



THE ROLE OF BUSINESS AT COP21

Insights from Climate Week NYC 2015

Effectively combating climate change is imperative in achieving a more sustainable world. Therefore, Trina Mallik from Transitioning to Green attended four key events at Climate Week NYC 2015. Each of these events focused on the role of business in affecting positive change and successful outcomes at COP21 in Paris. Her report provides highlights, takeaways, and major insights that can illuminate the essential role that business is already playing, and help create the necessary momentum to translate that potential into reality on a global scale.

Main takeaways were:

- The necessity of partnerships and collaborations to get to real solutions,
- Businesses are forging ahead with solutions but their main obstacle is lack of clear policy on national and international levels,
- Year on year progress of achieving a low carbon economy is occurring albeit slower than needed, and
- Although there is much optimism that Paris will deliver a meaningful outcome, the fact that Paris is not the end game but the start in many ways. Governments need to be productive in the lead up to and in Paris; businesses need to do the heavy lifting to implement what comes out of Paris.

Against the backdrop of the Pope also talking about climate change, countries submitting their climate change plans in the lead up to Paris, including the shock and awe of China announcing a cap and trade plan to begin in 2017, it was definitely an exciting week.

The Climate Group's Climate Week NYC, which occurs every year to coincide with the UN's General Assembly, where 150 world leaders meet, took place this year from September 21-28. This year's General Assembly focused on the development of the Sustainable Development Goals, the successor to the Millennium Development Goals, which includes action on climate change. Furthermore, in December 2015 there will be the UN conference in Paris to negotiate a global agreement on climate change policy. The excitement is sky high that this year the outcome will live up to the enormity of the problem.

Climate Week NYC 2015 aimed to magnify action on climate change and acceleration to a low carbon economy. The week long events held throughout New York City once again impressed with its high profile speakers and platform for all stakeholders to come together on one issue- climate change. Full disclosure: I used to work for The Climate Group and am always proud of the work they do. But in speaking with objective

participants, Climate Week genuinely provides an opportunity where all participants learn about past and ongoing successes, lessons learned, and how every individual can be part of the solution. And let's not short change the emotional momentum of optimism that you cannot help to feel when you're in event after event with solution makers.

A key fact came up again and again throughout the events. One that is often not discussed:

Government subsidies of fossil fuel sources of energy far outweigh investment needed in renewable energy to de-carbonize the energy sector.

Mayor Bloomberg highlighted the simple fact that fossil fuels are subsidized 4.5x than investments in renewable energy. Organization for Economic Cooperation and Development (OECD) countries subsidize \$60 billion in fossil fuels. This money can be redirected into any number of worthwhile issues, especially in the

DISCLAIMER

The facts in this report come from Trina's notes while attending events at Climate Week NYC2015. Fact checking was done where possible. Any misquotes are certainly not intentional.

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developing world—poverty reduction, education, and of course climate change adaptation or renewable energy technologies. In a major step forward, Fiona Reynolds, Managing Director of the Principles for Responsible Investment (PRI) has now extended what they do with their member

financial services companies to curb their lobbying efforts against strong climate policies.

Here is a peek into all that was discussed during four of the events of Climate Week NYC 2015.

Michael Bloomberg, the former Mayor of New York City and Founder and CEO of Bloomberg LP and current UN Secretary-General's Special Envoy for Cities and Climate Change, announced that the Compact of Mayors and the Compact of States and Regions will partner together to incentivize cities, states and regions to commit to ambitious climate targets and regularly report on progress.

Sub-national governments are evolving to further measure progress, be accountable to GHG commitments, and quantify benefits of climate change programs, including attracting Millennials to live and work in their cities. See more of what Mayors are effectively doing: <http://www.compactofmayors.org>

Always full of interesting facts, Mayor Bloomberg said the cap and trade that died in the US Congress in 2010 would have limited growth in GHGs by 10% by 2015. Actually, the US exceeded that through private sector, NGO and sub-national government leadership. He gave credit to the Sierra Club for their successes in retiring coal fire power plants.

Deforestation

"Tracking Company Endorsers of NY Declaration on Forests" event took place in the beautiful space of Rainforest Alliance, located in the historic Woolworth Building. Their halls are displayed with the everyday products we see in the grocery store that has their iconic frog label, which signify products that originate in or contain ingredients sourced from Rainforest Alliance Certified farms or forests. These farms and forests are managed according to rigorous environmental, social and economic criteria designed to conserve wildlife; safeguard soils and waterways; protect workers, their families and local communities; and increase livelihoods in order to achieve true, long-term sustainability. To better understand the impact of the seal, check out this humorous, yet compelling video:

<https://www.youtube.com/user/rainforestalliance>.

The event was a panel discussion on the status of the one-year old NY Declaration on Forests, which aims to halve natural forest loss by 2020 and end it by 2030. The full report can be viewed at: http://forest-trends.org/releases/uploads/Supply%20Change_Report.pdf

Key takeaways from the event:

- Corporations that have made commitments under the Declaration need to back that up with more action or at least a plan of action. Are the big corporations educating their upstream suppliers? Are they only addressing one aspect of deforestation, e.g. reducing palm oil use, but ignoring the impact of cattle grazing? Are companies waiting for standards to be produced so they have formal guidelines to abide by?

