Results

WEC Roundtable
December 1, 2015, Munich, Germany:
"Innovative Governance Structures for Corporate Sustainability"

World Environment Center
EUROPE e.V.

What:

As companies are integrating sustainability into their core business, their sustainability teams are facing the necessity to professionalize their governance structures in order to translate their goals into action. But how to effectively set goals for sustainability performance so that they may be achieved through implemented actions? How to translate powerful stakeholder demands into business opportunities? And how to implement sustainability goals and programs in practice when several reasonable ideas compete for immediate action? This Roundtable's goal was to provide innovative solutions to these and other questions. It was a discussion amongst WEC member companies from different countries and industries. The focus was on:

- Optimizing the Process of Setting Goals for Sustainability Performance
- Integrating the UN Sustainability Goals with the Company's Sustainability Goals
- Strategies to Advance Energy Savings and the Use of Renewable Energy
- Company experiences with Carbon Trading and Pricing

Who:

The Roundtable was structured to provide a highly interactive process of discussion amongst eleven sustainability experts from four countries: All participants were WEC members and also experts on sustainable development.

Host

WEC Europe: Frank Werner
Director WEC Europe e.V.

Speakers

Dow Chemical: Christina von Westernhagen
F. Hoffmann-La Roche: Dr. Peter Schnurrenberger
Merck KGaA: Dr. Martin Hostalek
Merck KGaA: Gerald Washausen
Ricoh: Yasunori Naito
WEC Europe: Frank Werner

Major Points of Discussion:

(1) Global companies are innovating their processes to setting goals for sustainability performance. Increasingly they are aligning the traditional obligations they have towards the law, stakeholder expectations and business demands with a new and wider perspective on global challenges. That approach helps to create long-term strategies often ahead of national regulations and develops business opportunities while it clearly reduces risks from national, often changing regulations. Such long-term visions can be derived from the yearly published WEF Risk Map*, from the recently published UN Sustainability Goals** (Sept 2015), and other sources.

(2) When establishing goals, companies seek to follow a very systematic process, with clear objectives, evaluation of how the company is involved/affected, and assessment of remaining gaps where actions have already led to improvements. Furthermore, for transparency and communication purposes, useful Key Performance Indicators (KPI) are of great importance, as is an ability to influence/ to make a change (impact). Unless taken care of such issues it is hardly possible to get buy-in from internal decision-makers to implement sustainability goals. [this entire point reads like generic consultant-speak to me. Rather than discussing process, are there key outcomes that have proven most beneficial?]

(3) Besides clear "action plans" on how to implement sustainability goals one company recommended to also create "resource plans" that reveal financial resources set aside to implement the plan as well as time of people who have the necessary skills. Furthermore, it was argued that individual teams/sites often contribute more if they are free to find the best investment of their resources and staff's time (according to where they can deliver best) and not being forced to fulfil their equal share for any goal. Such systems, however, have demonstrated to work best if the goals and strategies are communicated clearly, combined with transparency on achievements and backed with bonus systems that account for achievements of sustainability performance.

(4) Alignment of the UN Sustainable Development goals with the company's business goals and program is currently being tested by some global companies worldwide. Although there are innovative initiatives underway not all challenges are yet completely solved, such as vague language in some cases and the concern how to translate the ambitious programs entirely into action. It has been argued that solutions to such "organizational and knowledge shortcomings" have to be identified to avoid any risk of being accused of "greenwashing" and to keep company staff committed and confident to achieve their goals.

(5) An uptake of sustainability goals recognized by most governments and society through companies is not self-evident. For instance, companies have put ambitious policies in place to improve energy efficiencies at their sites and are thus reducing CO_2-emissions. These policies are backed by robust selection and planning processes to implement energy efficiency projects. However, compared to this commitment, investments in renewable energy are heavily lagging behind, although governments and scientists generally agree that by 2050 the transition to 100% renewables must be completed. This observation is due to the fact that most companies have not put policies in place that set binding goals for renewable energies (reflecting the comparatively higher investments needed to expand the use of renewable energy compared to energy efficiency projects).

(6) While the companies participating in this Roundtable generally stay away from offsetting their GHG-emissions against certificates (e.g. under the Kyoto Protocol/EU-GHG emissions trading scheme), accounting for customer savings of GHG-emissions that have been generated by using the more advanced technology is an innovation used by at least one company. With a strategy in place to rather lease than sell its product, potential double-counting of the omitted emissions is avoided.

(7) Carbon Trading and Pricing within companies as a means to fulfil commitments/targets in the most cost-efficient way has hardly been tested by companies so far. Apart from a few exposed companies that heavily consume energy*** the challenges and costs to set up such systems have so far made most companies stay away from internal CO_2-emissions trading.

*World Economic Forum Risk Map, Davos; ** https://sustainabledevelopment.un.org; ***World Bank Technical Note 9: "Preparing for Carbon Pricing", 01/2015