



SCIENCE AND TECHNOLOGY CAREER PATHWAYS II

SEMESTER II

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Course Outline

Chapter 7

Sustainable Development and Company

The Company / Economic and Social Actor

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The Company / Economic and Social Actor

- A company is an economically independent unit whose main function is to produce goods or services for the market. In other words, a company exists whenever individuals mobilize their talent and energy, gather material resources and money to provide a product or service to customers.
- From an economic perspective, companies aim to maximize their profitability by optimizing their resources and operations. This involves minimizing costs, maximizing revenue, and striving for efficiency in production and distribution processes.
- Companies play a crucial role in society beyond their economic functions. They contribute to social welfare by generating income, paying taxes, providing employment, and supporting communities through philanthropy.

Concepts of profit, costs, performance

- **Profit:** Financial gain after deducting expenses; crucial for success and sustainability. Categorized into gross profit (revenue minus cost of goods sold) and net profit (gross profit minus operating expenses, taxes, and other costs).
- **Costs:** Expenses incurred in operations, including production, marketing, administration, and distribution. Classified into fixed costs (e.g., rent, salaries) and variable costs (e.g., raw materials).
- **Performance:** Ability to achieve objectives efficiently, covering financial (profitability, liquidity, solvency), operational (productivity, quality, efficiency), and strategic (market share, competitiveness, innovation) aspects. Measured to assess strengths, weaknesses, and areas for improvement.

The concept of corporate social responsibility (CSR)

- Corporate social responsibility (CSR) is a business approach that entails integrating social and environmental concerns into a company's operations and interactions with stakeholders such as employees, customers, communities, and the environment.
- CSR initiatives cover ethical business practices, fair labor, human rights, and environmental sustainability. This involves reducing carbon emissions, conserving resources, and supporting renewable energy.
- CSR involves philanthropy and community engagement, with companies supporting charitable causes, community projects, education, healthcare, and disaster relief. These initiatives aim to make a positive impact on society and address social issues, enhancing community well-being.

Impact of economic activities on the environment (Examples)

- Pollution: Release of harmful chemicals and pollutants into the air, water, and soil from industrial processes, transportation, and waste disposal.
- Deforestation: Clearing of forests for agriculture, logging, urbanization, and infrastructure development, leading to habitat loss, biodiversity depletion, and carbon emissions.
- Climate Change: Emission of greenhouse gases (such as carbon dioxide and methane) from burning fossil fuels, deforestation, and industrial activities, contributing to global warming, extreme weather events, and sea-level rise.
- Resource Depletion: Overexploitation of natural resources such as minerals, water, and forests, leading to depletion, degradation, and loss of ecosystem services.
- Etc....

Sustainable development and company

- Sustainable development, as defined in the 1987 Brundtland Report, is a model of development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs.
- Companies are at the core of sustainable development challenges. Regardless of their activity, they consume natural resources and raw materials, water, energy, use production and transportation methods, and generate emissions into the environment...
- The notion of sustainable development in business is closely linked to the concept of corporate social responsibility.
- The term "development" refers to improving performance, whether economic, social, or environmental. Sustainability implies long-term continuity and stability.

The Three Pillars of Sustainable Development

- **Economic Pillar**: Focuses on sustainable and inclusive economic growth, aiming for prosperity while minimizing negative environmental and social impacts.
- **Social Pillar**: Addresses social equity and justice, improving quality of life for all, especially marginalized groups, through access to basic needs and fostering social cohesion.
- **Environmental Pillar**: Emphasizes environmental protection and sustainability, safeguarding natural resources and ecosystems, reducing pollution, conserving energy, and mitigating climate change.



The Challenges of Sustainable Development in Companies

- Sustainable development in business is linked to the CSR approach. This approach encompasses the three pillars and targets social and environmental measures as well as economic initiatives.
- *Here are some of the challenges of sustainable development in business:*
 - Ensuring efficient use of natural resources and raw materials while minimizing waste and environmental impact.
 - Adopting sustainable energy practices to reduce carbon emissions.
 - Promoting ethical sourcing, fair labor practices, and environmental responsibility throughout the supply chain.
 - Adhering to environmental regulations and standards to mitigate negative impacts on ecosystems and communities.

