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Posted: 04/17/2015 on http://www.huffingtonpost.com/feike-sijbesma/climate-action-is-our-bus_b_7078592.html

Climate Action Is Our Business Too

Climate change is real. The scientific debate is over: the evidence is overwhelming. Delaying action is no longer an option. It is time for concrete and effective action. Use of alternative energy sources should be scaled up. This is, in short, the unified message a group of 43 CEOs including myself are sending world leaders today as they gather in Washington DC for the World Bank & IMF Spring Meetings.

We know 2015 is a crucial year. It is the year for world leaders to reach a climate agreement and to cut our carbon emissions to a level that can limit the average global temperature increase to 2C. This will be the agenda for the [COP 21](#) this December in Paris. It is also the year in which the new United Nations [Sustainable Development Goals](#) (SDGs) will be set, creating an opportunity to align action on climate change with a coherent, broader set of goals for the planet and its people.

Although both the COP 21 and the Sustainable Development Goals might be something world leaders have to agree to, everyone, business too, has a role to play, can contribute and has a responsibility to act.

Procrastination is never a good strategy. Not having reached an effective global climate deal despite many gatherings of world leaders in the past decades has led us to this 'critical' year, since the global community doesn't have the chance every year to make an important step forward. The last time was in Copenhagen in 2009. Some scientists even believe our window of opportunity to set the world on a path to a low-carbon economy and limit the average global temperature increase to 2C has meanwhile closed.

Should we fail to agree on a climate deal, our climate will enter uncharted territory with possible devastating consequences, not just for the environment, but also for society and the economy. This, for our and future generations' sake, should be avoided.

Delaying action is not an option, as adaptation costs for future generations are much more costly than mitigation costs today. Effective action requires intense collaboration between public and private sectors, including civil society.

In a few centuries from now, people will look back on our civilization with amazement. It is unbelievable what humanity achieved in the last 150 years while making the world dependent on three raw materials: coal, oil and gas. Yes, we managed to build a lot of prosperity. But with the world

population already above 7 billion and a growing middle class, we have to find alternatives to provide energy and food to all while simultaneously reducing global carbon emissions to ensure a prosperous future for all.

Is this a naïve and unrealistic prospect, as some argue? No, not at all: the amount of solar energy reaching the surface of our planet is so vast that in one year it is about twice as much as will ever be obtained from all of the Earth's non-renewable resources of coal, oil, natural gas, and mined uranium combined. And solar energy in turn fuels the wind and allows for photosynthesis in biomass, to name a few alternatives to fossil fuels. All these are abundantly available and just have to be developed.

In order for scientists to continue to develop these non-fossil based alternatives and for business to scale these solutions, we need the right economic incentives. Now, with relatively low oil prices, is an excellent time to introduce a carbon price system.

This system should be global, effective and meaningful, facilitating a global market mechanism as a primary driver for sustainable innovation, efficiency improvement and greenhouse gas reduction. It also should prevent companies from transferring production to countries with laxer regulations (carbon leakage), a level playing field should be ensured through regional implementation schemes.

Such a carbon price should be supported by policies that will complement business efforts. Policies that for instance stimulate joint research and innovation to develop and scale up new alternative energy sources and low carbon technologies.

We should create more transparency regarding the financial effects of incorporating externalities and climate risks, both for businesses as well as countries. In addition we should increase the transparency with respect to our exposure to investments in fossil-related assets, also in view of how much of the current reserves we should use.

All this will enable our switch from the current Fossil Age, to a Bio-renewable Age in a circular economy. The Stone Age didn't end because of a shortage in stones. We left the Stone Age because we had better alternatives available. And it will happen again. We can leave this period of 'take, make, and dispose' and enter a waste less age, fuelled by renewable energy. In this Bio-renewable Age, greenhouse gas emissions and energy should be decoupled to such an extent, that our children will curiously ask us why we were ever worried about saving energy.

The [New Climate Economy](#) research project shows that accelerating the transition to a climate resilient, low-carbon economy will create even better economic growth and jobs in both the developing and developed world: a climate deal and growth can go hand-in-hand. An ambitious climate deal, in combination with relevant carbon pricing as part of a strong set of clear policy signals from the world's leaders, can kick-start this transition. This opportunity should not be missed.

After all, climate action is our business too.