrifying numbers if inaction prevails. For institutional investors, the issue then becomes one of fiduciary duty, pitching a short-term focus against long-term results. A related question is whether climate has been sufficiently considered in the Capital Asset Pricing Model (CAPM).

The business case for investors presents itself in the form of new opportunities, particularly through thematic funds. Likewise, establishing a price for carbon will create new competition among firms.

Climate change offers numerous opportunities for collaborative engagements of asset owners:

- In 2007, 57 climate-related shareholder resolutions were filled in the US (according to CERES). Nearly half were withdrawn after positive responses from firms addressed.
- A resolution at Exxon Mobile, filed by a group of investors including PRI signatory Trillium Asset Management, asking for quantitative goals for reducing GHG, received 31 percent of support from shareholders.
- Since 2002, the Carbon Disclosure Project, on behalf of 385 investors representing

assets of USD 57 trillion, has been seeking information on the business risks and opportunities from now over 3000 companies.
- The Institutional Investors Group on Climate Change (IIGCC) is a forum for collaboration between pension funds and other institutional investors on issues related to climate change.

As for the relationship between investors and policy makers, it is clear that climate care needs new regulations by governments. At the same time, investors need return on capital. In order to successfully finance a progressive low-carbon economy, international policy must provide incentives through carbon pricing, subsidies and other market instruments. Overall, investors need more certainty around climate legislation.

EFFICIENCY, INTENSITY, AND EMISSIONS: ARE CARING FOR CLIMATE SIGNATORIES MAKING PROGRESS?

Dr. Robert Bailis, Associate Professor, Yale School of Forestry & Environmental Studies

Dr. Bailis and Bryan Garcia, Director of The Centre for Business & Environment at Yale University (CBEY), conducted a study of 165 large *Caring for Climate* signatories to assess commitments and actions, examine the quality of data in COPs and other forms (e.g. CDP), to identify progress, and to assess whether firms are setting/meeting climate goals.

The study looked at verbal commitments (setting targets; educating workforce, suppliers, consumers; engagement) and actions taken (reporting energy use, intensity, or emissions; identifying emissions reduction opportunities; reducing energy use, intensity, or emissions; creating/buying offsets).

In the utilities sector (one of two focus sectors, the other being financial services), out of 13 firms in the study:

- five firms have set reduction targets;
- nine firms report emissions data;
- six report Tier 2/3 emissions, including energy consumption and the percentage of renewable energy;
- six used third-party verifiers of their emissions inventory; and
- three firms report emission intensities.

Regarding carbon trading and offsets, five of the firms studied fall under the EU Emissions Trading Scheme (ETS) and report participation in CDM or Joint Implementation (JI).

As for the financial sector, out of 15 firms:

- six report reduction targets;
- seven firms report emissions data;
- all include Tier 2 and 3 emissions (all include energy consumption, and most also report the percentage of renewable energy);
- six used third-party verifiers;
- six firms report intensities;
- three firms are active in the EU ETS; and
- five report participation in CDM/JI.

Overall, it is too early to tell how much progress has been made in the two sectors studied. Data coverage is not encouraging, as fewer than half of *Caring For Climate* signatories have presented usable data that is comprehensive, consistent, and comparable within/across sectors. While targets are ambitious, there are no promising trends.

The conclusion is that if *Caring for Climate* values high-quality data, the initiative (and CDP) needs to work with signatories on developing strict and acceptable reporting criteria and must offer guidelines on appropriate goals.

In sum, signatories should be asked the following questions:

- What is the motivation to commit to *Caring For Climate*?
- Who is the intended audience?
- Would you gain or lose through a more rigorous data protocol?
- What kind of assistance do you need to improve data quality?

THE OUTLOOK FOR COP 15 – HOW CAN BUSINESS HELP BEST?

Haldor Thorgeirsson, Director, Bali Road Map Support, UNFCCC

Corporations have a big role in helping governments. In very general terms, they can provide direction on how to make progress, but not the details of advantages of one approach over another. The Global Compact's Communication of Progress (COP) is a major step in this process. By highlighting the steps taken by corporations to address issues perceived by them as being most important,


COP 15
World Business Summit on Climate Change
GENEVA


China – corporate initiatives ... 1
General observations:
1. Early days yet ...
2. ... But six trends clearly discernible
(a) State/ policy-driven energy efficiency agenda
(b) Foreign MNC-driven energy and climate initiatives
(c) Impetus provided by CDM and incipient carbon markets
(d) Foreign business oriented orgs/ non-profits moving into China
(e) Indigenous brands adopting CC objectives
(f) Public Private partnerships emerging


UNEP

they can guide government attention towards those issues and encourage the formation of favorable public policies. The upcoming World Business Summit on Climate Change in Copenhagen needs to clarify financial and institutional commitments made by all parties and focus on the role of businesses in designing these institutional arrangements.

