

Sustainability Requires a Systemic & Collaborative Approach



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To take poetic license from Charles Dickens, we live “in the best of times and the worst of times”. Best – because of the knowledge we have assimilated and continue to do so, especially in science and technology; Worst – because the wisdom that ought to come with that knowledge seems elusive. Consequently, there are at least 4 major challenges that our planet and its people must confront:

1. Social Inequity – essentially emanating from income inequality and extending to gender and geographic inequality, among others
2. Environmental degradation and its almost irreversible effect on climate change that challenges the notion of sustainability, i.e., the ability of the Earth to maintain a balance of resources that can support life over time.
3. Increasing resource constraints, arising from labor shortages for the right skills; less abundant capital as interest rates increase, etc
4. Unknown and unknowable events in a VUCA world – the most visible recent example of which was Covid.

Our World – Beautiful, Mysterious & Unequal

When the richest 10% own 50% of global income and 70% of global wealth (Source: Oxfam), there is

inequity; when 11% of the world’s people – approximately 900 million, are chronically hungry, there is inequity; when there is water shortage for 60% of the world’s population, there is inequity; when children and especially girls are denied access to education, it is definitely an inequitable world.

And the state of this - our world, demands the immediate attention of political and business leadership, of civil society, developmental agencies and non-government organizations to work collaboratively and address the inter-connectedness of climate change, livelihoods, health & nutrition, gender equity, to name a few of the key challenges already embedded in our everyday lives.

The focus of this paper, however, is on the responsibility of business to make the right and timely shifts, with other stakeholders, playing their role, authentically and responsibly. And, this includes individual social responsibility as otherwise that gets lost in an abstract maze of ‘all others’!

We Are the Problem – and – Must be the Solution Too

Since 1800 human activity has been the main driver of climate change, resulting in wildfires, flash floods, extreme rainfall and drought, and with oceans and habitats under threat. The age of the anthropocene is here – given the likelihood of more plastic than fish in the oceans by 2050, according to the Ellen Mac Arthur report!

What is sustainable growth?

In the business world of the 1970s, it meant repeatable and ethical performance; about 20 years ago we saw the emergence of triple bottom line; and since then we have heard conscious capitalism, CSR, green growth, etc., along with MDGs, followed by the 17 SDGs... and now ESG and Sustainability! In simple terms, it means living in a manner that maintains the balance of earth’s resources to support life over time. In real terms, that has been impossible to achieve, leading us to our current reality. In 2020 when David Attenborough released, “A Life on Our Planet”, he called it his “witness statement”.

Given that business is at the intersection of society and the environment and a major contributor to environmental impact, it must engage with all stakeholders to be a critical part of the solution. Several global and Indian companies have already made their net-zero and carbon neutral goals public, like Apple, Pepsico (net water positive by 2030), Unilever (a carbon positive goal by 2030), Ikea, Tata Motors, Infosys, Mahindra & Mahindra, to name a few. However, a lot more has to happen, and quickly.

It is also becoming increasingly clear that exogenous variables will create the momentum for business to be held accountable for its carbon footprint, with institutional investors, pension funds, bond funds and private equity linking their

investments to the ESG footprint of the business and the sector it operates in. Additionally, consumers/employees, and in particular Millennials and Gen-Z will most likely choose the greener, cleaner companies to work. The economics of green energy are also changing rapidly with the cost of solar for example becoming increasingly competitive compared to other fossil fuel options.

Challenges of a Sustainability Transformation

The stark reality is that the goal is clear – the plan is not, given the complexity of stakeholders and tradeoffs involved, which starts with questions like where to focus for greater impact; how to put the right transformation process in place; and how to fund the journey?

In some ways, ESG and green washing have both grown and therefore the focus of standards of reporting and ESG disclosures

within the TFCF (Task Force on Climate-Related Financial Disclosures) framework is gaining traction, as is other work being done on standards of sustainability disclosures focused on the needs of investors and financial markets by ISSB (International Sustainability Standards Board), CDSB (Climate Disclosure Standards Board), etc.

Data from Climate Bonds Initiative showed that annual green bonds issuance topped the half trillion mark for the 1st time, in 2021 at USD 522.7 Billion – a 75% increase over the previous year.

Business leadership is critical in the transformation journey, as business is integral to the ecosystem that uses the key resources of our planet. Consequently, sustainable practices must be at the core of the business model and its value chain. Additionally, business practices impact the behavior of customers, consumers and employees who will increasingly

discriminate between “responsible companies” and others.

The role of the Board must also reflect this reality as Boards have to progressively own the sustainability agenda and ask the tough questions to ensure that the business model maximizes value for all stakeholders and that capital allocation is economically effective, environmentally efficient and socially responsible.

A Cree Indian Proverb puts sustainability in perspective, simply and poignantly, “Only when the last tree has died, the last river been poisoned, the last fish been caught... will we realize that we cannot eat money”.

So the time for focused, interconnected and responsible action is now and the choice is ours.

(Views are Personal)

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Cree Indian Proverb
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