

UNEP Business and Industry Global Dialogue

**Strengthening the role of the private sector in the transition to a Resource
Efficient and Green Economy: On the road to RIO+20**

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The Role and Contribution of Business and Industry in Promoting Sustainable Consumption and Production and a Green Economy

Informational Discussion Paper

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About the author

Commissioned by UNEP's Division of Technology, Industry and Economics, this paper was written by Paul Hohnen as a contribution to discussion at the 2011 UNEP/ICC Business and Industry Global Dialogue, held in Paris on 11-12 April 2011.

Hohnen is an Amsterdam-based independent consultant on sustainable development. A former Australian diplomat, he has worked on environmental and sustainable development issues for over two decades, advising governmental, intergovernmental, business and civil society clients. Among his affiliations, Hohnen is an Associate Fellow of Chatham House (London), a special adviser to the Global Reporting Initiative (GRI) and chair of the SRI Advisory Committee of Henderson Global Investors (London). Hohnen has written widely on sustainable development and responsible business issues.

In his role as moderator, Hohnen has chaired a range of high level multi-stakeholder conferences on business and sustainable development, including for Chatham House, the Club of Rome, the European Commission, and UNIDO. In addition to the 2011 BIGD, he facilitated the UNEP Business & Industry Dialogues in 2005, 2006, 2007 and 2009. More information can be found at www.hohnen.net.

The views contained in the paper, together with any errors and omissions, are entirely the responsibility of the author, and do not necessarily reflect UNEP's position.

Executive Summary and Key Questions for Participants

This paper has been developed as a background document to assist discussions on the role of business and industry in promoting sustainable consumption and production and the green economy at the UNEP/ICC Global Business Dialogue being held in Paris on 11-12 April 2011.

The first half of the paper summarizes some of the key developments affecting the business environment with regard to sustainable development since the 1992 UN Conference on Environment and Development. These include: an alarming deterioration in the health of natural systems and a threatened worsening of many inter-related trends; a broad-scale and policy response at the governmental level, including a range of historic international commitments and engagements on actions needed to achieve sustainable development; a series of profound changes in the global business environment, with both positive and negative impacts on prospects for sustainable development; and a snapshot overview of some of the many ways in which UNEP has sought to advance progress towards sustainable consumption and production and a green economy.

The second half of the paper begins by exploring the sea change that is occurring within the business community in relation to sustainable development. These include: the recognition that sustainability is an increasingly vital business issue; the acceptance that business as usual cannot deliver sustainable development; the growing integration by leading companies of sustainable development into business strategy; and the importance of sustainability as a long term strategic competitive issue. It goes on to note, however, that sustainable development is still a long way from being on the agenda of all companies, particularly in developing and emerging economies. The paper highlights a series of hurdles to be overcome if the full power of the business sector to do good is to be effectively harnessed. These include: short-termism and incomplete value definition in capital markets; consumer and investor inertia; an uncertain and uneven regulatory environment; technology gaps; and the economic and social disruptions that might accompany the transition to sustainability.

The paper concludes with a number of suggestions for possible actions and initiatives in the context of the 2012 UN Conference on Sustainable Development ('Rio+20').

With a view to rapidly scaling up existing best practices in the field of sustainable development and driving the necessary technological and behavioural changes, the paper invites consideration and discussion on the following points:

- **HISTORY:** What lessons should be learned from the last two decades? How can past intergovernmental commitments (e.g. Agenda 21) and activities at the national and regional levels be better and more broadly implemented?
- **FOCUS:** What are the key opportunities and obstacles in the transition to a green economy from the business perspective? Is it possible to prioritize these and develop a more effective response strategy? What should the private sector do to help accelerate the transition?
- **PARTNERSHIPS:** How can business & industry, government and civil society work more effectively together on this agenda in the run up to Rio+20 and beyond? What could key common targets be and what roles would the different sectors play in their achievement?
- **STRUCTURE:** How can existing intergovernmental and business forums and processes be better used? What new approaches are needed? Specifically, how could the Business and Industry Global Dialogue framework contribute further?

1. Introduction

1.1 This paper has been developed as a contribution to discussion at the 2011 UNEP/ICC Business and Industry Global Dialogue (BIGD) to be held in Paris on 11-12 April 2011 and in the general framework of preparations for the 2012 UN Conference on Sustainable Development (known popularly as “Rio+20”). It is not intended for specific consideration, but rather as a resource material to stimulate thinking and discussions.

1.2 It seeks to do this in two ways.

1.3 Firstly, to provide context for discussions it outlines some of the main developments in relation to the role of business and industry in promoting sustainable consumption and production and a green economy over the last twenty years. In particular, it surveys some of the major changes that have occurred during this period in ecosystems and in the regulatory and policy environments, and identifies some of the many responses taken by business and industry, and by UNEP. *Based on these materials, business and industry, regulators and stakeholders are invited to take stock of achievements, gaps and obstacles, and to frame a shared understanding of where we stand on the eve of the world’s third conference on sustainable development in two decades.*

1.4 Secondly, it offers a possible discussion framework for considering the lessons learned over this period to enable an action-oriented dialogue on steps that could be taken to accelerate progress towards sustainable development using the concepts of Sustainable Consumption and Production (SCP) and a green economy. Here, it specifically invites consideration of outstanding challenges and obstacles, and actions that could be taken to respond to these. The paper specifically invites a discussion of possible ideas and initiatives that could be taken in the run-up to Rio+20, and longer-term actions that could follow the 2012 conference. To assist discussions, it also outlines a number of concrete proposals that could be explored at the BIGD.

1.5 The paper is grounded on three basic propositions. These are that the challenge of sustainable development is a defining phase of human history, that further action is urgently needed to achieve the triple goals of sustainable development, and that the necessary progress will require unprecedented and concerted action by governments, the private sector and civil society. A fourth proposition which might be drawn from the materials provided is that the steady – if as yet incomplete - mainstreaming of the concepts of sustainable production and consumption and the green economy over the last two decades seems likely to acquire a greater sense of urgency in the coming years.

1.6 To assist UNEP and business and industry consider future responses and define possible mutual expectations of each other moving forward, the paper offers a necessarily detailed overview of the different but complementary roles of UNEP, on the one hand, and business and industry on the other, in relation to SCP and the green economy. This might serve as a useful check-list, both to summarize past commitments and to consider further actions that might be taken in the future.

1.7 Before proceeding further, however, a word is needed on definitions of terms.

1.8 The terms ‘Sustainable Production and Consumption’ (SCP) and ‘Green Economy’ do not have agreed international definitions. Indeed, it might be argued that their broad compass and evolving nature makes definition both problematical and possibly even undesirable. For the purposes of this paper, however, they are understood to be complementary policy and analytical frameworks which share a common objective. This is to contribute to sustainable development through the promotion and realization – throughout the value chain - of environmentally-friendly

low-carbon and resource efficient practices by business and industry. Both seek a fundamental and permanent shift in the way goods and services are produced and consumed, with the SCP approach lending more emphasis to changing consumption patterns.

1.9 There are, however, a number of notable differences. The SCP approach is mainly aimed at the organizational level, focusing on an often technical lifecycle based analysis covering all phases of production from extraction, transportation, manufacturing, distribution, consumption, to disposal and reuse. Business model concepts such as ‘zero waste’ and ‘cradle to cradle’ are examples of SCP thinking at work. In a phrase, SCP is about ‘doing more - and better - with less’, through the use of a range of targeted business and government policies and measures, frequently having a bottom-up or sector specific character and often involving multi-stakeholder involvement (importantly including consumers). Policy work on SCP to date has also tended to focus on environmental (and related social) policy, whereas the green economy focus targets specifically economic policy, signaling the need for mainstreaming and a move towards improved policy integration.¹

1.10 UNEP has defined a “green economy” as one *‘that results in improved human well-being and social equity, which significantly reducing environmental risks and ecological scarcities. ... In a green economy, growth in income and employment should be driven by public and private investments that reduce carbon emissions and pollution, enhance energy and resource efficiency, and prevent the loss of biodiversity and ecosystem services.’*² The green economy concept is more macro-economic in nature, and seeks to highlight win/win economic (including social) and ecological advantages of investing in resource efficient low-carbon technologies. Its long term goal is to ensure economic behavior respects ecosystems, so that ecosystems retain their ability to support economic activity and thereby help alleviate poverty through providing sustainable growth, jobs and essential services.

1.11 In this way, a green economy would help accelerate SCP by providing a more supportive economic and financial environment for investment in technical and management innovation, market creation and consumer awareness building. Definition of the economic case helps to set the scene for the business case that has been elaborated in work on SCP and eco-efficiency. At the same time, SCP also provides tools and policy frameworks that are of critical importance for the transition to a green economy.

¹ For further information on SCP, see: <http://www.unep.fr/scp/sc/>

² ‘Towards a Green Economy: A Synthesis for Policy Makers’, p.5, UNEP, February, 2011

A. Key Developments Since 1992 – The Road from Rio

'Failures to manage the environment and sustain development threaten to overwhelm all countries. Environment and development are not separate challenges; they are inexorably linked. Development cannot subsist upon a deteriorating environmental resource base; the environment cannot be protected when growth leaves out of account the costs of environmental destruction. These problems cannot be treated separately by fragmented institutions and policies. They are linked in a complex system of cause and effect.'

Report of the World Commission on Environment and Development, 1987, p.48

2. Changing Natural Environment

Synopsis: *With a few exceptions, there has been a well documented – and in many cases – personally experienced worsening of most of the adverse global physical and ecological trends highlighted over two decades ago by the Brundtland Commission. While climate change has attracted the greatest attention globally, there has also been a progressive loss of biodiversity, forest cover, wild fish stocks, and pollution of air, soils and water. Climate change, which is already affecting ocean acidity, coral bleaching and rainfall patterns, is far from the only challenge to underline the complex linkages involved in natural systems.*

2.1 It is not the purpose of this paper to review the state of world in relation to sustainable development, nor to offer analysis of the various successes and failures in addressing its many challenges.³ However in setting the context for what follows, it is important to make a few points. The first is that the adverse physical and ecological trends first identified by the World Commission on Environment and Development (also known as the Brundtland Commission), and made the focus of the 1992 UN Conference on Environment and Development, have shown themselves to be persistent and pernicious. Second, in almost all cases, the trends have continued to worsen and in many cases are accelerating. They are neither over-stated nor passing issues. Third, as understanding of the complex inter-linkages between natural systems has grown, many of the problems are now seen as even more urgent to tackle.

