# Sustainability for Sceptics

## Report

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King's Profile

Sustainability for Sceptics, Nash Theatre, King's College London, February 6th, 2020

## The Event

Sustainability for Sceptics took place at King's College London on February 6th, 2020. The aim was to bridge the gap between business and academia. Seventy-two supporters and sceptics were present: 23 academics and PhD researchers from 9 different universities, and 49 managers representing 41 different companies and trade organisations.

The session opened with a Panel discussion. Participants then took part in two working sessions each of which tackled a specific topic:

i. The vicious circles of managerial sustainability rhetoric.

ii. Developments and challenges in ESG/CSR reporting.

Each working session was introduced by a Chair who set the Workgroups three challenges. Workgroups were made up of a 5-8 participants led by a Workgroup Leader and recorded by a Workgroup Reporter (an embedded PhD researcher). This report details the output of the Panel discussion, the remarks from the Chairs of the working sessions and the output of the Working groups. All presentations from panelists and presenters were limited to 5 minutes without slides. The Panel discussion was recorded for the purposes of reporting, with the prior agreement of the panelists and the moderator.

Sustainability for Sceptics was organised by John Isherwood of Obliquity Group in partnership with the Institute of Directors; and by the Business in The Society (BiTS) group at King's College London led by Susan Cooper and Marc Lepere.

*Keywords*: sustainability, corporate responsibility, CSR, corporate purpose, ESG

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## 1. Executive summary – opening statements

Rather than produce an edited summary of the panel's opening statements, the following extracts allow the panelists speak for themselves. Topics include: the business necessity and opportunity; the SDGs as a rallying force; the need for co-ordination between business, state and society; the need for education; new forms of market exchange and how to convert a sustainability sceptic.

"Reason one, moral imperative – it is just the right thing to do. And I'd almost stop there. Just do the right thing. But for some people, this might not be enough. So, reason two is risk, especially in the financial industry. But in any industry, unless you really are sustainable, it's likely you'll be eventually denied the license to operate. Number three is opportunities, which by the way, I believe is bigger than risks. There is a lot of money to be made. And I think that those companies that are smart enough to catch those opportunities will be the winners (Elisa Moscolin)".

"…What our businesses and our systems are incredibly good at is unsustainability. We have achieved the unsustainable development goals so easily… I do believe something like the Sustainable Development Goals offers us a different definition, a different way of understanding what it means to be sustainable. And it gives us 17 hooks with which we can start to engage businesses; it allows us to rethink and reimagine what being sustainable actually means; and they give us a framework to identify the ignorance and illiteracy that exists in the decision making processes (Ian Thomson)".

"Fundamentally we must rewire our economic system. Working at a scientific institution, I'm quite optimistic that we have the capacity to overcome the technical obstacles. But I'm a bit sceptical whether we are equipped to overcome the political, cultural and economic obstacles (Juliane Reinecke)".

"I think sustainability is key for businesses. More and more, the CSR agenda is critical. Whenever you tend for business, they want to know what your agenda is. But a lot of businesses are doing it without planning or really understanding what it means or what the consequences are. And I think there is some greenwashing. Some would say some companies are lying about it to be quite honest (James Sweeting)”.

“We cannot shop our way to progress…We can't buy our way out of what's happening now. I think we all need to shift our mentality from that. There's always going to be these competing values that consumers are constantly having to trade off. I think that focusing on new forms of market exchange that are not based on unrealistic expectations of consumers and that are not also focused on relentless growth is probably a better way to approach this. So, I'm not relying on the market at all, but rather looking at how legislation and different types of levers like that can force people, at least at the beginning, whether it's organizations or consumers themselves, to make these shifts (Giana Eckhardt)”.

“I've taken my task to ask the question, how do you turn sceptics into supporters of sustainability and particularly in decisions and organizations? I'm going to talk about one thing that doesn't work and try to get through ten things that might work. The first thing that doesn't work is information and evidence. We know that if you provide lots of charts, people just glaze over, their eyes glaze over, that they're going to look for stuff which they believe in and they're going to ignore the stuff which they don't.

**What does work?**

1 Making an emotional case
2 Changing people's behaviour
3 Incentives
4 Being specific and close
5 Appealing to people's identities
6 Appealing to their values
7 Emphasising what will be lost
8 The IKEA effect
9 Experiences of awe
10 Following business fashions

(Andre Spicer)”

## 2. Panel opening statements

Each panelist opened with a 3-4 minutes statement. The following is a transcript of each. The panel was as follows and presented in the following order:

- Elisa Moscolin, Head of Sustainability and CSR, Santandar.
- Ian Thomson, Director of Lloyds Banking Group Centre for Responsible Business, University of Birmingham.
- James Sweeting, Managing Director, Lincoln & York Coffee Company.
- Juliane Reinecke, Professor of International Management & Sustainability and Associate Dean (Impact & Innovation), King's Business School.
- Giana Eckhardt, Director, Centre for Research into Sustainability, Royal Holloway.
- Andre Spicer, Professor of Organisational Behaviour, Cass Business School.

The panel was moderated by Robyn Klingler-Vidra, Senior Lecturer in Political Economy, Department of International Development, King's College London.

