



United Nations
Global Compact

NEXT

SUSTAINABLE BUSINESS

About the United Nations Global Compact

The United Nations Global Compact is a call to companies everywhere to voluntarily align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to take action in support of UN goals and issues. The UN Global Compact is a leadership platform for the development, implementation and disclosure of responsible corporate policies and practices. Launched in 2000, it is the largest corporate sustainability initiative in the world, with over 8,000 companies and 4,000 non-business signatories based in 160 countries.

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NEXT SUSTAINABLE BUSINESS

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“We must lead our world to a more sustainable future. Ending poverty, transforming lives, protecting the planet: we all have a stake in achieving these urgent and universal goals. Prosperous, stable societies and a healthy planet are the bedrock of political stability, economic growth and flourishing new markets.

Business has a critical role to play. It was 15 years ago that the United Nations introduced the notion of a global compact between business and society. In that time, we have witnessed a major shift in corporate mindset. Markets are beginning to transform from within, based on actions taken by business to respect and support human rights, provide decent work, account for environmental impacts and end bribery and corruption. The Global Compact’s blueprint for change has been tested, and it works.

Enlightened leaders are making sustainability a core part of business strategy. Now we need business leaders everywhere to make business a force for good. Together, we can respond to the urgency of our global challenges and build a better tomorrow.”

PHOTO: UN PHOTO/ISAAC BILLY

United Nations Secretary General,
H. E. Ban Ki-moon

FOREWORD

EXPLORING WHAT'S NEXT

What are the next great challenges, the next great leaps and the next great pioneers in the movement for sustainable business?

The answers to these questions can profile the future of not just corporate sustainability but the entire world economy and indeed shape the space in which future generations will live and pursue their dreams and ambitions.

Faced with questions of this magnitude, we should always be careful about the answers we offer. However, if ever there was a group of people to whom we should listen for inspiration in these matters, it is the contributors to this book.

When DNV GL was chosen to do the 15th anniversary assessment report for the United Nations Global Compact, it was clear to us that we would need to look ahead. Even though we would map and analyse the developments and strides forward made in the past 15 years, the reason for doing so was to create greater clarity of vision when looking into the future of corporate sustainability.

This perspective is an integral part of the assessment report presented to the United Nations Secretary-General Ban Ki-moon at the 15th anniversary celebrations. However, we also felt that there was more in the material than could be conveyed in a traditional report. We had gathered stories of great insights and inspiration that we wanted to share.

This is why we have made this publication. It is a collection of unique stories on the importance of corporate sustainability and on what is next for businesses who seek to be active, engaged and responsible corporate citizens.

The stories are mostly hopeful, sometimes worried but always passionate. They give me reason to share a few points of inspiration.

First, many of the people interviewed believe we will see an even greater focus on transparency, including transparency in the sense of making the benefits of sustainable business visible. There is a need for better metrics to measure the benefits for all stakeholders of making business sustainable. Initiatives are under way, but many of the leaders in this book express an understandable impatience in this matter.

If properly designed, better sustainability metrics could probably also have a great influence on the second prominent theme I wish to mention, the need to engage a wider part of the business. Many contributors express the hope that the local Global Compact networks can become stronger. This leads to a third theme that is prominent in several interviews: governance. The local networks have been praised for their and their member businesses' ability to enter into a national-policy dialogue and help embed the Global Compact principles in standards and smarter regulations. In many ways, forward-looking businesses are the spearhead of a sustainability transition – not by default but by intent. We have indeed come a long way since the business of business was just business.

This is not a reason to pat each other on the back and say: "Job well done". There is too much work ahead for that. But reading these interviews gives me hope and confidence that no matter what comes next from the group represented in this book and from the Global Compact membership as such, it will be no less than revolutionary.

I want to express my sincere gratitude to all the contributors to this book. They have found the time to share their insights and visions not only to make us wiser, but also to entertain us. There is also a fair amount of humour and high spirits in the interviews. I believe this is part of what we need to maintain too. If we are too narrowly focused on the problems, we miss the great stories on the importance of people, leadership and engagement that the contributors have shared.

Let's instead look for the ideas, opportunities and solutions that are indeed out there. Let's explore what's next.

I wish you an inspiring read.

HENRIK O. MADSEN

President & Chief Executive Officer
DNV GL Group

PHOTO: SIGRID BJØRBEKKMO





PHOTO: DAG THORENFELDT

FOREWORD

THE POWER OF IDEAS

Idea power is the greatest force humanity has. It can be used to inflame fear, hate, destruction and mayhem or it can be used to create peace and prosperity, respect and understanding.

The UN Global Compact is firmly grounded in the foundational spirit of the United Nations itself. Responsible business can be a force for good – openness, trade and investments based on universal sustainability principles are necessary compliments to creating peace, prosperity and respect for human rights.

The moral case for business responsibility is not new. However, its urgency is today greater than ever before. Evidence is mounting with companies around the world that integrate material sustainability issues and have achieved better financial performance over time. The moral case for action is now reinforced by a business case.

Idea power can only flourish if individual people make it their own and translate it to drive organizational change and advocate the idea to leaders, peers, competitors, and fellow citizens.

Today the UN Global Compact is global because of individual change agents and norm entrepreneurs who, since our inception, have made the initiative local everywhere. They have embraced universal principles and have built Local Networks embedding the idea and practice of responsible business in many languages and cultures.

The UN Global Compact has been extremely fortunate to have two distinguished world leaders as our chief advocates – UN Secretary-General Ban Ki-moon and Kofi Annan – as well as many opinion makers from the private sector and civil society. This book brings together the collective voice of 30 leaders who stand for thousands of others in sharing the simple but powerful idea that corporate sustainability can be a transformative force to make our world a better place.

As the UN Global Compact approaches our 15th Anniversary and is actively reviewing progress, impact and the work yet to be done, we have looked to these leaders to help us gain perspective into our evolution. It is clear that ideas and people have always been at the center of what we do. In my time as Executive Director I have met so many wonderful entrepreneurs around the world, and want to thank you all for your courage and dedication. Our initiative stands strong thanks to your personal commitment.

GEORG KELL

Executive Director
UN Global Compact

“I see a growing acknowledgement by governments that corporations and businesses are also part of the solution to large societal problems.”

Sir Mark Moody-Stuart

As Managing Director and Chairman of Royal Dutch Shell, Sir Mark Moody-Stuart learned that a company of that size cannot and should not try to stay completely out of politics. Today he sees great room for businesses, civil society and governments to work together on sustainable development.

GETTING INVOLVED

SIR MARK MOODY-STUART

Chairman
Foundation for the
Global Compact

In the early 1990s, Royal Dutch Shell had a very clear company policy: “we don’t get involved in politics”. Along with the company’s other great commandment, “we don’t bribe people”, this was firmly rooted as the foundation of how Shell conducted business. And the company believed all was well.

Then, in 1995, the company was hit by a double crisis – the execution of environmental and human rights activist Ken Saro-Wiwa in Nigeria and the planned sinking of the Brent Spar oil storage facility in the Atlantic. These cases exploded, with Shell being accused of complicity in human rights abuses in the oil-rich Niger Delta and of using the seabed as a dumping ground for crude oil, PCBs, heavy metals and low-level radioactive waste.

“Inside the company, the cases brought shock and disbelief,” says Moody-Stuart, at the time Group Managing Director and, from 1998 to 2001, Chairman of the Board.

“We had our company principles – we had had them for a long time and they were actually pretty good for the time – and we thought that we had behaved responsibly, but the world as a whole didn’t think we had done a very good job,” he says.

In Nigeria, Shell had called for clemency, but maintained that it would not get involved in politics. And the company was firm that disposing of the Brent Spar facility in deep waters was the best solution from a safety point of view. Shell had done the calculations. Still, the world did not think the company had done a very good job.

“That attacked Shell’s self-esteem. We’re a very analytical company, and we thought we’d conducted the right analysis,” says Moody-Stuart.

But being an analytical company, Shell also tried to figure out what the matter was. It arranged workshops around the globe with internal and external stakeholders to ask them what they believed a responsible corporation should be doing and, as Moody-Stuart puts it – “surprisingly, even our critics agreed to attend”.

In fact, these turned out to be much more constructive than he had anticipated. Shell did not avoid criticism, but “they knew the positives as well as the negatives”. The result was three modifications to Shell’s principles, including to the company policy of not getting involved in politics.

“People basically told us that there was no way a company like Shell can be outside of politics. Inaction is also political activity, and that rang true with me,” says Moody-Stuart.

Shell maintained that it would not give political contributions, but became open to the prospect of working with civil society on specific matters affecting its business. Moreover, it added the responsibility of respecting human rights in its own organization and the communities and countries in which it works.

However, Moody-Stuart says that the greatest difference was not the changes to the principles themselves; it was the fact that the principles had been formulated together with a group of external stakeholders and that Shell started reporting on them. “Any set of principles would be criticized if you made them on your own and didn’t report transparently on them,” he says.

From that starting point came the Shell report on environmental and social performance in 1997, an early example of what would later become the norm in global corporations. As Moody-Stuart recollects – “our core owners at the time had no idea what we were talking about”.

In 2000, the company became a founding member of the UN Global Compact and, although it has not avoided criticism since then, Shell has continued the course of involvement.

Today Moody-Stuart is the Chair of the Foundation for the Global Compact and Vice Chair of the UN Global Compact itself. He sees still greater room – and need – for businesses to become involved in sustainable development. The contribution of business to the work of developing the Sustainable Development Goals is a testament to that.

“When Kofi Annan announced the Global Compact and the ambition to involve private business in solving greater societal problems, he got into some trouble with some member states, which said that: “this is government business”, but today I see a growing acknowledgement by governments that corporations and businesses are also part of the solution to large societal problems. They are not just the part of society that creates jobs and money.”

WHAT’S NEXT?

CORPORATIONS AS DIPLOMATS

Though he does not like the term, Sir Mark Moody-Stuart believes businesses have a unique chance to act as “corporate diplomats” – promoting stability and reconciliation in conflict-ridden zones.

“Companies have the ability to work across fragile international boundaries. When the politicians are not talking to each other, or are at each other’s throats, we business people can continue to talk to each other, and this is a huge stabilizing factor across fractured political and societal boundaries. We may not agree. Our politicians may be calling each other names, but if we can get on with the business, it is a stabilizing, I would almost say a civilizing, factor,” he says.

However, he stresses that this needs to be defined as a principle.

“It needs to be done with openness; not secret deals. That’s why I’m very enthusiastic about the UN Global Compact Business for Peace initiative. I think it’s an indication of a change in the Global Compact’s way of operating.”

PHOTO: ANDRIS SONDRAL VSDAL



Don't worry about numbers. To create real change you don't need many partners, you just need the right partners, says Paul Polman.

MOVING MOUNTAINS

PAUL POLMAN
Chief Executive Officer
Unilever

Talking to Paul Polman, CEO of the international consumer goods corporation Unilever, the immense challenge of transforming the world economy into a more sustainable model for the future seems, if not easy, then at least doable.

Get the right – and big – stakeholders together, agree on a course of action and use your size and influence to push for change. Not an easy task, but not rocket science either.

“If you want to avoid deforestation, for example, you get the big forestry and logging companies together, then add the big traders and the consumer goods companies that use the products. At the end of the day, you need 30-40 of those. If you want to drive transformational change, you don't need a lot of companies to create critical mass, you just need the right companies and partnerships,” he says.

It might sound a bit too easy, but Polman has examples to support his point: the establishment of the Forest Stewardship Council (FSC) and its marine counterpart, the Marine Stewardship Council (MSC), as well as the Refrigerants, Naturally! initiative for cleaner, more energy-efficient refrigerators.

It is not that the smaller companies do not matter – after all they make up most of the economy – but they do not define a market or business area. This is the role – and responsibility – of the large corporations.

“The corporations that in the future will win respect and high regard are the ones which do not abdicate that responsibility. A company like Unilever has around 200,000 suppliers that will all, down the value chain, be influenced by our choices. So you create change with the big corporations, but you galvanize it down the value chain with the smaller companies,” says Polman.

Of course, it is easy to see just how you gather the 30-40 companies that can drive change if you, like Polman, are speaking from the position as CEO of a Fortune 500 company and can casually mention recent talks with President Joko Widodo of Indonesia, President Benigno Aquino of the Philippines and President Dilma Rousseff of Brazil. However, there are a few resources to use too. The UN Global Compact is one.

“The real tipping point for any push for sustainability is getting the few bigger companies on board, and often they will be LEAD members of the Global Compact. This is one of the ways in which the Compact has started to catalyse action on important topics. Another contribution is the way in which the Global Compact has mainstreamed sustainability by setting a global standard and created the exchange of good practice. The UN has demonstrated that it is one of the partners that can help drive transformation,” he says.

In a world where – as Polman sees it – political governance is failing to address the pressing sustainability issues, corporate action is needed, and not just by keeping their own house in order.

“One of the greatest effects that corporations can have in the transformation of our economy is to ‘de-risk’ political action. If a coalition of 30-40 defining industry stakeholders asks for better regulation of, for example, logging, then you help to give politicians the courage to do the right thing. It's very difficult nowadays to be a politician. I'm a firm believer that it's part of our responsibility at Unilever to de-risk the political process and give politicians more courage,” says Polman.

“You create change with the big corporations, but you galvanize it down the value chain with the smaller companies.”

Transformation might seem easier than normal when speaking to Polman, but he does not underestimate the challenge or overplay the role of business.

“Business is involved and changing, and doing so at an increasing pace. It's just that the speed at which these issues are happening outside is increasing faster,” he says. However, he remains optimistic. Not least because of the commitment of businesses channelled through the UN.

“When the UN Secretary-General called the Climate Summit in September 2014, more than 175 CEOs attended. I don't think the UN has ever before had so many CEOs there. I believe that sent a very strong signal to world leaders: we want to make things happen faster and to do that we need to partner up. So let's all behave like adults and start working together.”

WHAT'S NEXT?

SUSTAINABLE DEVELOPMENT GOALS

Paul Polman is impatient. We need to scale up the transformation when it comes to sustainability. However, to get to that stage, businesses and governments need a framework of goals and obligations to aim for. Polman sees that the Sustainable Development Goals (SDGs) that will be adopted in September 2015 can act as that framework.

“The SDGs are obviously an enormous opportunity to bring about a more transformative change. In the absence of global governance, the SDGs are really a moral framework showing us how we should behave and frankly they are the best opportunity we currently have. We should absolutely give it our all to get the best we can get,” says Polman.

“The creation of the Global Compact has allowed actors to begin a process of building trust, and trust is at this moment in time one of the key elements in building a better, greener, more positive future.”

Yolanda Kakabadse

At long last business has come to the table and entered into a serious discussion on the sustainability challenges we are facing, says Yolanda Kakabadse.

FINALLY...

YOLANDA KAKABADSE

President
WWF International

“I don’t know whether the word ‘finally’ is strong enough?” Yolanda Kakabadse says. A piercing gaze travels undisturbed across half the world via the video-link to underline her words. It is not without humour – but it leaves little doubt that the word is probably not strong enough to express the impatience with which Kakabadse has been waiting for businesses to really come to the table and discuss climate change. Now they are there – finally.

“The corporate sector has understood that they need to partner with other sectors and organizations to face our current threats related to climate change. They understand now that it’s not a question of success or growth. Their own survival depends on both their ability to digest and incorporate the scientific knowledge into their businesses and their capacity to be a strong ally of the multilateral system. They know that they are crucial, but they can’t do it alone,” she says.

Kakabadse has been President of WWF International since 2010. She has held executive positions in national and international NGOs for more than 35 years and has had a stint as Minister for the Environment in her home country of Ecuador. From that vantage point, she has seen how business has been slow in reacting to the threat of climate change, but over the past ten to fifteen years, something has happened. Trust has been built and barriers have been broken down, not least because of the UN Global Compact.

“The corporate sector was very suspicious about working with government, with civil society and with the UN. The creation of the Global Compact has allowed these actors to begin a process of building trust, and trust is at this moment in time one of the key elements in building a better, greener, more positive future,” says Kakabadse.

“Engaging business in sustainable development is vital because the private sector holds the key to change,” she says. Private actors bring knowledge, technology and finance, and in the past few years businesses – or at least some businesses – have entered the global debate on climate change policy as some of the most vocal supporters of a global carbon tax and of raising the bar on emission cuts. Asked where the momentum for change was created during these years, Kakabadse answers unequivocally: “in the business sector”.

“No doubt about that. The positive and negative impacts on resources, land, water, air and energy are mainly created, addressed and managed by the business sector. Their ability to understand that their impact is the main driver of good or bad, of the destruction or conservation of vital resources, is essential in the process of change. Without the private sector’s willingness to take action, government and civil society will be at a loss,” she says.

It is not just with regard to climate change that Kakabadse sees business stepping up. She mentions the CEO Water Mandate, a UN Global Compact initiative, as an example of business engaging wholeheartedly in finding solutions to global problems in collaboration with other stakeholders.

“In the CEO Water Mandate, we have seen what a build-up of trust can do. It has created a strong alliance between very different stakeholders by having them work together on guidelines for policies and for operations on the ground. It’s very down-to-earth and we have experienced the corporate actors in this initiative to be really serious about taking into account our guidance and criticisms to rethink their behaviours,” she says.

“However, it’s not all goodwill and far-sighted leadership. A major factor in the process of building trust has been the rise of information and communication technologies and the transparency they have enforced on all stakeholders,” says Kakabadse.

“No organization – whether it’s a government, a business or a civil society group – can keep secrets any more. If you want to be in the global arena and to succeed in the future, then you have to be transparent and that has revolutionized the way that stakeholders commit to change. They are fulfilling their promises because if they don’t they are cheating and with social media it means that it will soon be evident to all. A lack of transparency is no longer acceptable and can no longer go unnoticed – as all organizations are subject to public scrutiny,” she adds.