2.2 A few examples are sufficient to make the point.

2.3 *Climate Change:* In 1992, when the UN Framework Convention on Climate Change was signed, atmospheric concentrations of carbon dioxide (CO₂) were around 355 parts per million (ppm). The pre-industrial level was around 280ppm. In February 2011, the level reached 391 ppm,⁴ and was continuing to rise, along with other greenhouse gas (ghg) concentrations such as methane. The broad scientific consensus is that this long term change in atmospheric chemistry will drive increased (and possibly rapid) planetary warming, changes in rainfall patterns, and ecosystem stress. The increase in ghg emissions is believed to be also responsible for the measured acidification of the

³ Detailed analysis can be found in the UN commissioned Millennium Ecosystem Assessment (2005) and UNEP's Global Environmental Outlook 4 (2007). The former concluded "that human actions are depleting Earth's natural capital, putting such strain on the environment that the ability of the planet's ecosystems to sustain future generations can no longer be taken for granted. At the same time, the assessment shows that with appropriate actions it is possible to reverse the degradation of many ecosystem services over the next 50 years, but the changes in policy and practice required are substantial and not currently underway."

⁴ See US NOAA Earth System Research Laboratory data, <http://www.esrl.noaa.gov/gmd/ccgg/trends/>

oceans and the warming of the seas, which is resulting in coral die-offs and the observed increase in frequency and intensity of extreme weather events.

2.4 *Ecosystems*: It has been estimated that 60% of the world's major ecosystems goods and services have been degraded or are used unsustainably.⁵ Over half the world fisheries are thought to be fully exploited and a further 20% overexploited and facing irreversible loss.⁶ The rate of species extinctions exceeds their capacity to evolve. Nearly one third of amphibians, more than one in eight birds and nearly a quarter of mammals are threatened with extinction.⁷ Annual rates of forest loss have declined slightly since 1990, but still running at over 13 million hectares a year, and forest burning and degradation contributes nearly a fifth of total greenhouse gas emissions.⁸ As a result of habitat destruction and other factors, populations of vertebrate species declined by almost 30% between 1970 and 2007.⁹ Human demand on the biosphere more than doubled between 1961 and 2007,¹⁰ and now uses natural services 50% faster than the planet's capacity to replenish them. Put another way, humankind currently uses the equivalent of 1.5 planets to support its activities.¹¹

2.5 *Water*: Climate change, water management practices, and pollution are contributing to a growing fresh water crisis. It is estimated that over a billion people currently live without clean drinking water, 1.8 million die from water borne diseases, and 2.6 billion lack adequate sanitation.¹² Water extractions, mainly for agriculture, are lowering water tables in many countries which are not being replenished. Changes in rainfall patterns are also having an impact. Water pollution, especially in emerging and developing countries is also a growing problem, for both human and ecosystem health.

2.6 While scientific understanding of these and other trends continues to deepen and evolve, and acknowledging that there have been examples of ecosystem recovery, there is no serious scientific debate on the main features and the historic nature of the global changes that have been put in train and the challenges that almost every country faces.¹³

'Despite progress since Rio, it has become apparent that a global economy based on current patterns of consumption and production is placing heavy stresses on many ecosystems and on critical life-support systems. At the same time, extreme poverty persists in many parts of the world, despite the fact that world GDP has increased by roughly 60% since 1992.'

UN Secretary-General's Objective and Themes of the United Nations Conference on Sustainable Development, 20 December 2010.

⁵ Ecosystem and Human Well-being: Synthesis. Millennium Ecosystem Assessment (2005), p.1.

⁶ State of the World Fisheries and Aquaculture 2008, UN Food and Agriculture Organization (2009), p.30

⁷ IUCN Red List of Threatened Species, 2009

⁸ Global Forest Resource Assessment 2010, FAO

⁹ WWF Living Planet Report 2010, p.6

¹⁰ Global Footprint Network, 2010.

¹¹ Living Planet Report, Ibid.

¹² World Water Council.

¹³ See, for example the Yale University Environmental Performance Index 2010. This ranks 163 countries on 25 performance indicators tracked across ten policy categories covering both environmental public health and ecosystem vitality. No country is rated as fully sustainable.

3. Changing Policy and Regulatory Environment

Synopsis: *The policy and regulatory environment for business and industry since 1992 has increasingly recognized that sustainable patterns of consumption and production are at the heart of sustainable development and must be central to efforts to promote social and economic development within the carrying capacity of ecosystems. The emergence of the green economy approach is complementary and reflects the growing recognition of the need for supportive changes in the underlying economic system to drive sustainable economic growth and development.*

3.1 Driven largely by concerns such as those mentioned above, the policy and regulatory environment for business and industry in relation to sustainable development has changed dramatically since 1992. The process has been both top-down (e.g. in the framework of intergovernmental negotiations on issues of global concern) as well as bottom-up (e.g. in response to local issues). Three international governmental processes in particular are worth singling out in some detail due to their historic nature and enduring relevance.

i) UNCED

3.2 The first was the UN Conference on Environment and Development (UNCED), held in Rio de Janeiro in 1992. Building on the information and analysis provided by the 1987 Brundtland Commission, UNCED provided the most comprehensive guidance ever to business on how it should contribute to sustainable development, and in particular in relation to sustainable consumption and production.¹⁴ The conference's 'Rio Declaration' laid out 27 principles, some of which have been translated into law, such as the precautionary approach. Principle 1 states that human beings are at the centre of concerns for sustainable development and '*are entitled to a healthy and productive life in harmony with nature.*'

3.3 Chapter 30 of the Agenda 21 Programme of Action agreed by UNCED was devoted to business and industry, including transnational corporations which, it noted, 'played a crucial role in the social and economic development of a country.'¹⁵ In the context of strengthening the role of Major Groups, governments concluded as follows:

*'The improvement of production systems through technologies and processes that utilize resources more efficiently and at the same time produce less wastes - achieving more with less - is an important pathway towards sustainability for business and industry. Similarly, facilitating and encouraging inventiveness, competitiveness and voluntary initiatives are necessary for stimulating more varied, efficient and effective options. To address these major requirements and strengthen further the role of business and industry, including transnational corporations, the following two programmes are proposed.'*¹⁶

3.4 Chapter 30 of Agenda 21 is noteworthy also for the detail of the specific recommendations it made, both to business and industry, and to governments, on how they should consider acting. For ease of reference, these recommendations are summarised below in [Table 1](#) and [Table 2](#). The common theme of the recommendations relate to the creation of an enabling environment for sustainable development.

¹⁴ Principle 8 of the Rio Declaration states: 'To achieve sustainable development and a higher quality of life for all people, States should reduce and eliminate unsustainable patterns of production and consumption and promote appropriate demographic policies.'

¹⁵ Agenda 21, Chapter 30

¹⁶ Ibid, paragraph 30.4. The two programmes relate to promoting cleaner production and promoting responsible entrepreneurship.

Agenda 21: Chapter 30 - Recommendations Specifically Addressed to the Private Sector

Area/Issue	Business & industry should: ¹⁷
Environmental management	Recognize environmental management as among the highest corporate priorities and as a determinant to sustainable development (30.3)
Resource efficiency	Aim to increase the efficiency of resource utilization, including increasing the re-use and recycling of residues, and to reduce the quantity of waste discharge per unit of economic output [joint responsibility with governments] (30.6)
Partnerships	Strengthen partnerships to implement the principles and criteria for sustainable development [responsibility joint with governments] (30.7)
Reporting	Be encouraged to report annually on their environmental records, as well as on their use of energy and natural resources (30.10 (a))
Codes of Conduct	Be encouraged to adopt and report on the implementation of codes of conduct promoting the best environmental practice... (30.10 (b))
Cleaner production	Incorporate cleaner production policies in its operations and investments, taking also into account its influence on suppliers and consumers (30.12)
Workers	Cooperate with workers and trade unions to continuously improve the knowledge and skills for implementing sustainable development operations [with industry associations] (30.13)
Environmental awareness building	Encourage individual companies to undertake programmes for improved environmental awareness and responsibility at all levels ... [jointly with business associations] (30.14)
Sustainable development policies	Should be encouraged to establish world-wide corporate policies on sustainable development ... (30.22)
SMEs	Consider establishing partnership schemes with SMEs to help facilitate the exchange of experience... (30.23)
National sustainability councils	Establish national councils for sustainable development and help promote sustainable development in the formal and informal sectors. The inclusion of women entrepreneurs should be facilitated. (30.24)
Research & development	Increase research and development of environmentally-sound technologies and environmental management systems... (30.25)
Self-regulation	Ensure responsible and ethical management of products and processes ... (and increase self-regulation, guided by appropriate codes, charters and initiatives... (30.26)

Table 2: Agenda 21 Chapter 30 – Recommendations Specially Addressed to Governments and IGOs

Area/Issue	Governments (<i>Intergovernmental organisations*</i>) should:
Resource efficiency	See 30.6, above.
Partnerships	See 30.7, above.
Cleaner production	Identify and develop an appropriate mix of economic instruments and normative measures such as laws, legislation and standards ... (to) promote the use of cleaner production... (30.8)
Internalisation of environmental costs	Work towards the development and implementation of concepts and methodologies for the internalisation of environmental costs into accounting and pricing mechanisms [jointly with business, academia and IGOs] (30.9)
Reporting &	See 30.10, above

¹⁷ As far as possible, the text above cites the exact language of Chapter 30. In the interests of brevity some recommendations have been summarized. To facilitate reading, the left hand column attempts to summarize the thematic focus of the recommendations.

