

WBCSD North America *Annual Meeting:* *September 18, 2023*

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The World Business Council for Sustainable Development (WBCSD) and our members were actively engaged this year, participating in various events throughout Climate Week, including various United Nations gatherings, the UN Secretary-General Climate Ambition Summit, and the SDG summit. The week commenced on September 18 with the WBCSD North America meeting, where 100+ members convened to share practices and solutions aligned with stakeholder and societal expectations.

The WBCSD North America Annual Meeting took place at the Nature Positive Hub. The event was facilitated and moderated by Byron Pitts, an experienced journalist with numerous Emmy awards and over two decades of news reporting, and the current host of ABC Nightline News.

WBCSD Executive Vice President Diane Holdorf contextualized the day's proceedings within the broader WBCSD agenda during Climate Week, specifically in preparation for COP28. Diane emphasized the significance of nature in combating climate change. She discussed the release of a suite of tools and guidance to better prepare the finance and business community for nature disclosures, stating that they will follow a journey similar to climate but toward nature-positive.

The Current ESG Landscape

The initial session, "**Navigating the ESG Landscape**," discussed the prevailing challenges and resistance to ESG principles, especially in the United States, and acknowledged the evolving nature of the ESG landscape while recognizing consistent expectations. Moderated by Byron Pitts, the session featured keynote addresses by Peter Bakker, President and CEO of WBCSD; Lane Jost, Head of ESG Advisory, Edelman; and Mark Golovcsenko, KPMG US Climate and ESG Advisory Leader.

Peter Bakker stressed the importance of accountability for a company's performance to cultivate trust and recognition. Mark Golovcsenko emphasized that the *"business case for sustainability remains the ultimate defense against criticism."* Byron concluded the session by highlighting that *"doing the right thing for the right reasons is universal to all."*

Panel Discussions: Enhancing Trust and Accountability in Business

After the initial session, the subsequent meeting segment offered solutions for companies to build trust and accountability in a dynamic regulatory, market, and societal environment. Trust within the business community is tied to increased accountability and exceptional performance. Businesses that exhibit unwavering commitment to climate targets and sustainability objectives can expect a surge in trust and recognition, particularly when backed by concrete examples of successful

implementation. Such accountability serves as the cornerstone of authentic sustainability, fostering greater collaboration and earning credibility.

The first panel discussion, **"From Adversity to Opportunity: Navigating the Changing ESG Policy and Regulatory Landscape,"** featured Fiona Watson, Senior Director Redefining Value, WBCSD, Velislava Ivanova, Americas Chief Sustainability Officer, EY LLP, Richard Manley, Managing Director, Head of Sustainable Investments, Global Leadership Team, CPO Investments, and Annemarie Buttner, Climate Risk Solutions Lead, Corporate Solutions, Swiss Re.

During this panel, Richard Manley shed light on the driving force behind regulation, emphasizing a market failure where few companies have boards actively overseeing executives' identification and integration of material issues within their businesses. Annemarie Buettner suggested that employing economic models to predict the future impact of natural disasters can aid in better cost accounting and mitigation efforts. Although managing disclosures can be challenging and burdensome, it represents a crucial step in addressing this market failure to achieve a just and sustainable transition.

The panel extended this discussion by exploring the rapid shifts in societal expectations placed on businesses in our digitally connected world. Recognizing and proactively addressing risks is imperative for long-term success. Regulatory initiatives designed to raise awareness about climate risks were highlighted as essential and capable of yielding a favorable return on investment, ultimately benefiting both businesses and society.

Next, **"From Adversity to Opportunity: Creating a Positive Feedback Loop with Climate Policies,"** featured a conversation between Roger Martella, Chief Sustainability Officer of GE, and Jennie Dodson, Senior Director at PAMM/WBCSD.

