

Instituto Ethos: June 2006

# THE SOCIALLY RESPONSIBLE COMPANY

## Challenges, Dilemmas and Conflicts

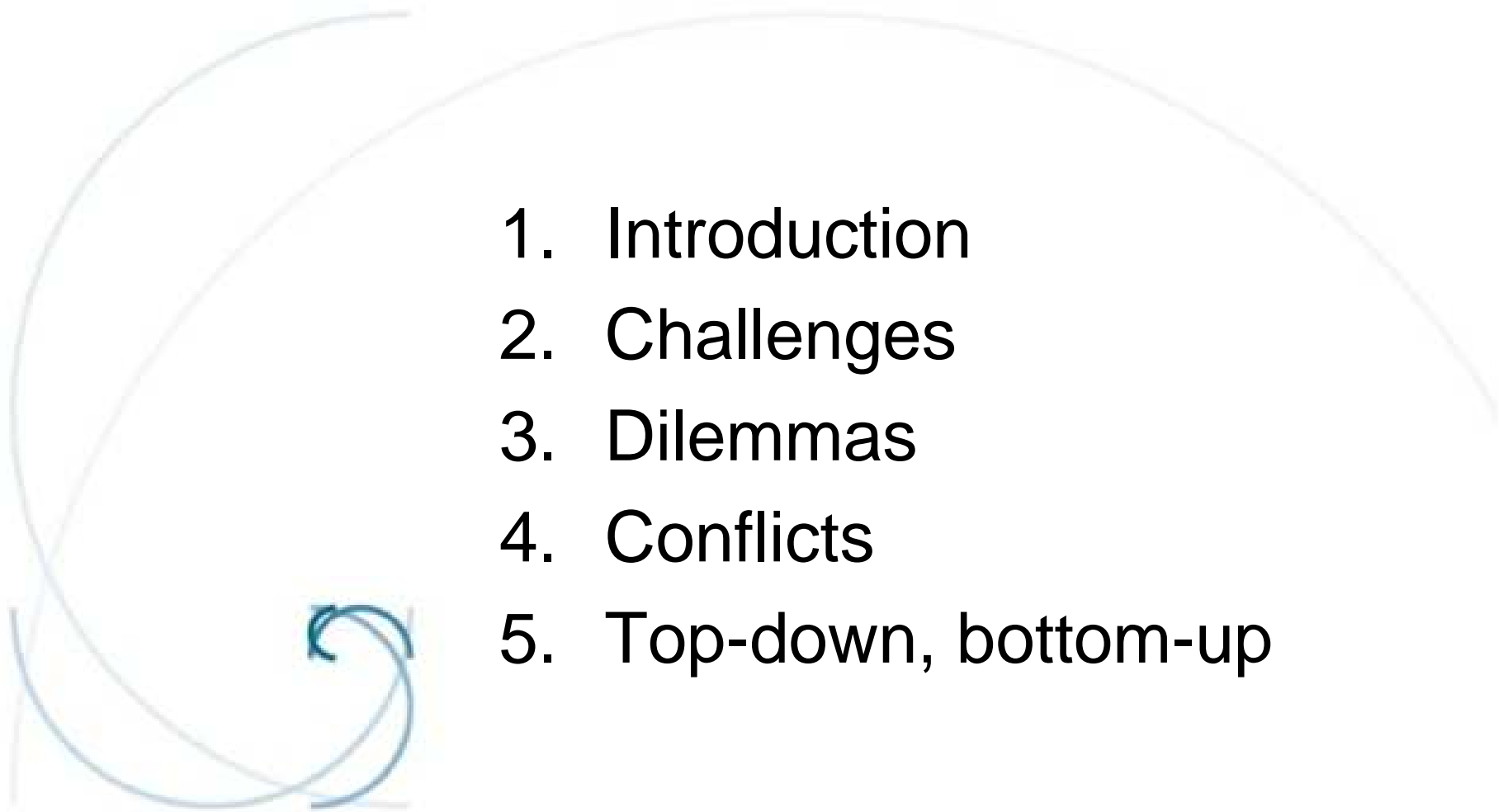
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# 1 Introduction



- Director & Chief Entrepreneur
  - SustainAbility (Chairman, 1996-2006)
- Chair
  - Environment Foundation
  - ECGD Advisory Council
- Advisory Boards/Councils
  - B&HRRC, DJSI (3M), Ethos, RSA, WWF, Zouk

