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Securing the corporate sustainability advantage

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SECURING THE CORPORATE SUSTAINABILITY ADVANTAGE

Lise Kingo, CEO and Executive Director of the United Nations Global Compact, talks about building awareness for corporate sustainability in Asia, in this interview with Havovi Joshi.

How does the UN Global Compact look at corporate sustainability?

The UN Global Compact is the largest sustainable business initiative in the world, with more than 70 local chapters that work with close to 10,000 companies, large and small, across the world. With 3,000 stakeholders, we are a true multi-stakeholder initiative. We were founded 19 years back by former UN Secretary-General, Kofi Annan, with a view to giving the organisation a human face. So Mr. Annan put forward Ten Principles relating to UN conventions—spanning human rights, labour, environment and anti-corruption. These principles constitute the foundation of what we think of as corporate sustainability, and all companies that join the UN Global Compact must sign up to these principles and report on them once a year. We then make this reporting available to everyone.

In terms of defining corporate sustainability, three and a half years ago, the 2030 Sustainable Development Goals (SDGs) were adopted by all Member States of the UN. So we aim to inspire companies to combine the Ten Principles with the 17 SDGs in order to set their sustainability strategy. In essence, it's basically anchoring the Ten Principles in all business operations, and taking inspiration from the 17 Global Goals in setting the future strategy for the company.

Is corporate sustainability being adopted at a different rate across the globe? How are Asian countries doing in terms of their sustainability measures?

I have been working in this space for almost 30 years, and I have never seen the sustainable business movement increase as fast as it has in the last few years, since the SDGs were launched. So, for example, when we ask across all our participating companies how many of them have adopted the SDGs on a global basis, it's a high 80 percent. And in Asia Pacific, that number is 90 percent. So there is a great awareness around the goals and the importance of showing that business is a force for good. I think the downside is that there are still very few companies involved. We want responsible business to become mainstream, especially in Asia Pacific.

Are there some practical levers that you use to drive this change?

Yes, absolutely. We support companies, wherever they are on their sustainability journey, in running their business in a more responsible way. We have a number of tools that companies can use to get started, as well as tools for the more advanced companies. For example, the Blueprint for Business

Leadership on the SDGs can be used by companies to select the Global Goals that they want to work on, and also to get a better understanding of where they have a positive impact and a negative impact on those goals. We also have the UN Global Compact Academy, where we offer training sessions and inspiration across various areas, including financing, supply chain, and human rights. So we work with companies to support them in any way to really impact both the Ten Principles and the Global Goals.

What is really interesting about the UN Global Compact is that we can take the best from the UN system and from the private sector, as we are funded 85 percent from businesses and 15 percent from a group of donor governments. So we run this organisation more like a business to ensure that we service all our corporate members in the best possible way.

What is the role of technology in corporate sustainability?

Technology plays a really important role. This is because achieving the 17 SDGs relies very much on breakthrough innovation. We will not be able to meet the Global Goals by doing small, incremental improvements in businesses across the world; we need to completely reinvent products or business models. And here, information technology is absolutely crucial.

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We just issued the latest Global Opportunity Explorer, which is part of a leading open platform for sustainable solutions. In it, we illustrate 100 concrete business solutions from across the world on how to address climate change. They all rely on different kinds of new technology. I believe that breakthrough innovation is critical to rethink the existing situation, and technology is critical for innovation today.

As an International Gender Champion, what have you seen in terms of measures taken by Asian stakeholders and leaders on gender equality? What are the gaps that need to be addressed on bridging gender inequality in Asia?

The most popular SDG in the Asian region is clearly goal number eight, which deals with decent work and economic growth. Almost equally popular is goal number five, which is gender equality. I think it's interesting that Asian companies

put gender equality very high on their agenda. However, I think that we still have a huge challenge in this area. The World Economic Forum annually estimates how many years it will take to create full gender empowerment in the world, and for the moment, it is more than 200 years. So I think that's a little bit depressing. But we do know that if we could empower women in the workplace across the world, there would be an economic upside of US\$28 trillion in added global economic growth—so there are some amazing opportunities in really working to empower women.

