



Rio Conventions Pavilion Bulletin

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A Daily Report of the Rio Conventions Pavilion

Published by the International Institute for Sustainable Development (IISD)



ONLINE AT [HTTP://WWW.IISD.CA/UNCSD/RIO20/PAVILION/](http://www.iisd.ca/UNCSD/RIO20/PAVILION/)
ISSUE #6, VOLUME 200, NUMBER 6, TUESDAY, 19 JUNE 2012

RIO CONVENTIONS PAVILION HIGHLIGHTS: MONDAY, 18 JUNE 2012

The Rio Conventions Pavilion continued on Monday, 18 June 2012, convening for Business Day. The event consisted of high-level opening remarks and panels on: business and the Conventions from Rio to Rio+20; towards a green economy; and bringing industry into the green economy through sustainability, and research and technology. The event concluded with panels and presentations on the Natural Capital Declaration (NCD).



UNFCCC Executive Secretary Christiana Figueres

OPENING REMARKS

Welcoming the 20th birthday of the Rio “triplets,” UNFCCC Executive Secretary Christiana Figueres remarked that at their birth in 1992, there was less awareness of three fundamental truths: business needs to be part of the solution; the need for action would become urgent; and meeting sustainable development goals was possible. Stressing that the money and technology for this are available, Figueres urged all stakeholders to accelerate coordinated action towards the green economy.

UNCCD Executive Secretary Luc Gnacadja emphasized that access to productive land is crucial to business in many sectors but that shortsighted practices like overgrazing, deforestation and resource destruction, undermine ecosystem viability and

will thus have long-term economic impacts on business and society. Pointing to increasing demands for food, energy and water associated with population growth, he called for a change in the way land and soil are valued and managed, and underscored the need for proactive and creative business innovation.

Peter Bakker, President, World Business Council for Sustainable Development (WBCSD), stressed that business increasingly sees itself as a driver for sustainable development, providing the capital and innovation needed for change. Noting broad consensus exists on the need to move beyond corporate social responsibility models to more integrated approaches, he highlighted efforts at Rio+20 towards up-scaling and accelerating joint action. Noting that the main challenge ahead is building bridges to the rest of business and society, he urged Rio+20 negotiators not to weaken language requiring businesses to report on their sustainability contributions.

Olajobi Makinwa, UN Global Compact, welcomed the opportunity to reflect on the participation of the private sector in the realization of the interlinked Rio Conventions, noting climate change affects biodiversity, which in turn impacts climate change and desertification. She underscored that partnerships between all stakeholders, including science, cities, civil society, government, investors and business, are key. Makinwa emphasized that business participation in the Rio Conventions Pavilion demonstrates the willingness and interest of business to rise to the challenge of realizing sustainable development.



UNCCD Executive Secretary Luc Gnacadja

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Panel (L-R): Kook Hyun Moon, President, New Paradigm Institute; Bjorn Stigson, Former President, WBCSD; Panel Moderator Carlos Busquets, ICC; Bambi Semroc, Conservation International; Jeff Seabright, Coca-Cola; and Thierry Nowaczyk, Airbus.

BUSINESS AND THE CONVENTIONS FROM RIO TO RIO+20

This session was moderated by Carlos Busquets, International Chamber of Commerce (ICC). Bjorn Stigson, former president, WBCSD, stressed that creating a sustainable world requires a combination of market solutions and regulation. He highlighted success stories at three levels: public-private cooperation; sector initiatives to develop clean technologies and services; and regional and international collaboration to develop management and reporting systems.

Jeff Seabright, Coca-Cola, underscored business should be viewed not as an obstruction to sustainable development, but an engine of innovation and agent of change, and reflected on deeper and broader business engagement. He underscored opportunities going forward *inter alia*: reducing resource use in supply and value chains; sourcing capabilities in collaboration “to get to scale where differences can be made;” and broader engagement with government and civil society.

Kook Hyun Moon, President, New Paradigm Institute, spoke on the roles of the private sector in sustainable development, including: acknowledging the fact that ever-worsening land degradation and the resultant “soil peak” are major threats; creating a business forum to promote synergies and collaboration among the Rio Conventions and the private sector; and developing and delivering realistic and practical targets towards “a land degradation neutral world.”

Thierry Nowaczyk, Airbus, highlighted ongoing efforts within the aviation industry to improve fuel efficiency and achieve carbon neutral growth. He announced that a “perfect flight” operated by Airbus and Air Canada from Toronto to Mexico City was underway on 18th June with the goal of cutting CO₂ emissions by more than 40% through the use of biofuels, air traffic management and operational efficiency.