WHAT’S NEXT?

WATER AS A SECURITY ISSUE

The coming years will force many businesses to focus on how they manage critical resources. For Kakabadse, water is top of the list of critical resources. And she thinks it could very well move from being a resource issue to become a security issue.

“I believe that in the next few years more than a few actors will recognize that this is a security issue and a real threat to peace and security – not just a question of a better quality of life,” says Kakabadse.

PHOTO: WWF / RICHARD STONEHOUSE





A NECESSARY GAMBLE

KOFI ANNAN

The 7th Secretary-General
United Nations,
Chair
Kofi Annan Foundation,
Nobel Peace Prize Laureate

When Kofi Annan invited civil society and the private sector to work with the United Nations to find and implement solutions to the world's great challenges, it proved a controversial gambit. However, Annan maintains that the gamble has paid off, and today businesses are more than ever before in a position to promote sustainability.

In the late 1990s, the private sector and the UN were not on the best of terms. The UN system – and many governments – tended towards the opinion that large corporations were not doing enough to ensure that the benefits of globalization were enjoyed equally or fairly, while many in the private sector saw the UN as essentially a waste of prime Manhattan real estate.

But on the 38th floor of the UN building, new ideas and strategies were being conceived. The Secretary-General had a plan: if the UN was to achieve its mandate and deliver on the aspirations of world citizens, it needed to expand its network of partners and build a broader foundation for global development. Civil society organizations needed to be brought to the table, as did the private sector.

“If we were going to have the kind of impact I felt we should have – and we were not going to get all the money we needed to do that from governments – then we needed to expand our capacity through networking,” says Annan. It was at his urging that the UN engaged with business not only via the traditional UN agencies but also through the UN Global Compact, which was established as an independent organization with the support of the UN General Assembly.

“Forward-looking companies need not wait for government regulation to do what’s right.”

The idea was controversial. It was not just the UN system that was suspicious of business. This was a period which saw anti-globalization demonstrations in many parts of the world, and in many civil society organizations – and some governments too – corporate power was seen as a rampant and unchecked force for social division and environmental degradation. The idea of engaging big business in agendas such as human rights, environmental protection and labour rights was not “immediately appreciated by every ambassador” to the UN. However, it was part of his plan as Secretary-General to bring the UN closer to the people of the world, and he was firm in his belief that the people were “out there” and not in the UN building in New York.

“It was a risk, but I was convinced it was the right thing to do. Businesses have a contribution to make. They often have the managerial skills, the technology and the resources to make a difference, and I felt we should try it,” he says.

In June 2000, the Global Compact was launched at the UN Headquarters with fewer than 50 signatory businesses. Fast forward 15 years and the Global Compact now boasts a membership of more than 8,000 businesses and 4,000 labour and civil society organizations. Participants have established more than 80 Local Networks and the Global Compact has launched a number of initiatives such as Principles for Responsible

Investment and Caring for Climate that have added considerable corporate power to the sustainability agenda.

“But perhaps the biggest change over that period is how businesses have become accepted as stakeholders that can play a part in solving many of the world’s challenges,” says Annan.

“There is an openness today for government to accept that they cannot do everything by themselves. This has strengthened the development of public-private partnerships because I think peoples and governments have realized that we need all stakeholders to play their part. If we take a major issue like climate change, it is obvious that, at the end of the day, the real difference will be determined to a large extent by how corporations direct their research funding, the innovations they get involved with and how they help green the economy,” he says.

It was not always easy, however, and in some cases concerted efforts were required to convince business to engage with the Compact. This was the case with many of the large pharmaceutical companies, which had traditionally resisted lowering the price of anti-retroviral treatments for HIV/AIDS.

“We argued back and forth, but in the end they found a way of lowering the price. Today, many more people are on this medication, something that we could not possibly have achieved otherwise, so in the end they also made a difference,” says Annan.

He sees an ever-growing role for business to play in the effort to build a fairer and more peaceful world. “It’s an ongoing evolution,” as he puts it, and in some cases – perhaps climate change is the best example – businesses are really the driving force of positive change.

“I hope we will have a binding agreement between governments by the end of this year, but at the end of the day governments have to build very much on what the companies are able to do. The decisions of governments will have to rely on the companies to deliver. I think, in fact, that forward-looking companies need not wait for government regulation to do what’s right.”

WHAT’S NEXT?

INTERNATIONAL RELATIONS AT ALL LEVELS
Wary of regionalization, Kofi Annan sees a growing role for businesses and indeed individuals in shaping international relations.

“In my judgement, we live in a world where international relations are not something between governments alone. They are just as much something created by people and business as they travel the world. This develops understanding,” he says.

However, he also sees disturbing signs of protectionism, and of regions and nations closing in on themselves.

“Often, regional trade arrangements weaken the global system. We need to be conscious that in the long run no one can prosper at the expense of others,” says Annan.

For Marilyn Carlson Nelson, the fight against child sexual trafficking has gone way beyond traditional CSR initiatives. This is a moral imperative, not a competitive advantage, she says.

CORPORATE ACTIVISM

MARILYN CARLSON NELSON

Co - CEO
Carlson Holdings

It took some courage. The CEO and Chairman of the travel and hospitality giant Carlson was facing 2,000 of the company's most important stakeholders and was about to tell them that Carlson was taking a stand against child sex trafficking.

"We had employees, owners and suppliers in that room. I was basically asking my entire stakeholder population to become 21st century abolitionists," she recalls with a laugh.

"You know they were just getting used to the fact that they had a female CEO, and now I was ending an otherwise joyous meeting by bringing everyone down to earth with a discussion about children being forced to have sex in hotels," she says.

Her decision to take action against the sex trafficking of children was greeted first with a long silence and then with standing applause. In the following weeks and months, she received numerous e-mails from employees expressing how proud they were of their company's leadership, and managers and owners across the system began enrolling their employees in Carlson-developed training programmes on how to react to suspected child trafficking.

"Cross-sector engagement is the only way to disrupt an injustice of this magnitude."

That was in 2004. Five years earlier, Carlson Nelson first became involved in the issue when the company became a co-founder of the World Childhood Foundation initiated by Her Majesty Queen Silvia of Sweden. And in doing so, she eventually became aware of the preventive role that the travel and hospitality business can play in protecting children at risk.

"The travel and hospitality industry is an environment in which the sexual trafficking of children plays out, and everyone in our industry could be complicit without any intention to be," she says.

At first, the involvement was via the Carlson Family Foundation, but it quickly took root in the business too via training programmes, zero-tolerance supplier and employee policies on the sexual exploitation of children and the dissemination of information on the issue to travellers. Many companies would perhaps stop there and feel they had done a pretty good job. Carlson did not.

It quickly became clear that the national hotline number for hotel staff who suspected acts of child sexual trafficking did not work. Carlson Nelson tried it herself, but gave up after being put on hold for 20 minutes. She voiced her concern to the authorities. Not long after, a new hotline partner was found that did not just answer the phone promptly, but did so in multiple languages, tracked statistics state by state and then leveraged the data to engage in advocacy to strengthen anti-trafficking statutes across the US.

Carlson would go on to support an initiative to partner with governments around the globe to establish similar hotlines and share trafficking data across borders. After that, Carlson moved on to support legislation proper, helping to get safe harbour laws passed in several US states. Just the day before this interview, a piece of what Carlson Nelson calls "next generation" legislation was passed in Washington after coordinated pressure from, among others, Carlson and the NGO Human Rights First. This particular bill focused on giving law enforcement more authority in the fight against human trafficking.

This synergistic collaboration between a company and its foundation has put significant pressure on the US and the international travel industry to adopt the same standards as Carlson. "This is a moral imperative, not a competitive advantage," as Carlson Nelson puts it. Carlson has also encouraged the financial community to be involved in the fight against human trafficking. "It's the second-largest underground activity and in many cases, it can be traced," she adds. The Carlson Family Foundation and Carlson have funded the training of law enforcement, helped to underwrite the production of a world-acclaimed documentary on the topic and supported local, national and global initiatives. They have also helped to expand the fight outside the travel industry by being a founding member of the Global Business Coalition Against Human Trafficking, partnering with major corporations such as Ford, Coca-Cola, Manpower and Microsoft.

Carlson Nelson calls it a multipronged response to corporate citizenship. "It's the recognition," she says, "that first, you can integrate philanthropic initiatives with corporate platforms to create greater impact and second, that you still cannot do it alone. Cross-sector engagement is the only way to disrupt an injustice of this magnitude."

"At every turn, it's a collaboration. Businesses cannot do everything, governments cannot do everything and non-profits cannot do everything. We must partner," says Carlson Nelson, "and it's very important that each of us plays our own role and brings to these partnerships the capabilities that we can best offer."

WHAT'S NEXT?

RANKINGS FOR MOTIVATION

If there is one thing that can really make people in power uncomfortable, it is knowing that their peers are doing better than they are. Marilyn Carlson Nelson remembers a discussion at the World Economic Forum about a ranking of countries based on women's roles in society: political participation, employment, ownership of property, education, etc.

"There was also a list of how the countries were doing. I learned first-hand, sitting in a circle of country leaders, that nobody wants to be at the bottom of those lists," she says and suggests that rankings can be used to motivate stronger action on corporate responsibility in the coming years.

"Those lists absolutely motivate the competitive nature of government leaders and corporate leaders at every level."

PHOTO: ANDRIS SONDRAL VÍDAL



“Technology has given ordinary people, even people who are not your customers, a hell of an impact on your brand. Technology takes power away from the corporates and puts it in the hands of the consumer.” ”

Bob Collymore

A company's licence to operate is not issued by governments, it is issued by the society in which a company operates, and to keep it you need to serve that society, says Bob Collymore.

SEEING THE BIGGER PICTURE

ROBERT (BOB) COLLYMORE

Chief Executive Officer
Safaricom

When Bob Collymore became CEO of Safaricom, people advised him to think about what his legacy should be. He was close to clueless.

“To be frank, I had no idea what it was going to be, but I believed – and still do – that a legacy should be something a bit more enduring and robust than simply increasing shareholder returns,” says Collymore.

So he urged the organization to look ahead, not just to the end of the quarter or next year but 20-30 years into the future. Moreover, he looked sideways at the small but revered group of companies that have been listed on, for example, the New York or London Stock Exchanges for decades. Only a few of the companies that were listed 60 to 100 years ago are still around, but in them he also found the 20-30-year outlook and a willingness to act accordingly.

“Technology takes power away from the corporates and puts it in the hands of the consumer.”

“If you want to be around for 30 or 40 years, you have to be able to operate with that kind of time perspective. Of course, if you only care about surviving to the next financial year, you can take a short-term outlook. However, I suggest it is a much better legacy for you and your successors to have a company which is running successfully 50 years from now rather than a company that delivers record results next year,” he says.

From that perspective, many things become apparent that you might not see in daily operations or in the race towards the next quarterly report. Like how markets – in Safaricom's case, the telecommunications market – will develop more strongly if society also becomes more robust. And how that means that your real licence to operate does not stem from a deal made with governments or regulators, it is constantly being negotiated with a much broader group of stakeholders.

“Technology has given ordinary people, even people who are not your customers, a hell of an impact on your brand. You can go to the most remote part of Kenya and a person will be just two clicks away from the same amount of information as someone in Manhattan will have access to. Technology takes power away from the corporates and puts it in the hands of the consumer,” says Collymore.

At the same time, a new generation – the millennials – is entering society in force and has very different priorities. They do not want to be talked at; they want to be engaged in conversation and to co-create solutions. And they demand much greater accountability and transparency from the companies they engage with.

“What this means is that companies can no longer act with impunity or simply serve shareholders. They need to consider how they can be trustworthy and relevant partners for multiple stakeholder groups,” he says.

Collymore has been the CEO of Safaricom since 2010. In his own words, the board of the company was looking for someone who saw the bigger picture of how business and society interact, especially in a challenging environment like that in Kenya.

“Honestly, they weren't looking for someone who was massively competent in technology or marketing. They were looking for someone who could see that the purpose of this business is not merely to create a return on sales or on investment. It is actually to have a positive impact on the societies in which we work. If you can do that, it makes a much better long-term market,” he says.

True to that strategy, Safaricom has gone beyond just being a mobile phone network. Its payment service, M-pesa, is the largest money transfer service in Kenya and has had a significant positive influence on the crime level by reducing the amount of cash in circulation. M-pesa has been exported to several African, Asian and European countries. Later developments have added savings, loans and insurance services, making it a strong instrument for financial inclusion. This is all part of the understanding that great businesses need great societies in order to flourish.

However, that realization is not widespread – at least not yet. At the time of this interview, Collymore is planning to go on the annual investor roadshow in a few weeks. He will bring his financial report, of course, and his sustainability report too, but he has little hopes that investors will spend much time on the latter.

“I bet you 80 to 85 per cent of them will not have read it. But they should, because since we stopped focusing so much on shareholder returns, they have actually risen,” he says.

Safaricom shares used to be quoted at around 2.9 Kenyan Shillings and are now at 16, and that is also part of the good legacy.

WHAT'S NEXT? NO GOING BACK

The move towards a greater focus on sustainability will grow and gain pace, believes Collymore. The logic for him is simple: it's a one way street.

“Okay, I'm going to sound a bit arrogant here, but once you get it, once you understand that this is the way we need to do business, there's no going back. When you have that “Aha”-experience, you can't look back. It would be like trying to make a wheel square,” says Collymore.

“I think we need to take back the trust that we’ve lost along the way. But we have to do it by the right action, not just talk.”

Chad Holliday

People want to do the right thing, but it's not easy. Leaders must make it possible for real change to happen, says Chad Holliday.

DOING THE RIGHT THING

CHAD HOLLIDAY

Chairman
Royal Dutch Shell plc

"You can't trust companies to do the right thing, so don't bother with CSR – Corporate Social Responsibility!" said the editor of the Financial Times, and Chad Holliday was genuinely surprised. Who could be against companies doing the right thing for society?

This was 2002 and Holliday, who at that time was CEO of DuPont, had just published the book 'Walking the Talk: The Business Case for Sustainable Development' along with a group of co-authors. He attended the book launch in London and this was where he was in a panel debate with an editor of the FT.

"The editor's point was that the vast majority of companies won't do the right thing by themselves, so laws must be enforced anyway and why then should a few companies bother with CSR?" explains Holliday. Of the 200 people in the room, probably 190 would have sided with the editor, he estimates today. "And the last ten worked at DuPont," he says with a laugh.

However, times have changed. A debate like that today would probably divide the room more equally. "It may not be 50/50, but things are moving in that direction," he says, "driven perhaps most of all by the realization that corporate responsibility is not just the right thing to do, it is also a business opportunity. Even investors are getting the message."

"Probably half of them see the need to act responsibly from a risk management perspective. They want to make certain there are no liabilities. The other half are thinking about opportunities, such as new products," says Holliday.

During his tenure at DuPont, the company moved towards a sustainable business model, growing financially while at the same time reducing its ecological footprint. However, doing the right thing is not necessarily easy. It took some time to get the tools right. "Just telling the organization what to do by imposing targets, for example for the reduction of greenhouse gas emissions, didn't make a significant difference," he recalls.

"We tried the top-down approach, and results didn't move. So instead, we created what I call our internal cap-and-trade system, where great projects to reduce greenhouse gas emissions could be brought forward outside the normal budgeting process so they didn't compete with normal business. The net impact was a cut in emissions of 62% in a period when production rose by 30%," says Holliday.

The difference was that the system encouraged mid-level managers to engage. In Holliday's experience, they are the most important group to obtain a commitment from when you want to change a company. But they can also be the hardest to get on board.

"The top can say all the right words and the middle will say they are supportive, but they won't necessarily be. They want to do the right thing just as much as anyone else. However, their priority is to get a new product out or expand capacity in other ways, that's the human nature of business. If you don't take sustainability outside normal processes, at least in the beginning, you will only achieve small changes," says Holliday.

A few weeks after this interview, Holliday took the position as Chairman of the Board at Royal Dutch Shell plc, a company that has a history of working hard to do the right thing, but also has been hit hard in the public sphere when it turned out that its perception of the right thing to do was not generally shared by its stakeholders.