It is also fair to say that if we want these 17 Global Goals to become a reality by 2030, we really need to work on empowering women and engaging women in achieving the goals. At the UN Global Compact, what we suggest companies do in a very concrete way is to sign up to the Women's Empowerment Principles that we coined together with UN Women some years ago. There are seven principles that are aimed specifically at corporations, which they can use in setting their strategy for gender empowerment. So far, we have 2,100 companies that have adopted these principles. We have also created a gap analysis tool that the companies can use to find out how they are actually faring on each of the principles. And that gap tool has been used by more than 1,000 companies.

There is a core group of companies worldwide that is very serious about their work on empowering women. These companies have seen the results—that ensuring equal opportunities for female talent is also a way to ensure a better financial bottom line—which is what the consultancy firm McKinsey is showing in its annual survey year after year.

Adopting these principles and goals will require a huge cultural change for many of these companies. What do you find really incentivises them to start doing so?

I think what motivates companies to adopt a more responsible way of running their business is definitely the pressure they are feeling from their customers and stakeholders. It is hard to think about one industry today that is not under transformation, and is not being pushed by its stakeholders to become more socially responsible or more environmentally responsible. For instance, with concerns about climate change, the oil and gas industry is investing more and more in sustainable energy sources.

There is also a major transformation going on in the fashion industry, which is the second most polluting industry in the world. It's also an industry that sells a lot of products to the younger generation, who are clearly sending a signal that

they want to buy from companies they can identify with, and they want to work for responsible companies that they can feel proud of.

The food industry is also under transformation. In all parts of the world today, we find that people want to eat healthier and consume food that has less fat and sugar, with less additives. More and more people are becoming vegetarians and are changing the perception of what good food is. So I think a really good argument for companies to adopt the kind of thinking we are representing here at the UN Global Compact is that they simply *have* to transform. Industries that don't transform when the world and their stakeholders transform are looking at quite a gloomy future. And industries understand that.

There's also the value that you can optimise your company financially in many ways by saving energy, by saving water, and through other processes. And then I think that there's a huge benefit around motivating employees, which can be hard to calculate. But having employees who feel proud to work for the company is really important. It also helps attract young people to work for the firm.

The company's reputation is another really good reason for adopting a more responsible approach. Most companies today rely on having a good standing and they don't want to get dragged through the media and public due to issues like corruption or human rights abuse. So here again, being a responsible company is a good way of managing risk.

And finally, the financial sector today is evaluating companies very much on their ability to document environmental, social, and governance activities; they see it as a way of managing risks in the companies. So I think the financial sector is also becoming a key driver for corporates to become more responsible, and we do see clear trends of investors choosing not to invest in tobacco, oil and weapons.

Do you feel that the governments in Asia are taking corporate responsibility more seriously now? Is it on their agenda?

When I visited Singapore and our Global Compact Network Singapore a couple of months ago, I was so impressed with the way the country has organised activities to bring down CO₂ emissions. The island state is a role model for many other countries across the world. With the government representatives that I met in Singapore, I got the feeling that they all knew the 17 Global Goals really well. The government has a plan for all the goals—it has defined

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its priorities and is really dedicated to the whole agenda. This was similar to many of the companies and civil society organisations that I visited. I do recognise the advantage of being a relatively small country, which makes it a little bit easier to set priorities and implement at a very high ambition level. And I definitely think Singapore is doing that.

I also went to Indonesia, where the UN Global Compact has had a network for many years. I met with many companies there, and think that they are very innovative in the way they are picking up the goals. So the corporate responsibility movement is definitely taking shape in Asia—I think the challenge we have is that it needs to go to scale now and we should have even more companies adopting the Global Goals and the Ten Principles of the UN Global Compact.

If you were to choose one thing that is lacking, or that we need, to make corporate sustainability a reality, what would it be?

We will need far more corporate leadership. Climate change is the highest-priority environmental, social and governance issue facing investors today. Governments looking to speed progress on climate and the SDGs will need to find champions among companies with shared interest in policies to tackle these social issues. To this end, we will need far more corporate leadership to help assess the implications of climate change, integrate climate commitments into policy positions and provide constructive, responsible input to government.

In this spirit, the UN Global Compact will help to mobilise businesses everywhere to support the call of the United Nations for raised ambition and leadership, and to create the 'tipping points' that are needed to make corporate sustainability business as usual.

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