Unfinished Business
Perspectives from the Sustainable Development Frontier
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This year marks the 25th anniversary of both GlobeScan and SustainAbility. It also marks larger milestones in the sustainability field: it is the 25th anniversary of the release of the Brundtland Report *Our Common Future*, and two decades have passed since the Rio Earth Summit elevated sustainable development on the global agenda.

Anniversaries invite us to reflect and assess past progress, and we would be remiss not to look back at this juncture. Given the urgency we feel, however, we are most determined to consider how to scale and accelerate progress on sustainable development in the years ahead. From this circumstance, *The Regeneration Project* emerged.

Beginning with a series of video interviews with luminary sustainable development Pioneers, *The Regeneration Project* also will include two global public opinion and two expert stakeholder surveys before and after Rio+20. The surveys will consider leadership challenges and the potential for societal transformation. GlobeScan and SustainAbility will present initial project findings at Rio+20 in June, and then conduct global salons in cities worldwide in the second half of 2012. At the salons, we will begin to develop a roadmap to help deliver sustainability within the next generation, focusing especially on the role of the private sector. As we progress, we will publish a series of white papers and other outputs sharing our learning.

This is a bold undertaking, and one we approach humbly. We recognize and appreciate the myriad efforts of others working on this agenda, and we will seek to build on other initiatives and to engage as many partners as possible. Those already supporting *The Regeneration Project* are listed on page 23 of this report; we would like to acknowledge especially BMW Group and SC Johnson, our presenting sponsors, for the enormous faith they have shown by offering their support in this manner.

More partners will be needed and made welcome as the year progresses. The success of *The Regeneration Project* will stem not only from the intelligence gathered from the Pioneer interviews and surveys, but also through the creation of a collaborative and engaging platform for collective action.

Whether you come to play a formal role, we hope to deliver a project you might admire and find useful. We would welcome your feedback at any time.
Our warm thanks go to all who have contributed to the launch of *The Regeneration Project*, including:

- The sustainable development Pioneers whom we interviewed in various locations around the world in 2011 and who generously shared their experience and insights with us. Their wisdom forms *The Regeneration Project*'s foundations. Pioneer contributions are woven throughout this report, and they are acknowledged individually in this paper.

- Our Presenting Sponsors, BMW Group and SC Johnson, without which this project would not be possible.

- Our Sponsors, DuPont, Interface and Pfizer, for support of the project in the year ahead.

- Our Media Sponsor, *Guardian Sustainable Business*, which will launch and host the *Ray Anderson Memorial Interviews*, our series of video interviews with aforementioned sustainable development Pioneers, leading up to the Rio+20 Earth Summit. We look forward to partnering with *Guardian Sustainable Business* on a global event on sustainable development in London this June.

- The following supporting organizations: Fenton, GLOBE, The International Council on Mining and Metals (ICMM), National Geographic, Net Impact, Report Comunicação, Starbucks, Sustain Our Africa, Sustainable Life Media, United Nations Environmental Program (UNEP), the World Bank and the World Business Council for Sustainable Development (WBCSD). We are grateful for their support and for their thought leadership in the field of sustainable development.

- And, our colleagues at SustainAbility and GlobeScan, particularly Frances Buckingham, Chris Guenther, Aaron Jaffe, Geoff Kendall, Livia Martini, Lakshmi Sivagnanasundaram, Patrin Watanatada and Eric Whan for invaluable support with production, research and editorial guidance. Finally, we thank Jonathan Freeman and Chris Wash for the report and website design.

Lindsay Clinton, Lead Author
Kyle Whitaker
February 2012
The Regeneration Project, a collaborative and multi-faceted initiative by GlobeScan and SustainAbility, aims to provide a roadmap for achieving sustainable development within the next generation, focusing in particular on ways the private sector can improve sustainability strategy, increase credibility and deliver results at greater speed and scale.

Mindful that we are not the first or the only actors to proffer such a sustainable development vision, we humbly aspire to develop this roadmap by collaborating with a wide variety of stakeholders and partners from different sectors who can strengthen the outcome. We embark on this project not knowing all the answers. The beauty and challenge of The Regeneration Project lies in its design: a reflective process of progressive and participatory problem-solving whose outcomes will be substantial and valuable, but which will reveal themselves gradually.

This project offers our own companies, both in their 25th anniversary year, the opportunity to reflect on the past and look critically at the future. Importantly, another key event, the convening of the June 2012 Rio+20 Summit, grounds our work in a larger global dialogue about the future of sustainable development.