The Challenges of Sustainable Development in Companies

- Embracing innovation and technology to develop sustainable products, services, and processes.
- Developing strategies to adapt to the impacts of climate change.
- Addressing social issues such as inequality, and human rights within the organization and its broader community.
- Moving towards a circular economy model that minimizes waste, promotes reuse and recycling, and maximizes resource efficiency.
- Balancing short-term financial objectives with long-term sustainability goals to ensure resilience and competitiveness in a changing world.

Why implement the three pillars of sustainable development in my company?

- The connection between CSR and a company's reputation is now firmly established. It involves considering the social and environmental impacts that your company's activities may generate and fully integrating them into your strategy. This is to turn these three pillars into a lever for innovation.

Social pillar: employee well-being

- Ensuring employees' well-being enhances productivity and quality of work life, addressing issues like social and wage inequalities. Implementing comprehensive social policies within the company is vital.
- To tackle environmental and societal challenges, hybridizing management practices is crucial. This involves fostering collaboration, management, and dialogue with stakeholders, ultimately giving more purpose to the entrepreneurial approach.



Environmental pillar: commitment

- Considering the environment has become a central issue today, influencing various aspects of business operations. Embracing environmental concerns not only enhances brand image but also demonstrates corporate responsibility and sustainability. Public perception plays a vital role in shaping brand reputation, with consumers increasingly favoring environmentally conscious companies.
- Therefore, committing to environmental initiatives not only benefits the planet but also strengthens the company's position in the market and fosters trust among stakeholders.
- To engage in environmental initiatives, you can, for example, reduce your greenhouse gas emissions, recycle waste, and minimize water and energy waste.

Economic pillar: cost reduction

- Considering social and environmental aspects brings forth advantages. A company can reconcile economic growth with sustainability while addressing the challenges of responsible economics.
- On the economic front, reducing greenhouse gas emissions means, on one hand, lowering operating costs and, on the other hand, improving product quality.
- For instance, implementing energy management through ISO 50001 improves energy efficiency, leading to cost savings and environmental benefits. In summary, adhering to such standards earns commendable points for the company!

How do the three pillars of sustainable development translate into companies?

- *Here is a non-exhaustive list of means that you can use in your company to apply the three dimensions in your business.*

✓ The CSR approach

- An CSR approach seeks to combine social measures, reduction of environmental impact, and economic initiatives. In short, the corporate social responsibility approach allows:
 - To improve overall performance.
 - To build a more resilient company to adapt to new challenges.
 - To meet the expectations of its ecosystem.

How do the three pillars of sustainable development translate into companies?

✓ Carbon footprint assessment

- Diagnose to better act?
 - "For those seeking to reduce CO2 emissions and achieve carbon neutrality, a carbon footprint assessment is essential."
 - "Following the assessment, implementing an environmental policy becomes simpler as key areas for improvement are identified."

✓ The CSR label

- The CSR label certifies companies for their commitment to ethical, sustainable, and socially responsible practices.
 - Earning the CSR label enhances a company's reputation, credibility, and trustworthiness among interested parties.

How do the three pillars of sustainable development translate into companies?

✓ Standards

- A standard is an official document written and produced by an accredited organization. It defines compliance requirements for company processes, ultimately ensuring a quality system.

The ISO 14001 environmental standard

- Defines the criteria for an environmental management system.
- Addresses both local and global environmental issues.
- Aims to improve environmental performance.

The ISO 50001 standard

- Implements an efficient energy management system.
- Aims to achieve energy efficiency.
- Reduces greenhouse gas emissions.

ISO 26000

- Helps develop a CSR strategy.
- Deepens understanding in the field.
- Guides the implementation of a CSR approach.

World rankings of the most sustainable companies

- World rankings of the most sustainable companies are lists or indices that evaluate and rank companies based on their sustainability performance across environmental, social, and governance criteria. Examples include
 - [Dow Jones Sustainability Index \(DJSI\)](#): This index evaluates companies globally on economic, environmental, and social criteria, aiding investors in identifying sustainable investment opportunities.
 - [Corporate Knights Global 100](#): This ranking assesses large corporations worldwide based on sustainability metrics such as energy and carbon productivity, and clean revenue.
 - [Fortune and Bloomberg Rankings](#): These rankings incorporate sustainability alongside financial performance, assessing companies on environmental impact, social responsibility, and governance practices.