# SustainAbility



**Founded**  
1987

## **Team**

Core Team ~25

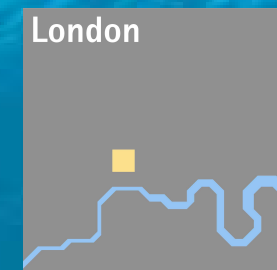
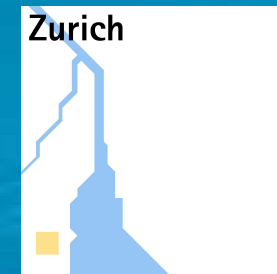
Nationalities 11

Council 12

Faculty 60>

## **Mission**

To inspire and support innovation  
that creates tomorrow's value





## 2 Challenges

# Clients, partners, languages



- Reputational risk > competitive advantage
  - ✎ Corporate citizenship
  - ✎ Corporate responsibility
  - ✎ Corporate social responsibility
  - ✎ Eco-efficiency, eco-effectiveness
  - ✎ Fair trade
  - ✎ Human rights
  - ✎ Sustainable development (e.g. triple bottom line)





- A.G. Lafley: \$100m donations—new focus on children
- **Environment:** resources, water (cool-water washing), waste
- **Social:** health, hygiene (PUR), education
- **Economic:** shareholder value, employment, taxes, fees and contributions

## 4Bs of 'Blended Value'



	Governance	Markets
Emerging (20% known)		
Existing (50% known)		Brands



## 4Bs of 'Blended Value'



	Governance	Markets
Emerging (20% known)		
Existing (50% known)	<b>Balance Sheets</b>	<b>Brands</b>

## 4Bs of 'Blended Value'



	Governance	Markets
Emerging (20% known)	<b>Boards</b>	
Existing (50% known)	<b>Balance Sheets</b>	<b>Brands</b>



## 4Bs of 'Blended Value'



	Governance	Markets
Emerging (20% known)	<b>Boards</b>	<b>Business Models</b>
Existing (50% known)	<b>Balance Sheets</b>	<b>Brands</b>

### 03 Waves and Downwaves 1961–2001

High  
Interest

Medium  
Interest

Low  
Interest

First Wave 'Limits'

1961 Amnesty International founded / World Wildlife Fund founded  
1962 *Silent Spring* published

First Wave Peak

1969 Friends of the Earth founded  
1970 Earth Day  
1971 Greenpeace founded

1972 UN Stockholm Conference / *Limits to Growth* published  
1973 Arab Oil Embargo / Watergate / Seveso Disaster, Italy

First Downwave

1978 Second Oil Shock / OECD State of Environment Report

Second Wave 'Green'

1984 Bhopal Disaster, India

1986 Chernobyl Disaster, Ukraine / Rhine Disaster, Europe

1987 *Our Common Future* published / Montreal Protocol

1988 Green consumer movement launched

1989 Exxon Valdez Disaster, Alaska / Berlin Wall

1990 Earth Day 20

1991 Gulf War

1992 UN Earth Summit, Brazil

1995 Brent Spar / Shell Nigeria / Moruroa nuclear tests

1996 'Mad Cow' Disease, UK / Nike sweatshops

1997 Kyoto Protocol

1998 GM Foods Controversy, UK and EU

1999 Battle of Seattle

2000 Millennium / CSR and SD on WEF Agenda

2001 G8 Meeting, Genoa / September 11

Third Wave 'Globalisation'