This white paper is the first in a series of initiatives (See Figure 1) from The Regeneration Project that will be launched in the year ahead.

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**Figure 1: The Regeneration Project, 2012 Initiatives**

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<td>March</td>
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<td>Ray Anderson Memorial Interviews Launch in Partnership with Guardian Sustainable Business</td>
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<td>Public Opinion Research on Challenges to Societal Transformation post Rio+20</td>
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<td>Expert Stakeholder Survey on the Role of Business to Achieve Sustainability</td>
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**Signs of stress are apparent in many of the world’s largest economies.** The eurozone faces what may be an existential crisis, while income inequality in the US is causing a division in opportunities and threatening economic growth. Imbalances of power in China are fueling popular discontent, and despite India’s incredible growth, hundreds of millions of its people are still mired in poverty, as are billions worldwide.

Recent social protests indicate disillusionment with prevailing political and economic systems, reflecting growing distrust in leaders of all stripes. The collective ire—suicides among Chinese workers, hunger strikes by Indians, protests across the Arab world and southern Europe, fuel strikes in Nigeria, education reform marches in Chile, renewed environmental activism across North America, and the “Occupy” protests around the world—is linked to questions about sustainability and survivability. Activists rally against business, government and the “1%” because they see and feel inequity.

Humanity is living beyond its natural means. We are in debt to future generations and to the Earth itself. We inhabit a seven-billion person planet and are on the way to nine or ten billion by mid-century. The world is losing species at a rate that is 100 to 1,000 times faster than the natural extinction rate.\(^1\) We are verging on peak metals, peak phosphorous, peak soil and peak oil. While technological advancements and new discoveries are upending views on peak oil, the assets could still be stranded due to another form of ‘peak’—that of greenhouse gas (GHG) emissions. Last year, the CO\(_2\) levels in the atmosphere reached an all-time high of 392 parts per million (ppm), up from 356 in 1992,\(^2\) both of which are above the limit cited by scientists because it will almost certainly push us beyond the risky two-degree Celsius temperature increase threshold.

The current economic uncertainty, societal discontent and environmental inflection points coincide with two especially significant milestones in sustainable development. The year 2012 marks the 20th anniversary of the United Nations’ Earth Summit in Rio de Janeiro and the 25th anniversary of the Brundtland Report, *Our Common Future*. It is timely, therefore, to ask:

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\(^1\)*International Union for the Conservation of Nature*, 2004

\(^2\)*National Oceanic and Atmospheric Administration Earth System Research Laboratory (NOAA-ESRL)*
The Regeneration Project aims to drive forward an action research initiative that will give rise to a roadmap for the achievement of sustainable development within the next generation. It focuses particularly on the role of the private sector. This white paper, the first in a series of three to be released in the course of The Regeneration Project, is inspired by and leans heavily on the perspectives of twenty sustainable development Pioneers (See Figure 2, page 8) whom we interviewed last year for an initiative now known as the Ray Anderson Memorial Interviews.

In our interviews, we talked to the Pioneers about regeneration: how to achieve it and whether there is still time. Through our conversations—on farms in India, on the sidelines of the Clinton Global Initiative and in offices across Europe—we heard about the sizeable hurdles as well as the incremental and more fundamental wins of the sustainable development journey over the last two decades.

From our interactions with the Pioneers, The Regeneration Project emerged. In this first white paper of the project, we look at what has happened since the 1992 Earth Summit and highlight the need for business to help challenge the orthodoxies in our current economic model. Then we raise questions about the future including:

Who should take the lead in the sustainable development journey?

What responsibility does society shoulder in the road ahead?

How can we balance the needs of the future with our current priorities?

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3Ray Anderson, Founder and Chairman of Interface, who passed away in 2011, was recognized by many as a sustainability pioneer and maverick. Our Pioneer videos are launched in his memory, with permission from his family.
Introduction

Figure 2: Global Sustainable Development Pioneers

The Pioneers we interviewed for the Ray Anderson Memorial Interviews are notable for their long term commitment to sustainable development and represent a cross-section of business, government and civil society.*