Bambi Semroc, Conservation International, drew on her organization’s collaboration with Starbucks to illustrate the evolution of NGO-private sector collaboration over the last 20 years. She highlighted the resulting establishment of the International Center for Environmental Leadership in Business to develop tools to facilitate up-scaling within sustainable demand and supply networks.

Noting that demand for green products is not sufficient in itself to trigger a transition to sustainable production, Semroc highlighted efforts to move beyond the “low hanging fruit” of certification and supply chains to deepen engagement across broader networks of stakeholders.

During the panel discussion, Stigson welcomed collaboration with CBD stakeholders, noting much still must be done within the UNFCCC process to get the business community “to sit in the same room to discuss the same issues.” Seabright stressed the need to find better ways to raise consumer awareness about sustainability.

SUSTAINABLE INNOVATION

Bernhard Kiep, New Holland Agriculture, highlighted actions by farmers, noting that environmental responsibility is one of the factors farmers use to select equipment. He underscored innovations to preserve soil, the key asset of the farmer, are needed.

Valentina Lira, Concha y Toro Winery, Chile, showed a video demonstrating how Concha y Toro Winery is reducing their environmental footprint and achieving socially equitable growth.



Paul Artaxo, University of Sao Paulo, and Jeroen Douglas, Solidaridad Latin America



Panel (L-R): Alessandra Santini, Region of Abruzzo, Italy; Iris Flacco, Energy Department, Region of Abruzzo, Italy; Valentina Lira, Concha y Toro Winery, Chile; and Bernhard Kiep, New Holland Agriculture.

Iris Flacco, Energy Department, Region of Abruzzo, Italy, and Alessandra Santini, Region of Abruzzo, Italy, noted that sustainable development requires good governance at the intermediate administration level and spoke of the regions' involvement in implementing energy efficiency through a sustainable energy action plan.

In final comments, Cardoso and Spenser stressed that the discussions at Rio+20 offer business a real opportunity to create a common agenda on sustainable practices. Zeitz noted that valuing externalities "is here to stay," while Preston said that any company that has not woken up to the fact that "it is business as unusual," will probably not be in business for very long.

TOWARDS THE GREEN ECONOMY

Thomas Lovejoy, the Global Environment Facility, moderated this panel. Richard Spencer, Institute of Chartered Accountants for England and Wales, noted key issues in public-private partnerships are breaking down boundaries around competition and developing common valuation techniques.

Malcolm Preston, Price Waterhouse Coopers (PwC), stressed that to be business-friendly, regulatory frameworks on sustainable development need to adopt the three principles of transparency, longevity and consistency.

Pavan Sukhdev, The Economics of Ecosystems and Biodiversity (TEEB) Report Team, stressed that ecosystem services need to become part of the "thinking framework" of all stakeholders, which requires common standards and methodologies cutting across sectors.

Jochen Zeitz, Puma, underscored that "what is not measured cannot be managed," noting monitoring Puma's environmental impact and footprint was the first step in becoming a sector leader in sustainability. He identified defining the measurement criteria to provide goal benchmarks as important, allowing information to flow into decision-making at all levels, including: product design; raw material sourcing; and production.

Marcelo Cardoso, Natura, emphasized the need for philosophical, universal and sustainable values and reported how Natura links these values to the issue of biodiversity, environment and social development, by *inter alia* sharing profits from products originating in traditional communities.

On how to scale up accounting for externalities, Zeitz stressed it will take time to achieve a critical mass, which requires for committed leadership in developing reporting frameworks and communicating positive messages as this will ultimately bring regulators and the public on board. Spencer added that the growing realization that we are approaching the planets' resource limits is an important driver for change and highlighted the role of accountants in making the case for changing current production and consumption patterns.

BRINGING INDUSTRY INTO THE GREEN ECONOMY

This session consisted of two breakout groups on sustainability, and research and technology.

SUSTAINABILITY: The breakout group was moderated by Joppe Cramwinckel, WBCSD. Panelists were: Paul Artaxo, University of Sao Paulo; Jeroen Douglas, Solidaridad Latin America; Alfredo Cabral, Vertica Business Consultancy; Kelly Goodejohn, Starbucks; Fred Züllli, Mibelle Biochemistry Group, Switzerland; Bernado Roehrs, Agroamerica, Guatemala; and Rodrigo Somogyi, Ecofratas, Brazil.