**Elisa Moscolin, Santandar**

“I'll be very brief. I'm responsible for sustainability at Santander and that entails basically everything you can possibly imagine. Sustainability is very broad and as a consequence I have a very wide remit. Santandar has been on a journey to move from philanthropy to sustainability and we’ve gone a long way since we started. I think there is an understanding that it's about making the bank fit for the future. You asked for the three reasons I believe in sustainability.

I'll summarise the three points, which is the same points I use when I pitch to the business, to boards and CEOs. Reason one, moral imperative – it is just the right thing to do. And I'd almost stop there. Just do the right thing. But for some people, this might not be enough. So, reason two is risk, especially in the financial industry. But in any industry, unless you really are sustainable, it's likely you'll be eventually denied the license to operate. Number three is opportunities, which by the way, I believe is bigger than risks. There is a lot of money to be made. And I think that those companies that are smart enough to catch those opportunities will be the winners”.

**Ian Thomson, University of Birmingham**

"Good evening. Ian Thomson, clearly not from Birmingham. I've moved very much from an 18-year old activist, friend of the earth, CND marcher and very sceptical of businesses ability or desire to do anything on sustainability. But over something like 30 years of research, I've changed my position. However, what our businesses and our systems are incredibly good at is unsustainability. We have achieved the unsustainable development goals so easily.

We've managed to get hunger, environmental devastation, anything you imagined. We've been really, really successful at that. So, what we've actually got is an ability to be unsustainable. We need to start to undo that because in many ways we've reached a tipping point. And that is exactly what Elisa said. Unsustainable business is simply bad business. There used to be some form of accepted contradiction between being good at business and bad at unsustainability, but our vulnerabilities, the inability to deliver in terms of our raw materials, our markets, all these things, these unsustainable options are being closed down. They are becoming almost impossible to do. So, we've reached these tipping points.

But I do believe something like the Sustainable Development Goals offers us a different definition, a different way of understanding what it means to be sustainable. And it gives us 17 hooks with which we can start to engage businesses; it allows us to rethink and reimagine what being sustainable actually means; and they give us a framework to identify the ignorance and illiteracy that exists in the decision making processes. And I believe that it's no longer acceptable for decisions to be made in ignorance of their consequences for the business and for society and for the planet at large".

**James Sweeting, Lincoln & York Coffee Company**

"Hi, I'm James Sweeting. I'm in the coffee business. Just to give us some context, my business supplies coffee to the food services industry in the UK and we account for about 10 percent of the UK volume of coffee. I think sustainability is key for businesses. More and more, the CSR agenda is critical. Whenever you tend for business, they want to know what your agenda is. But a lot of businesses are doing it without planning or really understanding what it means or what the consequences are. And I think there is some greenwashing. Some would say some companies are lying about it to be quite honest.

In our business we surveyed staff to understand what was important to them. And the reason for that was to get buy-in. And that led to some key initiatives for our program. The key point was that the staff wanted tangible results. They didn't want to hear woolly stuff and that would justify their effort. So, we ended up with a suite of outcomes and not all of them immediately show sustainability. One example was a charitable endeavour, the staff wanted to support the local air ambulance in Lincolnshire. Well, last time I looked, helicopters used a lot of fuel. But to our people, it was important that the service locally was there.

We decided to give money direct to coffee growers of origin because we're sick of seeing schemes from NGOs and other well-meaning people. Over the years, I've seen a lot of deforestation in Central America and I've seen a lot of poor farmers. So, we decided that every time we visit a coffee farm, we're not going to tell them to increase their yield or which trees to cut down or which not, we'll just give them hard cash. It's a bit like going to Alton Towers. You pay an entry fee if you want to visit a coffee farm - for every visitor that gets out of the pickup truck we give them $100 - that's going to mean a lot. Fully recyclable coffee packaging that technology is virtually with us now and solar power that's generating electricity.

But some products are more sustainable than others. In this industry, in our industry, they talk about biodegradable cups. Well, there's a lot of confusion. We see people throwing cups away in hedge rows because they think they're going to rot. Well, actually, they don't rot. They'll only rot if it's in an industrial facility. There's an education piece there. Some products are more sustainable than others. Don't overlook the obvious: buy local, spend less, waste less. An example from our industry would be a product called coffee logs, which is made by a business called Bio Bean which is very well meaning (I'm happy to have the argument). They collect coffee waste from cafés, and they take it to a facility, compress it, add wood chip to it and sell it. Well, you could buy a coffee log for 70 pence to go into your wood burner. Well, actually, if you think about it, I'd rather buy a log from an ash tree that was probably grown 60, 70 years ago just down the road for that purpose, and pay 20p, which is more sustainable - to me it's obvious. But the other thing is just a bit more middle class.

The other thing we talk about in our industry is milk. And these days we're all told that you shouldn't drink dairy milk because for every litre of dairy milk we drink they waste more emissions, use more land and more water when compared to rice, soy, oat milk and almond milk. But again, the last time I looked, almonds grow in California, not a place known for its surplus of water. Farms are irrigated with water, grow the almonds, harvest the crops, ship to the UK, to make them into milk. Really? A farmer in Devon or Cheshire that's being rearing cattle for hundreds and hundreds of years is far more sustainable. They've proved it. The whole point of sustainability is that you can do it, so the next generation doesn't suffer. So, let's use common sense.

