

## **GLOBAL SUMMIT ON SUSTAINABILITY**

29 – 30 July 2010, National Liberal Club, London

### **A Report**

#### **Sustainability - Key to driving business in a turbulent world**

The two-day Global Summit on Sustainability , held on 29 and 30 July in London, organised jointly by the World Council for Corporate Governance and India's Institute of Directors and themed 'Sustainability - Key to driving business in a turbulent world', proved highly successful and turned out to be a transformational event that moved corporate governance and sustainability beyond conventional thinking. It was attended by leaders in businesses, finance, environment, parliamentarians, policymakers, academics and social thinkers from across the world.

Sessions at the two-day event were diverse in theme, with topics ranging from 'Re-generating the Economy through Sustainability' and 'Turbulence - The New Face of the Normal' to 'Pricing Natural Capital in Balance Sheets' and 'Minimalism - The New Age of Luxury'.

Throughout the conference, a range of companies presented practical examples of their journey to sustainability and a low-carbon economy. These case studies were well received by an engaged and receptive audience.

Eminent speakers included Lord Anthony Giddens, Emeritus Professor, London School of Economics; Dr. Panitchpakdi, Secretary-General, UNCTAD; Rt Hon Baroness Sandip Verma, House of Lords Spokesperson for International Development; John Elkington Founder of SustainAbility; Hon'ble Justice (Dr) Arijit Pasayat, Chairman Competition Appellate Tribunal of India, Mark Goyder, Director Tomorrow's Company and David Grayson CBE Director Doughty Centre for Corporate Responsibility, Lisa Neuberger, Strategy Lead, Global Corporate Citizenship, Accenture, Niall Dunn Managing Director Saatchi and Saatchi and many other top leaders and thinkers.

Following is a report on presentations by experts:

Ola Ullsten, Chairman of the WCFCG and former Prime Minister of Sweden said: "Sustainability has become a wide-ranging term that can be applied to almost every facet of life. Sustainability strategy is a must for businesses as solving problems after they occurred is a lot more expensive than preventing them altogether. Instead of looking at ways to minimize the pain after the bubble has burst, our effort should be on building a 'bubble proof' economy."

Madhav Mehra, President of the World Council for Corporate Governance delivered the theme address. His redefinition of sustainability captured the imagination of participants and was widely commented and quoted. He called sustainability "a process of creative destruction that continually disrupts the status quo and harnesses turbulence to achieve an organisation's long-term goals through constant innovation and TEAR -Transparency, Engagement, accountability and responsibility".

Dr. Supachai Panitchpakdi, Secretary General, UNCTD in his inaugural address emphasised on resetting the moral compass to overcome greed and focus on sustainability that would include environmental, social and governance issues. He said, "Long term sustainability is more effective than short-term financial sustainability. Year 2007 was a determining year when global financial turbulence took place. Even sub-Saharan Africa was on track for achieving targets of MDG. Sustainable stock exchanges and sustainable agricultural growth are the two pillars for future sustainability. The Global Compact launched a project in 2009, titled-UN Principle of Responsible Investments that made a major shift on responsible investments. All risks related to sustainability of environmental, social and government issues have to be internalised by the regulators and this reporting should be institutionalised. Involvement of private sector and stock exchanges will remain an important issue to ensure sustainability".

Mr. John Elkington, Founder & Executive Chairman, Volans and Founder & Non-Executive Director, Sustainability said, "Sustainability is currently defined in a very loose sense. When governments and businesses are involved, business can slow down the action by pressurising the governments. But, when market forces takeover the business have no control and the market decides the pace of change and things can change overnight. In our survey in 2009 the respondents observed that sustainability can be effectively covered by twelve issues including water, climate change and poverty etc. The present situation is a systematic failure that is a failure of the economic model. There is a sense of outrage in youngsters, who want action that can show result on the ground".

Lord Anthony Giddens, Emeritus Professor, London School of Economics speaking on 'Regenerating Economy through Sustainability' said "climate change and energy security will remain two important issues for discussion, but are not going to be the defining issues the 21<sup>st</sup> century. The climate science is robust and therefore the criticism by the sceptics of findings of IPCC has been of no consequence. Climate Change has the cumulative nature and is different from poverty. If not controlled by 2050 the levels will become uncontrolled. The global warming has now become a misnomer and Russia recently have the most severe winter and global drought. We have to go beyond the usual definition of sustainability that is minimizing wastes, energy efficiency and recycling waste. The literature is making serious mistake when it wishes to make an ally of nuclear and renewables alone, what we need is the holistic change in approach and the DNA of a new energy development and use has to be developed. The second mistake is that too much emphasis is placed on technology whereas social, economic and political creativity also have significant role. The low carbon routes do not necessarily create new jobs but only substitute from one place to another. New partnerships amongst government, market and business needs to be developed. There is a necessity to adapt to climate change. There is also a need for the private capital to be involved for ensuring sustainability. The insurance companies have to evolve new products for dealing with hazards. The solution is not through regulation, but through innovation and creativity and also not necessarily through technology or through political and business actions. The role of relationship between business and government therefore needs to be defined in new context."

