Do we have time to leave sustainability to the markets?

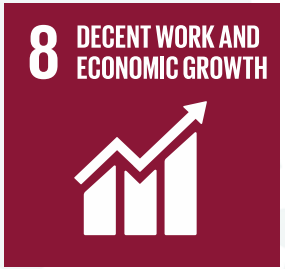
A regulatory ecology analysis

Professor Beate Sjåfjell

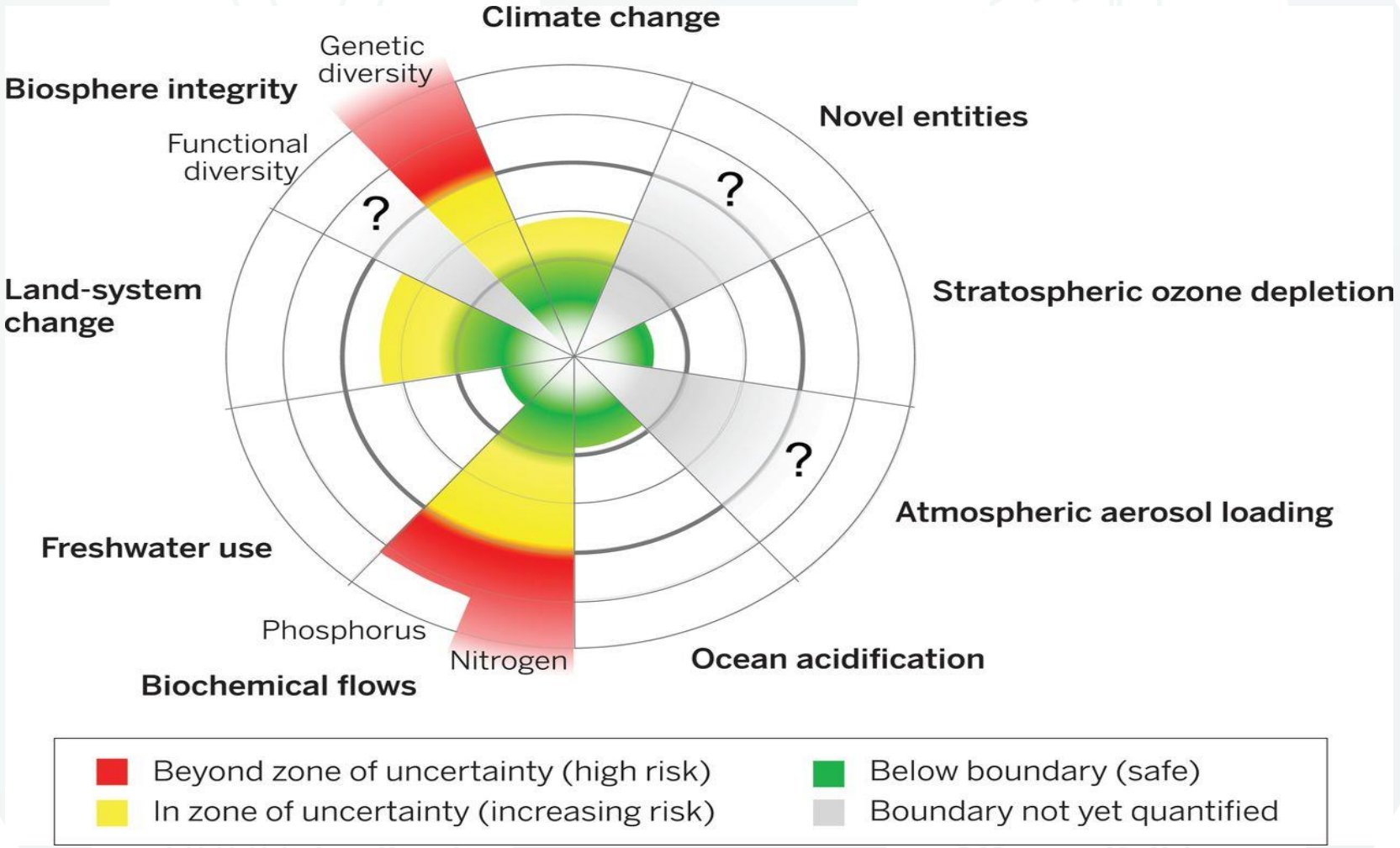
Oslo, 29 June 2018

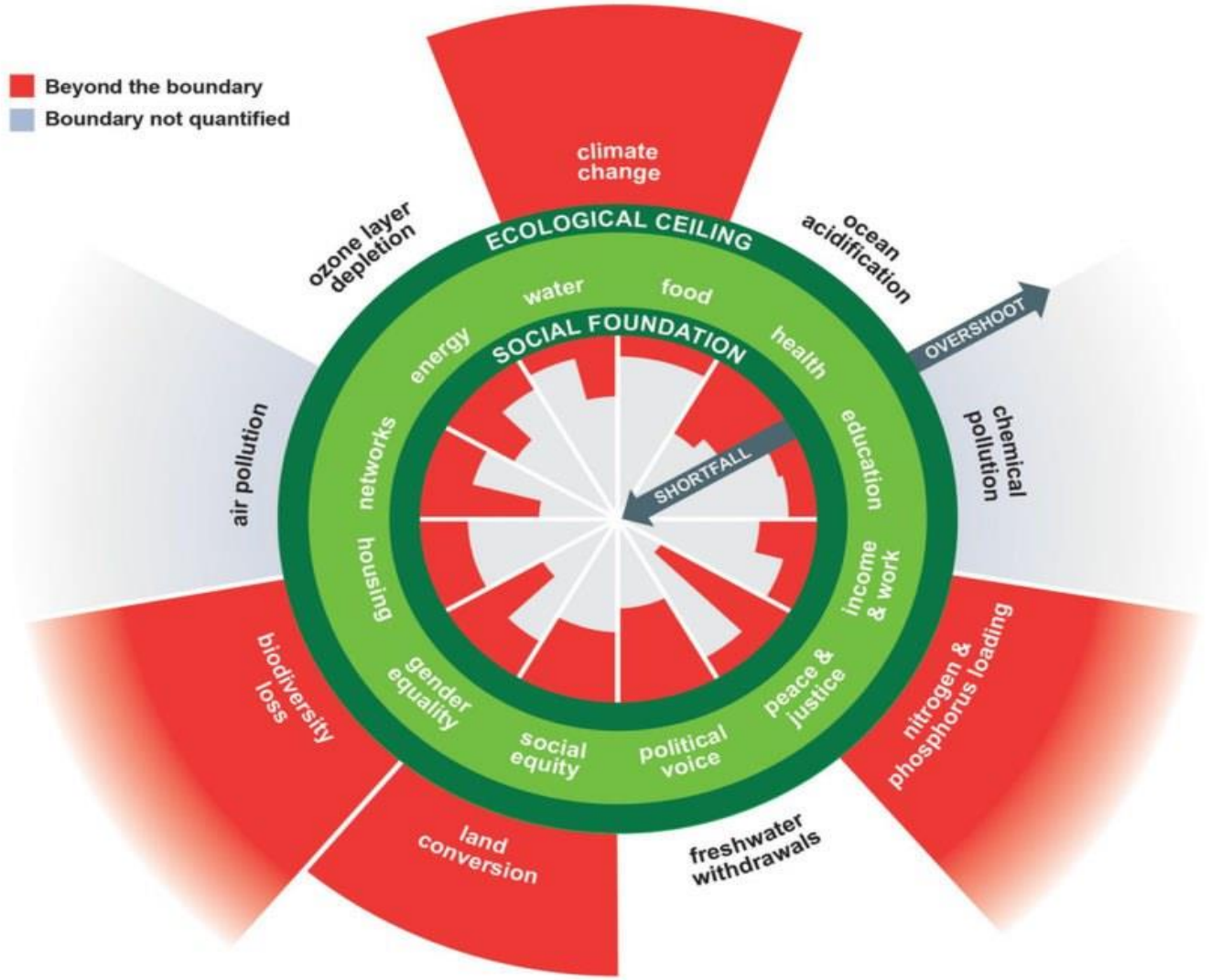
Twitter @UniOsloSMART #SMARTproject

SUSTAINABLE DEVELOPMENT GOALS



SUSTAINABLE DEVELOPMENT GOALS


Climate change
Genetic diversity
Biosphere integrity
Functional diversity
Novel entities
?
?
Land-system change
Stratospheric ozone depletion
?
Atmospheric aerosol loading
Freshwater use
Phosphorus
Nitrogen
Ocean acidification
Biochemical flows
Beyond zone of uncertainty (high risk)
In zone of uncertainty (increasing risk)
Below boundary (safe)
Boundary not yet quantified


Beyond the boundary
Boundary not quantified
climate change
ozone layer depletion
ocean acidification
chemical pollution
nitrogen & phosphorus loading
freshwater withdrawals
land conversion
biodiversity loss
air pollution
ECOLOGICAL CEILING
SOCIAL FOUNDATION
OVERSHOOT
SHORTFALL
water
food
health
education
income & work
peace & justice
political voice
social equity
gender equality
housing
networks
energy

Lack of coherence for sustainability

- Different treatment of & support for policy areas
- International level: high-level goals & lack of prioritsation
- EU level: overarching goals but prioritisation of economic growth
- Member States are given broad scope, which is not used