And then finally we said, let's ask the difficult questions. If coffee growing is unsustainable, maybe they should just not do it and abandon it. Move to the cities and get a job, just like we did in England in the 18th and 19th century. You know, if it's not working and everybody's poor, well go to city and get a job. That might help. It's a big subject, but I think if we keep in mind it's a journey we are on. Keep in mind what the definition is. Some things are better than others. Let's accept that oil is better than coal, that gas is better than oil, that wind is better than gas but there is a trade-off and a consequence if we cover the world with windmills".

**Juliane Reinecke, King's Business School**

"I'd like to start by reminding us of the situation that we're in. We have less than a decade to avoid a climate catastrophe, to reach the Paris agreement's pledge to keep temperatures below one point five degrees Celsius. We will need to leave all fossil fuels in the ground and according to the IPCC, we need to reduce global carbon emissions to be net zero by 2050. Fundamentally we must rewire our economic system. Working at a scientific institution, I'm quite optimistic that we have the capacity to overcome the technical obstacles. But I'm a bit sceptical whether we are equipped to overcome the political, cultural and economic obstacles.

I want to argue that this really moves away from a focus on consumers and individual consumer choice to really rethinking more fundamentally the business models that underpin our economic model. Because I think for really too long, we have focused on individual consumers. And I'm saying this having studied consumer movements such as fair trade and sustainability labels, for all my academic career. I've heard from companies that I work with over and again that they are waiting for consumers to demand sustainability or to be rewarded for sustainable choices but it's not happening. That's not good enough. I also think that we focus too much on the individual. Of course, if a billion people, and that is roughly the number of people who live in the developed economic world, radically change their behaviour, that's going to make a difference. But it's an illusion to think that this is going to happen overnight. It also confronts consumers with moral choices in everyday life; why should consumers as individuals have to confront these moral dilemmas on an everyday basis?

In my own research on consumer movements, I've noticed, that what really changes company behaviour and gets companies to move, is not the individual consumer going to Costa coffee and asking, can I have a sustainable coffee? I've tried that, believe me. It's really about campaign groups, the activists, the Students against Sweat Shop, the Clean Clothes campaign, the Greenpeaces of the world that are channeling the individual consumer voice into a collective voice, which is much more powerful in creating change. That's what in academic terms we call *contentious politics*. Contentious politics have been somewhat effective in changing behaviour. I think there are pockets of consumer change that we're seeing. But I think on the whole, we are still tinkering on the edges or, fiddling while the ice melts, when you think about the enormous changes that we need to think about.

Last year we did a report at King’s together with the Ethical Trading Initiative and Warwick Business School and we looked at the connection between business models and labour standards in global supply chains. One really interesting thing that we found was that almost every ethical effort to improve labour standards in a global supply chain was undermined by the unethical purchasing practices of companies. Thus, it comes back to the fundamental business model. And then if you look at the business models, which are basically how corporations create, deliver and capture value, you really realize how all the downward pressure is due to the fact that business models are so fundamentally geared towards exploitation of human resources and of environmental resources.

Unless we really find a way of changing these business models - to become more sustainable through maybe circular economy models, through different modes of ownership, through risk sharing and profit sharing - a fundamental rewiring of these business models so that they're geared towards delivering human well-being - maximizing human well-being rather than profits - I don't think you're going to get there. So, I think what I want to advocate is that we really need to think about the drivers of this more radical change towards really re-thinking and changing the fundamental model of business that the economy relies on".

**Giana Eckhardt, Royal Holloway University**

"I'm a professor of marketing and my area of research is consumer research. What I would like to talk about is not CSR, but what we call CnSR, which is consumer social responsibility. So why is consumer social responsibility important? Julianne alluded to this already because it's what companies as well as non-profits and advocacy organizations like Greenpeace typically use as the primary logic upon which they justify their pro-social efforts. Right? Well, this is what everyone wants, and we can see it because it's in the newspapers every day and people are responding to surveys saying we're in a state of climate emergency and we think it's so important. And this is the fuel that we use to change our policies within organizations.

Actually, the research shows that although consumers increasingly say that they care about sustainability, their purchasing behaviour rarely reflects this. And what I mean by that is that is not something like a lot of people saying that everyone's becoming vegan now and that's a clear shift in actual behaviour. What I mean by consumer social responsibility is morally motivated consumers buying ethical products that match their ethical concerns. In other words, they're motivated by their ethical concerns. I think a lot of what we're seeing now is being more motivated by social concerns. And what I mean by that is illustrated by things like plastic shaming. Who drinks out of plastic straws anymore? Right. And we're starting to see the beginning of travel shaming. If you fly somewhere, everyone is like, what do you mean you're going on holiday - you're taking a train, aren't you?

There are these social elements that are pushing behaviour to shift a little bit. But it's not necessarily ethical beliefs that are motivating that. And this is for a variety of reasons. James already alluded to some, such as competing values. Should you use dairy milk that's made by a dairy farmer that's 10K down the road or almond milk from California? Most consumers are confused about this and they're not sure which values to trade off when they're engaging in their consumption. One thing that's really important to understand is that giving consumers more or better information about the issues is not the solution to this; because it's not the information that you have or the understanding that consumers have about issues, which is driving their actual behaviour. And I'm sure as a lot of you know from within your own organizations, that there is a tremendous amount of money and time and effort spent on this kind of educating the consumer. And that is something that never, ever works.