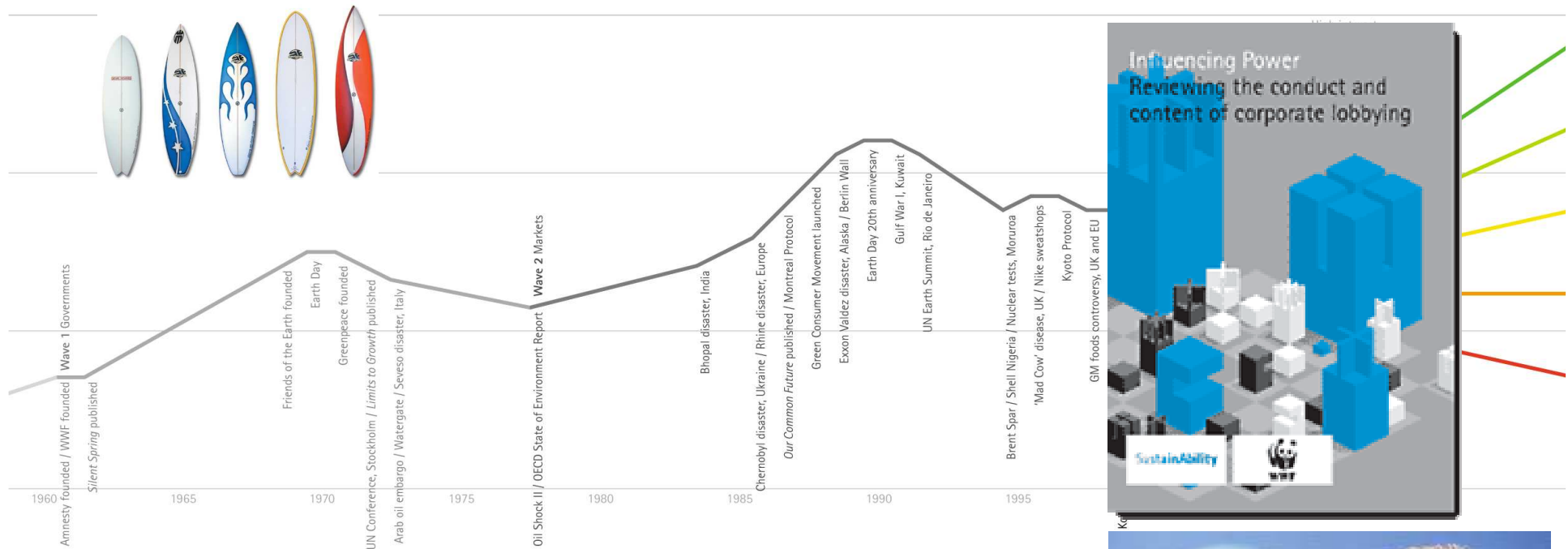


- Lee Scott: 'We should view the environment as Katrina in slow motion'
- Old: Energy efficiency, waste
- New: Renewables, roofspace, sustainable fish
  - (1) Easy wins
  - (2) 1-3 years projects
  - (3) 'Game Changers'



# Fourth Wave

- Creativity
- Innovation
- Enterprise
- Scale



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# 3 Dilemmas



- 2002-2006
- 2000: climate change
- 2005: poverty, climate, global governance ...
- 2006: SD in China and India, financial crises, pandemics in globalized economy ...



**VOLVO**



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## 4 Conflicts




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# The Changing Landscape of Liability

## A Director's Guide to Trends in Corporate Environmental, Social and Economic Liability



A graphic of a balance scale, symbolizing justice or liability, set against a blue background with a network of white lines radiating from the center.

