

SUSTAINABLE DEVELOPMENT

20 years after the Brundtland Report

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The Brundtland Report

- Brilliantly ahead of its time
- « Invention » of concept of Sustainable Development
- « Shift to sustainable development must be powered by a continuing flow of wealth from industry »
- However, little focus on private sector: « Governments have the principal responsibility to do this »



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Sustainable Development is a process

« Yet in the end, sustainable development is not a fixed state of harmony, but rather a **process of change** in which the exploitation of resources, the direction of investments, the orientation of technological development and institutional change are made consistent with future as well as present needs »

(Our Common Future)

« Sustainability may be best defined as the capacity for continuance into the long term future. Anything that can go on being done on an indefinite basis is sustainable. Anything that cannot go on being done on an indefinite basis is unsustainable. In that respect, sustainability is the end goal or desired destination for the human species.

By contrast, sustainable development is the **process** by which we move towards sustainability »

(Jonathan Porrit – Capitalism as if the world matters³)

What Sustainable Development means for business



- Triple bottom line
- Corporate Social Responsibility
- Eco – Efficiency

How much changed since 1987?

« After a decade and a half of standstill or even deterioration in global co-operation, I believe the time has come for higher expectations, for common goals pursued together, for an increased political will to address our common future »

« Fundamental political shifts are required to restructure investment potential in order to move along these lower, more [energy] efficient paths »

« Building offer enormous scope for energy savings, and perhaps the most widely understood ways of increasing energy efficiency are in the home and workplace »

The world is still full of unsustainable trends

- Resource depletion
- Climate change
- Excessive income disparity
- Threat to eco-systems
- ...

The business role

Level 3
Opportunities



Level 1
Compliance

Level 2
Responsibility

Business role

Business that embrace sustainable development at all levels will be more successful:

- Less Costs (incl. remediation)
- Better Long Term Strategies
- Better Image
- Capability to attract motivated people

Businesses can change a lot in 15 years:

The Umicore Case



The starting point: Umicore in 1990

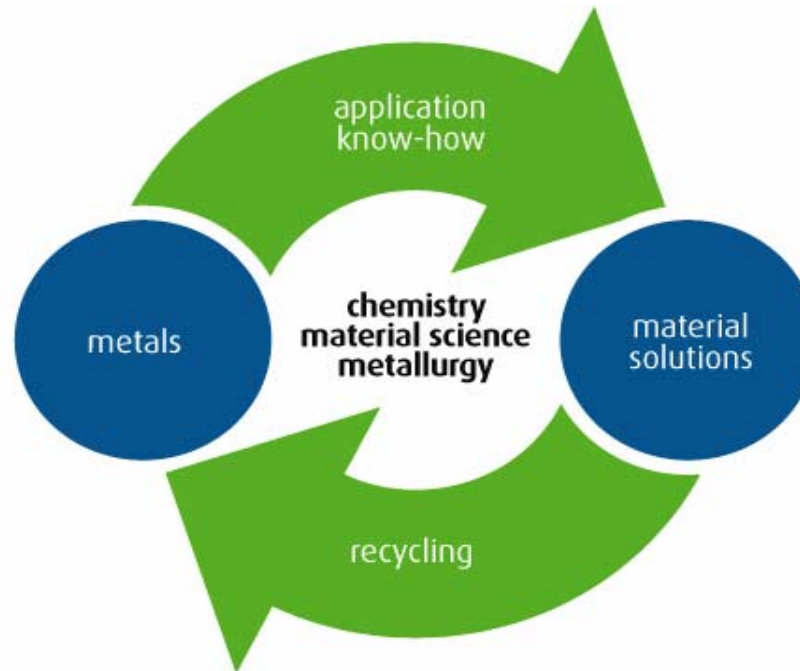
- Producer / refiner of Copper, Zinc, Precious Metals from primary raw materials; incipient advanced materials businesses
- Historical legacy of 200 years of mining and refining activity
- Cyclical and insufficient profitability
- Strong European focus

The actions

New vision:

