



Eco-efficiency: **A business response to the sustainable development challenge**

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World Business Council for
Sustainable Development

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Agenda

- Overview of the WBCSD
- Global trends in sustainable development
- Responding to the "public" agenda
- Making the business case internally
- Eco-efficiency in the WBCSD programme
- Moving forward





Who We Are

The WBCSD is a coalition of some 175 international companies united by a shared commitment to sustainable development through the three pillars of economic growth, ecological balance and social progress. Our members are drawn from 30 countries and are active in over 20 major industrial sectors.



WBCSD Member Companies





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The WBCSD also benefits from a thriving regional network of 50 national or regional partner organisations representing over 1,000 business leaders around the world



WBCSD Regional Network



**The Excel
Partnership Canada**



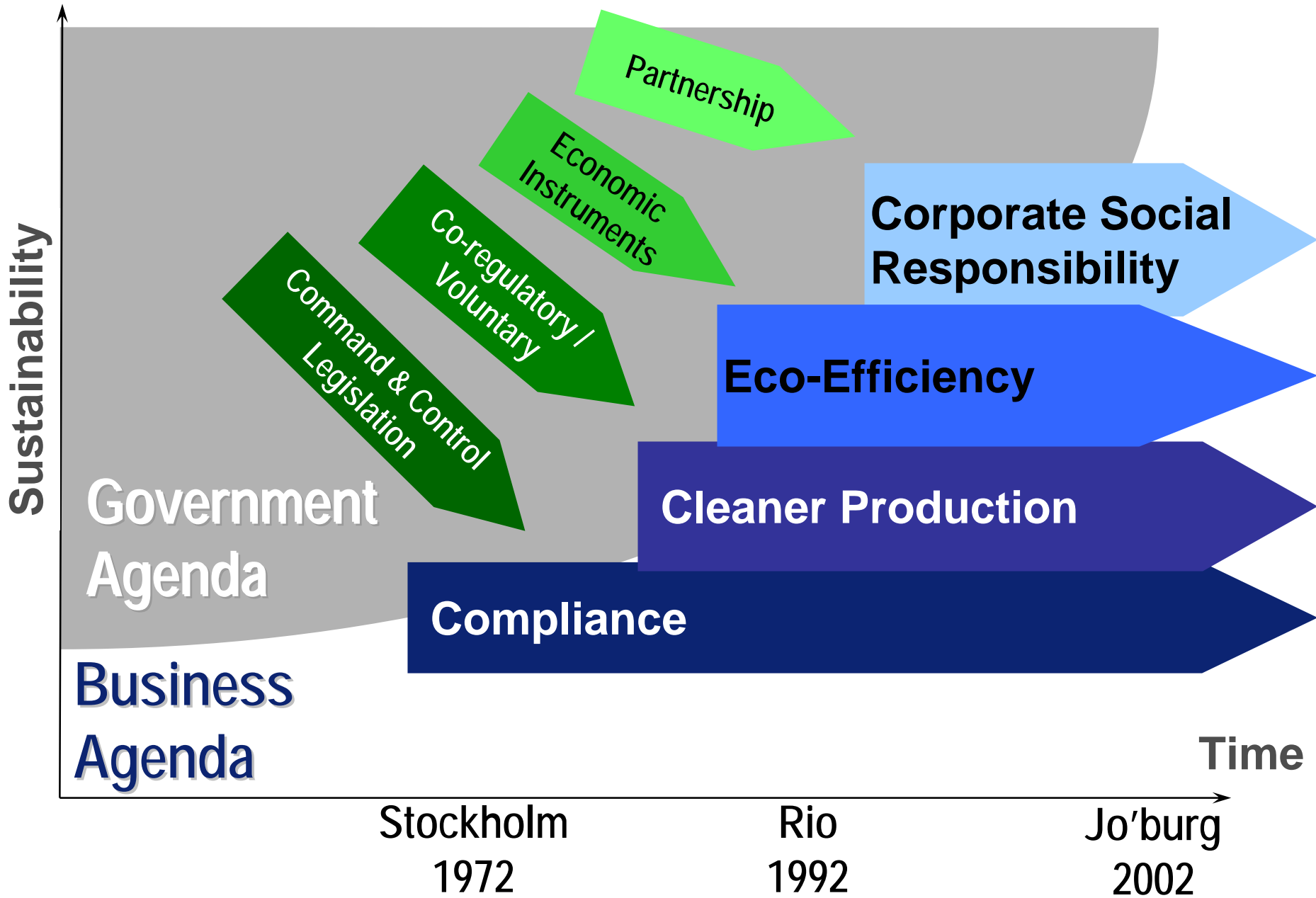


Aims

- ✓ **Business leadership**
- ✓ **Policy development**
- ✓ **Best practice**
- ✓ **Global outreach**



Global trends





Business is part of the solution

- Partnerships: one of the main themes coming out of Johannesburg
- A tripartite world
 - Governments
 - Business
 - Civil society (NGOs)



The changing horizons for business



Changing role of the partners

- Dominance of governments diminished
- Growing influence of business
- Civil Society maturing





PUBLIC POLICY AGENDA

- Globalization and global governance
- Poverty eradication
- Sustainable production and consumption
- Health of the ecosystems
- Energy and Climate Change
- The role of innovation and technology
- Accountability and reporting
- Risk





Why do companies need to respond?

