



## **Rio Conference – PwC’s global Sustainability & Climate Change team comment on the progress, prospects and legacy of Rio+20.**

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- **The text:** “Alone it will not deliver the radical economic transformation needed.”
- **The Green Economy:** “The endorsement of the green economy is also far from wholehearted.”
- **The Sustainable Development Goals:** “A clear endorsement of the links between socio-economic development and the environment.”
- **Business & Sustainability** “There’s a danger the expectations related to private sector participation will get ahead of reality. But they will be increasingly recognised as a key part of the solution to achieving sustainable economic development.”

### **Overview**

Malcolm Preston, global leader, sustainability and climate change

“Rio+20 needed to deliver an international framework to ensure a more sustainable future. 'The Future We Want' is a start, but it is a compromised output, lacking in ambition and practical action. Alone it will not deliver the radical economic, environmental and social transformation needed.

“On the plus side, important progress has been made on endorsing some of the key themes of the conference – moving towards a more joined up understanding of green growth, defining GDP more broadly, and putting a process in place to move towards the formation of Sustainable Development Goals (SDGs).

“Rio+20 will be likely to push the donor community further towards addressing the 'triple-bottom-line' - the economic, environmental and social implications - of their work. The SDGs could ultimately provide a framework to guide and account for such progress; however the declaration has more on the process than the substance of what is planned.

“In many ways, the agenda was too big and too difficult. The summit flagged seven critical issues – jobs, energy, cities, food, water, oceans and disasters. But that’s before you factor in recurring themes like equity and gender. So it is no surprise that what we’re left with reads more like a shopping list of existing initiatives, than a commitment to a bold step forward - 'The Future We Want... but can't agree how to get to'.”

### **Policy progress?**

Malcolm Preston, global leader, sustainability and climate change

“The NGO community is very down on Rio. Policymakers are more pragmatic - there was always a limit to what could be achieved in such difficult times. But some of the criticisms of the process raise important issues. We need stronger, more ambitious leadership if we are really going to deliver green growth and sustainable development.”

Richard Gledhill, sustainability and climate change, PwC

“The negotiating texts at UN summits like this are a bit like a bad film award acceptance speech. Every interest group and every issue has to be mentioned. But it’s hard to find much new in the framework for action. Lots of 'emphasising' and 'reaffirming', plenty of 'calls for' and 'commitments to'. But timetables for tangible action are few and far between.

“The endorsement of the green economy is far from wholehearted. The long list of conditions and caveats underlines the political sensitivity of new notion. Developing countries still worry that *green* growth means *less* growth, and they want the opportunity that the developed world has had. What is needed is hard evidence that green is good, leapfrogging technologies, accelerating growth and delivering across a broader agenda – the notion of GDP+.”



### **Sustainable Development Goals**

Celine Herweijer, director, sustainability & climate change, PwC

“We can’t overemphasise the significance of agreeing a specific process and a timetable for Sustainable Development Goals – these sorts of decisions take years in the climate change process.

“It took the world and its decision-makers some time to understand the MDGs, the challenges and implications and to figure out practical ways of delivering them, so it’s clearly sensible to follow through on this at the same time as developing a broader agenda for the SDGs.

“There will be a lot of work over the coming year on the post 2015 MDGs that can’t happen in isolation from any SDG process. The MDG debate will focus on tackling issues such as the growth of poverty in middle income economies, the need to move beyond aid for financing development, and the need to have accountability and transparency around results. These issues will be critical to sustainable development goals also. The SDGs must ultimately feed into the post 2015 MDGs. At the very least they need to talk to each other. Simplicity is one of the successes of the current MDGs.”

“There is a real risk, though, that developing the SDGs will detract from the MDGs. The declaration claims it won’t, but in reality, the resources of governments and other stakeholders are finite, and the attention span of decision-makers and the public is limited.

### **Business**

Malcolm Preston, global lead, sustainability and climate change, PwC

“One of the most notable aspects of the conference has been level of private sector involvement and commitment. The private sector sent very senior and reputable representatives to Rio, stepping up to the challenge.

“A lot of the tangible actions that were announced in Rio came from the private sector, and in many areas they’ve moved ahead of the policymakers. But there’s a danger the expectations related to private sector participation will get ahead of reality.

“The private sector has an enormous and important role to play but not as a substitute to governments and international leadership.”

Richard Gledhill, partner, sustainability & climate change, PwC

“What Rio+20 perhaps did best was to spur and showcase bilateral action, partnerships and commitments that can happen outside of the slow-moving international process.