Codes of Conduct	
Cleaner production technology cooperation	Promote technological ... cooperation between enterprises ... (on) application of cleaner production (30.11)
Cleaner production education	<i>Increase education, training and awareness activities in relation to cleaner production [jointly with business, academia, and national/local authorities] (30.15)</i>
Cleaner production information sharing	Strengthen cleaner production information dissemination ... (ref. to UNEP and UNIDO) and forge networking of national and international systems [jointly with NGOs, trade and scientific associations] (30.16)
Sustainable management	Encourage the establishment and operations of sustainably managed enterprises (30.19)
Venture capital funds	Encourage, in cooperation with the private sector, the establishment of venture capital funds for sustainable development projects and programmes (30.20)
Training	Support training in the environmental aspects of enterprise management ... apprentice schemes for youth [jointly with business, academia and IGOs] (30.21)
Corporate sustainable development policies	See 30.22 above
SMEs	<i>Continue to encourage and support small- and medium- scale entrepreneurs engaged in sustainable development activities (30.27)</i>
Foreign investment	Improve mechanisms for business and industry input... to ensure that environmental aspects are strengthened in foreign investment (30.28)

(* recommendations to IGOs are shown in italics)

3.5 At the same time as agreeing Agenda 21, governments also concluded the landmark UN Framework Convention on Climate Change and the Convention on Biological Diversity. These and other multilateral environment agreements, many of which continue to develop, played a key role in shaping national regulations and policies in the following years, and establishing a new framework for business relating directly to the use of natural capital in production processes.

ii) WSSD

3.6 Ten years later, fresh international momentum and additional definition was provided by the 2002 UN World Summit on Sustainable Development (WSSD). Here, recognition of the role of business was again highlighted. Business was increasingly seen as part of the solution rather than being the problem. Noting '*a collective responsibility to advance and strengthen the interdependent and mutually reinforcing pillars of sustainable development - economic development, social development and environmental protection - at the local, national regional and global levels*', the Johannesburg Declaration on Sustainable Development stated that '*in pursuit of its legitimate activities the private sector, including both large and small companies, has a duty to contribute to the evolution of equitable and sustainable communities and societies.*¹⁸

3.7 As with the 1992 Rio conference, the need to address consumption and production issues featured prominently in the WSSD conclusions. The Declaration recognized '*... that poverty eradication, changing consumption and production patterns and protecting and managing the*

¹⁸ Johannesburg Declaration on Sustainable Development, para. 27

*natural resource base for economic and social development are overarching objectives of and essential requirements for sustainable development.*¹⁹

3.8 In a detailed Plan of Implementation, governments went on to outline a set of actions to be taken by governments, the private sector and civil society. These included encouraging and promoting *'the development of a 10-year framework of programmes in support of regional and national initiatives to accelerate the shift towards sustainable consumption and production to promote social and economic development within the carrying capacity of ecosystems by addressing and, where appropriate, delinking economic growth and environmental degradation through improving efficiency and sustainability in the use of resources and production processes and reducing resource degradation, pollution and waste...'*²⁰

3.9 For its part, it should be noted that the business community participated actively in WSSD and welcomed its outcomes. Speaking at the 'Business Day' event at WSSD, the Vice Chair of Business Action for Sustainable Development (BASD), the late Lord Holme of Cheltenham, Vice Chair of Business Action for Sustainable Development, called upon the world business community to make its commitment to sustainable development clear. He offered the following summary of what he called 'The Johannesburg Business Pledge for Action':

Sustainability is the **Opportunity** which we embrace
Responsibility is the **Standard** by which we should expect to be judged
Accountability is the **Obligation** which we assume
Partnership is the **Pathway** which we pursue.²¹

3.10 In a statement at the WSSD plenary session on behalf of Business and Industry on 4 September 2002, Sir Mark Moody-Stuart, Chairman of Business Action for Sustainable Development, noted that *'a key area of contribution from business is in achieving more sustainable production and consumption. Through technology developed through the creativity of the markets, business can work to deliver the utility that consumers need but with radically lower impact or use of resources – whether this is in energy, transportation, agriculture, water or health.'*²²

3.11 The intergovernmental engagements made at Rio de Janeiro and Johannesburg acted as a spur to the enactment at the regional and national level of a wide range of regulations and instruments. These are too numerous to mention, but have included such things as: information disclosure requirements (e.g. product labeling and environmental impact assessments); bans, controls and phase-outs of some substances; eco-taxes efficiency standards for cars, buildings and energy using appliances; greenhouse gas reduction and renewable energy production targets; and market incentives (including eco-taxes, public investment and procurement, carbon trading schemes) policies. A number of countries have also developed national SCP programmes or action plans or incorporated SCP into sustainable development strategies.

3.12 While the point must be made that large differences exist between countries on the regulatory and policy frameworks that have been put in place, and that experiences vary on the effectiveness of some of the approaches used, there has been a growing appreciation of the menu of regulatory and other instruments that can be used. In large part, this has been contributed to by the

¹⁹ Ibid, para.11

²⁰ The Johannesburg Plan of Implementation of the World Summit on Sustainable Development, Section III, Changing Unsustainable Patterns of Consumption and Production.

²¹ 1 September, 2002, Business Action for Sustainable Development,

http://basd.free.fr/activities/lekgotla_pledge.html.

²² http://basd.free.fr/docs/speeches/20020909_mms.html

Marrakech process, the UN-led multi-stakeholder process. In response to the Johannesburg Plan of Implementation call for the development of a 10 year Framework of Programmes on Sustainable Consumption and Production (10YFP), since 2003 this has supported SCP initiatives at the regional and national levels to develop a 10YFP.²³

3.13 Due to the significance of the 10YFP to the emerging green economy agenda, and in particular to discussions at the 2011 BIGD, the following four paragraphs outline some of the recent developments in some detail.

3.14 At the 18th session of the UN Commission on Sustainable Development (CSD 18), the utility of outputs from the Marrakech Process for building the 10YFP was widely recognized, along with the need for their scaling up and replication. A need for concerted action at all levels, from the international to the local, and engaging all countries and stakeholders, to move towards sustainable consumption and production patterns was highlighted. To effect this change, countries called for the 10YFP to be both ambitious and actionable, with explicit goals, measures of progress, and mechanisms and means to support implementation. There has been broad support for the development of the 10YFP and its endorsement is anticipated at CSD 19 in May 2011. CSD 18 also recognized that the 10YFP could be an important input to the CSD in 2012.

3.15 At the CSD 19 Intergovernmental Preparatory Meeting (IPM), held earlier this year, governments further agreed that the 10YFP should include an initial list of programmes building on the experiences of the Marrakech Process and other best practices that support, expand and scale up the many effective bottom-up initiatives existing on SCP. These programmes could be further defined and more programmes added as new issues and partnerships develop. They noted that both sectoral and cross-sectoral programs were needed and all programmes should take a life cycle perspective.²⁴

3.16 Key programme areas for the 10YFP could include the following: sustainable agriculture and food security; sustainable tourism; energy access, diversification of energy sources; sustainable transport; sustainable construction and buildings; eco-design and innovation; sustainable products; sustainable production along the supply chain and SMEs; sustainable consumption; sustainable waste management; sustainable education and research; sustainable lifestyles; labeling for sustainable products and services; and environmental foot-printing and communication. A set of criteria for developing this list of programmes was also drafted, including that they should meet national and regional priorities and needs, be based on a life cycle approach, involve all relevant stakeholders and establish clear targets, especially related to resource efficiency.

3.17 A draft list of short, medium and long-term measures to be included in the 10YFP was developed. These included: establishing a clearing house on SCP best practices; providing technical assistance, capacity building and training to support the application of those practices; promoting SCP as an integral part of corporate environmental and social responsibility; and fostering networking and cooperation among all stakeholders, including through public private partnerships.

²³ Following the WSSD in 2002, the Marrakech Process (MP) was established as a global multi-stakeholder platform to support the implementation of SCP and the development of the 10YFP. UNEP and the UN Department of Social and Economic Affairs (UNDESA) form the joint secretariat of the MP, with the support of a multi-stakeholder advisory committee and the participation of national governments, major groups, and other stakeholders.

²⁴ The Intergovernmental Preparatory Meeting was held on 28 February-4 March 2011. The life-cycle perspective expands the traditional focus on the production site and manufacturing process and incorporates various aspects over a product's entire life cycle from 'cradle to cradle' (i.e., from the extraction of resources, through the manufacture and use of the product, to the final processing and disposal of product).

As a multi-stakeholder process, the private sector was represented and engaged in negotiations at the IPM.

iii) 2012 UN Conference on Sustainable Development

3.18 The third international process launched in the last two decades and which is expected to further shape the regulatory and policy environment in relation to materials use is the green economy concept. In deciding to convene a conference in 2012 in Rio de Janeiro to mark the 20th anniversary of the 1992 Earth Summit, the UN General Assembly decided that a key focus would be on the theme of 'green economy in the context of sustainable development and poverty alleviation.'²⁵ Policies and regulations in support of a green economy have been in place in many countries for some time (e.g. feed-in tariffs for renewable energy). Stimulus packages in response to the recent financial crisis often also included specific 'green economy' elements.

3.19 As noted above, while there is no agreed definition of a 'green economy', nor of its precise relationship with SCP, its emergence appears to reflect a number of considerations. These include that the SCP approach was seen as a largely bottom-up, operational level, life-cycle-based approach involving incremental changes based on technological and manufacturing strategies (e.g. life cycle perspectives cleaner production, cradle to cradle/ zero waste). For SCP to achieve more rapid progress, a more profound transformation of the macro economic framework was needed, where the full costs of environmental pollution and degradation were integrated, and contributions to sustainable development better recognized and rewarded in the market place. In this way, a 'green economy' would provide an overarching framework to help channel more investment into the production of resource efficient goods and services, and ensure access to basic services (such as water, sanitation, energy, transport, etc.) for poverty reduction.

3.20 Although it is impossible to anticipate the outcomes of the Rio+20 Conference, there seems to be a clear trend showing the international community's growing sense of urgency in more effectively harnessing the power of markets and business to achieve sustainable development. Evidence of this can be seen in high level statements made and policies introduced during the recent financial crisis,²⁶ in the enactment of legislation setting limits on carbon emissions and requiring large companies to report on sustainability performance.²⁷

²⁵ A/RES/64/236, para. 20(a)

²⁶ See, for example, the 2009 OECD Ministerial Declaration on Green Growth. Among other things, this underscored the commitment of OECD countries: to "encourage green investment and sustainable management of natural resources"; and not delay "crucial decisions for the future of our planet" because of the financial crisis. The Declaration notes that "We will consider expanding incentives for green investment, in particular in areas where pricing carbon is unlikely to be enough to foster such private sector responses. Such areas may include smart, safe and sustainable low-carbon infrastructure and R&D technologies that can contribute to building a sustainable low-carbon society. Approaches to recognise the value of biodiversity should be encouraged through appropriate instruments and consistent with relevant international obligations. We are resolved to share information on green investment flows and policies, and best practices."

²⁷ From January 2009, large Danish companies have been required to report on their corporate and social responsibility policies and activities, or explain why they don't. The 2006 UK Companies Act requires directors to report on relevant social and environmental information.