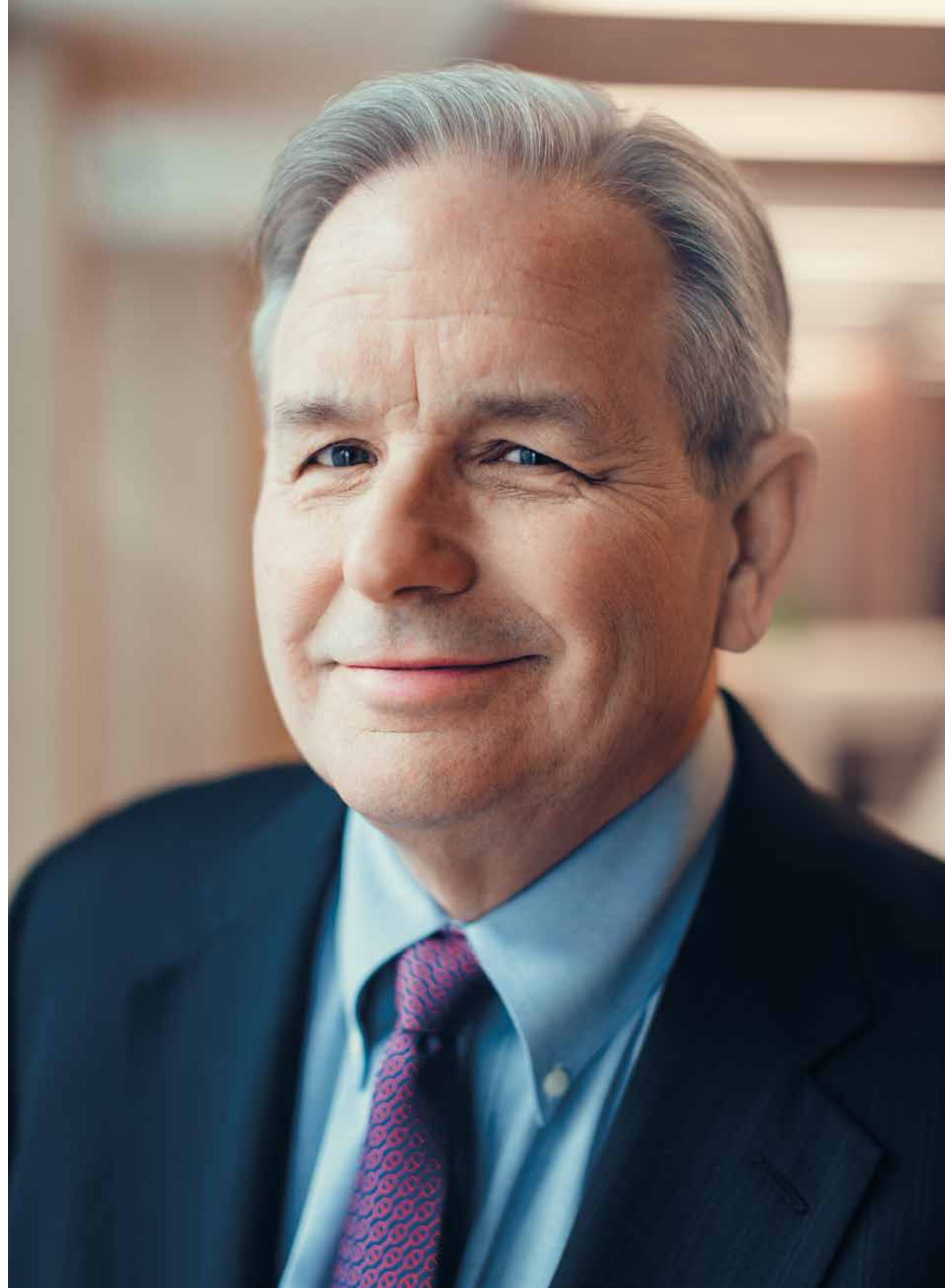
"Shell, like every company, must listen to all its stakeholders and be open to a wide variety of perspectives. We all need to change our way of thinking. There is distrust in business today that wasn't there when I started in business in the seventies. I think we need to take back the trust that we've lost along the way. But we have to do it by the right action, not just talk. We have to do the right things for the right reasons."

WHAT'S NEXT?

A LITTLE NUDGE TO START THINGS MOVING
In Chad Holliday's view, business is 'stuck in neutral', afraid to invest because they do not know if now is the right time to shift to sustainability. He hopes politicians will provide a little prod to set them in the right direction.

"Governments could send the signals we need to nudge business leaders in the direction we know that we ultimately have to go. This could increase the positive momentum," says Holliday.

PHOTO: ANDRIS SONDRLOVSDAL



We have the capacity to enable much greater use of renewable energy by interconnecting the world's energy grids, says Liu Zhenya.

INTERCONNECTING THE WORLD

LIU ZHENYA

Chairman
State Grid Corporation of China

Perhaps it is a dream, but it is an attainable dream. A global ultra-high-voltage energy grid that ties together solar, hydro and wind energy installations and energy-hungry cities. It is clean, increasingly affordable and, if you ask Liu Zhenya, the Chairman of Chinese state-owned power company, State Grid Corporation of China (SGCC), it is exactly what we need to push for in the global energy agenda. SGCC is the world's largest power company serving more than 1.1 billion Chinese consumers and operating grids in the Philippines, Brazil, Portugal, Australia and Italy.

"Energy is the material premise for economic and social development. Currently, the over-development and use of fossil-based energy result in a series of global problems such as resource shortages, environmental pollution and climate change, causing severe threats to human existence and sustainable development. The fundamental way out is to build a global energy network based on ultra-high-voltage (UHV) connections and smart-grid technology. This can accelerate the deployment of clean energy and form a new energy-development pattern with electric power as the centre, the delivery of clean energy as the priority and improved resource allocation in a global range," Mr Liu says in a written response.

He points out that recent developments in China show the promise here. So far, SGCC has constructed and put into operation seven ultra-high-voltage (UHV) projects that have together transmitted 400TWh of electricity. They have become the main channels for delivering hydropower in Southwest China and thermal, wind and solar power in West and North China. "These actions strongly help to mitigate smog in East and Central China and accelerate the development of clean energy in the West of China," he adds.

"Enterprise innovation is one of the most important factors driving global sustainable developments."

Of course, interconnecting the energy grids on a continental or global scale is no easy task. Technologically, it can be done, but the greatest challenge lies perhaps in establishing the necessary international collaboration. However, Mr Liu proposes an initiative. The first cross-border agreements can be in place in 2020, while cross-continent structures can be ready by 2030 and finally, around 2050, we might actually have the globally connected grids in place. And this is where he sees a role for the UN Global Compact. He hopes it can use its position as a convener of different stakeholders in the global sustainability agenda to advocate for a much more governed development of

a global energy infrastructure with a focus on renewables and tied together by a backbone of UHV connections – the Global Energy Interconnection.

"As an influential international organization in the field of sustainability, we hope that the Global Compact will play a positive role in focusing the attention of governments, international organizations, social groups, energy companies and financial companies on the sustainable development of global energy and promote the construction of the Global Energy Interconnection," he writes.

It might sound like too ambitious a plan even for the world's largest energy transmitter, but Mr Liu reminds us that, without visions, we will not create the revolutionary changes we need to address the world's energy challenges.

"Enterprise innovation is one of the most important factors driving global sustainable developments. Innovative enterprises take the lead in creating sustainable development strategies, innovate to improve energy efficiency, actively reduce carbon emissions from their operations and strengthen their cooperation with governments, international organizations and social institutions in order to make a positive contribution to global low-carbon and green developments," writes Mr Liu.

WHAT'S NEXT?

BUILDING SUPPORT FOR THE GRID

Developing the international grid of UHV connections should take a front seat in the efforts to bring clean renewable power to the world, says Liu Zhenya, and so far he is getting good feedback on his vision.

"I've been invited to the World Energy Conference, Global Sustainable Electric Power Cooperation Organization Summit, IEEE Power and Energy Association Annual Meeting, APEC Energy Minister and Entrepreneurs luncheon, UN Climate Summit and other international conferences many times. At these conferences, I illustrated my concept and idea of a Global Energy Interconnection and received active support and responses from the delegates," says Mr. Liu.

“What we need is a new business culture and new code of ethics that allow the financial services industry to serve its clients and through that create value for a wider set of stakeholders.”

Leading businesses are creating value through developing and nurturing their relationships with stakeholders. The financial services industry needs to develop the tools to measure that value, says Colin Melvin.

FINDING THE NEW VALUE DRIVERS

COLIN MELVIN

Founder & Chief Executive
Officer
Hermes Equity Ownership
Services

When the financial crisis hit, Colin Melvin expected retrenchment. Like many others, he believed businesses would all focus exclusively on the short term and on getting out alive. Indeed, some did as expected, but to Melvin the greatest surprise was that largely the opposite happened. People started questioning the system.

"I think that, as the crisis hit, people realized that this was a crisis of responsibility. They saw the damage done and realized that this was not about just getting back on the same track, and that instead we needed better leadership within business and in investment," says Melvin. He is the founder and Director of Hermes EOS, a financial services company specializing in facilitating responsible and active ownership. As Chair of the Investor Group, he was deeply involved in formulating the UN-backed Principles for Responsible Investment (PRI) launched in 2006 and he currently serves on the PRI board.

When he talks about leadership and responsibility, Colin Melvin speaks with conviction and in terms that are not usually associated with his work environment – the financial district in the City of London. He talks about compassionate and respectful leadership and of the importance of nurturing and developing talent, but most of all he talks about relationships.

"I think we're seeing a massive shift in leadership thinking, away from the idea that business is all about simple transactions and towards a focus on business being driven by relationships. Businesses are social machines and the quality of their internal and external relationships is what creates value. If you can maximize the quality of those relationships, you maximize the utility of the company – not just in monetary terms, but also in terms of benefits to society, the economy and the environment," says Melvin.

"This is really stakeholder management taken seriously," he explains. "It can also be explained as an evolution of business; from thinking with the ego-centred reptile brain to engaging the higher social and affiliation functions and realizing that we can be more successful together than on our own."

"The best companies understand this. They might not describe it in those terms, but they are already doing it," says Melvin.

Nevertheless, even though a growing group of companies is starting to look on their relationships and stakeholder management as the vital value drivers in their business, this perspective is far from universal. Moreover, in Melvin's own part of the business world, the financial services industry, it is unfortunately still very absent. This is perhaps understandable in a sector that more than any other has a business model focused on facilitating and creating transactions. However, what it means is that investors and asset managers are perhaps five years behind the corporate world in developing a business understanding that is suited to the challenges facing them today, as Melvin puts it.

He sees an urgent need for the financial services industry to take a critical look at its own business models and how they create value.

"The role of the investor should be to provide good stewardship and create value for underlying beneficiaries, and the proper function of the City should be the efficient allocation of capital to where it can be best applied. Unfortunately, the financial services industry is a long way from that at the moment. The City and Wall Street make their money from transactions, from the simple buying and selling of stocks, and that adds very little value, if any," he says.

And this is where Melvin returns to relationships. Because if tending to relationships is what really makes a business valuable – for all stakeholders – investors should know how to measure that in order to move capital to the companies that do it best – and help develop the laggards.

"The idea that we're seeing now in the investment world is that if you can properly analyse the quality of a business's relationships, you can both predict the firm's future performance and contribute to that performance as shareholders by using your ownership leverage to bring about change," he says. And although progress towards that goal is slow, there are encouraging signs.

"Some of the heads of the world's biggest investment firms and certain management companies are starting to use the right words. And what's perhaps most important: companies and pension funds are really the principals of the system, and they are starting to get this message. Once they start applying pressure on the financial services industry from both sides, that's when there will be change," says Melvin.

WHAT'S NEXT?

A NEW CODE OF ETHICS

Seen through Colin Melvin's eyes, the financial services industry needs to develop a greater sense of professionalism. "It's about knowing your clients and looking after their interests like good doctors or lawyers do, putting clients in the centre," he says. That is not what Melvin sees in the financial services industry today. Quite the opposite.

"In essence, many companies in the financial services industry make use of the fact that they have more information than their clients to their clients' detriment and make money for themselves first," he says.

"What we need is a new business culture and new code of ethics that allow the financial services industry to serve its clients and through that create value for a wider set of stakeholders," says Melvin.

Things are getting better, but not fast enough. Embedding sustainability as a guiding principle in business takes time and new challenges are constantly emerging. If the gap is to be closed, it will be by a combination of opportunity and risk management, with an emphasis on innovation, says Aron Cramer.

THE IMPATIENT OPTIMIST

ARON CRAMER

President & Chief Executive Officer
BSR

In a sense, everything has changed. When Aron Cramer, the President and CEO of BSR – an international non-profit business network and consultancy focused on sustainability, considers how corporate sustainability has developed over the past decade or two, he sees huge leaps forward; businesses now commit to zero-waste policies, they switch to 100 per cent renewable energy and they use their supply chains as vehicles for creating opportunities for economic development for more people.

“I don’t think there were many companies doing those things 15 years ago,” he says.

But in some ways, nothing has changed. Too few companies are taking action. We have not curbed greenhouse gas emissions, water stress is growing and human rights violations are continuing.

“Every day when you wake up, you have to choose whether you want to be an optimist or a pessimist. I think there is ample evidence to support each choice, but optimism is far more useful,” says Cramer.

“Every day when you wake up, you have to choose whether you want to be an optimist or a pessimist. I think there is ample evidence to support each choice, but optimism is far more useful.”

In a sense, it is Cramer’s business to be a guide for companies walking on the edge between optimism and pessimism. To guide them to take action. To do that, you probably need to be an optimist, and this is what he professes to be. When he looks around the corporate landscape, he sees widespread adoption of human rights principles, he sees fast-growing attention to gender equity, he sees companies working with the communities in which they operate, like the Chilean mining company he and local indigenous leaders had a meeting with just the week before the interview.

“Those kinds of things weren’t happening before. They make business better and they make life better for the communities where those things happen. I see many signs of progress, but I guess I would call myself an impatient optimist and say that I think things seem, in general, to be moving in the right direction, but not quickly enough,” says Cramer.

As he sees it, there is a need to accelerate change and to address systematic issues relating to the financial system, the public market, consumers and governments.

“All these issues make progress a little harder to achieve than we would like. However, if I was to choose one thing to change overnight, I would start with the way our public markets operate. I would speed up the transition to more integrated ways of valuing a company’s performance so that the incentives that business leaders have in front of them, not just every day, but every hour and every minute, are more in line with long-term value creation that explicitly considers the sustainability of the company’s business model, products and services and the company’s very essence,” says Cramer.

However, being an optimist, he sees the gap between what is needed and what is being done as closing, albeit slowly. This is driven by what he terms as “a combination of opportunity and risk”. In his view, risk management has been driving a lot of the change so far, especially the fear of losing reputation and provoking negative reactions from the media or civil society. But innovation – the ability to see sustainability as an opportunity – is on the rise, and he believes it will be a much stronger driver in the long run.

“The potential is infinitely greater from the opportunity side than it is from the risk side. Let’s face it, risk management is about preventing bad things from happening. That is an inherently limited concept. We are inspired by businesses when business creates exciting new things that meet our needs, but the needs of the 21st century are not the same as the needs of the 20th century. We’re not building products and solutions for the archetypal American suburban family that defined so much of the post-war economy. Now, we need to design solutions, products and services that make sense for a global urban middle-class in a world that is much more transparent and cannot continue to use natural resources the way it has. The companies that figure that out will be the champions of the 21st century,” he says.

WHAT’S NEXT? THREE TOUGH QUESTIONS

Aron Cramer sees three big sustainable-development questions: will the massive technological development promote sustainable development or actually undermine it? Can we learn to manage resources in time to avoid both crucial breakdowns in our water and food supply and uncontrollable global warming? And can we create truly inclusive economic development?

To add to all this, sustainability professionals may need to prepare for a period in which their jobs become tougher.

“The task of really implementing something like the UN Global Compact’s ten principles is much more prosaic than establishing them. Let’s face it, keeping sustainability on the world’s agenda isn’t as sexy as putting it there,” Cramer says with a laugh.

PHOTO: ANDRIS SONDRAL VISDAL



Change is needed more than ever, but it's hard. Remi Eriksen calls for a new sense of stewardship from business and sees new change agents emerging.

ENABLING CHANGE

REMI ERIKSEN

President & Chief Executive
Officer-elect
DNV GL Group

There is an old proverb saying if you don't change direction, you end up where you're going. Considering the massive impacts ahead from challenges such as climate change, increasing inequality, water crises and food shortages – just to mention a few from a basket of really bad apples – “where we are going” right now does not look all that attractive. If you ask Remi Eriksen, newly appointed President and CEO of DNV GL, we need to change direction more than ever. The trouble is, though, change is hard and the problems we are trying to steer clear of are really more difficult than ever.

“Whether you are running a business, a political party, a country or a farm, you should leave behind something that is better than what you inherited.”

“Throughout history, we have always had challenges, but I think they are tougher and more complex now. For one thing they are global and we really don't have global governance to match that. Also, they are too big and varied for one industry to solve alone. Climate change is especially complicated because the consequences show up in so many different ways. You don't really feel them in one clear way everywhere. So we need to mobilize across industries and across borders to address them,” says Eriksen.

This is why change needs leadership. The classic leadership attributes of setting a purpose, articulating far-reaching and inspiring ambitions and mobilizing around a common goal are definitely in demand. However, we need an extra facet to them, says Eriksen. Leadership needs to return to a more traditional concept; that of stewardship.

“I believe stewardship is as important today as it was 100 years ago. Whether you are running a business, a political party, a country or a farm, you should leave behind something that is better than what you inherited. Your charge is bigger than yourself and should always be your first priority,” he says.

At the time of this interview, it had only been three days since it was announced that Eriksen was to take over the position as President and CEO of DNV GL. “As a verifier, standard-setter and advisor for businesses worldwide on how to advance safety and sustainability in their operations, the company has a special responsibility to make a change of direction possible,” he says. “Especially since businesses are in many ways the entities best positioned to address some of the larger global sustainability challenges.

“Countries are not global, political parties are not global, but many businesses are. They can scale ideas, visions and technologies in multiple regions or globally, and this gives them a global reach and a global impact that many other actors don't have,” says Eriksen.

He is essentially optimistic about businesses' ability and willingness to change to more sustainable operations. Multiple pressures from employees, markets and investors will do a lot to convince the laggards to catch up. “However, it will not be easy, and not all businesses will adapt in time,” he says.

“I think we are in a period, where the pressure for change is building. When that pressure is released, things will happen very quickly, and I believe we will see a lot of ‘casualties’ among businesses that don't accept the challenges ahead,” he says.

However, those businesses that can and are willing to adapt can find new partners and collaborators in the new powerful change agents – cities, says Eriksen. According to his analysis, cities are in many ways better suited to address the challenges faced by societies. They are more agile than most nations and definitely more so than international agencies, and they have the opportunity to apply solutions that can have an immediate impact on particular problems, while still having a positive effect on the long-term problems such as climate change.

