

DOW BENELUX 2005

Speech John Elkington – September 1, 2005

NEXT STEPS TOWARDS SUSTAINABLE GROWTH

INTRODUCTION

It's a great pleasure to be here – and A Very Happy 50th Birthday to Dow Benelux.

I have 20 minutes: Google and you'll find out how to take 20 kids, make 20 kites and have them flying in 20 minutes. I'm going to be slightly less ambitious, though I'll fly kite or two.

So, first, it's worth recalling that 1955, when Dow created its first bridgehead in Europe, was a very different world.

What else was going on that year?

- **Winston Churchill** resigned as PM of UK.
- Eight communist countries – including USSR – sign the **Warsaw Pact**.
- **Steve Jobs** (Apple) and **Kevin Costner** (*Waterworld* etc) born.
- But you could already see some of today's world in embryo:
- In Alabama, for example, seamstress **Rosa Parks** refused to give up her seat on a bus to a white man and was arrested – triggering Montgomery Bus Boycott.
- And the first international **solar energy** conference was held in Tucson, Arizona.

Next, a few words on my title today. The language in the title I was given – '*Next Steps to Sustainable Growth*' – is itself a reflection of our times.

As someone who has made a living by creating oxymorons (including 'green consumer'), I am acutely aware of the tension between those words: SUSTAINABLE and GROWTH. It's a phrase corporate members of WBCSD would be comfortable with, but many in the wider sustainable development world would not.

In closed systems, and this is something I worked out when working alongside Procter & Gamble 15 years ago, is that growth is only sustainable if what you are growing actively displaces less sustainable technologies, products or activities.

So if we talk about Sustainable Growth, we are talking about what the economist Schumpeter called 'creative destruction'.

MY TASK

In what follows I want to do three things:

1. Set the evolution of Dow Benelux in the context of wider trends.
2. Raise some questions around the future evolution of Europe
3. Reflect on the next 50 years

1 THE CONTEXT

As a reflection on the wider context, I should declare an interest – like many of my generation, I was anti-Vietnam War and, as a consequence, anti-Dow Chemical in the late 1960s.

So it was something of a shock to find ourselves working for Dow Europe from 1989. Shortly after founding SustainAbility, we published *The Green Consumer Guide* in 1988 and it sold a million copies. It also had some unkind – if I think truthful – things to say about industrial chemistry.

Roger Fawdry, who worked for Dow in the UK, heard a speech I gave at the Society for Chemical Industry – and within a few months we were working with Dow Europe on a major project across six countries about how automotive and packaging polymers should be treated at the end of their useful lives.

Many of the things we did through the 1990s – like stakeholder engagement and pushing the corporate reporting agenda – benefited hugely from Dow's involvement.

But then the wheel took another turn and a few years back one of my co-directors visited Bhopal. He came back – this was after Dow had taken over Union Carbide's assets there – and argued that he wanted to focus on the whole issue of liability. He also felt we could not in the circumstances work with Dow.

And here I am again.

Confusing? Well let's stand back for a moment and look at the bigger picture, at some of the trends over those same decades.

From 1994, we started to think in terms of waves of public pressure on business. Of 'upwaves' and 'downwaves'.

In summary:

- **Wave 1**, starting from early 1960s, when groups like Amesty and WWF were formed, and *Silent Spring* was published, and peaking 1969-73. Focused on governments, EPAs, new laws – with business (then mainly called industry) in denial and/or on the defensive. IPIECA. [Dow milestones 1965: Opening of first major production site in Europe, Dow Terneuzen, by His Royal Highness Prince Bernhard (WWF). Vietnam War. Then 1970, in the heart of the peak period (Earth Day), first naphtha cracker in Terneuzen.]
- **Downwave 1**, from 1973-1987. [Dow milestone 1983: Dow wins Dutch Energy Award thanks to structural and successful Energy Efficiency. Then Bhopal – and Dow Canada, Dave Buzzelli takes initiative with Responsible Care movement.]
- **Wave 2**, peaking 1988-91. Focus increasingly on products and companies behind them, triggering competitive positioning by companies. Followed by growing focus on voluntary standards, e.g. ISO14001, GRI, AA1000, SA8000 etc. WBCSD. Watershed year: 1995. Yes, Dow milestone, Dow Europe starts its Biological Waste Water Treatment Unit (BIOX), but Big Story was what happened to Shell around Brent Spar and Nigeria. Dow milestone 1996: Dow first industrial company in the Netherlands with a Community Advisory Panel, but agenda already moving on e.g. our work on the triple bottom line agenda.
- **Wave 3**, peaking 1999-2002. Focus on (anti-)globalization and on (global and corporate) governance. Business now having to address wider systemic issues. Dow Europe a leader, e.g. BuZzelli, Fussler. MDGs, Global Compact and WEF. In 2002, Terneuzen has the largest cracker installation in the world and operates an integrated production site. But Wave 3 is ending and a new agenda emerging.