4. Changing Business Environment

Synopsis: The last two decades have seen unprecedented changes in the overall business environment. Most of these have been driven by the emergence of new markets, technologies, competitors and business models unrelated to SCP considerations. However sustainability concerns have moved progressively to the forefront, driven by a growing recognition of the historic risks and opportunities arising from changing natural systems and by concerns about cost and security of supply.

4.1 The processes of economic globalization of markets over the last two decades have been accompanied by the largest and most rapid international transfers of finance, technology, goods and services and information in human history. This was driven by a combination of factors, including population growth (from around 5.4 billion in 1992 to 6.9 billion currently), a rapidly expanded middle class (especially in emerging economies such as Brazil, China and India), a global network of modern transportation and telecommunications, computer technologies and related services (including the Internet), and the adoption by governments of policies and agreements supporting growth in trade and foreign investment.²⁸

4.2 At the same time, however, these processes contributed to the unprecedented levels of resource depletion, pollution and the changes to natural systems noted in Section 2 above. In turn, this also led to a series of fundamental changes in the business environment. In addition to the changes in the policy and regulatory environment just described, there were a cascading series of impacts. Real or forecast changes in the cost, availability or political acceptability of various extractive, processing, waste disposal and other activities by business and industry prompted changes at a number of levels.²⁹

4.3 *Rising business concern about the sustainability of 'business as usual' in the context of sustainable development and emerging risks associated with resource depletion and environmental change.* Concerns included reputational and consumer issues related to business impacts, the ability to attract low cost capital and grow value, and the ability to attract and hold the best employees. Many commentators and businesses also saw the increasing potential growth markets of the green economy.³⁰ Among the many indicators of the change in business attitudes were:

- The rapid growth in the development and use of corporate responsibility standards and guidance, both generic (e.g. the UN Global Compact, the ICC Business Charter for Sustainable Development), sectoral (e.g. Forest Stewardship Council principles, Responsible Care; UNEP sector initiatives including the UNEP Finance Initiative and the Sustainable Building and Climate Initiative) and private (e.g. sector specific business codes for conduct and guidance standards for suppliers);³¹
- The growth of annual sustainability or 'non-financial reporting' on the social and environmental aspects of performance and business support for frameworks such as the Global Reporting Initiative (GRI) and ISO 14000;

²⁸ The UNCTAD World Investment Report 2010 notes that there are now over 5,900 International Investment Agreements, with an average of four a week being signed in 2009.

²⁹ The price of oil is a case in point. Adjusted for inflation, in 1992 it was around \$25 a barrel.

³⁰ Many of these are described in 'Green to Gold: How Smart Companies Use Environmental Advantage to Innovate, Create Value, and Build Competitive Advantage', Daniel Esty and Andrew Winston, 2006.

³¹ Unpublished analysis of company CSR reporting trends by the author shows an increased frequency of reference to tools such as the Global Reporting Initiative, the UN Global Compact, and the Carbon Disclosure Project in company CSR and sustainability reports.

- The development of business models and strategies specifically built around sustainability challenges and opportunities (e.g. Unilever’s Sustainable Living Plan³² and General Electric’s ‘Ecomagination’ platform³³) and creation of sustainability-based businesses (e.g. offering carbon off-sets and neutrality);
- The emergence of new business associations around green economy themes (e.g. the Global Wind Energy Association);
- The creation of business and multi-stakeholder coalitions to promote social goods (e.g. Global Business Coalition on HIV/AIDS, Malaria and Tuberculosis);
- High profile activist roles played by business leaders and representatives in advocating clear and progressive public policies (e.g. on climate change).

4.4 *Rising investor concern* about the management capacity to assess and manage sustainability related risk and opportunity. This can be seen in such phenomena such as:

- The rise in socially responsible investment (SRI);
- The creation of issue specific activist investor coalitions (such as the International Investor Group on Climate Change and the Carbon Disclosure Project);
- The rise in shareholder activism, especially in the USA (e.g. shareholder resolutions on climate change);
- The development of industry principles or codes of conduct (such as the Equator Principles and the Principles for Responsible Investment);
- The emergence of stock exchange indices and ratings based on sustainability performance (e.g. the Dow Jones Sustainability Index and Financial Times FTSE4good indices, and the creation of lists of ‘most sustainable’ companies).

4.5 *Rising public and consumer concern* about the adverse social and environmental impacts of business, and the responsibility for business and industry to be more active to ‘do no harm’ and ‘do good’. This could be seen in:

- Public opinion polls, which consistently express questions about trust in business and an expectation that businesses should do more to address sustainability issues;³⁴
- The number and diversity of NGOs and other civil society groups working on sustainability issues around the world;
- The growth in markets for sustainable goods and services (e.g. organic food and renewable energy, including bio-energy, and pollution reduction technologies);
- The growth in media (including Internet-based) reporting on sustainability issues and corporate practices.

4.6 *Rising interest in technologies* and management approaches built around sustainable development considerations. Examples include:

- The integration of recycling and life cycle approaches into the business model (e.g. ‘Cradle to Cradle’ design and products marketed on the basis of recycled content or recyclability; work by the UNEP/SETAC Life Cycle Initiative);
- The growth in availability and popularity of energy efficient products and appliances (e.g. compact neon and LED lighting, hybrid drive cars);
- The drive for materials efficiency and material switching (e.g. the use of composites instead of metals in aviation, nanotechnology); and
- The rapid rise in availability of renewable sources of energy (e.g. solar, wind and bio-energy).

³² See: <http://www.unilever.com/sustainability/UnileverSustainableLivingPlan/>

³³ See: <http://www.ecomagination.com/>

³⁴ See, for example, the GlobeScan Sustainability surveys and the Edelman Trust Barometer.

4.7 As with any new approach, many of these (e.g. genetic engineering, nanotechnology) have controversial aspects which have impacted their commercialization in some areas.³⁵

4.8 There is no analytical taxonomy or framework which can do full justice to the wide sweep of changes in the business environment since 1992 in relation to sustainable development and the impetus to move towards an economic system based on more sustainable consumption and production behaviours.

4.9 For the purposes of discussion at the UNEP Business and Industry Global Dialogue, however, Table 3 below seeks to draw out some of the key elements of a transition to a greener economy and to highlight the positive roles that business and industry has played, including in its relationship with UNEP. (This is intended to be read in conjunction with Table 4 in Section 5, which describes some of UNEP’s activities to promote SCP and progress towards a green economy. Both tables can be used by the reader to add examples of notable activities that may be missing or could be better stated.)

4.10 The roles identified recognizes the importance of the normative roles (i.e. setting the policy framework, hard and soft technology standards), the information, analytical and educational roles, the convening and partnering roles, and the business and consumer engagement roles.

Table 3: Examples of Some Key Contributions by Business & Industry to SCP and Green Economy

Function	Examples of Some Business & Industry Activities
Normative - Governmental regulation	Providing input to and participation of representative bodies in negotiation of multilateral environment agreements (e.g. on climate change, biodiversity, chemicals management). Similar activities at European Union and national regulatory levels.
Normative-Self-regulation	Participating in the development or improvement of generic responsible business tools (e.g. UN Global Compact, Global Reporting Initiative (GRI), OECD Guidelines for Multinational Enterprises, ISO 26000 Guidance standard on social responsibility). Development of sector or business wide codes of conduct and standards (e.g. ICC Business Charter for Sustainable Development). Use of such tools in developing company policies and practices, including through the supply chain.
Environmental Information	Measuring environmental (as well as social) impacts of activities and reporting, both in the framework of mandated (e.g. environmental impact assessments, stock exchange) and voluntary (e.g. Life Cycle Assessment, GRI) frameworks.
Awareness Raising & Education	Providing information on sustainable development and related business implications to business association members, regulators and the wider public (e.g. WBCSD publications). Developing internal briefings and trainings. Developing and disseminating sector based materials to promote awareness and discussion.
Stakeholder Dialogue	Participating in and/or hosting multi-stakeholder discussions on sustainable development at global, regional, national levels (e.g. UNEP Business & Industry Global Dialogues), including on emerging themes and opportunities (e.g. green technology).
Partnership – Initiatives	Creating and/or partnering in business and multi-stakeholder initiatives on sector (e.g. UNEP Finance Initiative, Round Table on Sustainable Biofuels, the “Enlighten Initiative” on energy efficient lighting) or cross cutting issues (e.g. Business Action for Sustainable Development, UN Global Compact CEO Water Mandate,). Development of policies, standards and codes of conduct (see above).
Production	Participating in global initiatives to assess and respond to sustainable consumption

³⁵ It should be noted that application of a precautionary approach would require that all new technologies should undergo analysis regarding possible negative side effects before being rolled out on a large scale.

Patterns & Models	and production issues (e.g. UNEP Life Cycle Initiative, UNEP/UNIDO Resource and Cleaner Production Programme). Integrating these at a company level and in supply chains (e.g. Wal-Mart).
Economic Models and Policy Issues	Identifying economic policy and market issues (e.g. resource constraints, the need for decoupling) and related opportunities and response strategies (e.g. Green Economy Initiative, The Economics of Ecosystems and Biodiversity for Business (TEEB for Business)).
Manufacturing Technologies	Investing in, developing and bringing to market technologies and services for providing essential services to an increasing number of people while reducing environmental pollution and ecosystem impacts (e.g. elimination of toxic chemicals in manufacturing or products; providing wind turbines and solar photovoltaic panels, energy efficient lighting, smart grid software).
Social and Lifestyles	Monitoring and participating in discussions on consumer behavior and related policies (e.g. Marrakech Process, UNEP Sustainable Consumption and Production Programme, UNEP Advertising and Communication Forum). Commissioning advertising that alerts and educates consumers on environmental considerations (e.g. washing temperatures).
Resource Repository	Business associations acting as a library for materials in relation to all the above and making these available to business and other users.

'Current global consumption patterns are unsustainable. Based on the facts and trends ... it is becoming apparent that efficiency gains and technological advances alone will not be sufficient to bring global consumption to a sustainable level; changes will also be required to consumer lifestyles, including the ways in which consumers choose and use products and services.'

'Sustainable Consumption: Facts and Trends - From A Business Perspective', World Business Council for Sustainable Development, 2008.

