

# Drawing Some Conclusions

## From the Work of the World's First Business Task Force on Climate Change

**By Ben Verwaayen,**  
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**R**unning a big company is not as complicated as you might think. There are only a few things you have to do, but high on the list is the ability to identify significant business risks and to decide how they will be mitigated.

No doubt scientists will continue to argue for years to come about the scale and intensity of climate change and about the part in this process that human activity is playing. But one thing is certain, climate change presents a significant and immediate risk, not just to business but to the way we conduct our lives, and to the kind of world that we will leave to our children and our grandchildren.

It was a recognition of this risk, and a realization that business must play a major part in its mitigation, that brought together the chairmen and chief executives of 18 of Britain's biggest companies in the Confederation of British Industry (CBI) Task Force that I was asked to chair, and which reported at the end of last year. The report we produced was the first of its kind anywhere in the world. It describes a roadmap of practical steps that can be taken by business, government, and consumers in partnership to get the UK back on course to meet the climate-change targets set by the UK government for 2050. Backed by forensic analysis by McKinsey's, it takes business into territory where it is usually afraid to tread, calling for additional regulation, including mandatory emissions reporting, and for higher taxes as part of a fiscally neutral set of incentives to encourage the right behavior.

British economist Nick Stern is right to describe climate change as history's greatest market failure. There is no invisible hand that is going to solve the problem. As the CBI report concludes, we will need to work in partnership to build a sustainable future. But here is the good news: we can be green and still grow. So long

as we act together and soon there is no need to abandon economic growth or return to the Middle Ages. Our analysis shows that average growth rates over the past 30 years can be maintained and the 2050 targets hit as long as we take decisive action now.

The CBI Task Force was deliberately drawn from all areas of business. From the oil majors, through financial services, retailers, and power generators to motor companies, airlines, to information technology and communication companies. When we first met, it was hard to believe that we would ever reach a consensus on the way ahead, and yet that is exactly what has happened. With the task force making specific commitments that include taking the lead in cutting household emissions by 50%, and engaging our workforces (collectively a million people) in creating a sustainable future.

Let me discuss the business I know best to describe the way in which companies can be part of the solution to the challenges we face. At British Telecommunications (BT), we are on a journey toward reducing our company's carbon footprint by 80% by 2016 compared to our emissions in 1996. That means halving our current energy consumption in the UK. But we are a global company and our global business is relatively new. It is growing fast, and BT's commitment is to ensure that we manage this part of the business as well as we have our UK operations.

As commercial enterprises, we need to make it easier for our customers and employees to make low-carbon choices. That means producing environmentally friendly products that people want to buy at prices they can afford. Making sure that labeling leaves no doubt about which products are energy efficient and which are not. We must promote smarter ways of working. For example, moving from a culture based on the idea that,

"I have to be based in an office," to a culture where, "my office can be where I am." BT has had great success in implementing this philosophy, with more than 15,000 of our employees now full-time home workers and a further 63,000 who work flexibly.

We have seen a 21% increase in productivity and 63% less time taken in sick leave. We save carbon emissions by reducing the journeys that BT employees would have made by traveling to the office and we can reduce our real estate—again creating real carbon savings. These employees also have a better work/life balance. It is not rocket science, and businesses and governments can do this today—we just need to shift the mindset.

Let me take another example. We have a fast growing business in teleconferencing and net meetings, in which we encourage our employees and customers to not travel but use the technology instead. Last year we saved £141 million through reduced traveling and prevented 97,000 tonnes of CO<sub>2</sub>. It is a good example of how companies can collaborate together to reduce carbon emissions and it is a real area for potential growth.

Adopting a new economy will require collaboration. That is why I stress that we want to work closely with the government. In fact, I might even go further and say we have to, and we demand to, work collaboratively and transparently with government. Creating taxes and regulations for the new economy—a carbon economy—is a significant part of the foundations for creating the change. Rewarding businesses and consumers for adopting the right behaviors will help accelerate the changes required and gain the support of business and individuals.

We already have many of the technologies and solutions needed to contain climate change, although not all are yet commercially viable. We all recognize that the pace and scale of implementation must now be accelerated and, therefore, we must work to ensure these solutions become commercial sooner rather than later. Government has a part to play in making this happen, for example, through making sure that planning controls do not hinder renewable energy projects.

We need to reward greener behavior, and have bigger, more focused research and development

programs to finance the new technologies and solutions. Carbon truly needs to become a new currency, which can be audited, reported upon, and which will drive business decisions. Industry has to do its bit here but it does need active, consistent, and long-term government support.

The CBI report recognizes the good work that, for example, the UK government has done, especially to set a framework for change and welcomes legislation as an important element of a framework to promote significant cuts in emissions. But governments need to focus on the delivery of that as a matter of urgency. It needs to ensure a cross-party consensus on climate change, because the action taken now needs to be sustained by governments over the next 30 years, which will be a massive challenge.

So business and government both have their parts to play. But there is a third and critical constituency that will ultimately decide the scale and pace of change. The role of the consumer will be absolutely vital in meeting the challenges that lie ahead. It is the consumer who will force companies to produce sustainable products by the purchasing decisions they make, and who will determine how high governments place this issue on their long list of priorities.

Climate change demands a coordinated response from government, business, and consumers. As the CBI and other reports show, as long as society acts together now to adapt and cut emissions, we will not have to face painful choices later on between economic development on one hand and climate change on the other. We can meet this challenge, but only if we embrace all components of a low-carbon economy. It is simply no good to choose the parts of the menu we like the look of and ignore the ones which we find unpalatable.

I hope that companies of all types and sizes will follow the lead that the CBI Task Force has set. Business has both the responsibility and the ambition to be part of the solution. It is, therefore, up to industry to push government for the right incentives and for consumers to push business for the right products and services—and to make them affordable for every level of society. ❖



**BEN VERWAAYEN** was appointed to the Board of British Telecommunications (BT) and became Chief Executive in 2002, a position he held until June 2008. In December 2007, he was made an honorary knight of the British Empire by the Queen. Before joining the BT Group, Verwaayen had been with Lucent Technologies since 1997. His position on leaving was Vice Chairman of the management board. Previous to this, he was Executive Vice President and Chief Operating Officer, and before this, Executive Vice President, International.

Prior to joining Lucent, Verwaayen worked for KPN in the Netherlands for 9 years as President and Managing Director of its subsidiary, PTT Telecom. From 1975 to 1988, he worked for ITT in Europe. He was appointed an independent, nonexecutive Director of UPS in 2005.

Verwaayen received a master's degree in law and international politics from the State University of Utrecht, Holland. He was created an Officer of the Orange Order-Nassau in April 2006 and appointed a Chevalier de la Legion d'Honneur in June of that year.