What does work? I'm always asked this when I work with different organizations. Particular levers that are quite effective in terms of moving behaviour are financial incentives. We can think about things like the five-cent tax on using plastic bags that came into effect in the UK last year. There's been a marked decrease in plastic bag use from this. And what tends to happen when you have either law incentives, so making it illegal to do something, or financial incentives is that gradually over time that shifts into becoming a social norm with social consequences. So, we can think about something like recycling. A lot of you are probably too young to remember this, but I remember back when recycling first started and people did it because you had to. In the US in particular, it was a law and you got fined if you didn't. Now people recycle because you'll be shamed at work if you don't – right? It's become a social norm and it's something that everyone does now. So that shift from giving levers and incentives that work, to becoming a social norm is what needs to be focused on.

I think the larger and perhaps more interesting question is, can or should we be relying on consumers to drive the socially responsible changes in business that we want to see? I think Juliane has already alluded to this, but I feel strongly that the answer to that question is no. The word that we use in the literature for this is responsible-isation. Consumers have been responsible-ised so that what they do on-a-daily-basis is the answer to all these problems. And that's something that's very problematic, particularly consumers who aren't middle class and above and have to make these types of trade-offs that are very difficult to make because there's typically a price premium put on so-called eco products.

I'll close in saying we cannot shop our way to progress. I was on a panel recently where there with an eco-blogger who was also on the panel. And she's like, “yes, but on my blog, I tell everyone to buy organic sheets instead of non-organic sheets and this is the beginning of the change”. It doesn't matter what kind of sheets everybody buys. It's not about switching or how we shop in that way. We can't buy our way out of what's happening now. I think we all need to shift our mentality from that. There's always going to be these competing values that consumers are constantly having to trade off. I think that focusing on new forms of market exchange that are not based on unrealistic expectations of consumers and that are not also focused on relentless growth is probably a better way to approach this. So, I'm not relying on the market at all, but rather looking at how legislation and other types of levers like that can force people, at least at the beginning, whether it's organizations or consumers themselves, to make these shifts. This is how we should be thinking about this”.

**Andre Spicer, Cass Business School**

“I've taken my task to ask the question, how do you turn sceptics into supporters of sustainability and particularly in decisions and organizations? I'm going to talk about one thing that doesn't work and try to get through ten things that might work. Let's see if we can get through them. The first thing that doesn't work is information and evidence. We know that if you provide lots of charts, people just glaze over, their eyes glaze over, that they're going to look for stuff which they believe in and they're going to ignore the stuff which they don't. What does work?

Number one: making an emotional case. Some of you I've talked to earlier work in the plastics industry. The bird with the plastics in its gut as made a bigger difference than all sorts of charts I've ever made.

Number two: changing people's behaviour. Just making something difficult for people to do. So, make it difficult for them to throw cups away, etc. We know if you change people's behaviour, their attitudes move along afterwards.

Number three: incentives. As you pointed out one big shift which is happening is increasing the cost of capital for things. So, for doing dirty stuff, many of the investment funds, our pensions, (for those of you who have them) are now asking the question, how much does it cost to use our money to do stuff? And it should cost more to do unsustainable stuff.

Number four: be specific and close not abstract. When you're making an argument, so half the time arguments don't work, but if you are talking with someone, are you making an argument? If you make it as specific and close in time as possible, people are going to listen to you. Make it real. Make it close in time. Two weeks down the line. Make it specific. They're going to listen to you. But if it's far away in the distance and vague, they're not going to listen. So specific and close versus far and distant.

Number five: appealing to people's identities. One of the things we know that makes big social changes is one-to-one conversations with people who are like you. So, for instance, one of the biggest social shifts in the US was around attitudes towards gay marriage. Twenty years ago, 20 percent of people in the US thought gay marriage was a good idea. Now it's 70 percent. How did that happen? The main shift was one-to-one conversations within families. The same thing has to happen around environmental issues.

Number six: values. If you want to make an argument to someone, you have to appeal to their values, not your values. The environmental movement often says, oh, justice, care, blah, blah, blah. Those are all left-wing values, which are cool if you're talking with a left-wing person, but they're not going to appeal to someone on the right. So, you need to talk about that, you know, loyalty to the nation and stuff like that which appeal to people on the right. That's important. We should take these things seriously. Right?

Numbers seven: loss aversion. We know people put more emphasis on when you lose something rather than you gain it. So put a big emphasis on what you're going to lose rather than what you're going to gain.

Number eight: what behavioural psychologists call the IKEA effect. This is the idea that we value something far more when we build it ourselves, even if it's rubbish. Right? So, if you get people to put together a little IKEA bookshelf, they'll think this is a fantastic bookshelf versus, you know, the professionally put together one. So, you take a sceptic and you say, OK, build me a solution to this and they'll begin building the solution and they'll think it's fantastic and might even begin to believe in it.

Number nine: experiences of awe. We know experiences of nature and experiences of awe tend to make big shifts. When people have fundamental experiences of going and climbing up a mountain and seeing how nice it is up there, sometimes they're likely to have big changes.