These commitments should not be just limited to the developed countries. An important factor determining the success of any resolution is the extent of action undertaken by the developing countries, specifically in terms of measurement, reporting and verification. Clarity on financial reporting is perhaps the most difficult to achieve, but thus far the Clean Development Mechanism (CDM) is the most efficient incentive in place for ensuring financial transparency. But it is crucial not to see CDM as the only financial incentive and the UNFCCC should look at all tools and mechanisms available, and concentrate on the cost of implementation only as a subsequent priority. Here, multinational agencies and institutional arrangements can be a great support to governments, especially in implementing financial and technological transfers across sectors.

Some of the essential lessons that can be gleaned from our collective experience so far are:

- It important for corporations to integrate CO2-reduction efforts into core business activity as it allows for an increased rate of product innovation and improvement of environmental governance.
- Efforts should be made to include the financial sector into efforts towards developing new technologies by encouraging an increasing role of seed capital into research and development and involving the financial sector into dialogue with policy makers and scientists.
- Relate product innovation to consumer needs and behavior first and technological advances later. Product improvements inspired by user needs lend greater transparency for gauging competitive advantage.
- Implement standard accountability measures with user-friendly tools. Make emissions data compatible with balance sheet figures to make them comparable within and across companies.

KEYNOTE ADDRESS - CLOSING

Janos Pasztor, Director, UN Secretary-General's Climate Change Support Team

The following is the text of Mr. Pasztor's keynote speech:

Climate change needs action from all sectors of society — government, business, the private sector, civil society, individuals.

What is needed to address the climate change challenge is a complete change of course in how we power or fuel our way of life and how we develop, in short, an energy and ultimately an economic revolution leading to low-, and eventually zero-carbon societies.

If we take the science seriously and endeavor to stabilize emissions at around 450 ppm beyond which the science predicts a catastrophic scenario, economic growth that is fueled by carbon-based energy is no longer a feasible option.

The transformation to a low-carbon economy will require an aggressive improvement of energy efficiency and an increased use of renewable sources of energy, and other low-carbon energy technologies at unprecedented scales.

Given the right to economic development, and the trajectory of energy needs by developing countries to attain a decent level of development for all their citizens on the one hand and the reality of our climate challenge on the other, this transformation will also require a new multilateralism that is inclusive of the new centers of economic power and a cooperation architecture that would enable the provision of the significant amount of financial and technological support to developing countries at the scale and speed needed.

In essence, formulating and agreeing this architecture in ways that balance a fair burden-sharing with putting in place what is required to stabilize our climate is what is at the heart of the UN Conference on Climate Change to be held in Copenhagen in December 2009.

Both business and public policy have a significant role to play in the design and implementation of such an architecture and in achieving transformation to a low-carbon economy worldwide. Although a majority of the financing for this will come from the private sector, it is the responsibility of governments to develop the frameworks that will

make the transformation possible, whether that is through taxes, incentives, regulation, levies on tradable permits, etc.

Business as the engine for putting innovation into action in a way that makes economic sense at a scale

Business is an engine of ideas. We only have to look to the various reports that are being launched here today offering the latest and best available information and analysis on issues and practices ranging from energy efficiency, investment trends, public policy options, sectoral strategies, carbon trading, carbon management, markets, etc.

The private sector is unique not only in the way it drives innovation but also in the way it ensures the viability and use of new technologies at a massive scale at an affordable price. But in this endeavour, the private sector needs to be aided by the appropriate public policy and incentive structures at multiple levels, global, regional and national.

Simultaneously with transforming our economies, addressing climate change also requires that we each lead by example. Businesses need to make their operations increasingly climate-neutral, and also integrate climate impact and risk in their business models. The report by Doug Miller earlier today showed some very encouraging results. Forward-looking business models that do so should be rewarded, and business models that don't will soon become obsolete — and some of this is already happening. This is even more relevant in the context of the current financial crisis.

The financial crisis presents an opportunity to rebuild a new financial order which offers stable, low risk growth that serves the long-term prosperity of the majority and is consistent with the vision of new multilateralism I outlined earlier. The clean economy we must create is our hope of a stable, low-risk growth, free from crisis after crisis. At least one of the US presidential candidates also thinks so. Clean industry and investment have proven again and again that they offer high quality, long-term profits and returns. We must re-engineer a prudent and responsible global financial structure around these objectives, or we will lose an opportunity we may never regain.

You, the *Caring for Climate* signatories represent the pockets of good practices across the globe and this is very encouraging. Today, fighting climate change and the business model of the future have a common bottom line.

But we know that you need the right policy context to move to scale and to allow you to take the necessary investment risks and enable competitiveness.