“In the 20 years since Rio 1992 the sustainable growth movement has moved from fringe interest to a leadership level priority for governments and businesses across the globe. The business community was prominent this time around, and will be increasingly recognised as a key part of the solution to achieving sustainable economic development. Governments will be relying on, and partnering with, business as a means of implementation, innovation and finance.

“Some of the NGOs have blamed the business community for the lack of progress at Rio. The reality is, both because of the positive profile that some companies generated through their commitments at Rio, and conversely, some of the less positive stories about others that headlined their track record or inaction, business leaders are now going to have to step up to some very difficult challenges, reputationally and operationally.

“The environment wasn’t a priority for most businesses at the first Rio summit. Now it’s a big strategic issue. The private sector can’t afford to wait for a global treaty on sustainable development - it’s already starting to integrate environmental, social and economic issues into its planning and risk management.



### **Climate Change**

Richard Gledhill, partner, sustainability and climate change, PwC

“On climate change, the gap between current mitigation pledges and what's required to avoid dangerous climate change merits ‘grave concern’ in the Rio text. But there is little reassurance that the ambition called for in Durban will be delivered. Perhaps this particular powder is being kept dry for the Doha talks.”

### **Reporting**

Alan McGill, partner, sustainability & climate change PwC

“Sustainability reporting made it into the text, but not in a way that mandates action. The debate at Rio+20 clearly indicates the direction of travel – there is a clear trend towards corporate sustainability reporting. Accounting for actions and reporting on them is the destination, even if the timetable is unclear.

“The UK government’s decision to mandate GHG emissions reporting for listed companies gave a boost to the theme of natural capital accounting. The UK has also already committed to incorporating natural capital within the government’s system of national accounts by 2020, and the establishment of a Natural Capital Committee.”

### **Oceans**

Chris Knight, director, biodiversity & ecosystems, PwC

“The Future We Want’ is encouraging in its breadth, as it references many of the key threats and issues concerning ocean health. However, it neglects many of the practical steps and interim measures which could be vital to resolving these issues over the longer term.

“There is no discussion of the challenges and the key actors within global supply chains, and the role of traceability in tackling the \$18bn dollar a year illegal fishing sector.

“There needs to be more recognition of the potential resources and innovation which could be tapped through actively engaging the private sector on these issues. For example, the value, and need for expansion of, certification schemes, retailer led initiatives and consumer awareness campaigns, in transforming supply chains does not get a mention.

“There is a crucial need for transition finance and support packages for communities dependent on unsustainable fishing industries. The World Bank has identified \$50bn in potential income which is lost each year through mismanagement of fish stocks.”

### **Hidden aspects?**

Richard Gledhill, partner, sustainability and climate change, PwC

“Demand for palm oil has grown fourfold since the first Rio Earth Summit, putting real pressure on forests, biodiversity, indigenous peoples and the climate. Major consumer companies are already working towards targets for sustainable palm oil, but a meeting of major food and consumer goods companies on Thursday raised the bar dramatically. The Consumer Goods Forum have set a 2020 deadline for zero deforestation from palm oil and plan to start work immediately.

“This is a hugely ambitious. It will require, and drive, a transformation of global supply chains, and western consumer goods companies only account for a small fraction of total demand.”

### **Rio legacy**

Matt Haskins, sustainable business solutions, PwC US

“We may look back on Rio+20 as a turning point towards a more sophisticated and collaborative approach toward greener, more socially inclusive growth. We heard a lot of talk in Rio about the need to value natural capital. Doing so will be difficult, and many of the methodologies will take a long time to develop, but the potential for improved business and government decision-making is profound.”



“However many of the potentially big decisions setting and quantifying sustainable development goals were pushed off for work by a UN committee over the next couple of years.”

Ends

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**PwC Rio+20 resources:**

**Power play? The global economic context:**

Dramatic shifts in global economic power pose sustainability challenges for Rio + 20 and beyond according to new analysis by PwC comparing shares of world GDP for key global country groupings in 1992, 2012 and 2032.

<https://www.ukmediacentre.pwc.com/News-Releases/Reality-check-for-Rio-negotiations-as-PwC-analysis-examines-global-economic-power-shifts-to-2032-1265.aspx>

**A new report card: PwC comment on UK mandatory reporting decision**

<https://www.ukmediacentre.pwc.com/News-Releases/PwC-comments-on-mandatory-emissions-reporting-decision-1266.aspx>