Value of a company based on

- Physical assets:
 - Land
 - Manufacturing facilities
- Intangibles – up to 75% of total value:
 - Reputation and brand
 - Perceived risks
 - Ability for constructive dialogue and partnerships with stakeholders





GLOBALIZATION & GLOBAL GOVERNANCE



Many questions:

- Globalization: Good or Bad?
- Global Governance?
- Role of markets?
- Divides: Growing or Shrinking?
- What can we do about it?





POVERTY ERADICATION



How can we make the markets work for all?

- Market access as prerequisite to wealth creation in developing countries

What is business' role?

Where are the boundaries?





SUSTAINABLE PRODUCTION & CONSUMPTION



Business knows how to improve production efficiency

- But how can we contribute to sustainable consumption?
- Is the shift from “products-to-services” enough?





HEALTH OF THE ECOSYSTEMS



- Major uncertainties
- Ongoing actions
 - IPCC
 - Millennium Ecosystems Assessment

How does it impact business?

How does business take decisions despite uncertainties?





ENERGY AND CLIMATE CHANGE (I)

Many questions:

- Is climate change for real?
 - If yes, what are the consequences?
 - Political framework to address climate change?
 - Kyoto Protocol ratification?
- One agreed fact: carbon concentration in the atmosphere is increasing
- “What cannot go on forever will eventually come to an end”
- A new era – a carbon constrained world
- Carbon emissions will carry a cost





ENERGY AND CLIMATE CHANGE (II)

Many questions:

- Future energy infrastructure?

Society wants the “A Quartet”

- Access to Energy
- Affordable Price
- Acceptable Impact
- Adequate returns on investments

How to balance these demands?





Innovation & Technology

Many questions:

- Can innovation bridge “the gap”?
- Under what conditions can we use the technology we invent?
- Growing distrust in Science
«Exit men in white coats»
- Who is trusted?