Graham Baxter CEO of IBLF used examples to illustrate how responsible companies can impact the sustainability agenda. Business can do this by making a contribution in three spheres of influence - their core business (the workplace, marketplace and supply chain), social investment and philanthropy activities and engagement in public policy dialogue and advocacy activities. He explained how IBLF has built expertise in working with its partners over the past two decades to help them optimize these spheres of influence worldwide.

Baroness Sandip Verma, House of Lords Spokesperson for International Development expressed her view “Private finance for low carbon economic growth in Africa, India and Pakistan is extremely relevant. Businesses and governments have to focus on water management and climate adaptation more intensively in the future. Balanced city and rural life has to be promoted as sustainability is to ensure a continuum between urban and rural areas. The next phase of development aid has to focus on social and economic sustainability. Inclusive business models need to be promoted not only for the developing countries but also for the developed world. Aid is normally linked to the outputs that have to be evaluated at the end of the project to ensure accountability. ‘Sharing risk of innovation’ and ‘sharing risk of technology deployment’ are now a part of business model of DFID. Private sector has also to be intensively involved with through checks on delivery and verification. Stability of governance is an important contributory element in promotion of bright ideas of the entrepreneurs in developing countries.”

Ravi Nedungadi, President of UB group explained why he believes companies can and should adopt inclusive business models in their core business to address the immense social, economic and environmental sustainability challenges being faced the world over.

Deepak Lalwani OBE, Director Astaire Securities and Anil Verma Minister Economic at the India High Commission explained how acceleration of business between India and UK could bring dividends to both countries that share a common language, history and legal system.

Lisa Neuberger, Strategy Leader Global Corporate Citizenship, Accenture said “In spite of the recent economic downturn, according to a more recent survey by Accenture of 766 CEOs around the world, an overwhelming majority of corporate CEOs—93 percent—say that sustainability will be critical to the future success of their companies. Furthermore, CEOs believe that, within a decade, a tipping point could be reached that fully meshes sustainability with core business—its capabilities, processes and systems, and throughout global supply chains and subsidiaries.”

Leaders surveyed insisted that the global economic downturn had done little to dampen corporate commitment to sustainability. “In fact,” Accenture noted, “it seems to have done the opposite: 80 percent of the CEOs say the downturn has raised the importance of sustainability.”

Prof Tagi Sagafi-nejad, Kilam Distinguished Professor of International Business, Texas A&M International University said, “MNCs who are the owners of specific technologies have the ethical responsibility to invest in development of low carbon technologies. Sustainability is a new currency and many of the companies who practice do not separately mention so. On the other hand a large number of signatory companies of Global Compact do not follow its principles and fail to perform.”

Justice (Dr) Arijit Pasayat, Chairman, Competition Appellate Tribunal of India said, “With increasing competition in global business sustainability practicing companies get an advantage.”

Peter Braithwaite, Director, CH2MHILL International said, “With a truly sustainable approach value is created for businesses. There is a define case for business to promote sustainable development. The client wants quality, increased value and targeted rate of return. Sustainable development can appropriately address business metrics. Sustainability concept in different contexts will be different. Building a new sustainable city will need a different approach as compared to rebuilding an old city into a sustainable city.”

Prof David Grayson CBE, Director of Doughty Centre for Corporate Responsibility at Cranfield University said, “The global financial crisis may be over but the far more serious global sustainability crisis is just beginning. That is putting much more pressure to manage the switch to low carbon economy. It is going to require a wholesale restructuring of business. There are huge opportunities for managers to find profitable solutions to the global sustainability crisis.”

Mark Goyder, Founder of Tomorrow’s Company said, “The world needs shareholders whose priorities and behaviours are aligned with the long-term interests of the company, and with the health of the soil in which its being nourished. One should not forget that in the global competition ‘Today’s Peacock’ becomes ‘Tomorrow’s Feather Duster’.”

Niall Dunne, Managing Director of EMEA, Saatchi & Saatchi said, “The principles of movement can be built into the heart of the world’s largest brand not just because we want them to now more than ever, but because they need to now more than ever. A narrow two dimensional relationship with a consumer is like pre-renaissance art, lacking inspiration, potential and the essential ‘vanishing point’ which enables 3-D perspective. For us ‘vanishing point is transparency’. This third dimension (beyond price and quality) not only enables a richer relationship with consumers, it allows brands to provide us with the canvas we need for a renaissance of human enlightenment. Billions of daily ‘transactions’ can become ‘interactions’ between us and our environment once again as we are enlightened”.