Putting the right climate policy and incentive structures in place to enable this transformation is what is at stake in Copenhagen. This will take political will and courage. Galvanizing such political will and courage is what the UN Secretary-General's engagement in the process is all about.

The role of public policy for economic transformation

The technologies that will enable us to be more efficient, use renewable sources and pursue clean development exist and they are by and large in the hands of the private sector. We must do all we can to ensure that these technologies are scaled up and used to the maximum extent possible. But this is not enough. We should also innovate further and look for new, transformative technologies. Public policy at global, regional and national levels can provide the framework for doing this, by focusing on at least six important elements.

First and foremost climate policy needs to give the private sector a long term signal and certainty, through agreeing an ambitious emissions cap. This certainty is critical to encourage massive investment in energy efficiency, renewable energy, and clean energy technologies and for creating markets. This will also help us put the right price on carbon. At a high-enough price, it will also spur the development of new technologies.

Given the trajectory for energy needs of the developing world, it will be impossible to achieve the necessary emissions cap without the full participation of developing countries. But they need to be assisted to participate. Given historical responsibility, burden sharing on the part of developed countries is a must. Thus secondly, we need to design a new multilateralism and the kind of cooperation architecture that will enable the financial flows and technology transfer to developing countries, at the scale and speed needed to achieve a low-carbon path. The particular challenge of adaptation will also need to

be included in this architecture, which will require unprecedented levels of solidarity between nations, but also between responsible businesses.

Third, government can stimulate transformation of key energy-intensive sectors through regulation and incentives.

Fourth, governments need to invest in building modern infrastructures or grids through which one can deliver energy from renewable sources like solar and wind.

Fifth, governments need to invest in further refining nascent technologies that are too expensive right now too be competitive on their own in the market but can someday after some years of public investment can be commercialized and be profitable. These are technologies like high-speed trains, highly efficient engines or new fuel sources like cellulose biofuels.

Sixth, we need investment in research and development in new technologies, especially transformative technologies, including funding for demonstration projects in developing countries. This means we need to go back to earlier levels of funding for energy research, and then go beyond.

Copenhagen will not necessarily tackle all these public policy options in all details. Also, some need to be international in scale and others are best done at the national level. But Copenhagen needs to put in place the ambitious cooperative framework that will enable a transformation to a low-carbon path and send signals for action on the ground.

The UN Secretary-General will spare no effort in facilitating such a result. The complexity of the issue and the multifaceted nature of the institutional set-up required to respond will need political will and courage from not just environment ministries but also from finance, industry, energy, planning, and other ministries. The Secretary-General will thus engage leaders at the highest level to ensure the participation of all the relevant sectors of government and ultimately make Copenhagen a success.

The future – business' role in the negotiations

Business has a huge role to play in helping us get there. There is a ground swelling of good practice and will to act. Business needs to remain at the forefront of it. The Secretary-General and the UN welcome business' active input to and engagement with the Copenhagen process.

Corporations are shaping the future by making long-term investments and governments tend to negotiate the present or the past. The Copenhagen climate deal is about

the future. This forward-looking ethic is a unique contribution that the business community can make.

Through your business practices, you can show the world that a low-carbon growth path is economically viable. This is key, but there are also other practical ways for Business to engage in the Copenhagen process.

For example, one of the ways the Secretary-General will advance the climate agenda is through aggressive public awareness-raising. The *Caring for Climate* constituency is well positioned to identify CEOs who can be engaged in the process as champions. And the Secretary-General will be happy to join forces with these champions to spread the message far and wide.

The method by which this business community brings its message to Copenhagen needs careful planning. It will not be sufficient to simply make a statement in the plenary of the conference in Copenhagen. The impact of this stellar group can be much more effective if the government delegates that will come to the Copenhagen conference are sensitized to the business community's messages well before. The Copenhagen Business Summit planned for May 2009 will be a good opportunity, but it is important to also do this sensitization at the country level - in both developing and developed countries.

Finally, when we talk of private sector, we always end up talking about mitigation. However, we very much need the private sector for the adaptation part of the equation as well. After all, adaptation is simply development with a major constraint — climate change. Development, in which you are all engaged.

Insurers for example have significant leverage over their clients' practices by virtue of their underwriting criteria and pricing of premiums. Rather than retreating from covering high risk geographical locations and properties, working in partnership with government on policy, the insurance industry can encourage practices of building resilience into our business models across the board by offering differentiated premiums.

We also need public-private partnerships for effective insurance coverage of agriculture, property and infrastructure losses, particularly for the poorest and most vulnerable, whether it is by allowing countries exposed to natural disasters to pool their risk in order to lower the cost of coverage, or using other insurance products to cover rural families against drought, or providing rainfall insurance to crop growers.

The private sector can also support adaptation by investing in sustainable forest and land use management which are not only an effective emissions reduction measures — as they account for 20-30 percent of GHG emissions — but also an efficient adaptation, poverty reduction and biodiversity conservation strategies.