During this discussion, Roger Martella and Jennie Dodson highlighted positive examples of the transforming relationship between government and business. In the European Union (EU), there is a comprehensive overhaul of the economy underway in response to pending and forthcoming regulations. Simultaneously, in the United States, the Inflation Reduction Act is exceeding expectations with its impact on the energy transition. Despite challenges and uncertainties, credit was given to administration officials for their swift actions in formulating rules that favor rapid investment and scaling within this evolving landscape.

Thirdly, **"Building a Fit-for-Purpose Carbon Performance and Accountability System"** featured contributions from Pepijn Rijvers, EVP, WBCSD, along with Anna Stanley-Radiere, Director of Climate Transparency, WBCSD, and Jenny Kwan, Director of Climate Action and Accountability, WBCSD.

Primarily due to the absence of a robust, universally accepted carbon performance framework, the current carbon performance and accountability system presents a challenging and complex framework for companies to navigate effectively. This discussion highlighted the significant hurdles businesses encounter in obtaining the recognition they deserve.

Addressing this gap in performance assessment holds utmost importance for fostering sustainable economic growth. Anna and Jenny presented early findings from WBCSD's consultations within the business community concerning the shortcomings of the existing carbon performance and accountability system. They engaged the audience in an interactive discussion, focusing on two critical solution areas: data and capacity building. These areas aim to construct a more suitable carbon performance and accountability system that enables companies to effectively demonstrate their progress in the journey toward net-zero transformation to key stakeholders. WBCSD members Ulrike Sapiro, Chief Sustainability Officer at Henkel AG & Co. and Marie Johansson, Senior Director, Product Sustainability at Colgate-Palmolive also provided insights into actions their companies are taking within their respective supply chains in this arena.

In the final discussion, **"Social Performance: Elevating Ambition, Driving Collective Action, and Strengthening Accountability,"** industry leaders emphasized the critical role of addressing inequality and social-related risks in future-proofing businesses and meeting evolving stakeholder

expectations. The panel featured David Eichberg, VP, ESG Strategy at Mastercard; Meredith Sumpter, CEO of the Council for Inclusive Capitalism; and Ajaita Shah, CEO of Frontier Markets.

The session aimed to unpack these risks, emphasize priority action areas, showcase barrier-breaking strategies, and update on progress regarding financial disclosures related to inequality and social issues. Byron Pitts provided the U.S. regional context for social justice and responsible business, presenting the Business Commission to Tackle Inequality (BCTI) Action Agenda and encouraging participant perspectives on business's role in addressing equity-related challenges. Ajaita spotlighted action areas like 'Access to Essential Products and Services' and stressed a systems approach for driving inclusive growth in rural markets. David built on Ajaita's intervention by speaking to Mastercard's role in providing financial access through strategic partnerships and stressed the importance of inclusive design for sustainable scalability. Meredith highlighted how businesses are adopting a DEI lens to tap into market opportunities and underscored the need for a comprehensive language that focuses on the business value of meeting societal needs.

The session concluded by debating ways in which the private sector can play a role in addressing persistent social inequalities. In closing, the WBCSD's Equity Imperative team shared its desire to formally extend the BCTI in January 2024, giving itself 18 months to scale its impact and reach by delivering on a 10-point action agenda it published in May of this year. An important element of this is the planned launch of the Taskforce for Inequality & Social Impact Financial Disclosures (TISFD), a social- and inequality-focused Taskforce for market disclosures and counterpart to TCFD and TNFD. The TISFD strives to enhance the value of and insight into a corporation's social performance and is designed to ultimately improve last mile outcomes for marginalized communities. The initiative is set to launch in the first half of 2024.

Concluding Remarks and Reflections

To conclude the meeting, Dominic invited Byron to share his observations and key takeaways from the proceedings. Byron addressed the audience by highlighting the dominant areas in news coverage: the economy, environment, equity, race, and culture. He emphasized that these areas offer opportunities for us to effectively tell our stories, stating that *"WBCSD members can engage the media with compelling human stories, while feeding the media with hard data, facts and statistics."*