“In many parts of the world, people might not see problems such as climate change as the most imminent threat if they are struggling with water or food scarcity or local pollution. Cities can address many of these problems and do so in ways that also help to handle the long-term problems, if this is done wisely. I believe finding solutions for particular problems that also address the bigger challenges is the great opportunity in sustainability. It is the win-win initiatives that we have to become even better at spotting,” he says.

“Of course if this was easy, it would most probably already have been done. However, for a company like DNV GL that exists to solve problems, this is indeed a challenge we are taking on.

“We spend quite a lot of time considering how we can help companies, industries and governments to do things in a safer, smarter and greener way. And to be frank, it is these kinds of triple challenges that put an ear-to-ear smile on the faces of engineers,” concludes Eriksen.

WHAT'S NEXT? SUSTAINABILITY TO THE FORE

The coming years will see a lot more companies moving sustainability from specialized departments and isolated reporting into the core of their business. This will be assisted by rapid technological developments, for example in resource utilization efficiency and cleaner energy, says Remi Eriksen.

“We envisage large-scale deployment of cleaner energy solutions on both the supply and demand sides in the coming years. This is just one of the factors that make me believe that more companies will move beyond words and statements and incorporate sustainability into their operations, their day-to-day decision-making and their investment considerations. Why? Because it is viable and really the only right thing to do,” says Eriksen.

Entrepreneurs have the mindset we need for corporate sustainability because, contrary to popular belief – and the capital-market incentive structure – they are in it for the long haul, says Erika Karp.

NO EXIT STRATEGY

ERIKA KARP

Founder &
Chief Executive Officer
Cornerstone Capital

We could really learn from entrepreneurs. That point in itself is perhaps rather trivial, even overused, but Erika Karp adds an unconventional slant to it. What she believes we can learn from entrepreneurs is not the bubble economy's rush to get rich fast or die trying. It is rather the opposite. "If we are to develop a business culture that nurtures long-term thinking and sustainable business practice, we really need to look at how entrepreneurs work," she says.

"There is no one, no business, whose vision is more focused on the long-term outcomes than an entrepreneur. Large organizations have a lot to learn from smaller entrepreneurial organizations. They are all in," she says.

Karp might herself fall into the entrepreneur category. Just 18 months before this interview, she started Cornerstone Capital, a financial services firm, with the ambition of bringing the discipline of sustainable finance to mainstream capital markets. The timing is just right for that, she believes. However, while the timing for entering the market is crucial for entrepreneurs, she believes there is an excessive focus on exit strategies.

"It makes me so crazy when people think that entrepreneurs all hope to build a company fast and sell it. When you are truly and deeply an entrepreneur, you are absolutely trying to make profits and create value, but you are doing so with a purpose. It's not about a short-term exit," says Karp.

"There's a perception that sustainability is just window-dressing or greenwashing, and the investment world will sort that out very effectively."

She points out that she speaks not only for herself but also for the social entrepreneurs with whom she works and has a "wild respect" for. However, being an entrepreneur with a purpose can be hard when the first question you are asked by a prospective investor is: "what's your exit strategy?"

"Wait a minute, I'm trying to build a business here. I don't need to think about an exit strategy now," she says with a laugh. However, behind the humorous tone of voice there are real issues to be handled.

To Karp, this is a perfect example of why sustainability has been slow to take root in business practices in her area of business, the capital markets; the incentives are misaligned for that.

"You have an incentive system across the various capital-market functions that tends to support short-term thinking, and that is problematic," she says.

"Moreover, even though some of the larger and more forward-thinking corporations are making huge progress,

most companies are still lagging behind in terms of adopting sustainable business practices. And when investors don't really reward a focus on sustainability, there is too little will to change," she says.

In her view, the problem stems from a lack of understanding of how sustainability initiatives can be translated into the things investors care about: predictive insight based on good data that is reliable and allows for projections.

"Many companies will go out and say: 'Corporate sustainability initiatives enhanced our reputation'. Now, I will tell you that the investment community doesn't care much about that because they know that reputational strength and resilience are an outcome of the actual fundamental work done in the organization. So if you are a company and start a conversation with an investor with 'we want to build our reputation through sustainability', there's a perception that this is just window-dressing or greenwashing, and the investment world will sort that out very effectively," says Karp.

She believes that what we need to develop are coherent sustainability-reporting standards which are pragmatic, so companies can actually report precisely, and at the same time make sense to investors. We need tools and metrics that effectively articulate how companies are moving towards their sustainability goals and what this means for the value and future value of the company.

"I would argue that we need a much better understanding of the productivity of sustainability initiatives. The starting point for many companies has been an analysis of the reputational risks associated with not adapting to sustainability, and that is a start, but if we focus only on risks you are box-ticking rather than looking to the future. The focus needs to be on both risk management and opportunities to get the full profitability and growth outlook that investors seek," says Karp.

We are still far from having those tools at hand, but things are starting to happen. Financial institutions are slowly moving towards long-term compensation programmes and Karp is essentially optimistic – perhaps another entrepreneurial trait.

"I wouldn't have started this company if I didn't believe the timing was absolutely right," she says.

WHAT'S NEXT? MAKING NEW TOOLS

The corporate world and investors need to work together to develop a set of standards and metrics that can highlight the value coming from sustainability initiatives, says Erika Karp. When these two sets of players agree, things can really start moving.

"Those two stakeholder groups need to get closer together to create a more focused approach to reporting and transparency in which the financial metrics that are adopted are really those that are required by the investment community and are at the same time pragmatic to use for the companies," says Karp.

PHOTO: ANDRIS SONDRUL VİSDAL



The ten UN Global Compact principles should be strengthened, says one of the Compact's most long-running "critical supporters", Mary Robinson. It is time to put pressure on business to walk the talk.

TIME FOR TRANSFORMATION

MARY ROBINSON

President and Chair of The Board of Trustees
Mary Robinson Foundation – Climate Justice,
Former President of Ireland,
UN Secretary-General's Special Envoy for Climate Change

There is one phrase that Mary Robinson wants to be repeated again and again – or at least until people really get the message: “We cannot continue with business as usual”.

“We need to understand that this is an extremely significant message and it goes beyond climate change and fossil fuels. It goes to how we consume, how we travel, how we live. We need a transformation, not just change, and businesses will have an extraordinarily important role to play in that,” says Robinson.

From 1990 to 1997, Robinson was President of Ireland, and from 1997 to 2002 she was the United Nations High Commissioner for Human Rights. During her tenure as High Commissioner, her “boss” as she puts it – then Secretary-General Kofi Annan – launched the UN Global Compact to mobilize private businesses behind the UN goals.

Despite the plan to engage business, which she supported, Robinson was a critic and still is. In her own words, she is a “supporter and a critic” of the UN Global Compact, taking the role as the “awkward voice, supporting the goals but pushing for more substance”. In her opinion the commitment made by businesses by adopting the Global Compact principles is too weak.

“I do acknowledge some of the achievements. The Global Compact has without a doubt taken the corporate responsibility and sustainability agenda to an unprecedented global audience,” she says.

However, it is just not enough. Considering the challenges ahead, it is vital to engage businesses in transforming the entire economy, and this is not what she sees the UN Global Compact doing. “It’s too easy for companies to sign up and talk the talk of sustainability without walking the walk,” she says.

“I see it not as criticism, but as questions about how to strengthen the effectiveness and legitimacy, and I believe the Global Compact needs to be aware of the risk of setting processes over principles. I think many member companies see the commitment to report on progress towards sustainable development as a sort of box to tick rather than something deeper. It’s too easy,” she says.

“I think the very fact that corporations are talking a language of zero carbon, of the need to get rid of fossil fuel subsidies, of the need for carbon pricing – that’s all very important.”

She does see new refreshing winds of change. Companies have been delisted from the Global Compact because they did not comply with the obligation to report on progress, and the Compact has introduced a differentiation programme allowing businesses to distinguish themselves by going further than the minimum requirements.

However, given the magnitude of the climatechange challenge, she sees a need to go much further.

“I think we need to understand that we are not talking about just adjusting the rules, it is a completely new ball game. Staying below two degrees Celsius means going to zero carbon by around 2050. I think we need companies to respond to that, to analyse their carbon footprint and to make plans to climate-proof their activities by 2050,” she says.

“And it’s not like business can’t do it,” she points out, highlighting the B Team group of corporate leaders. In February 2015, they urged governments and businesses to adopt an even more ambitious target of net-zero greenhouse-gas emissions by 2050.

“I think the very fact that corporations are talking a language of zero carbon, of the need to get rid of fossil fuel subsidies, of the need for carbon pricing – that’s all very important,” says Robinson.

Robinson today heads The Mary Robinson Foundation – Climate Justice. This organization has a special focus on ensuring that the transformation to a more sustainable economy does not leave the poorest behind. She would like to see that focus come closer to the UN Global Compact’s work, for example by aligning the work programmes more closely with the Sustainable Development Goals to be adopted in September 2015. It is a goal she believes businesses actually share.

“It’s in the interest of business that we have a more equal world that is more socially responsible and doesn’t leave anybody behind. This is the commitment in the Sustainable Development Goals, so perhaps in supporting these Goals, the Global Compact could try to encourage corporations to walk the talk of sustainable development,” she says

WHAT’S NEXT?

FOCUS ON THE PRINCIPLES

Mary Robinson sees a need to raise the bar for corporate sustainability and, in the context of the Global Compact, this implies a greater focus on the organization’s ten principles.

“I think we need to redouble the focus on the principles, and they in turn need to be brought up to standard. We have the UN Guiding Principles on Business and Human Rights, which are more ambitious than the Compact’s human rights principles. These could be incorporated into the Compact’s principles. The environmental principles could be inspired by the upcoming Sustainable Development Goals. I hope that the UN Global Compact can in a way reinvent itself with its ten principles at the centre to become a sharper platform for the transformative change we need,” says Robinson.

Long-term investors cannot accept unsustainable business practices in their investees, says Martin Skancke. It creates unacceptable risks of low performance in their portfolios.

CREATING DISCIPLINE

MARTIN SKANCKE

Chair of the Board
Principles for Responsible
Investment (PRI)

To an outsider, the world of business and the world of institutional investing may seem like two sides of the same coin. But to Martin Skancke, these are very different worlds, subject to very different base rules and incentive structures. Businesses can choose to focus on their own markets and operations and ignore the cost of externalities like corruption or pollution, while large institutional investors cannot. When you measure the size of your investments in tens and hundreds of billions of dollars, these things will eventually have a negative influence on some part of your portfolio.

In a sense, when investors like large pension funds grow to a certain size, their focus shifts from being on how individual investments are developing to how larger parts of the economy and society can best develop.

“Investors cannot rely on a company’s management to be maximizing shareholder value because the management’s incentive structure may not be aligned with the incentive structure of a long-term investor; they may have a shorter time horizon and there may be some externalities in individual companies that are internalized in the portfolio of a large institutional investor,” says Skancke.

“Mainstreaming responsible investing means making it part of the DNA of investment organizations.”

As Head of the Asset Management Department at the Norwegian Ministry of Finance, Skancke helped design and establish the Norwegian Government Pension Fund, one of the largest pension funds in the world and with a total value of approximately USD 900bn (spring 2015). He is the current Chair of the Board of UN-supported Principles for Responsible Investment (PRI) and also advises other sovereign wealth funds on governance and investment issues.

“Take the issue of corruption. If we just for a moment set the ethical aspects aside and look at it from a purely practical point of view, then a company might benefit from paying a bribe to win a contract,” says Skancke.

However, from the point of view of one of the large institutional investors that invests in that company, things look very different, he explains. This investor is likely to own a small part of hundreds, even thousands, of companies and probably also has shares in the companies that did not get the contract because of the bribe.

“The investor actually doesn’t care which company wins the contract, because it owns a bit of each of them. From the point of view of the investor, the bribe is just a waste of money,” he says.

This illustrates why investors should focus on high general standards in all the companies in which they invest. “This is why the partnership between the PRI and UN Global Compact is so important – the PRI provides a platform for engagement between investors and investee companies, while the Global Compact develops standards and guidelines that should form an important part of the content of that dialogue,” he adds.

Investors have often been accused of lagging several years behind business in the transition towards more sustainable business models, but Skancke disagrees. Not about the fact that investors can do better, they certainly can, but he points to two facts: first, there is a very big difference between investors – as in business – and second, he sees a growing momentum – especially on the part of the largest wealth funds. To a large extent, this is driven by beneficiaries.

“The big pension funds and university endowments are feeling pressure from their beneficiaries, who want to know how the funds are performing on sustainability and that pressure is being transferred to asset managers. I believe it is becoming increasingly difficult for large professional institutional investors to say that they don’t care about environmental, social and corporate governance issues. I don’t think that’s a valid business model today,” says Skancke.

That said, he points out that we still have not developed a good way to channel investor money towards financing sustainable development. Moreover, sustainability needs to move from a separate department staffed with “people you recruited from an NGO that travels around saying nice things about sustainability”, as he puts it.

“The real challenge, and what we try to facilitate in the PRI, is to make sustainability a part of the investor DNA.”

WHAT’S NEXT? SUSTAINABLE MARKETS

The financial crisis was a turning point for sustainable investment. When investment banks closed down, the market for many corporate bonds and other fixed income securities closed with them.

“I think that we realized then that risk is a characteristic not just of assets but also of the markets in which those assets are traded. For a long-term investor, it’s important to think about what a good marketplace looks like, and that’s a discussion we need to have,” says Skancke.

PHOTO: ANDRIS SONDRAL VISDAL



Paul Bulcke, demonstrates through Creating Shared Value, how corporate sustainability has progressed from being a moral argument to making business sense.

FROM MORAL ARGUMENT TO BUSINESS SENSE

PAUL BULCKE

Chief Executive Officer
Nestlé

For Nestlé, the ability for a business to grow and perform well in the long-term depends on the collective well-being of the society in which it operates. A few months after Paul Bulcke's tenure as CEO of Nestlé began in April 2008, the credit crisis hit its most critical stages, at times threatening the stability of the global financial system. Government intervention prevented that, but the global economy has suffered from the effects since. Bulcke describes the crisis in the financial markets as a crisis of values, where short-termism overpowered long-term thinking: "Too many people and businesses have been seduced by or pressured into delivering on short-term self-serving targets. Leaders should always understand their relationship with society and go back to the basic role of business: value creation for society as a whole – with a long-term perspective."

"I believe that sustainability has progressed from being a moral obligation to making business sense. The ability for a business to grow and perform well in the long-term depends on the collective welfare of the society in which it operates."

Very early on, Nestlé has integrated this notion of respect for society and the environment in which it operates. The Principles of the UN Global Compact have been an integral part of the Nestlé Corporate Business Principles since 2001, guiding the behaviour of its 340,000 employees.

In Bulcke's view, "The Compact has been a catalyst for reform in many companies by providing them with an established and clear framework on which to base the approach to corporate citizenship."

But the company goes further in the way it does business. Based on its 150-year-old history, Nestlé is convinced that for a business to prosper over the long term, the communities it serves and in which it operates must prosper as well. This is what the company calls "Creating Shared Value". Bulcke is

very clear that the consideration of business opportunities and societal needs at every level of the company requires a commitment from the top. "This is why I put Creating Shared Value at the heart of Nestlé's business strategy, because the 'How' matters," he says.

It is also about focus and making choices: for Nestlé, as a leader in nutrition, health and wellness, there are three clear focus areas: nutrition, evidently, but also water, because quite simply water is the linchpin of food and nutrition security, and rural development, because the overall well-being of farmers, rural communities, small entrepreneurs and suppliers is intrinsic to the long-term success of Nestlé. "This is how we connect with society," says Bulcke. "We do this in full transparency and with a profound respect for local law, international standards and the needs of people and future generations. The company, in partnership with external stakeholders, has published concrete and time-bound societal commitments related to issues seen as material to its success, as well as for the sustainable development of the communities and countries where it operates. "We meet regularly with NGOs, academics, multilateral agencies, governments and others to listen and learn from their criticisms and encouragement. Our efforts are strengthened by this dialogue," says Bulcke.

Given its strong case for driving value, Bulcke foresees corporate sustainability in all its forms becoming "business as usual" for all corporations. However, developing a consistent method for measuring the business value of such activity will certainly help win over critics and sceptics. Nestlé embarked on an initial analysis in 2014, and continues to work to develop a consistent method of measuring the business value of Creating Shared Value, as well as to assess the societal impact.

WHAT'S NEXT?

MAINSTREAMING SUSTAINABILITY

Mainstreaming sustainability into the heart of every corporation is the next big step, as Paul Bulcke sees it; and developing a consistent method for measuring the business value of such activity will certainly help win over critics and sceptics.

From a small salon in a garage, Martha Tilaar has built an international beauty company. The business has always been founded on principles of responsibility and giving back to society. Tilaar sees how these values are taking deeper root in business as more leaders understand that they empower their business.

GROWING BY REPLENISHING

MARTHA TILAAAR

Chairperson
Martha Tilaar Group

It is not easy to tell the story of Martha Tilaar. How to coin a tale of growing from a small beauty salon in a garage into an international beauty company without succumbing to rags-to-riches clichés? Add in a period of babysitting in the US to earn funds for studying while her husband attended his scholarship doctoral degree programme and it becomes even tougher.

And how to write about a company that describes its values as “eastern” and places great focus on inclusion and empowerment without reverting to overused tales of east-west value clashes?

Perhaps the most interesting thing about the story is actually its duality. Tilaar learned the basics of the beauty trade in the US and returned home with an ambition to make beauty products that suited Asian women. Moreover, they had to be based on traditional Indonesian knowledge of herbs and medicines – jamu. At the time, she was probably one of the very few people in Indonesia who thought that was a good idea.

“Corporate leaders increasingly see that responsible conduct, sustainable development and long-term business success are mutually reinforcing.”

