



Ethical

CORPORATION

www.ethicalcorp.com

The Spring Analysis Series

Ethical Corporation's top picks from the year so far

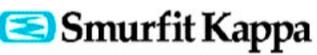
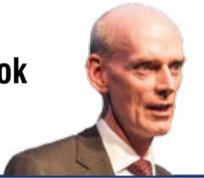


The 16th Responsible Business Summit Europe

7th-8th June, 2017 | London ▶ Europe's premier forum on responsible business

Quote EC100 when reserving your place
£100 Discount

Deliver Social Purpose and Impact

<p>Aongus Hegarty President EMEA</p>  	<p>Maurice Tulloch Chairman, Global General Insurance</p>  	<p>Blanca Juti SVP</p>  	<p>Mads Nipper CEO</p>  	<p>Gilbert Ghostine CEO</p>  
<p>Tony Smurfit CEO</p>  	<p>Kelly M. Semrau SVP, Global Corporate Affairs, Communication & Sustainability</p>  	<p>Richard Pennycook CEO</p>  	<p>Magnus Billing CEO</p>  	<p>Truus Huisman VP Sustainable Business and Communications Europe</p>  

CEO KEYNOTES

The end of CSR and the dawn of the Social Purpose Era

INTERNAL ENGAGEMENT AND STRATEGY

Prove your case to generate enthusiasm and win real buy-in

DATA, INFORMATION AND INSIGHT to deliver impact

EXTERNAL ENGAGEMENT AND COMMS Understand your stakeholders' agendas and co-create alliances

& NEW FOR 2017: In-depth breakout workshops!

PLUS EXCLUSIVE INSIGHT FROM 70+ RESPONSIBLE BUSINESS LEADERS:

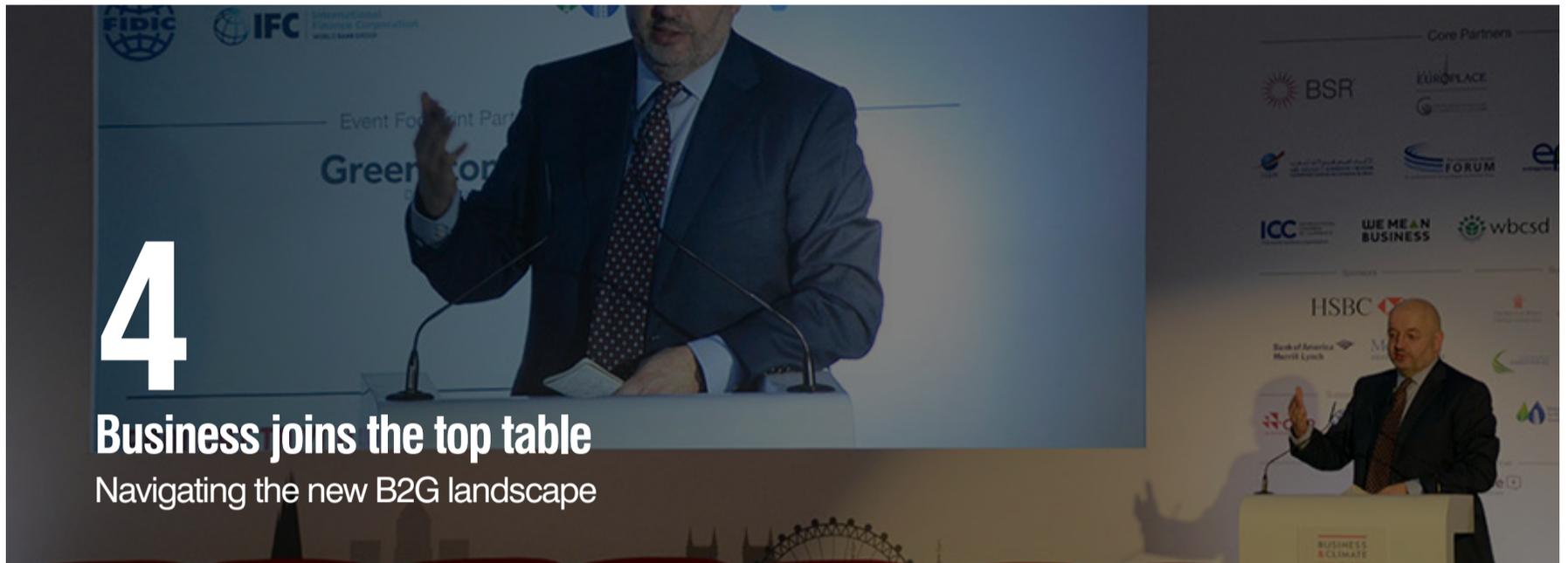
PLATINUM SPONSOR		GOLD SPONSORS				WORKSHOP SPONSORS			BADGE SPONSOR
						EXHIBITORS			