Lester Brown – Founder & President, Earth Policy Institute
Madame Gro Harlem Brundtland – Former Prime Minister of Norway; Chair, Brundtland Commission
Nitin Desai – United Nations Secretary-General for Rio+10; Senior Economic Advisor, Brundtland Commission
John Elkington – Founder, SustainAbility and Volans
Bill Ford – Executive Chairman, Ford Motor Company
Kris Gopalakrishnan – Co-Chair of Infosys Technologies; Chair, Business Action for Sustainable Development (BASD) 2012
Matthew Kiernan – Former Executive Director, World Business Council for Sustainable Development (WBCSD); Founder, Innovest Strategic Value Advisors
Israel Klabin – Founder, Brazilian Foundation for Sustainable Development
Jim MacNeill – Secretary-General of the Brundtland Commission and lead author of the Brundtland Report
Doug Miller – Founder, Executive Chairman & CEO, GlobeScan
Rajendra Pachauri – Chair, Intergovernmental Panel on Climate Change (IPCC); Director-General, The Energy and Resources Institute (TERI)
Jonathon Porritt – Founder, Forum for the Future
Vandana Shiva – Founder, Navdanya
Achim Steiner – Executive Director, United Nations Environment Program (UNEP)
Bjorn Stigson – President, World Business Council for Sustainable Development (WBCSD)
Maurice Strong – United Nations Secretary-General for 1992 Rio Earth Summit
Sir Mark Moody-Stuart – Former Chairman, Anglo American; former Chairman Royal Dutch Shell; Chair, BASD 2002
David Suzuki – Founder, David Suzuki Foundation; Host ‘The Nature of Things’
Sha Zukang – United Nations Secretary-General for Rio+20

*Our Pioneers list is not exhaustive. We deeply respect and acknowledge the work that many others have done along the long sustainable development journey in the years leading up to the United Nations Conference on the Human Environment in Stockholm in 1972 and the intervening years since.
Reflecting on Rio 1992

In 1992, the scientist, broadcaster and environmental activist David Suzuki attended the Rio Earth Summit along with his 12-year-old daughter Severn, who had begged to attend. At the Summit, Severn made a historic speech to delegates in which she bravely asserted, “I am fighting for my future. I am here to speak for all generations to come...I am only a child, yet I know that we are all in this together and should act as one single world toward one single goal.”

In reflecting two decades later on his daughter’s speech, Suzuki worries that not much has changed since Severn’s address: “The sad thing is that 20 years later the video of her speech is resonating tremendously on the Internet. But, a lot of people think that it was something she gave right now, because it’s every bit as relevant today.”

In our interviews, some Pioneers recalled the optimism of 1992. Israel Klabin, former mayor of Rio de Janeiro, an organizer of the Earth Summit and Founder of the Brazilian Foundation for Sustainable Development, said, “In 1992, we were absolutely sure and hopeful and enthusiastic about change in the right direction.”

Unfortunately, that enthusiasm did not translate into sufficient action. Maurice Strong, who served as United Nations (UN) Secretary-General for the 1992 Rio Earth Summit, stated: “If governments had done what they agreed to do [at Rio] we would be much closer to an answer than we are now.”

That is not to undercut the significance of the Summit itself, a historic point in our journey towards sustainability. Madame Gro Harlem Brundtland, former Prime Minister of Norway and Chair of the Brundtland Commission, explains, “It is exceptional in international relations that a summit like that [could generate] the climate convention, a biodiversity convention and an Agenda 21. All this was done in five years after the report Our Common Future. In that sense, the first Rio conference was in many ways sensational.”

Convergent Crises

The recent—and ongoing—financial crisis has made for a dramatic and challenging backdrop to the Rio+20 Summit coming in June. While many countries’ economies continue to try to make sense of their balance sheets, some experts have called for economic reform and for a reworking of capitalism.

Many of the Pioneers spoke of the need to reevaluate the system by which we measure societal progress. Vandana Shiva, an environmental activist and Founder of Navdanya, believes we need to reprioritize and refocus: “For too long, we have been made fools of with the illusions and fictions of Wall Street.”

We are, according to Shiva, “at a cross-roads of multiple crises...the crises of the economy and financial world, of climate change, of peak oil, overall ecological crisis, the water crisis, the biodiversity crisis...it’s now a convergent crisis.”

To read background briefs on sustainable development milestones over the last 25 years, including the Brundtland Commission, the 1992 Earth Summit and the 2002 Johannesburg Summit, visit:

www.theregenerationproject.com
A Race Between Tipping Points
As turbulence in the markets and the ecosystem increases, it becomes imperative to generate a whole system response from government, business and society. Lester Brown, Founder & President, Earth Policy Institute, told us, “We have reached a point where our scarcest resource is time...nature is the timekeeper, but we can’t see the clock.”