“When I came home from the States, I went to the natural healers and shamans in the villages to study their knowledge. Many people thought I was a crazy woman,” she says with a laugh. “Traditional’ has not been an appealing concept in Indonesia since the late 1960s.

“Many Indonesians want to look western but I wanted to easternize them,” she says.

Luckily, her first beauty salon– started in 1970 in her parents’ four-by-six-metre garage – was close to the American embassy. Her American beautician’s licence brought in the first customers from the embassy and the endorsement of the embassy staff brought in Indonesian customers too.

Later when she – inspired by her grandmother, who lived to be 107 – wanted to learn more about jamu, she could not find the resources in Indonesia. She had to attend the Dutch University of Leiden. The irony of needing to go to the former colonial power for traditional knowledge is not wasted on her.

“My challenge was to do something to preserve our country and our own culture as Eastern women. I found that in the University of Leiden,” says Tilaar.

Over the next four decades, her ambition to create beauty – inside as well as outside, true to tradition – has gradually taken root in Indonesia and abroad. The focus on “making local wisdom go global” as it is termed in company brochures has caught the attention of customers internationally.

However, just as crucial to the development of the company has been an understanding – imbued by her father – that when running a business it is necessary to return something to society. Otherwise, the business cannot continue to grow.

“He told me: ‘if you use something, you have to replenish it,’” she says.

This understanding is behind a wide range of initiatives from the Martha Tilaar Group with a focus on empowering women and protecting natural and cultural values. The group has four pillars of CSR activities: green education, green culture, green environment and empowering women.

In 2008, after more than 40 years of coercing by Tilaar, the University of Indonesia finally set up a master’s degree in jamu and she now sees how more businesses, in Indonesia and internationally, are adopting sustainability and responsibility principles. The success of her own business has shown that this is not a cost – quite the opposite, she adds.

“Finally, corporate sustainability has shifted from being driven by a moral imperative to being driven by a material one. Corporate leaders increasingly see that responsible conduct, sustainable development and long-term business success are mutually reinforcing,” says Tilaar.

“As a result, companies around the globe, including in Indonesia, are increasingly putting corporate sustainability on their agendas. This means delivering long-term value in four realms: financial, social, environmental and ethical,” she says.

WHAT’S NEXT? FOCUS ON GENDER EQUALITY

In the coming years, our corporate sustainability focus needs to move to the empowerment and inclusion of women, says Martha Tilaar.

“I believe we should promote high-level corporate leadership for gender equality. We can start by treating all women and men fairly in the workplace and marketplace and promoting the business case for women’s empowerment to make people aware of the positive impact of the inclusion,” adds Tilaar.

PHOTO: PT CREATIVE STYLE, INDONESIA



Businesses need to have a greater purpose than just generating profits for their shareholders, says Arif Naqvi, founder of the private equity group Abraaj that has led pioneering work in stakeholder engagement and forging long-term partnerships.

INVESTING IN THE FUTURE

ARIF NAQVI

Group Chief Executive
Abraaj Group

For Arif Naqvi, it is never just about business. Business brings profit and generates enormous economic value, but Naqvi willingly declares himself at odds with the economist Milton Friedman's credo that "the business of business is business". There is simply more to the story than that.

"Dr Friedman took us fully down the road of profitability, but it was profit at the expense of stakeholder engagement," he says.

As the Founder and Group Chief Executive of Abraaj, Arif Naqvi has built a business on the opposite credo. In less than 15 years, Abraaj has grown from a firm with one office and USD 60 million in assets under management, to 25 offices and USD 9 billion in assets under management. The firm's markets and investments fall squarely into that swathe of geography that some call emerging markets but which Naqvi insists should be termed "growth markets, since these markets have already emerged".

"The fact that we can show strong earnings growth across our portfolio of businesses and very low losses in markets that some perceive as risky speaks volumes for the fact that we've got our fundamentals right," he says.

But Abraaj is also built on the foundation that creating a sustainable and successful business in growth markets has to be achieved in concert with like-minded actors. "I like to say: 'You cannot be an island of excellence in an ocean of turbulence'. What that really means is that I cannot be the only business of my kind in my marketplace. I have to work hard to influence others," says Naqvi.

"Our business is not just about making money in the companies we own. It is also about using a multi-stakeholder model to address the issues and opportunities that are before us. Issues such as urbanization, demographics and technology, for example, which are seismic in the impact they will have on our community. To achieve the broadest definition of success, one needs to understand these growth trends and identify how best to leverage them for the long-term."

In 2013, Arif Naqvi was awarded the Oslo Business for Peace Award for pioneering the importance of stakeholder engagement in the private equity industry. Since 2012, he has been a member of the Board of the United Nations Global Compact. From this vantage point, he sees great changes coming up.

"The financial crisis was a wake-up call. People recognized that the Friedman focus on profitability had left us in a world that was significantly worse off. Now we're entering a phase where business is an essential element of a multi-stakeholder society. In this environment, I feel it's of crucial importance that business plays a responsible role and shows that profitability does not have to come at the expense of truly inclusive growth."

He points to initiatives like the Global Compact, UN Principles for Responsible Investment and Business for Peace as examples of how business is taking a more holistic view to creating shared value.

"All of these initiatives are happening simultaneously and have gained momentum because of the world we live in. Their role cannot be underestimated as they have fostered the recognition that businesses have to be wholly attuned to nuances around them. I call this a 'corporate foreign policy' in the sense that it has forced companies to recognize what they stand for and then project this to their stakeholders," he says.

"The role of the entrepreneur is to be an engaged part of society and to make a difference in the community."

But perhaps this is not really that new. In a sense, it is a return to an earlier notion of the fundamental role of business. Naqvi, who studied economics at university, draws a parallel to one of the founding fathers of economics.

"Adam Smith said the role of the entrepreneur was to be an engaged part of society, and to make a difference in his or her community. I believe that's exactly what the UN Global Compact stands for and it is what we believe in at Abraaj and seek to demonstrate every single day," he concludes.

WHAT'S NEXT?

SUSTAINABILITY TAKING FLIGHT

The next generation of leaders will be those who truly make sustainability the norm in business, believes Arif Naqvi.

"Today's generation are already believers. They see responsible business as the only viable way forward. In the coming years, they will move into positions of power and this is when things will really start to change. In the past 15 years at the Global Compact, we have walked the long road towards progress in this field. In the coming 15 years, sustainability will grow wings. I'm happy to be on the Board of the UN Global Compact at a time when this awareness is being transformed into a daily reality," says Naqvi.

In the 1990s atmosphere of anti-globalization and distrust in business, the Global Compact was the right tool to engage business in sustainable development. Today, the dynamics and ethos have changed, leading businesses are leaping towards social responsibility, and we need to rethink the approach, says John Ruggie.

SHARPENING THE TOOLS

JOHN RUGGIE

Berthold Beitz Professor in Human Rights and International Affairs
Harvard Kennedy School

It was in no way an easy job that John Ruggie faced as Assistant Secretary-General for Strategic Planning at the United Nations in the late 1990s. Governments were assigning growing responsibilities to the UN, including poverty eradication and healthcare, but the budget needed to be constant.

The landscape was also changing and initially did not necessarily seem to be helping the UN to shoulder its growing responsibilities. Following a decade of deregulation, privatization and liberalization, the role and influence of private corporations had been vastly expanded over a short period of time.

“But neither governments nor companies were prepared to deal with the adverse consequences for people and the environment,” says John Ruggie, today Berthold Beitz Professor in Human Rights and International Affairs at the Harvard Kennedy School of Government.

Additionally, in his analysis, nations were unwilling to enter the scene and address these issues. They were much too concerned about making themselves attractive for foreign investment.

“Those extremes came together when we designed the Global Compact,” says Ruggie.

“Even the Economist magazine now writes that the question is not whether, but how, we are to go forward on corporate responsibility.”

Traditionally, the relationship between the UN and the business community had been “quite adversarial” as he puts it. However, driven to a large extent by the then Secretary-General Kofi Annan, a realization emerged that the UN was unlikely to meet its challenges without actively engaging the business community and civil society.

“So we came up with the idea of the UN Global Compact, not as a regulatory instrument, but as an engagement mechanism whereby companies could take seriously the nine – later ten – principles of the Compact,” says Ruggie.

“The Compact was an invitation, a reaching out to business. As a tool for engagement, it had to reflect the ethos and dynamics of the time, and business couldn’t be coerced,” he explains.

“The Compact never had an intergovernmental mandate, which is an important fact. It was a personal initiative of the Secretary-General. This of course placed some restraints on it, but it also opened doors that would otherwise have been closed.”

The invitation was well received though the start was modest. The Global Compact was launched on 26 June 2000 with 46

signatories. Today, there are more than 8,000 business participants and 4,000 from other sectors of society. The dynamics and ethos in the interface between business and society have also changed. Corporate responsibility has in many companies moved from a sidelined existence in PR or philanthropy to being an integral part of how they manage risks and conduct due diligences.

“Even the Economist magazine now writes that the question is not whether, but how, we are to go forward on corporate responsibility,” says Ruggie with a laugh.

While at least some of this might be a testament to the strength of the Compact’s design, Ruggie warns that the Compact also needs to develop to stay sharp.

“I hear from some of the leading companies that the Global Compact is no longer sufficiently cutting-edge for them. That they’ve outlived what it has to offer. That I think is a worrisome development.”

The challenge facing the Compact is how to be the bridge between leading companies seeking to move faster on their sustainability journey, others that are only just beginning the journey, and parts of the UN system that seek to create a legally binding treaty on business and human rights.

“In my view, it’s impossible to include all aspects of human rights and business in a single treaty instrument, so they risk ending up with a piece of paper that will be of little use to real people in real places,” says Ruggie.

Keeping the position as the platform and tool for engaging business in the UN agenda will continue to be hard work, he points out. But he does have a few words of advice.

“I would focus on creating stronger metrics to document progress over time. What’s the incentive for business to compete for higher status if no one is measuring anything? And I would focus on selected constituencies of companies, for example SMEs in Europe and companies in emerging economies, to pull them into the family. And then of course I would focus on raising the participation of US companies.”

WHAT’S NEXT? DEFINING THE PURPOSE OF THE CORPORATION

We are at a crossroads, where old ideas about why we do business are being challenged and new ones have yet to mature. John Ruggie sees a need for a debate about “the social purpose of the corporation”.

“Too many people have accepted at face value the myth of short-term shareholder-value maximization as the be-all and end-all of what the corporation is intended to achieve. If that doesn’t change, we’re not going to make much progress. This debate, which we haven’t had for a long time, about the social purpose of the corporation is I think the most critical question going forward,” says Ruggie.

PHOTO: MARTHA STEWART



For Peder Holk Nielsen, sustainability is about thinking for the long term while building on one of the fastest-moving technology bases in business. The licence for long-term thinking must be earned with short term performance, he says.

SUSTAINABILITY IN ITS LINEAGE

PEDER HOLK NIELSEN
Chief Executive Officer
Novozymes

At the core of Novozymes' business model lies a simple credo: solve problems, create a business from doing so, then invest in solving more problems. This stems from the lineage it shares with the other companies in the Novo Group; they all originate from two pharmaceutical companies, Novo and Nordisk, both producing insulin since the 1920s and both with a strong sense of corporate citizenship throughout their history.

"It's been ingrained in our corporate culture since 1923 that this company is there for one reason: to help people. So the idea of helping, making a business from it and reinvesting in helping even more has been with the company throughout its history," says Novozymes CEO Peder Holk Nielsen.

This also means that a long-term focus comes naturally to the company. In 2000, Novo was split into three companies. Novozymes is the enzymes part of the group, producing industrial enzymes for a wide range of industries – ranging from food and beverage to biofuels and waste water treatment. The problems this enzyme manufacturer targets – fossil fuel dependency and the global food shortage, for example – are not solved easily, and none of the company's goals will be accomplished over the next quarter – or year. In a sense, the company was born with a long-term perspective.

"This desire to do things for the longer term is in the company's genes. It's probably based on the experience over time that this builds a more robust company. Focusing on the long term makes sense from an economic point of view, it makes sense from an employee point of view and it's a great way of mitigating risk. In many ways, it incorporates the things that we rather recently have begun talking about as sustainable business," says Holk Nielsen.

"I'm a firm believer that, in order to fundamentally solve the problems we're facing as societies, we need private-public partnerships."

However, he points out that a long-term focus must not be confused with an inability or aversion to change. As a company in the biotech sector, Novozymes is built on one of the fastest-moving technology bases in the world of business. In this situation, you have to combine a long-term perspective with short-term agility.

"There is ambiguity there. We can't afford not to change. We just have to think for the long term every time we change something," he says.

What he also means is that while Novozymes' ownership structure is stable, with the Novo Group holding company having 68 per cent of the shareholder votes, this does not exempt Novozymes from meeting the same demands as its competitors.

"We're thinking for the long term and about all three bottom lines, but the licence to do so is earned through performance – delivering each quarter. That's the model we've evolved, and it's working pretty okay for us," says Holk Nielsen.

One of the ways Novozymes makes it work is through partnering – with customers, regulators and other stakeholders – in its "Rethink Tomorrow" innovation programmes.

"I'm a firm believer that, in order to fundamentally solve the problems we're facing as societies, we need private-public partnerships. Even though I would say that companies in general are becoming more sustainable, certain issues – such as pollution – will only be solved through regulation, so we need administrations to get involved, but we also need business to bring the solutions to the table and make administrations aware that sustainable alternatives exist," he says.

Luckily, it has become easier to engage external parties in sustainability partnerships. Among his own customers, Holk Nielsen finds a number of companies that did not have sustainable operations, and maybe had not even embraced the concept, 10 or 15 years ago, but which have now made a U-turn and are moving in the other direction. Sustainability is not just for companies that have it in their lineage.

"Of course, it would have been tougher for this organization to embed sustainability if we had had to reject significant business areas, but it would not have been impossible. I think that most companies, whatever their technology or market base, actually have the opportunity to make exactly the same choice. And luckily a lot of other companies are also making that choice now," he says.

WHAT'S NEXT?

MEETING THE CLIMATE CHALLENGE

Combating climate change needs to be a key objective for corporate sustainability in the coming years, says Peder Holk Nielsen. The challenge is phenomenal and progress not fast enough.

"If we can't meet the climate challenge, it will be even more challenging to reach our other sustainable-development goals, so I believe we need to prioritize this area. I'm spending quite a lot of my own time trying to counter the lobbying being done to tell the story that alternatives to fossil fuels are not competitive and just foamy stuff dreamt up by hippies somewhere in California," says Holk Nielsen.

PHOTO: ANDRIS SONDROL VİSDAL



Public trust in business is more important than ever. Yet it is declining at a time when the private sector is well positioned to help shape the governance agenda and achieve inclusive and sustainable growth. How can companies build trust to drive transformative change, asks Jane Nelson.

BUILDING TRUST AND INVESTMENT

JANE NELSON

Director
Corporate Social Responsibility
Initiative,
Kennedy School of Government,
Harvard University

There is an apparent schism at the heart of the business community's growing engagement in the global governance agenda. The Sustainable Development Goals (SDGs) and outcomes of the 2015 UN Financing for Development and Climate Change conferences will shape the governance agenda for decades to come. One of the most common messages in almost every preparatory meeting and panel discussion is the need to increase private sector investment and engagement, and indeed the business community itself looks better prepared than ever before to invest, innovate and advocate for change with governments and civil society.

Yet public trust in business remains low. From protests such as the Occupy Movement to negative media coverage and survey results, large corporations and financial institutions are seen by many as being part of the problem rather than integral to the solution. The 2015 Edelman Trust Barometer shows that trust in business is below 50 per cent in half the 27 markets surveyed, although it remains higher than trust in government in most markets. There is also distrust in new technologies despite their potential to tackle social and environmental challenges.

This schism illuminates a point made by Jane Nelson, Director of the Corporate Social Responsibility Initiative at Harvard Kennedy School. She argues that to deliver more inclusive and sustainable growth, companies face a dual leadership challenge of building public trust and accountability while also increasing private investment and innovation.

"Corporations and financial institutions have enormous potential to increase both the quantity and quality of investment to tackle key development and environmental challenges. And they can do so in a way that generates business benefits and profit. A vanguard of leaders is already demonstrating this in practice," she says. "Yet, despite all the progress being made, there tends to be a 'guilty until proven innocent' mindset among the public about business motivations and modes of engagement in sustainability matters."

Nelson points to the imperative for business leaders to overcome public mistrust. They can do so by increasing the level and transparency of their stakeholder engagement activities and by improving disclosure on their sustainability performance and contributions to development.

More companies should engage proactively and transparently in dialogues with governments, NGOs, investors, the media, local communities and labour unions, she points out. They need to build a shared purpose and understanding of what business can and cannot achieve as a partner in sustainable development, and to advocate specific policy reforms and market incentives.

"Companies have a long history of lobbying for their own business interests, both individually and collectively. They validly continue to do that, but are under pressure to be more

transparent about these activities and about the taxes they pay everywhere they operate," Nelson says. "At the same time, a growing number of companies are becoming vocal in progressive policy dialogues on issues such as tackling climate change, deforestation and water shortages, addressing poverty and growing inequality, preventing human rights abuses, and supporting conflict resolution and peace-building."

This is not entirely new. Nelson points to examples such as South Africa, Northern Ireland, the Philippines and Sri Lanka, where the business community played a progressive and pragmatic role in conflict resolution and political transition, sometimes in the face of repressive regimes. Likewise, she recalls being part of business engagement at the 1992 Rio Earth Summit, where the International Chamber of Commerce and Business Council for Sustainable Development convened a small number of visionary business leaders making the initial case for business investment in sustainable development.

