

# From Here to Sustainability: A Global Perspective

*Sustainability comes of age.*

By Joseph Fiksel & Diane Guyse Fiksel

In less than a decade, sustainability has evolved from an esoteric concept to a philosophy embraced by dozens of multinational corporations and government agencies. The original concept of sustainable development established a vision of industrial progress that respects both human needs and global ecosystems, assuring the quality of life for future generations. Confronted by these new expectations, the business community began to realize that long-term success depends not only on financial performance, but also on social and environmental performance.

Environmental initiatives such as pollution prevention and “green design” are already familiar to many U.S. corporations. Less familiar are the new challenges of corporate social responsibility, which include not only addressing “human rights” issues such as safe and fair working conditions, but also going beyond the fence line to address social needs and inequities. In the past few years, more than 80 percent of global foreign investments have been in developing nations, yet most of the benefits of these investments have flowed back to the developed world. By not only providing jobs, but also supporting education, community development and infrastructure, progressive companies are helping local communities to overcome poverty, disease and despair, while improving the productivity of their workforce.

## The Early Adopters

An important catalyst for the rapid emergence of sustainability has been the work of the World Business Council on Sustainable Development (WBCSD), a Geneva-based consortium of more than 100 leading companies. WBCSD has spearheaded the business community’s response to the 1992 Earth Summit conference in Rio de Janeiro, publishing a series of studies that demonstrate the business value of sustainability, and coordinating the definition of agendas for change in industries such as pulp and paper, mining, cement, transportation and electric power.

In recent years, a number of WBCSD member corporations have established highly visible sustainability programs. For example, top management at BP, Dow, DuPont, Ford, General Motors, IBM and Royal Dutch Shell have gone public with ambitious commitments to generate shareholder returns while addressing the needs of humanity. Drawing upon standards developed by the global reporting initiative, these and many other companies have expanded their annual environmental, health and safety reports into sustainability reports aimed at stakeholder communication.

There are several underlying factors that help explain the sudden blossoming of business sustainability:

- Growing evidence that companies can create shareholder value by moving beyond passive compliance and adopting “eco-efficient” design and production methods, resulting in improved operating efficiency and market positioning.
- Increasing acceptance among top executives of the ethical obligations associated with “corporate citizenship.”
- Emergence of doctrines such as “extended producer responsibility,” which broaden the boundaries of corporate accountability and raise public expectations regarding company principles and operating practices.
- Explosive growth of electronic communication, creating global accountability and transparency for companies that do business in developing nations.
- Recognition by the financial community that sustainably-managed companies tend to generate superior economic returns.
- Increasing attention toward constructive engagement and dialogue with external stakeholders.

In the United States chemical companies have been among the leaders in broadly adopting sustainability principles and embed them into business processes and performance indicators. For example, “green chemistry” innovations by DuPont, Dow, Rohm and Haas, and others have created eco-friendly products that eliminate waste and are environmentally benign. Chad Holliday, DuPont’s CEO, currently serves as chairman of the WBCSD, and DuPont has adopted a sustainability indicator (shareholder value added per pound of product) that reflects its overall goal of creating greater value with fewer resources – i.e., doing more with less.

In 1999, the American Chemistry Council extended the guiding principles of Responsible Care® to address not only benefits to the environment, but also to society and the economy. According to Scotty Patrick, senior vice president at Ashland Chemical and co-chair of the Responsible Care Team, this reflects an intent to provide additional guidance to Council members in the future regarding sustainability practices and performance

### The Responsible Care® Partner Perspective

Sustainability is particularly important for Responsible Care® Partner companies, including suppliers and distributors, since evaluating social, environmental and economic impacts requires a full understanding of the product life cycle. Supply chain partners play a critical role in driving energy efficiency, waste elimination and stakeholder satisfaction for the production “system” as a whole.

Battelle became a Partner company in 1996, but it has been dedicated to developing economically and socially valuable technology since 1929. Since Battelle does not physically manufacture and sell products, its real “products” are technologies and services. Through its product stewardship efforts, Battelle is working to integrate sustainability awareness into all phases of technology development, including relationships with its partners, customers and suppliers. Battelle’s life cycle management group provides strategic consulting services to many of the sustainability leaders described in this article.