He characterizes our challenge as a race between two tipping points. The first is a political tipping point, the moment in time when humanity decides to take action on these urgent issues. The second is an environmental tipping point: the point beyond which there is little we can do to recover what we have lost. Social and economic imbalances only exacerbate the urgency, hastening the approach of both tipping points.

Truth & Change
While the desire to turn the tide is strong, transformative change is nearly always the sum of many steps, both tentative and fundamental—a process of prototyping, learning from failure, evolution and continuous improvement over time.

Sha Zukang, Secretary-General of Rio+20 and head of the UN Department of Economic and Social Affairs, said, “The change cannot take place overnight. It can only be incremental. That said, being incremental doesn’t mean you should go slow...let’s do it immediately through education, through mass media to educate, wake up, shake up the people.”

The Pioneers believe we can and must do more to raise awareness among the public with the knowledge we have. Rajendra Pachauri, Chair of the Intergovernmental Panel on Climate Change (IPCC) said, “The message that should have gone out to the public and that could have created a basis for action has not been disseminated effectively. Even today, we know that there are a large number of people who don’t believe in the human link between what we're doing as a society and climate change. It's critically important to spread the truth.”

From Our Common Future and its predecessor Limits to Growth, to the reports of the IPCC and initiatives like 350.org, society has more than adequate rhetoric, science and data.

How can we get people to take the science seriously?
How can we share the knowledge?
How can we encourage people to change their behavior?

Doug Miller, GlobeScan’s Executive Chairman and CEO, said, “It takes 20 years to get fundamentally new thinking percolating through society, especially society at a global scale. From our polling today, citizens of developing countries are more concerned about environmental issues than those of us in the industrialized world.”
Leadership & Vision

Pioneers, though frustrated by the lack of progress we have made in the last two decades, believe we have the opportunity to create a new kind of roadmap for society.

Brown thinks of this roadmap as Plan B, an alternative to Plan A because “business as usual isn’t an option any longer.” In Brown’s conception, Plan B entails cutting carbon emissions by 80% by 2020 (notably 2020, not 2050, the more common yet distant target often associated with this level of emissions reduction), stabilizing population to not more than eight billion people, eradicating poverty, and restoring the economy’s natural support systems, like forests, soils, grasslands, aquifers and fisheries. The key, he says, in “adopting Plan B, or something similar,” is leadership.

Bill Ford, Executive Chairman of the Ford Motor Company, echoes the need for leadership: “You have to have vision, and you have to have a plan to achieve that vision. You have to have a way to affect solutions. That’s what a leader does: solve problems. This is a big problem, and we’ve got to solve it.”

If done right, an alternative vision, plan or roadmap could pave the way towards what Shiva calls “a new kind of stability” characterized by “vibrant local economies based on biodiversity, active, living democracies and diverse cultures.”

What could our collective Plan B look like?

What elements should an actionable roadmap contain?

Who should drive the plan forward?
Governments Bear the Greatest Burden

While the approaching Rio+20 Summit is intended to be a gathering of heads of state and ministers from around the world, the Pioneers remain sober about their expectations of global political leaders. Achim Steiner, Executive Director of the UN Environmental Program (UNEP), explained, “I think the political leadership in most of our countries at the moment is either preoccupied or not able to focus on this challenge, or not prepared to focus on it.”

Nitin Desai, Deputy Secretary-General of the 1992 Earth Summit, elaborated, “Governments have the longest way to go. International relations is designed for national governments to protect their national interest...not issue interest.” The labored enactment of the Kyoto Protocol—an indirect outcome of the first Earth Summit—is indicative of this hindrance. The Protocol finally became enforceable only in 2005, nearly a decade and a half after the original Earth Summit, and the world’s biggest polluter at the time, the United States, refused to ratify it. Others are backsliding—for example, at the end of last year, Canada formally announced that it will withdraw from the Protocol.

Both the global public and sustainability experts have become increasingly critical of governments over the past few years. Trust in governments has dropped precipitously among the global public,4 while sustainability experts from business, government, academia and non-governmental organizations (NGOs) are also increasingly likely to give a poor rating to government leadership on sustainable development.5 Bjorn Stigson, former president of the World Business Council for Sustainable Development (WBCSD) warned, “We’re going to have to reach a deeper crisis before governments feel they have a political mandate to act.”

If not government, who will fill the gap?
What is the role of civil society? Of business?