5. UNEP's Role and Contribution

Synopsis: *Following up on a WSSD mandate, and working with other UN and international organisation partners, UNEP has played a lead role in advancing multi-stakeholder discussion on SCP issues. It has been pro-active in identifying the importance of developing the overarching need for an economic system that more aggressively promotes a green economy and better measures the real value of ecosystem services.*

5.1 In many ways, UNEP's contribution to sustainable development goes back well before the formal emergence of the concept. Since its establishment following the 1972 Stockholm Conference on the Human Environment, UNEP has played a key role in framing regulatory, business and civil society responses to global environmental challenges. Building on the mandates given to it in 1992 (e.g. on cleaner production information dissemination) and 2002 (on the SCP 10 YFP), UNEP has sought to help business and industry better understand and help respond to sustainable development risks and opportunities.

5.2 UNEP's activities in this context can be described in many ways.³⁶ Five in particular stand out.

- *Providing information on ecosystem health:* The UNEP Global Environmental Outlook series forms the consolidated backbone of a diverse range of materials on the state of the planet's ecosystems and on a range of pollutants and impacts of unsustainable behaviour. As the UN system's lead body on environment, UNEP is the first port of call for many government, business and stakeholder organizations seeking reliable data on environmental issues and trends.
- *Creating a normative framework:* Through its work in helping convene, negotiate and implement multilateral environmental agreements, UNEP has played a vital role in creating a clear and level regulatory playing field. At the same time as providing the basis for improved human and ecosystem health, agreements such as the Montreal Protocol (ozone depletion) and Stockholm Convention (Persistent Organic Pollutants) have provided business and industry globally with a science-based and globally-recognized framework within which to work. By providing materials and training in developing countries, it has helped these economies to implement these engagements, protect local populations and ecosystems, and participate as equals in the global economy.
- *Providing leading edge thinking:* Throughout its history, UNEP has played a key role internationally in underscoring the dependence of healthy long term human development on healthy ecosystems. Most recently, this role was highlighted by the launch in 2008 of the Green Economy Initiative (GEI), which has provided the framework for the Green Economy Report. The objective of the initiative is to draw attention to the need to mobilize and re-focus the global economy towards investments in clean technologies and 'natural' infrastructure such as forests and soils. UNEP's contention is that this is the best way of achieving real growth, combating climate change and triggering an employment boom in the 21st century. The GEI builds on The Economics of Ecosystems and Biodiversity (TEEB)

³⁶ As noted in the UNEP paper 'The Class of 2006', UNEP identified the following five priority areas for action: Mainstream decision-making; Improve Voluntary Initiatives; Reporting; Integration of social, environmental and economic issues; Global responsibilities and opportunities.

initiative,³⁷ which has played a historic role in helping business understand the value of biodiversity and ecosystem services, and the potential costs of not protecting/preserving it.

- *Providing a Multi-Stakeholder Platform:* As noted above, UNEP has played a convening or partnering role across a range of issues, and in so doing helped to define new standards or approaches to reducing adverse environmental impacts and improving energy or material efficiency. The Marrakech Process, which has involved 22 regional consultations around the world, three international meetings and eight national round tables, is a notable and on-going example of this role.
- *Positioning Business as a Partner for Sustainable Development:* Through a range of activities and initiatives, UNEP has promoted dialogue and engagement on key environmental issues and opportunities with business and its stakeholders. The chief tools used include: convening meetings, including the annual BIGD and the previous Business for Environment (B4E) events,³⁸ commissioning research and publications (including with consulting firms such as AccountAbility and SustainAbility), and supporting business-focused initiatives (UNEP Finance Initiative, Sustainable Building and Climate Initiative, Global Partnership for Sustainable Tourism).

5.3 It is not possible in a paper of this length to record all of UNEP’s activities in support of a more sustainable business environment. Many of the main activities, however, can be seen in Table 4 below. To assist discussion of the distinct roles but complementary activities of UNEP and the private sectors, this framework mirrors that used in Table 3.

Table 4: Some Examples of Some Key Contributions by UNEP to SCP and a Green Economy

Function	UNEP Role (1992 to 2011): Some Examples
Normative Governmental regulation	Providing framework or information for negotiation of multilateral environment agreements (e.g. Stockholm Convention, Montreal Protocol), and related initiatives (e.g. SAICM). <i>Activities: (Co) Convening; scientific and policy advisory; some funding of participation; secretariat.</i> Delivering awareness raising and capacity building workshops on mainstreaming SCP policies in national development strategies and on designing and implementing national SCP programmes and action plans in more than 20 countries since 2007.
Normative-Self-regulation	Initiating or contributing to the development or improvement of responsible business tools (e.g. UN Global Compact, GRI, ISO 14000 and 26000). <i>Activities: (Co-) Convening; technical, normative and policy advisory; some funding support; secretariat; publications.</i>
Environmental Information	Providing business relevant information and analysis on key environmental and resource risks and trends (e.g. Global Environmental Outlook, International Panel for Sustainable Resource Management). <i>Activities: Research; convening and peer review; publishing; disseminating; updating.</i>
Awareness Raising, Education & Capacity Building	Providing or supporting education, including training and capacity building on sustainability and environmental management themes (e.g. cleaner production and life cycle management; development and marketing of sustainable products and services). <i>Activities:(Co-) Convening and conducting with local partners in local language; case studies & training materials development and dissemination; funding support.</i>

³⁷ For more on TEEB, see: <http://www.teebweb.org/>

³⁸ B4E, Business for the Environment, is an international conference for dialogue and business-driven action for the environment that UNEP and UN Global Compact supported from 2007 until 2010.

Stakeholder Dialogue	Providing a forum for multi-stakeholder discussions (e.g. Annual Business & Industry Global Dialogues) <i>Activities: (Co-) Convening; providing materials, including reports and recommendations; financial support for participation where available.</i>
Partnership - Initiatives	Providing a platform for multi-stakeholder frameworks and initiatives on business sectors/issues (e.g. UNEP Finance Initiative, Sustainable Building and Climate Initiative, Global Partnership for Sustainable Tourism, UNEP Life Cycle Initiative, the Partnership for Clean Fuels and Vehicles, Agri-Food Task Force on SCP and sectoral agri-food activities). <i>Activities: Convening; generating resource materials; dissemination; reporting.</i>
Consumption and Production Patterns & Methodologies and Models	Providing analytical models and materials relevant to changing production patterns (e.g. UNEP Life Cycle Initiative, UNEP/UNIDO Resource Efficient and Cleaner Production Programme, UNEP's Agri-food workstream). <i>Activities: (Co-)Convening; discussing and developing models; launching initiatives to refine and encourage uptake; developing and disseminating supporting materials.</i>
Economic Models and Policy Issues	Identifying economic policy and market issues (e.g. resource constraints, the need for decoupling) and related opportunities and response strategies (e.g. Green Economy Initiative, TEEB, UNEP FI, Principles for Responsible Investment). <i>Activities: (Co-)Convening; research and assessment; advisory; policy proposals.</i>
Manufacturing Technologies	Providing a framework for identifying and sharing information on technologies for reducing environmental pollution (e.g. through the Montreal Protocol, National Cleaner Production Centres, UNEP/Wuppertal Institute Collaborating Centre on SCP) and related capacity building and financing. <i>Activities: (Co-)Convening; encouraging research; information sharing and technology transfer.</i>
Social and Lifestyles	Providing a framework for multi-stakeholder discussion and information exchange on consumer behaviors / aspirations and related policies (e.g. UNEP's activities targeted at the marketing and advertizing sectors including a Forum, a communication guide and education tools; research on aspirations through the Global Survey on Sustainable Lifestyles (GSSL); awareness-raising activities including the UNEP/UNESCO YouthXchange Programme on sustainable lifestyles: formal education tools and projects, including recommendations and guidelines on Education for Sustainable Consumption "Here and Now!"). <i>Activities: (Co-) Convening; research; training and capacity-building; multi-stakeholder dialogue and partnerships; development and dissemination of materials.</i>
Resource Repository	Acting as a library for materials in relation to all the above and making these available to business and other users. <i>Activities: Data/official document/ publication collection and storage; dissemination. To be expanded under the clearing house function of a future 10YFP.</i>

B. The Road to Rio +20

6. Sustainability and Business: Where We Are Now

“In the last year or two, everything has changed. People are starting to suspect that these (sustainability trends) are really strategic issues that will shape the future of our businesses. The specifics are different depending on the industry and context, but we’re in the beginning of a historic wake up.”

Prof. Peter Senge, MIT Sloan School of Management (2009)

Synopsis: A sea change is occurring in business sector in relation to sustainable development. This is being driven by changes in the regulatory, consumer and investment environments, as well as by scientific assessments of ecosystem changes. While this change is evident at a number of levels in business thinking and practices, it is still far from being mainstreamed. While considerable obstacles stand in the way of the transition to sustainable development, there is now a better understanding of their nature. Together with governments and civil society, business must be at the centre of action to scale up and speed up progress towards SCP and a green economy. The Rio+20 Conference provides a historic opportunity to identify and implement new and enhanced measures and partnerships.

6.1 The ‘historic wake up’ referenced above³⁹ can be seen at a number of levels.

6.2 One is the **recognition by business leaders that sustainability is an increasingly vital business issue and not a passing fad**. Over 93% of CEOs interviewed for a 2010 Accenture/UN Global Compact survey, for example, saw sustainability as ‘critical’ to their company’s future success.⁴⁰ The same survey showed that 96% of CEOs believed that sustainability issues should be fully integrated into the strategy and operations of a company; 88% said that they should be integrating this through their supply chain. Over 90% of CEOs reported that their company would employ new technologies (including energy efficiency, renewable, information technologies) to address sustainability over the next 5 years.