Downwave 3, shading into Wave 4

Pressure continues: e.g. Amnesty International USA launch SHARE POWER, billed as the first comprehensive and national US grassroots campaign to harness the voting power of large shareholders “to advance corporate responsibility for human rights”.

The year long campaign will focus initially on two companies -- Chevron and Dow Chemical -- and will culminate in national days of action around the companies' shareholder meetings in spring 2006. (www.amnestyusa.org/business/sharepower) .

- SA Network survey: geopolitics, security, human and civil rights, climate change, emerging economies – and market rewards.
- *Changing Landscape of Liability*: our Bhopal case study and headline conclusions
- Role of business, e.g. WBCSD's 3 new priority areas: (1) energy/climate change; (2) development/emerging economies; and (3) role of business.
- Our work with WWF and others on corporate lobbying: 50% of S&P Global 100 now discuss lobbying issues in their annual reports
- Growing resistance to sustainable development shown in latest GlobeScan survey
- *Gearing Up*: roles of government in relation to e.g. climate change, HIV/AIDS, obesity, anti-corruption

Key themes

- Innovation (e.g. DuPont, GE)
- Enterprise (unfortunately, most CSR departments are not entrepreneurial, hence the growing interest in e.g. social entrepreneurs)
- Scale (how to take one-off experiments and replicate the successes, market mechanisms/economic instruments)
- Plus politics and economics (e.g. leadership, shaping of markets, including emissions trading).

2 EUROPE

The recent votes on the European Constitution raise major questions about the future evolution of the EU. But – personal view – if we had adopted that Constitution we would have accelerated relative EU decline.

I'm an optimist in some respects (e.g. I think the EU will continue to coalesce, and may even work out an acceptable arrangement with Turkey by 2020) and a pessimist in others (e.g. experience with the EU Consultative Forum on SD for 7 years in the 1990s).

So how are we doing on SD?

- GlobeScan 2005 Survey of Sustainability Experts, question on 'Managing Transition to Sustainable Development':
 - Scandinavia, 83% > 59%
 - EU, 37% > 23%
 - Canada, 25% > 12%
 - USA, 4% > 1%
 - But Japan, 20% > 25%

Nature of the opportunity for EU – and what needs to be done.

THE NEXT 50 YEARS

Finally, 50 years from now, what's the world going to be like in 2055?

Well, as many of you may recall, the film *Minority Report* takes place in 2054. A world in which crime prevention: means that you are arrested before you even commit a crime.

Perhaps that sounds like the EU's Precautionary Principle and REACH run riot?

(Imagine a *Minority Report*-style Internet that had evolved to predict which businesses would cause particular problems and issuing pre-emptive closure orders.)

Europe's population will be significantly older (I would be 106) – and very likely more conservative. China and India – and maybe countries like Russia – will be playing much greater role in shaping CR and SD agendas.

See predictions from BT's futurology department?

- **by 2011**, tooth regeneration, chips in food packaging to control cooking, insect-like robots used for crop pollination
- **by 2021**, global voting on some issues, remote control devices in pets, 70% of landfills in US full
- **by 2031**, space elevator, 95% of people computer literate, robots superior to pets
- **by 2041**, world population peaks at 10 billion, wave power providing 50% of UK energy requirements, self-sustaining Mars colony
- **by 2051**, ozone hole disappears, brain downloads and fully telepathic communication, international financial collapse, first unambiguous contact with extraterrestrial life