Final thing, number ten: businesses follow fashions. They like to think of themselves as extremely rational, but they're often like teenagers. Jeans go up, jeans go down; they get tired, they look like they've been run over by cars. The same thing applies to fashions in businesses as well. If you say everyone else is doing it now, in the industry, that's often a good argument about why we should do it as well and people follow along".

## 3. Keywords

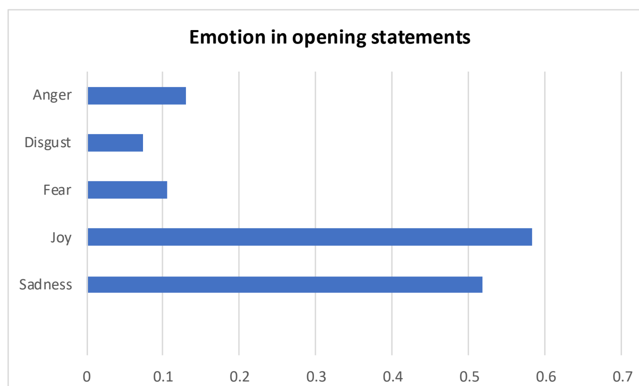
Each of the presentations was analysed using IBM Watson Natural Language Understanding. This programme uses artificial intelligence (AI) to parse textual data and interpret semantics which allows users to analyse language to identify "keywords, concepts, categories, sentiment, and emotion (IBM, 2020)". The following keywords were identified:

**Top 30 keywords generated using AI:**

| Word | Count | Similar Words |
|---|---|---|
| business | 12 | business, businesses |
| thing | 11 | thing, things |
| coffee | 9 | coffee |
| consumer | 9 | consumer, consumers |
| lot | 8 | lot, lots |
| people | 8 | people |
| social | 7 | social |
| change | 6 | change, changes |
| sustainability | 6 | sustainability, sustainable |
| industry | 5 | industry |
| milk | 5 | milk |
| plastic | 5 | plastic, plastics |
| point | 5 | point, points |
| different | 5 | difference, different |
| behaviour | 4 | behaviour, behavioural |
| companies | 4 | companies, company |
| dairy | 4 | dairy |
| environmental | 4 | environmental |
| models | 4 | model, models |
| organizations | 4 | organic, organizations |
| research | 4 | research |
| big | 3 | big |
| experiences | 3 | experiences |
| market | 3 | market, markets |
| money | 3 | money |
| number | 3 | number |
| question | 3 | question, questions |
| responsible | 3 | responsibility, responsible |
| shift | 3 | shift, shifts |
| unsustainable | 3 | unsustainability, unsustainable |

**Commentary:**

It is interesting to note the low position of money on the list (#25) and that profit, the lifeblood of business, did not enter the conversation. The keyword analysis and the fact that profit was not mentioned throughout the entire event suggests a default consensus in which CSR and sustainability are generally regarded as peripheral activities and not central to company business models and core operations.




The overall emotion identified was 'joy', closely followed by 'sadness' – arguably demonstrating a note of scepticism among the panelists

Notes on analysis:
- The content analysis measures the frequency of anticipated words and similar words.
- AI parses text to identify and score the five pre-programmed emotions.

## 3.1. Word frequency

The total word count in the opening statements is 3,656 words. In one analysis, the word count is edited to include only material[1] words i.e. words which alter meaning. The intention is to remove irrelevant words, phrases and figures of speech. The following are the top 20 most frequently occurring material words used in the opening statements. The most frequent word ‘think’ is provocative. ‘Consumers’ with a count of 27 is just ahead of business on 26. Arguably this illustrates how, “consumers have been responsible-ised so that somehow, what they do on-a-daily-basis, is the answer to all these problems (Giana Eckhardt)”. This analysis supports a key question, “can or should *consumers* be held responsible for driving *corporate* responsibility?”

**Opening statements – top 20 most frequently occurring material words:**

| Word | Count | Similar Words |
|---|---|---|
| think | 30 | think, thinking |
| consumers | 27 | consumer, consumers |
| business | 26 | business, businesses |
| people | 24 | people |
| sustainability | 21 | sustainability, sustainable |
| change | 17 | change, changed, changes, changing |
| work | 14 | work, working, works |
| social | 13 | social, socially |
| behaviour | 11 | behaviour, behavioural |
| use | 11 | use, used, using |
| industry | 10 | industrial, industry |
| models | 10 | model, models |
| shift | 10 | shift, shifts |
| want | 10 | want, wanted, wants |
| now | 9 | now |
| organizations | 9 | organic, organizations |
| right | 9 | right |
| time | 9 | time |
| values | 9 | value, values |
| buy | 8 | buy, buying, buys |

[1] Securities and Exchange Commission define ‘material’ in line with US Supreme Court interpretation as: something viewed by the reasonable investor without which the total mix of information would be different.

## 3.2. Word clouds

In a further analysis clouds of the most frequent words, in which the size of a word reflects its frequency, are constructed. For example, 'think' (including similar words like 'thinking') is the most frequent word with 30 occurrences and is at the centre of the cloud below. Only the top 50 and 500 words are included in the clouds.

