

The spoken words shall prevail!

## **Ways to Sustainable Development – a Challenge Full of Prospects**

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Address;

There are various possibilities of finding and following a way towards sustainable development. Therefore, the initiative of B.A.U.M. is very important and laudable. It is crucial for the initiative that recognized managers and industrialists instead of environment associations choose a public figure from their own ranks who really has made the idea of integration of environmental issues a part of every day business. I know from my own experience that this is not always easy. You can be proud of your achievements and I would like to congratulate you on this great success.

The members of B.A.U.M. are able to integrate two aspects of the famous triangle of sustainability (economy, ecology and social affairs). I am sure that those managers who integrate ecological aspects into their entrepreneurial activities are best prepared to take into consideration social aspects.

My speech today is entitled "Ways to Sustainable Development - a Challenge full of Prospects". First, I would like to say a few words about the prospects, especially about the connection between sustainability and globalisation.

The fundamental structural change in the field of economy, from national economies towards globalisation, has created new challenges not only for all participants in society, but also for managers in particular. First of all this concerns a safe supply of energy, climate-friendly use of energy, healthy food, future organisation of mobility and as well as stability of the social structure. Globalisation is the tendency towards an increasing global economic, political and cultural intertwinement. It causes far-reaching changes on the national and international level of politics, as well as offering great chances and possibilities for companies and consumers. It can lead to more prosperity and stability. It can help civil society to overcome national limitations and even create a feeling of global responsibility. The advantages of globalisation, however, are not equally distributed. Therefore, the UN Millennium Report by Kofi Annan calls for an "inclusive globalisation" which makes the process a positive development for all people.

However, the number of least developed countries has doubled to 49 over the last 30 years. Today the goal of the UN is to divide the number of the poorest by two by the year 2015 seems to be far away. This is mainly due to the sometimes-thoughtless deregulation of markets, which has structural effects on the global economy. The globalised deregulation of the financial markets in the nineties was precipitate and wrong. It is considered the reason for the Asian Crisis about five years ago. Today's deregulation, a modern form of the 19th century way of Laissez faire, is no longer on the international agenda, but the wise forming of an appropriate framework of activities for the global financial economy. Such a framework of activities can create reliability as well as new chances for old and new participants of the market and can help to make sure that the ability of the earth and its people to take stress is not exceeded. Thus, the claim made by the German Council for Sustainable Development and addressed to politicians is consequent: the Council advises the German government to speak up for establishing a "World Commission on Sustainability and Globalisation" at the World Summit on Sustainable Development in Johannesburg. This Commission should discuss painstakingly and make clear proposals on the sustainable realisation of globalisation.

As the concept of sustainability is not just the continuation of environmental politics with other means or an environmental policy de luxe, German companies should take into consideration more than just some social and environmental aspects in new products and services on their way towards a sustainable development. I am strictly against any use of environment and sustainability as synonyms. On the way towards sustainable development including sustainable development of companies we should take into consideration the global progress within the near future as well as a way of dealing with these tendencies. For that, the German Council for Sustainable Development (RNE) has only recently published ideas on how to deal with issues that are of particular interest to the economy like energy, mobility and agriculture. At the same time, the Council always keeps in mind the global dimension because sustainable development has been a global concept right from the beginning. Anyone who wants to look up these positions in detail is invited to call upon [www.nachhaltigkeitsrat.de](http://www.nachhaltigkeitsrat.de) and to comment as well.

An important demand of the Council deals with the method of public opinion formation. As for politics, this method calls for qualified and regularly checked indicators for the aims of sustainability which we strive. I can see within your ranks some entrepreneurs who know what it means to fight against annually changing development schemes for renewable energy. In order to avoid instability of market and investment conditions caused by this situation we need clearly defined aims here.

The cut in CO<sub>2</sub> emissions by 25% until 2005 compared to 1990 levels Germany aims at, is a prime example of an intention having effects on

politics even beyond a change of government. The ruling red and green parties are still making great efforts to realise it. This political commitment has created jobs and launched new economic and political initiatives, has promoted civil activities as well as science. The economy in particular depends on such long-term prospects and stable outline conditions.

Therefore, we suggest that the government should adopt the extended goal to cut CO<sub>2</sub> energy-caused emissions by 40% per capita, until 2020 compared to 1990 levels. Of course, we take into consideration aspects concerning the EU. Any ambitious national climatic goal would be completely futile if it did not serve as a signal for further common efforts in the international arena and on the EU level in particular. Because of this the Kyoto-Protocol, which is up for ratification, provides a new framework of tools. Above all, I think that the success of the climate negotiations at Kyoto, Bonn and Marrakech confirms the idea that there are two kinds of strategies that make sense only when they are combined: pioneering of single nations on one hand and insisting on joined measures on the other. The Council has now made the next intermediate goal in climate policies for the year 2020 a subject of discussion. With regards to EU-level this implies at the same time an intention to prevent other countries from taking a free -riding position in the long run; they should join the line of the pioneering country instead.