Secure your place at ethicalcorp.com/rbs

#RBSEU



Contents



4

Business joins the top table
Navigating the new B2G landscape



11

Tata partners with Natural Capital Coalition to drive sustainability goals

The giant Indian conglomerate is working to value natural and social capital as it moves beyond materiality issues.



19

3 in 3: Franz Paasche, SVP of corporate affairs and communications, PayPal

As part of our 3 questions in 3 minutes series, we get insight from Paypal's Franz Paasche, SVP of Corporate Affairs and Communications.



13

Opinion: In a post-truth world, business has to speak truth to power

The Edelman Trust Barometer report shows that trust in companies is at crisis levels. Can progressive policies combat this loss of faith?



22

CSR deconstructed: Biomimicry

Oliver Balch explains the evolving process of biomimicry: using 'nature as measure' to solve enduring sustainability challenges.



MAX THABISO EDKINS CONNECT4CLIMATE

Business joins the top table

By Claire Manuel

Once staunch opponents of state interference, companies are now working with governments to deliver the ambitious global development agenda. We look at how they are navigating the new B2G landscape

The Paris Agreement and the Sustainable Development Goals (SDGs) have changed the dynamic of the relationship between business and government. Rather than adopting opposing positions, and negotiating concessions from each other, they find themselves now mainly on the same side, unified by shared goals.

Unlike the Millennium Development Goals, which were drawn up by a small group of individuals working in the UN head office, the SDGs were borne of the largest and most inclusive consultation programme in the history of the UN, of which the private sector was an important part. The [Global Business Alliance for 2030](#) was formed during the 2013 UN general assembly, bringing business organisations and global companies – from multinational corporations to local SMEs – together to “strengthen and inform the intergovernmental deliberations at every step of the way”.

This is explicitly recognised in SDG 17, the goal to revitalise the global partnership for sustainable development, which “brings together governments, civil society, the private sector, the United Nations system and other actors and mobilises all available resources”.

The political landscape of 2017 is like nothing the world has ever known. While there is no doubt that globalisation has brought huge benefits to many,

Private sector played an important part in the creation of the SDGs



it has also been a big driver of inequality, giving rise to phenomena like the Trump presidency, the ascendancy of Marine Le Pen in France, and the UK Brexit referendum result. In the current climate of isolationism, now more than ever the private sector needs to provide continuity and support national efforts towards achieving the SDGs, leading sustainability thinkers say.

Collective action is particularly needed to finance the ambitious development agenda. While it is not possible to attach a final cost to implementation of the goals, the World Bank says the investment needs of the SDGs will require the global community to move the discussion from billions of dollars in official development assistance to trillions of dollars in investments of all kinds: public and private, national and global, in both capital and capacity.

At January's World Economic Forum in Davos, UN Secretary-General António Guterres said: "Without the private sector we will not have the necessary innovation, we will not have the necessary capacity, to discover new markets, new products, new services and to be able to develop new areas in the economy." He added: "The best allies today in the world are probably in the business sector and it is very important to fully mobilise them."

Opportunity and role for business

Released at Davos, the [Better Business, Better World](#) report, produced by the [Business and Sustainable Development Commission](#) (BSDC), describes itself as "a call to action for current and future business leaders". The report asserts that achieving the SDGs opens up market opportunities worth \$12trn in the four key economic systems: food and agriculture, cities, energy and materials, and health and well-being. Together they represent around 60% of the real economy.

BSDC chair Mark Malloch-Brown says that "business as usual" will not achieve this market transformation, "nor will disruptive innovation by a few sustainable pioneers be enough to drive the shift. Entire sectors have to move."

Ben Rutledge, senior advisor for business and human rights at the Ethical Trading Initiative (ETI), an alliance of companies, trade unions and NGOs



FREDERIC LEGRAND/SHUTTERSTOCK INC.

