

DIALOG: Mr. Schulze-Hausmann, as the Chairman of your organisation's board, you have a unique insight into how industry has dealt with sustainability issues. Can you tell us what key developments you have observed in recent years, and how the perspective of companies has changed?

SSH: The best way to answer that is to give you a brief overview of the history of the German Sustainability Award. When we first started out, we approached German industry with a relatively long list of questions and asked, "Where do you stand in terms of sustainability?" I have to tell you, our questions really weren't taken very seriously at the time. Most companies answered that they either didn't have the KPIs we had asked for, or didn't want to disclose them. Amusingly, despite that, however, they were still more than keen to tell us about the social projects they were involved with in Africa, sponsoring the local soccer club, or their use of recycled paper!

That was back in 2008. In the following years companies quickly began to set up sustainability strategies, create management structures and finally give the topic a place on the corporate management agenda. The applications that reached us from that point onwards were no longer sent by a PR agency or, at best, by the environmental officer, but by members of senior management.

DIALOG: So, the topic of sustainability had come of age?


SSH: Yes, that's a good way of putting it. Sustainability had become a subject for boardroom discussion and its consideration increasingly led to structural changes within the companies. Initially, the focus was on 'housekeeping' matters (i.e., the conversion of the company car fleet to green electricity, the installation of solar glazing and other obviously sensible measures). But then the focus increasingly shifted to production and logistics (i.e. the core processes of companies).

People then began looking more intently at products and thinking of new ways of designing them so that they achieved as many sustainability benefits as possible throughout their entire life cycle. And that changed the perspective quite markedly. Today, the main drivers for sustainable transformation are competitiveness, leadership in issues, and market leadership. And, invariably, considered on a global scale.

DIALOG: So, being sustainable is no longer just a question of purpose?

SSH: It is still a matter of purpose, of course, but it's much more than that. Sustainability is about scrutinizing every single process, every single product life cycle. The hardest step is to get from outlining a vision and purpose to actual industrial implementation. If that fails to happen, the benefits will remain just hypothetical - they will be neither credible or truly transformative.

Poor, inefficient processes are inherently sustainable; they cannot capitalize on the economic opportunities that result from sustainable transformation. However, it's also true that if a company's strategy is not shaped by an overriding

A close-up portrait of Stefan Schulze-Hausmann, a middle-aged man with short, light-colored hair, wearing black-rimmed glasses and a dark blue sweater. He is smiling broadly, showing his teeth. The background is dark and out of focus.

Interview with
Stefan Schulze-Hausmann,
Chairman of the Board of the
German Sustainability Award
Foundation

“BEING ‘PURPOSE-DRIVEN’ WORLD CHAMPIONS IS NOT ENOUGH.”

purpose, and there is no will on the part of the management to make sustainability a guiding maxim, then the best that can be achieved is process optimization, using existing tools, methods and objectives. That is not enough.

DIALOG: So, when does ‘purpose’ become strategically relevant?

SSH: In a large company, there are pivotal moments that happen on a daily basis when somebody will say “this is the easiest, most efficient way of doing something”. It’s at that point when everybody has to take a step back and consciously choose another solution or action, one that everybody knows is more sustainable, but perhaps not as efficient.

DIALOG: We have seen in recent years that the overemphasis on efficiency targets has a downside - for example, you cannot maximize efficiency and resilience at the same time.

SSH: Very true. Another interesting term in that context is sufficiency, i.e. avoiding overconsumption, a waste of resources that overburdens our livelihoods and economies. Happily, this thinking is very compatible with industrial logic; avoiding waste of any kind is, after all, at the core of the ‘lean’ philosophy.

So, we need a broader understanding of the environmental, social and economic aspects of sustainability, and we need to actively look for ways to combine them.

DIALOG: Do you see this differentiated, broad perspective reflected in the way that the industry, and now also the public, discuss sustainability?

SSH: Absolutely. Sustainability was initially viewed as a ‘green’ measure, basically ranked the same as environmental protection. I think the biggest change in the last five to eight years has been the ‘discovery’ of the social dimension of sustainability and its subsequent integration into strategies and regulatory frameworks. We see this in developments such as the Supply Chain Act and Scope 3 issues, frameworks which greatly expand what companies are now deemed to be responsible for.

But the reality is that sustainability must have a ‘pay-off’, because otherwise it simply wouldn’t exist, is also being more widely accepted. After all, a sustainability strategy that deprives companies of a stable basis for growth and competitiveness is a contradiction in terms. To protect people and nature, you have to make money. That is now the consensus. And that’s one of the positive outcomes that we have seen after 15 years

of running the Sustainability Awards. Sustainability is now primarily seen as a growth, rather than a cost factor.

DIALOG: Alongside environmental and social aspects, governance forms the third pillar of sustainability. This topic seems to be somewhat more difficult to grasp.

SSH: I would put it a little differently. Good lawyers can quickly draw up a written code that clearly sets out the need for transparency, equality and other factors - but applying this framework to day-to-day life can be complex. But if a company can’t do that, it won’t make sustainable progress on other fronts, either.

DIALOG: We often have discussions about what the shift toward sustainability means for our industries in an international context. Do you think it makes us more fragile? Or stronger? Or, perhaps, more vulnerable?

SSH: It’s a question that needs to be answered primarily from a technological and industrial perspective. We were - and are - leaders in ‘green tech’ in many areas. But we have to be careful that key areas where we are strong don’t slip through our fingers.

I can think of two recent examples where that has happened: the first is in the field of photovoltaics. Although we initially played a major part in the development of this technology, we have subsequently failed to nurture it into a growing, globally competitive industry and to keep the innovation drivers in the country.

The second example is the automotive industry: here we failed to retain the initiative to transform an industry in which we were already outstandingly strong. Now we are having to play catch-up with others.

Sometimes it’s inevitable that we have to take a ‘backseat’ in technological or industrial terms, but we don’t want that to happen too often in the years to come. Because we urgently need this excellence in sustainable technologies, in order to both secure the country’s economic foundations and its global competitiveness, and to make a substantial contribution to overcoming the global environmental crisis.

And this is where the circle closes: because it’s now very clear that ‘just’ being purpose-driven world champions simply won’t be enough in the future.