

An Ambitious Business Response
In support to the European Strategy on Sustainable Development.

European Contact Group contribution to the preparation of the European Council
December 2007

Background.

In June 2006, the European Council urged “Business leaders and other key stakeholders including workers’ organisations and NGOs to propose an ambitious business response to support the implementation of the EU Sustainability Development Strategy” . It is in this context and based on an initiative of the Resource Efficiency Alliance , that on 5 June 2007 8 European organisations were laying the foundations for a new European Contact Group on Sustainable Development” . The Contact Group is an open initiative for organisations taking the lead in enhancing business innovative solution to facilitate the transition towards sustainability - an accelerator of economic, environmental and social progress as well as a source of innovation and creativity.

Summary.

The Contact Group aim is to respond to the June 2006 European Council invitation to encourage the business sector as well as European Member States to push beyond the frontier towards a « new economy » with the EU SDS as the over-arching strategy common to all the EU Institutions and the “overall framework” for the Lisbon Strategy.

The Contact group is making 4 recommendations to the December European Council to precise the goal in economic terms (recommendation 1) and define three leverages to “scale up” best practices (recommendation 2) and accelerate the transition towards a sustainable economy (recommendation 3 and 4) :

1. **Define the Goal in economic terms.** State that after the *Steel and Coal Community*, after the *Single Market*, after the *Euro*, the “New European Economic Agenda” is to build a *Resource-Efficient and Low-Carbon Economy. and a Well-Being Society for All.* . This objective should be enshrined in the new EU Treaty (2008), in the EU Budget and be part of the EU diplomacy. It should change the way companies invest and purchase, their business model, their way to co-operate with civil society, the daily decisions taken at the work place as well as by local authorities and consumers. It should lead to a real “metamorphosis of Europe” at an accelerated speed.
2. **Mobilise the value chain.** Endorse the concept of “European Pacts for Sustainability” between the EU Institutions and several sectors of society and Member States multi-stakeholders agreements to implement Sustainable Development Objectives as a source of innovation and growth (Open Doors scenario).
3. **Set up a continuous improvement cycle.** Invite Sustainability Standards setters, investors, purchasers, trust builders to adopt together, by 2008, one « European Pact for Sustainability” and meet at EU level, once a year, to review together continuous improvements towards (i) the implementation of the EU-SDS targets and (ii) making EU the most resource efficient region in the world on the basis of a roadmap for a Clean-Clever-Competitive Europe. The first chapters of the Pact would address energy and water.
4. **Dialogue with those CEOs that are leaders of sustainability.** Support the high level meetings to contribute to the implementation of the EU-SDS as : (i) the high level informal meetings between CEOs members of the European Union Corporate Leaders

Group on Climate Change and the EU President of the Council and President of the Commission and (ii) the high level informal meetings between Banks CEOs members of the European Platform on Financing Sustainable Development and some Ministers of Finance.

Contact group Members :

- *European Partners for the Environment (EPE)*
- *The European Committee of Environmental Technology Suppliers Association (EUCETSA)*
- *The European Union Corporate Leaders Group on Climate Change*
- *The European Social Investment Forum (EUROSIF)*
- *The European Trade Union Confederation (ETUC)*
- *Global Information and Communication Technology Sustainability Initiative(GeSI)*
- *The European Water Partners (EWP)*

The aim of the EU SDS Contact Group is to respond to the June 2006 European Council invitation to encourage the business sector as well as European Member States to push beyond the frontier towards a « new economy » with **the EU SDS as the over-arching strategy common to all the EU Institutions and the “overall framework” for the Lisbon Strategy.** It should also serve as “overall framework” for other EU Strategies as (i) Corporate Social Responsibility, (ii) the EU Energy Efficiency Action Plan, (iii) the Thematic Strategy for the Sustainable Use of Natural Resources, (iv) the ETAP Programme, (v) the EU Sustainable Consumption and Production Action Plan, (vi) the EU Water Framework Directive,, etc.

The contact group wishes to capitalize on the good work done by leading networks, scale up best practices, accelerate their implementation and also contribute to the debate on governance issues attached to the implementation mechanisms of this EU strategy.