Globalisation has given rise to phenomena like Marine Le Pen

Business as usual won't achieve market transformation. Entire sectors have to move



working mainly in the garment supply chain, believes that alliances and partnerships between businesses, policy makers and civil society are critical. “While governments are obliged to monitor and report on progress against the SDGs, they cannot be achieved if governments only work in silos,” he says.

The UN’s 2030 Agenda for Sustainable Development calls on all businesses “to apply their creativity and innovation to solving sustainable development challenges”. Rutledge points out that the SDGs themselves set out specific targets, such as SDG 8.5 (on creating productive employment and decent work), and SDG 8.7 (on effective measures to eradicate forced labour and to end modern slavery and human trafficking). “Neither of these goals can be achieved by either the private sector or governments working unilaterally,” he explains.

It is also important for business to take the lead on social action, rather than simply wait for regulation. “Business does not operate in a vacuum and must play its part to create a healthy society and environment,” says Steve Howard, chief sustainability officer at IKEA. “Power is more distributed than in the past between government, business and civil society and leadership must be distributed as well. When it comes to issues like climate change, government will only push businesses so far – and that is not far enough, frequently – therefore business has to show it is ready for change and welcomes government action.”

Historically, much of the machinery of business-government dialogue has been captured by incumbent business groups, conservatively resisting change, says Nigel Topping, CEO of [We Mean Business](#), a global coalition of organisations that work with thousands of the world’s most influential businesses to accelerate the transition to a zero-carbon economy. “We are now seeing businesses from all sectors awake to the systemic risks of climate change and the business opportunities available in such a disruptive transition.”

The business/government interface

It is important to understand how the interface between business and government functions. At best, says IKEA’s Howard, it is a partnership where



António Guterres says businesses are the best allies for the SDGs

WORLD ECONOMIC FORUM/ VALERIANO DI DOMENIC

‘The best allies today in the world are in the business sector’



government delivers the framework based on understanding the needs of business and society, and business delivers products and services that meet those objectives. But, he acknowledges, “sometimes governments and businesses don’t understand each other.”

“The powerful business presence during the COP21 negotiations was a great example of this new voice of business engaging positively on bold climate policy,” says Topping. “We Mean Business partners worked with global businesses from all sectors to ensure a strong presence and a clear set of messages to the negotiators. We were excited to see just how ready negotiators were to engage around the business need for a clear, long-term goal. The Paris Agreement delivered exactly what business needed.”

With more than 1,000 commitments to take action on climate change through initiatives such as RE100 from 500 companies, which together manage \$8.1trn of revenue, Topping believes We Mean Business is sending a clear message to government and regulators.

“It is only with the strong combined voice and leadership of business globally, combined with the will to take action to mitigate climate change, that the world will set a trajectory to below 2°C by 2020,” he says. “Public commitments by business to take action on climate change send a clear message to government on the ambition and benefits of climate leadership and the need for bolder policy.”

But there are inherent challenges to building effective B2G partnerships. “All partnerships need aligned expectations, mutual understanding and good communications,” says Howard. “Partners have to invest the time and effort to develop these attributes.”

ETI’s Rutledge says that governments may inadvertently, or even consciously, undermine business efforts to improve working conditions, through poor implementation of labour standards and local laws. “Some governments see cheap labour as their comparative advantage and use this ‘resource’ as a means of attracting private sector investment,” he says. This has resulted in governments sometimes aiming to maintain wage levels or even limit increases set out in minimum wage legislation at below living-wage levels in order to remain competitive.



Steve Howard, chief sustainability officer at IKEA

WE MEAN BUSINESS

Power is now more distributed between government, business and civil society

Collaborating in the cocoa sector

The World Cocoa Foundation seeks the partnership of governments of cocoa-producing countries at every turn, says Richard Scobey, president of the WCF. “We include them in the planning of many of our project activities, invite them to provide their viewpoints during multi-stakeholder cocoa sustainability workshops and conferences that we organise, and participate in public-private partnership platforms that they have established.”

WCF has worked jointly with government agencies in Côte d’Ivoire to develop farmer training manuals and other tools to encourage sustainable farming practices. Scobey recently met with Ghana’s new president, Nana Akufo-Addo, and the new chief executive of the Ghana Cocoa Board to share perspectives on the country’s cocoa sector and the new government’s plans for it.

Scobey accepts that there are challenges in this approach. “Naturally each stakeholder, be it from the private sector, government or civil society, will bring a different viewpoint to the partnership and it is sometimes challenging to achieve perfect alignment across these viewpoints,” he explains. “Each stakeholder might have a different sense of urgency, and there may even be differences between the various private sector players. But when things don’t go as hoped for, it’s an opportunity for improvement.”

