

Rethinking Sustainability

*Criticaleye speaks to **Chip Pitts**, Criticaleye Thought Leader and Lecturer in Law at Stanford Law School and Oxford University, to discover how leaders can embed sustainability throughout their organisation*



Why should businesses adopt a sustainable approach?

Operating sustainably is essential to the future of any company, and not just for economic viability and risk management. This is no less the case given the unprecedented transparency that's been driven by communication and social media technologies.

It's also not only an expectation of society and company stakeholders, but also of rapidly developing hard and soft laws.

Smart leaders will use CSR and sustainability as a way to align their

company with society and achieve competitive advantage. This may include tackling persistent problems affecting businesses and their executives, workers, families and stakeholders – including climate change, pollution and community conflict. Sustainability therefore helps businesses fulfil their moral duty to operate responsibly.

However, sustainability cannot simply be an exercise in public relations, or something to which executives pay lip service. If it is, it can actually create more risk for a business because there could be a disconnect between expectations and reality. This can demoralise employees

and other stakeholders and contribute to a culture of non-compliance, which can get companies into serious trouble.

How can leaders implement and develop sustainability?

You need the correct policies approved at the highest levels with the right procedures. You cannot settle for mere paper procedures – they won't work alone. You've got to close the knowledge gap through training and by building a culture of sustainable compliance.

For example, in some companies the procurement department may have ►

different economic incentives to the CSR department and there might not be adequate contact between the two teams. Common goals must be put in place and teams need to be in constant communication.

And this can't just be ad hoc. It needs to be part of core strategies and operations, for example, at every performance review. It's about mindful reflection on continuous improvement.

This is part of truly 'integrative' leadership, which takes a systemic view of the business and its place in society – and how parts of the business align with each other and with the positive social purposes that the company exists to serve.

Some leaders think they're doing everything they can, but a lot of the time they're not. What they've done is often not completely in accord with the current human rights norms, or environmental sustainability norms.

LONG-TERM THINKING

“I firmly believe that by integrating sustainability across your business, you can create a more resilient and successful company, one that creates value socially, environmentally and financially.”

Ultimately, the company must develop its activities towards ensuring that everything it does delivers both financial and societal benefits. Businesses that will thrive in the future are those with a core purpose beyond simply making a financial return.”



Richard Gillies
Group Sustainability &
Communications Director,
Kingfisher

“Some leaders think they're doing everything they can, but a lot of the time they're not”

How can leaders improve their understanding of sustainability?

There are many implementation guides out there, from the UN's Office of High Commissioner for Human Rights and the World Economic Forum, to the Organisation for Economic Co-operation and Development (OECD) and various independent expert consultants.

The United Nations (UN) Guiding Principles on Business and Human Rights are popular and have been taken up by a tremendous number of leading global businesses and regulators already.

How have such initiatives been useful?

In the past, companies used to struggle with social sustainability, including human rights, much more than environmental sustainability. In the four years since the principles were distributed, companies have been much better informed on the practical ways forward. In large part, the Guiding Principles for Business and Human Rights apply the classic 'plan, do, act, check' approach to social sustainability.

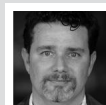
The UN Guiding Principles are based on concepts that businesses are familiar with, such as due diligence and risk management, but in the context of human rights and social sustainability. So they complement existing multi-stakeholder initiatives, like the UN Global Compact, but add a level of practical detail.

In both the social and environmental realms, the usefulness of such norms – not only in avoiding negative risk but also in seizing 'positive risk', i.e. strategic value opportunities – is tremendous.

The Global Compact's environmental principle calls for the support and adoption of environmentally friendly technologies. As a result, it's spurring innovation to be more 'lean, clean, and green', and as a result businesses are launching new models, products and services.

Initiatives like the UN Guiding Principles give concrete paths toward sustainable operations. Now there is more knowledge than ever for business leaders. ■

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