

International Symposium on “Sustainable Management”

Global Trends of Sustainable Management

Panel discussion

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Panelists:

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Saburo Kato (Director, Research Institute for Environment and Society, Japan)

Byung-Wook Lee (Director, Environmental Management Center, POSCO Research Institute, Korea / Steering Committee Member of Environmental Management Accounting Network - Asia Pacific (EMAN-AP))

Takashi Seo (General Manager, Department of Global Environment, The Yasuda Fire & Marine Insurance Corporation Ltd., Japan)

Kazuo Yamamoto (Adviser, IBM Japan, Ltd.)

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| <ul style="list-style-type: none"> · Sustainable management requires a company to take a long-term perspective and to have tools to support this. · It is crucial for a company to look outwards at its stakeholders including investors and consumers and to disclose environmental information to them. · Information disclosure increases citizen’s awareness, which progresses the company’s environmental performance. | |
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| <ul style="list-style-type: none"> · Change of the industrial structure and corporate structure · Executive’s commitment · Measures to the medium and small sized enterprises | |

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| · Environmental education of employees will be of greater importance in the future as employees' awareness is indispensable adding to top management's commitment and internal system. | |
| 2.1.5. Environmental measures are not a cost factor. (Saburo Kato) | 89 |
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Panel Discussion

Introduction

○ Kokubu

Now, following keynote speech and two presentations, we start panel discussion under the theme of “Global Trends of Sustainable Management”.

Firstly, I would like to explain briefly the purpose and point of this panel discussion.

The theme of this symposium is “Sustainable Management” and the theme of this panel discussion is “Global Trends of Sustainable Management”, but the term “kankyo keiei (sustainable management)” has become to be used as a generic term in Japan quite recently. If my memory serves, the concept has become widespread rapidly for last two years.

There is no English term, however, that can represent the accurate meaning of this term “kankyo keiei” in Japanese. Two possible English translations are “sustainable management (used herein)” and “environmental management”. Interrelationship between three terms, two translations and “kankyo keiei” in Japanese, may be critical in considering the global trends of sustainable management. The term “environmental management” places emphasis on a specific, technical, systematic aspect such as environmental management system in plant, while the term “sustainable management” implies management with environmental, social and economic aspects, geared toward broader sustainability, as reported by Mr. Martin Bennett.

Probably, the meaning “kankyo keiei” in Japanese is somewhere in between environmental management and sustainable management, and includes the idea of bringing environmental viewpoint into the whole business management, not plant or division level. But maybe we have

various views on specific contents. That is exactly what I'd like to discuss from now on.

In this discussion, we would like to discuss the concept of “kankyo keiei”, which encompasses the concepts of environmental management and sustainable management, including both broader definition and the narrower definition of that term.

Up to now, Mr. Martin Bennett described European trends and Mr. Yamamoto made a presentation from a viewpoint of global manufacturing company. And, Prof. Amano made a keynote speech about sustainable management including policy issues.

From now on, Mr. Lee will make a presentation. Mr. Lee studies environmental management in Asia, especially Korea. Next, Mr. Seo will talk about sustainable management from a financial viewpoint, because the finance is having increasing importance to environment as mentioned in each of the presentations, and, in addition to corporation and government, citizen, NGO and NPO play a critical role in environment. So, Mr. Kato, who is deeply involved in corporate sustainable management, will make a presentation from the standpoint of NPO.

Mr. Lee, Mr. Seo and Mr. Kato, in this order, will give their opinions concerning kankyo keiei, environmental management, or sustainable management, for about 10 minutes, respectively.
First, Mr. Lee, please give a presentation.

1. Presentations

1.1 Presentation 1

“Environmental Management in Korea - Government Policies & Industrial Practices”

Byung-Wook Lee

Director, Environmental Management Center,
POSCO Research Institute, Korea /
Steering Committee Member of Environmental Management
Accounting Network - Asia Pacific (EMAN-AP)

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“Environmental Management in Korea - Government Policies & Industrial Practices”

Byung-Wook Lee

Director, Environmental Management Center,
POSCO Research Institute, Korea

It is an honor to have this opportunity to present a brief on environmental management in Korea. Actually in Korea we have two kinds of different concepts; environmental management and stable management. Normally, we are using the word, sustainable at the industry level, not in the corporate level, but from this symposium, we are thinking about more extended concept in business management. Actually, at the moment, at the country-level, we are developing some strategies towards sustainable industry in the industrial structure and industrial operations.

