



# Sustainability

## Driving Enterprise Transformation

George Weyerhaeuser, Jr.  
Senior Fellow, WBCSD

October 22, 2008  
SUNY/CPBIS



World Business Council for  
Sustainable Development



# Sustainability Driving Enterprise Transformation

- Social & Political Context
- Defining “Sustainability”
- Practices of leaders



# Social & Political Context

- Global consensus governance fora
  - UNFCCC
    - SBSTA
    - AWG-KP
    - AWG-LCA
  
  - EGTT
  
  - WTO
  - IPCC
  
  - G8; G8+5



# UNFCCC

- 1992
  - Forests are critical to the convention
  - Equivalence of harvest & deforestation
- 1995
  - The “Kyoto Forest”
- 1997
  - Ratification
- 2007
  - Bali
  - REDD; Elephants



# Social & Political Context

- Global consensus governance fora
  - UNFCCC
    - SBSTA
    - AWG-KP
    - AWG-LCA
  
  - EGTT
  
  - WTO
  - IPCC
  
  - G8; G8+5



# Defining “Sustainability”

- Brundtland Commission
- Define for your firm

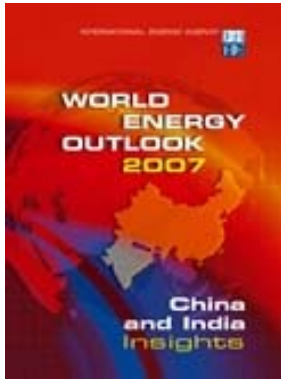


# Defining “Sustainability”

- Define for your firm
  
- Ecosystem based
  - Water
  - Energy
  - Fiber
  - Air
  - Social & Economic



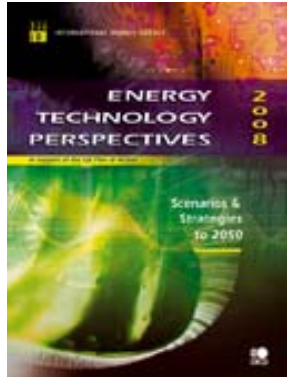
# IEA's *World Energy Outlook 2007*



- Global energy system is on an *increasingly* unsustainable path
- China and India are transforming the global energy system by their sheer size
- Next 10 years are critical
  - The pace of capacity additions is very rapid.
  - Technology will be “locked-in” for decades.
  - Growing tightness in oil & gas markets.