**Opening statements - top 50 most frequent words and word stems:**

**Opening statements - top 500 most frequent words and word stems:**


These word clouds include all words used in the opening statements. The analysis illustrates the lack of conceptual consensus and standardisation around corporate responsibility that has, in part, resulted in a significant rise in the tools available for measuring the social and environmental impact of business (Candid.org, 2020). The SDGs are emerging as the de-facto standard used by academics and practitioners, including the investment industry, to operationalise corporate responsibility but the difficulty of directly aligning the SDGs to company objectives, strategy and responsibilities restricts their operability (Le Blanc, 2015).

## 4. Five considerations (from the Q&A)

The Q&A included questions on the role of government, ensuring a level-playing field in the sustainability market, the need for education, the role played by lobbying and how to make sustainability affordable. Following a content analysis of the panelists' responses, the following five themes have been identified.

### 4.1. Sustainability is not homogenous

The myth that solutions and regulation can be homogenous needs to be dismissed by consumers, practitioners and policymakers. Sustainability means very different things in different industries, companies and departments even within the same entity. It is context dependent. The myth that market competition alone will drive solutions also needs to be dismissed. "More and more evidence and data tell us that markets are becoming less, not more, competitive (Andre Spicer)". Collaboration between companies within and outside global value chains are critical. "There is a key role for regulation and enforcement, but policymakers need to be wary of one-size-fits-all regulation (Ian Thomson)".

### 4.2 Systemic change not superficiality

Consumer activism and NGOs can be successful at driving change. "It is clear that often companies are driven by fear rather than accountability and can sometimes convince themselves that they are taking sustainable decisions (Juliane Reinecke)". This can lead to superficial sustainability successes (like plastic straws) but sub-optimal solution from a systemic perspective. **"**Sustainability is not about doing small do-good things. It's about embedding it in the business model (Elisa Moscolin)".

### 4.3. Making sustainability affordable

Many environmentally responsible and sustainable products carry a price premium and are aimed at eco-conscious middle-class audiences. In both developed and developing economies, "the way to include low income populations is to make eco products and services that are sustainable and low priced (James Sweeting)". "It is also critical to find the connection between economic and social-environmental obligations, that's what will have competitive edge (Elisa Moscolin)".

**4.4. The catalytic role of the State**

"There's a lot of evidence in economics to show that markets are actually getting less competitive, largely down to concentration of businesses (Andre Spicer)". The catalytic roles of the State as innovator, regulator, financier and customer are critical. "The market is typically really good at value extraction and value exploitation. But if you look at where value innovation and creation has come from, it's typically come from the State (Ian Thomson)". "The Bank of England, APRA, the FCA and the other regulators are really pushing two words, 'new regulation'…If you shift capital markets, you could see a very big transformation and if you look at it holistically, there is a massive shift happening that gives me hope that we might move toward a more sustainable model (Elisa Moscolin)". Finally, the State is itself a major customer for sustainable products and services and can play a key role in driving normative change in consumer behavior.

**4.5. Lobbying as a barrier**

Lobbyists are a serious barrier to progress and the systemic changes required. In 2015/16 spending on corporate lobbying activities was estimated to be £2billion in London, €1.5 billion in Brussels and $3.15 billion in Washington (McTague, 2019). On the assumption that companies do not pay for lobbying that promotes blatantly irresponsible behaviour (which is generally unlikely to get a good hearing from politicians and officials), we can reasonably assume that responsible corporate behaviour is central to this type of corporate diplomacy. Is corporate lobbying in aggregate actively counter-productive to the sustainability agenda? How can that be changed?

## 5. Practical steps

Participants took part in two working sessions each of which tackled a specific topic:

i. The vicious circles of managerial sustainability rhetoric.

ii. Developments and challenges in ESG/CSR reporting.

Each working session was introduced by a Chair who set the Workgroups three challenges. Workgroups were made up of a 5-8 participants led by a Workgroup Leader and recorded by a Workgroup Reporter (an embedded PhD researcher). The following is a thematic analysis of the output of the workgroups. It is intended to provide some practical steps that company leaders and managers can take.

### 5.1. The vicious circles of managerial sustainability rhetoric

The chair outlined how leadership and corporate visions are ambiguous. A vision can nurture different directions; it can empower employees but can also be perceived as delegation of responsibilities. So, if the projects fail, then employees will feel responsible. How do we avoid internal skepticism?

*Challenge 1: How can leaders avoid employees perceiving visionary management rhetoric as empty words and mere responsibility delegation?*

**Sincerity:**

- Sustainability vision needs to be central to the business model and core business operations
- Authenticity needs to be built into the operating model for implementing the vision.
- Honesty about the vision, its rationale, and its limits.
- Accountability around who is responsible for implementing the vision, and how this will be evaluated.
- Vision needs to cascade through the management and employee layers of the organisation.
- To be credible to employees and externally, the vision should reconnect with original company values and purpose and be updated to current challenges.
- CEO and entire Board endorsement needed (including non-executive directors), action needs to be top-down.

**Engagement:**

- Include employees in co-creating the vision.
- Give employees time to operationalise solutions within business practices and processes.
- Give people tools by linking the promises to their specific jobs.
- Put mechanisms for feedback in place.
- Combine symbolic actions which are highly visible and important door-openers to employees, such as reusable cups, with substantive actions that tackle the firms' biggest impacts.

