



# INSPIRE AND GROW YOUR BUSINESS

IN THE 21<sup>ST</sup> CENTURY

BUSINESS CHARTER FOR SUSTAINABLE DEVELOPMENT

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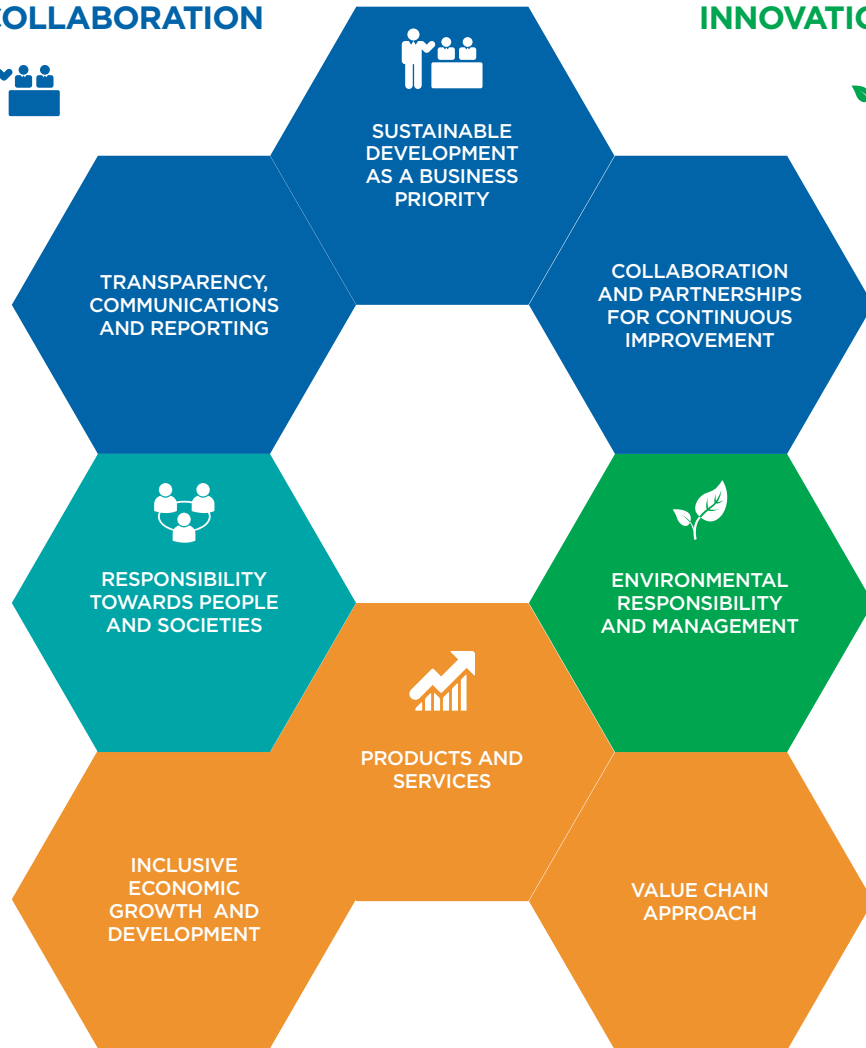
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## ENVIRONMENTAL INNOVATION



## SOCIETAL INNOVATION



## ECONOMIC INNOVATION

## INSPIRE AND GROW YOUR BUSINESS IN THE 21<sup>ST</sup> CENTURY

### BUSINESS CHARTER FOR SUSTAINABLE DEVELOPMENT <sup>1</sup>

#### For businesses of all sectors and sizes

The Charter is designed to provide a practical framework including tools for businesses of all sectors and geographies to help them shape their own business sustainability strategy. In doing so, it is also intended to be relevant for small and medium-sized companies and businesses in emerging markets as a common and accessible starting point.