Let me just mention two examples in order to show the positive prospects that this offers to innovative companies.

1) The amount of CO<sub>2</sub> emissions in the field of transport is still growing constantly. Of course, for the most part this is because there is this special high regard for cars and their hp. On the other hand, there is an objective need of car mobility. Therefore, heavy traffic and emissions stay on a level, which is not compatible with the sustainable development of mobility. Although it is possible to reduce emissions of pollutants by technological innovations it is counterbalanced by an increase in traffic and the number of cars nowadays. Therefore, we need suitable outline conditions and innovations, which will benefit companies offering mobility as an integrated product and not simply a means of transport. I definitely see this as a chance for automobile manufacturers.

2) On the way towards a safer and ecologically friendlier supply with energy services there is great capacity in a more efficient use of energy. Building technology is a good example to illustrate this. A positive impact on the employment rate is to be expected because measures taken to increase energy efficiency lead to about 50 jobs per pet joule of energy that is economized. Therefore the German Council for Sustainable Development (RNE) has asked government and industry to carry out a scheme project on a "4-litre- redevelopment plan for old buildings". Within the framework of this project, every federal state shall have a model housing estate where this 4-litre standard will be realized by renovation

and an innovative interaction of up-to-date insulation, regulated ventilating, new windows and an efficient heating system. This measure should pay off not only for the climate but for the inhabitants as well. Moreover, the Council asks to invite tenders for energy contracts of any federal real estate.

If the goal of 40% is seriously tackled and this is what we call for, then this will cause structural changes. Some may call this an obsession for regulations: it was already referred to as thinking in terms of planned economy with regard to the strategy of sustainability. My experience tells me that business could always go well with clear regulations when market mechanisms were taken into consideration and were based on long-term calculations at the same time. All of you try to implement the idea of sustainability in your companies and to convey this feeling of responsibility to your surroundings. Today such responsibility for sustainable development is more important than ever before. There are encouraging signs: leading companies have realized that one-sided orientation towards profit will not be successful in the end.

I have frequently been confirmed over the last few months that it is getting more and more important for a company to find a role that is accepted by social groups, a role employees can identify with. This is a company that views itself as a protagonist acting with responsibility according to its own principles. For those entrepreneurs and managers who have already realized this it is logically consistent to extend their shareholder's approach towards a stakeholder's approach. Sometimes it requires great publicity for this kind of realization that causes a change in the corporate identity. Shell and Brent Spar have shown this example some years ago. However, I hope for the future that such a process will not be started by worst-case scenarios but by the knowledge of long-term prospects of a corporate culture based on sustainable success.

Sometimes the term corporate culture may be used in quite a striking way. I use this term referring to any company viewing itself as a participant in society while having its own culture in dealing with clients, employees, competitors, suppliers, its own resources and the environment as a whole. Corporate culture rightly is an important criterion to assess the sustainability of a company. This is the so-called sustainability rating.

It is generally accepted that companies on their way to sustainability have to pursue a strategy of efficiency, which is, of course, a fundamental principle of any entrepreneurial activity. What about those strategies we often refer to as "strategies of sufficiency" in the discussion on sustainability? Personally, I think that sufficiency is not the right term to describe a strategy of action because it is misunderstood and limited to an ethos of renunciation. However, the discussion on strategies of efficiency and sufficiency indicates that we have to talk not only about how (efficiency), but also about what and whether at all we shall produce.

Experiences up to now have shown that strategies of efficiency alone may help but are not enough to cope with the challenge of sustainable development. In the future especially companies with a sustainable image will be successful in the long term. That has less to do with the ethos of renunciation than with the realization just mentioned. The Dow Jones Sustainability Industrial Average is an indicator for the fact that this kind of initiative has gained however marginal recognition even on the stock market. In the past companies listed on this stock exchange index have already had slightly better results than the average. Until all protagonists have realized the chances, challenges remain great. However, where will these challenges be tackled courageously if not in this circle?

Kofi Annan once said that the challenge of sustainability went beyond our present political concepts. With all due respect to this audience: I think this is still true for the economic concepts put in to practice today.

Moreover, a policy for sustainable development is the more effective, the more active, better and greater the commitment of economy is to support it. It is time for new initiatives. Therefore, I wish to get a report on sustainability in addition to the balance sheet from all successfully run German companies.

Complimentary close