

By **Benedicte Gravrand, Opalesque London:**  
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## **Commodity and energy investors would be wise to follow best practice - AccountAbility 21**

Stern warnings about climate change and the development debate started off yesterday's Jetfin conference on commodities and energy in Geneva. The message was clear: irresponsible investing has no future.

Simon Zadek, M.D. of AccountAbility 21, a global organisation that promotes accountability innovations for sustainable development, had an alarming outlook on climate - if nothing is done: in 20-30 years, he said, some of Europe will be semi-arid, there won't be any ice-caps any more, tens of millions of people will travel from Southern Europe towards the North... "We're facing meltdown." And yet he does not believe much will come out of the forthcoming Climate Deal conference in Copenhagen.

According to Zadek, the only way forward is low carbon economy (or low carbon growth). As far as investment opportunities are concerned in this area, global revenue from climate-related business is now around \$540bn, and is predicted to reach \$2tn by 2020.

Low carbon investments are our future, he noted. A climate deal will be done, for better or for worse. Carbon will be priced one way or another - and investors increasingly understand this.

"If sustainability and the commodities you invest in are not intertwined, then the investments will not yield much as the time goes on."

— **Simon Zadek, M.D. of AccountAbility 21**

He likened some speculations to the AA analogy, the "elephant in the bedroom," i.e. an enormous problem in business models. His view is uncompromising: "You will be brought to deal with it." Here is an opportunity for businesses to lead, to see the types of speculations that can be destructive from those that are not, and to shape the rules that mark out the difference between good and bad practice.

A fund manager commented later that day that speculation is not to blame; rather it is the system that encourages speculation that is responsible.

Investors should pay attention to the development debate, said Daniel Day-Robinson, commodities affairs officer at UNCTAD, an organisation that promotes the development-friendly integration of developing countries into the world economy. He also predicted that the decoupling argument, which was premature last year, is timely now: "if we accept BRIC's economic interests, then it is clear that some decoupling will occur."