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## Opinion piece

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### **Why business should act on climate change**

*Tom Boardman, WWF Climate Champion and CEO of Nedbank Group Limited*

We are living in critical times, times when our decisions and actions will have a greater impact on future generations than ever before. No longer can we afford to delay behaviour change – as members of organisations, as individuals and as citizens of a global economy that threatens to move us into the uncharted territory of global warming even as it continues to offer us opportunity for material prosperity. Gone are the days when business was able to shrug off environmental concerns as being incompatible with maximising shareholder value. Surveys by UNISA and Accenture show that South African consumers are concerned about climate change and other sustainability issues, and often prefer to support businesses that respond to these issues.

A few weeks ago at the 64<sup>th</sup> General Assembly of the United Nations in New York City the Copenhagen Communiqué was handed over to UN Secretary General Ban-Ki Moon, a document signed by more than 500 businesses from across the globe, from large corporates to SMEs. Laying out a business case for a fair and effective new global climate deal, the communiqué warns that the private sector will suffer if an ambitious deal is not reached in December in Copenhagen at the UN Climate Change Conference. Nedbank is proud to be one of a number of South African institutions that has signed up to show support for this message.

Within a landscape of rapidly evolving playing rules and diminishing access to resources, business is confronted by a triple set of challenges. The first and most obvious challenge is how firms, as major consumers of energy and natural resources, will respond to increasing resource constraints. Significant cost-saving opportunities are available to firms that invest in energy efficiency, and proposed legislation provides for tax incentives for investment in CDM (Clean Development Mechanism) projects. The second challenge relates to regulation: will South African firms passively wait until climate change regulation is enacted locally, or proactively manage their exposure to future regulation by engaging government during the climate change policy formulation process? Finally, firms will need to choose their business response to a changing economic landscape; they can either pursue “business as usual” and risk their business model becoming redundant, or treat climate change as an opportunity for innovation, technology development and market shaping.

A look at the Intergovernmental Panel on Climate Change’s predictions of the expected impact of climate change on Africa reveals why corporate South Africa should take action now. Flooding and droughts are set to increase across the continent in coming years, decreasing agricultural yields, causing species extinction, changing patterns of disease and wiping out established coastal industries in some areas. As food and freshwater become more scarce, the potential for regional conflict will increase. Nonetheless, Africa is home to the second largest rainforest basin in the world: the Congo Basin. Preserving this natural heritage and continuing to explore opportunities for efficiency and application of environmentally friendly technologies will go a long way towards protecting South African people, their livelihoods and the environment they currently enjoy.

Effective response to climate change requires us to take a multi-pronged approach. Together with taking mitigation measures aimed at reducing their environmental impact, organisations need to look ahead and also consider investment in climate change adaptation initiatives.

Science tells us that we have 5 to 8 years to turn this situation around by moving onto a low carbon economic trajectory which will limit global warming to as far below 2 degrees as possible. The World

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Wide Fund for Nature, together with other NGOs, is calling for developed countries to reduce carbon emissions by 25-40% by 2020, with 1990 as the base year. Emission reductions of 80-95% by 2050 are required if we are to have a chance of avoiding runaway climate change.

While the eyes of the world will be on international leaders discussing a new global climate deal at the UN Climate Change Conference in December, the responsibility for South Africa's low-carbon growth plan strategy formulation and implementation will remain ours. Given the ongoing imperative for job creation and economic growth in South Africa, seeking business opportunities in an era of climate change is likely to address not only the country's environmental objectives but also vital social and economic ones.

The similarities between the economic crisis and the climate crisis are striking. Both are the result of living beyond our means, and in both cases early signals warning of future catastrophic consequences were largely ignored. In his 2006 report on the economics of climate change, Lord Stern described climate change as "the greatest and widest-ranging market failure ever seen". From small to large firms, high carbon-intensive to low carbon-intensive companies, metropolitan to rural organisations, let us unite in responsible action to ensure a great South African future for all those that follow us.

*The article appeared in the Cape Argus on 15 October 2009.*

**About WWF:**

WWF is one of the world's largest and most respected independent conservation organizations, with almost 5 million supporters and a global network active in over 100 countries. WWF's mission is to stop the degradation of the earth's natural environment and to build a future in which humans live in harmony with nature, by conserving the world's biological diversity, ensuring that the use of renewable natural resources is sustainable, and promoting the reduction of pollution and wasteful consumption.

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