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Transcript

Rio+20: Green Growth or Greenwash?

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Richard Black:

I'm Richard Black. I'm one of the BBC's environment correspondents. Welcome to this debate. I had the pleasure, or you can select another word if you like, of going through Rio. Not just the final bit but the preparatory week as well, which has left mixed impressions here.

And I'm very glad to be chairing this debate, not least because I've wondered to myself about the very question that's being posed here – green growth or greenwash? It's almost as though there were two parallel conferences going on in Rio. And if you listen to some people, they were at the one that was really positive and a lot was achieved and companies and countries promised to do lots of wonderful things. And large parts of the UN and the Brazilian government went to that conference.

Groups like Oxfam and WWF went to a completely different conference, it seems, which achieved nothing. Nothing that's going to do anything meaningful to reduce poverty and help people develop, or indeed to tackle any of the big environmental problems that are facing the world and that were all described very graphically, repeatedly by speakers, even if they chose then not to make many commitments about doing anything about them.

So I'm very keen, as I'm sure you are, to hear what our three panellists have to say. So on my right, your left, is Sean Lockie, who's Director of Faithful+Gould within the Atkins Group. As you'd expect from that brief description, Sean's got a lot of experience in different areas of sustainability as they affect businesses, things like carbon footprinting, energy efficiency, and one of the projects he's working on is a zero-carbon city in Abu Dhabi. Very exciting initiative.

Next to me here is James Cameron. He's the founder and Non-Executive Chairman of Climate Change Capital. That was one of the first groups to really look into the financing of renewable energy in the UK. His other interests span Pepsi and Oxfam and the Prime Minister's Business Advisory Group, so all kinds of expertise to draw on there.

And then on the far end is John Elkington, who's probably best known as the founder of SustainAbility... goes back a long time to the 80s, that particular role. He's also co-founded Environmental Data Services and now Volans, where he's Executive Chairman.

So beginning with James, I'm going to ask our three panellists each to give you their brief take on Rio – green growth or greenwash?

James Cameron:

Well thank you very much. I returned to Rio, 20 years after the first round of negotiations, and I'm afraid I've come to the view that the work that we did 20 years ago to construct a legal regime focussed on environment development was a significantly greater achievement, although limited in itself, from what emerged this time 20 years later.

So the intergovernmental process, the multilateral process, that didn't even try to produce anything legally binding, was in my view a failure. And that system for law making on complex public goods is, for the time being, broken.

The second proposition I want to put to you is that it took at least 50 years for the world trade system to establish dependable institutions, acceptance of the rule of law, and a place where the weak could negotiate effectively against the strong, without ever really overpowering them, but with an institutional structure within which there was a prospect of a weaker nation achieving some success against the strength of a trading partner or competitor, largely because of the rule of law and good institutions with quality advice coming in through a secretariat.

And it's probably the case that in the trade world, the combination of using that process to endorse and validate liberalization commitments, as well as settle disputes, was combined with a policy review mechanism that, amongst the peer group, actually works. So if you've put in place legislation to liberalize your economy and remove trade barriers, there's a way in which that is reviewed periodically and it's a trusted process.

So if you compare what's happening at the moment with climate change and the other great public goods problems that Rio was supposed to address, we just don't have that institution. We don't have a policy review mechanism. We don't have an independent rule-of-law-based dispute settlement system. And we aren't going to get a top-down legal regime that will allocate responsibilities to manage resources efficiently and care for the systems upon which we all depend, like the atmosphere and hydrology and the various things that old growth, living forests, provide us to sustain life. So we have none of that and we didn't create it in Rio.

However, you can see from that period of time that it takes for trade negotiations, [which] are relatively straightforward by comparison, that perhaps we still have to keep our expectations low. And we have to expect no more than [that] we could create an international institution where you could come and show what you have done.

So this is my parting shot on why having felt some disappointment at what I have described as failure, I am adjusting around two other points. The first is that I think we could build a system that is much more show and tell, that you use the process to gather. The gathering still matters. The gathering still matters despite the political failure, despite the legal irrelevance. I mean, that 49-page text is embarrassing for an international lawyer to read. It's really a disgrace. It has virtually no meaning. Certainly it can't be enforced, it's not justiciable.