Scobey believes that although these factors can create tension, they engender what is ultimately a very positive dynamic that brings greater benefit in terms of shared sustainability goals. “For an issue as complex as cocoa sustainability, one person, one organisation, one government or one company alone simply cannot transform the sector.”



WORLD COCOA FOUNDATION



Another challenge is that national governments might lack policies that support innovative partnerships and create enabling environments for business to work easily with the public sector, says Malloch-Brown. He adds that companies will face inertia internally, as they are entrenched in stubborn beliefs about the role of business, and indecision about which direction to take with government and civil society.

Important role for CSR

CSR professionals have a major role to play in forging and maintaining these partnerships, bridging the gap between corporate interests and development issues. Says Rutledge: “CSR professionals, working to implement responsible business practices and to ensure that respect for human rights is at the heart of business operations, are key to businesses making a contribution and monitoring and documenting their contribution to the SDGs.”

He also believes that all major companies, particularly those with complicated supply chains, should possess relevant expertise in human rights and development. “One of the most essential and effective contributions that businesses can make to the SDGs is to ensure that responsible business conduct and respect for human rights are at the heart of their operations,” says Rutledge. “Doing so requires genuine engagement with local civil society and local government agencies, which can enable a business enterprise to better understand the context in which it operates.”

According to Malloch-Brown, CSR professionals must ensure the SDGs’ messages are made a top priority within a company, particularly at board level. “Sustainability can no longer be considered a bolt-on or optional,” he says. “The irony is that if CSR professionals are successful in making the SDGs a business priority CSR departments will be phased out and these professionals will be integrated into the company.”

New landscape

Collaboration has clearly amplified success. “The different We Mean Business partners have their own expertise, networks and regions,” says IKEA’s Howard.



Nigel Topping, CEO of We Mean Business

Government will only push businesses so far: business has to show it welcomes government action



“When acting as a coalition they have developed a powerful common narrative, a shared action platform (such as RE100) and leveraged each other’s networks. It has been a hugely powerful collaboration.”

Shortly after the US election, more than 700 businesses and investors signed a letter to elected US and global leaders, reaffirming their support for the Paris Climate Agreement. Says Howard: “IKEA Group, Mars, Swiss Re, Walmart, Apple, General Motors and Nike have all committed to achieve 100% use of renewable energy in their global operations alongside more than 80 other companies.”

Looking ahead, Nigel Topping believes that another crucial area for collaboration will be cities, which are responsible for 50% of greenhouse gases. “Last year the C40 [a coalition of the world’s megacities], committed to take action to reduce emissions in line with a 1.5°C target, at the top end of the Paris Agreement ambition,” says Topping. “The We Mean Business coalition and C40, committed to reducing climate change, will be working closely together to drive the transition to renewable energy and electrified public and private transport.”

Upheaval and uncertainty has dogged the US in the opening weeks of 2017, but Topping remains upbeat: “Data shows that if US businesses make investments now towards a diversified clean energy economy, they and consumers will save an average of \$366bn per year on fossil fuel costs by 2050. There will be many more US jobs overall — particularly in sectors like utilities, construction and manufacturing.”

The landscape has changed. It is no longer enough for businesses to have relationships with customers and suppliers. Governments the world over have signed up to far-reaching agreements for the good of all and the corporate world will play a vital role in helping achieve those targets.

As Secretary-General Guterres said in his WEF speech: “I believe that there is now an opportunity for a new platform of partnership at a higher level; a platform for partnership that can help address the challenges that we will be facing in relation to the future.” ■



There was a powerful business presence at the COP21 negotiations

WE MEAN BUSINESS

It is no longer enough for businesses to have relationships with customers and suppliers



HIGH CONTRAST

Tata partners with Natural Capital Coalition to drive sustainability goals

By Martin Wright

The giant Indian conglomerate is working to value natural and social capital as it moves beyond materiality issues

The Tata Group, which has long enjoyed a reputation for corporate good works, was one of India's first movers on sustainability. Now, says Shankar Venkateswaran, chief of Tata Sustainability Group, "we feel we're on top of the basic materiality issues, and we're starting to think more about valuing natural and social capital."