Another way companies can build public trust is to improve disclosure of their own policies and performance related to sustainable development. However, Nelson believes they can go further: "I see great untapped potential for companies to allow independent evaluations of how their products, services, technologies, projects and value chains are helping to solve problems that the UN and its member states are tasked with addressing. And how they are working collectively on a pre-competitive basis or in partnership with other sectors to overcome systemic obstacles to progress. Not enough companies are demonstrating – or getting recognition for – their positive contributions to development and their ability to create shared value."

WHAT'S NEXT?

DELIVERING CHANGE

The UN Global Compact has played a valuable role in spreading responsible business practices, building trust and encouraging private investment in development. It has provided practical guidance on individual business action and accountability relating to challenges as diverse as peace building, water management and women's empowerment. It has also convened companies to address complex public policy issues and helped to build effective public-private partnerships. In the coming years, these roles must remain essential, says Jane Nelson:

"This is especially important at country level, if we are to dramatically grow the number of companies that not just aspire to be sustainability champions, but also 'walk the talk' in delivering transformative change," says Nelson.

Businesses and NGOs have both learned to engage more constructively with governments and with each other, says Huguette Labelle. This has earned them a place at the table in the discussion on global governance.

CONVERSATION STARTERS

HUGUETTE LABELLE

Former Chair
Transparency International

It used to be a whisper, perhaps a low murmur. When businesses were to voice their concerns about the lack of proper governance, they rarely did so with enthusiasm or power. If they said anything at all.

“About 15-20 years ago, the usual response from businesses to questions regarding transparency, integrity and well-functioning institutions was: ‘Well, you know, this is political. It’s not our business,’” says Huguette Labelle with a rather convincing imitation of a business leader trying to avoid uncomfortable questions.

However, as the Chair of the anti-corruption NGO Transparency International from 2005 to 2014, she has at first-hand seen businesses raising their voices in these matters. When the financial crisis hit in 2008, she saw how it made people more aware of the dangers of short-termism in both business and politics. In 2011, she was invited to be the Co-Chair of the World Economic Forum Davos meeting and witnessed how a general consensus developed on the need for more responsible capitalism. And from her position on the board of the UN Global Compact, she has seen how the leading businesses have engaged in the process of defining and promoting the new set of targets for international development, the Sustainable Development Goals.

“Their issues of importance were the same. They might have had different views on how to fix them, but it was a good discussion and when they left they all said: ‘when’s our next meeting?’ ”

“Corporations are today recognizing and speaking out louder about the importance of good governance and of having transparency, integrity and well-functioning institutions in governments around the world. That’s important,” she says.

But they are not alone. Civil society organizations have also developed and refined the way they work. Today, NGOs have in many cases also earned a place at the table when policies are being shaped in both governments and businesses.

“Many NGOs are now able to navigate between expressing what they see as major problems in society, whether it be in governments or within the business sector, and simultaneously engaging in providing constructive solutions and being at the table in order to debate these issues,” says Labelle.

This is not an easy road to travel. Not for NGOs and not for businesses. But together the two parties have learned to meet and negotiate solutions with governments.

“Businesses and NGOs were not used to being consulted at the same discussion tables and were not comfortable with this. This has changed significantly. Now we frequently see NGOs and leaders of industry working together to make representations to governments and we have NGOs, governments and businesses working together to solve the major issues of our time. This is of great importance,” she says.

Labelle witnessed and indeed initiated this process when she as a Deputy Minister in the Canadian Government convened businesses, NGOs and the academic sector to all join at the same table for consultations on the work of the Canadian International Development Agency. This was the 90’s and the practice was to have bilateral consultations with each group separately.

“The first reaction was: ‘we don’t talk to each other, we don’t have the same views,’ but I asked them to try, and very quickly they realized that they cared about the same problems. Their issues of importance were the same. They might have had different views on how to fix them, but it was a good discussion and when they left they all said: ‘when’s our next meeting?’” Labelle explains.

Since then, she has witnessed this process several times. When stakeholders have the chance to talk and try to solve problems side-by-side, they develop solutions. “They realize that we all care about some of the major issues in our world,” she says, while carefully pointing out that she is not criticizing NGOs that focus on identifying problems. “They do a good job too. Different NGOs have different roles.”

As do different companies. Engaging in global discussions on governance is not something she would expect of all companies – far from it.

“I’m not suggesting that every mom-and-pop company has the energy, capacity or interest. However, I think it’s a welcome development that some of the large corporations now have leaders who are at ease with going beyond the old paths and joining with civil society in speaking to governments on issues of transparency, integrity and governance,” she says.

WHAT’S NEXT?

LOCAL INFLUENCE GOING GLOBAL

The local Global Compact networks are in many ways well positioned to spearhead the work on transparency, integrity and governance. Being closer to national governments, they have the opportunity to develop policies and guidelines that also work internationally.

“The Indian network has done a tremendous job of illuminating the business case for anti-corruption and added case studies on procurement, whistleblowing, compliance and how to prevent, detect and respond to corruption. We can use this, not just in India but in other parts of the world as well through the local networks,” says Huguette Labelle.

PHOTO: ANDRIS SONDRAL VÍDAL



Federico Bernaldo de Quiros, CEO of the Mexican restaurant chain TOKS, wants to fight the violence in Mexican society. He does so by developing the capacity of poor communities to become suppliers.

ENDING THE VIOLENCE

FEDERICO BERNALDO
DE QUIROS

Chief Executive Officer
Restaurantes TOKS

When Bernaldo de Quiros looks at Mexican society today, one thing really hurts the eye: the violence. Fuelled by drug trafficking and poverty, violent crime – and especially murder – has soared in specific parts of Mexico over the past ten years. As the CEO of TOKS restaurant chain, de Quiros cannot do much about the drug trafficking, but he can do something about the poverty.

“From my perspective, poverty is one of the key reasons for violence and affects not only businesses, but the whole of society. So, that’s why we decided to focus on poverty as the root of the violence problem that we have in our country. We think that by helping to solve poverty, people will be less vulnerable to drug cartels and other kinds of violence,” says de Quiros.

“As CEO, one of my first responsibilities is to ensure a future for the company, and the best way of doing so is to help bring about the more equal development of all of the country.”

Using TOKS restaurants’ need for quality products as a driver, the company has started to collaborate with some of the poorest communities in Mexico. The aim is to develop these communities’ capacity to produce quality goods such as premium coffee, marmalades and granola, and other products. This initiative means that the communities receive a larger and steadier income. The marmalade initiative in Guanajuato has increased people’s incomes more than fifty-fold and all the projects have raised 5,000 families permanently out of poverty. TOKS, on the other hand, obtains quality products for its customers, says de Quiros, and the projects add to TOKS brand as a responsible chain of family restaurants.

“In the case of coffee, this is grown in a sustainable manner and is the highest quality that can be bought. At the end of the day, what we are doing is delivering first-class products to our customers. They reward us for it by preferring us, and at the same time we’re dealing with the poverty issue. So, from the business perspective, it’s a win-win case. We’re winning because we’re giving our customers first-class products and we’re helping that community to move away from poverty,” says de Quiros.

TOKS is part of the Mexican Group Gigante, which has retail, real estate and hospitality operations. As de Quiros sees it, the business’s social drive has been part of their company culture since Angel Losada Gomez started the business in 1940. Perhaps it is this culture that makes de Quiros quite comfortable

about criticizing politicians for being much too focused on getting elected or doing too little to create a fairer distribution of income in Mexico. To him, it is part of the job.

“As CEO, one of my first responsibilities is to ensure a future for the company, and the best way of doing so is to help bring about the more equal development of all of the country. Otherwise, business will be unsustainable. This is also the feeling of the board and the reason why we engage in fighting poverty. The problem is so big that we cannot leave this to the government alone. We need to participate more actively. Based on this realization, we’ve started to build the different initiatives,” says de Quiros.

TOKS started the community projects in 2003 and is still actively pursuing new projects. “This is a long-term effort,” say de Quiros “It’s clear that the reasons for, or the roots of, the violence are not something that you can solve in a day and were not caused by what has happened in the last few years. No one thinks we can solve the problems of poverty or violence quickly,” he says.

However, in the communities that have benefitted from TOKS’ commitment to fighting poverty, progress has been consolidated. Business is growing and some are exporting, but perhaps the greatest testimony to the sustainability of the projects is that even when the Mexican economy hit a wall in 2009 and GDP shrank by almost 6%, TOKS did not stop them. “It wouldn’t make sense even in a crisis,” says de Quiros, “At that time, the projects had already become an integral part of our supply chain, equally as important as other multinational suppliers such as Coca-Cola or Unilever.”

WHAT’S NEXT?

A SUCCESS IN SLOW MOTION

Bernaldo de Quiros sees significant progress on corporate sustainability, but it is “A success in slow motion” as he puts it.

“There is still a long way to go. I think we need to move from a traditional focus on sustainability as a risk-management issue to it being part of a long-term vision that shapes the key decisions of the company,” says de Quiros.

“Businesses have a valuable role to play by committing their innovation capacity and entrepreneurial mindset to solving the great challenges facing societies globally, as defined by the Sustainable Development Goals.”

Business can bring innovation and competitive spirit to the task of creating sustainable development, says Li Decheng.

BUILDING COMPETITIVENESS

LI DECHENG

Director General and
Executive Vice Chairman
China Enterprise Confederation

When Chinese business executives talk about competitiveness, the world has learned to listen carefully. After all, the rise to prominence of Chinese businesses is unparalleled in scope and speed, so paying attention might be well advised.

And when Li Decheng talks, there might be extra reason to be alert. Not just because he is Director General and Executive Vice Chairman of the China Enterprise Confederation (CEC), the largest comprehensive business organization in China, but also because when Mr Li talks of competitiveness he adds new perspectives to the discussion. For him, competitiveness is closely linked to sustainable development.

“Sustainable development should be a core competence of businesses. It should be at the centre of their efforts to be competitive, and it should be how they strive to distinguish themselves,” he says in a written response.

“Businesses have a valuable role to play,” he adds, “by committing their innovation capacity and entrepreneurial mindset to solving the great challenges facing societies globally, as defined by the Sustainable Development Goals.”

The CEC’s overall aims are typical for business confederations: support businesses, promote reform and development, raise the level of corporate management, enhance competitiveness and ensure continued growth. But the CEC was also the first major Chinese business organization to embrace corporate social responsibility.

When the UN Global Compact was introduced in China in November 2001, only six months after the global launch, the CEC was the host. In 2005, the CEC established an office to promote the Global Compact and the secretariat of the Global Compact China network is now located at the offices of the CEC.

To Mr Li, the Global Compact has been instrumental in the development of a shared understanding of the role that businesses can play in sustainable development.

“The primary contribution of the Global Compact is that it has created a broad platform for exchange and cooperation in the field of sustainable development. It has shaped a dialogue and created cooperation mechanisms for sustainable development that include multiple interested parties, such as businesses, governments, international organizations, NGOs, academia and other stakeholders. The Global Compact provides a path and a framework for action,” he says.

He emphasizes the significance of the convergence of the different takes on what Corporate Social Responsibility is. Although the term Corporate Social Responsibility is broadly

used, it has been consolidated. Mr Li points to the ISO standards for social responsibility in business as an example of the progress made in developing and operationalizing the concept.

“I believe this signals that the concern about sustainable development is increasingly spreading at all levels of the global community. In businesses, we see sustainability considerations gradually rising to the level of corporate strategy. We also see how social enterprises are emerging as a new type of business focused on sustainable development, and investments driven by sustainability concerns are also gaining momentum,” says Mr Li.

In China, the Global Compact has a membership of approximately 250 public and private companies. Mr Li believes this number will rise.

“The CEC will continue to promote the Global Compact to ensure faster and better development in China so that Chinese business can finally truly become the backbone of sustainable development both in China and globally.”

WHAT’S NEXT?

LOCAL FOCUS

For the next several years, the Global Compact should give special attention to meeting the needs of the local members, says Li Decheng.

“The UN Global Compact should spare no effort to expand the member base of the organization and to enhance the attractiveness and increase the relevance of services in order to improve member engagement,” he says.

“To move sustainability and responsibility forward, we need the public and private sectors to proverbially shake hands and commit to working together for the good of the greater public.”

Michael Ikpoki

As the CEO of Nigeria's largest ICT company, Michael Ikpoki has more than three times as many customers as all the country's banks put together. That, of course, is a business opportunity, but it is also a huge responsibility for a company that by default has become part of the fabric of society.

IN THE FABRIC OF SOCIETY

MICHAEL IKPOKI

Chief Executive Officer
MTN Nigeria Communications
Limited

It was probably in 2013 that it really became clear to the top management. When they considered that their company, the MTN Group, one of the world's largest ICT businesses, had 203 million customers in 22 countries – often in remote areas otherwise not served by telecommunications – they realized that MTN had become much more than just another, albeit large, company.

They were engaged in defining the new corporate strategy, and where the existing strategy had been rather traditional – looking to become the leading ICT company in emerging markets – that just did not fit any more. The technology base and markets had changed and the company had changed with it.

A fresh approach was needed, explains MTN Nigeria's Chief Executive Officer Michael Ikpoki. "We had created a very extensive network in most of the countries we operate in. We had built our own transmission, our own data centres, etc. It became clear to us that we were doing much more than just delivering the service of communication. We had established the infrastructure that will enable health services, education and financial inclusion. We had created the backbone to drive growth in the digital economy."

Of course, this was not done by accident. MTN has 60 million subscribers in Nigeria alone. "The country's banks cannot muster a third of that amount," he says. Any businessman can see the opportunities in that. But in the discussions on the new corporate strategy, the senior management realized that the company had "by default", as Ikpoki puts it, become a vital part of the economy in their markets.

"What we realized is that we are not just an ICT company. In Nigeria, we are now very intrinsic to the social fabric. At least a third of the population rely on us to make their daily living," he says.

That brings opportunity. MTN can offer banking, insurance and support services for small and medium-sized businesses, with a customer reach that goes far beyond its 60 million direct customers. But this carries a huge responsibility.

"We have to remind ourselves every day that we are essential to millions of people's lives. We play a very critical role in the economy and we need to ensure that we act with integrity," says Ikpoki.

Integrity is, of course, seen in the daily operations. When people rely on MTN's services for their daily lives, these services have to be efficient. But more importantly, he stresses, integrity has to be part of the company's culture and ethics.

"We need to play a leadership role in good governance, in transparency, in anti-corruption, in all the areas on which the UN Global Compact also focuses. There can't be any tolerance for unethical behaviour because it affects our ability to provide a service to people whose livelihoods really rely on us," he says.

To do that, MTN Nigeria has stepped up its ethics management framework, as it is called. This is based on a core of internal sponsorship programmes and clearly communicated values. However, working within MTN is not enough. "MTN has to play a leadership role in embedding good practices in Nigerian business," he says. If not by default, then by sheer necessity.

"We are working with a lot of companies as subsidiaries, and to our customers they all represent MTN. In that sense, we have perhaps 500,000 people that we have to reach and influence. I think we're finding that we need to work more on making sure these organizations mirror our principles for good corporate governance, corporate social responsibility and corporate sustainability," he says.

Being an ICT company does help, however. Social media and direct video feeds can help establish the necessary contact with the vast group of businesses involved in MTN Nigeria's value chain. And the technology also helps in a quite different way. "It has created a transparency that helps make the case for businesses to behave ethically," says Ikpoki.

"I think one of the strongest corporate sustainability developments in the past few years is that we have entered a time when global accountability and transparency are really critical to any large business. Everything is a lot more open, there's really nothing that can stay hidden behind corporate boundaries anymore," says Ikpoki.

WHAT'S NEXT?

COOPERATING FOR GOOD GOVERNANCE

To move sustainability and responsibility forward, we need the public and private sectors to proverbially shake hands and commit to working together for the good of the greater public, says Michael Ikpoki.

"Good governance is a common objective, especially in countries that hope to attract foreign investment. If we do not curb the cancer of corruption and promote the rule of law, businesses won't invest. However I am optimistic. It's not going to happen overnight, but you see progressive thinking in some governments today," says Ikpoki.

PHOTO: MTN



In Colombia, 50 years of conflict have been exchanged for a fragile peace. Businesses in the country are playing an important role in galvanizing the peace process, but it's not easy, says Monica de Greiff.

KEEPING THE PEACE

MONICA DE GREIFF

President
Bogota Chamber of Commerce

There has been armed conflict in the country for 50 years, but now it has to end. That much, most Colombians can agree on. But decades of armed fighting leave great wounds in a society, and many of them do not heal easily.

“People want peace, but they don’t want a peace process that gives a lot of concessions. They’re scared that the process will allow former combatants to act with impunity,” says Monica de Greiff.

She is former Minister of Justice in Colombia, has a long history in big business in the country and is today President of the Bogota Chamber of Commerce. She sees a great role for business to play in the coming years in consolidating the progress made in the peace talks between the government and the combating factions.

“Colombia is in the middle of peace talks, and in the next 10 years we will have more than 20,000 ex-combatants leaving the remote conflict zones and wanting to become part of society again. Many will come to the capital and will need a second chance to be integrated into society with jobs and education,” she says.

“We have a growing understanding that, without the conflict, Colombia as a country will have more money for education, infrastructure and the other things that can help them all to grow and develop in new markets.”

Colombia has seen conflict since the 1960s, with left-wing guerrillas, right-wing paramilitaries and the army fighting mostly in remote rural areas. The conflict escalated in the 1990s, but since around 2002 the level of violence has dropped and a slow and often difficult peace process has taken root. Several factions have laid down their weapons and, since 2012, a more formalized peace process has made significant progress.

Monica de Greiff estimates that about 60 per cent of the population support the peace process, but believes people are wary of giving too many concessions to the former guerrillas. Forty per cent believe that the military should be stronger and end the violence by force.

“In the business community, the split is close to that of the general public,” she says. Perhaps 50/50, with a difference between companies in Bogota and in the more remote areas, where the fighting has been most intense.