Following an overview of their companies' contribution to sustainability, panelists highlighted a number of challenges in achieving scale. Noting the business case is clear, several speakers pointed out the difficulty of mainstreaming good practices beyond the leading brands, which partly has to do with the difficulty of "selling" positive good stories and convincing shareholders and management to "take the leap of faith" to invest in sustainability. Other issues raised covered: the need to disseminate practical strategies for taking this agenda further, especially at the local level; how to get consumers to care about sustainability; and greater efficiency by governments in regulating sustainability issues. One speaker called for shifting the focus of labeling initiatives to "naming and shaming" unsustainable products and companies.

RESEARCH AND TECHNOLOGY: Gerard Bos, IUCN introduced the breakout group. Guillermo Calleja Pardo, Universidad Rey Juan Carlos, Spain, called for linking business with higher education institutions to



Richard Spencer, ICAEW



Jennifer Morris, Vice President, Ecosystem Finance Division,
Conservation International



Andrew Mitchell, Global Canopy Programme

create “knowledge eco-systems,” for advancing innovation. Jürgen Leibbrandt, CODELCO, presented a short film and discussed how the copper industry has advanced sustainable development. Alexis Valqui, National Metrology Institute (PTB), Germany, highlighted that PTB provides access and methodological support for developing country companies to receive green label certification. Arthur Lavieri, Suzlon, noted the rapid increases in wind power efficiency points to a solution in emerging economies for moving towards a green economy.

Jasmin Eymery, General Electric Brazil, underscored GE’s role in improving energy efficiency, in response to water related impacts of climate change and energy security challenges. Alexandre Parker, Volvo, presented the company’s efforts to reduce water and energy use in production and developing hybrid buses for bus rapid transport systems. Niall Dunne, BT Brazil, stressed overcoming the systemic failures of the current economic growth model requires: empowering individuals; collective action; and changing production and consumption patterns.

Outcomes: Reporting back Cramwinckel noted the open debate about the hurdles to sustainability and that positive outcomes are possible. He highlighted that by working together the business community can contribute to sustainable development.

Bos reported on recommendations from negotiators, he said participants agreed on the need to move hand-in-hand with the international community and civil society, and noted calls for a carbon market that works and not forgetting the triple bottom line of people, planet and profit.

NATURAL CAPITAL DECLARATION: ROADMAP TO ACCOUNT FOR NATURE

Mario Monzoni, Centre for Sustainability Studies at FGV, opened the session stressing that unless we consider natural capital in risk management and bring environmental services and externalities into financial decision-making, financial capital will continue to be allocated based on risks and returns in a business as usual manner.

Richard Burrett, Earth Capital Partners and UNEP FI Co-Chair, observed that the NCD was born out of the need to explore the relationship between natural and financial capital, drawing attention to why biodiversity and the materiality of natural capital is important for business.

Kookie Habtegaber, NCD Coordinator, said the NCD is a finance-led initiative to account for and embed national capital within investment, banking and loan decisions for the entire financial sector. She said the 39 signatories to date have committed to the declaration at the CEO level to get maximum commitment.

Presenting the NCD road map, Andrew Mitchell, Global Canopy Programme, said the main steps in the national capital accounting approach entailed: embedding national capital considerations into financial products and services; reporting and disclosure of an organization’s natural capital; and accounting for natural capital in the organization’s accounts and decision-making. He said six regional meetings would be organized over the next 18 months to solicit feedback and commitment of stakeholders to the NCD.

Four panelists discussed accounting for nature in four steps. Alan McGill, PwC, Martin Turner, Association of Chartered Certified Accountants, Paul Simpson, Carbon Disclosure Project, and Paul Druckman, International Integrated Reporting Council, called for business to educate better, value better, incentivize change and transform to more robust business models. They noted the importance of financial capital for business, but said that ignoring natural, social and human capital risks losing their primary audience, investors. However, they underscored that the NCD helps inform investors about natural capital.

A panel on natural capital in the big picture was moderated by Andrew Mitchell, Global Canopy Programme. Rosemary Bissett, National Australia Bank, a signatory to the NCD, noted that as an agri-bank, her organization understands the link between financial risk and natural capital. Andrew Hobday, Mars Incorporated, suggested that not all natural capital needs to be measured, proposing a focus on carbon, water and land. Noting that governments also need to account for natural capital in GDP, Mary Barton-Dock, World Bank, announced a 50-50 initiative aimed at signing on 100 banks and governments to national capital accounting at Rio+20.

In closing, Jennifer Morris, Vice President, Ecosystem Finance Division, Conservation International, underscored that the financial sector can help companies move from a corporate social responsibility approach to internalizing natural capital accounting in their DNA.

Funding for coverage of the Rio Conventions Pavilion has been provided by:



Ministério do
Meio Ambiente



Federal Ministry for the
Environment, Nature Conservation
and Nuclear Safety