There is much the business community can do to lead the world in the fight against climate change. The world needs the private sector's vigorous engagement more than ever.

In this, we need your support as *Caring for Climate* signatories. Your leadership in developing climate-friendly strategies, in making your operations sensitive to climate, and of course in disclosing relevant information annually, will perhaps encourage others to do the same. We hope many others, as by the time of the Copenhagen Business Summit, and thereafter, we need them all on board.

Agenda

Monday 20 October 2008
Venue: Hotel Intercontinental

16:30 **Welcome of Participants**

17:00 **Objectives of the Meeting**
Claude Fussler, Programme Director, *Caring for Climate*

17:05 **The Global Compact and Caring for Climate - State of Play and Progress**
Georg Kell, Executive Director, UN Global Compact

17:20 **Climate Change - An Update on the Evidence and the Urgency To Act**
Sylvie Lemmet, Director, Division of Technology, Industry and Economics, UN Environment Programme

17:35 **Business and the Intergovernmental Processes – A Review of Progress and How Business can Best Contribute**
Björn Stigson, President, World Business Council for Sustainable Development

17:50 **Discussion - Questions and Answers**

18:20 **Caring for Climate: Perspectives on Challenges, Opportunities and the Future Development of the Initiative**
Fu Chengyu, Chief Executive Officer, China National Offshore Oil Corporation

18:40 **Recognition and Welcome Ceremony of New Signatories from May 2008 Onwards**
Georg Kell, Executive Director, UN Global Compact Office
Björn Stigson, President, World Business Council for Sustainable Development
Sylvie Lemmet, Director, Division of Technology, Industry and Economics, UN Environment Programme
Janos Pasztor, Director, UN Secretary-General's Climate Change Support Team

19:00 **Cocktails Followed by Buffet Dinner**
Dessert , Coffee and Adjourn

Tuesday 21 October 2008
Venue: United Nations, Palais des Nations

08:30 **Review of the Agenda**
Claude Fussler, Programme Director, *Caring for Climate*

08:40 **Best Practices and Policy Frameworks – 2008 Survey of Signatories**
Doug Miller, President, GlobeScan

09:10 **Technologies, Policies and Competitiveness for a Lower Carbon Economy**
Andrew Howard, Executive Director, Goldman Sachs Global Investment Research

09:40 **Emerging Leadership in Developing Economies**
Malini Mehra, Founder and Chief Executive Officer, Center for Social Markets

10:10 **Coffee Break**

10:30 **Three parallel working groups will discuss the study presentations and make proposals that shape the Caring** for Climate programme and reinforce the synergies between the various business initiatives on climate change. The groups' recommendations will also feed into the World Business Summit on Climate Change to be held in May 2009 in Copenhagen.

Workshop 1 - **Best Practices and Policy Frameworks**
Chairperson: David Croft, Conformance and Sustainability Director, Cadbury
Caring for Climate in practice: Toshio Arima, Executive Corporate Advisor, Fuji Xerox
Caring for Climate in practice: Wilson Ferreira Jr., Chief Executive Officer, CPFL Energia
Rapporteur: Laurent Corbier, Vice-President, Sustainable Development and Continuous Improvement, Areva

Agenda

Tuesday 21 October 2008 continued

Workshop 2 -	Investment, Technologies and Policies Chairperson: Anders Kullerud, Senior Vice President, StatoilHydro ASA Special study: Nick Robins, Head of Climate Change Center, HSBC *Caring for Climate* in practice: Li Zhengmao, Vice President and Executive Director, China Mobile Rapporteur: Russell Mills, Global Director for Energy & Climate Change Policy, Dow Chemical
Workshop 3 -	Emerging Leadership in Developing Economies Chairperson: Steve Lennon, Managing Director, Corporate Services Division, Eskom *Caring for Climate* in practice: Edgardo F. Garcia, Chief Operating Officer, Senior Executive Vice President, Development Bank of the Philippines Caring for Climate in practice: Rapporteur: Ravi Fernando, Director Corporate Branding & Strategic Sustainability MAS Holdings
12:30	**Lunch - Delegates' Restaurant – 8th floor Palais des Nations** Lunch address: Zhang Yue, Chief Executive Officer, Broad Air Conditioning
14:00	**The World Business Summit on Climate Change - May 2009, Copenhagen – Objectives, Format and Participation** Erik Rasmussen, Chief Executive Officer, Monday Morning, and Founder of the Copenhagen Climate Council
14:10	**Leveraging the Financial Sector for Climate - the Principles for Responsible Investment in Action** Jean Laville, Director, Ethos Fund
14:25	**Making Progress? A Review of Carbon Trends Among Business and Caring for Climate Signatories** Dr. Robert Bailis, Associate Professor, Yale School of Forestry & Environmental Studies
14:50	**Presentation of Working Group Recommendations** Laurent Corbier, Vice-President, Sustainable Development and Continuous Improvement, Areva Russell Mills, Global Director for Energy & Climate Change Policy, Dow Chemical Ravi Fernando, Director Corporate Branding & Strategic Sustainability, MAS Holdings
15:30	**The Outlook for COP 15 – How Can Business Help Best?** Haldor Thorgeirsson, Director, Bali Road Map Support, UNFCCC
15:45	**Roundtable Discussion and Q&A with Participants** The *Caring for Climate* Initiative: Priorities and Expectations from Signatories, Governments and Civil Society Michael Starbeck Christensen, Deputy Permanent Under-Secretary of State, Denmark Halldor Thorgeirsson, Director, Bali Road Map Support, UNFCCC Anders Eldrup, Chief Executive Officer, Dong Energy Julia Marton-Lefevre, Director General, IUCN Mr. Helmy Abouleish, Vice President and Managing Director, Sekem
16:45	**Keynote Address - Closing** Janos Pasztor, Director, UN Secretary-General's Climate Change Support Team
17:00	**Conclusions and Follow-Up** Georg Kell, Executive Director, UN Global Compact
17:05	**Afternoon Coffee and Adjourn**