ACCOUNTABILITY AND REPORTING

The Information Society:

- “Everyone knows everything about you all the time”
- Increasing value of brands but also increasing risk to company reputation

Dilemmas:

- Demands are growing
- Who should you be accountable to?
 - Who are your stakeholders?
- Balance between “interesting to know”, “right to know”, what can be put to meaningful use and the costs of reporting





THE BUSINESS AGENDA

- The Business Case for SD
- Business must be able to demonstrate that SD makes good business sense
- Proven track record for
 - Eco-Efficiency - “zero pollution”
 - Safety – “zero accidents”
 - Local community interactions





The challenge

- ❖ To provide more value with less environmental impact
 - ❖ To de-link growth of welfare from the use of nature
 - ❖ To improve both economic and ecological efficiency
- = ECO-EFFICIENCY

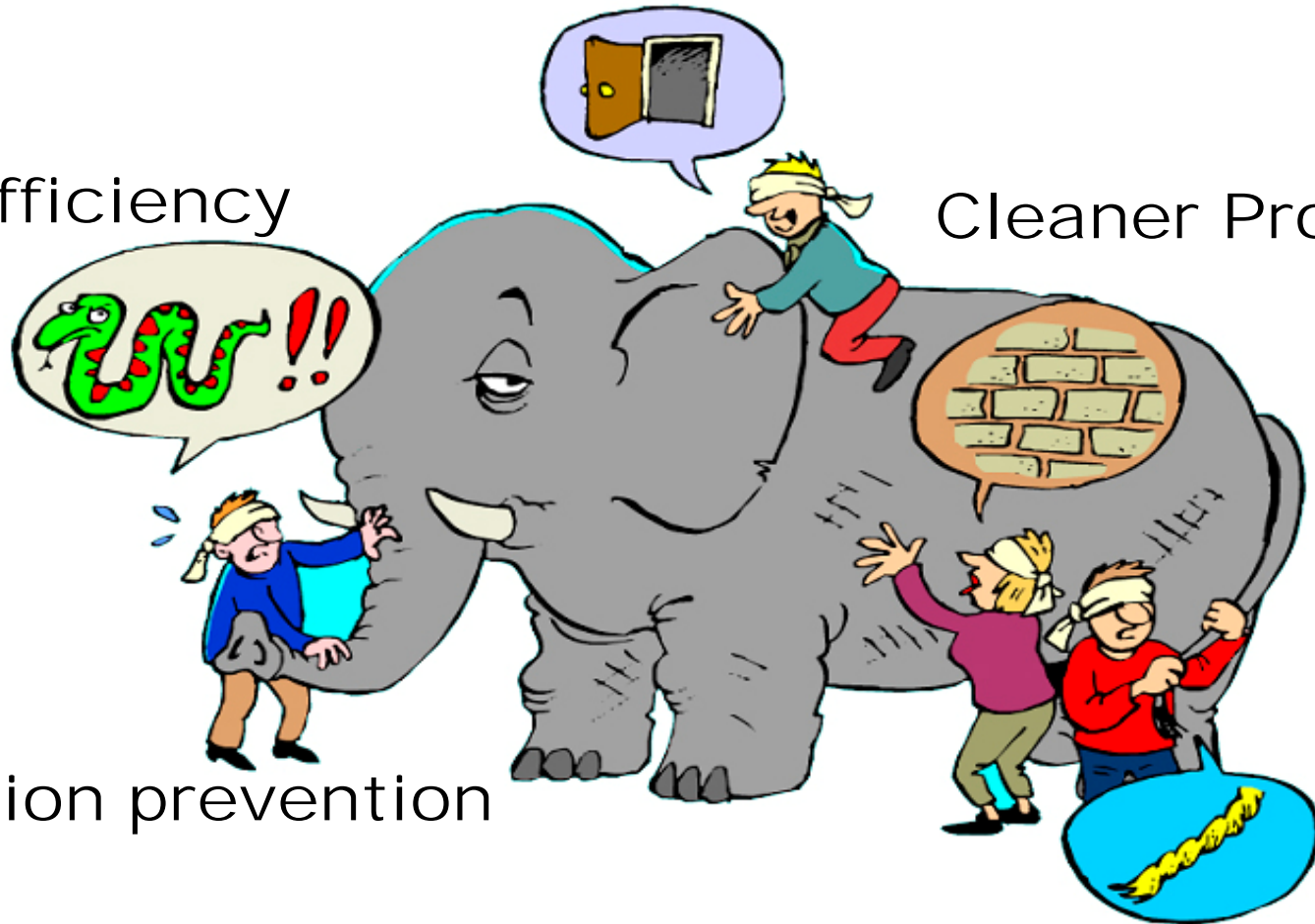




Perspectives

Eco-efficiency

Cleaner Production



Pollution prevention

Greener productivity





Eco-efficiency

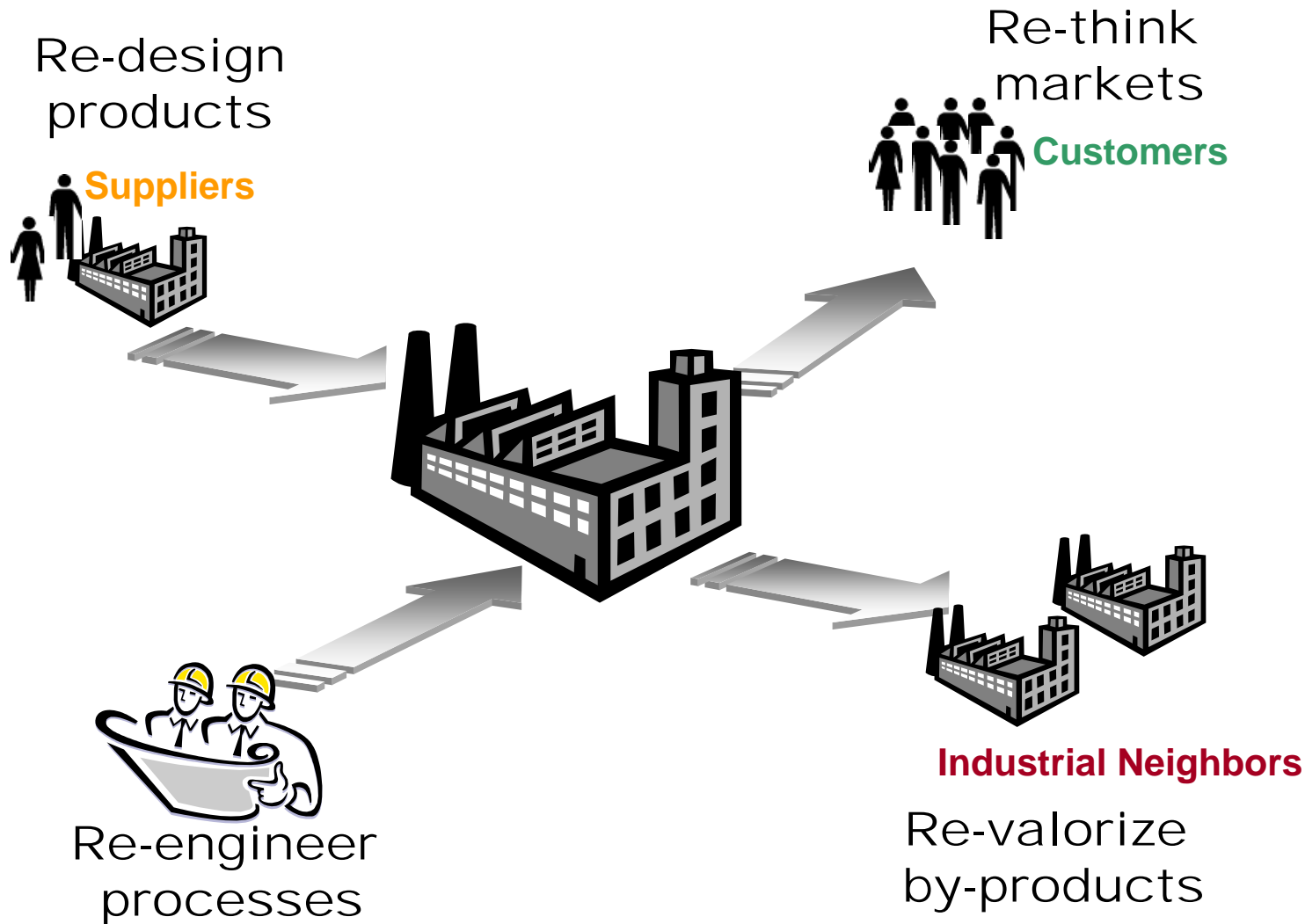
"The delivery of competitively priced goods and services that satisfy human needs and bring quality of life, while progressively reducing ecological impact and resource intensity through-out the life cycle, to a level at least in line with the earth's estimated carrying capacity."