Set up by Parsi industrialist Jameshedji Tata in 1868, Tata has a market capitalisation of \$116bn and is active across huge swathes of the Indian economy, with interests in steel, transport, chemicals, power, IT and tourism, among others.

Several of the group's companies are piloting valuation methods with the Natural Capital Coalition, and it's working with the World Business Council for Sustainable Development on a social capital tool. Tata's also starting a product-by-product inventory, Venkateswaran says. "Is it going to save water, is it going to save energy, and so on. It's about looking at sustainability benefits without getting bogged down in jargon."

One example is the Tata Motors initiative around remanufacturing. It has committed to buying back used parts such as engines, alternators and gearboxes, from its commercial fleet customers. These are then remanufactured

"We feel we're on top of the basic materiality issues, and we're starting to think more about valuing natural and social capital."



and resold with a warranty guaranteeing good performance. It's also working on improving efficiency via its Econodrive programme to curb fuel consumption. But as Venkateswaran admits, such initiatives beg the question: "Do our customers know about it? Do drivers know how to use it properly? Do we talk enough about it? There are lots of these conversations happening ..."

Tata has had its failures, too. Its no-frills Nano – the "one lakh car" (priced initially at 100,000 rupees, hence the sobriquet) which was aimed at bringing motoring within reach of families who could previously only afford a scooter, has struggled to appeal to customers because its marketing wasn't aspirational enough to entice India's burgeoning middle class.

In an interview in 2014, Prodipto Ghosh, distinguished fellow at The Energy and Resources Institute, explained the problem. "When an Indian family moves up from a scooter to a car, they want to show the world that they are now people to contend with. Tata's mistake was pitching this as the cheapest car in the world." ■

This is one article in our in-depth India briefing. See also: [India turns its face to the sun](#), [Beyond philanthropy to real impact](#), [Infosys's passively cooled campus sparks green building bonanza](#), and [Circling back to make do and mend to cut emissions](#)

"It's about looking at sustainability benefits without getting bogged down in jargon"



MARC NOZELL CREATIVE COMMONS

Opinion: In a post-truth world, business has to speak truth to power

By David Grayson

The Edelman Trust Barometer report shows that trust in companies is at crisis levels. David Grayson argues that we can repair the relationship with society by pushing for progressive policies

The word “post-factual” was named word of the year for 2016 in Germany. It means people don’t need facts and don’t care much about facts; all they want is emotions and buzz regardless of substance and truth.

Similarly, the Oxford Dictionaries nominated post-truth as its word of the year: defined as “relating to or denoting circumstances in which objective facts are less influential in shaping public opinion than appeals to emotion and personal belief”.

The perils of the post-factual, post-truth world have been on show in Washington in the past 10 days. As Gideon Rachman said in an op-ed article in the Financial Times: “The man from the BBC was laughing as he reported the White House’s false claims about the size of the crowd at Donald Trump’s inauguration. He should have been crying. What we are witnessing is the destruction of the credibility of the American government.”

Using social media to fight back

All of us as small “d” democrats, as active citizens, yes as citizens of the world, should be concerned. But as someone who prefers to find solu-

“People don’t need facts and don’t care much about facts; all they want is emotions and buzz regardless of substance and truth”



tions, to light a candle rather than to curse the darkness, I was struck by the possibility contained in another article in the FT. It tells the story of Tej Bahadur Yadav, of India's Border Security Force, who has made national headlines with Facebook videos complaining about his food rations along India's tense line-of-control with neighbouring Pakistan. The author of the article wrote: "That a soldier posted in a remote border area could unleash such a kerfuffle via a video, highlights how Indians armed with mobile phones are taking to social media to hold to account the traditionally non-responsive political and bureaucratic establishment."

Yes! Intense, pervasive global connectivity, including social media, can amplify post-factual, post-truth, but it can also empower the fight back. In a remarkable TEDx talk filmed in Amsterdam last November, Eliot Higgins, founder of citizen investigative journalism website Bellingcat, talks about how ordinary citizens pieced together – from myriad online sources, including social media postings – the data that established the facts about how a Russian missile shot down Malaysian Airlines flight MH17 from Amsterdam over the Ukraine with the loss of 298 lives.

This online, open-source investigation was crucial for the Dutch-led Joint Investigation Team, which confirmed in September that the Buk missile system had been transported from Russia on the day of the crash, fired from a field in a rebel-controlled area and returned to Russia after the Buk was used to shoot down MH17. So what does all this mean for businesses?