Participant List

Organisation	First Name	Last Name	Title	Category	Country
Abril Group	Sidnei	Basile	Vice President, Institutional Relations	Company	BR
Airbus	Philippe	Fonta	Head, Sustainable Development	Company	FR
Alcatel-Lucent	Francoise	Grumberg	Director Corporate Social Responsibility	Company	FR
Allianz SE	Astrid	Zwick	Manager, Group Sustainable Development	Company	DE
ArcelorMittal	Remi	Boyer	Vice President, Corporate Responsibility	Company	L
Areva	Laurent	Corbier	Vice President, SD and Continuous Improvement	Company	FR
Autostrade per l'italia spa	Giorgio	Busato	Researcher	Company	IT
Aviva Plc	Zelda	Bentham	Group Environment Manager	Company	UK
Banco Funds	Sasja	Beslik	Head, Responsible Investments	Company	SE
Bayer AG	Wolfgang	Grosse Entrup	Senior Vice President	Company	DE
Broad Air Conditioning	Yue	Zhang	Chief Executive Officer	Company	CN
Broad Air Conditioning	Yujing	Lai	Director	Company	CN
BT	Chris	Tuppen	Head, Sustainable Development & Corporate Accountability	Company	UK
Cadbury	David	Croft	Director, Conformance and Sustainability	Company	UK
Carbon Disclosure Project	Kate	Levick	Head, Government Partnerships	NGO	UK
Center for Social Markets	Malini	Mehra	Founder and Chief Executive Officer	NGO	IN
China Mobile Communications Corporation	Zhengmao	Li	Vice President and Executive Director	Company	CN
China Mobile Communications Corporation	Hongmei	Wang	General Manager	Company	CN
China Mobile Communications Corporation	Xuelian	Wen	Project Manager	Company	CN
China Mobile Communications Corporation	Zhenhua	Yu	Project Manager	Company	CN
China National Offshore Oil Corporation	Chengyu	Fu	Chief Executive Officer	Company	CN
China National Offshore Oil Corporation	Lisong	Song	General Manager	Company	CN
China National Offshore Oil Corporation	Xiaofeng	Lu	External Affairs Manager	Company	CN
Climate Change Organisation-Asia	Viki Esther	Chang	President	NGO	SG
Coca-Cola Hellenic	Jens	Rupp	Sustainability Manager	Company	CH
Coca-Cola Hellenic	Tony	Baynes	Director, Public Affairs & Communications	Company	GR
CompuMe	Amr	Sheira	Chief Executive Officer	Company	EG
Congrex	Donald	Hellstedt	Founder	Company	UK
Copagaz Distribuidora De Gas Ltda	Ueze	Zahran	President & Chief Executive Officer	Company	B