**SustainAbility** **Swiss Re** **Insight** **FOLEY HOAG LLP**



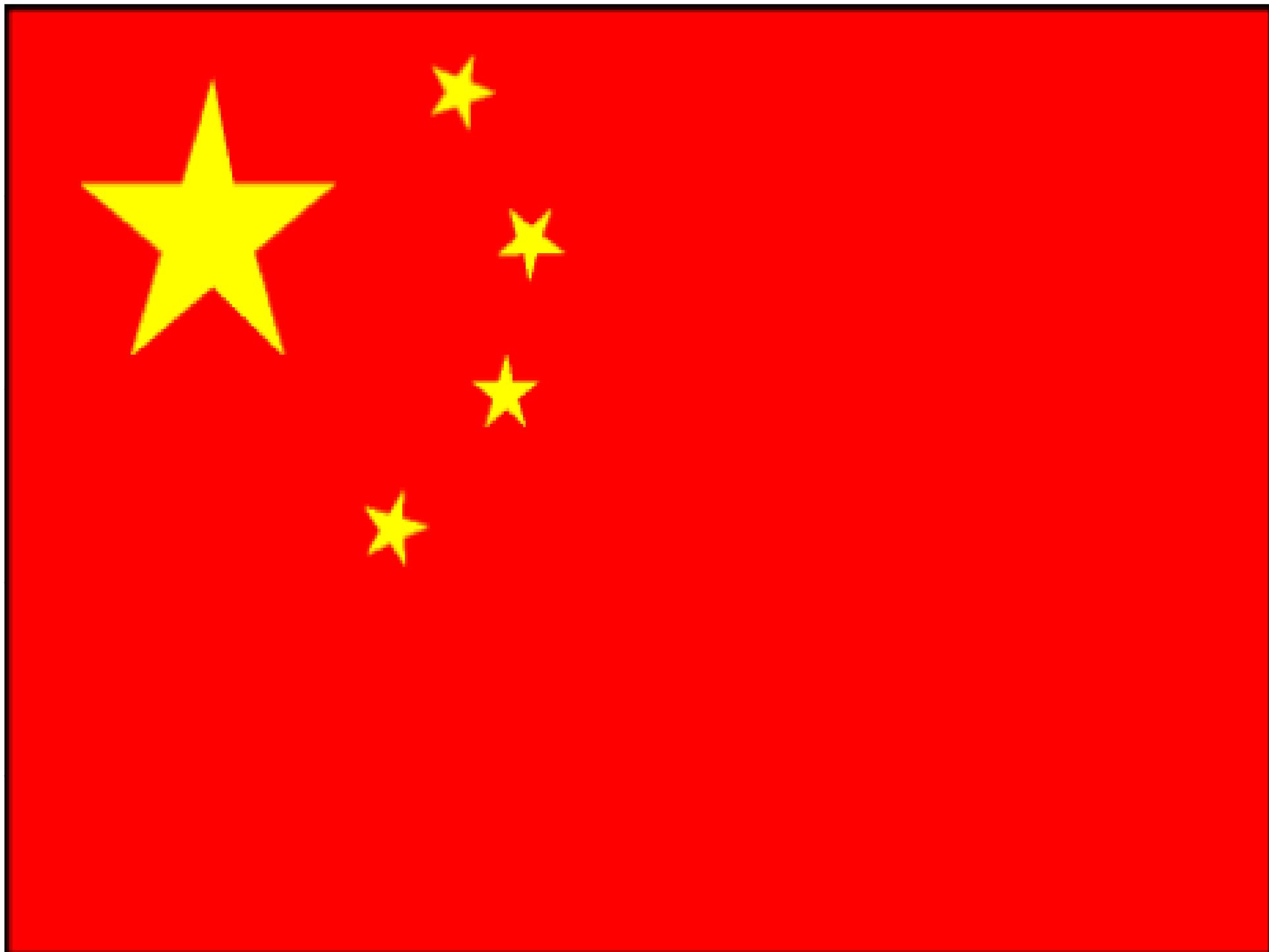




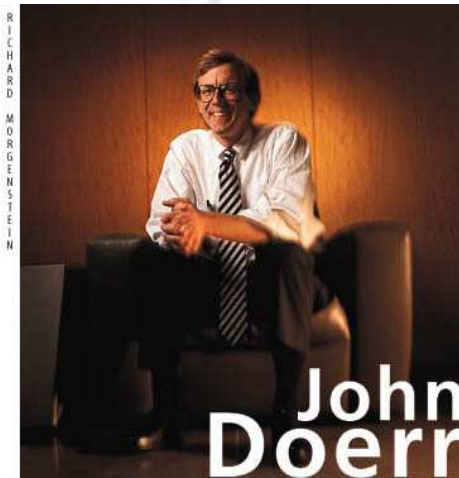
*The miracles of science™*



- Chad Holliday: board issue
- Blind spots (e.g. CFCs)
- 'Sustainable Growth', e.g. oil > cellulose (biotech)
- But ... PFOA, TiO<sub>2</sub> ...
- Evolution of human rights, e.g. 'bodily trespass'







- Amazon, Google, etc
- 'Greentech', \$100 million, \$100,000 KPCB 'Green Innovation' prize
- 3 megatrends
  - 1: energy security
  - 2: megacities
  - 3: abrupt climate change



# 5 Next Steps

## Top-down, bottom-up 1



CFOs, Entrepreneurs, Investment Bankers, VCs



CEOs, Investor Relations, Boards (e.g. NEDs)



Process and Product Design, Marketing (TQM)



Environment Managers, Project Planners



Public Relations, Legal Advisors

## Bottom-up



- Our 'Wave 4' Strategy
  - Financial markets
  - Implementation
  - Emerging economies
- 3-year Skoll Program
  - Globalization 2015
  - Global Reporters 2006
  - Millennium Development Goals

# SustainAbility



- [www.sustainability.com](http://www.sustainability.com)
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