The naked corporation

It means we are now in a world where everything is ultimately for the record. The Canadian writer Don Tapscott wrote a best-selling book called *The Naked Corporation* about the enforced transparency that businesses and other



"We are now in a world where everything is ultimately for the record"

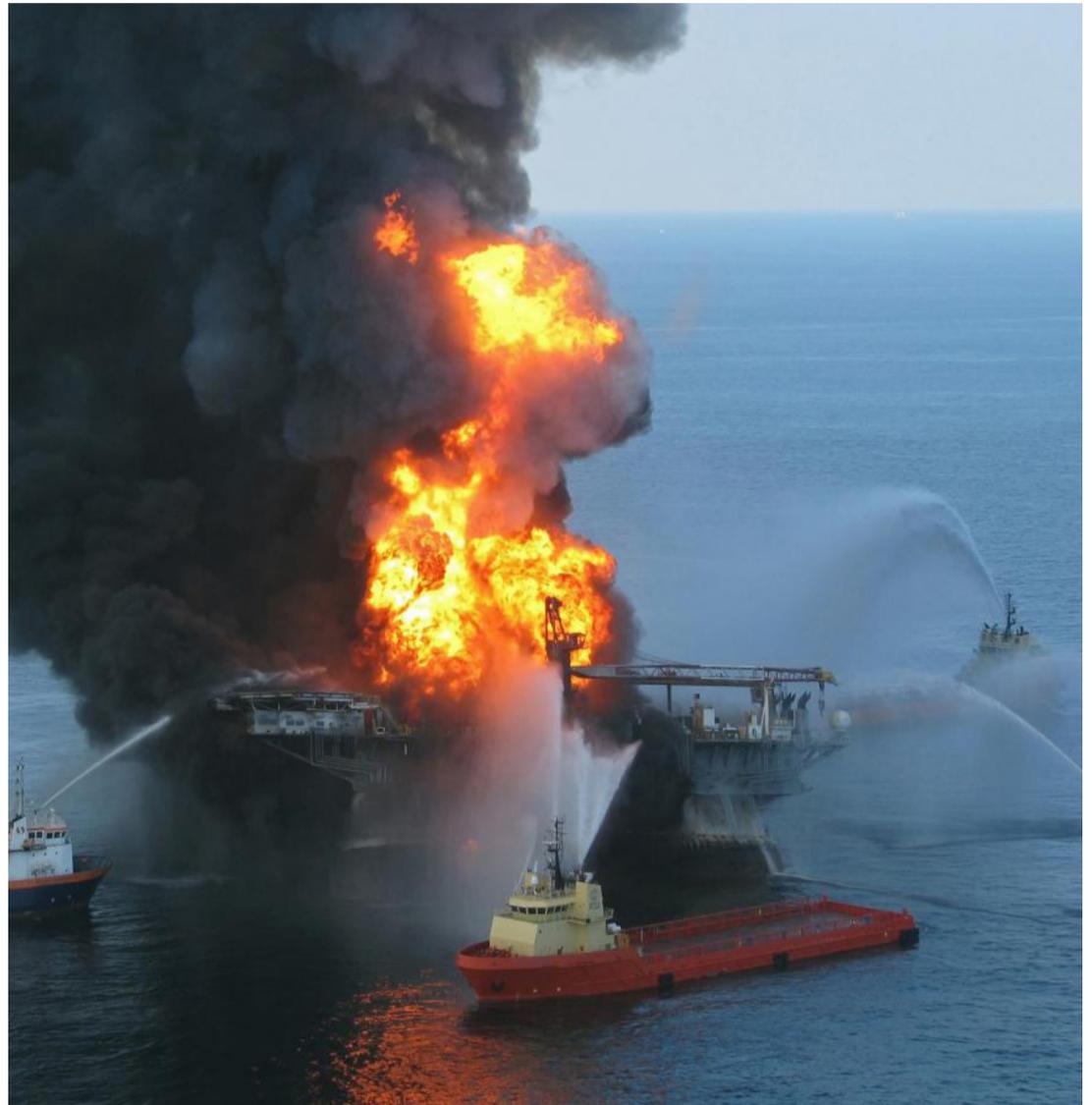


organisations now face. As Tapscott says, if you are going to be naked, you had better be buff!