Peter Walker, Executive Chairman of PIELLE Consulting Group said, “Transparency is a key to sustainability but only as part of a triumvirate with Accountability and Engagement can it meet the needs and match the demands of the 21<sup>st</sup> century”.

Prof Colin Coulson – Thomas of University of Greenwich emphasised on innovative business strategies and the challenge of global health as the benefits can be achieved in this generation and not in the future.

### **Summary of Conclusions and Recommendations**

Following is the summary of conclusions and recommendations of the Summit:

- Sustainability is misconstrued by most companies. Most CEO’s perceive it to be return to business as usual that predated 2008. Sustainability is a journey, not a destination. In the words of Madhav Mehra, President of the World Council for Corporate Governance that organised the event, “Sustainability is a process of creative destruction that continually disrupts the status quo and harnesses turbulence to achieve an organisation’s long term goals through constant innovation, transparency, engagement, accountability and responsibility”.
- Sustainability strategy is critical for business and must be embedded in the strategic and operational plans of the organisation.
- Climate change is not a myth, but a scientific reality. Business must take leadership to create a carbon less world.
- The widening regional imbalances and sharpening inequalities pose the greatest threat to sustainability of business. This highlights the role of business in poverty alleviation and driving inclusive agenda by engaging with the bottom of the pyramid for win-win solutions.

- Turning your business into a cause or a higher purpose is the best way to achieve sustainability.
- Open and fair competition is a sine qua non for sustainability
- Competition law frameworks worldwide need to be aligned with sustainability imperatives such as open markets, prevention of market abuse by incumbents, facilitating entry of radicals and innovators and ensuring transparent conduct
- Measurement and pricing of natural capital in balance sheets is critical to quantify the true benefits accruing to business, society and environment
- Sustainability agenda is must for SMEs which constitute 95% of business enterprises
- Brand no longer is an empty vessel – it needs to be built through transparency, engagement and accountability
- Problems that beset the world today are so complex and uncertain that no one person can have all the answers. Transparency is the key to ensure involvement of staff at each level to solve problems as they occur.
- Sustainability is impossible to achieve without trust. Disclosure and transparency are critical in rebuilding of trust. This means sharing not just successes but having pride in owning failures. Ownership of failures and rewarding good tries is key to sustainability.
- Sustainability is ensured not by succeeding every time but learning to rise faster every time you fail. Reporting systems should encourage companies to report failures so that these could become learning points for others.
- A company-wide culture of owning failures will spur innovation by improving confidence, commitment, motivation, morale and competence.
- Sustainability demands focus on the entire supply chain, not just in-house concerns (e.g. Working to green the vendor chain)
- Greenwashing could be the greatest threat to brand. Punishment for being found out should be greater than the loss by admission of default. Companies should ensure external verification to build confidence in their claims
- Companies need to demonstrate a higher purpose to work for – building communities, bridging the poverty gap, access to health and education should become the North Star goals to achieve Sustainability.
- The principle of stewardship that stems from Mahatma Gandhi's philosophy of owners regarding themselves as trustees is the key to build a sustainable corporation.
- Social media plays a major role in company's engagement with its stakeholders. Embracing the customers does not mean preaching them but learning from the

feedback. Underdog is the king of social media. Transparency and clarity in communication and modesty in approaching the market are the key to success with social media.

- Preventive health care is critical to sustainability. The food on our dining table determines not only our health but also the health of our planet. Companies need to proactively invest in sustainable lifestyles which will improve not just the employee health but also the health of the planet. Organic farming is critical to restore both the human and environmental health.
- Resilience of the corporations to bounce back from whatever the world throws it is critical for sustainability
- Throughout the conference a range of companies presented practical examples of their journey to sustainability and low carbon economy. Participants specially endorsed PROACTIVATE – A Holistic Model of Sustainability

P - Pricing natural capital

- R - Radically increasing energy efficiency
- O - Opting for a minimalist lifestyle
- A - Adopting a zero waste system
- C - Capture and sequester carbon dioxide
- T - Turning to renewables
- I - Invest in green issues
- V - Vigorously pursue market mechanism
- A - Activate women and children to drive change
- T - Train and educate communities
- E - Execution and not sensationalisation

**The Summit elicited an overwhelmingly positive feedback. Here are some excerpts:**

*“Delighted to learn that the event went well in London. Spoke to a number of my colleagues who attended Global Summit on Sustainability they all stated that it was one of the best conference they had attended on this subject of Sustainability!!”* ..... Mo Girach BSc (Hon), MBA, Special Advisor to the NHS Alliance (Social Enterprise, Mutuals,Co-operatives) ,Associate Consultant Kings Fund