All along the supply chain, more education and communication is required.

- Investors need to understand the forest risks of their investments' supply chain and then act on them by for instance, de-investing, passing shareholder resolutions, or engaging with the companies toward a less carbon intensive supply chain. In talking with "investors", this includes the fund managers, intermediaries, and employees who likely have a significant portion of their pension plans tied up with the company's stock.
- The partners of the report, Forest Trends, CDP, and WWF are impressively bringing accountability to bear on the signatories of the Declaration, using a pragmatic approach on what the companies could and should do, and being transparent on all of the above.

It is a golden example of collaboration across sectors, and of the communication required for more results.

Information and Communication Technologies (ICT)

“How ICT can advance Multi-Sector Solutions to Decouple Economic Growth from Carbon Emissions” had more corporate representation in the audience, perhaps because unlike the forestry event above, companies in the ICT sector had more to say on their progress.

The ICT sector has the potential to enable a 20% reduction of global CO₂e (CO₂ equivalent) emissions by 2030, thus holding emissions at 2015 levels, and to effectively decouple economic growth from emissions growth

There have been three iterations of the Smart2020 report. The latest, Smarter2030 (<http://smarter2030.gesi.org>) captures industry trends:

- User centrality; everybody wants everything in an instant
- New businesses models coming out of ICT
- Increased digital density, e.g. even agriculture is becoming ‘smart’

As users of technology, we all witness its rapid growth and omnipresence in our lives. Hearing about it from industry insiders shed some dramatic light on what it takes to provide that for us.

Tim Fleming, Sustainability Operations Director at AT&T, pointed out that there has been a 100,000% increase in mobile traffic since 2007. The energy requirement to provide that is enormous.

AT&T has reduced its energy intensity by 60% and aim to reduce 60% more by 2020.

Michael Caralis, National Business Operations Director from Verizon Wireless spoke of how it is expanding their network in rural communities. Using a Public Private Partnership (PPP) model in one city, they were able to reduce GHGs by 20% and power consumption by 8.4%. Tim from AT&T added that 30% of water never makes it to its end destination. More PPPs are needed to employ solutions for such problems. Tammie Leith, Vice-President, United States & Canada at West, BT Americas spoke of the power of ICT to connect to and include indigenous communities, poor communities, and rural communities in the digital world. Opportunities abound for infrastructure and resource capabilities.

Alison Rowe, Global Executive Director for Sustainability at Fujitsu, is working with 300 farmers in Japan on increasing water, fuel, and fertilizer efficiency.

A seemingly unlikely contributor to lowering emissions using ICT is the tire sector. Maureen Kline, Director of Public Affairs and Sustainability at Pirelli tire North spoke of their fleet management services for the truck tires of fleet owners.

Up to 15% of car emissions come from tires; although consumers are not yet demanding of tire manufacturers, car manufacturers are.

The ICT sector is providing exponentially more bandwidth and data security, while using less energy, which decarbonizes our entire economy. What they desperately need to achieve further gains is appropriate policies.

Financial Markets

The financial sector is calling for a price on carbon. The sector wants to see a legitimate agreement to come out of Paris. The MSCI, a leading provider of research-based indexes and analytics, hosted “Managing Carbon Risk: From Principles to Practice”. It started off its event with a key announcement- *MSCI will start to report the carbon footprint of its 160,000+ global equity indexes*. MSCI recently announced a surge in demand for Environmental, Social and Governance (ESG) data and indexes. ETFs tracking the MSCI Low Carbon Indexes accounted for nearly 80% of the total equity ETF assets of carbon themed ETFs since their launch in September 2014, bring low carbon ETF assets to more than \$460 million as of July 2015. It is a big break to see the financial markets finally doing more to accelerate the transition to a low carbon economy.

The finance sector, one of the most competitive sectors in the global economy, is eager for collaboration in regards to climate change action. One year ago, over \$3 trillion in assets were represented by over 80 signatories to the Montreal Climate Pledge, by which investors committed to measure and publicly disclose the carbon footprint of their investment portfolios on an annual basis. If you’ve never heard of the PRI and are interested in the financial sector’s collaborative effort on climate change, please look into it at <http://www.unpri.org>.

One often unspoken truth of the financial sector was pointed out by the Managing Director of PRI, Fiona Reynolds: While financial institutions are talking more about climate change and having more policies and statements, they also have huge lobbying efforts to prevent bold climate policy. PRI is working with its signatories in the US, Australia and Canada to address this conflict.

Laurence Tubiana, France’s Special Representative for the 2015 Climate Conference, made a special plea to the financial sector that the policy negotiators are looking to them to implement what comes out of Paris. The \$100 billion fund that was agreed to in the Copenhagen and Cancun UN climate change conferences is a good pilot for private banks and international financial banks of figuring out mechanisms to transfer money from the developed to developing countries.