Organisation	First Name	Last Name	Title	Category	Country
CPFL Energia SA	Henrique	Lian	Manager, Sustainability and Corporate Social Responsibility	Company	BR
Danisco	Jette Ingrid	Hansen	Environmental Manager	Company	DK
Denmark	Michael Starbeck	Chris-tensen	Deputy Permanent Undersecretary of State	Government	DK
Denmark	Morten Holm	Ostergaard	Special Adviser, Prime Minister's Office	Government	DK
Det Norske Veritas	Sven	Mollekleiv	Senior Vice President	Company	NO
Deutsche Telekom AG, Group Headquarters	Reiner	Lemke	Senior Manager, Corporate Responsibility and Climate Change	Company	DE
Development Bank of the Philippines	Edgardo F.	Garcia	Chief Operating Officer, Senior Executive Vice President	Company	PH
Dow Chemical	Russell	Mills	Global Director for Energy & CC Policy	Company	US
EDF	Jean-Michel	Guibert	Delegate for Ethics and Deontology	Company	FR
Eni	Lucia	Bartocci	Sustainability Advisor	Company	IT
Eni	Rosanna	Fusco	Head, Environment Department	Company	IT
Ericsson	Elaine	Weidman	Director, Corporate Responsibility	Company	SE
Eskom	Steve	Lennon	Managing Director, Corporate Services Division	Company	ZA
Essilor International	Claude	Darnault	Director, Corporate Sustainability	Company	FR
Ethos Fund	Jean	Laville	Director	Company	
Euskaltel	Jose Antonio	Ardanza Garro	Telecomunicaciones	Company	ES
Euskaltel	Maria Pilar	Garcia de Salazar Olano	Telecomunicaciones	Company	ES
Fortis/ABN AMRO	Maria Anne	van Dijk	Manager, Corporate Social Responsibility	Company	NL
France Telecom	Weil	Gentiane	Director, Corporate responsibility	Company	FR
Fuji Xerox Company Ltd.	Toshio	Arima	President	Company	JP
Fuji Xerox Company Ltd.	Takashi	Shibuya	Director, Corporate Social Responsibility Department	Company	JP
GES Investment Services	Magnus	Furugard	Managing Director	Company	SE
GlobeScan	Doug	Miller	President	Company	UK
Goldman Sachs International	Anthony	Ling	Chief Investment Officer	Company	UK
Goldman Sachs International	Andrew	Howard	Executive Director	Company	UK
Hagen Resources International	Katherine	Hagen	Chief Executive Officer	Company	CH
Hartmann A/S	Tomas	Winther	Corporate Manager	Company	DK
Hilti Aktiengesellschaft	Stefan	Fankhauser	Chief Compliance Officer	Company	LI
Hilti Aktiengesellschaft	Arno	Mathis	Process Manager	Company	LI

Organisation	First Name	Last Name	Title	Category	Country
Hinopak Motors Limited	Fasihul Karim	Siddiqi	Director HR CSR	Company	PK
HSBC Bank Plc UK	Nick	Robins	Head, Climate Change Center	Company	UK
ICA AB	Lisbeth	Kohls	Senior Vice President, Corporate Responsibility	Company	SE
ICA AB	Kerstin	Lindvall	Director Environment	Company	SE
ILO	Peter	Poschen	Senior Advisor SD & CC	International Organisation	CH
ILO	Maude	Veyret-Picot	PRODEV	International Organisation	IT
Impact International	Andy	Dickson	Head	Company	UK
INOXIA	Gancille	Jean Marc	Director, Sustainable Development	Company	FR
IUCN	Julia	Marton-Lefevre	Director General	International Organisation	US
Johnson Controls Inc	Agostino	Renna	Vice President, Sales - Europe & Africa	Company	BE
Johnson Controls Inc	Mario	Lieder	Sales Director Service & Solutions Europe	Company	BE
La Poste	Patrick	Widloecher	Chairman's Adviser	Company	FR
Landsbanki	Ari	Skulason	Senior Mangager	company	IS
Mane	Jean	Mane	President & Chief Executive Officer	Company	FR
Mansour Group	Walid	Nagi	Manager, Corporate Affairs	Company	EG
MAS Holdings	Ravi	Fernando	Director, Corporate Branding & Strategic Sustainability	Company	LK
MCI Group	Sebastien	Tondeur	Chief Executive Officer	Company	CH
MCI Group	Guy	Bigwood	Director, Group Sustainability	Company	ES
MDD Papeis	Marcos	Domakoski	President	Company	BR
Monday Morning	Erik	Rasmussen	Chief Executive Officer	International Business Association	DK
Monday Morning	Johannah	Chris-tensen	Project Director	International Business Association	DK
Monday Morning	Per	Meilstrup	Climate Director	International Business Association	DK
Monday Morning	Bjarke	Wiegand	journalist	International Business Association	DK
Munich Re	Sabine	Schlueter-Mayr	Project Manager, Corporate Climate Centre	Company	DE
Novo Nordisk A/S	Anne Gadegaard	Larsen	Adviser, Corporate Responsibility	Company	DK
Novozymes	Claus Stig	Pedersen	Director	Company	DK
Pernod Ricard Nordic	Sofia	Leffler Moberg	Manager Corporate Responsibilty	Company	SE
Pfizer Inc	Steve	Brooks	Vice President	Company	US