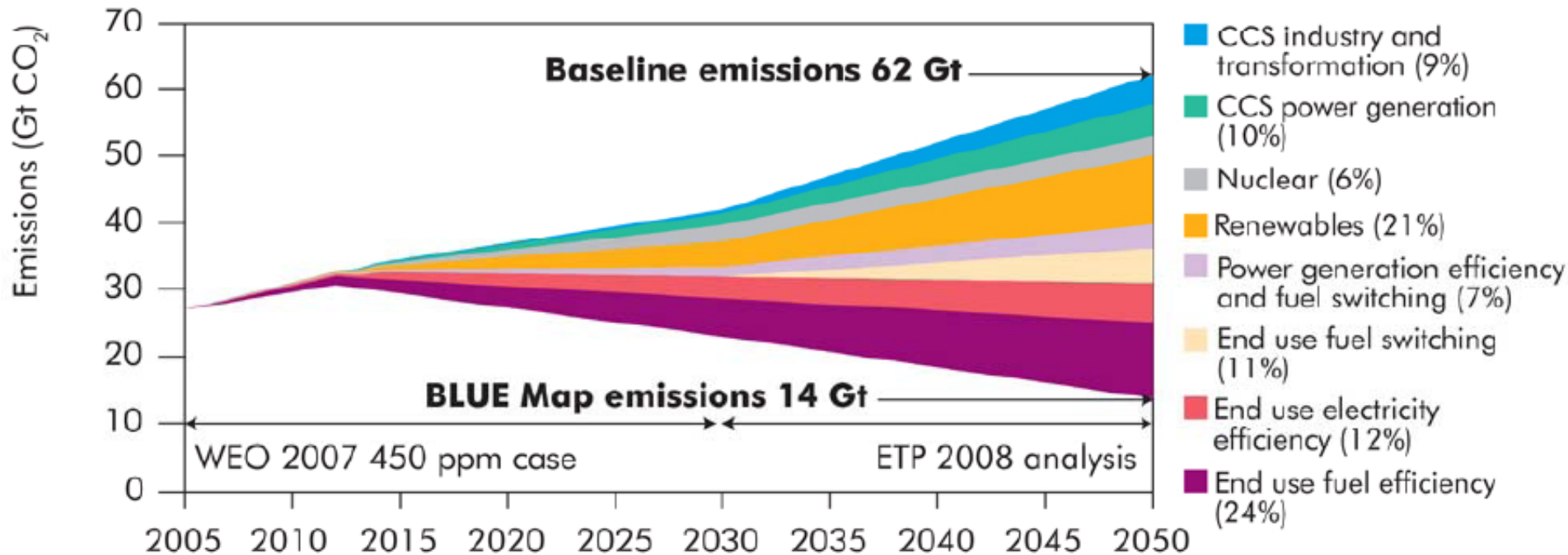


# IEA *Energy Technology Perspectives 2008*



- A global energy revolution is needed
- Scenario Analysis
  - Baseline WEO2007 Reference Scenario
  - Global stabilization by 2050 (ACT)
  - Global 50% reduction by 2050 (BLUE)
- BLUE Scenario
  - Requires urgent implementation
  - USD 45 trillion of additional investment needs over the period up to 2050 (1 trillion/year)

