



Contribution made by UN/ECE industry stakeholders in the context of the World Summit on Sustainable Development

Conclusions of the workshop facilitated by European Partners for the Environment and the Regional Environmental Centre for Central and Eastern Europe (Geneva – September 3, 2001)

“A NEW BUSINESS MODEL”

1. Business has an important role to play in improving people's lives today and for generations to come and at the same time in preserving our natural resource base and the environment. This brings significant responsibilities for business to ensure it is understanding and meeting those diverse needs both in the products and services it provides and the way in which it operates.
2. Business finds it effective to work towards clear targets and thus requests these be set in key areas related to sustainable development. It is important that targets be maintained consistent once set. To facilitate this, existing public targets should be inventoried prior to filling gaps and agreeing key over-arching global targets. Once set, a process will be needed to cascade these to companies and geographies in an equitable manner.
3. Business wishes to strengthen the Global Compact with a view to setting the basis for a new business model. This should build on the framework provided by the Compact and bring together related efforts, such as the Global Reporting Initiative. Business values the potential of the Compact for articulating the goals of the World Summit on Sustainable Development.
4. Business has on-going opportunities for improving its resource productivity and decrease its waste intensity (life cycle management is a tool to be used in this context). Encouragement to do this is required from leading business partners and governments. Effective and fair application of the polluter-pays principle, reliance on precautionary approaches and the implementation of existing international framework agreements are central to this.

5. New business models are needed in all parts of the world for promoting sustainable development, in particular by introducing cleaner technologies, product and practices; for implementing new work and employment systems; and for effective partnership structures.
6. Key elements of the new business model are transparency, increasing accountability through reporting, implementation of codes of conduct, understanding stakeholder needs and being appropriately responsive to them. Business wishes to see government and civil society be similarly transparent and accountable.
7. Business governance needs strengthening to ensure that its economic power is balanced by increased democratic input through stakeholder involvement. The power of the market, whereby consumers “vote with their purchases”, and the power of shareholder questioning should not be under-estimated.
8. Companies must eliminate discrimination and set clear targets for women and minorities to achieve levels of high responsibility.
9. Business requests that public authorities take a leading role in setting out sound market conditions for business to act towards sustainable development. Corruption must be stamped out and the role of law strictly enforced in order to ensure the fair operation of the market. Effective conflict resolution mechanisms are required inside business and, when needed, at a national and international level.
10. Business needs to engage with stakeholders on issues and concerns related to globalisation. Business and government need to create mechanisms for dealing with issues that are outside the competence of nation states in a more globalised world.
11. Business needs to develop effective means for meeting the needs of stakeholders and government for appropriate, transparent information. To this end, the potential of new partnerships (building on the experience accumulated from the development of existing voluntary initiatives) shall be fully exploited.
12. To reach the goal of sustainable development more commercial capital must be directed towards investments that meet sustainability requirements. Capital flows have to be redirected towards sustainable development.

13. Business generally prefers voluntary action, but recognizes the importance of a number of other possibilities:
 - price incentives and economic instruments are important tools to address specific sustainability concerns;
 - governments/regulators should reduce or eliminate subsidies and "pervasive incentives" on water, energy and other resources, which would have the effect of higher prices, which in turn would raise the competitiveness of investments into eco-efficiency.
14. The administrative capacity to collect "polluter pays" fees and fines must be improved, also in Central and Eastern Europe and in the Newly Independent States. Awareness and information campaigns must be designed to help the general public and business better understand the cause/effect of market prices.
15. The finance sector (especially commercial banks) should be involved in incentive programmes to redirect gradually larger parts of their credit to sustainable investment. The banks will want to consider setting ambitious targets for how much they should invest. Efficient monitoring will be required.
16. The extra government revenue from "polluter-pays" fees could be used to create or replenish eco-funds which could act as guarantee funds for eco-efficiency investments as well as to compensate for social disparity in the ability to pay market prices in periods of transition. Gradually consumers must learn to save precious resources through pricing.