#### Updated to reflect new realities

For more than two decades the original ICC Charter for Sustainable Development has been recognized and applied around the world as a guiding set of principles upon which businesses have established their own environmental and human resources management systems. It has now been updated and broadened to reflect a more holistic business approach to new global realities helping companies to manage economic, societal, and environmental considerations in their operations.

<sup>1</sup> “Sustainable Development” from a policy maker perspective has been defined as “meeting the needs of the present without compromising the ability of future generations to meet their own needs”, (Brundtland Commission, 1987).

**Sustainability or sustainable development in a business context** is often seen as a process whereby companies seek to manage their financial, societal (including governance) and environmental risks, obligations and opportunities. This is commonly referred to as a triple bottom line approach where business connects to healthy and balanced economic, societal and environmental systems. In order to do so businesses must be cognizant of the principles of sustainable development such as outlined in this Charter, and consider their impacts on the environment in which they operate.

The term “sustainability/sustainable development” may be viewed as an umbrella term which includes other terms such as “Corporate Social Responsibility (CSR)”, “Environmental, Social, Governance (ESG)” or “triple bottom” line.

Two global megatrends are challenging traditional notions of growth and development:

- Increasing competition impacting earth's finite resource base.
- Fast growth in the world population, with 9 billion predicted by 2050.

This Charter is founded on the belief that we can continue to grow our economies sustainably and support societal development, in spite of these megatrends and associated environmental pressures if the below principles are followed and implemented. The challenge is on us all to adapt — policymakers, society, and businesses. Yet, the Charter addresses the business community's actions.

### Guiding principles to integrate sustainability into business objectives and management systems

Many businesses of all sectors and sizes have already taken up the call, individually or in collaboration, creating good practices and examples of how business can pursue continuous improvement towards sustainable development.

This Charter lays out a path and can be a basis towards sustainable business success by:

- ▶ **raising awareness, sharing knowledge and good practices and stimulating dialogue.**
- ▶ **clarifying and framing the concept of sustainable development for business.**
- ▶ **highlighting where business can do more to advance and contribute to sustainable development.**

### Improving national and international practices, guidelines and standards

The 2015 Charter builds upon its 1991 and 2000 versions and draws from the "ICC Green Economy Roadmap". Each principle can be furthered through the use of a number of existing internationally renowned guidance documents, standards and tools developed by ICC and other organizations. These should be combined with new forms of collaborations and innovation to leverage synergies with others for long-term value creation.

Businesses should:

- ▶ **adapt these principles** to their particular circumstances, assessed risks and opportunities by selecting those principles and related tools that best fit their own situation — as no one size fits all.
- ▶ **consider enhancing their commitment** by including and implementing selected principles and related tools as part of an integrated management strategy.

The application of the principles thus improves business operations and strategies, while also driving innovation and shaping better policies and decision-making.

### Key benefits

Implementing the Charter provides key benefits:

- ▶ **information clarity**, and a framework of tools and methodologies.
- ▶ **reduction of risks and liabilities.**
- ▶ enhancement of **efficiency and effectiveness** of existing products and services.
- ▶ **generation of new business opportunities.**
- ▶ longer-term **cost reductions.**
- ▶ enhancement of **knowledge, education, and awareness.**
- ▶ increased **employee loyalty.**
- ▶ higher standing in society and better **reputational value.**

## GUIDELINES FOR SUSTAINABLE BUSINESS DEVELOPMENT

### 1. Sustainable development as a business priority

- to recognize the business contribution to sustainable development as a key priority and an enabler for long-term business success.
- to build the necessary awareness and understanding amongst its employees, shareholders, customers, and other stakeholders.
- to clarify and integrate sustainability into its strategies, leadership principles, operations, activities and investments according to each business' individually relevant context.
- to govern its business with integrity, develop best practices in any relevant area of work, and promote ethical conduct, including fighting corruption.