“It depends on where you are from. Businesses in conflict areas are scared of hiring ex-combatants, but companies in the

capital and bigger cities are eager to help. They are probably scared too, but they want to help,” she says.

They help by offering jobs, education and a chance to lead a normal life. A recent survey of 1,320 businesses in the capital Bogota showed that 53 per cent not only support the peace process but are also willing to hire ex-combatants. This result gives de Greiff great confidence in the role businesses can play in the coming years.

“You must remember that many of the companies have not been in business in peacetime. They don’t know what peace can bring. It’s been difficult, but I believe we have a growing understanding that, without the conflict, Colombia as a country will have more money for education, infrastructure and the other things that can help them all to grow and develop in new markets,” she says.

The Colombian businesses are not on their own, however. Monica de Greiff has been able to bring them a lot of inspiration from meetings of the UN Global Compact’s Business for Peace network. Experiences from Bangladesh and South Africa, for example, have underscored that ex-combatants should not be given jobs in security or other positions where they again carry weapons.

However, the road ahead does have potholes of considerable size. Most importantly, the ex-combatants are far from the only people who need a second chance. Colombia has more than two million victims of the violence. Not everyone is willing to give ex-combatants a second chance. Many businesses prefer to give victims the opportunity of a job and “this is probably also easier,” concedes de Greiff.

She understands and agrees with the need to help victims regaining their lives. However, that does not remove the need to find solutions for ex-combatants too.

“As a society, we need to do both. Luckily, I think there is a growing understanding that many ex-combatants are also victims, having perhaps been taken from their families when they were 10 or 12 and forced into taking up arms. At the same time, people are starting to understand that it’s better to have them working and being educated instead of taking up the fight again or turning to crime,” says de Greiff.

WHAT’S NEXT? MEASURING THE IMPACT

Companies that want a more sustainable business practice need to sharpen their measurements and reporting, says Monica de Greiff.

“I believe that in the coming years we will see great improvements in how we measure and report on the actual progress that companies make towards sustainability goals. I feel that we are at the moment too much in a state of talking and sharing best practice, which is good, but we have to become better at measuring the impact of what we do,” says de Greiff.

Fuji Xerox's decision to take recycling in-house to do it the right way was expensive, but it paid off. "Going with a strategy of being at the forefront of sustainability made Fuji Xerox a stronger company," says Toshio Arima.

BLAZING TRAILS

TOSHIO ARIMA

United Nations Global Compact
Board Member,
Former President
Fuji Xerox Co., Ltd.

It was a very unfortunate incident. A number of used Fuji Xerox products were found littering the Japanese countryside. Fuji Xerox had been operating a lease scheme for its photo-copiers for some years and had hired independent contractors to handle the recycling of used machines, but now – as had happened before – the recycling company had chosen to get rid of the machines by dumping them in the mountains instead. It was cheaper.

Even though Fuji Xerox was not directly responsible, it was still its name on the products and the company – and Toshio Arima who at that time, 1993, was head of the corporate strategy office – learned a very early lesson about the damage a brand can suffer from the insufficient end-of-life management of its products. Something had to be done.

"Our European counterpart Rank Xerox had just started in-house recycling, I believe it was the year before, so it was all at a very early stage, but I visited them to investigate and back in Japan I created a task force to start recycling our own products," says Arima.

"There is often a conflict between human, societal and economic needs. The conflict is real, but we shouldn't try to make an easy trade-off between these needs."

Recycling was a dirty business, and not just due to the habit of some companies of dumping waste instead of recycling it. The toner dust in photocopier cartridges can pose a health risk and Fuji Xerox had to figure out how to recycle it while maintaining high safety standards.

This was very far from the cheapest solution at the time. The logistics of gathering, breaking down and separating more than 70 different components was challenging – both technically and commercially.

"It was very costly. It would have been much cheaper for us to buy new parts, but this was a strategy choice. We believed we could solve the problems and turn recycling into a business opportunity," says Arima.

Two years later, the strategy's initial goal was reached when the first line of products incorporating recycled parts was launched. It was still more expensive to reuse and recycle parts than to buy new ones, but the company stayed with the strategy and adopted a zero waste policy the next year.

In 2003, Fuji Xerox's bet on recycling really started to pay off. The company had cracked the code and was now able to make recycled machines and cartridges more cheaply than new ones. By then, Arima had become President and Representative Director of Fuji Xerox. Today, he has no doubt that the efforts to adopt recycling and zero waste as a company strategy have made Fuji Xerox a much stronger company. Not least because of the innovation the process spurred in the organization.

"It took us eight years to change the whole process of reuse, recycling, design and production to achieve this. We changed a lot – big and small things, and our employees came up with many of the ideas for how to go forward. In the process, we filed more than 200 patents and managed to integrate concerns about the economy, health and society," he explains.

According to Arima, this constant orientation towards integrating the economic, social and human dimensions is what differentiates Fuji Xerox from other companies.

"There is often a conflict between human, societal and economic needs. The conflict is real, but we shouldn't try to make an easy trade-off between these needs. The basic philosophy must be to overcome the conflict. To do that, we need new inventions, new ways of thinking and new technologies. This integrated way of thinking is what drives innovation in an organization," he says.

WHAT'S NEXT? EDUCATION FOR ALL

Toshio Arima believes that education needs to be put at the forefront of our strategy to create a more sustainable economy. The Global Compact Network in Japan runs courses for senior executives to embed sustainability in their thinking and he himself teaches corporate social responsibility at college and university level. However, education must first and foremost be extended to the poorest members of the world's population.

"We're facing huge issues of disparity between countries and between people within countries. Unless we improve their situation, their future will become even more difficult. The key is education and increasing knowledge," says Arima.

PHOTO: ANDRIS SONDRAL VISDAL



Thinking for the long term and balancing stakeholder interests have always been a part of how BASF operates, but it has been hard to explain what it does as a chemical company, says Kurt Bock. The emergence of sustainability as a measure of how responsible a business is has helped BASF to tell its story.

REFRAMING OLD VALUES

KURT BOCK

Chairman of the Board of
Executive Directors
BASF SE

Chemicals. The word has a certain ring to it. At German-based BASF Group it is inherently positive. It is what they do; how they contribute to the needs of a growing world population. Nevertheless, to many other people it's at best a black box of terms and products they do not really understand, and often chemicals are seen as downright dangerous.

"If you produce cars and can get people excited about the new model – it's quite easy to explain what you do as a company. When you produce chemicals, your products are by nature hard to understand and they often require special training to use," says Kurt Bock, Chief Executive Officer of BASF.

That is why Bock really likes sustainability: the emergence of sustainability as a concept and as a measure of the economic, environmental and social performance of a company has actually made it a lot easier for the chemicals sector and BASF to explain how they contribute.

"It gives us an opportunity to communicate what we are doing and what BASF is all about. There is a mutual understanding of the three dimensions of sustainability that makes it a lot easier for us to engage in conversations on what we do," he says.

"When students ask what we do, they might not be all that interested in working for us if I tell them that we make chemicals, and that we are really good at doing that efficiently and safely. But if I explain how these chemicals can increase crop yields, improve energy efficiency, or make better batteries for electric cars, then we get an entirely different discussion," says Bock.

BASF has built on that, seeing the emergence of sustainability as an opportunity for the company. It has adopted several pioneering ways of reporting on sustainability performance. It was one of the first companies to adopt an integrated approach to its annual reports, and the first company to come up with a global CO₂ balance for its products that compares the greenhouse gas emissions caused by production to the savings created via their use. Recently, BASF has screened approximately 60,000 of its solutions with regard to their sustainability impact. It does this to develop a more sustainable product range and help customers choose more sustainable solutions.

"We're a big supplier to the personal care and cosmetics industry, for example. It's very important for our customers to understand what raw materials they are using and what impact they have," says Bock.

He emphasizes that these initiatives have been possible because the concept of sustainability is very long-standing at BASF. Many of the company's success stories are based on addressing a societal need. Likewise, thinking for the long term and balancing the interests of many societal stakeholders are integral parts of the BASF business culture. "The concept of sustainability is not something fundamentally new to a company that was established 150 years ago and is still in business and still growing. I think it was an almost natural development.

It makes a great deal of sense to keep in mind that what we are doing is not just for today, but also for tomorrow," says Bock.

The company's position in the business landscape is in many ways conducive to this way of thinking. As a research-based chemical company, BASF is accustomed to operating with business cycles of 20 to 25 years from research to product retirement, sometimes longer. Furthermore, the company's products are often far from the end user, forcing BASF to consider a much longer part of their value chain in its strategy.

*"There is a mutual understanding
of the three dimensions of sustainability that
makes it a lot easier for us to engage in
conversations on what we do."*

But it is not just the business landscape that puts BASF in a good position to introduce sustainable business practices. "The corporation's roots in Germany also play a great part," says Bock. "If you want to make money in Germany, you have to keep the interests of other stakeholders in mind. There is a strong conviction in German society – and one that's shared by big business – that you have to balance interests and cannot be one-sided in what you do."

WHAT'S NEXT?

UTMOST TRANSPARENCY

BASF has been a pioneer in integrated reporting on its financial, environmental and social performance since 2007. This kind of reporting and the transparency it brings are key elements for the advancement of corporate sustainability, says Kurt Bock:

"Integrated reporting provides us with a platform and a generally accepted standard that we can use to provide more transparency to the public. In the chemical industry, success depends on gaining and maintaining the confidence of the public. You can only achieve that by providing the utmost transparency."

Brazil has the potential to become a world leader in sustainable business, but different stakeholders need to work together to realize that vision, says Jorge Abrahão.

SEIZING THE OPPORTUNITY

JORGE ABRAHÃO

President
Instituto Ethos de Empresas e
Responsabilidade Social

If you ask Jorge Abrahão, president of the Brazilian responsible-business NGO Instituto Ethos de Empresas e Responsabilidade Social, few countries are so laden with opportunities for sustainable business as Brazil. According to him, the country has the potential to be a leader in a new sustainable world economy.

Brazil has perhaps the greatest biodiversity assets of any country, its power sector is largely renewable, its bio-energy and bio-refining industries are among the world leaders in their field, the former ghost of inflation has been kept down for 20 years and, although growth has taken a downturn lately, the country has seen impressive economic developments over the past 15 years. “This gives Brazilian businesses a unique head start in the race to be leaders in sustainable business,” says Abrahão. Now he hopes that businesses too will see sustainability for the opportunity it really is.

“The sustainability agenda is not a checklist that companies have to comply with. It’s an opportunity for them to develop and grow,” says Abrahão.

“The sustainability agenda is not a checklist that companies have to comply with. It’s an opportunity for them to develop and grow.”

The Instituto Ethos was founded in 1998 to promote socially responsible business. Since then, it has grown considerably and gained recognition in and outside Brazil. Over time, the organization has engaged with close to 7,000 companies and Abrahão is a UN Global Compact Board member. However, the task is huge. There are five million businesses in Brazil. Trying to embed sustainability as a fundamental principle in this number of entities is just overwhelming, even for an organization working as tirelessly as Instituto Ethos. “On its own, the institute has little chance to move sustainability further,” says Abrahão, so gathering the many sustainability initiatives in Brazil on a common platform to coordinate the work better has become a priority for the institute.

“There are many initiatives in Brazil that all want to promote sustainability, but they’re fragmented. We have a rich civil society but we work in isolation. This is why we’re trying to build a common agenda,” he says.

The goal is to gather the many initiatives from government agencies, business organizations and civil society on a shared platform to realize Brazil’s potential for sustainable growth.

“The companies need to talk with the social movements, the government and academia. What we need to do is to put these different players at the same table to discuss the problems, how they react to them and how public policies can effectively be put together,” says Abrahão.

Instituto Ethos has worked closely with the UN Global Compact for years, and the support of the UN Global Compact has been an important factor in broadening the sustainability agenda in Brazilian business circles. It brings the clout of the UN to the agenda, but to Abrahão it is equally important that the UN Global Compact’s ten principles highlight the fact that sustainability is multidimensional.

“The UN Global Compact has ten principles and this carries the clear message to businesses that they need to start looking at how they impact society, not just in isolated areas but across the environment, inclusion, social and governance dimensions,” says Abrahão.

He also stresses the need for policies to follow up and consolidate voluntary efforts by business.

“Good practices must be consolidated and turned into rules and general standards. This can be done through public regulations or market self-regulation. The important part is that we can work together to realize the opportunity for sustainable business in Brazil,” he says.

WHAT’S NEXT?

GROWING IN NUMBERS AND QUALITY

One of the greatest challenges facing the corporate sustainability movement is how to continue growing in terms of the number of companies aspiring to operate sustainably and at the same time make certain that businesses implement real change.

“I think we will need to focus on how to measure the effects of sustainability initiatives and on influencing national policy to ensure real progress in both quantity and quality,” says Jorge Abrahão.

PHOTO: CLOVIS FABIANO



When you deal with the entire economy, but your own product is of little use in itself, you need to develop an understanding of the greater system you are part of. For Braskem, this has led to sustainability as the only viable strategy to stay in business and grow, says Fernando Musa.

SUSTAINING BUSINESS

FERNANDO MUSA

Chief Executive Officer
Braskem America

It is not every day that you hear a CEO tell you that his product is useless. “But truth be told, in itself plastic is of little use,” says Fernando Musa, CEO for the US operations of Brazilian plastics giant Braskem. It is of little use until it is shipped to a customer that then transforms it into something like packaging or perhaps a part of yet another product. This again is shipped to another manufacturer before it – perhaps – reaches the end-consumer. Then, often being of little value in itself, plastic is discarded, filling up landfills or the oceans if not properly recycled or recovered.

“Sometimes there are four or five links before our product reaches the end-user and then we also have to consider what happens post-consumption. For us to be successful, we need this whole chain to work,” says Musa.

That is one important aspect of Braskem’s business. Another is the ubiquity of the company’s product. Plastic is everywhere.

“Our products are used in every industry you can think of. We basically deal with the whole economy,” he says.

Put these things together and they form the basis of a world view soundly based on systems-thinking and stakeholder engagement. As Musa says, “At Braskem we need to understand that whatever we do with products can have different consequences in different parts of society, in different regions and for different users. But understanding that also carries great advantages for us.”

“Doing sustainable business today ensures our survival and creates opportunities for growth that will provide a basis for perpetuity.”

The advantages can be found throughout the business; in the efficiency and not least safety of operations; in innovation and product development; in resource management based on Braskem’s reuse and recycling initiatives; and in the recognition the company gets for its sustainability work and not least the opportunities this opens. When great consumer-products companies feel the pressure from consumers to deliver more sustainable products, this helps Braskem’s business. In this business environment, being the world’s largest producer of bio-based plastics is a good position to be in. If you can do things right.

“We put a lot of effort and discipline into this. We want to deliver value to all stakeholders, but we’re also a very complex organization, and this brings some challenges,” says Musa.

“Having a clear set of goals – like the UN Global Compact’s principles or the Sustainable Development Goals – helps create focus amidst the complexity. But Braskem also has a few other tools to help it navigate. The company is always looking for trends and tools to help it prioritize and deliver on its promises of creating value for all stakeholders,” says Musa.

One tool is a comprehensive materiality analysis of the most important issues for Braskem’s stakeholders and the company’s ability to influence these. This highlights the strengths and weaknesses of the current operations.

“We have multiple objectives, so having tools like these helps us frame, prioritize and provide a framework for our managers around the world. This is very important, and being a process industry with many engineers, these kinds of matrices and charts feel comfortable,” he says with a laugh.

For Musa, the tools serve a purpose: they support what he sees as the three imperatives in business: survival, growth and perpetuity. In that respect, he is perhaps not that different from many of his colleagues globally. He wants his company to stay in business, he wants it to prosper and he wants it to continue to do so. What sets this credo apart from many others is the road chosen to reach these goals. To Musa, these general business imperatives necessarily lead to sustainability as a business strategy.

“If you don’t structure your business around sustainable processes and strategies, you will not get there. Doing sustainable business today ensures our survival and creates opportunities for growth that will provide a basis for perpetuity,” says Musa.

WHAT’S NEXT?

DISCOVERING THE FULL VALUE CHAIN

In the coming years, we will need to develop a greater understanding of each company’s place in the life cycle of products and business value chains, says Fernando Musa.

“It’s very easy to look at a problem and see only a very small part of it. NGOs and governments often look at only one or a few parts of a problem and focus on that, without seeing the rest of the picture and the good things that can also be there. If we are to become better at achieving the goals we set for ourselves, I think we need to educate stakeholders and society more to see the fuller picture, so that business and science aspects don’t get in each other’s way,” says Musa.

PHOTO: BRASKEM



As CEO of Netafim, Ran Maidan can get water flowing to the roots of crops everywhere in the world. What he needs now are partnerships that can get the finances for sustainable solutions flowing.

GET FINANCES FLOWING

RAN MAIDAN
Chief Executive Officer
Netafim

The banana grower's wife kissed him. She had been transporting water to fields for 20 years and now Ran Maidan's company had provided the drip-irrigation system that not only saved her a lot of hard work but also raised their yield considerably. So when he visited their farm in India, Maidan, the CEO of one of the world's largest irrigation companies, Netafim, deserved a kiss.

Maidan tells this story and many others hurriedly. He is bristling with stories of the projects Netafim has started globally or is hoping to start. Stories about how Netafim's drip-irrigation technology is protecting the most vital resources we have, water and soil, and raising crop yields at the same time.

These are win-win-win stories of using fewer resources to grow more crops, raising standards of living for the rural population and creating growth for society as a whole. When Maidan speaks, Netafim's product line seem almost made for triple bottom line reporting, and this is no coincidence. The company's history is full of sustainability considerations.