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4According to GlobeScan’s 2010 survey across 24 countries, governments receive the lowest trust rating of any institution, behind NGOs, the UN, churches, the media and business.

5This finding is from The Sustainability Survey, an ongoing research program conducted in partnership between GlobeScan and SustainAbility. Between 500-1,000 experts from 60+ countries are surveyed 6 times a year from civil society, business, government and academia.
NGOs Shift Focus
Many NGOs have modified their approach over the last two decades, from relatively uni-dimensional campaigning to being increasingly valuable sources of on-the-ground knowledge and more open-minded collaborators. While NGOs can and should continue to use campaigns strategically—they can be effective—many also now seek to work side-by-side with business to co-create new solutions.

Madame Brundtland explained, “The suspicion between the NGO community and the business community was deep 25 years ago. Now, there are bridges building...that they now link up together, talk to each other, and work together is the new arena.”

Business leaders have become some of the biggest proponents of the shifting strategies of NGOs. Bill Ford recalls, “There’s been a tremendous change in attitude, both at the NGO level and at the corporate side. We in the business world, and I should say particularly at Ford, have gone from a compliance attitude to one of really striving for leadership. We’ve done that with the help of NGOs along the way, who have both encouraged us and prodded us over the years.”

In contrast to government, NGOs often can move quickly, aren’t afraid to experiment, and, particularly with the help of social media, can mobilize constituents with impressive effect. The conservationist Yolanda Kakabadse, who acted as the NGO liaison at the Earth Summit and is now President of World Wildlife Fund (WWF) International, explained, “There is no recipe for sustainable development. [Civil society] is permanently challenging [itself] to try new ways of doing things. And sometimes we succeed and sometimes we don’t. But, [we] have the courage to try, to risk, to go for it.”

Bjorn Stigson cited the 2002 World Summit on Sustainable Development in Johannesburg as a public, visible example of NGOs’ changing tactics. In a surprising show of solidarity in South Africa a decade ago, Greenpeace and members of the business community issued a joint statement expressing frustration with governments on their “mixed, and often contradictory signals” on the “environment, especially on greenhouse gas emission reductions,” “which is not good for business nor, indeed, for the future of humanity.”

Broader Business Agenda
Some businesses are helping fill the gap left by government, becoming more efficient, innovating in process and technology—and putting more pressure on government. This is a welcome, but fairly recent development.

At the 1992 Earth Summit, many in business were merely learning about sustainability challenges and often were not part of the conversation. When and if business took action in the ‘90s, it was often accused (and too often found guilty) of greenwashing.

Today, business is a key player. Bill Ford explained, “The role of business in the broader agenda really has changed and I think for the better...if you think back 20 years ago, business was the enemy.”

While it is hard to generalize about business, or government for that matter, the Pioneers largely agreed that business has evolved in its willingness to contribute to sustainable development, and many already anticipate business to be a leader in the journey ahead. Bruntland said, “There is a need for business to take on the opportunities and the leadership to convince political leaders about what is necessary.”

Sir Mark Moody-Stuart, former Chairman of Anglo American and Royal Dutch Shell and Chair of Business Action for Sustainable Development (BASD) in 2002, also sees a more direct correlation between business and sustainability: “If you look at the burning issues of sustainability and if you say what are the issues for business, the issues for business are actually more or less the same as the issues for the rest of society.”
Business on a Collapsing Planet

How has business progressed from being an outsider to becoming a key part of the solution? Jonathan Porritt, Founder of Forum for the Future, exhorted, “Business can see this reality more acutely than politicians seem able to do. They’ve assessed that you can’t really make good business in a collapsing planet.”

Many businesses have begun to focus more on innovation, viewing sustainability as a surmountable challenge. Kris Gopalakrishnan, Executive Co-Chairman of Infosys and Chair of the 2012 Business Council for Sustainable Development (BASD), said, “Research and innovation create disruptive change and can fundamentally alter the way we look at a problem. If you actually create a solution for climate change and sustainability, green growth, as well as solve some of the problems of unemployment...this is where [we] can compete.”

Yet the challenge remains for companies to get ahead of expectations. According to GlobeScan’s tracking of global societal opinion across the decade between 2001 and 2011, there is an ongoing gap between what the public expects of business and its perceived performance in delivering in the areas of the economy, society and environment. This gap will continue to put pressure on business to make good on societal expectations (See Graph 1).