**Reward:**

- Reward good behavior: make employees feel special, involved and productive.
- Incentivise employees – contractual incentives but also measuring actual practice, making them believe in it.

**Double-talk?**

- Personal lives of leaders add or detract from corporate credibility.
- Salary gaps of over 100 times average employee makes it impossible for leaders to take moral high ground.
- Remove ambiguity between the focus on short-term incentives (e.g. profit and maximizing shareholder value) and the long-term 'visionary management' strategy. Ambiguity is likely to be interpreted as double-talk.

**Contrasting case studies:**

**M&S** seen as guilty of "hollow rhetoric" – words dropped into all meetings to the extent that employees would be noted for not using sustainability positioning. Typically, rhetoric did not match actions and employees seen as overly focused on narrow business objectives, precluding them from framing actions in a broader context.

**Unilever** encourages discussion of sustainability at every level but there is no meaningful prioritization of sustainability in consideration of sourcing, pricing etc. The employee response is to have a low level of ownership in the product development process.

**Sainsbury** made better progress in providing space for proper incorporation of sustainability issues and staff were less tasked with narrow objectives and so they had (some) time to consider wider issues

*Challenge 2: How can leaders foster exploration of local sustainability practices by employees and still work towards a unified company vision?*

- For example, McDonald's has a corporate vision, a franchising model, and each franchise has a group of employees. Do you allow them to participate in a global strategy, or could they create their own initiatives?
- Global value chains require clarity about the purpose of the activity (be it global or local).
- Consider adopting both global environmental strategy and local social projects for cultural fit and to avoid controversy.
- Beware of getting trapped in too many pilot projects without actually changing anything.

**5.2. Developments and challenges in ESG/CSR reporting**

The chair outlined how it has become standard practice for companies to report on ESG issues. For some companies, however, disclosure and reporting has become an end in itself – "we're reporting so we're sustainable". The task for a company is to play its part in achieving a sustainable future. The theoretical expectation is that there should be as small a gap as possible between the explicit promise in the disclosure and report and the reality of the firm's performance. The gaps between policy and practices and between practices and outcomes are known as de-coupling. De-coupling can be intentional (greenwashing) or unintentional.

*Challenge 1: How are companies integrating knowledge from different decision-making tools into their reporting? (e.g. environmental impacts, human rights/modern slavery)?*

**Reporting to whom?**

- The incentive to report well lacks clarity. There is a gap – who are companies reporting to?
- Although there are bodies that are assuring good reporting, consequences of misreporting are not clear.
- ESG reporting focuses too much on the positive aspects. Negative aspects, where there is need for improvement, are not always clear.

"The state of ESG reporting compares to the state of annual reporting before the Wall Street crash of 1929 (Catherine Tilley)"

- Critical to have a common benchmark: extracting all the data and benchmarking not just between “statement vs reality” but also “peer group vs peer group”. The latter is currently missing.

**Reporting what?**

- The reporting needs to be done against resource thresholds, otherwise it is not effective.
- The importance of measure is crucial: what do you measure against? It cannot only be against the firm’s objectives as now.
- There are inconsistencies in terms of baselines; some companies are not disclosing the target.
- Assurance protocols for ESG reporting are very important to do.
- Recognition of time, effort and resource to build these reports.
- Importance of taking into account the consumer view, media reviews but also staff views: are employees satisfied in their respective companies?

*Challenge 2: What is the potential for integrating natural resources’ thresholds and limits into CSR and ESG reporting? What are the current challenges?*

**Allocation of resources:**

- Science-based targets seen as a good idea in principle (since resource use is a key component in achieving sustainability objectives).
- A narrow focus on one commodity leads to complexity in how the resource should be allocated between the wide range of competing firms and/or interest groups.
- Different resources present different allocation/access issues e.g. water, $CO_2$, forests, cobalt, etc. which require separate agreements for each.

**Co-operation, consistency and neutrality:**

- Difficult to get both states to act and businesses to act, independently let alone jointly.
- Agreements will be contingent on locality because of different geographic, weather and economic development priorities.
- Requires cooperation, consistent international laws and neutral auditing bodies.
- Given this complexity, much of which is likely outside the jurisdiction of national governments, hard law is likely not feasible, but soft law is notoriously easy to ignore.

- Requires a transnational reporting body.

**Reflective of company activity?**

- Proxy measures like $CO_2$ emissions, don't work because they don't necessarily reflect the actual activities of the firm.
- Business activities vis-a-vis resource consumption is not translatable into numbers.

*Challenge 3: The gap between "walk" and "talk" in CSR: How are companies today using aspirational talk? How does aspirational CSR talk shape how CSR is practiced in a firm and can it lead to social change?*

**Impactful?**

- It can start the conversation and gets stakeholders' attention.
- It can lead to action once/if the leaders make a commitment.
- Real aggressive, aspirational targets can be more motivating and attract believers
- Aspirational talk is likely to have minimal impact internally:
  - Employees see misalignments between company words and actions.
  - Employees either do not care or believe the firm will fulfil its promises.
  - Employee capacity for activism and agency is weak.
- The biggest challenge is measuring and finding the data of the 'talk'.
- Better measurements (be specific!) that capture the full footprint.
- Harder to live up to commitments the further you go from home, along the value chain.