Market Opportunities

- Know the customer
- Sell functional (rather than material) offerings
- Provide users with comprehensive solutions
- Create new businesses with add-on services
- Improve customers' eco-efficiency

Explore entire areas within value chain for opportunities



Companies can identify business opportunities in eco-efficiency in four different areas.



Why businesses are embracing eco-efficiency

Because it is a management tools which:

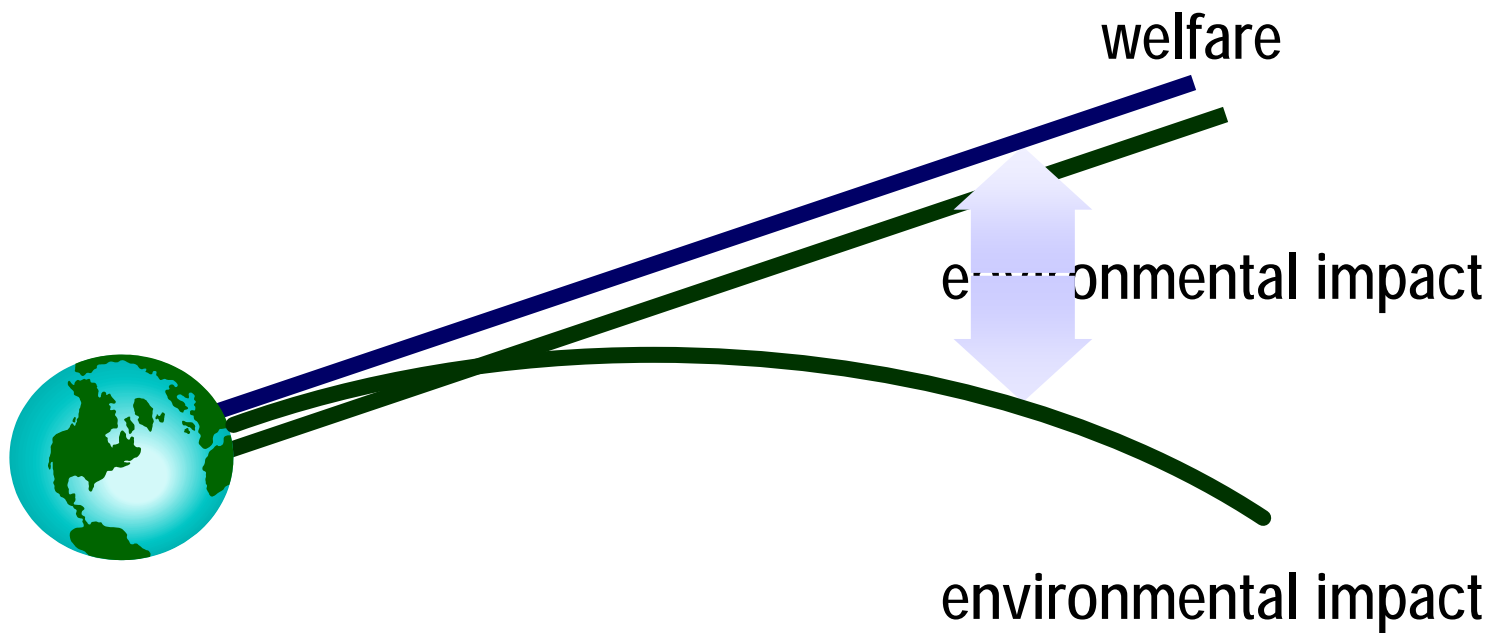
- ❖ focuses on opportunities
- ❖ improves performance
- ❖ makes businesses more competitive

It speaks the language of business leaders.












