

DEDICATED TO MAKING A DIFFERENCE

Clean, Green and Rich ?

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**OECD Conference on Public Environmental
Policy and the Private Firm**



World Business Council for
Sustainable Development



Membership

- 175 members (50 from North America)
- Total turnover 4'600 BUSD
- Full market capitalization 4,600 BUSD
- Employees 12M
- Customers served each day 2.5 B



A world shaped by SD issues

- A carbon constrained world
- A water constrained world
- Ecosystems – biodiversity
- Sustainable production and consumption
- Societal infrastructure and services
- Development and poverty



Consequences for Business

- The SD issues will define the borderlines for the space within which we can do business in the future
- The ones that understand the constraints and opportunities coming from this will have a competitive advantage



Environment vs.SD

Environment

- Operational issue
- Delegated to line management
ISO14000, EMS
- Risk Avoidance
Sarbanes – Oxley

Sustainable Development

- Strategic issue
- Top management involvement on how to position the firm
- Brand – reputation
- Business Constraints and Opportunities



Clean, Green and Rich ?



Clean?

- A « must » for staying in business
- « How clean is clean enough? »
- Do not prescribe technical solutions, but set long term targets
- The demography of physical capital will influence costs of compliance



Green?

- « Green » sounds great but will it sell, and at a price generating profit?
- People say one thing and do another
- « Greening the Supply Chain »
– a challenge



Rich?

Seems like it

- Dow Jones Sustainability Index
- FTSE for Good index

But what are we actually measuring?

- Good management or sustainability?



Two SD Agendas

Business Agenda

- Driven from inside Business
- The Business Case for SD
- Win-win

Public Policy Agenda

- Driven from outside business
- Societal themes
- Framework conditions and policies



The Business Case for SD

Elements

- Risk reduction
- Recruitment and retention of talent
- Protecting the resource base of raw materials
- Operational efficiency
- New markets, products and services



GE Ecomagination (i)

- *“Ecomagination is GE’s commitment to address challenges such as the need for cleaner, more efficient sources of energy, reduced emissions and abundant sources of clean water. And we plan to make money doing it.”*

Jeff Immelt



GE Ecomagination (ii)

- **Turnover in Ecomagination products**

2005	→	2010
10 BUSD		20 BUSD

- **R&D in Ecomagination products**

2005	→	2010
700 MUSD		1.500 MUSD



The Five Questions (1)

How does the design of environmental policy frameworks affect management and decision-making within the firm?

- Both carrots and sticks are needed – to prevent bad and support good
- Try to understand the market forces, and try to use them
- Provide reasonable time for implementation



The Five Questions (2)

Does the application of different types of environmental policy instruments have different implications for firms' organisational and managerial responses?

- Yes



The Five Questions (3)

Do environmental management tools significantly improve the environmental performance of the firm?

- Yes « What gets measured gets managed »
- ISO14000 and EMS



The Five Questions (4)

What public policy (and other factors) encourage the adoption of more innovative environmental practices?

- Clear, long term / stable targets and framework conditions

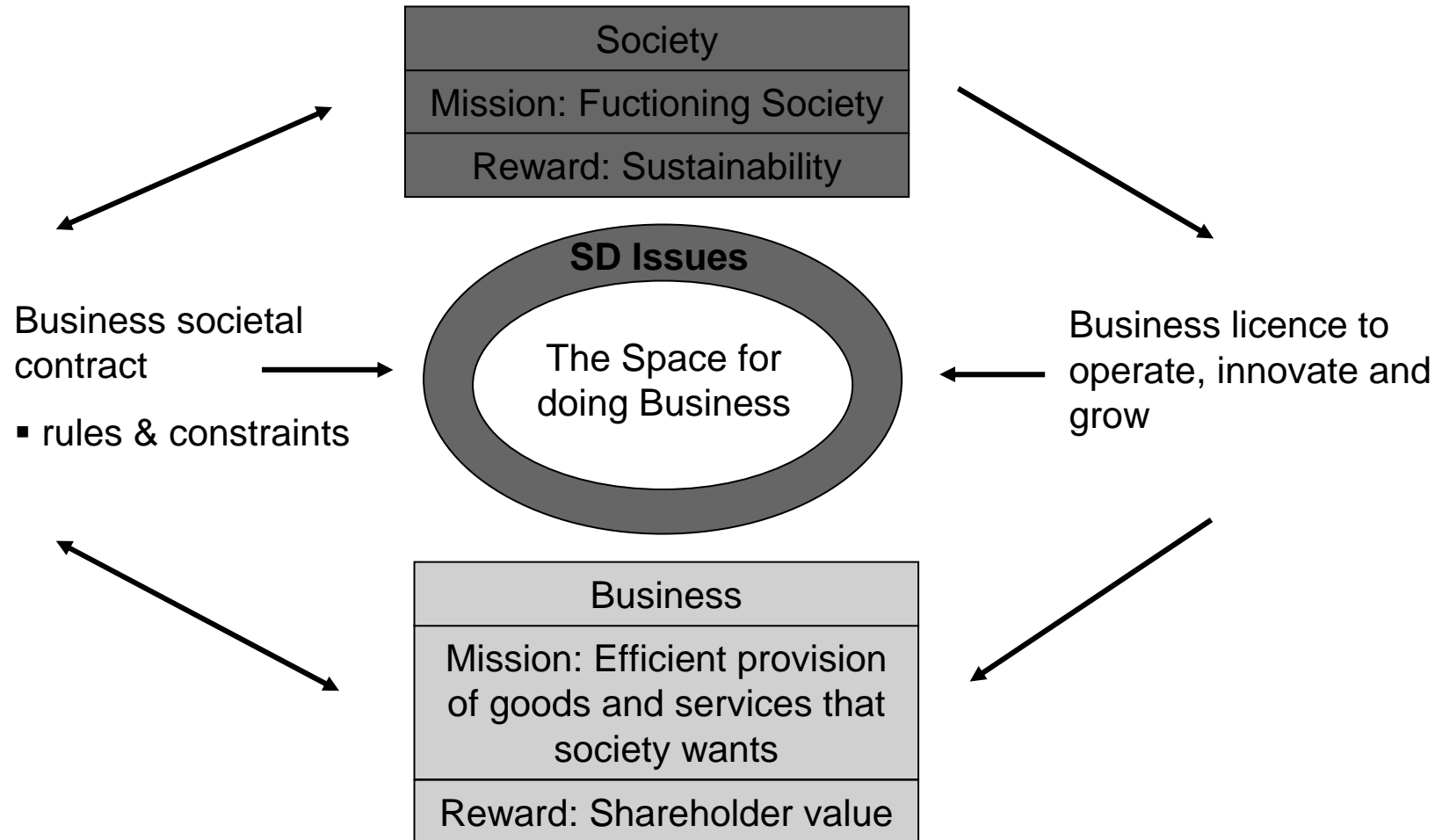


The Five Questions (5)

Does improved environmental performance generate commercial benefits (and what types of commercial benefits)?

- Yes –
 - ✓ Eco-Efficiency
 - ✓ Eco-Innovation
 - ✓ Win-win

SD Concept Model





Conclusion

« Business cannot succeed
in a society that fails »

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