One crucial message I took from the BP Deepwater Horizon disaster in the Gulf of Mexico in 2010 was precisely this lesson about the naked corporation. You can make a strong argument that BP lost control of the crisis when the US Congress forced BP to provide a live-feed of the oil gushing out of the damaged well-head 5,000ft below the Gulf of Mexico. Congress immediately put that live-feed on the Internet. Right away you had geologists and retired oil exploration folk around the world commenting online, sharing their calculations and fatally undermining the BP estimates of how many thousand barrels of oil were escaping. Up to that point, the US authorities had been using the BP estimates. Suddenly, the credibility of BP was shot through. Crucially, the world lost trust in BP.

Which brings us to the recently released 2017 [Edelman Trust Barometer](#), which revealed that trust is in crisis around the world. The general population's trust in all four key institutions — business, government, NGOs, and media — has declined broadly, a phenomenon not reported since Edelman began tracking trust among this segment in 2012. With the fall of trust, the majority of respondents now lack full belief that the overall system is working for them. In this climate, people's societal and economic concerns, including globalisation, the pace of innovation and eroding social values, turn into fears, spurring the rise of populist actions now playing out in several western-style democracies. I think the general public's loss of trust in authority generally has been the catalyst that has allowed post-factual, post-truth.

So, for big businesses specifically you will certainly need the skills of experts like Edelman, and similar, to be prepared for post-factual, post-truth attacks. But the real, long-term defence will be to make yourself a trusted business. And in my view, this cannot be based on business as usual.



Deepwater Horizon oil spill

“the general public’s loss of trust in authority generally has been the catalyst that has allowed post-factual, post-truth.”



Beyond 'do no harm'

As a minimum, businesses need to understand their material social, environmental and economic impacts and actively to minimise them: to do no harm. I would argue, however, (as do business leaders like Paul Polman from Unilever) that businesses that aspire to continue into the indefinite future, to be sustainable in every sense of the word, need to do more than no harm – and need to seek net positive impact.

That involves abandoning the false Anglo-Saxon dogma that the purpose of business is to maximise shareholder-value. Optimising value to shareholders and other stakeholders over the medium to long-term should be the consequence of a well-run business, but not its purpose.

As the British economist John Kay has argued: to suggest the purpose of business is to maximise shareholder-value is like saying that breathing is the purpose of life! It is a necessary requirement but hardly the purpose. Rather each business needs to define

its own purpose, what the Harvard professor Rebecca Henderson calls “a concrete, pro-social goal or objective for the firm that reaches beyond profit-maximization”, as Unilever has done with its Sustainable Living Plan.

Learn from the B Corps

Sometimes long-established incumbents have to learn from newcomers, the disruptive innovators. In this case, I would suggest there is much to learn from the B-Corp movement, which began in the US but has now spread around the world. B Corps are for-profit companies certified by the nonprofit B Lab to meet rigorous standards of social and environmental performance, accountability, and transparency. They pursue profit with purpose, not as two parallel goals but as an integral, single organising idea.

John Browne, Lord Browne of Maddingley, the former CEO of BP, has written a very readable and practical book called *Connect*. He argues that if businesses are to re-build trust, to connect with society they need to do



Paul Polman

WORLD ECONOMIC FORUM

“They pursue profit with purpose, not as two parallel goals but as an integral, single organising idea.”

four things: understand their material impacts, define a societal purpose beyond just profit, apply world-class management skills to this mission and – Browne’s words not mine – radically engage with a range of different stakeholders, including critics. In other words, companies have to get beyond the “business as usual” echo chambers.

