

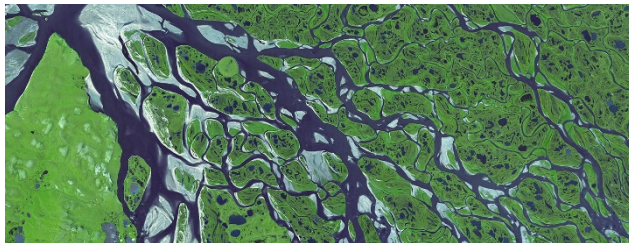


MEDIA COVERAGE

Low Carbon Technology Partnerships initiative

New York Roundtable, September 25, 2015

Can Business Change the Game on Climate Change?



When the United Nations Framework Convention on Climate Change meets in Paris in December, business leaders will be part of the discussion for the first time. In a discussion presented by the Yale Center for Business and the Environment, experts on business,

environment, and religion said there were reasons for optimism that the world is finally starting to engage with climate change.

Will 2015 prove to be a historic year for climate and sustainability? There is reason to hope, according to Peter Bakker, president and CEO of the World Business Council for Sustainable Development. “The spirit of cooperation that has opened up is truly new,” he said, pointing to the engagement of business leaders in discussions around the United Nations Framework Convention on Climate Change (COP21), which has traditionally only involved negotiators representing nations.

Bakker spoke as part of a discussion, “Pope, Paris, and the SDGs: What’s Driving Business to Act on Climate Change Now?” presented by the Yale Center for Business and the Environment on September 23. The panel was moderated by Brad Gentry, the director of the center, and also included Frances Beinecke, the former president of the National Resources Defense Council and a scholar at Yale; Pavan Sukhdev, an environmental economist and CEO of GIST Advisory; and Mary Evelyn Tucker, a scholar of religion and the environment at Yale.

While Beinecke echoed some of Bakker’s hopefulness about engagement between the sectors, she underscored the need for effective oversight: “There are trillions of dollars of commitments being made to address the issues around carbon emissions and the SDGs”—UN Sustainable Development Goals—“but verification is critically important.” The need for verification appeared all the more important in the



Low Carbon Technology Partnerships initiative

wake of the revelation that Volkswagen installed software in 11 million diesel cars which allowed the vehicles to pass emission tests while emitting 40 times the allowed amount of nitrogen oxide during regular driving.

News of the deception broke days before the discussion and the same week Pope Francis was visiting the United States to address Congress and the UN, where he revisited points made in his encyclical on climate change.

Tucker spoke to the importance of the pope's message. "There is a comprehensive appeal in that encyclical not just for climate change action but for ecological conversion," she said, while adding that it builds on a foundation of environmental thinking put forward by leaders of many religions. She noted that in addition to the moral authority of religious leaders, their engagement brings large numbers of people and institutional power.

The applicability of religious appeals to business may not be direct, but there is room for common ground, Bakker said. Global businesses "don't want to be seen to support one religion and not the others," he said, but the pope's message "is a universal call. It's about our planet. It's about our moral responsibilities and the changes we need."

With the adoption of the United Nations SDGs in a September meeting and the COP 21 conference, which aims to finalize an agreement on climate that will keep global warming below 2°C, coming in December in Paris, there is a renewed sense of hope. Of course, similar excitement about previous conferences fizzled when they didn't reach substantial agreements.

At previous conferences, Bakker said, business leaders met in five-star hotels while government negotiators gathered in humbler if more massive sites. "The two groups never met," he said. "This year for the first time, business and cities—the other main implementation agent—are actually invited inside the tent. CEOs and city mayors are getting invited to talk about, what are the solutions that are going to work?"

We need ambitious targets to push innovation, especially around energy, Beinecke said. "There has to be a major investment. That investment has to come from the private sector."

Sukhdev pointed out that investors can play a role in guiding business by directing capital to socially responsible and sustainable companies. He cited data gathered by the Global Sustainable Investment Alliance that found investments using environmental, social, and governance factors in portfolio selection accounted for \$21.4 trillion or 10% of global assets in 2014. At the same time, Sukhdev acknowledged, "The reality is that investor pressure will not change corporate behavior. We have to

LCPTP

Low Carbon Technology Partnerships initiative



look somewhere deeper inside. We have to look to ethics as a center stage on which business needs to perform.”

There was agreement on the science, the stakes, and the need for progress. “We must act now,” Bakker said, if the world wants to meet the goal of staying below two degrees of warming. “This will not be a pleasant world two degrees warmer. It is going to be a world with lots of changes in sea levels, storms, droughts, and migration of millions of people. But that’s still what the scientists tell us could be a safe operating space.”

Volkswagen’s fraud echoed throughout the discussion. Beinecke said, “I used to say that nothing shocked me. This has totally shocked me.” Bakker acknowledged that Volkswagen is a member of the World Business Council for Sustainable Development. While he said his organization hasn’t decided how to respond, he noted that if the scandal leads to revelations that other auto manufacturers have been cheating, it will cast doubt on business’s sustainability efforts more broadly.

Tucker offered the Yale School of Forestry and Environmental Studies as a model for the sort of change that is needed. She said that two philosophical threads go back to the school’s founding: Gifford Pinchot’s idea of wise use to produce the largest benefit for the largest number of people, and John Muir’s aesthetic and spiritual sense of nature. She sees those paired threads as powerful in their ability to attract many types of people to the effort to find a sustainable path: “That brings all humans into this discussion.”

Watch the discussion.



YALE INSIGHTS - <http://insights.som.yale.edu/insights/can-business-change-game-climate-change>