Graph 1: Expectations vs Performance Gap, Business
Average of 15 Tracking Countries,* 2001–2011

*Includes Australia, Brazil, Canada, Chile, China, France, Germany, Italy, Mexico, Nigeria, Russia, South Korea, Turkey, the UK, and the USA

**Aggregate net expectations of up to ten responsibilities of large companies (not all responsibilities were asked in each country each year)

***Aggregate net CSR performance ratings often industries (not all industries were asked in each country each year)
Accounting for Externalities
To truly achieve sustainable development in the next generation, we will need to reconsider the incentives and penalties in our economic system, which are too little changed since the Earth Summit.

Porritt stated, “Given that not very much has changed in terms of the orthodox economic prescription for progress, what business has actually done in the intervening 20 years is astonishing. This is a market that is fundamentally designed to thwart sustainability. It’s designed to continue to externalize cost, to punish good performance. It’s designed to reward those who cut corners with natural capital and with the future of the planet and its life support systems.”

Our current economic system does not account for or measure the resources that make our economies, our companies and our lives function. Shiva explained, “‘Growth’ only measures commercial transactions. It doesn’t measure growth in any real terms. It doesn’t measure the growth of our trees, the growth of our soil, the growth of our children, the growth of health in society, the growth of happiness and joy in society.”

Twenty-first century businesses will have to be more cognizant of planetary limits, and also be willing to create new models that take into account biodiversity and natural resources.

Shifting the Discourse
Of course, creating economic system change, and within that, fostering new business models and new definitions of value and prosperity, is a complex undertaking. What steps will lead us there?

John Elkington, Founder of SustainAbility and Volans, opined, “One of the fundamental problems I think the C-suite actors in this space currently have is that as more and more of this becomes systemic, not just a single issue, it becomes dramatically more complex in terms of who does what, who’s got responsibility, where the risks and opportunities lie, what the role of this particular company might be moving forward.”

Steiner believes that we need to change the language we use. “I believe the notion of ‘trade-offs’ has been one of the major factors that has held us back...We have to address the interactivity of the three dimensions of development. We have to understand that there can, in the long run, be no trade-off, because if we destroy the ecological infrastructure and foundations for our economy, there can be no future development.”

Part of the problem appears to be a lack of shared objectives. Companies compete in a way that incentivizes depletion of natural resources.

Steiner continued, “Our global economic discourse is premised constantly on competition and therefore conflict. We are talking about zero-sum games all the time and not about what we can gain from shared objectives.”
Changing Priorities

Many Pioneers call for a rethink of the economic system, although they use different language to describe similar goals. Maurice Strong calls for a “transformation of our economy from being economically driven to being ecologically driven,” whereas Klabin identifies a need to “change the priorities of the economic matrix.” Zukang references a “change of paradigm” in the “pattern of production and consumption” and Stigson acknowledges that “we are looking at a world which is resource constrained and pollution constrained” and “you have to put proper pricing on these...you have to integrate them into the economic system.”

The call for changing the way we look at our economic system is not new. Robert F. Kennedy made waves in a 1968 speech when he said that the “gross national product [of a country] measures everything, in short, except that which makes life worthwhile.” To realize that so many leaders—as far back as 45 years ago and with frequency today—have called for dramatic systematic economic change is remarkable and powerful.

It echoes the language released in the January 2012 UN report of the High-Level Panel on Global Sustainability, *Resilient People, Resilient Planet*, which argues for a “new political economy” for sustainable development which would recognize the pricing of environmental externalities, the importance of innovation and value beyond narrow concepts of wealth. The report recommends that the “international community should measure development beyond gross domestic product (GDP) and develop a new sustainable development index or set of indicators.”

Biting the Bullet, Taking the Lead

We deeply hope that Rio+20 will result in concrete commitments toward a new political economy, but what happens afterwards may be even more important.

Corporate leaders are beginning to take up the challenge to drive engines of change forward. According to the latest *The Sustainability Survey*, experts point to a new generation of companies leading the charge on the transition to sustainable development, including Unilever, GE, Interface, Marks & Spencer and Natura. These companies have not only integrated a comprehensive vision with strong performance but have also been able to effectively engage stakeholders in their vision.