"There is enough money in the world, but we need to figure out how to link the money with the people who need investments."

Netafim celebrates its first 50 years in business this year. The company originally sprang out of the need of Hatzerim Kibbutz to solve its water crisis. Located in the Negev Desert, water for irrigation was scarce and the kibbutz needed an answer. The solution the kibbutzniks came up with was drip irrigation. It solved the water problem, but they soon discovered that they actually got more than they expected. Yields increased even beyond what other farmers with plenty of water could grow.

"We understood then that it brings significantly greater crop yields, but also that in other places where they had enough water they could do much better. They were actually destroying the land by using fertilizers and crop protection in a big way, when they could do much better by delivering water and nutrients directly to the roots," says Maidan.

The drip-irrigation technology became the backbone of Netafim. Today, the company is a solid success on all three bottom lines, employing more than 4,000 people worldwide, operating in over 100 countries and winning worldwide acclaim for the way in which it addresses the growing threats of water and food scarcity.

However, Maidan's stories also have an edge. It can be hard when you truly feel that you have a world-saving technology, but the vital funding for rolling it out is hard to come by. "Netafim's systems are usually paid back in a year or two – and they last for ten," he says. But still, upfront costs are a barrier to disseminating the technology to emerging markets and smallholder farming, where its potential to create sustainable development is greatest.

"You don't need to convince an almond grower in California to go with drip irrigation. Believe me, he knows it and he understands it and he can raise the funds for it. It's much harder to get the financing to install our system in a sugar cane plantation in India. It's an emerging market, it's farming, it's a smallholding, so it's difficult to provide security for it. There is enough money in the world, but we need to figure out how to link the money with the people who need investments," says Maidan.

One example is Netafim's ambition to bring its technology to large-scale irrigation projects, serving thousands or even tens of thousands of smallholders. But these 'big-ticket' projects are hard to organize and fund. He hopes new partnership models can pave the way.

"This is why it's important to bring governments or the UN and financial investors to the table. We can arrange it and lead it, but we can't do it by ourselves. The challenge is really how to create this link between the farmers and the poverty, the government, the funds and the technology. Currently, it's being done but not at the right pace, or on the right scale," says Maidan.

WHAT'S NEXT? PRESERVING OUR MOST IMPORTANT RESOURCES

Our two most important resources are water and soil, says Ran Maidan. Preserving these will be paramount for any ambition to create a more sustainable and just economy.

"Our children, grandchildren and their children will all be dependent upon these resources. I hope that this realization can occupy a more prominent part of the awareness and decision-making of leaders in general and business leaders in particular," says Maidan.

What’s the essence of the insights the contributors to this book have shared with us? What is next for sustainable business? We have summarized the interviews into 10 key takeaways. Ten points that resonate across many of the interviews. Some are developments or trends we expect to see emerging, others are hoped for, as we enter the next 15 years of creating a safe and sustainable future.

NEXT IS NOW

1 SHARING

Too many good stories are never told and too much experience is not shared. In the coming years we will turn into a sharing economy where sharing best practices becomes the norm, as businesses realize that everybody wins when we share knowledge, to enable even more businesses to go sustainable.

2 INSPIRATION

Customers and employees will be more informed and powerful. They will press urize and inspire businesses to become more sustainable. In the coming years we will see corporate sustainability moving in to the core of human resource management as businesses use their sustainability performance as a tool in recruiting and in employee and other stakeholder relations.

3 YOUTH

The next generations of leaders and employees are world citizens that will be attuned to sustainability in a very different way than today’s executives. They will not need to un-learn that business is solely about shareholder value, period. They bring a new set of values and skills for holistic leadership that will move mountains.

4 LEADERSHIP

The world needs transformative changes, and to drive that we need bold, visionary and principled leadership. The leadership challenge is perhaps the most commonly stressed in the interviews. Sharing ideas and creating platforms for collaboration is vital. The Global Compact Local Networks are set for a more influential role having become platforms for dialogue, forming policy, building trust, and real change.

5 LEARNING

In times of transformation, lifelong learning is essential – on all levels. From executive MBAs to primary education, sustainability needs to be on the curriculum and increasingly it is. And, it just so happens, that education in itself is one of the most powerful tools in the sustainable development toolkit.

6 GOVERNANCE

Businesses will increasingly see themselves as part of the solution and want a level playing field. They are increasingly advocating progressive and smart regulation, seeking to embed the principles of sustainable business in regulations and standards.

7 TRANSPARENCY

Transparency and sustainability go hand in hand. Commitments to responsible behaviour are worth little if stakeholders don’t trust you to keep your word. Rapid development in communication technology and reporting will create a hyper-transparent business environment.

8 METRICS

We will need to be better at measuring the impact of doing business sustainably. Business will need to demonstrate a positive impact for itself, but also for society and the environment. Creating meaningful metrics will be crucial to engage a wider group of businesses and investors.

9 PEACE

Sustainable development has a strong stabilizing effect on potential conflict, but responsible businesses also can play a role. When different factions are at odds, businesses can keep up daily relations, weaving strands of commitment and trust.

10 HOPE

Last, but most definitely not least, the interviews all express hope. It is a resolute belief that doing the right thing – for the right reasons – actually matters. It is the only way to stay in business in the long run.

BJØRN KJ. HAUGLAND
Executive Vice President
Chief Sustainability Officer
DNV GL Group

PHOTO: NINA ERIN RANGØY





JORGE ABRAHÃO

President of the Ethos Institute for Business and Social Responsibility. Board Member of the United Nations Global Compact, the Transparency and Control Council of the Brazilian Senate and the São Paulo City Council. He is also a director of organizations such as Rede Nossa São Paulo, Akatu Institute for Conscious Consumption, ISE-Bovespa (The Corporate Sustainability Index of the São Paulo Stock Exchange), Athletes for Brazil and the Global Reporting Initiative (GRI) Brazil.



BOB COLLYMORE

Bob Collymore has more than 30 years of commercial experience as a senior executive in the telecommunications sector on several continents. He has been the CEO of Safaricom since November 2010. He is a member of the United Nations Global Compact Board. Born in Guyana, he moved to the UK at 16 and was about to start a career as a street painter when his mother told him to get a real job. He chose telecommunications and has not looked back. He has close to half a million followers on Twitter.



PEDER HOLK NIELSEN

Originally a chemicals engineer, Peder Holk Nielsen has held a number of jobs in Novo and later Novozymes since joining the company in 1984. He has had a management position since 1987 and became CEO of Novozymes in April 2013.



HUGUETTE LABELLE

Huguette Labelle was Chair of Transparency International from 2005 to 2014. From 1994 to 2012, she served as Chancellor of the University of Ottawa. She has also served for 19 years as a Deputy Minister and in senior management positions in various Canadian Government departments. In 2013, she was Co-Chair of the World Economic Forum annual meeting in Davos.



KOFI ANNAN

Kofi Annan was the 7th Secretary-General of the United Nations, serving from January 1997 to December 2006. In 2001, he and the UN were jointly awarded the Nobel Peace Prize. Prior to serving as Secretary-General, he worked for years in different parts of the UN system. Today, Kofi Annan is Chair of the Kofi Annan Foundation, which mobilizes the will and resolve of leaders to tackle threats to peace, development and human rights, and Chair of The Elders, an international non-governmental organization of elder statesmen, peace activists and human rights advocates who were brought together by Nelson Mandela in 2007.



ARON CRAMER

Aron Cramer trained as a lawyer and practised for five years after working for ABC News as a journalist. In 1995, he joined BSR and founded its business and human rights programme. He became President and CEO of the company in 2004. He is co-author of the book Sustainable Excellence: The Future of Business in a Fast-Changing World.



CHAD HOLLIDAY

In addition to being Chairman of Royal Dutch Shell plc, he also serves on the Board of Deere & Company. He previously served on the Board of directors at Bank of America and was Chairman of the Board from 2010-2014. He is Chair of the National Academy of Engineering, of which he has been a member since 2004, and Co-Chair of the United Nations Secretary-General's High-Level Group on Sustainable Energy for All. Holliday previously served as Chairman of the World Business Council for Sustainable Development, the Business Council, and Catalyst. He is Chairman Emeritus of the U.S. Council on Competitiveness.



LI DECHENG

Li Decheng is Director General and Executive Vice Chairman of the China Enterprise Confederation (CEC). Mr Li has over 30 years of experience in the field of economic management. He is a member of Communist Party of China as well as an engineer. He was a member of the 10th and 11th National Committees of the Chinese People's Political Consultative Conference (CPPCC). He is also a member of the Board of the UN Global Compact and of the Presidium of the Global Compact Network China.



TOSHIO ARIMA

Toshio Arima joined Fuji Xerox in 1967. In 1996, he became Managing Director and was also appointed President and CEO of Xerox International Partners. He became President of Fuji Xerox in 2002 and has held his current position as Executive Advisor to the Board since 2007.

He has been Chair of the Board of the Global Compact Network in Japan since April 2008 and is a current member of the UN Global Compact Board.

He also spends considerable time teaching corporate social responsibility at high school and university level.



MONICA DE GREIFF

Monica de Greiff has a long career in business and politics in Colombia. Her high-level government roles include serving as Minister of Justice from 1989 to 1991. She has held several senior management positions and is today President of Bogota Chamber of Commerce.



MICHAEL IKPOKI

Michael Ikpoki has been the CEO of MTN Nigeria Communications Limited since July 2013. He has been with MTN since 2001 and has served in various leadership positions. Before that, he was with the Nigerian Communications Commission where he served as a Regulatory Advisor.



LIU ZHENYA

Liu Zhenya was elected Chairman of State Grid Corporation of China (SGCC) in 2013. He has been the President of SGCC for over 10 years. In December 2009, he was elected Chairman of the China Electricity Council (CEC), a consolidated organization of all of China's power enterprises and institutions.



KURT BOCK

Kurt Bock has been the Chairman of the Board of Executive Directors at BASF SE since May 2011. Before that he was CEO of BASF Corporation from August 2007 and CFO of BASF SE from 2003 to 2007. He received a doctorate in economics from the University of Bonn in 1985 and has been with BASF since then, apart from a stint with Bosch from 1992 to 1998.



FEDERICO BERNALDO DE QUIROS

Federico Bernaldo de Quiros has been CEO of Restaurants Toks since 2000. Between 2007 and 2013, he was also CEO of Group Presidente, and since 2014 he has been Chairman of the Board of the same Group. He has over 30 years' experience in the hospitality and retail industries. He holds a Master's Degree in Administration and a Bachelor's Degree in Industrial Engineering from major universities in Mexico.



YOLANDA KAKABADSE

Yolanda Kakabadse has founded and led a number of national and international NGOs. From 1990 to 1992, she was based in Geneva to coordinate the participation of civil society organizations in the United Nations Conference on Environment and Development (Rio Earth Summit). From 1996 to 2004, she was President of the World Conservation Union (now IUCN), and a Member of the Board of the World Resources Institute (WRI) during the same period. From 1998 to 2000, she was Minister of the Environment in Ecuador. She was Co-Chair of the Environmental Sustainability Task Force of the UN Millennium Project from 2002 to 2005. Since 2010, she has been President of WWF International.



RAN MAIDAN

Ran Maidan joined Netafim in 2014 as CEO. Before this, he was CEO of Asia-Pacific, Africa & Middle East at Makhteshim Agan Industries, a global manufacturer and distributor of crop-protection solutions. Prior to that, he served as CFO of the Makhteshim Agan Group from 2006-2010. Ran Maidan holds a BA in Accounting and Economics and an MBA specializing in Finance from Bar-Ilan University.



PAUL BULCKE

Originally trained as a commercial engineer, Paul Bulcke has been with Nestlé since he joined as a marketing trainee at the age of 25 in 1979. He held increasingly senior positions at Headquarters and in the markets before being appointment Executive VP for the Americas in 2004, and CEO in April 2008.



REMI ERIKSEN

Remi Eriksen has recently been appointed DNV GL's new Group President and CEO. Eriksen has a solid track record in leading positions within the group gained over more than two decades. He has extensive international experience in the oil & gas, maritime and renewable energy industries, and has led the group's operations in Asia, Europe and the Americas. He has initiated and managed several joint industry projects, resulting in global standards and recommended practices. Eriksen holds a Master degree in electronics and computer science from the Norwegian Institute of Technology and has completed further executive education at Rice University, IMD and INSEAD.



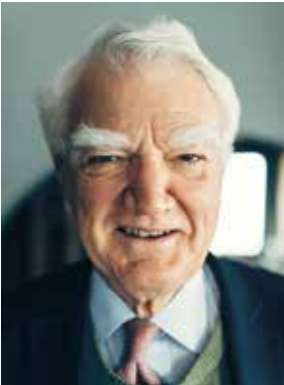
ERIKA KARP

Erika Karp is an investment banker with a knack for research and sustainability. She founded Cornerstone Capital in 2013. Before that, she was Managing Director and Head of Global Sector Research for UBS Investment Bank, where she started and executed a number of research initiatives. She is a founding Board member of the Sustainability Accounting Standards Board, a member of the World Economic Forum Global Agenda Council on Financing and Capital, and serves as an Advisor to the Clinton Global Initiative Market-Based Approaches Track Initiative.



COLIN MELVIN

Colin Melvin is the founder and CEO of Hermes EOS. He has more than 20 years' experience in developing corporate governance, sustainability and responsible investment. Before starting Hermes, he was Head of Responsible Investment at Baillie Gifford.



SIR MARK MOODY-STUART

Originally a geologist, Sir Mark Moody-Stuart holds and has held a long list of executive positions in especially the extractive industries. He is Chairman of the Foundation for the Global Compact. He is a Director of HSBC Holdings PLC, Accenture Ltd and Saudi Aramco. He was Chairman of Anglo American plc, a global mining company, from 2002 to 2009. He was Chairman of the Royal Dutch Shell Group of companies from 1998 to 2001, having worked for Shell since 1966 and as Managing Director since 1991. In 2000 and 2001, he co-chaired the G8 Task Force on Renewable Energy. He is Vice Chairman of the UN Global Compact.



FERNANDO MUSA

Fernando Musa has been the CEO of Braskem America since 2012. In addition to this position, Musa oversees Braskem's European operations. Before moving to the USA, Musa served as Vice President of Planning, IT and Purchasing in Braskem S.A. In addition, he was responsible for quantiQ, Braskem's distribution business. Previously, he was responsible for the integration of Quattor (a Brazilian chemical and petrochemical company) after its acquisition by Braskem in 2010. A graduate of Instituto Tecnológico de Aeronáutica (ITA) in São José dos Campos, Brazil, with a degree in Mechanical Engineering, Musa received his MBA from INSEAD in France.



ARIF NAQVI

Arif Naqvi has over 30 years' experience of investing in public and private companies. In 2002, he established the Abraaj Group and has served as its Group Chief Executive ever since. He is on the Boards of the United Nations Global Compact, Interpol Foundation, Global Leadership Council of Columbia University and Endeavor Global and is the Chair of the Middle East Centre Advisory Board of the London School of Economics and Political Science. In 2011, Private Equity International named him as one of the 50 most influential people in the global private equity industry. He is a recipient of the 2013 Oslo Business for Peace Award.



JANE NELSON

Jane Nelson is Director of the Corporate Social Responsibility Initiative at the Kennedy School of Government, Harvard University, and a non-resident Senior Fellow in the Global Economy and Development Program at the Brookings Institution.



MARILYN CARLSON NELSON

Marilyn Carlson Nelson is a former Chair and Chief Executive Officer of Carlson, a global travel and hospitality company. Under her leadership, Carlson was the first major North American travel and hospitality company to take a stand against the sexual exploitation of children in the travel industry. Carlson Nelson has appeared on Forbes magazine's list of The World's 100 Most Powerful Women. Ethisphere Magazine has recognized her as one of the 100 Most Influential People in Business Ethics. In 2004, Carlson Nelson co-chaired the World Economic Forum's annual meeting in Davos, Switzerland.



PAUL POLMAN

Paul Polman is the CEO of Unilever. He is a member of the board of the UN Global Compact, Chair of the World Business Council for Sustainable Development, a member of the International Business Council of the World Economic Forum and a member of the B Team. Polman has been CEO of Unilever since January 2009. Before that he held executive positions at Nestlé and Procter & Gamble.



MARY ROBINSON

Irish academic, barrister and politician Mary Robinson has spent most of her life advocating human rights. From 1990 to 1997, she was President of the Republic of Ireland, regarded by many as a transformative figure in creating modern Ireland. From 1997 to 2002, she was United Nations High Commissioner of Human Rights. She is today President and Chair of the Board of Trustees of the Mary Robinson Foundation - Climate Justice.



JOHN RUGGIE

John Ruggie is Berthold Beitz Professor in Human Rights and International Affairs at Harvard Kennedy School. From 1997 to 2001, he was Assistant Secretary-General and Senior Adviser for Strategic Planning to the Secretary-General of the UN, thus a big part of setting up the UN Global Compact. In 2005, he was appointed the UN Secretary-General's Special Representative for Business and Human Rights. In June 2011, the UN Human Rights Council endorsed the Principles on Business and Human Rights developed by him. Core elements of these have been adopted by the OECD, ISO, IFC and the EU.



MARTIN SKANCKE

Martin Skancke is Chair of the Board of the Principles for Responsible Investment (PRI). He previously served as Director General and Head of the Asset Management Department at the Norwegian Ministry of Finance, where he helped design and establish the Norwegian Government Pension Fund, one of the world's largest sovereign wealth funds.



MARTHA TILAAAR

Martha Tilaar is the Chairperson of the Martha Tilaar Group. She has received numerous prizes for both her entrepreneurship and the work her companies are doing to protect natural and cultural heritage and empower women. She is a member of the Board of the UN Global Compact.

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SAFER, SMARTER, GREENER