



**Fondazione Lanza (Padova – Italy)
National Ecological Centre of Ukraine (Kyiv)**



**5th International Conference on Ethics and Environmental Policies
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KYIV DOCUMENT*
on
BUSINESS STYLES AND SUSTAINABLE DEVELOPMENT

PREAMBLE

Our Conference acknowledges the important work undertaken by the international community; in particular in Stockholm (1972), Rio de Janeiro (1992), Johannesburg (2002) with the fundamental documents there produced, such as Agenda 21.

Religions and Churches accompanied that effort with their statements on Justice, Peace and Integrity of Creation (Basel 1989; Seoul 1990; Graz 1997) and with their basic consensus on environmental care and responsibility for the benefit of both present and future generations.

Our Conference appreciates also the efforts and results of the European Conference of Ministers of Environment, in their programme: “An Environment for Europe”; and wishes a big success to their coming meeting, on May 21 – 23, in this same city of Kyiv. It would be delighted if this document is taken into consideration so that it may contribute to the success of the European Conference of Ministers of Environment.

Our Conference represents a stage of the project developed by the Fondazione Lanza in co-operation with European institutes and research centres. We recall, in particular, the last two stages: Bratislava (1996) on the theme New Europe: Transformation and Environmental Issues; and Brixen (1999) on Environment and work in Europe. A Sustainable Solution for the Un/Employment Dilemma?.

Our Conference intends to support an inter-disciplinary approach whereby economic sciences stand with social and environmental concerns and ethics in view of implementing business responsibility and citizen involvement.

Our Conference is organised in co-operation with NECU, under the patronage of Mrs Margot Wallström, Member of the European Commission, Mr Walter Schwimmer, General Secretary of the Council of Europe, European Commission, Italian and Ukrainian Ministry of the Environment, Italian Ministry of Productive Activities and Ukrainian National Institute for Strategic Studies, with the support of the Italian Embassy in Ukraine.

* This Document is the outcome of the preparatory meetings and discussions that took place during the Conference, with the presence of 140 participants from the entrepreneurial, institutional, scientific, cultural, associative world, coming from 21 European and extra-European countries.

DOCUMENT

1) The challenge of the environment

The longstanding and widening debate on the environment, based on expanding scientific knowledge, has established that **the earth is a system subject to constraints** with limited capacity to regenerate resources and absorb waste. **Sound development of both social and ecological systems is only possible within the constraints imposed by the natural environment**, and the challenge facing our societies today is how to preserve the delicate balance of the biosphere. The international community has recognised that increasing environmental degradation is related to the present development of human society. This is characterised by production and consumption models based on high utilisation of natural resources and energy, the latter being mostly derived from fossil sources. At the same time the evident close **connection between poverty and environmental degradation** underlines the need to hold protection of the environment together with the economic and social development.

2) Sustainable development as a solution

The concept of sustainable development, first conceived at international level in the nineteen eighties, emphasises the need for solutions that can **harmonise the expectations of economic systems with the conservation of ecosystems**. The sustainability approach introduces the principle of environmental responsibility for the future survival of our planet and the principle of intra- and inter-generational equity. Implicit here is the need to improve the quality of life of the poorest populations on earth and that of future generations. The **principles of responsibility and equity**, underlying the sustainable development concept, show the importance of finding shared political solutions to international disputes, without having recourse to war, which always has disastrous consequences for the lives of millions of people and destroys the conditions which the sustenance, and the material and spiritual growth of people depend on. War is always in opposition to development.

3) The anthropological foundation of ethical responsibility

Environmental concern raises the issue of the anthropological foundation of ethical responsibility, upon which the International Conference will focus. **The human being is seen as the only moral subject who has responsibility for mankind, nature, and future generations**. Responsible anthropocentrism requires each person, both as an individual and as a member of a community, to assume responsibility for his own actions, decisions and choices. From this point of view, the world is man's home, which he is required to care for with all the respect that is due to things that depend on him. This ethical reflection emphasises that mankind's responsibility extends far beyond human beings, incorporating non-human living entities as well as the earth's ecosystems.