6.3 Another is the **acceptance that ‘business as usual’ cannot deliver sustainable development**. In a seminal report on the subject, the World Business Council on Sustainable Development concluded that *“... business-as-usual cannot get us to sustainability or secure economic and social prosperity; these can be achieved only through radical change, starting now. To play its role, business will still need to do what business does best: innovate, adapt, collaborate and execute. These activities will change along with the partnerships that we form with other businesses, governments, academia and non-governmental organizations in order to get it right for all. And we must get it right.”*⁴¹

6.4 The challenges of sustainability and the opportunities of green growth are being **mainstreamed as business strategy issues**. Leading business magazines now routinely contain articles highlighting the business opportunities of green growth. (The Harvard Business Review, for example, dedicated an issue to the subject in 2009⁴² and carried four major articles on these themes

³⁹ Senge, quoted in ‘The Business of Sustainability’, Boston Consulting Group, 2009

⁴⁰ ‘A New Era of Sustainability’, UN Global Compact-Accenture CEO Study, 2010

⁴¹ ‘Vision 2050: The New Agenda for Business’, 2010

⁴² ‘How Green Will Save Us’, Harvard Business Review, September 2009.

in 2010, characterizing sustainability as business ‘mega-trend.’⁴³ . Business associations, such as the World Business Council for Sustainable Development, have played a key role in sketching out a business agenda built around humankind’s response to climate change and other sustainability challenges.⁴⁴

6.5 The **growing mainstreaming of green technology and growth themes is also underlined by their increasing profile in business advertising.** Global business magazines now routinely carry advertisements for such things as clean or efficient energy and water technologies, and use wind turbines or solar panels as icons. The underlying assessment would seem to be that regulators, investors and consumers are increasingly assessing companies in relation to their perceived social responsibility. This reasoning appears to be also supported by some business surveys which show that a significant majority of business leaders believe corporate social responsibility expectations have increased in importance in their enterprises.⁴⁵

6.6 Surveys of the drivers of sustainability appear to confirm the growing importance of having a company profile in this regard. In one recent business survey, **brand enhancement** (41%) was put just after **regulatory requirements** (42%) as the main reason to undertake sustainability practices. Other drivers identified included **risk management** 29% and **cost reduction** 27%. Interestingly, the same survey showed that 61% of executives polled agreed that the **benefits of investing in sustainability outweighed the costs.**⁴⁶

6.7 The **maturation of green technology markets was underlined by their overall resilience to the recent global financial crisis.** Three factors appear to have been at work. Firstly, many governments made a point of using the crisis to drive ‘green growth’, seeing this as a shrewd long-term competitive move. A reported 81% of the Republic of Korea’s \$76 billion stimulus package was directed to green industry.⁴⁷ Many companies appear to share this assessment, with less than a quarter of US companies reporting reduced commitments due to the crisis.⁴⁸ Investments in socially responsible investment (SRI) funds in the US and Europe grew relative to funds without SRI screens. Thirdly, a combination of growth in energy demand, regulatory targets, and competition saw total new investment in renewable energy projects in 2010 rise to an estimated \$180-200 billion (up from a few billion in the mid 1990s) notwithstanding pressures from the financial crisis.⁴⁹

6.8 There is, however, **abundant evidence to suggest that majority of companies are still far from being fully engaged, particularly in developing countries and emerging economies.** Such engagement is required for the necessary changes in management practices along global supply chains.

6.9 Investors in green products and services are regularly quoted as saying that there are insufficient attractive SRI investment targets. Assuming there are globally over 80,000 MNEs⁵⁰, less than a tenth are participants in the UN Global Compact (7,700 business participants, including SMEs)

⁴³ ‘The Sustainability Imperative’, HBR May 2010; ‘Growing Green’, HBR June 2010; ‘Can Entrepreneurs Save the World?’, HBR September 2010; ‘Winning in the Green Frenzy’, HBR November 2010.

⁴⁴ ‘Vision 2050: The New Agenda for Business’, 2010.

⁴⁵ See, for example, the 2008 IBM Corporate Social Responsibility Study.

⁴⁶ ‘Corporate Sustainability: A progress report on KPMG’s research preview (in cooperation with the Economist Intelligence Unit), 2010.

⁴⁷ ‘Asia and the Pacific Regional Round Table: Is Green Industry the Next Engine of Growth for Asia and the Pacific? UNIDO Briefing Note, 8 December 2009.

⁴⁸ ‘The Business of Sustainability’, MIT/Sloan Management Review, 2009.

⁴⁹ Global deal on climate change will be the key, Innovation in Energy Supplement, p.1, Financial Times, 17 January 2011.

⁵⁰ World Investment Report, 2009, UNCTAD, p.222,

or other recognized global responsible business initiatives. While nearly 1,500 companies issued sustainability reports in 2010 using the GRI framework⁵¹, the London-based ReportRegister database shows a world total of fewer than 7,500 companies had issued CSR reports by January 2011.⁵²

6.10 Based on this information (and recognizing that issuing a CSR report is not necessarily a robust indicator of a company’s engagement in sustainable development), only one in ten multinational companies appear to be actively engaged in measuring and communicating their sustainability performance in some degree. There is also strong anecdotal evidence that most companies in the world, which includes SMEs, are not measuring their sustainability performance impacts, and perhaps not even aware of the risks and benefits of better understanding the business implications.

6.11 There is also **recognition that integrating sustainable development remains a difficult and complex challenge for most companies**. More than 70% of respondents in an MIT/Sloan study, for example, said that their company had not yet developed a clear business case for sustainability.⁵³ In the 2010 Accenture CEO survey, 54% of CEOs felt that the tipping point for full integration of sustainability was still a decade away; however 80% considered it would occur within 15 years.⁵⁴ Key issues for CEOs included investor uncertainty (the investor community was not seen as supporting corporate efforts to create value through sustainable products and services); consumer uncertainty (many CEOs remain unconvinced that sustainability is driving buying behaviours); and regulatory uncertainty (CEOs sought greater clarity on the future scope and shape of regulation).⁵⁵

6.12 While there is some evidence to suggest that many mainstream companies in emerging economies have not yet heard the ‘wake up’ call, there is however **ample evidence that issues of resource efficiency and green energy have been identified as strategic competitive issues by Chinese and other growth market companies**. Chinese wind power capacity surpassed the USA as the global leader in 2010. Approximately one in two wind turbines worldwide was brought on line in China in 2010, with the sector expected to double in size again by 2013, a large part of it from domestically manufactured turbines.⁵⁶ In its Renewable Energy Country Attractiveness Indices report, the consultancy Ernst & Young concluded that ‘a new world order is emerging in the clean energy sector with China now a clear leader in the global renewable market.’ The report places India in equal third place with Germany and goes on to identify South Korea, Romania, Egypt and Mexico as significant new entrants.⁵⁷

“The opportunity to build a sustainable future has never been greater. The case for responsible action is clear: embedding human rights, labour, environmental and anti-corruption principles into corporate practices benefits both society and business. We recognize that, despite good progress, there is much to be done. Now is the time to build on the advances made in the past decade and bring mass scale to the discipline of corporate responsibility, helping to chart a future where sustainable development, a healthy planet and peaceful cooperation prevail.”

The New York Declaration by Business, 25 June 2010, UN Global Compact Summit.

⁵¹ See GRI Reports List 2010 <http://www.globalreporting.org/ReportServices/GRIReportsList/>

⁵² <http://www.corporateregister.com/reports/>

⁵³ ‘The Business of Sustainability’, MIT/Sloan Management Review, 2009.

⁵⁴ ‘A New Era of Sustainability’, UN Global Compact-Accenture CEO Study, 2010.

⁵⁵ Ibid.

⁵⁶ ‘China keeps turbines turning as European cuts affect demand’, Financial Times, 6 January 2011

⁵⁷ ‘Renewable Energy Attractiveness Country Indices’, Ernst & Young, November 2010.

Challenges Moving Ahead

The capitalist system is under siege ... Companies are widely perceived to be prospering at the expense of the broader community ... Companies must take back the lead in bringing business and society back together .’

‘Creating Shared Value’, Michael Porter and Mark Kramer, Harvard Business Review, January-February 2011.

6.13 *It needs to be acknowledged, however, that the challenges moving ahead are immense.* Business literature on the hurdles facing the further expansion of sustainable products and services commonly point to the following trends and challenges.

6.14 **Short termism:** In 2000, investors held shares on average for 5-8 years. In 2010, it was less than a year.⁵⁸ A combination of market forces, including increased competition for the highest returns and sustained share price, the rapid growth of the ‘virtual economy’, and technological capacity (e.g. high speed computer trading) have contributed to an overall trend towards more rapid turnover of investment. It has also changed the targets for investment. While non-specific to sustainable development, this trend can make it harder for companies to attract and maintain investor support for longer term investment goals, especially where the regulatory environment is unclear or changing.

6.15 **Incomplete Value Definition:** Traditional national and corporate financial accounting methods do not fully reflect ecosystem and social costs and benefits. One consequence of this at the corporate level is that the value of performance on sustainability issues is not factored into investor valuation models, thereby failing to reflect efforts to create value through sustainable products and services.⁵⁹ This may also be a reason why investment funds that target socially responsible investing (SRI) have only succeeded in attracting less than 10% of total investments under management (and frequently much less). While many companies now report their sustainability vision and performance, there are questions as to how widely these are used by investors. This is among the reasons behind the initiative to develop a global accounting standard which combines financial and non-financial reporting.⁶⁰

6.16 **Consumer & Investor Inertia:** As noted in the Accenture study, in an environment where the ‘consumer is king’ companies (and investors) continue to be driven by demand from a rapidly growing population and culture of consumerism, especially in higher income groups.⁶¹ While there is evidence of a relatively robust demand for the increasingly diverse range of green products and services on the market, these remain a small fraction of the market. This situation is also mirrored in the investment field. It has been estimated that only one dollar in eight under professional management in the USA was connected with some form of socially responsible or sustainable investment strategy in 2010.⁶² The situation in Europe is broadly similar, where the figure is closer to

⁵⁸ Financial Times, Funds Management supplement, p.13, January 17, 2011.

⁵⁹ ‘A New Era of Sustainability’, p.11, 2010

⁶⁰ The International Integrated Reporting Committee. See: <http://www.integratedreporting.org/>

⁶¹ ‘Sustainable Consumption: Facts and Trends - From A Business Perspective’, World Business Council for Sustainable Development, p.6, 2008.

⁶² ‘Report on Socially Responsible Investing Trends in the United States’, Social Investment Forum, 9 November 2010. On the positive side, investments in SRI managed funds in the US grew at a faster pace than the total universe of assets under management, notwithstanding the financial crisis.

10%.⁶³ That said, relative to non-SRI screened funds, overall growth of SRI investments has been strong, and in many cases less impacted by the financial crisis.