Why governments are embracing eco-efficiency



*It de-links **welfare** from use of **nature**.*



WBCSD work on eco-efficiency

1992-1997	Eco-efficiency	
1995-1997	Environmental Performance & Shareholder Value	
1997	Eco-efficiency: the business link to SD	
1997	Signals of Change	
1996-2002	Sustainability through the Market	
1997-2000	Eco-efficiency Metrics & Reporting	
1998-2000	European Eco-efficiency Initiative	
2000-2002	Sustainable Development Reporting	
2001	The Business Case for Sustainable Development	
2002	Walking the Talk	





Evolution of our work on eco-efficiency

❖ Creating a vision:

- Exploring, defining and disseminating

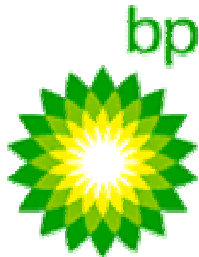
- *Stakeholder dialogues*

- *Publications*

- *CEO statements*

- *Case studies*

- *Etc.*



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Evolution of our work on eco-efficiency

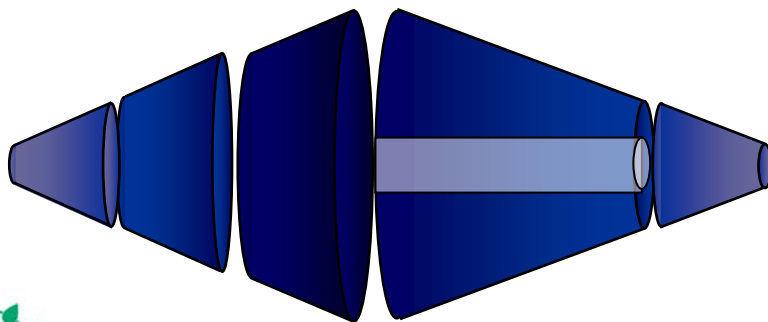
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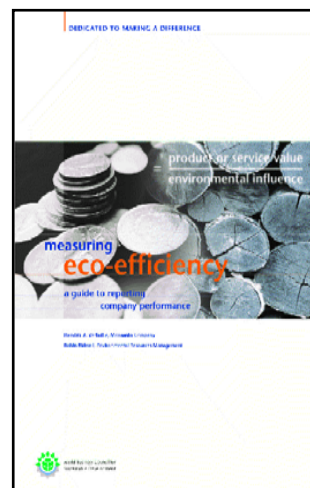
❖ Making it more 'practicable'

Indicators

$$\text{Eco-efficiency} = \frac{\text{product/service value}}{\text{environmental influence}}$$



Reporting



Government Initiatives





Evolution of our work on eco-efficiency

- ❖ Creating a vision:
 - Exploring, defining and disseminating
- ❖ Making it more 'practicable'
- ❖ Focusing on wider implementation

Education & training

On-line learning tutorial

Face-to-face training modules





Chronos® is an exciting new e-learning tutorial on the business case for sustainable development, designed to equip employees with the knowledge they need to deliver on corporate priorities.