Building on its strength as a network of networks, the Contact Groups welcomes other European key leading networks active in the field of sustainable development which are willing to

1. Identify complementarities and develop possible synergies between existing initiatives
2. Examine areas with high innovative potential
3. Work towards the implementation of and raise awareness about the objectives and targets set out in the EU-SDS
4. Offer new options and solutions for improved dialogue, policy and partnerships in support of the European Strategy for Sustainable Development

The Contact Group is addressing itself to the European Institutions (Council, Parliament, Commission) which share the EU SDS as well to the Financial Community (Pension Funds, Investment Banks, Saving and Cooperative banks).

Recommendation 1. **Define the Goal in Economic Terms**

After the Steel and Coal Community, after the Single Market, after the Euro, the “New European Economic Agenda” is to build a Resource-Efficient and Low-Carbon Economy, and a Well-Being Society for All. This objective should be enshrined in the new EU Treaty (2008), in the EU Budget and be part of the EU diplomacy. It should change the way companies invest and purchase, their business model, their way to co-operate with civil society, the daily decisions taken at the work place as well as by local authorities and consumers. It should lead to a real “metamorphosis of Europe” at an accelerated speed.

Recommendation 2. Mobilise the Value Chain.

Inspired by the concept of “innovation by agreement” used by the Feira European Council (Portuguese Presidency) and success stories in Member States where initiatives have been and are taken to reach agreements between Public Institution, Companies, Trade Unions, NGO’s under the form of “sustainability accord with business” (NL) ,” pact” (Germany, Austria, NL), “Grenelle de l’environnement” (France), **the European Council might wish to endorse the concept of “European Pacts for Sustainability” between the EU Institutions and several sectors of society.**

To this end, the Contact Group will start by highlighting areas of excellence in policy and best practice, capitalising on existing initiatives and success stories of stock exchange listed companies, social enterprises and SMEs , in partnership with Trade Unions, Regions, Cities, NGOs addressing :

- *Investment – a new investment approach*
- *Production – a new technology push*
- *Marketing to Consumers – a new type of sales campaigns and interaction with consumers/retail investors*
- *Education – modern education programmes, illustrating how sustainable development and creative social responsibility are being integrated across and between the various disciplines aimed at current and future leaders*
- *Poverty – new products and services addressing the needs of the poor[one question here – how come this of all the seven themes is highlighted here ? Is it not more logical simply to refer to the seven themes i.e. all rather than just one ???It appears as 'the odd man out' amongst the other more horizontal issues]*
- *Innovation by Agreements – new forms of agreements negotiated between civil society, business and trade unions.*

Recommendation 3. Set up a Continuous Improvement Cycle

The European Council rightly invited *Business leaders and other key stakeholders including workers’ organisations and NGOs to propose an ambitious business response.* Indeed, the usual vision of public authorities, companies and civil society having « differentiated » roles should be completed by a major new development : in the new market for sustainable development, public authorities, companies and civil society are now **all** acting as