- Myths about ‘value neutral’ economic rules as barriers
- Misleading dichotomy between economy & ‘ethics’

Selected market actors for in-depth analysis:

Companies:

- **Listed parent company in transnational corporate group**, with influence over global value chains
- Small company (SME)
- ‘Social entrepreneurship’ (Fairphone as case)

Investors:

- Bank
- Institutional investor
- Controlling individual shareholder

What room for sustainable companies?

Decision-makers in parent company: board & management

- Influenced by law, norms under development and market pressures
- Company law gives scope but not direction
- Other norms and economic have taken over the room

- Certain influence of new set of norms (OECD; UNGP…)

- Insufficient legislative initiatives, including weak reporting requirements

The influence of the actors in the product market:

Consumers as market actor

- Conflicting consumer demands
- Business models based on overconsumption
- Lack of sustainability regulation of typical consumer goods

Public procurers as market actor

- Larger scope for sustainable procurement
- Still too weak and unstructured
- Lack of stringent systems and enforcement mechanisms

Danger of labelling regimes becoming their own profit-driven businesses

Influence of financial market actors

- Tentative indications of more interest in and dedication to sustainability
- There is a certain scope of action, but also here uncertainty
- A number of rules, norms and economic incentives that are barriers or that do not facilitate and promote sustainability
- Insufficient legislative initiatives and lost opportunities

- Norm development that may move in the right direction
- Tentative positive developments limited to climate

- A number of filters between investors and companies
- Actors: fund managers, rating agencies, consultants, auditors
- Lacking systems for sustainability assessments

Summary of the barriers:

- Constant pursuit of profit based on overconsumption
- Tendency of well-intended initiatives being watered down or not enforced
- Regulatory lack of consistency
- Unresolved tension between sustainability and growth
- Overlooked conflicts between policy areas
- Lack of follow-up of regulatory initiatives

- Lack of knowledge and understanding of the complexity
- Lack of systems that can deal with the complexity of sustainability

#Time to work together in unprecedented ways across & beyond academia to achieve #sustainability

Check out our Networks (jus.uio.no/companies under Networks)

Follow SMART: smart.uio.no – sign up for our newsletter

@UniOsloSMART #SMARTproject

@BeateSjafjell

Contact e-mail: smart-admin@jus.uio.no

SMART is funded by the European Union under the Horizon 2020 programme, grant agreement 693642. The contents of this presentation are the sole responsibility of the SMART project and do not necessarily reflect the views of the European Union.