# Contribution of emission reduction options, 2005-2050

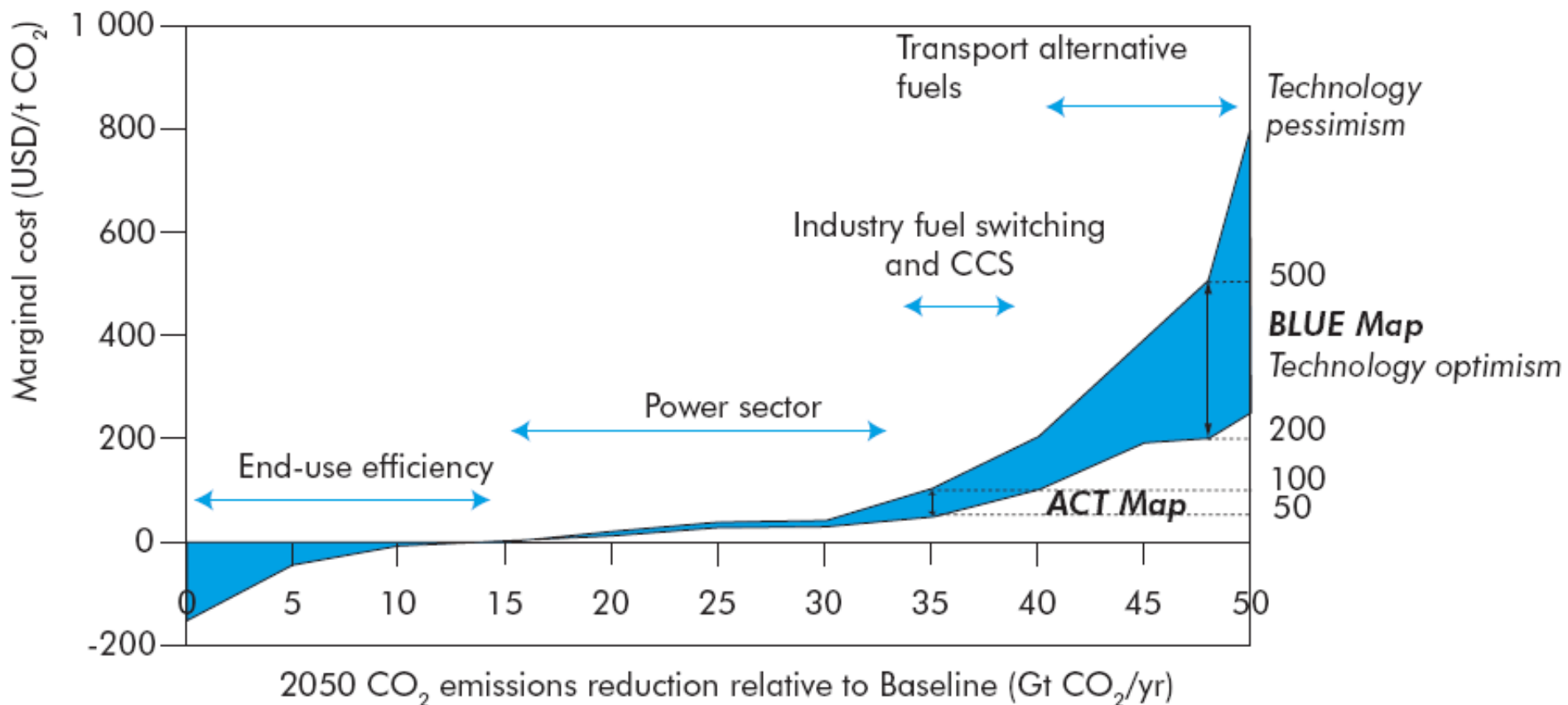


© OECD/IEA, 2008



# IEA Energy Technology Perspectives 2008

## Marginal emission reduction costs for the global energy system, 2050





# Leaders

The key contributions that business can make to society are to:

create wealth

provide goods and services

create jobs

pay taxes

innovate

and through all of these activities, act responsibly



[www.wbcasd.org](http://www.wbcasd.org)



# Key constraints

But what are limitations on the role of business? Business cannot:

- Provide goods and services that are not competitive;
- Provide a promise of jobs for life or pay salaries that are not aligned with the marketplace;
- Operate or invest where governments have failed to provide suitable rules and frameworks;
- Set the rules, nor can it replace governments in failed or failing states where distribution of the most basic services is limited;
- Do all the fundamental research that underlies much of modern technology – it is not competitive to innovate when there is no protection for intellectual property;
- Replace individual responsibility.



# The role of business is to

- Ensure business models are robust enough to withstand the impacts of emerging global challenges by developing sustainable products, goods and services;
- Engage, share knowledge and coordinate efforts with stakeholder groups to address global challenges collectively;
- Contribute to development in less developed regions via innovative and inclusive business models;
- Work towards more transparent global governance structures;
- Play a leading role in advocating consumer awareness;
- Bring laggards further along the sustainable development awareness and performance curve;
- Enable and practice responsible lobbying so as not to undermine more long-term sustainability thinking.



# WBCSD's "Tomorrow's Leaders" group

First, businesses can make the conscious choice to position their business where they can assist sustainable development.

*"...the leading global companies of tomorrow will be those that provide goods and services and reach new customers in ways that address the world's major challenges –*

*including poverty, climate change, resource depletion, globalization and demographic shifts."*



# Who takes the lead?

Business is part of the solution to sustainability issues, but the degree to which it fulfils its potential is largely driven by the nature of its engagement with others.

Business is just one actor alongside governments and civil society, and business cannot succeed in a society that fails.



# Who takes the lead?

The ideal situation is one in which the players act to help each other fulfill their potential.

Business is a motor for growth.

When collaboration succeeds, governments and the people they represent are the steering and gear mechanisms that guide the engine of business toward sustainable and equitable forms of development.



# A few closing thoughts

- We know we are not perfect. However, we have a lot to offer and we can help make a difference.
- We know that business leaders are remembered more for the difference they made than for the profits they generated.
- Progressive businesses are thinking deeply about how to turn challenges into opportunities.
- Businesses need to make a profit. A bankrupt company cannot employ anyone, make anything or contribute to society.
- Our contribution to society is more than philanthropy – it is about positioning business's core activities, the motor of growth, in a way that addresses sustainability and society's challenges.



# The Global Energy and Climate House

## Post-2012 Global Framework

*Technology*

*Markets*

*Finance*

*Land use*

*Burden sharing*

Global

Mindsets

Regulations

Data

Infrastructure

National