**Only reporting success**

- Companies often take on the easy route rather than setting targets high.
- Beating small achievable targets does not convince and is not systemic change.
- There is a tendency to cover bad apples with small stories.
- Reports are often focused on successes and on what has been achieved, rather than what the company is struggling with. It would be more credible to see the struggles.

**Requirements**

- External audits, as well as audits of the auditors.
- External pressure groups.
- Space to allow companies, leaders and employees to take sustainability on. Negative criticism of what they are not doing, rather than what they are, is not motivating.

**Case study:**

BT has experimented with a two-voice approach. An 'internal voice' to focus on real progress and an 'external voice' to communicate aspiration. According to the participant, the aspirational talk led to the implementation of internal practices. Intuitively such a two-voice approach has the potential to leave the company vulnerable to criticism. The risk can be mitigated provided both voices stay connected and aligned.

## 6. Workgroup Chairs, Leaders and Reporters

| | |
|---|---|
| **Session:** | **The vicious circles of managerial sustainability rhetoric** |
| Chair: | Michael Etter, Senior Lecturer in Entrepreneurship and Digitization, King's Business School |
| **Session:** | **Developments and challenges in ESG/CSR reporting** |
| Chair: | Gabriela Gutierrez Huerter O, Lecturer in International Management, King's Business School |
| Leaders: | Catherine Tilley, King's Business School |
| | Catherine Vanloo, BITC |
| | Greg Lavery, Rype Office Furniture |
| | Jamie Plotnek, Unilever |
| | John Isherwood, Obliquity Group |
| | Simon Kelly, Obliquity Group |
| | Szilvia Mosonyi, Queen Mary, University of London |
| Reporters: | Alan Brejnholt, Loughborough University |
| | Anisia Bucur, King's Business School |
| | John Lawrence, UCL |
| | Lucas Lauriano, King's Business School |
| | Onna Van Den Broek, King's College London |
| | Sofia Gonzalez De Aguinaga, King's College London |
| | Susan Cooper, King's Business School |

## 7. Attendees

| | |
|---|---|
| Adrian Garside | KCL, War Studies |
| Alan Brejnholt | Loughborough University |
| Alex mitchell | IoD |
| Alex Spruce | Lofbergs, UK |
| Andre Spicer | Cass Business School |
| Andrew Tonkins | Canon |
| Angela Ballesteros | Sony |
| Anisia Bucur | King's Business School |
| Arabella James | EDIFY |
| Ash Coles | Coventry University |
| Aude Grasset | Uncle Ltd |
| Catherine Tilley | King's Business School |
| Catherine Vanloo | BITC |
| Catherine Young | Oxford Analytica |
| Caty Batten | One action / Oxford Analytica |
| Charlotte Lennon | Burberry |
| Charlotte Sewell | Cook |
| Colin Crooks | Tree Shepherd |
| Danielle Crompton | Waitrose |
| Edward Garrett | BECSlink |
| Edwin Morgan | IoD |
| Elisa Moscolin | Santander |
| Ellen Forsman | Banking Standards Board |
| Esther Toth | Corporate Citizenship |
| Gabriela Gutierrez Huerter O | King’s Business School |
| Gethin James | VCCP |
| Giana Eckhardt | Royal Holloway, University of London |
| Greg Lavery | Rype Office Furniture |
| Hamid Foroughi | Portsmouth Business School |
| Hannah Martin | VCCP |
| Holly Roberts | Wagamama |
| Hugh Worskett | King's Business School |
| Ian Thomson | University of Birmingham |
| Ioanna Boulouta | Birkbeck, University of London |
| Jack Ovens | Truestone Impact Investment Management |
| James Sweeting | Lincoln & York Coffee Company |
| Jamie Plotnek | Unilever |
| Jas Ayling | Wagamama |
| Marc Lepere | King's College London |
| Jessica Loy | King's College London |
| John Isherwood | Obliquity Group |

| | |
|---|---|
| John Lawrence | UCL |
| Joshua Lowsley-Williams | First Mile |
| Julia Hubo | |
| Juliane Reinecke | King's Business School |
| Laura Ahumada | King's Business School |
| Laura Gibson | |
| Lorenzo Todorow Di San Giorgio | Portsmouth Business School |
| Lucas Lauriano | King's Business School |
| Luciano Ciravegna | King's College London |
| Mark Haviland | Rakuten |
| Michael Etter | King's Business School |
| Milly Cunningham | John Lewis |
| Natalie Bayliss | hubbub |
| Natasha Gammell | Hubbub |
| Olatz Armnegod | BITC |
| Olivia Cropper | Lloyds |
| Olivier Floch | Unilever |
| Onna Van Den Broek | King's College London |
| Paula Chin | WWF |
| Peter Rands | Christs College Canterbury University |
| Robyn Klingler-Vidra | King's College London |
| Simon Kelly | Co-founder, Obliquity Group |
| Soeren Stoeber | S&P Global |
| Sofia Gonzalez De Aguinaga | King's College London |
| Stuart Pendragon | |
| Susan Cooper | King's Business School |
| Szilvia Mosonyi | Queen Mary, University of London |
| Thomas Nichol | Pret |
| Tommaso Crescimanni | King's Business School |
| Wilson Clarke | Lofbergs, UK |
| Zabrina Tucker | First Mile |

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