FIRST DRAFT

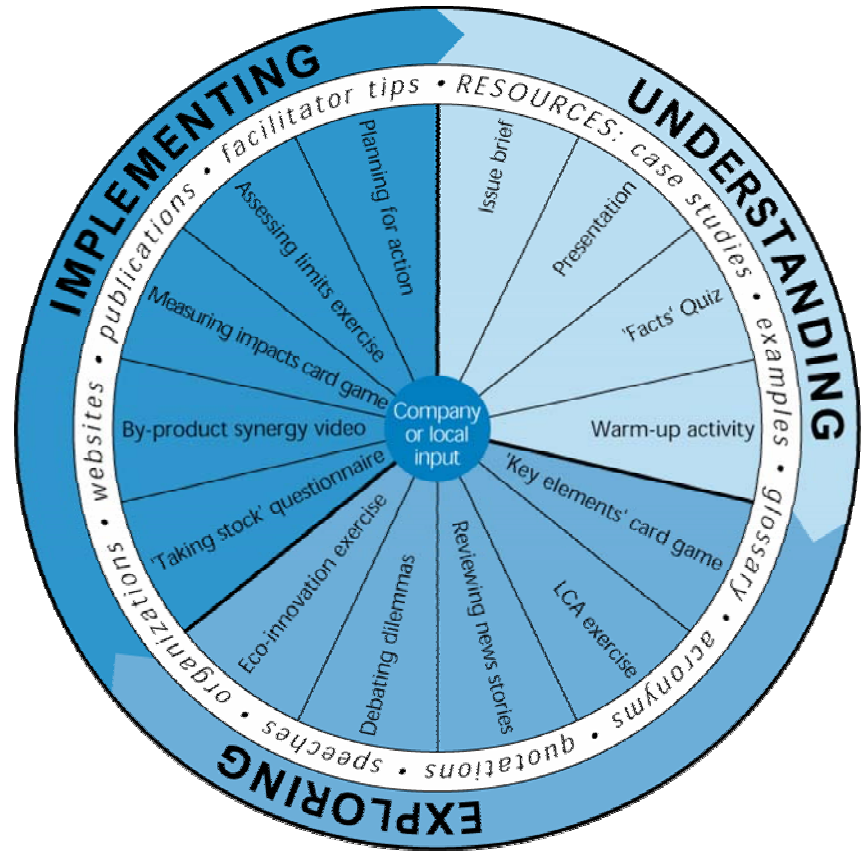


eco-efficiency
SUSTAINABILITY MODULE



Learning modules:

Eco-efficiency, CSR, Energy & Climate, Accountability & Reporting





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Education & training

Issue specific

On-line learning tutorial

WBCSD work program

Face-to-face training modules





Issue specific: eco-efficiency in work program today

Council projects:

- Energy & climate, Water, Accountability & reporting

Sector projects:

- Cement, Mining & minerals, electricity, forestry

Cross-cutting themes:

- Biodiversity, Risk





Evolution of our work on eco-efficiency

❖ Creating a vision:

- Exploring, defining and disseminating

❖ Making it more 'practicable'

