

Chapter X The Earth Charter and Business

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A) Sustainable Development and Business

There is growing appreciation within the business sector regarding the need for ethics for sustainability. Business leaders are recognizing that the reasons for incorporating the sustainability agenda into their *modus operandi* go beyond image building and meeting legal requirements regarding environmental protection, labor rights, etc. Increasingly, businesses are finding that a commitment to sustainability can make a positive contribution to their overall financial performance and can provide a means to gain critical market advantage. Companies that take a lead in implementing environmentally and socially responsible measures benefit from the enhanced public perception, raised employee morale and job satisfaction, and direct cost savings associated with more efficient use of energy and materials. The corporate sector is under increasing pressure from both customers and shareholders to demonstrate how company goals and operations match social and environmental values. There is increasing demand from consumers and shareholders for companies to be transparent about their performance with regard to sustainable development principles.

The term Corporate Social Responsibility (CSR) has progressed from being a new and marginal concept to being recognized as a mainstream consideration of many leading businesses. The World Business Council for Sustainable Development defines Corporate Social Responsibility (CSR) as “the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life.” The challenge today is no longer to convince the business sector to recognize that sustainable development practices need to be adopted but rather to support businesses in bringing about the needed change in organizational cultures and practices.

B) The Earth Charter and the Business Sector

The Earth Charter Initiative has had a mandate to work with the private sector. As noted in the Earth Charter’s official brochure, the Charter “*can be utilized as an instrument of designing professional codes of conduct that promote accountability and for assessing progress towards sustainability in businesses...*” However, given limited human and financial resources, the Earth Charter Initiative has not had the means to develop a Programme of activity in this field. Nonetheless, some private companies have of their own volition endorsed and made use of the Earth Charter.

A number of approaches have been promulgated that endeavor to help businesses integrate sustainability into their activities (e.g., ISO 14000, the Global Compact, The Natural Step, the Global Reporting Initiative, and the Equator Principles). Why would a business choose to work with the Earth Charter given that there are a number of other frameworks for sustainable practices tailored specifically for the corporate sector? One reason is the integrated vision articulated by the Earth Charter. Some initiatives focus exclusively on environmental considerations without considering issues of justice and peace. Alternatively, some approaches focus on the social dimension but leave the environmental considerations unspecified. The Earth Charter can, therefore, play an important role in complementing other approaches by providing a broader and integrated ethical framework for sustainable development. In addition, it can validly lay claim to broad acceptance by civil society throughout the world and can thereby assist businesses operating internationally.