6.17 Uncertain Regulatory Framework: The current regulatory environment continues to support – and in some respects encourage – many ‘business as usual’ practices. While a wide range of general international legal commitments have been made on key sustainability issues (biodiversity, climate change and chemicals management are examples), many of these have not been followed through on, either in terms of specific targets or implementing national regulations. In many cases, insufficient action has been taken to make policies consistent, to ensure an integrated approach. Massive subsidies still remain in place for a range of polluting and unsustainable practices.⁶⁴ Government incentives (including feed-in tariffs) which helped drive rapid growth of renewable energy industries over the last decade in countries such as China, Germany, Spain and the USA, have not been matched by other countries. In some cases, governments have reduced support for ‘green tech’ for a mix of reasons, including financial and political constraints. For business, regulation clearly remains the main driver of investments in more sustainable practices for most companies.⁶⁵

6.18 Innovation Gaps: The current range of sustainable products and services has a number of limits. These include availability, affordability, price, product performance, unfamiliarity, and convenience.⁶⁶ Greater innovation will be necessary to address both technology deficit issues involved (e.g. technologies not available or working effectively), and also to address the non-technological constraints to the uptake of new technologies. The latter could include support consumer awareness raising (e.g. use of marketing and education campaigns to use products more efficiently and sustainably) and ‘choice editing’ (e.g. removal of unsustainable products and services from the marketplace).⁶⁷ The absence of an over-arching business model that encourages innovation in relation to pressing societal challenges is also seen as an issue that must be addressed.⁶⁸

6.19 Bridging the transition: The question of how policy makers and business can effect the necessary restructuring to enable a transition to a sustainable economy without incurring politically and economically unacceptable job losses and economic insecurity is also central.⁶⁹ Equally important bridging issues also include how to respond to geo-political shifts (e.g. in relative competitiveness and ability to take advantage of low carbon resource efficient technologies), the impacts of environmental disasters (both natural and man-made, and their implications for commodity prices and availability), and the risks of policy failures or reversals (including the effects of a further global financial crisis).

6.19 Other challenges that might be considered in this context include political (e.g. winning and maintaining voter support for changes in regulations, including tax policies), institutional (e.g. whether the necessary forums and processes are in place to fast-track decision making), lifestyle (e.g. moving away from a culture of consumption to a culture of sufficiency), and how to avoid the ‘re-

⁶³ ‘The European SRI Study 2010’ (Eurosif) estimates that some 10% of all funds under management in Europe were invested using SRI filters. Like the US market, relative growth in SRI investments has been robust.

⁶⁴ Subsidies worldwide to fossil fuels amounted to \$558 billion in 2008, ‘Comment’ by Fatih Birol and Nicolas Stern, Financial Times, 9 March 2011.

⁶⁵ Corporate Sustainability: A progress report KPMG’s research preview, 2010

⁶⁶ ‘Sustainable Consumption: Facts and Trends’, WBCSD 2008, p.6

⁶⁷ Ibid.

⁶⁸ See Porter and Kramer, above. In arguing for a new ‘shared value’ model, they note *that ‘heightened environmental awareness and advances in technology are catalyzing new approaches in areas such as utilization of water, raw materials, and packaging, as well as expanding recycling and reuse. The opportunities apply to all resources, not just those that have been identified by environmentalists. Better resource utilization – enabled by improving technology – will permeate all parts of the value chain...’.*

⁶⁹ Vision 2050, WBCSD.

bound effect' (i.e. eroding the benefits of material/energy efficiency improvements in goods or services through increases in production/ consumption).

6.20 The Rio+20 Conference in 2012 will provide a potentially historic opportunity to consider and make progress on many of these issues. As a recognised Major Group, Business and Industry will again participate actively, and has established the Business Action for Sustainable Development coalition for this purpose.⁷⁰

'We need to recognize the need for business to play a leadership role in fostering more sustainable levels and patterns of consumption, through current business processes such as innovation, marketing and communications, and by working in partnership with consumers, governments and stakeholders to define and achieve more sustainable lifestyles.'

'Sustainable Consumption: Facts and Trends - From A Business Perspective', World Business Council for Sustainable Development, 2008.

⁷⁰ For more on BASD, see: <http://basd2012.org>

7. Where To Go from Here?

'The world is again on the Road to Rio, but in a world very different from the one of the Rio Earth Summit of 1992.'

Achim Steiner, UN Under-Secretary General and UNEP Executive Director, February 2011

Synopsis: *Changing the status quo will require boldness and resolve. While future initiatives should build as far as possible on existing institutions and work, radical departures may be necessary to prevent adverse ecological trends from undermining future sustainable growth. We are already in a world where we must adapt to environmental change. The 2011 UNEP Business and Industry Global Dialogue offers an opportunity to agree on concrete actions to accelerate progress towards SCP and a green economy. The costs of action will be unprecedented and difficult. However the costs of inaction, or inadequate or delayed action, will almost certainly be far greater.*

7.1 The Rio+ 20 Conference provides a key near term opportunity to scale up, speed up and join up work towards environmentally-sound low-carbon, resource efficient business practices. Indeed, the question might be asked that if decisions on how faster and deeper progress to a green economy and sustainable development are not taken there, where and when they will be taken. In this context, the UNEP Business and Industry Global Dialogue could play an invaluable role in identifying and recommending priority actions that might be taken. A possible framework for discussions is offered below for consideration. The ultimate objective of these discussions would be to identify ideas for expanded or new activities that could be taken:

- a) in the run up to and at Rio+20, involving UNEP and/or business and industry, as well as other stakeholders, to help ensure the Rio+20 conference is as productive as possible. This could also include the contribution of the private sector to the design and implementation of the Ten Year Framework of Programmes on SCP (the "10YFP") that is expected to be endorsed at the 19th Session of the UN Commission on Sustainable Development (CSD) in May; and
- b) in the period following Rio+20, by UNEP and/or business and industry and its stakeholders, to advance progress towards a green economy and sustainable development, whether or not related Rio's eventual outcomes.

7.2 To begin with, participants may wish to reflect on:

- a) the developments described in Part A above. A discussion on progress made, limitations and learning points would help inform the following debate;
- b) whether the challenges to catalyzing broader and deeper action identified in Section 6 accurately identify the main hurdles to business in moving to a greener economy.

Participants might wish to explore common ground on the key issues and priorities to be addressed in moving forward, drawing on the existing initiatives presented in Table 5 below. What underlying enabling conditions need to be put in place or improved?

7.3 As noted, the list below draws on points made in business publications. It matches well, however, with other sources. UNEP, for example, has recently identified six macro enabling conditions for a green economy. These are: *establishing a sound regulatory environment; prioritizing government investment and spending in areas that stimulate the greening of economic sectors; limiting spending in areas that deplete natural capital; employing taxes and market-based*

*instruments to shift consumer preference and promote green investment and innovation; investing in capacity building and training; and strengthening international governance.*⁷¹

7.4 The Table below summarizes some of the work that is already being done by UNEP and business and industry in relation to these challenges, and which might be further extended or leveraged in the pre Rio+20 period, at Rio+20, and beyond.

Table 5: Scaling Up - A Possible Framework for Discussion

Challenge	Examples of Relevant Current UNEP activities
Prioritizing Long Term Investment	UNEP Finance Initiative & UN Principles for Responsible Investment have created a new level of awareness on the importance of environmental, social and governance (ESG) issues. Other initiatives have underscored the costs of failing to factor in environmental externalities (TEEB, Resource Panel) and the potential of the green economy (Green Economy Report) and resource efficiency (Resource Panel, the Marrakech Process on SCP contributing to the development of the 10YFP).
Recognizing Sustainability Value	As above. The Global Reporting Initiative (GRI), a UNEP Collaborating Centre, is continually using a multi-stakeholder process to improve the world's most widely used sustainability reporting framework and leading efforts to develop an integrated financial/sustainability reporting standard. Drawing on the Danish model, GRI has called for a mandatory approach by 2015 which would require all large companies to report on their economic, social and environmental performance, or explain why they don't.
Mobilizing Consumers & Investors	The initiatives above enable consumers, businesses and investors to share a common basis for assessing economic value and sustainability values. Various UNEP activities, including the Marrakech Process work on sustainable lifestyles and education for sustainable consumption, UNEP's activities targeted at the marketing and advertising sectors (e.g. Forum, communication guide, education tools, research on consumer behaviour and aspirations); an EC-funded project promoting eco-labeling in emerging economies and a design for sustainability ("D4S") project, have helped raise awareness, and promoted dialogue and action by stakeholders.
Creating a Clear Regulatory Framework	UNEP information and capacity building on the implementation of international agreements is helping ensure a level playing field and helping developing countries reduce the burden of pollution and participate effectively in the global economy. Supporting negotiation of global conventions (e.g. Mercury Convention) and voluntary standards and agreements.
Filling Innovation Gaps	UNEP guidance tools on cleaner production, design for sustainability and lifecycle management promote technological and management innovation. Guidance on sustainability communication and sector approaches are also directly relevant. The Green Economy Report provides examples of technologies and approaches where technology is being used to improve material efficiency.
Bridging the Transition	UNEP/UNIDO National Cleaner Production Centres, guidance to SMEs on resource efficiency, and work with ILO on green jobs are encouraging introduction of government and business policies to tap into growing markets for green products and services, including in the supply chain. The SCP 10YFP could provide a widely-owned and coherent set of programmes to build the capacity of governments and business to adopt policies, technologies and management practices to underpin the transition to a green economy.

⁷¹ 'Towards a Green Economy: A Synthesis for Policy Makers', UNEP 2011, p.39. In the context of the SCP 10YFP, another list suggested included information, education and awareness raising, an enabling policy framework, as well as a number of life-cycle specific areas such as value chain management, product design and development, distribution and marketing, consumption and waste management, and sectors such as agriculture, food security, energy, tourism, transport, and construction and buildings.

Other challenges?

Other noteworthy current activities and initiatives?

7.5 **To assist discussions on measuring progress, scaling up existing technologies, expanding markets for green products and services (including through the supply chain), a number of possible actions and initiatives are suggested below to illustrate recommendations or engagements that might emerge from the 2011 BIGD conference.** (At the conference, participants may wish to identify appropriate actions/objectives, the stakeholders that should be involved, and any relevant timelines, i.e. actions to be taken before Rio+20.)

'We stand at a point of transition from an economic model that dismissed the social and environmental ecosystem as an externality to one that recognizes the ecosystem as both a constraint and a vital opportunity.'

