

A Monthly Look at Successful Sustainability Initiatives

Green Light Action 2020

Can business help the world become more sustainable?

Global Agenda Council on Governance for Sustainability

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About Green Light

Green Light is a new publication highlighting innovative partnerships and concepts for collaboration which offer solutions at scale from the bottom-up to the world's most pressing sustainability challenges.

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Foreword



James Bacchus
World Economic
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on Governance
for Sustainability

Welcome to the fifth edition of *Green Light*, a monthly newsletter by the Global Agenda Council on Governance for Sustainability aimed at highlighting promising economic and environmental initiatives.

Our goal is not only to share green ideas, especially those on collaboration and public-private partnerships, but also to inspire people to replicate and even scale up similar initiatives wherever they are.

In this edition of *Green Light*, we look at a joint initiative by the World Business Council for Sustainable Development (WBCSD) and its 44 core member companies in partnership with the World Resources Institute. The initiative offers a framework for the business community to take concrete and measurable steps toward a sustainable pathway voluntarily.

We hope you enjoy this issue and that you will find it a source of inspiration for your work.

James Bacchus

James Bacchus is Chairman of the World Economic Forum's Global Agenda Council on Governance for Sustainability. He chairs the global practice group of the Greenberg Traurig law firm and is an honorary professor at the University of International Business and Economics in Beijing.

The Vision: Beyond business as usual

Three years ago, the World Business Council for Sustainable Development (WBCSD) brought together 29 of its members – all of them leading global corporations – to consider the fact that by the middle of this century the world's population is expected to reach about 9 billion people.

These leading businesses sought to answer a simple question: how can 9 billion people live well and within the boundaries of the planet?

The question led to an 18-month collaboration exercise between chief executive officers (CEOs) representing more than 200 companies across 14 industries, as well as scientists and other experts and stakeholders. What emerged was Vision 2050, an ambitious pathway towards sustainable development that advocates profound changes in governance, economic frameworks and the way business behaves.

The report makes it clear that business has a significant role to play as a provider of solutions to moderate the negative environmental effects of human activity and by making profound contributions, through partnerships, to advance social cohesion and human well-being, allowing all to live well and sustainably.

Vision 2050 details not only large-scale challenges for businesses but also great opportunities for those enterprises that incorporate sustainability into their business strategies and seize the commercial potential it offers.

PricewaterhouseCoopers (PwC) prepared an illustrative analysis for the Vision 2050 report. It estimates that the sustainability related business opportunities in the sectors of natural resources – which includes energy, forestry, agriculture, food, water and metals – along with health and education, could reach between US\$ 3 trillion and US\$ 10 trillion a year (at constant 2008 prices), and amount to between 1.5% and 4.5% of global GDP¹.

Vision 2050 defines “living well” as a standard of living that allows all people access to affordable education, healthcare, mobility and adequate supplies of food, water, energy and shelter, as well as consumer goods. “Sustainability” means making these provisions in such a way that the world's population lives within the limits of the planet's available natural resources and without further harm to its climate, ecosystems and biodiversity.

Three key questions are addressed: What does a sustainable world look like? How can it be realized? And what roles can business play?

In essence, business is faced with a paradox: billions of potential new consumers will be created, but at the same time shrinking resources and potentially catastrophic climate change mean that business as usual is no longer an option.

Vision 2050 is described not as prescriptive but as a platform for on-going dialogue and for raising questions. Based on observations, projections and expectations of the companies and experts who contributed, it offers guidance to leaders in government, businesses and civil society to help avoid mistakes made in the past, when decisions, often made in isolation, resulted in unintended consequences.

The report lists a series of objectives for the next decade, which include:

- Inclusion of the costs of externalities into the structure of the marketplace, starting with carbon, ecosystem services and water
- Doubling the agricultural output without increasing the amount of land or water used
- Halting deforestation and increasing yields from planted forests
- Halving carbon emissions worldwide (based on 2005 levels) through a shift to low-carbon energy
- Improved demand-side energy efficiency and the provision of universal access to low-carbon transport

¹ Estimates drawing on data from the IEA, OECD and the World Bank.

The challenge: From vision to action

While Vision 2050 set out a pathway towards sustainable development, it was quickly realised that to scale up the private sector effort and get it on track globally, a framework for concrete action that spoke directly to business was needed.

Action 2020, led by the WBCSD 44 core member companies and in partnership with the World Resources Institute, was the result. Action 2020 offers a framework for the business community to voluntarily take concrete and measurable steps toward a sustainable pathway.