C) Using the Earth Charter in the Business Sector

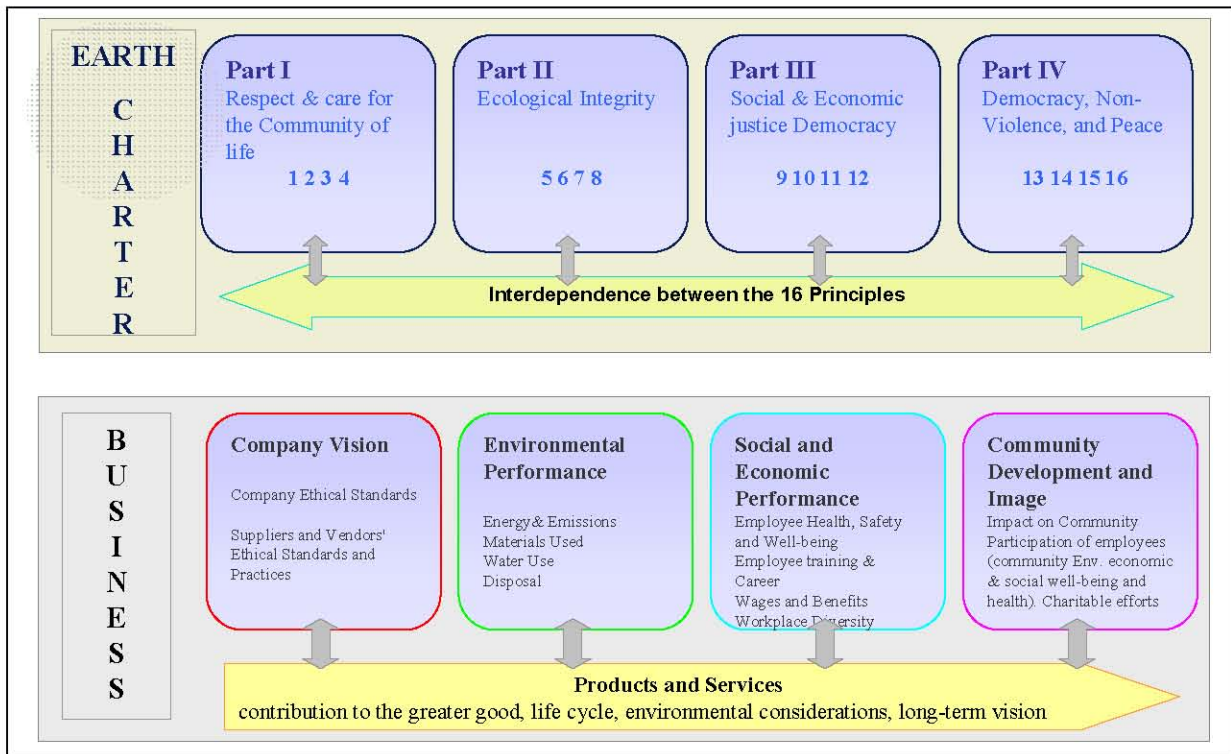
The Earth Charter has been designed as a general ethical framework and guide to more sustainable ways of living. It is, therefore, not immediately apparent to a business enterprise how the Earth Charter can be used in ways that might be beneficial. To encourage its acceptance and use by the business sector, the Secretariat has developed a document entitled, “What Can I do with the Earth Charter in Business?” which discusses the Earth Charter’s relevance to the business sector and details some of the main ways the Earth Charter can help businesses re-shape their organizational cultures that are sensitive and responsive to the challenges of sustainable development. This document has been developed as a way of exploring how the business sector might begin engaging with the Earth Charter. To date it has been circulated only among the Earth Charter Network and has yet to be shared with specific private companies. It highlights three key points about how the Earth Charter can potentially be useful to the business sector. They are:

1. As a Framework for Strategic Planning and Assessment

For the potential of sustainable development to be realized, it must be integrated into the planning and measurement systems of business enterprises. For this to occur, the concept of sustainable development must be articulated in terms that are familiar to business leaders. The Earth Charter’s principles can be viewed in relation to five business fields:

- Company Vision
- Environmental Performance
- Products and Services
- Social and Economic Performance
- Community Development and Image

In each of these areas, the relevant Earth Charter principles can guide the practices of the organization, as shown in the diagram below.



See also the Business/Earth Charter assessment chart at the end of this report.

2. To Assist in Design Codes of Conduct

The concept of an ethical framework needs to be incorporated into the policies and practices of a business. This does not mean that new management methods need to be invented. Rather, it requires a new cultural orientation and extensive revision of systems, practices and procedures.

“The Earth Charter represents the zenith of the responsibility initiatives. Were a business to design professional codes of conduct based on the Charter it is doubtless that the long-term health of the company would improve. This is not an easy task. But by taking this step, the CSR Programme in a company could become exponentially stronger as the responsibility becomes something the employees begin to take home with them. In the end, business can and does shape the habits of their employees and consumers. The Earth Charter offers a tool to assist in finding the path towards this responsibility and sustainability.”⁴¹

ManyOne Networks is a business guided by the principles found in the Earth Charter. “We believe that the Earth Charter represents the most complete and balanced expression of global social priorities yet achieved. We believe that every organization’s first responsibility is to the world as a whole, not to its narrower self-interests.”

⁴¹ Senne, Jeff. “Creating Competitiveness Through Responsibility”; *Business Costa Rica*, September 2004.

