

London Global Convention on Corporate Governance and Sustainability  
Strategizing Sustainability: Lessons learned and the way forward

Case studies on 'Sustainability' and 'ESG'

Prof Colin Coulson-Thomas

Human activities are having a negative impact on our planet and its ecosystems. They are the cause of declining biodiversity, global warming and climate change. Their impacts have environmental and social as well as economic and financial consequences.

We are rapidly using up natural capital that will be needed by future generations. Our collective activities are neither sustainable nor responsible.

We will hear shortly from winners of Golden Peacock Awards for sustainability and ESG. They stand out from their peers. Some good work is being done. But what about our collective activities around the globe? Are we doing enough?

A UN stocktake of efforts since the 2015 Paris Agreement has concluded that radical decarbonisation is now required. It was undertaken to inform discussions at COP 28. It calls for widespread system transformation. This will need to impact many aspects of contemporary activities, operations and lifestyles.

As global temperatures climb towards 2°C above pre-industrial levels, extreme weather events will increase in frequency and intensity. Habitats in which life forms can survive will reduce. Crop yields will fall. Areas of water scarcity will increase. Large numbers of people will be on the move.

Major cities will be threatened by sea level rises. Many forms of infrastructure and various public services will suffer stress. Governments will experience rising demands for support. Some will face unprecedented levels of relocation and other costs.

Public finances could 'fall over a cliff'. Social unrest and community breakdowns might follow. Many people will feel let down by those who should have been 'reading the road ahead', responding while there was still time, and looking after their interests.

Tipping points loom after which further global warming will become unstoppable. To avoid triggering them, radical and decisive collective action is now required.

India, the world's most populous country, is already a major emitter of greenhouse gases. Its aspirations and projections suggest it will account for a growing share of total emissions. India alone could tip the balance.

People in developed countries with high rates of carbon emissions per head are reluctant to give up aspects of lifestyles they enjoy and value.

Those in developing countries with much lower emissions per head are reluctant to accept reduced rates of economic growth to avoid triggering unstoppable global warming.

Current aspirations, ambitions, policies and actions are unlikely to prevent increases in global temperatures beyond 2°C. We share a common interest in survival, but the world is fragmenting. Too many people and organisations pursue narrow and short-term self-interests.

Unless dramatic steps are taken to reduce greenhouse gas emissions and other externalities, our collective operations, activities and lifestyles will not be sustainable.

Without more effort to explore, create and adopt less damaging substitutes, or more beneficial alternatives, the sunlit uplands of a better future will allude us.

Climate related initiatives and collective responses to global warming are often 'too little, too late'. Are the mechanisms, processes and structures of governance responsible for inadequate action, or is its root cause the attitudes and motivations of directors and the strategic direction they provide?

Directors vary in their interpretation of sustainability and their ESG aspirations, requirements and ambitions. They differ in the priority they attach to them, and in their assessments of their importance to investors and other stakeholders.

Some take a short-term and minimalist view. They regard environmental and social factors as potential costs and constraints to be gamed or negotiated.

Others are more positive and ambitious. They look beyond steps to minimise or end negative externalities. They explore ways of contributing to environmental protection, supporting re-generation and benefiting society.

Directors and boards should act in the best long-term interests of companies, investors and other stakeholders. They could advocate and pursue re-purposing and re-invention that enables responsible, sustainable and inclusive growth.

Environmental and social aspirations, objectives and priorities could be integral elements of the purpose of a company and the corporate goals and objectives that derive from it. Stopping negative externalities could become a corporate mission.

Social priorities could reflect community and societal aspirations.

Some companies automate, standardise and control people. They replace them with technology. Socially responsible boards use digital technologies to enrich, empower, and develop the skills of employees. They widen their horizons,

Boards should take a holistic view that embraces the three elements of ESG. They should ensure they are better aligned, combined and integrated.

Future purpose, objectives, policies and priorities should be imaginative, motivational, ambitious, responsible and sustainable.

The way forward depends upon us. Directors should look beyond standard models of corporate governance whose roots lie in past problems of US and UK listed companies.

Governance and direction should be right for a company's aspirations, purpose, nature, context, stage of development and the challenges and opportunities it faces.

Global risks, challenges and existential threats create myriad opportunities to transition, transform, reimagine, and innovate. Possibilities for more resilient and sustainable communities, infrastructures and societies abound.

There is enormous potential for entrepreneurship and healthier, less stressful and more fulfilling lifestyles. There is also considerable scope for collective responses and collaboration within and across value chains.

As President of the Institute of Management Services I encounter many opportunities to enhance productivity and performance in areas such as decarbonisation, protecting and re-generating eco-systems, and reducing pollution and waste.

Economical and efficient use of scarce resources is now a critical priority.

There are emissions and impacts to measure; activities and operations to analyse; proposals and actions to assess; and opportunities to evaluate.

Whether climate change mitigation and adaptation, creating more resilient communities and infrastructures, or enabling relocation from areas no longer habitable or soon to be inundated, practical tools are available.

Sustainability and ESG should open eyes and doors to unprecedented possibilities.

We need living processes for identifying, assessing and prioritising harmful impacts and negative externalities.

We must also identify and investigate related opportunities to transition to activities, operations, lifestyles and infrastructures that are more efficient, responsible and inclusive as well as resilient and sustainable.

We need to do things differently. People look to boards to initiate the development of solutions as well as address problems. Boards look to those leading sustainability and ESG initiatives. Share your experiences, the lessons you have learned and your way forward.