Rio+20: Imperatives for the Future of Business

Arnold Smit: USB-ED Centre for Business in Society

Date: July 2012
Rio + 20 in perspective

• Purpose: “The future we want”
  – Building a **fair green economy** and **democratic governance** of the planet in a framework of sustainable development.
• Background to the sustainability challenge

• Energy and minerals
• Land, food and water,
• Ecosystems and biodiversity
• Climate change and global warming
• Emissions and waste
• Etc.

Approximately every nine months, we exhaust the planet’s annual budget for renewable resources and the services they provide.

www.footprintnetwork.org
Further perspectives on the sustainability challenge as a factor of bio-capacity vs environmental footprint, highlighting the position in some countries.

<table>
<thead>
<tr>
<th>Country</th>
<th>Bio-capacity (global hectares per capita)</th>
<th>Environmental footprint (global hectares per capita)</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>3.9</td>
<td>7.2</td>
</tr>
<tr>
<td>UK</td>
<td>1.3</td>
<td>4.7</td>
</tr>
<tr>
<td>UAE</td>
<td>0.6</td>
<td>8.4</td>
</tr>
<tr>
<td>China</td>
<td>0.9</td>
<td>2.1</td>
</tr>
<tr>
<td>Brazil</td>
<td>9.6</td>
<td>2.9</td>
</tr>
<tr>
<td>Finland</td>
<td>12.2</td>
<td>6.2</td>
</tr>
<tr>
<td>SA</td>
<td>1.2</td>
<td>2.6</td>
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</tbody>
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The imperative for change

- The gap: the importance of what is at stake, the aggravation of all sorts of crises and the lack of clarity in visions for the future, the weakness of political proposals and especially the inability of countries to adopt converging positions.

- The question: What systems of institutional, moral, technological, economic, individual, cultural and political values would enable us to meet everyone’s expectations as well as our collective needs?
• Rio + 20 Corporate Sustainability Forum
  – Agriculture and food
  – Economics and finance of sustainable development
  – Energy and climate
  – Social development
  – Urbanisation and cities
  – Water and ecosystems

Constituencies at Rio +20
• Some Business Commitments to Action (200+)
  – **CEO Water Mandate**: signed by 45 CEOs, committing to broadening corporate water sustainability policies
  – **Caring for Climate**: 25 companies committing to calculate and publicly report their greenhouse gas emissions
  – **Natural Capital Declaration**: 37 financial capital companies integrating natural capital considerations into their products and services
  – **Green Industry Platform**: endorsed by 70 businesses and organizations
  – **Sustainable Investments**: commitment by 5 stock exchanges (trading in 4600 companies)
• Reflections and takeaways
  – Sustainable development: bottom-up and leader-driven
  – Explicit **valuing of nature** by governments and the private sector
  – An increased role for business in shaping the **green economy**
  – Broader **measures** of progress **to complement GDP**
Imperatives for the future of business

• Does it matter?
  – **Ten years ago**, CEOs tended to believe that the principles of sustainability added **nothing but cost** to their business. Now the situation is radically different...
  – The **2010 United Nations Global Compact - Accenture CEO study** found that
    • 93% of CEOs now believe **sustainability will be critical** to the future success of their companies
    • 80%, believe a **tipping point** will be reached **within the next 15 years** where sustainability is embedded in the core business and strategies of the most companies
    • 54% believe this tipping point could be reached within the **next 10 years**
Best Way Private Sector Companies Can Contribute to Society’s Transition Toward Sustainable Development

Promoted, Total Mentions, Sustainability Experts, 2012

<table>
<thead>
<tr>
<th>Contribution</th>
<th>Mentions</th>
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<tbody>
<tr>
<td>Contributing technological development and innovation</td>
<td>41</td>
</tr>
<tr>
<td>Working with governments to establish regulations that supports sustainable development</td>
<td>33</td>
</tr>
<tr>
<td>Improving internal sustainability performance</td>
<td>29</td>
</tr>
<tr>
<td>Influencing customers toward positive behavior change</td>
<td>28</td>
</tr>
<tr>
<td>Participating in multi-sectoral partnerships</td>
<td>28</td>
</tr>
<tr>
<td>Mobilizing suppliers on sustainability initiatives</td>
<td>26</td>
</tr>
<tr>
<td>Engaging employees on sustainability initiatives</td>
<td>8</td>
</tr>
</tbody>
</table>
• Imperative 1: Shift mental models

<table>
<thead>
<tr>
<th>Worldview</th>
<th></th>
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<tbody>
<tr>
<td>Anthropocentric</td>
<td>Eco-centric</td>
</tr>
<tr>
<td>Dominance</td>
<td>Co-evolution</td>
</tr>
<tr>
<td>Shareholder capitalism</td>
<td>Inclusive growth</td>
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<table>
<thead>
<tr>
<th>Approach to change</th>
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<tbody>
<tr>
<td>Mechanistic</td>
<td>Systemic</td>
</tr>
<tr>
<td>Linear</td>
<td>Adaptive</td>
</tr>
<tr>
<td>Prescriptive</td>
<td>Facilitative</td>
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• Imperative 2: Embed sustainability in four key organisational practices

What possibilities and energies are unlocked if you imagine the future of your business in terms of...

a sustainability platform
• Imperative 3: Rethink the meaning of capital and optimise value where it counts

What possibilities and energies are unlocked if you imagine the future of your business in terms of...

a resource innovator
• Imperative 4: Build capacities for collaboration and co-creation

What possibilities and energies are unlocked if you imagine the future of your business in terms of...

a laboratory for co-creation
• Imperative 5: Accelerate urgency for action

What possibilities and energies are unlocked if you imagine the future of your business in terms of...

a global destiny custodian
Summary on five imperatives

- Perspective
- Integration
- Innovation
- Collaboration
- Custodianship
The core values that underpin sustainable development - interdependence, empathy, equity, personal responsibility and intergenerational justice – are the only foundation upon which any viable vision of a better world can possibly be constructed.

Jonathon Porritt