4) The human right to the environment

Human responsibility for the environment finds its guiding principles in the **culture of human rights**. One of the basic principles here is the interdependency and indivisibility of all rights: human development demands the simultaneous exercise of civil, political, economic, social and cultural rights of both the individual and society. This cultural perspective stresses the **strategic dimension of the human right to the environment**, with solidarity as its cornerstone, because individual rights necessarily touch on the rights of wider society. Furthermore, it includes the full satisfaction of other human rights, primarily the right to life and well being of present and future generations. In fact, the environment is the most important means of allowing people to live well with dignity and to fulfil their own potential.

5) The different dimensions of sustainable development and their integration

The scope of sustainable development is the world as a whole, and it requires a **multidimensional and intersectorial approach**. Environmental policies must be integrated with those of the economic, social and cultural sectors, requiring a number of institutional and ethical changes at both local and international levels. Actions taken to achieve the sustainability objective need to respect democratic

principles, different cultures and traditions, fundamental human rights, and civil and political freedom, through a wide consensus founded on the participation of all.

6) The market economy and the challenge of sustainable development

The sustainable development concept calls for a rethinking of the notion of economic development until now dominant in the western world. In turn, since the experience of economic development is strictly linked to the market economy system, the central question can be phrased as follows: is sustainable development compatible with the market economy? The answer requires an acknowledgement that there are many models of market economy, not just one: the European model is different from the American model, and both of them are different from the Asiatic one. The differences lie in the underlying cultural matrix, where culture means traditions, religious beliefs, social behavioural norms and cognitive patterns. In view of this, the critical question becomes: which specific model of market economy is the one most conducive to sustainable development? Our fundamental hypothesis is that **only a cultural perspective where civil society effectively interacts with government and market forces** can offer a plausible way out of the present crisis. The environmental problem can be delegated neither to governments nor to market forces alone.

7) The relationship between the environment and the entrepreneurial world

In the implementation of sustainable development the **relationship between the environment and the entrepreneurial world** is central. The current economic system based on the production of goods and services and consumption is associated with pollution, waste and depletion of natural resources. This is having a heavy impact on the environment. Nonetheless, the entrepreneurial world may prove to have the managerial capacities, financial resources, technological know-how and institutional influence to implement the initiatives required to drastically reduce the consumption of natural resources and pollution. Thus, the **entrepreneurial world is called on to discern new sustainability strategies** that can lead to the reorientation of the market economy, with the adoption of an environmentally friendly approach.

8) The entrepreneurial world's solution: eco-efficiency

The entrepreneurial world's solution to the sustainable development challenge is **eco-efficiency**: "to do more and better with less". This is achieved by means of increased efficiency in the use of both energy and raw materials, and by minimising negative environmental impact. Many are the **voluntary tools for the improvement of eco-efficiency** as for example: Life Cycle Assessment (LCA), Trade-Marks of Environmental Quality (Ecolabel), Environmental Management Systems (EMAS and ISO 14000), Environmental Reports and Environmental Accountancy, Corporate Social Responsibility and Socially Responsible Investment (...). In this endeavour **technology can be a major ally of the environment**, with numerous examples of innovative environmentally friendly, added-value products and models of production. The factor that characterises and qualifies economic development from the sustainability perspective is quality, which articulates positive economic and environmental outcomes. New instruments and indicators of sustainability are required to evaluate the effects of environmentally friendly initiatives.

9) Eco-justice for developing and in-transition countries

At present, eco-efficiency is possible only in developed countries where a market for Green products exists and enterprises have the economic and technological resources to develop the necessary innovations. In **developing countries** these conditions do not exist for two main reasons: products to satisfy primary needs are scarce, and Green products are unaffordable for the majority of local consumers. For these countries the principle of **eco-justice** is equally important. Developed countries have the responsibility to transfer their knowledge and financial resources, so as to foster a kind of sustainable development that respects identities, cultures and traditions.

