



## European Partners for the Environment

### **2012 Solvay Stakeholder Round Table : Re-invigorating Europe's industry 27 November 2012.**

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*EPE is a 'partnership engineer' focused on 'non technological innovations and sustainability' and the 'value chain management'. EPE vice-Chair is the President of Comité 21-France. EPE is working with the French Ministry of Ecology, ADEME, the Belgian Federal Agency for Environment. EPE is coordinator of a European platform on the retrofit of the European housing stock and multi-apartments buildings , partner of a European dialogue on sustainable mobility with Trade Unions and a sister organisation of the European Water Partnership.*

Corporate Sustainable development Strategy is not a CSR agenda but addresses the core business, it's not about 'balancing' profit and other responsibilities, it's about remaining in business within a 'vision 2050'<sup>1</sup>.

#### 1. Solvay part of the solution.

In particular Solvay should be a leading company regarding :

- the Re-industrialization of Europe in a Circular Economy <sup>2</sup>;
- the EU and Member States Resource Efficiency Roadmap <sup>3</sup> and Planet Boundaries<sup>4</sup>;
- the 'New Prosperity for Europe' agenda 2014 and the role of Industry.

To accelerate the ecological and energy transition we would need to see changes at Business EU level and a new generation of partnerships<sup>5</sup>. When leading SD Cies will finally break ranks at EU level with Business laggards in an institutional system where the only institutional partner of the EU Institutions is Business Europe?

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<sup>1</sup> WBCSD.

<sup>2</sup> EPE hosted a meeting with the Greens in the European Parliament, chaired by MEP P. Lamberts, on this issue.

<sup>3</sup> EPE has been approached by the Belgian Federal Agency for Environment for possible working on the 'Belgian Resource Efficiency Roadmap'.

<sup>4</sup> See the report Planet Boundaries. Chemicals is one of the 9 topics.

<sup>5</sup> Unilever CEO Polman said, "*The political environment is breaking down ... so the need for companies to play a more active role is very transparent to me.*"

*He saw the weak agreement reached at the United Nations summit in Brazil, and the inability to conclude pacts on curbing climate change or global trade as symptoms of this breakdown, and said corporations like his must take the lead. "It's too late for business to say, government should give me this or the government should give me that," Polman said. "We all would like to have more frameworks in place ... but unfortunately the reality is the political environment can't agree on that." Instead of agreements among governments, he sees coalitions of corporations and sometimes non-governmental organizations as the way forward for sustainability. (Reuters)*

UNEP's Director Mrs. Sylvie Lemmet declared that industrial redevelopment in connection with a green economy is one of the most exciting themes for Europe as it combines three agendas: growth, social issues and the green economy. Speaking of a circular economy means highlighting four major dimensions:

- the need to shift to a zero-waste, zero-emission economy;
- the need to be positioned as a world leader in a transition which is already on the agenda of countries such as China;
- the need to review our economic relations with third countries for each chain of values, which will have certain consequences on trade flows, employment and the fight against poverty;
- the need to direct financial flows, particularly within the framework of economic recovery programmes.

The new generation of 'Partnerships', including '*transformational partnerships*' should be designed to accelerate change, build a scale effect and trust. It should link with the major issue of responsibility and accountability<sup>6</sup> of the public and private market actors, equity and fairness<sup>7</sup> (intra Europe, at global level and inter-generational). Such new generation of partnerships are needed in particular in relation with :

- Resource efficiency and nexus food-water-energy-raw material value chain management
- Aligning upstream suppliers and downstream consumers with a coordinated set of actions
- Developing innovation in governance to track and trace the flow of materials as well as the flow of money
- New trust building processes which will be needed after the financial capitalism crisis 2008-2013 .

## 2. Non technological eco-innovations.

This is the time of eco-innovation, 'technological' of course but 'non-technological eco-innovation' as well. Solvay has developed many technological innovation over the years as in Flanders the design of 'cradle to cradle' manufacturing system to retain the ownership of materials through service contracts with customers. This may mean growing investment in infrastructure and technology to retain the ownership of products and their materials in 'closed loops'. This is why Solvay should play a leading role in re-industrializing Europe in a circular economy.

But Solvay is not well known for its *non-technological innovation* though Solvay Sustainability Screening is certainly one of them. Non-technological innovations are in particular related to :

- New business practices. Corporate are designing new ways to work with their stakeholders . For instance, Web 2.0 has dramatically changed the way partnerships are designed by Companies. Concepts ' radical innovation', 'intra and extra-net communities' , 'open data' involving stakeholders and social networks developed by Companies<sup>8</sup> and other interested parties are

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<sup>6</sup> GRI. Friends of Rio Declaration Art 47.

<sup>7</sup> Commissioner Potocnik Cabinet priority.

<sup>8</sup> Companies as AXA, GDF-Suez, SNCF, Danone, Starreback, Nike, P&G, IBM etc.

mushrooming with objectives : (i) to co-produce (ii) to influence (iii) to restore trust.

- New methods of organizing external relations. Corporate are designing new ways to work with their stakeholders building a new generation of partnerships in particular focused on the 'value chain' management. These initiatives should address the zero waste-zero energy agenda as well as resource efficiency, sustainable procurement and global trade.
- New methods of organizing work responsibility and decision making. Rewarding the sustainable development performance of the Company leaders and staff is a key dimension of constant progress on the basis of indicators and targets<sup>9</sup>.

### 3. Shareholders and Stakeholders are also becoming 'smarter' :

While we are in a 'transformational crisis', we are moving to a 'knowledge economy'. Companies approach to competitiveness is evolving. A new approach to manage competitiveness in a resource constrained world is suggested by Schneider (former WEF) with the concept of Competitiveness 2.0 as follows : license to operate, resource balance, added value to citizens. There are new partnership forms as Crowdsourcing and Crowdfunding, Distributed Capitalism, Business Innovation & people at the Base of the Pyramid, Knowledge Partnerships , Standard-setting Partnerships , Service Partnerships . The new trend is 'co-creation', 'co-evolution', 'co-production', 'co-revolution', 'radical collaboration'.

In particular smarter stakeholders approaches need to be underlined in relation with Investments :

- Institutional investors have a new look at 'risks' related to environmental matters
- Pension funds – and Trade unions within Pension Funds - start to have a new approach and leverage their investment power
- Rating Agencies are targetted <sup>10</sup> for not managing properly Financial risks as related to climate change.

### 4. Stop the short termism. End the "three month rat-race"

Unilever decided to swap the push for short-term results — what CEO Paul Polman calls "the three-month rat-races" — for a long-range business plan tied to environmental and social sustainability. "*We don't do three-month reporting any more,*" Polman said . "*We're not going into the three-month rat-races. We're not working for our shareholders. We're working for the consumer, we are focused and the shareholder gets rewarded.*"

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<sup>9</sup> Workshop on December 14<sup>th</sup> at the European Economic and Social Committee hosted by EPE and Comité 21.

<sup>10</sup> EPE and Comité 21 workshop 2013 at the French National Assembly