The panel discussion that ensued brought out the following points:

- **The US is lagging in incorporating carbon in investment decisions**
- **In China, climate change is a top priority. Only 10 to 15% of funds to fight climate change will come from government; private sector will fund the rest, managing risk, investment decisions, and innovation**

RE100 is a global initiative to engage, support and showcase influential companies committed to using 100% renewable power: <http://there100.org/re100>

- Goldman Sachs credits RE100 with allowing it to fulfill its environmental commitment. It has enabled them to mobilize \$30 billion of clean energy investment.
- Proctor and Gamble said that it allows like-minded businesses to come together and accelerates deals amongst themselves.
- Hannah Jones from Nike says she hopes that RE100 sends a signal to the market that there is a new business in town: renewable energy

Adnan Amin, Director General of the International Renewable Energy Agency (IRENA), gave the encouraging statistic that last year there was a 14% increase in renewable energy investment over the year before.

Steve Howard, former CEO and founder of The Climate Group and current Chief Sustainability officer at IKEA, stressed for companies to go all in: make 100% targets, leave the past behind. In renewable energy, LED lighting, etc. go for 100%!

Pamela D. Mars-Wright, member of the iconic Mars family, stated that Mars has a 100% renewable energy commitment by 2040 and it has reduced GHG emissions by 25% already.

Hannah Jones, Chief Sustainability Officer and Vice President of the Innovation Accelerator at Nike, reported on the dematerialization of Nike shoes. The circular economy is an accelerating development in the corporate world.

Felipe Calderón, former President of Mexico, Chair of the Global Commission on the Economy and Climate, reported that his organization has produced two reports demonstrating the interplay and decoupling of economic growth and climate change <http://newclimateeconomy.net/content/about>.

Signature Event

Climate Week 2015's Signature Event did not disappoint. It was a who's who in the discussion of climate change. You couldn't help but feeling hopeful, optimistic, and a strong conviction that we can limit GHG emissions. The only question is if we will.

Prakash Javadekar, India's Environment Minister, delivered a heartfelt, optimistic talk that reassured the audience that India is coming into Paris with thoughtfulness on its role in achieving a global agreement on climate change. His perspective was an interesting one but also interesting is what he chose to talk about. He quoted the Pope saying "we need to throw away the throw away culture".

The Pope and Narendra Modi, Prime Minister of India, both emphasized the importance of doing away with the developed world's and increasingly the developing world's conspicuous consumer culture. He read the menu for a luncheon with the Heads of State at the United Nations. Everything you throw away, from the liquid in the chickpea cans to the parts of the vegetables, e.g. stalks of broccoli, was used in making this elegant lunch. If it is possible for the largest gathering of world leaders, it is possible for you and me!

On a more serious note, he pointed out that 30% of India's population does not have access to energy. Throughout Climate Week NYC's events all speakers emphasized it is unacceptable that so much of the world's population still does not have access to energy. We need to provide that and in a way that is carbon neutral.

In the next 1000 days every Indian citizen will have access to energy. 175 GW of energy will be built in India. Won't this go against the flight against climate change? On the contrary, it will be 100% from renewable sources!

Prime Minister Modi

Obviously, this is a huge challenge but India is committing to take it on. Prakash was insistent that intent and intelligence are the solutions to climate change.

Kerry Adler, CEO and President of Sky Power, is doing his part for energy inclusion. They believe in providing power for those who do not have it, not just replacing old sources

of power with new ones. They have provided 9GW of power in countries such as Namibia, Egypt, and Bangladesh. Recently, he and Prime Minister Modi signed a deal for 18,000 MW of solar PV projects to be developed, financed and built by 2019, representing the single largest commitment in the history of solar. The sincerity and tenacity of Mr. Adler is contagious: <http://www.skypower.com>.

We cannot end extreme poverty without tackling climate change.

**Dr Jim Kim
President of the World Bank**

On a personal note, Dr. Kim mentioned the longevity of his family. His son will be 91 years old in the year 2100. He will wonder what his dad did. The World Bank has a five-point plan to do its part to accelerate a low carbon economy:

1. Smarter, more livable cities
2. Smarter agriculture
3. Access to energy and energy efficiency
4. Removal of fossil fuel subsidies, currently greater than \$200bn
5. Price on carbon

Angel Gurría, Secretary General of the OECD reemphasized the enormous problem of fossil fuel subsidies. \$200 billion of subsidies are twice what is needed to transform the global energy sector to renewable energy. Furthermore, coal remains the least taxed fuel. Diverting government money from coal to renewable energy is an easy win. We just need the political will.

Todd Stern, President Obama's Special Envoy for Climate Change, applauded President Obama's efforts and called his recently announced Climate Power Plan ambitious. He is encouraged that world leaders have finally aligned in the lead up to Paris. **It's now a race to the top.**

On the day of this event, it was only fitting that in the Financial Times there were 6,000,000 companies pleading for a successful international agreement on climate policy coming out of Paris. The overwhelming messages of the Climate Week events were those of progress, optimism, collaboration, pragmatic solutions, and the call to action for everyone to do their part - in your work, in your home, in your communities.

We got ourselves into this mess and we will get ourselves out.