Organisation	First Name	Last Name	Title	Category	Country
Phoenix Design Aid A/S	Lars	Jorgensen	Managing Director	Company	DK
Phoenix Design Aid A/S	Geldolph A.	Everts	Director	Company	DK
Pulmuone Holdings Co., Ltd.	Soon	Lee	Vice President	Company	KR
Pulmuone Holdings Co., Ltd.	Eunki	Hong	Specialist	Company	KR
Rayess Kingdom Group	Khaldoun	Rayess	Managing Director	Company	SY
Respect	Gunilla	Hadders	Consultant manager	Company	SE
SAP	James	Farrar	Vice President Corporate Citizenship	Company	DE
SAS Group	Martin	Porsgaard	Manager	Company	DK
Sasol Group Services (Pty) Ltd	Fred	Goede	Environmental Team Leader	Company	ZA
Sasol Limited	Abraham	De Klerk	Group General Manager	Company	ZA
Scott Wilson	Jeremy	Richardson	Head of Climate Change	Company	UK
Sekem	Helmy	Abouleish	Vice president & Managing Director	Company	EG
Sheikh Consultants	khalid	Sheikh	President	Company	NL
Statoil Hydro ASA	Willy	Egset	Head, Social Responsibility	Company	NO
Sustainable Living Fabrics P/L	Bill	Jones	Managing Director	Company	AU
Sustainable Living Fabrics P/L	Emily	Jones	Director, Corporate Social Responsibility & Sales	Company	AU
Sustainable Living Fabrics P/L	Kay	Jones	Director, Sustainable Strategy & Marketing	Company	AU
Talal Abu-Ghazaleh Organization	Samar	Al-Labbad	Deputy Chair & Group Executive Director	Company	EG
Telefónica, S.A.	Alberto	Andreu Pinillos	Managing Director on Corporate Reputation	Company	ES
Telefónica, S.A.	Silvia Guzman	Silvia	Caring for Climate Focal Point	Company	ES
The Coca-Cola Company	Ulrike	Ebert	Corporate Responsibility Director Environment	Company	US
TIMA GmbH	Achim	Deja	President and Chief Executive Officer	Company	DE
TNT	Job	Van Harmelen	Senior Communication Manager	Company	NL
UCLA	Maria	Pineda	Assitant Director, International Affairs	Academic	US
UK	Alan	Searl	Climate Change Secretary	Government	UK
UN Foundation	Leslie	Cordes	Director of Partnerships, Energy and Climate	International Organisation	US
UN Foundation	Bilge	Bassani	Representative in Europe	International Organisation	CH
UN Global Compact	Georg	Kell	Executive Director	International Organisation	US

Organisation	First Name	Last Name	Title	Category	Country
UN Global Compact	Claude	Fussler	Program Director, Caring for Climate	International Organisation	US
UN Global Compact	Lila	Karbassi	Office and Issue Manager	International Organisation	US
UN Global Compact	Cecilie	Hultmann	Communication and Partnership Manager	International Organisation	US
UN Global Compact	Meng	Liu	China Network Manager	International Organisation	US
UN Global Compact	Matthias	Stausberg	Spokesperson	International Organisation	US
UN Global Compact	Varun	Aggarwal	Research Assistant	International Organisation	US
UN Global Compact	Jawahar	Shah	Research Assistant	International Organisation	US
UN PRI	Elliot	Frankal	Communications Manager	International Organisation	UK
UN Secretary-General's Climate Support Team	Janos	Pasztor	Director	International Organisation	US
UNEP	Cornis	Van Der Lugt	Assistant Executive Director	International Organisation	FR
UNEP	Paul	Clements-Hunt	Head of Unit, UNEP Finance Initiative	International Organisation	CH
UNEP	Sylvie	Lemmet	Director, Division of Technology	International Organisation	FR
UNFCCC	Halldor	Thorgeirs-son	Director, Bali Road Map Support	International Organisation	DE
Université de Genève	Alexandre	Hedjazi	Head, Central	Asia-Caucasus Forum Academic	CH
University Of Cambridge	Richard	Burrett	Senior Associate	Academic	UK
University Of Coventry	Malcolm	McIntosh	Professor, Human Security and Sustainable Enterprise	Academic	UK
UNWMO	Michel	Jarraud	Secretary-General	International Organisation	CH
UNWMO	Mary	Power	Director, Resource Mobilization	International Organisation	CH
UNWMO	Carine	Richard-Van Maele	Chief, Communications and Public Affairs	International Organisation	CH
UNWTO	Zoritsa	Urosevic	Executive Secretary, Business Counsil	International Organisation	ES
Vattenfall AB	Arne	Mogren	Head Climate Policy	Company	SE
Visao Sustentavel	Jose	Pascowitch	Chief Executive Officer	Company	BR
WBCSD	Bjorn	Stigson	President	International Business Association	CH