Jim MacNeill, Secretary-General of the Brundtland Commission and lead author of the *Brundtland Report*, said, “I hate to imagine where we would be if a number of corporate leaders had not bitten the bullet and taken the lead. They have the imagination to appreciate that a shift to more sustainable forms of development, more sustainable in product design, for example, or in manufacturing or in marketing, could make an enormous difference to their bottom line, and more generally.”
A 2011 survey of Business for Social Responsibility (BSR) member companies, conducted in partnership with GlobeScan, illustrates that sustainability integration in companies is only halfway there. The survey of nearly 500 corporate practitioners showed that whereas corporate communications teams and public affairs departments have a high level of integration with sustainability / corporate social responsibility (CSR) departments within companies, finance, investor relations and human resources teams remain far less engaged (See Figure 3).

The challenge ahead will be translating the vision of a few leading companies to the majority of business. Again, Elkington explained, “I think it’s a big stakes game and many of the C-suite people that I watch closely are finding it very difficult to...build the sense of conviction that this is the future and they’ve got to play into it. They’re still in this period of vacillation.”

Figure 3: Level of Engagement With CSR/Sustainability Function (n=498 companies)
Investors, a Force in Regeneration

As businesses strive to integrate sustainability and think longer-term, it will be increasingly important to apply a large, but often hidden system lever: financial sector players.

Investors, banks and the analysts they employ to analyze and value public companies have historically lagged behind other companies on issues of sustainability. Matthew Kiernan, Founder and CEO of Inflection Point Capital Management and Innovest Strategic Value Advisors, remembers the moment he noticed this missing piece of the system.

In 1992, he served as a Director of the WBCSD, under Stephan Schmidheiny, then the chief advisor on business and industry to the UN Secretary-General. Schmidheiny and Kiernan invited three of the top ten bank chairmen in the world at the time to join the WBCSD, and they were roundly turned down. Kiernan recalled, “That was a very sad commentary on the awareness of financial markets at that time [of] sustainability.”

Kiernan suggests banks have had a one-dimensional view of their role in sustainable development. Because their direct environmental impact is minimal as compared to most other industries, too many felt they could opt out of the discourse. But, Kiernan said, “If you’re looking for transformational change, the capital markets, the purveyors of the financial oxygen supply of companies, should be the focus.”

The creation of the UN Principles for Responsible Investment (UNPRI), with signatories who have $30 trillion in assets under management, indicates progress. By signing the principles, these investors acknowledge that environmental, social and corporate governance (ESG) issues can affect the performance of investment portfolios and therefore must be given appropriate consideration. However, merely signing a declaration leaves plenty of room between rhetoric and reality.

Is it possible to change ingrained ideas about shareholder value generation?

How can we influence financial institutions and investors to accept longer-term return horizons?
Kiernan believes that we must focus increasing energies on influencing banks. He urged, “If the capital markets can start sending messages about how important these issues are for competitiveness, profitability and shareholder value, and communicate those sentiments to corporate chieftains in a more effective way than is being done today, then [that would be] the most powerful force on the planet for regeneration and [move] us closer to the sustainability nirvana that we’d all like to see. It’s the most powerful single lever that we have.”

The Sustainability Survey conducted in December 2011, in collaboration with UNEP for its forthcoming report on the business case for the Green Economy, reveals that a very large majority (88%) of the 642 experts polled see pressure for short-term financial results as the primary barrier to business becoming more sustainable (See Graph 2).

### Graph 2: Barriers to Business’s Transition to Sustainability

<table>
<thead>
<tr>
<th>Barriers</th>
<th>Barrier</th>
<th>Not a barrier</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial short-termism</td>
<td>88</td>
<td>3</td>
<td>91</td>
</tr>
<tr>
<td>Inappropriate regulations</td>
<td>65</td>
<td>11</td>
<td>76</td>
</tr>
<tr>
<td>Low awareness of business imperative among business leaders</td>
<td>65</td>
<td>13</td>
<td>78</td>
</tr>
<tr>
<td>Low consumer demand for green business practices, products and services</td>
<td>57</td>
<td>18</td>
<td>75</td>
</tr>
<tr>
<td>Lack of international standards</td>
<td>50</td>
<td>19</td>
<td>69</td>
</tr>
<tr>
<td>Lack of effective management tools/ methodologies for business use</td>
<td>45</td>
<td>28</td>
<td>73</td>
</tr>
</tbody>
</table>

### Youth & Hope

In addition to business leadership and new economic models, the Pioneers point to several reasons to remain hopeful about the journey ahead. Bright spots have emerged in the areas of local government innovation, citizen participation, clean energy and technology development.