Battelle continually invests in internal research and development (R&D) programs to develop and validate new, more sustainable technologies that have promising commercial applications. Examples include:

Microchemical processors that use special microgeometries to enhance chemical reactions or separations, achieving radical reductions in size, weight and hazard potential.

Polymer and liquid multilayer technology using high-speed vacuum-based surface coating processes that enable fast, economical production of unique multi-layer coated structures.

These R&D efforts promise to create competitive advantage for Battelle, its partners and shareholders.



expectations – even though the principles do not actually mention the term “sustainability.”

Many other U.S. industries have been early adopters, including consumer products, pharmaceuticals, motor vehicles, computers and electronics, forest products, petroleum and even floor coverings. Rather than following a prescribed approach, each company has explored how it can best integrate sustainability into its own business strategy. For example, Procter & Gamble (P&G) is building its sustainability efforts around two major themes: water, and health and hygiene. For the former, since 85 percent of P&G products involve household water use, it is investigating how it can enhance both water conservation and water quality. For the latter, P&G is seeking to enhance the global contributions of its products to cleanliness, sanitation, health care, infant care and education.

### The Journey Ahead

As companies pursue the journey toward sustainable development, they usually encounter a number of barriers.

- Many business people view sustainability as simply “business as usual,” and are content with incremental improvements. However, sustainable business practice truly requires thinking “out of the box” and exploring innovative business models. (This is exemplified by BP’s “Beyond Petroleum” campaign.)
- Sustainability issues such as climate change, resource depletion, biodiversity and human rights are often greeted skeptically by business people who regard them as fuzzy and irrelevant to their primary business mission.
- As yet, there are no accepted standards for definition or measurement of sustainability. Therefore, companies have been free to develop their own concepts, vocabulary, performance indicators and communications, making benchmarking and comparison extremely difficult. However, initiatives are underway to help standardize sustainable development reporting, and certain measures are emerging as norms.

- Commitment to sustainability requires a level of transparency and openness that may lie beyond the comfort zone of some companies. It includes inviting stakeholders to engage in ongoing relationships, and disclosing information about company performance in a balanced and forthright manner.
- Difficult trade-off decisions become more apparent with sustainability considerations. For example, how does one balance the positive socioeconomic impacts of building a new plant in an impoverished region against the potential adverse effects due to pollution, loss of farmland or community disruptions? What would a more “sustainable” solution look like?

Overcoming these barriers will require an earnest management commitment to integrate sustainability thinking into business processes, and to collaborate with governments and public interest groups to find sustainable solutions. However, it is becoming apparent that sustainability is not optional – businesses can no longer ignore these issues if they intend to survive and prosper in the long run. Multinational corporations have the necessary resources and economic influence to help realize the sustainable development vision, and in the process they may radically alter their perceived role in society – becoming champions of a new vision for the planet. **CB**

### Summit of World Leaders to Chart Sustainable Development Course

The United Nations (UN) has begun preparations for a world summit in which heads of state from every country will chart a course on sustainable development for the next 10 years. During its fall 2000 session, the United Nations' General Assembly authorized the World Summit on Sustainable Development, to be held in South Africa in 2002. The timing coincides with the tenth anniversary of the 1992 Rio Earth Summit.

The 2002 UN summit will decide policy issues of global significance to the chemical industry. The business of chemistry, along with about 10 other sectors, will be the subject of a special report prepared for the summit, and we can be sure that activist groups will be pushing their agenda of international bans and restrictions on chemicals.

On our side, the Council be working to present the industry's significant progress in spreading Responsible Care since the 1992 Earth Summit (now underway in 46 countries), and the more recent voluntary commitments to long-range research and testing of high production volume chemicals.

The summit will review progress in chemical safety since the 1992 summit, and make recommendations for the next 10 years.

The American Chemistry Council is preparing for the summit, and to participate in the task force of the International Council of Chemical Associations that is coordinating chemical industry action related to the summit.

*Garrity Baker is senior director of the International Shared Service at the American Chemistry Council. To contact him, e-mail [garrity\\_baker@americanchemistry.com](mailto:garrity_baker@americanchemistry.com).*