3. In Ethical Investment

Sustainable investment, also known as 'socially responsible investment' (SRI), has grown enormously in the past decade. In the early days, it was regarded as a fringe interest, mainly for small investors with strong views on the environment and human rights. Since then, the amount of money invested in 'sustainable' funds has increased dramatically, and many of the large financial services firms have begun offering their clients a 'sustainable' option.⁴²

Two preconditions for future growth of the sector are (i) investor confidence in the credibility of the indexes themselves, and (ii) investor confidence in the financial security of their investment. The Earth Charter can contribute to meeting these two preconditions as it provides a framework for addressing investor confidence issues that defines environmentally and socially responsible practices for investment.⁴³

D) Business Initiatives with the Earth Charter (2000 – 2005)

While thousands of organizations have endorsed the Earth Charter, only a relatively small number of those are businesses. This is in large part because the Initiative has not had the resources to actively pursue the private sector and further develop tools to facilitate the implementation of the Earth Charter principles in that setting. That being said, the endorsements and isolated cases that have taken place point to a tremendous potential for the Earth Charter in the business sector.

Australia

A workshop on the Earth Charter and ethical investment was held in Canberra, Australia, in October 2001. The workshop was held in the Australian Parliament House under the patronage of the Hon Judi Moylan MP. The workshop was organized by Dr. Brendan Mackey of The Australian National University, in partnership with the Australian Wilderness Society and Henderson Walton Consulting. Workshop participants included representatives from investment advisers, banks and NGOs. The workshop was sponsored by Woodside Petroleum – an Australian energy corporation that operates internationally. This experience has generated interest among individuals involved in this particular sector to explore ways of using the Earth Charter to further the aims of ethical investment and to offer clear sustainability principles to guide such endeavor.

RepuTex is an agency that assigns ratings (analogous to a credit rating system) to companies, organizations and government bodies based on their social, environmental, corporate governance and workplace practices. In this context, RepuTex has used the Earth Charter principles as a reference for the creation of its benchmarks, particularly in their environmental category. The RepuTex system is being extended into other national economies, including China, and provides an innovative way for the Earth Charter to influence and be useful to the

⁴² Taken from internal documents, "What can I do with the Earth Charter in Business?"

⁴³ Hawkins, Michele; "Ethical Investing" in *Earth Charter Bulletin*, December 2001.

business sector. The Earth Charter Initiative could usefully explore ways to partner with RepuTex in the coming years to advance sustainable development.

USA

In local Earth Charter Community Summits held in the U.S. every year, a number of businesses have expressed interest in working with the Earth Charter, and a few have taken initial implementation steps. Similarly, Green Cross Sweden has reported significant interest expressed by businesses in adopting the Earth Charter.

Spain

In March 2003, Forum Soria 21 organized its first meeting to address “Social and Ethical Responsibility of Private Companies towards Sustainable Development”. This event brought together key representatives from the private sector in Spain and served as an opportunity for key actors to reiterate their commitment to join forces in making the Soria Province a world model for implementing sustainable development at the local level. In its concluding declaration, participants endorsed the Earth Charter and have committed to promote a collaborative effort between the public and the private sector to implement and promote the Principles of the Earth Charter.

As a consequence, Telefonica, a large telephone company operator has placed the Earth Charter on their website and on the back of their communications with their clients as a way to promote the Earth Charter and sustainability values.

E) Conclusions

Over the last few decades, with the growth of privatization and corresponding downsizing of governments, the business sector is bigger and more powerful than ever before. At the same time, this sector is becoming increasingly conscious of the sustainability agenda and has vested interests in taking steps towards being more sustainable. These developments present an important opportunity for the Earth Charter Initiative to develop a Programme that facilitates the implementation of the Earth Charter in the business sector.

The Earth Charter’s broad and integrated ethical vision, together with the Initiative’s good reputation, and growing prominence in certain international arenas, make the Earth Charter a potentially attractive framework for businesses that are grappling with the challenge of sustainable development.

In order to take advantage of such opportunity, the Earth Charter Initiative needs to determine if indeed this should be a priority in the coming years and, if so, it must identify how it can bring together the necessary financial and human resources to develop a substantial Programme of engagement with the business sector. A modest but useful first step in this direction might be to establish a Business Advisory Committee.