Many Pioneers acknowledge another bright light on the horizon—the conscientious, connected teens, twenty- and thirty-somethings that will form future generations of leaders. This cohort has grown up with social entrepreneurs, citizen activists and social innovators as role models.

Pioneers see the mobilization of Generation Y as a key part of taking the outcomes of Rio+20 forward. Suzuki explained, “Youth have the greatest stake in what happens now, because it’s their whole future that’s going to be affected by what is or is not done... [they] have to be the muscle power to take a lot of the wisdom from elders and drive that in.”

Kakabadse agrees that youth will be an important part of the roadmap for the future. “I think the younger generation is the one that feels more threatened and at the same time is the one that is reacting more towards these challenges and these fights for the future,” she said.
On the Next Frontier
The Rio+20 Summit has already been rescheduled, has suffered from a slow accreditation process and several heads of state show no indication that they will attend, including US President Barack Obama and British Prime Minister David Cameron.

With low expectations for the actual Summit, will we see the commitments necessary to infuse the sustainable development movement with new energy, new leaders and concrete actions?

Will Rio+20 somehow manage to exceed expectations?

Amidst ambivalence about Rio+20, the Pioneers remain hopeful.

Miller calls on those within the sustainability community to bring the rest of the world along. In our conversation, he said, “The sustainability community has been pushing a rope for 20 years. It’s time to lock into a positive, cultural message and imagine what a positive life experience can happen within a sustainable system.”

“Personal engagement, personal commitment, and building confidence with other people and other nations is the only way to move forward,” Madame Brundtland said.

Steiner also gains inspiration from ordinary citizens. “The people who in the Arab Spring just now stood up and simply said, ‘We want something different.’ The people who brought the Berlin Wall down. These are people like you and I, normal people, who simply said we believe in an idea and we are ready to stand up for it.”

This Is About the Long Term
The UN report Resilient People, Resilient Planet clearly points to actions governments should take. We look forward to seeing what timelines, goals and action plans are drafted at the Rio+20 Summit itself.

Key in our view is the role business will play. By virtue of its own growing power and the corresponding decline in the ability of many governments to deliver various public goods, business is under rising pressure to lead efforts aimed at systems change. Furthermore, business has started to realize it cannot continue to deliver narrowly on the imperative of shareholder return without wider attention to the systemic conditions that determine and support its long-term success.

Desai states, “Our hope is that people rise beyond the immediate problem. This is not about next year, this is about the long term of 50 years or 100 years.”

The Regeneration Project aims to engage business leaders and key stakeholders across the world on the most pressing sustainable development questions and how they apply particularly to the private sector. We look forward to co-creating a roadmap that will indicate how business can contribute to creating resiliency and change in the years and decades ahead.
Throughout 2012, The Regeneration Project will explore the past, current and future state of sustainability leadership.

Starting this month, we will release *The Ray Anderson Memorial Interviews* in partnership with Guardian Sustainable Business. Visit [www.guardian.co.uk/sustainable-business/regeneration](http://www.guardian.co.uk/sustainable-business/regeneration) to view the videos and join the conversation. In addition, throughout this year you can check up on our progress and become part of the discussion by visiting [www.theregenerationproject.com](http://www.theregenerationproject.com).

This spring and summer, we will release a series of public opinion polls and stakeholder surveys revealing perspectives on Rio+20 before and after the Summit. We will be presenting insights from *The Regeneration Project* at a variety of conferences including: Guardian Sustainable Business Quarterly in London in June, Sustainable Brands ’12 in San Diego in June, Net Impact in Baltimore in October and Sustain Our Africa in Cape Town in October.

We look forward to engaging in constructive dialogue on the ground during the Rio+20 Summit and hope to meet like-minded partners and collaborators during side events at the Summit.

Lastly, after Rio+20, and after our second wave of global public and expert polling is conducted in the summer, GlobeScan and SustainAbility will host a number of intimate Salons in diverse cities worldwide featuring stakeholder voices from all sectors. In these discussions, we will explore and discuss the questions raised in this white paper and forthcoming releases from *The Regeneration Project*, and begin work on the final Regeneration Project roadmap.

For more information, visit [www.theregenerationproject.com](http://www.theregenerationproject.com).

To find out how your organization can get involved in *The Regeneration Project*, please contact:

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SustainAbility is a think-tank and strategic advisory firm working to inspire transformative business leadership on the sustainability agenda. Established in 1987, SustainAbility delivers illuminating foresight and actionable insight on sustainable development trends and issues.
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