### 2. Inclusive economic growth and development

- to promote business practices that contribute to economic growth in the direction of sustainable development
- to encourage efficient and cost-effective policies and approaches that promote entrepreneurship and empower and enable the establishment and start-up of businesses.
- to ultimately contribute to the concept of decoupling<sup>2</sup> economic activity from adverse environmental impacts, including new approaches to incorporate externalities<sup>3</sup> in economic terms.

### 3. Environmental responsibility and management

- to recognize and assess environmental impacts associated with the business activities.
- to implement an effective environmental management system to minimize actual and potential adverse environmental impacts.
- to maximize resource efficiency of all natural resources, particularly water, energy and soil.

### 4. Responsibility towards people and societies

- to recognize the importance of people — both employees and external stakeholders — as critical to the success of any business.
- to foster skill development for the workforce.
- to respect and follow human rights guidelines.
- to understand and define societal impact of the business and to set priorities according to its specific circumstances

<sup>2</sup> The Wuppertal Institute distinguishes “decoupling” as following:

- absolute decoupling: reduction of per capita resource consumption;
- relative decoupling: reduction of growth rates of resource consumption; this document refers to relative decoupling

<sup>3</sup> Externalities: see ICC Green Economy Roadmap at <http://www.iccwbo.org/Products-and-Services/Trade-facilitation/Green-Economy-Roadmap>

### 5. Products and services

- to develop products or services that provide good value for the customer, are safe in their intended use, are compliant with applicable laws and regulations, and minimize adverse environmental and/or societal impacts.
- to endeavor to maximize the economic, societal and environmental benefits of the products and services by considering the whole product life cycle<sup>4</sup>.
- to innovate with and through customers and suppliers to identify hidden opportunities — from research and development to sustainable products and services — and avoid unintended consequences.

### 6. Value chain approach

- to promote and facilitate the awareness of these sustainable development principles across the value chain, that is, the business' suppliers, customers, agents, distributors, service providers, and other relevant partners.
- to collaborate with all actors in the value chain for responsible behavior across the entire product or service life cycle.
- to promote the mutual recognition of relevant corporate responsibility codes and supplier guidelines.

### 7. Transparency, communications and reporting

- to set goals and select the appropriate metrics to track implementation of business objectives and assessed risks and opportunities.
- to report and communicate progress through the most relevant channel(s) relative to the size, scope, sector and geography of the business and in accordance with its available resources as appropriate.

### 8. Collaboration and partnerships for continuous improvement

- to foster innovative collaborations for shared value creation, such as engagements and alliances with other businesses, academia, governments, or consumers to deliver jobs, innovative business models and solutions.
- to engage with employees, shareholders and other stakeholders through regular dialogue and communication. In doing so, to engender trust between the business and its various stakeholders.

<sup>4</sup> Life cycle: The life cycle of a product or service starts at raw material extraction, research on conceptual design and development of products and services, manufacturing, distribution, use and end of life/service treatment options such as recycling, recovery and re-use or re-manufacturing (ICC Green Economy Roadmap, <http://www.iccwbo.org/Products-and-Services/Trade-facilitation/Green-Economy-Roadmap/>).

## BACKGROUND: BUSINESS AND SUSTAINABILITY

**Economic growth provides the foundation and resources for societies to develop and prosper**, and for people to meet their needs and pursue their aspirations. At the heart of economic growth are innovative, successful, and responsible businesses operating within strong, forward-looking governance and policy frameworks. Sustainable economic growth enables economic empowerment and poverty eradication, it advances environmental stewardship and it contributes to dealing with the trans-boundary global challenges reflected in the UN Sustainable Development Goals.

**Now, more than ever sustainable development depends on the solutions, capabilities, contributions and engagement of business.** ICC believes this entails:

- Innovation in all three dimensions of sustainable development in order to develop more integrated strategies, policy and decision-making.
- Leadership and collaboration to leverage the mutually-reinforcing and cross-cutting elements of integrated policy-making.
- Integrated governance structures that foster greater policy coherence between economic, environmental and development objectives.
- Efforts by all actors to reconcile short-term pressures with longer-term strategies to deal with the multifaceted economic, societal, and environmental challenges and opportunities in an integrated manner.
- Bottom up and top down actions pursued simultaneously by governments and business to green growth; a one-size-fits-all approach will not be effective, nor will policies that work in silos.
- Multilateral and cross-cutting approaches across countries and sectors indispensable in the global marketplace where business is organized in sectors and value chains<sup>5</sup>, many of which are global.

