

EPE Think-Tank Note 2004/1

Roadmap

10 trends shaping the Sustainability Agenda.

1. **Risks are evolving.** There is a shift of mindset. *The profile of risks facing companies has been expanded to include everything from political and social instability to brand protection and sabotage.* (1)
2. **Systemic changes are foreseen.** According to the World Economic Forum Report 2004 governments, *international organisations, business and civil society are currently engaging in only about one-third of the effort necessary to realise these international goals* (2). At global and EU level there is a need for new instruments to go beyond isolated initiatives and secure critical mass.
3. **Tri-partite partnerships are becoming key** and *the need for crosscutting partnerships which involves micro-entrepreneurs, multilateral development institutions, civil society and large-scale private sectors companies* is recognised.(3)
4. **Businesses' social and environmental performances are becoming potential drivers of a nation's economic competitive advantage.** *National competitiveness depends increasingly on how a country's business community effectively mobilizes intangible assets and manages its value chain in pursuit of innovation in products, services and business processes.*(4)
5. **The global commodity chain** is becoming central and *global corporations trend to outsource their production, using new technologies, attractive trading incentives and their dominant market position to drive cost and risk down their supply chains will be closely scrutinised. Corporate buying teams massive power to pressure their suppliers will be a major civil society target as farm and factory owners realise that the real power lay with the buying teams rather than those teams responsible for codes of conduct* (5).
6. **Doing business with the poor** calls "*for significant change in the way we do business and the way we think about doing business*"(6).
7. **Social entrepreneurs** are a *rising class of leaders, both in developing and developed societies. Generally acting out of frustration with a public-goods and/or private-sector delivery system that leave people and challenges behind, or out of sheer innovative spirit and creative power, social entrepreneurs are launching new services and products across economies. Their industries range from health to the environment, culture to education, civic engagement to the arts, economic development to leisure.*(7)
8. **The draft European Constitution** Art I-3, §1 which states that "*the Union's aim is to promote peace, its values and the well-being of its peoples* » and in its Art I-3, §4 states that "*In its relations with the wider world, the Union (...) shall contribute to peace, security, the sustainable development of the earth, solidarity and mutual respect among peoples, free and fair trade, eradication of poverty and protection of human rights* will lead towards a new pan-European development model.

9. **European Growth and competitiveness**, on the Global market, will depend on successful partnerships towards the global well-being of Society with partners of other regions of the world.
10. **A partnership with the "new core group"** China, India, South Africa and Brazil, as leading developing countries when it comes to address sustainable trade and innovation, would be important

Sources of Information.

- (1) Running the Risk. Risk and sustainable development : a business perspective. WBCSD2004
- (2) « Beyond the Market: can business help government change the system » by John Elkington, SustainAbility for the Global Compact
- (3) UN Commission on the Private Sector and Development, entitled "Unleashing Entrepreneurship: Making business Work for the Poor".
- (4) Responsible Competitiveness Index 2003. Accountability, the Copenhagen Centre
- (5) Oxfam Report
- (6) « Doing Business with the Poor » WBCSD2004
- (7) Marcello Palazzi

EPE Think Tank note 2004/2

The role of Companies at European level needs to change

1. **If Companies want, at European level, to be again the major driving force leading the « European construction functionalist way » they need to offer a new perspective.** Through business associations as the European Round Table of Industrialists or UNICE, the Private Sector has been successful in shaping the EU agenda, in successive waves towards a « single market », the « euro », the « knowledge economy –Lisbon process». This was what was called the « functionalist way », complementary to the « inter-governmental (the Council) and federalist (the Parliament) ways ». However this approach seems to have exhausted its energy. The Lisbon Process is a failure.
2. **The Well being of Society is the new leverage through development of new products, services, initiatives, markets and business models to ensure a better quality of life for everyone, now and for generations to come (1).** It calls for significant changes in the way business is done and the way the business community thinks about doing business,. *This is the end of the « CSR Bubble »(3) and goes beyond the 'responsibility focus' of CSR. It intends to create « new value », It has an « opportunity » focus (1)*
3. **It links European and Global Agenda.** It raises new questions as far as the sustainability impact of policies are concerned including questions related to which EU Institution should be in charge of such assessment (Council, Commission, Ecosoc ?). *It poses a challenge as the whole supply chain has a role to play in improving lives (2).* Outsourcing is becoming a key issue in particular in terms of ethical/sustainability standards.
4. **European new growth will be depending on new markets in Developing Countries and markets for new products and services in both Developed and Developing Countries.** *Most companies are competing over a minority of potential customers, ignoring a significant, dormant market (4) in Developing countries. It is a missed opportunity. Sustainable products lack support of domestic markets in Developing Countries.*
5. **The time for Companies of isolated initiatives is over and corporate lobbying needs to be re-invented(3).** *Business-led voluntary initiatives and related initiatives that have evolved in recent years do not have the capacity to tackle MDG's challenges in isolation.(3) Corporate public policy activity traditionally focuses on defending existing markets rather than establishing new markets towards SD.(3) By doing so it is the entire Business community including the most progressive Companies (accused of playing double game) which loses credibility and trust.*
6. **The next 3-5 years will likely see major companies going beyond isolated initiatives to connect with other organisations (and the EU) in pursuit of objectives like those embodied in the MDG's.(3)**

Millennium Development Goals agenda and similar objectives at UN and EU level are poorly co-ordinated and lack critical mass. The issue is how globalisation could better deliver on societal goals.(3)

7. **CEO's, active at European level should be now co- leaders of a Well-being Agenda**, an endeavour linking competitiveness, security, peace and the peoples major concerns : a « *Well-being society in an enlarged EU as well as at global level* »..
8. **It is action oriented, in a three-folding partnership framework**(the public and private sector and civil society). It goes beyond usual business driven initiatives favouring dialogues on CSR or other issues.
 - **It will address how a co-evolution of market will be possible through public policy activities.**
 - **It requires to give special importance to changes of consumers behaviour and their support policies (advertising...).**
9. **Companies should however not loose their focus.** They are not expected and should not accept to do everything. They should keep their focus on the business area where they have the skills and the links.
10. **EPE offers a European platform for engineering with others, inside and outside the EU, such tri-partite partnerships.** EPE aims to contribute to the shape in Europe of a movement towards a Global Well-being Society, in line with the UN-Millennium Development Goals

Sources of information :

(1)« Sustainable Development : Finding the real Business Case. » by George Carpenter and Peter White, P&G

(2)« The Business case for a Well being of Society Agenda » by Peter Hindle

(3)« Beyond the Market : can business help government change the system » by John Elkington, SustainAbility for the Global Compact

(4)« Doing Business with the Poor » WBCSD

(5)« Letters to EPE Members and the EU Council» by EPE President, Bart Jan Krouwel