❖ Focusing on wider implementation

Education & training

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Issue specific

WBCSD work program

Wider audience

Regional network

SME scoping

Partnership agenda





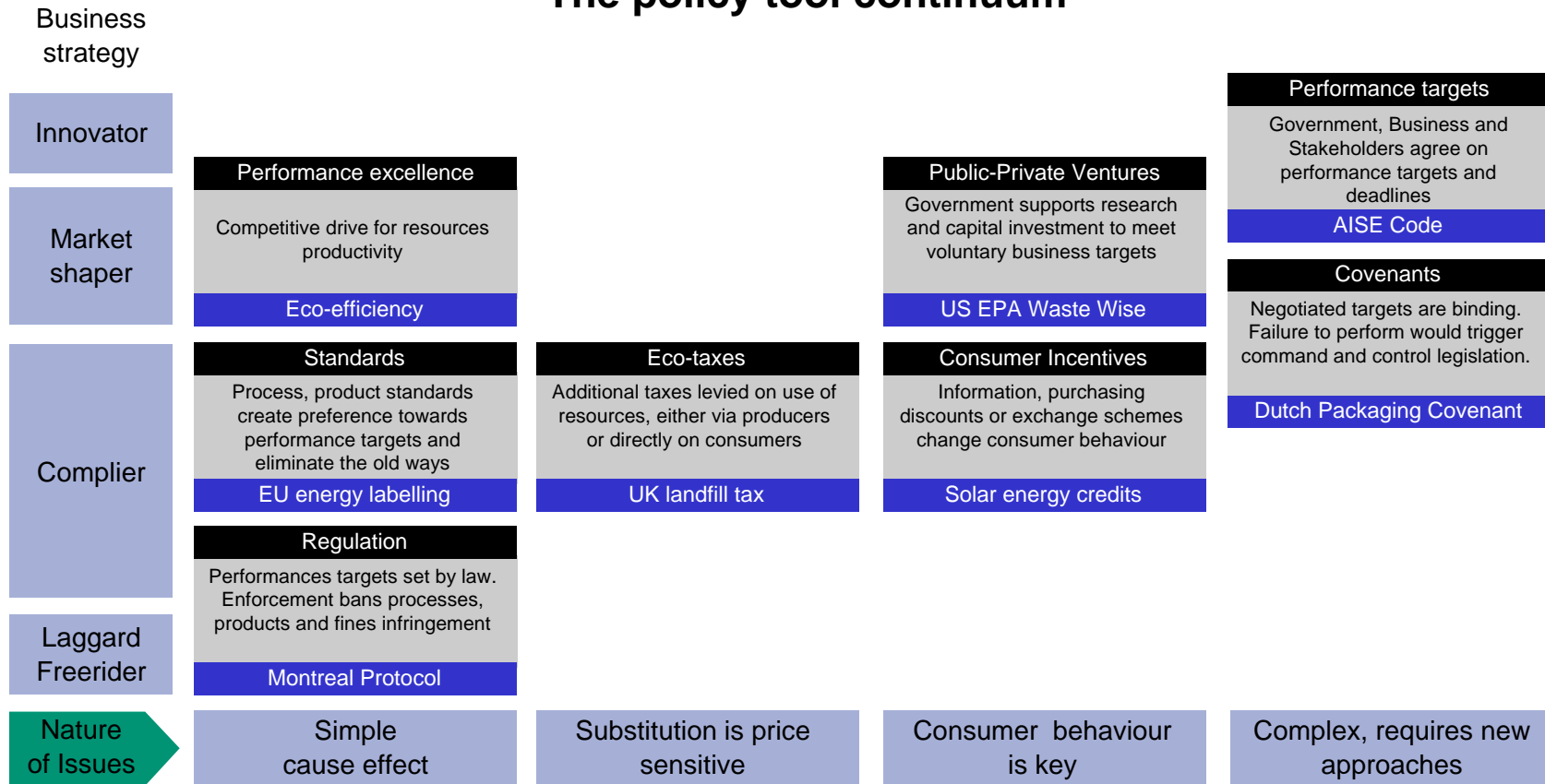
Action points in society

Government leaders & civil servants

- Set macro-economic EE targets
- Integrate policy measures to strengthen EE (ex. eliminating subsidies, internalising externalities, effecting shifts in tax policy)
- Work toward international policy and systems for trade, financial transactions, etc. for higher productivity, emissions reductions and improvements for underprivileged

Spectrum of policy instruments

The policy tool continuum





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Civil society leaders & consumers

- Encourage consumer preference for more eco-efficient products & services
- Support political measures to create framework conditions which reward EE

Educators

- Include eco-efficiency and sustainability in educational curricula and build into research and development programs

Financial markets & investors

- Recognize and reward eco-efficiency and sustainability as investment criteria
- Help eco-efficient companies to communicate their progress
- Promote and use assessment tools and sustainability ratings to support markets and widen understanding of eco-efficiency's benefits

Business cannot succeed in a
society that fails

*Sustainability Through
the Market*



World Business Council for
Sustainable Development

dedicated to making a difference