<sup>5</sup> The value chain depicts all the activities a company engages in while doing business (M. Porter, 1985). It is part of a larger system that includes the value chains of upstream suppliers and downstream channels and customers across sectors.

## ICC AND SUSTAINABLE DEVELOPMENT

**ICC has been a longstanding partner committed to sustainable development and continues to bring thought leadership for sustainable solutions.** The first ICC Business Charter for Sustainable Development was published five years after the milestone 1987 report, “Our Common Future”, of the World Commission on Environment and Development (Brundtland Commission) that first defined the term sustainable development as “*meeting the needs of the present without compromising the ability of future generations to meet their own needs*”. ICC developed the first world business position on sustainable development and articulated the business community’s role and contribution to it embodied in the 1991 ICC Business Charter — Principles for Environmental Management, updated in 2000. Its sixteen principles for environmental management have provided a framework for business — regardless of sector, size or geography — to improve their environmental performance in support of sustainable development.

**The 2015 Charter was developed to reflect in a more holistic manner the economic, societal, and environmental dimensions of sustainable development of today’s global realities.** The updated and broader Charter aims to:

- express the mutually-reinforcing and balanced nature of the sustainable development dimensions.
- build on ICC’s Green Economy Roadmap<sup>6</sup>, a guide for business, policy makers and society towards a “green economy”.
- work in harmony with existing practices, national and international guidelines and standards on all aspects of sustainability.
- reflect the Rio+20 outcome text, “The Future We Want<sup>7</sup>”, which acknowledges that sustainable development depends on the active engagement of both the public and the private sectors.
- reflect the indispensable role of business to further the UN Post-2015 Sustainable Development agenda and Sustainable Development Goals.

<sup>6</sup> ICC Green Economy Roadmap: <http://www.iccwbo.org/Products-and-Services/Trade-facilitation/Green-Economy-Roadmap/>

<sup>7</sup> Outcome document adopted at Rio+20 - “The Future We Want”: <http://www.un.org/en/sustainablefuture/>



## THE GERMAN SUSTAINABILITY INITIATIVE CHEMIE<sup>3</sup> (CHEMISTRY<sup>3</sup>)

In a partnership between the German Chemical Industry Association (VCI), the Mining, Chemical and Energy Industrial Union (IG BCE) and the German Federation of Chemical Employers' Associations (BAVC), the chemical industry is the first sector in Germany which has brought a collaborative sustainability initiative on its way. With Chemie<sup>3</sup>, the three partners take responsibility collectively – from top management level to the regular employee.

Sustainability guidelines for the chemical industry in Germany are at the heart of this initiative. These serve as an orientation for the daily work of the chemical sector, its companies and staff. Chemie<sup>3</sup> developed a sustainability check for chemical companies of every size. The check helps companies to apply the guidelines and integrate sustainability in the corporate strategy.

[www.chemiehoch3.de](http://www.chemiehoch3.de)

**CHEMIE<sup>3</sup>**  
THE SUSTAINABILITY INITIATIVE OF THE  
GERMAN CHEMICAL INDUSTRY





## THE INTERNATIONAL CHAMBER OF COMMERCE

ICC is the world's largest business organization with a network of over 6 million members in more than 130 countries. We work to promote international trade, responsible business conduct and a global approach to regulation through a unique mix of advocacy and standard setting activities—together with market-leading dispute resolution services. Our members include many of the world's largest companies, SMEs, business associations and local chambers of commerce.

**We are the world business organization.**



The world business organization

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