Commodities → Materials Technology

Primary Raw Materials → Recycling



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The actions

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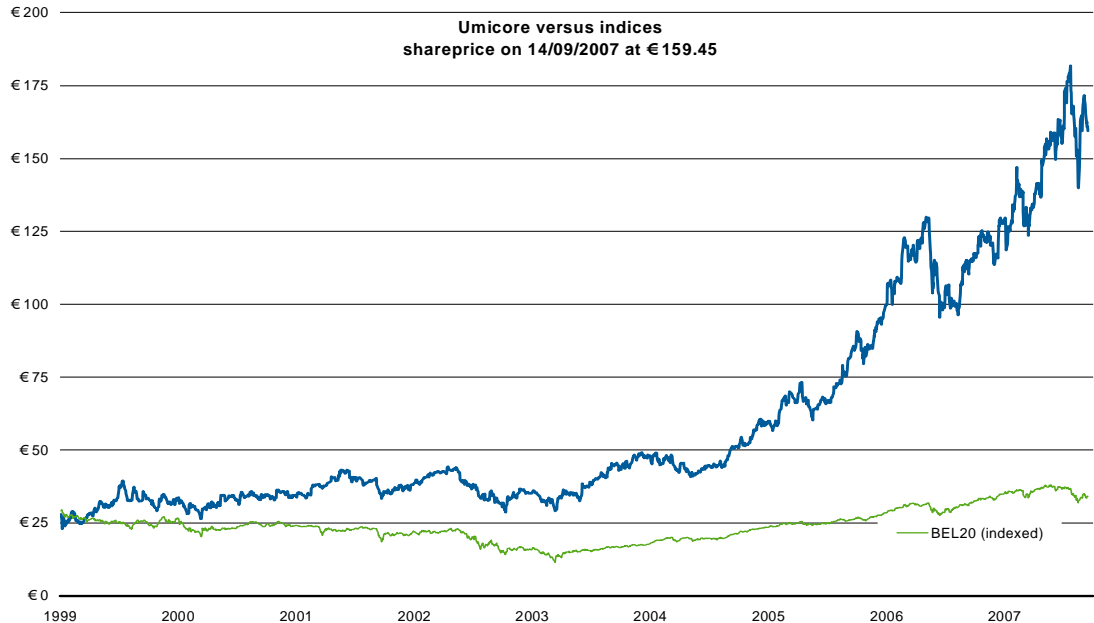
- Pro-active remediation of historical legacy (more than € 100 mio provisioned)
- Groupwide environmental targets and stakeholder dialogue
- Research & Development budget from € 14 → € 140 mio
- Strategic focus on materials enabling clean technologies and eco-efficiency
- Active portfolio management: divestments and acquisitions
- Global focus, including developing countries



The outcome: Umicore in 2007

Leadership

- # 1 in precious metals recycling
- # 1 in automotive catalysts
- # 1 in rechargeable battery materials
- 75% of R&D budget for clean technologies



Recognition

- Prize best Sustainability Report in Belgium



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The threat of short-termism

- “Short term pressure” of the markets is partly self-imposed and can be resisted:
 - quarterly earnings
 - unrealistic promises
- True leadership is about ensuring appropriate balance between:
 - short term
 - medium term
 - long term
- Shareholders are quite capable of buying into a **credible** medium and long term strategy

Core challenges going forward

- Climate Change and Energy Security are to be coming core business issues with strategic and financial implications, and more over they are closely interlinked with the development needs of the developing world.
- Differing views between US / Europe / Japan / China / India make solution difficult.
- “Climate is an economic opportunity ... and there will be no cost”

(Bill Clinton in the Financial Times)

vs.

- “The transformation to a more sustainable energy future will mean winners and losers and a rough ride for the next 25 – 50 years”

(World Business Council for Sustainable Development)

What does a society looks like that emits 60 – 80% less GHG in 2050?

- “Different”
- Major impact on lifestyles, consumption patterns and infrastructure are likely
- How will democratic societies be able to change to this degree
- Who will get political mandate to “inflict pain” on voters

Main Actions

- Long term target
- Energy efficiency (demand - side management)
- Technology development and deployment
- A price on carbon
- Low carbon energy sources including revival of nuclear and big hydro
- CCS for the emissions we cannot avoid
- Avoiding deforestation



Concluding beliefs

Industry, and in particular large corporations, have moved faster on the sustainability agenda than many other actors in society.

Business needs to be seen as part of the solution, more than as part of the problem.

When business offers solutions to societal problems, rather than excuses, society listens.

Market based solutions have a role to play, but are only a complement to regulation and target setting.

Regulation has to be thoughtful and as global as possible.

Ultimately, consumers and voters will have to decide whether they elect politicians that will be able to take measures for future generations.

“Unless we are able to translate our words into a language that can reach the minds and hearts of people young and old, we shall not be able to undertake the extensive social changes needed to correct the course of development”

Gro Harlem Brundtland