*"Madhav;It was a great success. Congratulations" .....*Mark Clough QC ,Partner, Solicitor Advocate , Addleshaw Goddard LLP

*“I enjoyed the Summit and found the quality and range of speakers very impressive. It’s not often that so many ‘thought leaders’ are at one event. Most of the presentations were informative and thought provoking. I have already used the Summit book to reference material to my colleagues in the States. One of the impressive factors for me, having attended numerous conference, was*

how little self promotion there was in the presentations – refreshing change” ..... **Peter Braithwaite, Director, CH2MHILL**

“I much enjoyed my participation in the Global Summit on Sustainability” .....**Lord Anthony Giddens Emeritus Professor London School of Economics**

“In retrospect it was a most memorable event. Excellent, well chosen topics relevant to today’s world scenario. Decisions should be sent to policy makers, business owners”.....**Ganpat Singh, Chief Executive, J K Lakshmi Cement**

“I enjoyed every moment of the presentation albeit time limitation allocated to sessions” .....**Mufwa Munthali , Malawi High Commission**

“I truly got value out of this summit” ..... **Karin Laljani, MD, Clownfish**

“Very good networking” .... .....**Alice Lam, SkyB**

“Excellent conference, ACCA is very interested in cooperation” .....**Cecilia Thorn, ACCA**

“Karin and I both really enjoyed the London summit. We found the quality of the debate stimulating and it was very interesting to meet so many committed and senior people.” .....**Alex Johnson, Director, Clownfish**

“Galaxy of quality speakers, concentrated capsules”.....**S N Ambardekar, Sr VP, Tata Motors**

“Great initiative” .....**Major Gen S S Sidhu, IBM India**

Madhav has an extraordinary team at the Institute of Directors in India which must be complimented for this great conference. **Peter Walker , Chairman Pielle Consulting**

“Warm regards to all who put the wonderful program together” .....**Prof Tagi Sagafi-nejad, Killam Distinguished Professor, Texas A&M International University, USA**

Summary of the conclusions from the Sustainability summit is very informative and reinforces the directions that can guide future actions to achieve sustainability. **Professor Anona Armstrong PhD, Corporate Governance Program, Victoria Law School, Melbourne, Australia**

Madhav, Yours has been a pioneering effort. ...sure to keep these issues in the forefront of all that we do in future **Ravi Nedungadi, President UB Group , Bangalore**

“Madhav, I am enormously grateful for the opportunities that you put before me and for being an ongoing role model of so many leadership qualities.

*I don't really feel that I was able to contribute much to the outcome of the London event, but I certainly hope that I shall to the Lisbon one.*

*When someone chooses to put their head above the parapet, others will take pot shots at them (even I have learned that), but true leaders like yourself have a vision and pursue it regardless. You only had to look around the room at the National Liberal Club and you could see 50 or more people who will, for years to come, say... "Madhav Mehra, what a man! I saw him in London, you know?!" I, for one, am proud to consider you one of my friends.*

*Now, enough of this mildly maudlin talk - let's get on and change the world!"*

*Graham Wilson, Leadership strategist and mentor*

*“I did not know what a phenomenon Dr Mehra is until I participated at the Global Summit on Sustainability in London. The proceedings were so engaging that every participants remained glued from 9am though to well past dinner at 10 pm. Most participants said it was the most memorable conference they have been with a galaxy of eminent speakers, every speaker giving a new shade to sustainability. Madhav Mehra remote controlled the conference in such a way that every minute detail from design of the agenda, selection of speakers, menu for vegetarians was meticulously attended to. I wondered whether the Lord Gladstone, who founded the National Liberal Club, imagined that some 128 years later this venue will be a witness to proceedings that will shape the way humans will engage in their business.*

*Dr Mehra’s theme address “A strategy for sustainability for governance in a turbulent world got a thunderous applause. His redefinition of sustainability – a process of creative destruction that continually disrupts the status quo and harnesses turbulence to achieve an organisation’s long term goals through TEAR – Transparency, Engagement, Accountability and Responsibility” captured the imagination of everyone.*

*The extraordinary aspect of Dr Mehra is not that he is a rare visionary he is also down to earth practitioner of what he preaches. Soon after the conference I had the occasion to visit a school and hospital he has set up under S M Charitable Trust for the most disadvantaged children. Talking to these children I felt they had more confidence than children from public school. This is because he not only supervises every detail of the conference how each child is groomed. It is rare to find such combination of vision, passion and compassion, He is a true role model for those who wish to make this world a better place”*

**Dr Justice Arijit Pasayat, Judge of Supreme Court of India (Retd) and Chairman Competition Authority of India**

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