



**Carbon Disclosure Project global launch  
New York, 20 September 2010**

**Address by Christiana Figueres, Executive Secretary  
United Nations Framework Convention on Climate Change**

Ladies and Gentlemen,

We are on the verge of a new industrial revolution... a revolution that must succeed if we are to avoid a future of unchecked climate change.

But just as the first industrial revolution depended on pumping as much carbon as possible into the air, this one that we are about to embark on will succeed only if we do the opposite.

Governments will continue to ratchet down their carbon emissions, because they know they have to. But if they fail to move fast enough, the impacts of climate change will undermine every successful business model we now take for granted.

It is utterly clear, therefore, that business's best course is to press governments to give companies and investors the regulatory frameworks, the incentives and benchmarks to push this new revolution forward on a global scale.

*As we know, there are four major trends now shaping the future.*

They represent the biggest combined challenge to sustainable human existence in recorded history - energy supply and security, natural resource depletion, population growth and climate change.

Governments will stand together to face these four threats by embarking on a radically new development paradigm, or they will fail divided, with consequences for business.

You know as well as I do that the transition to a green economy with its major technology and infrastructure investment needs represents a huge business opportunity.

Some parts of business have begun to act. There are efforts to green supply chains - Walmart being one we will hear from today - investments into renewables continue to rise and energy efficiency measures are being taken seriously.

Monitoring carbon footprints, including the very critical help of the Carbon Disclosure Project, is also on the rise. None of this would happen if "going green" didn't make long-term economic sense. But it is not yet a global norm.

So, how can the green economy be expanded to benefit all?

Clearly, business cannot achieve this on its own. But neither can governments. You both need each other.

For business, the questions remain: Will governments provide the clear, long-term policy framework to expand confidence? Will they move fast enough together and in a concerted fashion?

The short answer is: current signs point to it...but governments are frankly still working it out.

I have heard in business circles that the climate change conference in Copenhagen was a disappointment because it did not yield the policy clarity that had been hoped for. True...but neither did it leave business completely empty-handed. Being the optimist that I am, let me highlight some of the positive outcomes.

It produced a number of results, including the Copenhagen Accord, which reflected a broad political will to keep the world below a two degree temperature rise.

By the end of Copenhagen, all industrialized countries had pledged targets to cut emissions by 2020...and no less that 39 developing countries, with no obligation to do so, including all the major emerging economies, had announced plans to limit their growth in emissions.

While all these pledges and promises in total do not add up to a response that would keep us below two degrees, it represents a solid policy intent to constrain carbon in the long term.

Copenhagen also paved the way to agreeing a set of ways and means to trigger action on an international scale.

This includes cutting and controlling emissions, adapting to climate change, technology cooperation, getting adequate money to the right places at the right time, and building up skills and structures in developing nations so they can take more effective action.

Industrialized countries also promised in Copenhagen the essential finance that will allow developing countries to act, especially the least developed and the most vulnerable.

They pledged to raise 100 billion dollars a year by 2020, through public and private means,...and to deliver 30 billion dollars in public funds from now to the end of 2012 to kick-start the very urgent action.

And time has not stood still since Copenhagen. The negotiations have continued in a calmer manner, and there has been some progress.

Yet there is no magic bullet. No one agreement that will solve everything. To expect that is naïve, does not do justice to the crucial steps that have been achieved since the start of

the climate convention, and dangerously ignores the need to keep innovating so as to allow for ever increasing ambition.

But there is no question in my mind that governments need to deliver the next firm step in a long journey towards controlling climate change.

There does seem to be convergence amongst governments that Cancun should produce a package of decisions that could include an agreement on how and when to capture governments' promises and pledges, as well as an agreement to launch a comprehensive set of ways and means to act immediately.

Another priority in Cancun will centre on avoiding a gap between the end of the Kyoto Protocol's first commitment period in 2012 and accountable and binding mitigation action by industrialized countries beyond that time.

***But two things need to happen to make this occur.***

First, governments need to gather the political will. The strains of the financial crisis have made short-term caution look politically safer than long-term ambition.

This is a false caution. If allowed to prevail, it will prove to be the worst economic and social irresponsibility we have ever incurred.

Second, governments need to be bold. Governments will be bolder if they are told that they can do so by the investors and businesses whom they rely upon to deliver the economic stability on which good governance and political credibility depends.

**Governments need help to know how to be bolder.**

The negotiating texts address the role of business only at a high and abstract level. There is no paragraph to define how a one cent production advantage for each unit of electricity can mean a huge swing to an alternative energy production model.

There is no sentence to understand that a 25 basis point yield can mean a massive swing in the allocation of long-term investments into clean energy portfolios or major adaptation projects.

These are the parts of the picture where governments need help and it is not too late to do this.

In fact, if Cancun does its job and delivers the broad package of ways and means to act, it is precisely then that that level of detail will be needed to make the agreement rapidly effective.

The negotiations are advancing in two ways that impact business and investment.

First, they can set the basis for action in developing countries in a way that the private sector can profitably build upon.

Second, they are moving, albeit still too slowly, towards a higher level of emission reductions that will continue to change the shape of investment behaviour globally.

This means that business and investments which can stay ahead of the climate curve have the highest promise of succeeding.

The risks are high because they rely on slowly developing government policy, but the potential returns are equally high and the risks of doing nothing are much higher.

The bottom line is that investments in areas which sustain or increase emissions will carry an increasing risk of return, while those that reduce emissions will carry an increasing rate of return.

The Carbon Disclosure Project (CDP) is to the future of business what the X-ray was to the then future of medicine: without it, we would never see the inside of a patient's health.

You can change regulatory and accounting standards to better price climate risk and you can launch new, innovative forms of climate investment assets but, unless you know the accurate carbon footprint of the investment objective, you will miss the hidden risk.

It is therefore very encouraging that the Carbon Disclosure Project's 2010 report shows a continuously rising number of companies which see significant opportunity, rather than risk, in the response to climate change. The 2010 CDP report shows that CDP is moving forward. I am sure Paul knows we have a long way to go.

If we go beyond the Global 500, independent reports find that worldwide 63 per cent of businesses do not yet monitor their energy consumption and 81 per cent do not monitor their carbon footprint, to say nothing about their active carbon management.

It may come as a surprise that some companies in China and India are taking green measures most seriously and are among the most attentive to monitoring their emissions - a direct invitation to CDP's objective of globalizing its programmes in all major economies.

The data from emerging countries has to be taken in the overall context of these national economies and their place in emissions growth. But the trends also reflect where business sees the biggest opportunity in green growth.

Equally, it is a warning to currently leading economies that business as usual is a recipe for losing competitive advantage and long-term profitability.

Ladies and Gentlemen,

You are on the leading edge of this new green race and industrial revolution. I encourage you to push ahead - governments with one hand and with the other push yourselves - as far and as fast as possible. We need you.

Thank you.

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