Appendix I:

Business : a way to read & apply the Earth Charter

Table 2 presents a comparison between the Earth Charter and business field. Field which relate to Earth Charter principles are shown highlighted in green, yellow or red according to 3 parameters short, medium or long term vision.

- Short term vision
- Medium term vision
- Long term vision

	Earth Charter Principles															
Business field/ activities	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
■Company Vision Company Ethical Standards Suppliers and Vendors' Ethical Standards and Practices	a	a	a	a	a	a	a	a	a	a	a	a	a	a	a	a
	b	b	b	b	b	b	b	b	b	b	b	b	b	b	b	b
	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c
	d	d	d	d	d	d	d	d	d	d	d	d	d	d	d	d
■Environmental Performance Energy and Emissions Materials Used Water Use	a	a	a	a	a	a	a	a	a	a	a	a	a	a	a	a
	b	b	b	b	b	b	b	b	b	b	b	b	b	b	b	b
	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c
	d	d	d	d	d	d	d	d	d	d	d	d	d	d	d	d
■Products and Services— contribution to the greater good, life cycle, environmental considerations	a	a	a	a	a	a	a	a	a	a	a	a	a	a	a	a
	b	b	b	b	b	b	b	b	b	b	b	b	b	b	b	b
	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c
	d	d	d	d	d	d	d	d	d	d	d	d	d	d	d	d
■Social and Economic Performance Employee Health, Safety and Well-being Employee training and Career Dvprmt Wages and Benefits Workplace Diversity	a	a	a	a	a	a	a	a	a	a	a	a	a	a	a	a
	b	b	b	b	b	b	b	b	b	b	b	b	b	b	b	b
	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c
	d	d	d	d	d	d	d	d	d	d	d	d	d	d	d	d
■Community Development and Image Impact on Community that relates to community environmental, economic and social well-being and health Participation of employees in community activities aimed at improving the quality of community members' lives, social conditions and environmental quality. Philanthropic or charitable efforts in same areas.	a	a	a	a	a	a	a	a	a	a	a	a	a	a	a	a
	b	b	b	b	b	b	b	b	b	b	b	b	b	b	b	b
	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c
	d	d	d	d	d	d	d	d	d	d	d	d	d	d	d	d

Appendix II: Businesses that have endorsed the Earth Charter

Andorra
Dignen Esquire

Australia
Aquila Management Services PTY Ltd.
AXCO Pty Ltd.
Chris Klar Architects Pty.Ltd.
Couta Caffe
CoWorking Solutions
Cybersell Online Pty Ltd.
Ethical Investment Company of Australia Pty Ltd.(EICA)
Ethical Investment Services

Ethical Investor
Henderson Walton Consulting
Inner Northern Community Housing (Brisbane) Association Inc.
Mark Spong & Associates Pty Ltd.
Mowbray Falls Enviropark Pty. Ltd.
Myson Enterprises
Protective Behaviours Consultancy (WA)
Sapphire Coast Tourism
Southern Ocean Software
Spiffa Inc.
Universal Business Dynamics Corporation Pty. Ltd.

Verb Studios
Woolloongabba Community Care Inc.
Yarra Valley Expo Pty Ltd.

Austria
Peter Polz

Brazil
AquiRola Web
Brother Cast Diálogo
Da Vinci Diálogo
Esc. Est. Joaquim Edson Camargo

Canada
Building Bridges Consulting
Earth Mirror Consulting
Gathering Place of the Saskatoon Inner City Inc.
Growing Circle Food Co-op
Nonlinear Thought Inc.
Palm Training Inc., Canada
Renaissance Relaxation Response Ctre
West Montreal Counselling Centre
Polster Environmental Services Ltd.

Costa Rica
Word Magic Translation Software, Costa Rica

Germany
Drachen Verlag GmbH
LIMA-Theater
Orga Lab GmbH
Qualitas - Organisationsentwicklung GmbH

India
Design Cell (Architects & Planners)

Ireland
Downey Youell Associates

Japan
NTT Group, its 139 companies and 230,000 members

Mexico
Rancho el Cantor
Xcaret Group

Netherlands
Birgitta de Vos bv.