Leo Johnson, Partner, PwC (Financial Times, Boldness in Business supplement, 17 March 2011)

Possible Actions for Consideration

7.6 Prioritizing Long Term Investment

- Participants to issue a **high level statement in support of the Green Economy approach**. This could endorse key elements of the Green Economy Report (e.g. 2% of global GDP to be invested in the *green* economy, the need for a permanent shift in funding from polluting and destructive industries to resource efficient industries) and make specific business sector commitments in this context. This could include a call for all large public and private bodies to adopt and enforce green procurement policies as a concrete expression of support for steering investment on a new path.
- Participants to call for a **multi-stakeholder mechanism to look into short-termism in financial markets**, with a mandate to make early recommendations on how to better direct private and public finance into the green economy, expand the market for 'patient capital', and reverse the misallocation of capital to polluting or damaging activities. This could also explore how government finance, trade and development policies could be made more coherent and consistent and provide adequate incentives for investors.
- Participants to call for the **development of a new global initiative to create a more effective market place for bringing together capital and green technology**. This would act as a forum to bring together business actors, regulators and experts on key themes (e.g. clean energy, clean water, eco-agriculture, dematerialisation), and have a special focus on meeting the needs of developing countries and harnessing the power of SMEs. UNEP FI and the Principles for Responsible Investment (PRI) initiative could be closely involved. This could be linked to, or be an integral part of, the proposed clearing house mechanism that is likely to be part of the 10YFP.

7.7 Recognizing Sustainability Value and Measuring Progress

- Participants to recommend that the World Bank and relevant other intergovernmental economic bodies and business organizations to **develop a report on the real economic costs of current economic activities based on environmental services** and **recommend ways of**

ensuring these are properly reflected in financial accounting (national and corporate). This could make also transparent the possible costs of inaction, and complement the Green Economy Report and work on developing more accurate measures of natural and human capital and measuring progress.⁷²

- Participants to call on **governments to require all listed large companies and public agencies to issue annual sustainability (or environment, social and governance) reports**, including on **actions being taken to increase material efficiency**. Material indicators could include a life cycle assessment based ‘footprint’ of the major raw materials used (e.g. energy, water, metals, etc.), waste outputs, and the benefits of the actions being taken. This could recognize standards being developed by GRI and ISO and work already underway in this area at the level of the UN⁷³, governments⁷⁴, the private sector⁷⁵ stock exchanges (e.g. Brazil, France, South Africa) and NGOs (e.g. the Ecological Footprint Network).⁷⁶
- Participants to express support for the work of the International Integrated Reporting Committee (IIRC) on **the development and early completion of a global standard on integrated financial and non-financial reporting**, and request governments and stakeholders to provide any necessary support for early completion of its work.
- Participants to express support for **international agencies to continue the development and adoption of common language and protocols for measurement**. The *Common Carbon Metric* for measuring operational energy use and reporting greenhouse gas emissions from buildings, developed by UNEP-SBCI, is one such initiative. Such measurements will contribute to benchmarking and monetizing consumption and production impacts, baselines for standards and voluntary measures and will broadly inform policy development.

7.8 Mobilizing Consumers & Investors

- Participants to call on **relevant higher education institutions, including technical, business as well as accounting schools, to integrate sustainability challenges and opportunities (research and development, innovation, marketing and advertizing) as a core component of their curricula⁷⁷**, and to agree to **promote training and capacity-building aimed at professionals**, especially in the fields of business development, consumer research, marketing and advertizing, with the objective of further advancing the understanding of sustainability business opportunities and use of existing guidelines and tools. A key feature could be the prioritization of the design, production, distribution and marketing of goods and services that help alleviate poverty and promote a green economy.

⁷² This could build on reports such as that of the Commission on the Measurement of Economic Performance and Social Progress, established by the French Government in 2008.

⁷³ See UNEP/SETAC Life Cycle Initiative: <http://lcinitiative.unep.fr/>

⁷⁴ See example of French government: <http://www.developpement-durable.gouv.fr/IMG/pdf/LPS39c-en-2-2.pdf>

⁷⁵ See Sustainability Consortium: <http://www.sustainabilityconsortium.org/>

⁷⁶ See also the Global Footprint Network : <http://www.footprintnetwork.org/en/index.php/GFN/>

⁷⁷ For example, see *Sustainability Communications: A Toolkit for Marketing and Advertising Courses*, a CD-Rom developed by UNEP in partnership with UNESCO and the International Association of Universities, with the support of the Swedish Ministry of Environment, available at www.unep.fr/scp/publications/details.asp?id=DTI/0886/PA, as well as *Communicating Sustainability, a guide developed by UNEP and FUTERRA* with support from the Swedish Ministry of Environment and the French Agency for Environment and Energy Management (ADEME), available at: www.unep.fr/scp/publications/details.asp?id=DTI/0679/PA

- With a view to ensuring investors take into account long-term resource issues, participants to call for the launch of a **new initiative to make policy and strategic recommendations on how to better understand and increase consumers' demand for sustainable goods and services, including production practices, hence expanding markets for such sustainable products, notably through research, information exchange and training.** This could involve market research, design and business communications, taking into account demographic and cultural differences. With respect to the latter, this initiative could build on the policy recommendations drawn on recent global surveys, such as “Visions for Change: Recommendations for Effective Policies on Sustainable Lifestyles”.⁷⁸
- Participants to agree to collaborate on **the design and implementation of outreach initiatives on ‘sustainable lifestyles and consumption’, targeted at the business sector, consumers and other key stakeholders.** This could be undertaken in the context of a global programme on sustainable lifestyles which could be established under the 10YFP. This would provide an opportunity to scale up and coordinate the many existing initiatives on sustainable lifestyles and consumption, within and across sectors, at the national, regional and international levels.⁷⁹

7.9 Creating a Clear Regulatory Framework

- Participants to **call on governments for renewed efforts to implement existing regulations to promote SCP and a green economy.** This could include a programme promoting the design and implementation of cost-effective regulations promoting SCP for inclusion in the 10YFP and allocating the resources necessary for capacity building and training.
- In the view of an increasing number of observers (including in the private sector), the scale of the unfolding sustainability crisis requires stronger, smarter and better enforced regulation across many sectors. **A clear outline from business and industry on what kind of regulations are needed to ensure both a level playing field and an effective and urgent response to sustainability challenges would be timely.** Business sector advice is also needed on how such regulation might be achieved (e.g. on a carbon price) and support for its passage.

7.10 Filling Innovation Gaps

- See 7.6 above.
- Participants to call for the **launch a Green Economy Technologies Innovation Initiative.** This might be a web-based/social media based platform to create incentives for young entrepreneurs to share ideas and knowledge on SCP and green economy themes. Awards and incentives schemes could also be explored.
- Systems innovations will also require appropriate physical and social infra-structure. **A recommendation to governments, city authorities and state owned business to adopt/expand policies to promote infrastructure support for innovation in the green economy space** would be helpful.

⁷⁸ The results of the *Global Survey on Sustainable Lifestyles*, launched and coordinated by UNEP and the Marrakech Taskforce on Sustainable Lifestyles are available at:
www.unep.fr/scp/publications/details.asp?id=DTI/1321/PA

⁷⁹ More information on the 10YFP and CSD 19 process is available at:
www.un.org/esa/dsd/dsd_aofw_scpp/scpp_tenyearframprog.shtml

- Participants to **underline the importance of adequate sustainability metrics and assessments to ensure that truly green technologies are developed** and that burdens are not just shifted from one life cycle stage, one region and one type of environmental impacts (e.g. reduction of fossil fuel use to prevent dangerous climate change) to another (e.g. land degradation, due to increased use of biofuels – see of the findings of the International Resource Panel).
- In some sectors, such as buildings, application of readily available technologies at low or no cost, or at net savings to economies, will achieve significant emission reductions, energy savings, and create jobs. In such instances, **recognition is needed of the potential for immediate action, investment, economic returns and environmental benefits through energy efficiency**. Prioritizing such initiatives is required to prompt public and private action.

7.11 Bridging the Transition

- A call by business and industry and civil society for the **scaling up of UNEP/UNIDO's National Cleaner Production Centres (NCPCs)** network and an offer by national business associations (e.g. National Chambers of Commerce, UN Global Compact national networks) to work at the local level in identifying potential partners and green technologies to scale up and enhance these centres' role in global supply chains. This could include a call on all UN and international financial organizations to further coordinate their efforts at the national level to increase the impact of NCPCs.
- Participants to issue **a statement recognizing that the transition to a green economy will entail some short-term costs, but that long term benefits will be secured and greater long-term disruption will be occasioned by not acting now**. This could contain a call for greatly expanded work (including by the ILO) on identifying the potential for green jobs creation, and for expanded education and training in growth green sectors. More research and data sharing on green jobs would also help policy makers and employers.
- Participant commitment to **stronger engagement by business and industry, including associations representing SMEs, in the design and implementation of the 10YFP**, as a major contribution to the transition to a green economy. This commitment should start with engagement at the CSD 19 in May 2011, which aims to establish the institutional structure and an initial set of programmes for the 10YFP.

7.12 While it was not in the remit of this paper to address aspects of international environmental governance (e.g. changes in the way intergovernmental organizations work, or the need for new institutions), participants might also wish to discuss **possible changes at the institutional level**. Possible issues to consider could include ways to:

- **Increase the engagement of finance, economic and trade ministries** in discussions and decisions in relation to sustainable development and poverty alleviation;
- **increase the contributions of business (including SMEs) and civil society** in international financial decision-making in support of a green economy;
- **improve the effectiveness of coordination between international agencies** at the local level, especially in developing countries, on actions to achieve SCP patterns and make the transition to a Green Economy.

7.13 With particular reference to UNEP's convening role, and the Business and Industry Global Dialogue platform, participants might also make recommendations on how to enhance the effectiveness of the **BIGD** in future years to better promote progress towards sustainable development through its SCP and green economy work.

1. The new BIGD format, which reflects the changing nature of the partners and sustainability landscape, should be maintained and enhanced through more strategic partnerships. UNEP's added value is in its convening power and strategic guidance, offered in close partnership with UN Global Compact and other UN bodies, as well as relevant private sector and civil society organizations.
2. 2012 Global Dialogue could focus on measuring progress on 2011 BIGD outcomes and validation of private sector inputs for Rio+20, building upon and working in synergy with other relevant green economy private sector related events such as: the ICC World Federation of Chambers event (June 2011); the Danish Global Green Growth Forum (October 2011); and the BASD regional events.
3. In line with previous support to Global Dialogues (i.e. the Industry as a Partner for Sustainable Development series), develop a publication on the Business Case for the Green Economy, including a sector-by-sector analysis of Opportunities and Challenges (potential partners ICC, BSR).

'We believe that the leading companies of 2020 will be those that provide the goods and services and reach new customers in ways that address the world's major challenges - including poverty, climate change, resource depletion, globalization and demographic shifts.'

From Challenge to Opportunity: The role of business in tomorrow's society, World Business Council for Sustainable Development, 2006.