10) Environmental responsibility – towards a new entrepreneurial culture

For enterprises, the promotion of eco-efficiency is primarily a **cultural challenge** that implies the willing assumption of **environmental responsibility**. Through this, enterprises commit themselves to create value with practices that integrate traditional economic goals with those of environmental protection. This requires a **new managerial paradigm capable of combining economic efficiency with environmental efficiency** through evolving business practices, rethinking of products and processes, and changing organisational models. Enterprises can then operate in accordance with so-called 'win-win schemes', where environmental responsibility assumes a direct economic value because it represents a strategic variable for their long-term competitive positioning.

11) Business styles and sustainable enterprises

The culture of enterprise and its endorsement of environmental and social responsibility are often codified in the ethical code, and are reflected in the managerial style adopted. Business cases analysed so far show that the **sustainable firm represents a dynamic, proactive entity** that is open to the outside world and pays attention to the input coming from the its own environment. The sustainable firm interacts with its social, cultural, institutional and environmental reality, thus gaining a socio-political relevance beyond a merely economic one, and entering into public dialogue with all stakeholders.

12) Supplements to eco-efficiency: the need for a global approach to the environment

Eco-efficiency represents only a partial answer to environmental problems. In fact, it uses the very same thought processes that have brought this problem about. The integration of economic efficiency with environmental efficiency follows criteria that maximize outcomes whilst decreasing production costs or the use of natural resources and energy, or both. A new conceptual framework is required whereby one can outline a **global approach to environmental problems** and identify the role of the different actors involved and the intermediate actions that have to be undertaken in order to achieve sustainability outcomes.

13) The role of the political world

The political world needs to lend support to the sustainable development approach. Sustainability goals can be achieved through a synergic integration of entrepreneurial behaviour with an adequate institutional and regulatory structure. The **political world must create a legislative and institutional framework** within which entrepreneurial activity can take place. At the international level, it might be desirable to create an **authority endowed with binding powers** to compel compliance with rules through adequate controls. Intervention of this authority is justified by the need for international agreements on matters of shared relevance.

14) The integration of environmental policies within economic and social policies

Firms endorsing environmental and social responsibility must be supported by a well-defined system of rules that encourage the achievement of sustainability objectives. If it is accepted that the economic system can contribute to environmental preservation, without having to renounce its role of wealth and employment creator, it must be supported with a **clear, structured and organic legal framework, at both the national and the international level**. It seems, however, that the emphasis of governments' political agendas is on economic growth, with no or little consideration for the environmental impact of this growth. The environmental question is considered a matter merely for experts and the firms involved. As a consequence, environmental policies remain out of step with the policies of economic development and promotional investments. **More effective integration of environmental policies within the framework of wider industrial policies** may be achieved by using economic instruments such as eco-incentives and eco-taxes, in addition to traditional direct regulation.

15) Participatory decision-making process

From this perspective, **transparency, communication and involvement of all the stakeholders** become strategic for the construction of partnerships on sustainability projects. A participatory

decision-making process is important because various actors contribute by defining objectives, selecting instruments, implementing decisions and monitoring results.

16) The local dimension of sustainable development: sustainable cities and towns

At a regional and local level, the promotion of sustainability has to include creating conditions that will make our **cities/towns more sustainable**, as outlined by the European Campaign for Sustainable Cities. The city as an environment that organises life and its social relations is of major importance in the development of sustainability. It constitutes a very suitable context to tackle, in an integrated and participated way, environmental and socio-economical problems. In fact, being **local government closer to its own citizens**, it can get them more easily involved in political decisions. Through Local Agenda 21 process, the **Municipalities in partnership with public and private enterprises** and the other local stakeholders can build concrete models of local sustainable development.

17) The role of Non Governmental Organisations in raising environmental awareness

Non Governmental Organisations (NGOs), Grass-roots movements, Religions and Churches play a decisive role. They are increasingly important as **positive and useful partners of government and inter-government institutions**. This is largely because of their **ability to enrol political assistance** from grass-roots-up, in relation to both quality of life improvements and the direct participation of the local, national and international community in the choice of development. NGOs demonstrate an **increasingly effective planning and working capacity**, amongst themselves, with study research centres and with inter-government organisations. The quality of their studies and reports convey the importance of sustainability to an ever-larger audience, and present innovative proposals for the participative management of major environmental and social questions.