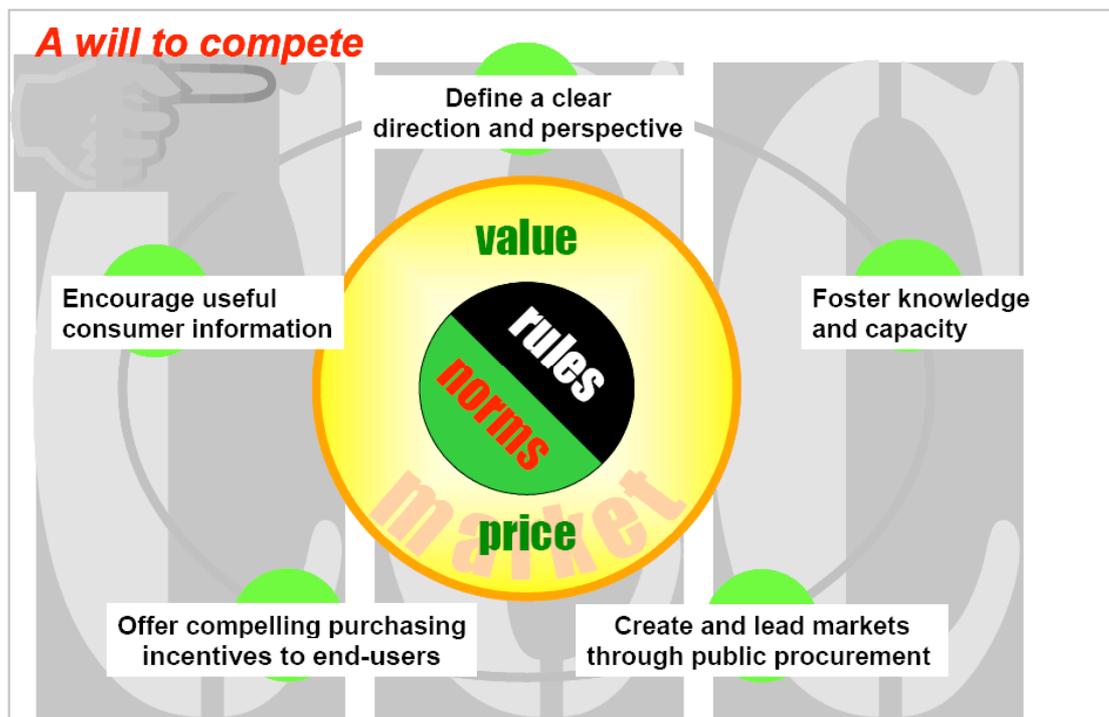
- Sustainability Standards Setters (as Public authorities Regulations, Companies CSR Supply Chain Guidelines, Equator Principles, Fair Trade Movement Certificates/Labels)
- Sustainability Investors (as Public authorities Banks –World Bank, EIB, Investment Banks & Cleantech Venture Capital, Pension Funds, Individual investment retailers)

- Sustainability Purchasers (Public authorities procurement agencies, Companies purchasing units, Consumers organisations)
- Sustainability Performance, Reputation and Trust Builders (Public authorities with Management systems –EMAS, regulation inspection, Down Jones Sustainability Index, Social Investment Forum EUROSIF, Friends of the Earth campaign in France and the Netherlands targeting Banks “not with my money”)

Sustainability Standards setters, investors, purchasers, trust builders should

- **Adopt by 2008 the first chapters of a « European Pact for Sustainability» focusing on energy and water and involving interested parties of the EU and the Neighbouring countries.**
- **Meet together at EU level, once a year, under the auspices of the European Union review continuous improvements towards (i) the implementation of the EU-SDS (ii) reviewing SD indicators as the European Happy Planet Index (Hpi) and (iii) progress in relation with the roadmap for a Clean-Clever-Competitive Europe.**

A Virtuous Cycle should result from a coordinated strategy developed together by the public and the private sectors.



The new public-private partnerships needed would aim to achieve the specific EUSDS goals of:

- Achieve the target of **20% reduction** of greenhouse gas emissions from energy consumption by 2020.
- Achieve by 2010 a EU average level of **Green Public Procurement** (GPP) equal to that currently achieved by the best performing Member States.
- Increase EU global market share in the field of **environmental technologies and eco-innovations** thus fostering sustainable development.
- Achieve a balanced shift towards **environment friendly transport modes** to bring about a sustainable transport and mobility system by 2010.

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- Improve resource efficiency to **reduce the overall use of non-renewable natural resources** and the related environmental impacts of raw material use by 2015 in line with the Johannesburg Plan (2002).
- Contribute to the achievement of the **Millennium Development Goals**.

Recommendation 4. **Dialogue with those CEOs that are leaders of sustainability**

The scale of the challenges is immense and will require radical approaches to catalyze breakthrough solutions. Business and other leaders will need to reach beyond their comfort zones in finding new models, new technologies, and new partners in sourcing -- and scaling -- solutions. *"Raising Our Game: Can We Sustain Globalization" GreenBiz.*

The European Council might wish to express its support to high level meetings to contribute to the implementation of the EU-SDS as :

- **High level informal meetings between CEOs members of the European Union Corporate Leaders Group on Climate Change and the EU President of the Council and President of the Commission**
- **High level informal meetings between Banks CEOs members of the European Platform on Financing Sustainable Development and some Ministers of Finance**

The Contact Group is planning a second meeting after the release of the Commission Communication on the EU-SDS and prior the December2007 European Council.

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--- NOTE TO THE EDITOR ---

(*) The EU Sustainable Development Strategy addresses 7 themes: public health, social inclusion, demography and migration, climate change and energy, sustainable transport, sustainable consumption and production, conservation and management of natural resources.