But the gathering still matters and the people that turn up share ideas and they connect with each other. I think we could create a platform where governments do come and show and tell: we've done this, it works in our instance, we think it's a good piece of public policy that you might want to take up, and this is what we've done to achieve objectives that are set out in a broad principle base.

And my final point is to do with what happened in the business community, where a lot of good connections were made. Clearly slightly self-connecting – those who go care already – but I do feel that if we could create... it's really back to John's world too, if we could create open data systems for the environment, where we have really good quality data about the environment, all the life support systems of the planet are understood, the information is crowded in, taken out freely. It's not dependent on the agency of governments.

We have that technology. We have those datasets. We've got plenty of it. That, to my mind, is a promising route to the kind of institution that we haven't got, that we took 50 years to create in trade, and we need for environmental development. I'm going to try and have a go at that, but through a public goods enterprise, not government, with the World Economic Forum being my host.

John Elkington:

I have to say, and gloomily, I pretty much support everything that James has said. And I think that we may be at a point where an old order of governance globally is beginning to come apart at the seams. And over the next 10 years or so, we may see that process accelerating. I think Ian Bremmer talked about a G0 world, where instead of having a G7 or G8 or G20, you actually have nobody on the government side prepared to step up to the plate on some of these big issues.

Which may make me sound like a pessimist, but if you take a sufficiently long timescale in this space, I think that there are reasons to be moderately optimistic. So Richard kindly mentioned Environmental Data Services, and we set up that company – it still exists – but in 1978. At that time, trying to get any company, in this country or elsewhere, to talk about these sorts of issues was virtually impossible. It took us nine months to get through the door of the first company to talk to them about safety, health and environment, let alone things like climate change.

And when we set up SustainAbility, pretty much exactly 25 years ago, things had changed quite a lot. And very often by then, if you didn't get to see a director when you first collided with a company, that was something strange. So the agenda had shifted up the pecking order. But we still, when we went in for example to a company like Ford and were dealing with Bill Ford there, one of the things that we had to say was, if you stay involved with an organisation like the Global Climate Coalition, we will frankly not work with you for very long.

There were many other reasons why Ford and companies like them came out of the Global Climate Coalition, because they realized that this had public relations consequences. I'm not saying that's a major victory, because I think there are a bunch of other actors and institutions and networks out there that are doing what the Global Climate Coalition tried to do but actually more effectively behind the scenes.

And let me, in a way, come to the present day and Rio+20. And just as a sort of public health warning: since Stockholm, where I did go in '72, I have not attended any of the big UN summits. I have antibodies to that whole process, even though I've worked with different parts of the UN over that period of time and I do tend to go to the business parallel events or precursor events. So I was in one in Sao Paulo just a week before the Rio+20 conference opened its doors.

What struck me this year was that if you go back 20 years, we were still having to force business leaders to embrace this agenda to some degree. They would talk about it in public. I remember Ed Woolard who was the CEO of DuPont in 1992, talking about 'CEO' in his case meaning Chief Environmental Officer. Well, only up to a point, Lord Copper.

Nowadays, you're starting to see a very different approach. Anyone who, whether you were at Rio or watching it from a safe distance, you will have seen people like Paul Pullman arguing very clearly for a set of sustainable development goals to replace the Millennium Development Goals. Now, we

can talk about MDGs and whether they've been effective or not, but that argument I think was powerfully made emotionally and personally quite strongly felt by Paul Pullman.

You at the same time had Jochen Zeitz, who's now Chairman of Puma, who said that he'd been asked to do ten plenary speeches on Puma's environmental profit and loss methodology. And you had Peter Bakker, ex-CEO of TNT, now taking over as President of the World Business Council for Sustainable Development. When I met him in Frankfurt a few weeks back, he said basically what he's intending to do is pick up WBCSD – I'm slightly overdramatizing, but – by the scruff of the neck and give it a really good shaking in order to prepare it for what comes next.

I think we *are* seeing a very distinctly different business engagement in this space. But business leaders are still able to cherry pick. They're able to pick a particular issue that is of interest to them at the particular point in time. We don't have the systemic approach that I think we need.

