

Q&A with Björn Stigson



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Björn Stigson is president of the World Business Council for Sustainable Development (WBCSD), an international organization located in Geneva, Switzerland, with 190 member companies representing more than 30 countries and 20 major industrial sectors, and committed to sustainable development through economic growth, ecological balance, and social progress.

Who, or what, will be the most effective green change agent that drives sustainable principles more fully into the mainstream?

Reality is the most potent change agent. A reporter for the *Economist* recently asked me why all our members wanted to be “on the side of the angels.” I said that they wanted to be on the side of reality.

Managing sustainability issues is becoming crucial in managing a business. Where is a factory’s water coming from? Its energy supply? How can we manage carbon in a carbon-constrained world? Is a business plan that requires shipping goods vast distances viable in a world of expensive energy?

With a number of countries’ populations stagnating and aging, companies must do more business in the developing world where we can see population growth. This need brings in both the social and the envi-

ronmental side of sustainable development. It is the companies that think they can focus on old business models that will need the intervention of angels.

What is the largest, most significant role that corporations can play in sustainability?

Corporations provide much of the innovation and efficiency that society needs to progress. The 190 WBCSD members are positioning themselves to prosper in a market where sustainability issues matter. As they do this, they provide a powerful business voice for change in the right direction and powerful examples from the ways in which they manufacture, sell, service, report, build, and maintain their plants and buildings. Our members have a total annual turnover of some \$6 trillion and reach about half the world’s population with a good or a service every day, so they are powerful message generators.

Do you want to see government regulations require companies to become more sustainable in their real estate practices, in their operations, and in other aspects of their business?

So much of what needs to happen requires new or improved technologies, and most of these technologies need policies and regulations to encourage their development, dissemination, and use. In a sense, technology and regulations are two sides of the same coin. In terms of policies, I am thinking of policies such as building codes and product performance standards. This is particularly true in getting new energy technologies into the market. Paths of sustainable progress cannot be achieved without business, but they cannot be achieved by business alone.

Our Energy Efficiency in Buildings project has established a vision of all buildings being energy neutral, carbon neutral, and cost-effective by 2050. A lot of the technology to get there already exists, but it will take new government framework conditions to get it widely used.

The Millennium Ecosystem Assessment, in which the WBCSD was very involved, found that almost two-thirds of “ecosystem services” were being degraded. The word *services* refers to the provision of things like fresh water, food, fiber, and a predictable climate for agriculture. So we are speaking of the basic needs of civilization. Reversing this degradation will doubtless require some new regulations on the development of real estate all over the world.

You said recently to a gathering of government ministers in Nairobi that “Governments must quickly establish the policies that will allow business to invest more in a clean-energy future.” What are the most important policies that should be established?

It is very simple. Why should business invest in equipment that decreases carbon emissions if there are no policies requiring or rewarding it—either regulations or emissions-trading markets? Why should electricity utilities encourage their customers to be more energy efficient if this means they simply sell less of their product? Why should companies develop next-generation nuclear plants unless policies back their commissioning?

Which incentives will have the most impact in driving sustainability into the mainstream?

Every time a group of thoughtful people gets together to think about sustainable development, they find themselves championing a few basic incentives. For instance, the Brundtland Commission, the CEOs of the original Business Council for Sustainable Development that reported to the Rio Earth Summit, and the U.S. President’s Council on Sustainable Development. These were very different groups, but they all wrestled with the same basic notions.

One incentive would be implementing full-cost pricing: for example, if you buy a car battery, the price should include the cost to society of eventual disposal of that battery. Another would be moving away

from command-and-control regulation toward more use of market solutions and economic instruments to keep people and companies constantly improving. This includes also taxing more heavily the things we do not like, such as pollution and waste of resources, and taxing less heavily the things we like, such as jobs.

Movement in these directions would provide great incentives for innovation and deployment of more efficient technologies.

What makes you think the real estate industry's practices, government regulations, and people's attitudes can be changed to make all buildings around the world—new and existing—energy neutral, carbon neutral, and cost-effective in less than 50 years?

There is no law of nature that prevents us from achieving this vision; it is a question of will and determination. The target of a moon landing was “unrealistic.” So was the concept of splitting the atom. And much of the technology for the sort of buildings you describe already exists. Society has reached a tipping point in terms of doing something about climate change that is as emotional as it is scientific. And this emotion is going to drive what politicians see as realistic. Those in the real estate industry who are ready for rapid change are going to be the winners in the next few decades. Those whose view of reality is stuck in the 20th century will be the losers.

How will the growing interest in sustainability affect the real estate industry?

Concern over ecosystems, including fresh water, is going to produce more regulations and incentives involving where one can build, what one can build, and how one can build. Concern with climate change will affect how buildings are heated and cooled.

Do you think the real estate industry will soon be forced to construct buildings only with sustainable and alternative building materials?

The word *forced* and the linking of *sustainable* and *alternative* show the sort of 20th-century thinking I was talking about. I hope

governments will develop the sorts of incentives to which I referred that will make it in the interest of the real estate industry to use energy-efficient materials. Customers will demand it. And *sustainable* will not be *alternative*, but will be mainstream. This is already happening.

Why is the WBCSD pursuing ambitious programs for research and public education about sustainable best practices, such as the Energy Efficiency in Buildings project?

The *real* WBCSD is not the small secretariat in Geneva, but our 190 members that lead and drive our program. No project gets started unless the members call for it and unless at least two members agree to chair the effort, thus putting their own and their company's reputation behind the effort. Companies tend to join at the CEO/chairman level, and most of these people are passionate about sustainable development and getting the word out.

George David of [Hartford, Connecticut-based] United Technologies Corporation and Bertrand Collomb of [Paris-based] Lafarge pushed for the creation of and have led the Energy Efficiency in Buildings project, while the secretariat plays a coordinating role.

But there is also a business case for such efforts. These leaders have positioned their companies so that they can be more competitive in a world where sustainability issues play a crucial role. They are more eco-efficient; they do more with less and they are more in tune with society's needs.

Has the WBCSD thought about programs that educate workers about sustainability at its member corporations so that they can carry that information into their private lives?

We have given a great deal of thought and effort to this, and it is a major concern of our members. If a CEO is an advocate of sustainable development and people in middle management are cutting environmental or social corners, then a company can get in deep trouble very quickly.

We helped develop a computer program called Chronos, which anyone at any level in any company can use to learn about sustainable development from a business viewpoint. Every year, the WBCSD organizes a Young Managers Team from member companies: we bring together about 30 rising talents under 32 years old. These people decide what they want to do, and they contribute to the overall work of the membership. They also take sustainability messages back into their companies and spread them through the younger staff.

We also have at each of our twice-yearly meetings a Learning by Sharing session in which members educate others on sustainability topics of mutual interest. We have found that many of our companies are implementing sustainable development in various ways, and we are increasing our efforts to spread these examples and cases throughout the membership, getting them into company newsletters and onto Web sites.

Can you offer predictions of where sustainability will be in ten to 20 years, and how it will affect the real estate industry?

It is so hard to predict what *will* happen. The main sustainable development drivers are globalization, energy, and climate; the future direction of giants such as China and India; and the development of the global markets. Managing all of these will require powerful new multilateral efforts and serious public/private partnerships combining government, business, and civil society. We need partnerships among the best of government, the best of business, and the most pragmatic civil society organizations, which will require enlightened leadership from all parts of society. **U**

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