Organisation	First Name	Last Name	Title	Category	Country
WBCSD	Barbara	Black	Manager, International Process Coordinator	International Business Association	CH
WBCSD	Maria	Mendiluce	Energy Manager	International Business Association	CH
WBCSD	Lynette	Thor-stensen	Communications Director	International Business Association	CH
WBCSD	Anne-Catherine	Werner	Assistant Manager, Special Events	International Business Association	CH
WBCSD	Thomas	Ganiatsos	Economist	International Business Association	CH
WBCSD	Lacey	Wrubel	Researcher	International Business Association	CH
Westpac Banking Corporation	Martin	Hancock	Chief Operating Officer	company	UK
World Economic Forum	Dominic	Waughray	Head, Environmental Initiatives	International Business As-sociation	CH
World Economic Forum	Brindusa	Fidanza	Senior Project Manager, Environmental Initiatives	International Business Association	CH
Yale University	Robert	Bailis	Professor	Academic	US
ITC	Rajesh	Aggarwal	Senior Advisor	International Organisation	CH
ITC	Jean-Sebastien	Roure	Advisor	International Organisation	CH
ITC	Laurent	Matile	Senior Officer	International Organisation	CH
France					
UK					
US					
Denmark					

Caring For Climate Series
Special Reports to Stimulate Progress

Overviews, drafts or full reports of the following studies will be presented and discussed during the meeting. Please note that titles and abstracts are under discussion and subject to modifications. Final reports will be presented at the 2009 World Business Summit on Climate Change.

Caring for Climate – 2008 Survey of Signatories

By Doug Miller and Rob Kerr, GlobeScan

Based on in-depth interview and an extensive on-line survey of *Caring for Climate* signatories, the report will highlight best practices as well as expectations for public policies that would facilitate and amplify such best practice.

Energy Efficiency and Low Carbon Intensity: Are We Making Progress?

By Robert Bailis and Bryan Garcia, The Centre for Business and Environment, Yale University

This study will evaluate actual time series of energy efficiency and carbon emissions taken from *Caring for Climate* signatories' Communications of Progress (COPs) as well as other sources of data (e.g. Climate Disclosure Project reports) in order to better understand the methodologiesthat firms have used, and assess the quality and reliability og information that firms are reporting, and understand what, if any, progress firms have made in lowering their emissions.

UN Principles for Responsible Investment in Action

By Craig Mackenzie, Carbon Benchmarking Project, University of Edinburgh Business School

Taking stock of investors' practices on climate. Focus on economic rationale for collective action by investors on carbon disclosure, investment choices, policy engagement. Map policy options that reduce investor's risks.

Technologies, Policies and Competitiveness for a Lower Carbon Economy

By Anthony Ling, Sarah Forrest and Andrew Howard, Goldman Sachs

Climate trends and policy responses will affect the value potential of existing and substitution technologies. This study will forecast how competitiveness in major business sectors may be affected. It will therefore clarify strategic options for business leaders and investors.

Emerging Leadership: Learning From Strategies and Practices in Developing Economies

By Malini Mehra, the Centre for Social Markets

This study will highlight leadership examples and practices from business in the largest, fastest developing economies. It will highlight trends, analyze challenges and opportunities, as well as investigate the influence of existing and expected public policies.

Making Energy Efficiency Investable

By Nick Robins, HSBC

Energy efficiency is the cheapest and fastest way of delivering carbon reductions. But it is hampered by institutional and financial bottlenecks, most recently highlighted by the World Bank's Financing Energy Efficiency report. This report defines the investment opportunity in energy efficiency and highlights the financial, business and policy innovations that are required to realize this potential.

Making Adaptation Investable

By Nick Robins, HSBC

Reports by UNFCCC have estimated the potential levels of investment required to effectively adapt to the negative impacts of climate change. But large areas of uncertainty remain, and currently there are insufficient market signals to mobilize the capital required. This study involves new research that looks in detail at the infrastructure requirements and explores the public, public-private and private financial mechanisms that should be deployed.

Carbon Markets – the Simple Facts

By Christian de Perthuis, Mission Climat Caisse des Dépots

Based on practice this report provides down-to-earth guidance to the benefits, pitfalls and best practices in setting up carbon trading schemes that work for the environment, facilitate access to technology and foster economic development.

The First Meeting of Signatories was convened with the generous support of Broad Air Conditioning, CPFL Energia and EDF.

The ten principles of the United Nations Global Compact

HUMAN RIGHTS

Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2	make sure that they are not complicit in human rights abuses.

LABOUR

Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4	the elimination of all forms of forced and compulsory labour;
Principle 5	the effective abolition of child labour; and
Principle 6	the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

Principle 7	Businesses are asked to support a precautionary approach to environmental challenges;
Principle 8	undertake initiatives to promote greater environmental responsibility; and
Principle 9	encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.

Published by the UN Global Compact Office
Contact: **globalcompact@un.org**