Peter Bakker,
President, World
Business Council
for Sustainable
Development
(WBCSD), Switzerland

WBCSD President and CEO Peter Bakker explained the challenge: **“We presented Vision 2050 three years ago, but the fact is that there aren’t too many boards of companies interested right now in spending time thinking about 2050. So, we decided we needed to make this a more actionable item, one that talks about 2020. This isn’t going to push the effort to full realization of what we need by 2050, but it will be a major step towards the transformation described in the vision.”**

Action 2020 Director Sheana Tambourgi stressed the need to make a commercial case for taking action on sustainability, saying the initiative is not only about corporate social responsibility or philanthropy. “We’re not talking about a company going into a village and building a water treatment plant as a philanthropic project. Instead, it’s about companies saying, ‘Right, we’re active in this area, we understand that water is an issue, we can reduce our exposure to water risk through scarcity by using water recycling correctly and factoring in the costs we have locally’,” she said.

“Ideally, solutions are about generating revenue, but in reality they are far more likely to be about making savings by reducing costs and improving efficiency,” she added.

Action 2020 focuses on nine priority areas, or pillars, which are about creating business solutions, commitment to action and measurable targets:

1. **Climate change** – aimed at addressing rising CO₂ and other greenhouse gas emissions
2. **Nutrient elements** – better management of reactive nitrogen and phosphorus, which are disrupting land and marine ecosystems, and damaging regional water and air quality
3. **Ecosystems** – halting and reversing damage of land and marine ecosystems
4. **Exposure to harmful substances** – minimizing the physical and ecological effects of harmful substances
5. **Water** – improving management of freshwater and demands from households, agriculture, energy and industry, and the needs of natural ecosystems
6. **Basic needs and rights** – targeting progress towards establishing respect for human rights, universal access to basic goods and services, and income generation opportunities for poorer populations. This area focuses especially on tackling poverty and strengthening resilience against economic and environmental shocks
7. **Skills & employment** – tackling unemployment and inequity, thereby improving social cohesion
8. **Sustainable lifestyles** – steering consumer behaviour towards more sustainable lifestyles by focusing on new ways to meet people’s needs and aspirations, especially those of the growing middle-classes
9. **Food** – eliminating food insecurity worldwide and also ensuring that the planet moves toward an environmentally and socially sustainable agricultural system

How to create scale and bring solutions to the table

Within each pillar, Action 2020 intends to set quantifiable targets – societal must-haves – to be achieved by 2020 to return the Earth's systems to a sustainable track.

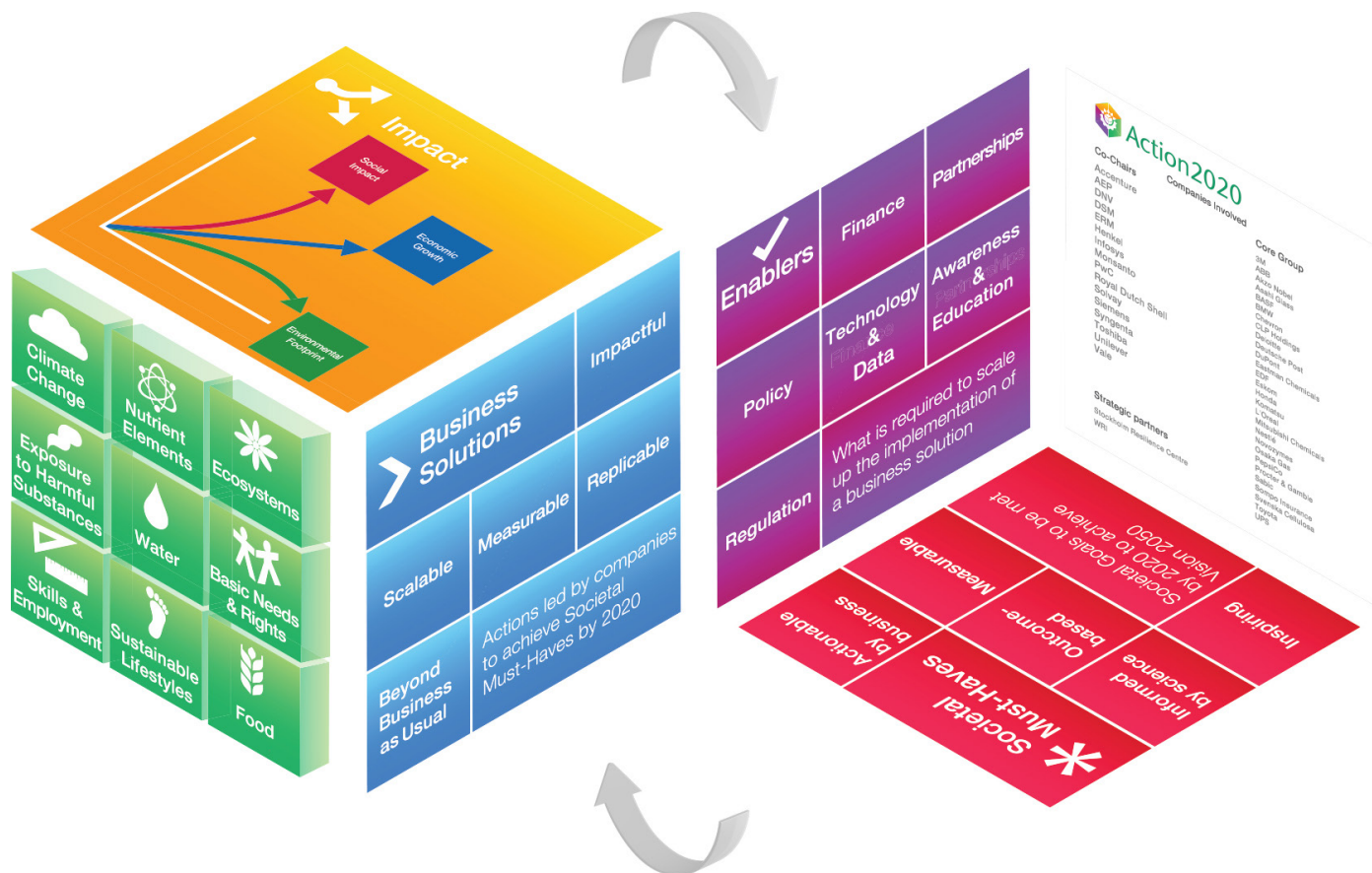
There is recognition that the Action 2020 goals are formidable and that business cannot, of course, deliver them alone. “We don’t believe business *alone* can deliver on these goals,” Bakker said. “What we’re doing is translating these must-haves into two elements: business solutions – what are the technologies or other solutions business can implement? And also what we call enabling or facilitating environments.”

