Dedicated to making a difference

Sustainable Development from a Business Perspective

Conferance on Sustainable Development and Indicators
Oslo, 22 June, 2004

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Chief Operating Officer
WBCSD

- 175 international companies united by a shared commitment to sustainable development
- Members from
  - 35 countries
  - 20 major business sectors
  - 48 national and regional BCSDs (NHO is the Norwegian representative)
Sparkling facts

Revenue: USD 4,000 billion.

This compares with the GDPs of the three largest economies in the world (2002):

USA 10,400
Japan 4,000
Germany 2,000

Employees: 11.6 millions

Customers: 2.5 billion people buy a product or a service from a WBCSD member every day
Norwegian Members

- Norsk Hydro
- Statoil
- Det norske Veritas
- Storebrand
- Norske Skog
- Leif Höeg
A member driven Organization

- « Business is good for sustainable development, and sustainable development is good for business »

- Members are actively participating
  - Seconded business people to the work programs
  - Co-charing the programs
  - Contributing to the working groups

- Management with business experience
Work program: reflecting the business case

Policy development and best practice
- Council projects
  - Energy & Climate
  - Sustainable Livelihoods
  - Accountability & Reporting
  - Water
- Sector projects
  - Forest Products
  - Mining & Minerals
  - Cement
  - Mobility
  - Electricity Utilities
  - Financial Sector

Capacity building
- Education and Training
- Stakeholder dialogues
- Case Studies and Learning-by-sharing
- Young Managers Team
- CHRONOS E-learning

Cross-cutting themes
- Eco-Efficiency
- Innovation and Technology
- Corporate Social Responsibility
- Ecosystems (biodiversity)
- Sustainability and Markets
- Risk

The Business Case

World Business Council for Sustainable Development
From Stockholm to Johannesburg

- **1972, Stockholm:** Environment
- **1992, Rio, UNCED:** UN Conference on the Environment and Development
- **2002, Johannesburg, WSSD:** World Summit on Sustainable Development

Norms and principles

Implementation of sustainable development
A World under stress

- Doha round on trade rules
- No consensus on framework to address climate change
- MDGs too ambitious?
- Approaching the physical limitations of the planet
  - Carbon levels
  - Growing population
  - Consumption rate of natural resources
A tripartite world

- Changing role of the partners
  - Dominance of governments diminished
  - Growing influence of business
  - Civil society maturing
## Two sustainable development agendas

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Public policy agenda

- Globalization and global governance
- Trade, development and poverty
- Sustainable Production and Consumption
- Societal services (Water, Energy, Healthcare)
- Innovation and Technology
- Health of the ecosystems
- Accountability and trust
Globalization and Global Governance

- Strong tension between parts of the world
- ?s for the global multilateral system
  - WTO
  - Kyoto Protocol
- Bilateral/regional solutions
Trade, Development and Poverty

- The opening of the markets has created wealth, but it is unevenly distributed
- Benefits of globalization must come to the poor if we want to maintain open global markets
  - Access to
    - Markets
    - Healthcare
    - Technology
    - Funding
Sustainable Production and Consumption

- Business has done much to improve efficiency
- To deal with Sustainable Production has become a natural part for many businesses
- Sustainable consumption is more difficult
  - Who decides on behalf of the consumer?
Societal Services

- Services like water, energy and healthcare are needed to make society work
- Business role and contribution is necessary
  - Technology and systems
  - Management
  - Funding
- Pricing is complicated
A world of

- Physical limitations
- Growing population
- Demands for increasing living standards and poverty alleviation

Innovation and technology are the only real counterforce

But the conditions for business are unclear, and

The debate often becomes emotional and unrealistic
Health of Ecosystems

- Major uncertainties, limited knowledge
- Climate is a special dilemma
- Growing interest for biodiversity conservation
- New alliances between business and conservation movement
Accountability and Trust

Demands are growing – there is no place to hide

- New reporting guidelines
  - GRI and Others
  - USA, France, UK
- Many codes of conduct
  - OECD, Global Compact
- Socially Responsible Investments (SRI)
- Sustainability indexes (DJSI)
- Not only for business, also Governments and NGOs
Business Assets

The policy agenda affects the value of business

- Intangibles are increasingly important
  - Reputation and brand
  - Perceived risks
  - Ability for constructive dialogue and partnerships with stakeholders
  - Ability to change and adapt
The business case for SD

- Risk reduction
- Operational efficiency & effectiveness
- Recruitment and retention of talent
- Enhancement of value creation
- License to operate and innovate
- Protecting the resource base of raw materials
Parnterships

- A sustainable future requires partnerships between governments, business and civil society
- Partnerships are time and resource consuming. Important to consider goal
- Voulontary actions are contributing strongly
- Need legislative framework
- « The perfect solution » takes long time
Looking ahead

- Shared responsibility
  - Companies: Resource efficiency, innovation
  - Governments: Provide framework
  - Financial markets: Hold scorecard, assess risk and allocate capital

- Where is the business border line for responsibility?

- Business leadership - walk the talk

- Sustainable development is a long term view
Dedicated to making a difference
Business cannot succeed in a society that fails

- The state of the planet
  - Environment inside and outside the fence
  - Life cycle responsibility
- Alleviate Poverty
  - Political, Economic and Social Instability
- Codes of Conduct
  - Credibility
  - Transparency, CSR
- Traffic rules and Framework Conditions
What do we do?

- **Business leadership** • To be the leading business advocate on issues connected with sustainable development.

- **Policy development** • To participate in policy development in order to create a framework that allows business to contribute effectively to sustainable development.

- **Best practice** • To demonstrate business progress in environmental and resource management and corporate social responsibility, as well as to share leading-edge practices among our members.

- **Global outreach** • To contribute to a sustainable future for developing nations and nations in transition.
WBCSD membership (by region)

- Western Europe: 49%
- North America: 24%
- Latin America: 6%
- Asia (excl. Japan): 2%
- Central and Eastern Europe: 2%
- Africa: 1%
- Japan & Korea: 13%
- Oceania: 3%
WBCSD membership (by sector)
World Primary Energy Demand

Source: IEA
Transport-Related CO₂ emissions (Well to Wheels Basis) by Mode

A very Negative Trend in Transportation
World Electricity Generation Capacity

Source: IEA

- **Existing capacity**
- **New capacity**

GW

- 4800 GW

- 1999 to 2030