If anyone thinks that we can get away without government, I don't think that's true. But my own sense, just a final point, the thought came to mind as James was concluding... in the same way that people like Elon Musk and Richard Branson, to a degree, are almost trying to dis-intermediate NASA, basically trying to create a private space industry, I wonder whether over the next 10 to 15 years we won't see very substantial dis-intermediation of much of what government has done in the past.

I think it will happen. I don't think it will be democratic for the most part. I think it will be exciting, but I think we should worry about the process as well.

Sean Lockie:

Thank you. I wasn't at Rio. But I graduated the year, in 1992, so I saw the impact as a young graduate of the Agenda for the 21st Century, Agenda 21, which is in my opinion, being a sort-of person on the ground, the big outcome that came from Rio. I saw Agenda 21 plans being developed at government level around the world, and then trickling down into local authorities. And then variance of Agenda 21, Agenda for the 21st Century, plans being done in the private sector as well.

I think I'm really here to sort of say, how does business respond to this? Because that's really my background. In the last 20 years or so, I've been working as a consultant in the sustainability space, primarily in the property and construction area.

And what I've really seen is a strengthening of the business case, in particularly the energy field, also emerging in the water and waste space, with much more complex modelling occurring, taking into account different sort of outcomes, not just the cost to construct and the cost to maintain the reduction in energy costs, etc., but the impact of, say, productivity, the impact on brand, the impact on valuation.

We're seeing for example some evidence that analysts will look at the CSR (corporate social responsibility) report and sustainability aspiration of a company and if it's got a lot of sustainability in it, it means it's transparent, it's honest, it's probably on top of its energy management. And if you're on top of your energy management, you'll be on top of whole bunch of other issues which could lead to risk, could lead to oil spills or some form of pollution. So those sorts of aspects now are having an impact on brand.

I want to just talk a little bit about the business case world and Stern [Review] and IPCC (Intergovernmental Panel on Climate Change) have all sort of said that the strongest business case is in the built environment buildings sector. Stronger than aviation, stronger than transport industry and agriculture. And we are really starting to see some really creative business models in this area. Energy performance contracting is one where a skilled operator will come into a portfolio and will identify all the energy waste, will put up the capital cost to remedy that energy waste, and then be paid back out of savings.

What that's causing is an explosion in different areas of skills. The sort of data that the earlier speakers have been speaking about becomes even more important because you need to prove it if you're being paid on the saving aspect. But energy performance contracting is only worth 150 million in the UK. It's worth over 40 billion a year in the US. It's very mature in Germany as well. So I think we'll see industry within the UK respond to those sorts of business models in the future.

The drivers for change are obviously climate change, we've spoken about. But there are things like energy security, the increasing number of wealthy individuals, the increasing number of middle class individuals in India and China and the developing world, three billion more middle-class consumers in the global economy by 2030. That all adds to a business case for doing more with less.

That puts more pressure on resources. We've seen an 80 per cent rise in steel demand – or predicted [rise] from 2010–2030. And we've seen commodity prices increase by 140 per cent since the year 2000. Water

security is another issue. Urbanisation, food security, ecosystem decline and deforestation... a lot of these impacting on the business case.

In the property sector in particular, we have really been looking for some form of: if my green building is worth more than a brown one. That is a real trigger for change and I'm pleased to say that really in the last year or so, we've seen a lot more data coming out of quite conservative organisations like the International Property Databank, RICS (Royal Institution of Chartered Surveyors), the Australian Property Institute, all kind of saying that there is a connection between a green building and value.

A big study in New York looked at 26,000 buildings and it concluded rents three to six per cent higher, void improvements five per cent better, 13 per cent increase in selling price. In Australia, the Green Star has seen a 12 per cent premium in value, a Green Star building over a non-Green Star, a five per cent premium in rental. The Australian government has made commitments to only occupy space that has a four-and-a-half star level. So without legislation in Australia, we're seeing a big rise towards more demand for energy efficient space and those sorts of premiums.

We're seeing also closed loop systems in the construction area. Floor finishers, for example, being leased. So at the end of their useful life, they're being taken back by an interface floor and they turn back into carpet tiles. The same sort of thing on ceiling tiles and so on.

So finally, I think my glass is half full. We need to get the right policy and business models in place and then I think industry will be in a good place to respond.