1. Milestones in Environmental Management in Korea

There are some milestones in environmental management in Korea. Since 1992, the Rio Summit, we have been doing a lot of work in terms of environmental management. **(Slide 1)** At first, I can say that there are many of Korean business circles. It is supported by four or five different industrial associations, including the Korean Chamber of Commerce and Industry and FKI and so on. Secondly, you can say another event from private sectors. The Samsung group established the Samsung Global Environmental Center in 1993. The country was involved in working and we got quite a unique scheme from the Ministry of the Environment. The name is the Environmentally Friendly Company Schemes. Now, over 100 companies are subsidized from the Ministry. Also, the Ministry of Commerce and Industry and Energy developed an act with quite a long name, “The Promotion Act for Conversion to Environmentally Friendly Industrial Structures”. The act is actually in two points; one is the promotion of cleaner production. Next one is the present guidelines on Environmental Management from the Chambers of Commerce and Industry 97. The next one is, there is one study group about sustainable management led by me since 1999. Another charter from industry was raised in 2000, with five industrial associations lead by FKI. Quite recently the FKI -

the Federation of Korean Industries- are trying to launch quite an interesting organization, which means the KBCSD, it is the Korean version of the WBCSD, we are working for launching the organization.

Milestones

Become to Concern on Sustainable Development Since Rio Summit

■ Common Reasons to Introduce EM:

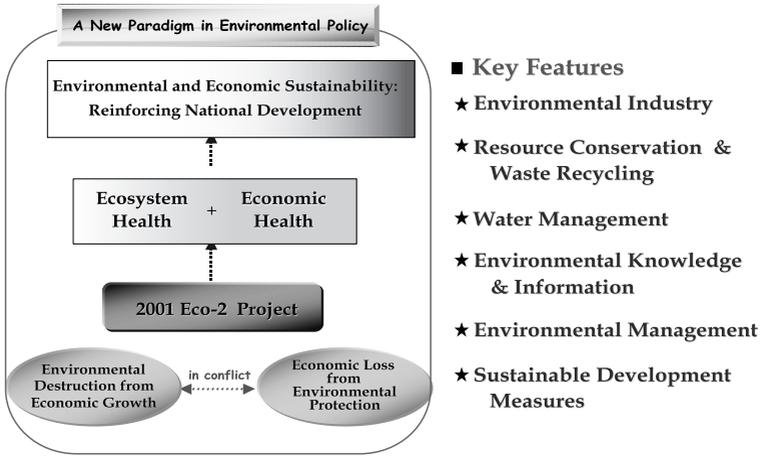
- ★ Environmental Manifesto of Korean Business Circle(May,1992)
- ★ Establish the Samsung Global Environment Research Center(July,1993)
- ★ Participate in ISO/TC207 for ISO 14000 Series(1993~)
- ★ Introduce the Environmentally-Friendly Company Certification Scheme : Ministry of Environment(1995)
- ★ Enact the Promotion Act for Conversion to Environmentally-Friendly Industrial Structure : Ministry of Commerce, Industry & Energy(1995)
- ★ Principles and Guidelines on Environmental Management : Korea Chamber of Commerce & Industry(1997)
- ★ Launch the Environmental Management Study Group(1999)
- ★ Charter for Environmental Management towards Sustainable Development : Federation of Korean Industries with 4 other Industrial Associations(2000)
- ★ The Korean Business Council for Sustainable Development(KBCSD) : to be Launched in Dec., 2001

(Slide 1)

2. Government Policies

I'd like to briefly introduce the policy from the Korean Government. (Slide 2) The Ministry of Environment started a new millennium project, the so-called Eco II Project. It is aimed to harmonize ecological sustainability and economy. There are some special projects under the name of the Eco II Project. The first one is to promote environmental industry and the second is resource conservation and waste recycling, water management and knowledge partnership and information transfer. And also environmental management is one issue of the ECO II Project. Finally, there are sustainable development measures like sustainable indicators and so on. As for the environment, as I had said from before, which is quite unique, the scheme of environment friendly company schemes. (Slide 3) It is quite similar to ISO 14001, and also we are introducing environmental labeling Type I and Type III. We are doing

Government Policies: Ministry of Environment (MOE)



(Slide 2)

pilot study for Type III labeling. Also we have green policies of that like Japan. And also, the green building certificate is now ongoing. Moreover, the Ministry of Environment is trying to develop environmental accounting guidelines and reporting guidelines, it is under development at the moment. On the other hand, MOCIE, the Ministry of Commerce, Industry and Energy is

Related Policies

- Ministry in Environment (MOE)
 - ★ Environmentally-Friendly Company Certification Scheme : ca. 100 Companies
 - ★ Environmental Labeling : Type I & Type III
 - ★ Green Purchasing Network (with Industry, NGOs, ...)
 - ★ Green Building Certificate
 - ★ Environmental Accounting & Reporting (under development)
- Ministry of Commerce, Industry & Energy (MOCIE)
 - ★ Cleaner Technology Development
 - ★ ISO 14001 Certificate
 - ★ Voluntary Agreement with Industries for Energy Saving
 - ★ Environmental Management Accounting

