

EJBDRT
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Recommendations from the Sustainable Development Working Group

Sustainable Development was defined in 1987 by the Bruntland Report: “Sustainable Development is a development which meets the needs of the present without compromising the ability of the future generations to meet their own needs”. It led to World Summits, with expanding agendas. Whereas Rio de Janeiro (1992) and Kyoto (1997) focused specifically on environmental issues, Johannesburg (2002) integrated in the debates, social matters and solidarity between North & South countries. Many large corporations and industrial federations have been contributors to these summits.

All along and in parallel, the business communities – particularly multinational companies – have been adopting the concept of sustainable development by striving for the right balance between economic, social and environmental strategies. They are of the opinion that in the long run, they will benefit from a better anticipation of key challenges and from an open dialogue with every stakeholder.

Corporate Social Responsibility, as a concept, has also been growing among business and political circles. The Green Paper published by the European Commission (2001) defined CSR as “*a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with stakeholders on a voluntary basis*” as they are increasingly aware that responsible behaviour leads to sustainable business success. CSR is also about managing change at a company level in a socially responsible manner. As a reaction to the Green Paper of the European Commission, enterprises stressed the voluntary nature of CSR, its integration in the sustainable development and that its content should be developed at a global level. The European Economic and Social Committee (EESC) highlighted that the principles of voluntary action on environmental, economic and social sustainability, together with guidance from international organizations’ existing agreements, have to be the frame of reference for further European initiatives in support of companies’ efforts to act in a socially responsible way.

In addition to the right balance of the trilogy ‘Profit (Economy)’, ‘People (Social and Society)’ and ‘Planet (Environment)’, Partnership with every stakeholder for whom companies create value in the long term is becoming important. Therefore, the trilogy ‘Profit-People-Planet’ is extended to Partnership (4P’s).

Characteristics of a successful Sustainable Development/CSR approach at a company level are the followings:

1. **Voluntary commitment.** More and more international and local companies are making strong commitments towards Sustainable Development. They can be encouraged by public authorities. A good example is Global Compact of the

United Nations Organization whereby Kofi Annan invited business leaders worldwide to subscribe to 9 principles on Human Rights, Labor Standards, and Environmental. So far, more than 700 European and Japanese companies have subscribed to Global Compact.

2. **Common Language.** There is a risk of limiting Sustainable Development to environmental matters. As defined above, we support a long-term view of the development based on a good balance of economic, social and environmental ambitions, in an open dialogue with every stakeholder. Many companies are also reporting on an annual and voluntary basis on their Sustainable Development performance measured through reliable indicators.
3. **Creating value for all stakeholders.** Profitability remains the key goal of every company in a free market because without profit, there is no Sustainable Development. However citizen companies are becoming more and more convinced that value creation for all stakeholders can have a positive impact, not only for them, but also at the macro-economic level. It means a strategic approach which puts stakeholder expectations and the principles of continuous improvement and innovation at the heart of business strategies.

Sustainable Development is about all topics leading us to meet present and future needs, not only with regard to the environment but also health and safety, economic welfare and others. Notwithstanding, we focus on an environmental matter as a well-known and representative example of Sustainable Development issue. We specifically cite initiatives to address **Global Warming** amongst the many subjects covered by the following recommendations to European and Japanese Authorities.

【Recommendations】

1. **Voluntary Actions:** While in Japan many industries are participating in the Keidanren Voluntary Action Plan on Environment and have made steady achievements, voluntary efforts of industries in Europe have hardly been recognized by authorities. Moreover, the EU directives on emission trading, including different approaches country by country, will negatively affect the competitiveness of industries operating in Europe. Voluntary actions should be privileged above any additional regulation by Governments, in the future.
2. **Sufficient prior consultations:** To avoid jeopardizing the competitiveness of companies, there should be an enhanced dialogue between industry and the Authorities before any legislation is enacted. The implementation of the Kyoto Protocol and Emission Trading Directive, and the REACH project in Europe, are examples of insufficient dialogue between Industry and Authorities, prior to decisions. Sufficient prior consultations, including with European and Japanese Authorities together, are proposed by the business community.
3. **Promotion of innovations/partnerships:** The Authorities should participate in funding and/or other efforts to promote ambitious projects. After the Aeronautic Platform (ACARE), the Rail Transportation Platform (ERRAC), the European

Steel Technology Platform has been recently launched, involving the European Commission and a large scope of industries to pave the way for next 25 years of research in Europe. While companies are also joining their efforts in favour of ambitious but expensive research projects, EU and Japanese Authorities could initiate a platform for joint research projects in some sustainable development areas.

4. **Promotion of Technological Development of Alternative Energy:** Nuclear energy should be promoted as it does not emit CO² and allows for departure from oil supply structure, depending mostly on Middle East. When dealing with global warming from a mid-to-long term perspective, it is important to convert from fossil fuel to carbon-neutral energy such as biomass or hydrogen. The key to realizing this conversion is technological development through active cooperation between European and Japanese Industry. The European Commission and the Japanese Government should financially support the acceleration of this technological development and develop incentives for the industry to move to these new technologies.
5. **Post Kyoto Protocol:** Global warming is an issue that must be addressed on a global scale. It is called for the creation of the framework beyond 2013 for reducing greenhouse gases with the inclusion of the US, Russia and developing countries that are expected to substantially increase their emissions so that it becomes a practical and flexible framework and does not endanger the competitive position of Japanese and European companies. And in case of non ratification of the current Protocol by Russia and the US, a revised climate change strategy needs to be urgently designed to secure European and Japanese industry competitiveness.
6. **Importance of education:** The media and the Authorities place most of the responsibility for achieving sustainable development on industry. Whilst industry must clearly make its contribution, so should private individuals in their car driving or power consumption at home. The Authorities should tackle the education issue, from primary school to university, to ensure that society makes its contribution.
7. **Aid for developing countries:** When multinational companies conduct business activities in developing countries they act following economic, social and environmental sustainability and make efforts to transfer such principles to those countries. Both Japanese and European authorities are also asked to aid developing countries – not only financially but, for example, through transferring technologies which help reduce greenhouse gas. Such technology can be easily introduced by creating “clearing house” (websites with publicly available information).

In a nutshell, more dialogue, more joint innovation, more education and less legislation are our wishes.