Nigeria
Urthor Consultants & Ikono-Ini Youth
Consultative Assembly (IYCA)

Norway
Hastor Management Coach

Peru
Centro Peruano de Turismo Juvenil – CPTJ

Philippines
Humanitarian Legal Assistance Foundation, Inc.
(The Freedom Foundation)

Russian Federation
BTL Products

Slovenia
Nature Protective Ecological Farm Co.

South Africa
AVR Power Systems Pty Ltd.
Connexity Publishing Pty Ltd.
Herbs for Africa magazine

Spain
Cris Bolivar Consulting
Gaia Education Services
Sánchez Torres Asesores, S.L.

Taiwan
Kavalann Arts & Humanities

United Kingdom
Aquarius Books
Conscious Development Ltd.
Nature's Own Ltd.

United States
Altitude. A Leadership Consulting LLC.
American Design Technology, Inc.
Arclark Publisher
Awakening Sanctuary, Inc.
Be Do Have Software, Inc.
Being and Living Enterprises, Ltd.
Berkshire Grown
Bidwell Illustration & Design
BigMindMedia
Calvert Group, Ltd.
Capoeira-shop.com
Childers Commercial Group
Clear Light Books, Inc.
Clinton Consulting Group

Context Consulting Inc.
Creole West Productions
Earth Rise Initiatives
EarthAlive Films
EarthLight Magazine
EarthPagan Books
Ecocity Builders, Inc.
Ecotourism Development, Inc.
Education for Peace, Inc.
Elizabeth City Glass Company Inc.
Environment News Service (ENS)
Fresh Market Company
Genesis Farm
Good Food Co-op
Good News Broadcast
High Mountain Meadow Music, Inc.
Holland Architects Ltd.
Imago, Inc.
Institute of Taoist Education and Acupuncture,
Inc.
Investor's Real Estate Capital
Islands and Highlands Environmental Consultancy
Kentucky Resources Council, Inc.
Kestrel Tool Ltd.
Kevin Rafferty Executive Consulting
Londonderry Inn
Longoneil Enterprises, Ltd.
Love Foundation, Inc.
ManyOne Networks, Inc.
McVinney & Co.
Minnesota Zoo
Mojave Moon Marketing & Entertainment, Inc.
MorningStar Adventures, Inc.
Neighborhood Law Office
New Moon Productions
One World Inc.
Outstanding Renewal Enterprises, Inc. [aka Lower
Eastside Ecology Center]
Personal Touch Enterprises
Phillies Bridge Farm Project, Inc.
Pioneer Valley Wetland Volunteers & Beaver
Solutions Co.

Politics of Food Program, Inc.
Quail Hill Farm
Race Mountain Tree Services, Inc.
Rainbow Chiropractic
Rawleigh Woodworking, Inc.
Real Food Market & Deli, Inc.
Ross Chapin Architects
Ruffolo Design Ltd.
Rural Action, Inc.
Sane Aviation for Everyone, SAFE, Inc.
Serpentine Art and Nature Commons, Inc.
Shelburne Farms
Silverbell Trading
Spirit Rising Productions
Sprout House, Inc.
Step N2 Dlight Productions
Sterling Forest Partnership, Inc.
Strategies for Development, Inc.
Tirawa Consulting, Inc.
Tod Drescher Architecture
Total Success Coaching, Inc.
TransGlobal Ventures, Inc.
Transportation Research Assoc., Inc
Ursa Minor Arts & Media
Vermont Community Works, Inc.
Vox Sophia Publishing
Walkable Communities, Inc.
Wellspring House, Inc.
Whitewater Valley Land Trust, Inc.
Wild Rose House of Taste
William McDonough + Partners-Architecture and
Community Design
Wolf Pine Farm
WorldWire: News on Global Issues
Zoo New England

Uruguay
Sherman & Company

Zambia
Longwe Clarke and Associates