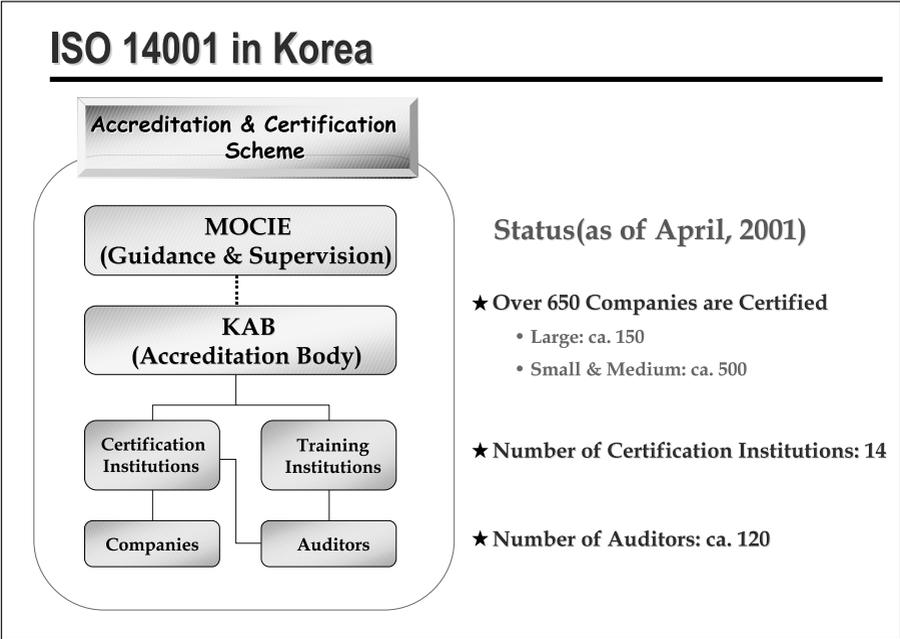
(Slide 3)

supporting and promote technology development, and the ISO 14001 Certificate. We also have an agreement with the industries for energy saving.

3. ISO 14001 in Korea

Now we are starting to launch another special project for environmental management accounting project from this October. It is quite similar with the

Japanese systems, to the certificates of ISO 14001. **(Slide 4)** Under the supervision of MOCIE, we have KAB, Korean Accreditation Board, like the JAB in Japan. Over 650 companies are supported under the ISO 14001. There are about 150 large companies, 500 small and medium companies.



(Slide 4)

4. Private Sector’s Responses

In private sectors, there is some movement. **(Slide 5)** In the case of the Korean Chamber of Commerce and Industry, it introduced principles and guidelines in 1997. There is a Committee of the Environment and Safety, they have about 28 members and all of them are experts from industries, and they also have environmental management centers to disseminate the information and knowledge into the industry level. The FKI is actively moving into this area. They have established the Committee of Environment three years ago, all of them are the members at the CEO level, chairman, president, or something like that. Now they are expanding the members. They issued the Charter in 2000, and hold the CEO Environmental Academy twice. We got about 30 or 40 attendants every event in 2000. They are trying to launch the KBSD this October. We have a lot of practice in the business sector **(Slide 6)**.

I would like to brief about the activities mainly on the ISO 14001, clean development production, life cycle assessment for environment, etc. We are doing some studies and reaction on climate changes, like mechanism and trading. We are trying to introduce some green policy at the company level, and in environmental accounting and reporting. Also, environmental marketing is a little bit of a new challenge in companies, to compare each other and some materials.

In addition, academia is now moving to advanced issues and KAIST has already launched Eco-MBA, Masters of Business Administration. They have to graduate from 2 years of school and we launched another program at the Seoul National University, aiming at CEOs for the Environmental Management Forum. This year, we just finished this course, there were about 40

CEOs from industry, government, Congress and some NGOs. We discussed a lot of issues following the year, and we finalizing the course at the Seoul National University. From this October, the Minister of Commerce and Industry and Energy launched 4 different kinds of projects. One is how to develop the environmental accounting at the business schools, so we are

Private Sector's Response (I) – Industrial Associations

- KCCI(Korea Chamber of Commerce & Industry)
 - ★ Principles & Guidelines on Environmental Management(1997)
 - ★ Committee of Environmental & Safety : Experts
 - ★ Environmental Management Center

- FKI(Federation of Korean Industries)
 - ★ Committee of Environment : CEOs
 - ★ Charter for Environmental Management towards Sustainable Development(2000)
 - ★ Environmental Academy for CEOs(2000)
 - ★ Korea Business Council for Sustainable Development(KBCSD) : to be launched in Dec., 2001

(Slide 5)

Private Sector's Response (II) – Business & Academia

- Business Sector
 - ★ ISO 14001 Certification
 - ★ Cleaner production, LCA/DfE, etc.
 - ★ Climate Change (CDM, Emission Trading, ...)
 - ★ Environmental Marketing/Green Purchasing
 - ★ Environmental Accounting & Reporting

- Academia
 - ★ KAIST : Eco-MBA
 - ★ Seoul National Univ. : CEO Environmental Management Forum
 - ★ MOCIE : A Project to Launch Environmental Management Curricular in Business School

(Slide 6)

trying to develop the program and some materials to teach, and some curriculum. After that, we are trying to dispatch a package to many universities in Korea, and we are going to establish a research society for environmental management.

Now, we are doing a lot of work in this sector's issues, and also we are trying to develop the contributive industrial strategy towards this sustainable development. It is quite closely related to the next year. This is the situation in Korea. Thank you very much.