He continued: "Take reforestation as an example, the replanting of forests on a very large scale by all the leading forestry companies in the world; this has enormous potential to absorb carbon from the atmosphere. For companies to effectively manage those forests you need a) financing, and b) the public policy decisions to allow the restoration of these lands.

“What Action 2020 means is that we can take a package to the climate change negotiating table and say, ‘here we have the leading forestry companies in the world, they are prepared to commit to this, but they need you, the financiers and the public policy-makers, to create the enabling environment’.

"It's crucial that we offer solutions and we can say we've thought about the financing and policy constructions that can deliver these solutions. Then we are in a position to have a dialogue, to reach solutions. This is the way we hope we're going to get scale. Once you do this, it's no longer just business pointing its finger at governments and saying, 'you're not doing anything' and governments doing the same to business.

"This is what we hope to bring to the World Economic Forum in Davos because outside of the formality of climate change negotiations you have policy-makers and investment players, you have development banks and business leaders all having a conversation on concrete solutions and not about generalities. We can say, 'OK, if you like reforestation, this is how it could work. Let's talk about it'."



Targets for a sustainable world

Action 2020, launched 14 months ago, is still a relatively young project and companies with projects under way have not yet reported back on progress. There will, however, be more updates over the next 12 months or so. Some projects are large and require many months of work, even years, before physical results can be seen.

However, targets have been set in the area of climate change. These are targets that must be met to return the planet to a sustainable track in coming decades. They can be achieved only by business, governments and wider society working together.

The target for tackling climate change states: “With the goal of limiting global temperature rise to 2°C above pre-industrial levels, the world must, by 2020, have energy, industry, agriculture and forestry systems that, simultaneously, are:

- Meeting society’s development needs
- Implementing the necessary structural transformation to ensure that cumulative net emissions^{2*} do not exceed one trillion tonnes of carbon. Peaking global emissions by 2020 keeps this goal in a feasible range
- Becoming resilient to expected changes in climate

More than 40 Action 2020 members, all leaders in their sectors, are currently collaborating on a variety of business solutions that will contribute to Action 2020’s societal must-haves for climate change. Solutions need to be measurable, scalable and replicable. For their full potential to be realized, however, engagement with governments and other stakeholders will be needed.

Business solutions targeting climate change include: leveraging forests as carbon sinks; carbon capture and storage; electrifying cities towards zero emissions; low-carbon electrification of remote locations; resilience to climate change in globally interdependent business; and bringing more renewables to the energy mix.