18) Training and information for new lifestyles: the strategy of eco-sufficiency

In the promotion of sustainability, **training** and **information** play a decisive role in encouraging individuals to adopt more sustainable lifestyles. The conscious adoption of responsible behaviour towards the environment, the exercise of active citizenship, and more restrained consumption characterise such lifestyles. This concept best describes the **eco-sufficiency** strategy, which means: "to live better with less", and comes from a concept of social welfare that is not conditioned by the possession of goods. Since consumer preferences influence demand, this more **responsible way of consuming** will have a positive influence on enterprises' strategic choices.

19) Entrepreneurial educational programmes

Important results can be achieved by promoting **training and educational programmes within enterprises themselves for all levels of decision-makers**. In this way, the enterprise's management and employees can be educated about sustainability, along with legislative and technical instruments currently available, and the opportunities offered by new technologies. It may be that individuals who work in an enterprise that pursues long-term sustainability objectives for the welfare of society as a whole will be better motivated to work more productively.

20) International co-operation

At the international level the objective is to **strengthen co-operation among various countries with a view to protecting and improving the environment**, and getting developing countries involved in the definition of environmental strategies. These countries require assistance to develop national programmes of environmental protection and education. They need to be encouraged to involve the private sector, and to be compensated for environmental damage caused by past development programmes. **The preservation of their natural resources is also a priority**. This requires the implementation of effective international agreements through a process of democratic international co-operation.

RECOMMENDATIONS

The Conference:

- **Recommends** international institutions and governments to **establish a World Environment Organisation** able to interact with the WTO, so as to make the rules of the free trade compatible with those needed for the protection of the environment, and to co-ordinate the policies for sustainable development at a global level. Environmental and social issues need to be given appropriate consideration in the context of International trade in accordance with the principles of eco-efficiency and eco-justice.
- **Encourages** governments to establish a **Future Generations' Ombudsman**, following the initiative presently discussed by the Hungarian Parliament.
- **Encourages** governments to **create a national network of Local Agenda 21** representing the different level of local government and to promote new initiatives and joint projects in the field of Agenda 21 involving local communities of all countries. In particular there is a need to support a **partnership between Italian and Ukrainian municipalities** in the field of sustainable urban development is recognised.
- **Recommends** the adoption of **new policies and economic instruments in the framework of cross-sectorial approaches** to promote more environmentally friendly development. It encourages international institutions and governments to support these improvements and innovations, and to strengthen and further promote voluntary tools, such as EMAS, ISO 14000, Global Reporting Initiative recommendations, Corporate Social Responsibility and Socially Responsible Investment so that these may achieve a wider distribution and penetration in the market place.
- **Underscores** that **education has to be taken into serious consideration**. It penetrates all levels and each phase of a human life. Awareness raising, special training, organisational culture are all aspects fostering real change. Every person should understand what Sustainable Development and Responsibility mean, and the influence they have on the way of life and the consumption models. In order to improve awareness for sustainable consumption, media educational program, distance learning instruments, festivals and cultural events and other tools will be useful.
- **Recognizes** that particular emphasis should be given to the **processes of land ownership rights re-organisation** and its impact on the environment. Innovative concepts and ideas brought by the civil society (including NGOs and movements) should find an appropriate legal frame and stimulate institutional building process.
- **Recognizes** the **need to improve a multi-stakeholders dialogue** in order to involve the network of associations, NGOs and other concerns partners from the very beginning in the elaboration of any projects of sustainability.
- **Recommends** international institutions and governments to **support the growth of developing countries** with technical and cultural co-operation respecting local communities dignity. It is necessary to support the transition from old to new management principles, from non-competitive to strategically winning developments, creating new job opportunities and improved quality of life.