Upcoming Action 2020 solutions will target other priority areas: natural infrastructure investments to protect assets and ecosystems more effectively and more economically; reducing shared water risks through supply chains; and reducing food loss and waste from field to fork – specifically, this involves reducing loss and waste in the value chain, thereby containing the need for new production.”



² Anthropogenic CO₂ emissions from pre-industrial levels as outlined in the IPCC Working Group Fifth Assessment Report. One trillion tonnes carbon = 3.67 trillion tonnes CO₂.

Top takeaways: The Action 2020 model

1) Getting business to buy in to long-term goals

Having a clear message is important, and turning the message into action is vital. So is the timing.

“There’s a growing realization among business leaders that governments are not leading us at the moment – they are too short-term focused,” Bakker said. “So, if we want to make the world more sustainable, then business must take a leading role.”

Global businesses realize that risk needs to be managed along the entire supply chain and that factors which once may have seemed removed from a core business, or “outside the factory gates”, are anything but.

Whether the event is a disruptive ash cloud in Europe, a catastrophic tsunami in Japan, a devastating typhoon in the Philippines, or the tragedy of a collapsed clothes factory in Bangladesh, they all demonstrate the global nature of business supply chains and social risk factors.

“The fact is that when we announced the Action 2020 we found that we’d never had more companies participate in an individual project than in this one,” Bakker said.

2) Change the nature of the debate – start with the science

One key Action 2020 approach was to move away from the polemic that often surrounds sustainability, and especially climate change.

“A lot of these conversations have become almost like a religious debate,” Bakker said. “You either believe or you don’t believe. But businesses don’t trade in emotions or religion; businesses look at facts and then decide how to act.

“So, right from the outset, what we said is let’s work with leading scientists and go all the way back to the scientific facts. What are the true challenges for the planet, for societies and where can business work to have real impact in addressing some of these challenges?

“We did this not only from a risk, or negative point of view, but also from a business opportunity point of view – what are the solutions that will actually help to resolve some of the challenges and how can businesses benefit from these solutions?

3) Speak the right language

The first two and a half months of putting together the Action 2020 initiative were spent collating input from almost 800 scientists and experts on sustainable development themes and challenges.

Most importantly, said Bakker, this scientific input had to be re-crafted into language businesses would respond to. “Communication was key and we knew we needed to talk the language of business so we could be understood. And we needed to relate Action 2020 to the business cycle.

“There’s a cycle you can recognize in any business, which is: plan, do, check, act – you make a plan, you design a strategy and budget, you begin to do by putting that plan into action and you check halfway through the race whether you’re still on track.

“So, that’s what we’ve done with these big scientific planetary issues – simply translated them into must-haves and then into the cycle of business so that businesses can set goals and start thinking about what actions are required to actually deliver on those goals, to mobilize and start scaling up their actions.”

4) Work towards building partnerships and collaboration

Partnerships, along with finance and investment and policy and institutional enablers, are what will create scale.

The goals created around the nine pillars – many of which are aligned with the United Nations Millennium Development Goals – are simply too ambitious for any single business to bring about alone. Partnerships are vital.

“These are international targets around big issues such as access to basic needs, human rights, water, emissions, food security and food waste,” said Action 2020 Director Sheana Tambourgi. “So we are not only looking at what companies can do themselves but also in terms of partnerships they can create, perhaps public-private partnerships or partnerships with their supply chain or across value chains. It’s a collective effort – that means businesses doing their bit, countries through governments playing their part and to some extent even an element of consumer behaviour being changed.”

5) Open source to achieve scale-up

The creation of an open-source platform was recognized as important early on in order to achieve the ambitions of Action 2020; but it is also seen as essential to manage, monitor and share resources and contributions.

The WBCSD has more than 200 member companies across 35 countries representing US\$ 7 trillion in revenue, but it recognizes that real scale-up will come only by attracting many more companies.

Crucially, however, open source does not mean one-way traffic; it is about collaboration and creating a network of knowledge.

Bakker said: “Any business that says it wants to be part of a solution or that it has a better solution, we will make them part of the teams that will monitor the implementation and the scaling up of the solutions. The only question we ask is: are you prepared to give us the data so we can measure the progress you’re making?”

“And we will never accept a business solution that only one company is interested in because we’re not the marketing department for the next green product or company. This is about solutions and measurable actions.”

About the WBCSD

Founded in 1992, the WBCSD is a CEO-led organization of 200 companies that encourages businesses around the world to work towards a sustainable future for business, society and the environment.

The WBCSD provides a forum for its members – who represent a wide range of business sectors across many countries in all continents. Member companies, many of which are world-leading corporations, represent combined revenues of US\$ 7 trillion and employ 15 million people.

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