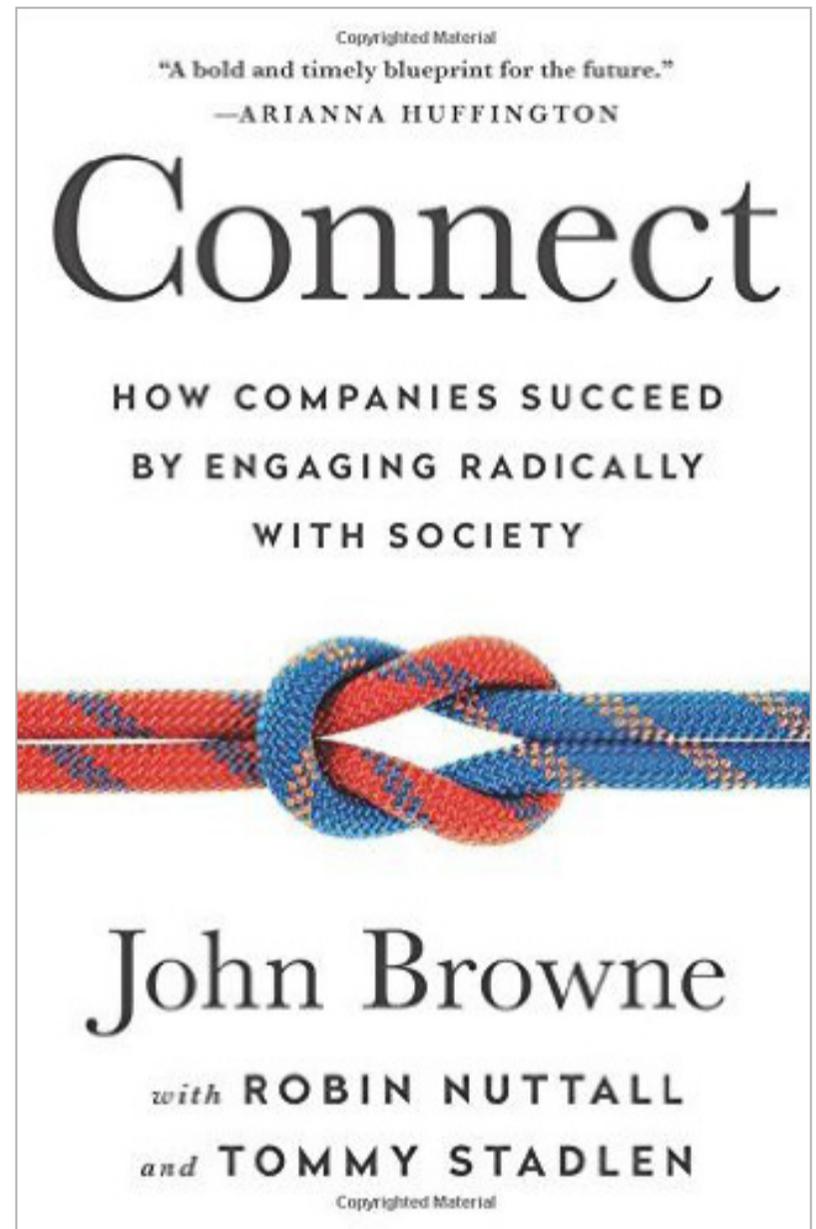
I would argue that world-class today requires individual companies to set science or evidence-based targets for improving their social, environmental and economic impacts. The centre I run at Cranfield University School of Management has just published [a paper](#) on science or evidence-based targets. Allow me one final observation. A truly responsible business will thoughtfully, humbly but firmly and with conviction, be an active corporate citizen.

That includes not just the right, but arguably the responsibility, to advocate as an individual business and collectively through trade associations and business federations for pro-sustainable development public policies. That means business leaders being willing to lift their heads above the parapet when public policies are hostile to diversity and inclusion or human rights or sustainable development.

The very best companies are supporting NGOs that are working to defend human rights and the environment, especially in those parts of the world where there is weak or poor or even bad governance, and where civil society organisations are under threat from repressive laws and punitive state sanctions and from post-factual, post-truth. (See [The business case for backing civil rights defenders](#))

Big business needs to radically engage with stakeholders so that it hears truth spoken to its power, but also to be willing to speak truth to politicians and governments if they are using post-factual, post-truth. As Edmund Burke, the eighteenth century Irish statesman, said: “All that is necessary for evil to triumph is for good men [and women] to do nothing.” ■

David Grayson CBE is director of the new Doughty Centre for Corporate Responsibility at the Cranfield School of Management, Cranfield University, and a member of Ethical Corporation’s [board of advisors](#). This is an abridged version of remarks he made in Frankfurt at the German launch of the 2017 Edelman Trust Barometer



▶ ethicalcorp.com/awards

Responsible Business Awards 2017

 #ECRBA

BRING AWARENESS to your recent ground-breaking sustainability initiative

ENHANCE your corporate reputation and build trust with key stakeholders

SHOWCASE your sustainability commitments and values

BENCHMARK your performance with 400+ world's leading organisations

REWARD YOUR TEAM for their hard work and make them proud employees

PAST WINNERS AND RUNNERS UP





PAYPAL

3 in 3: Franz Paasche, SVP of corporate affairs and communications, PayPal

By EC Newsdesk

As part of our three questions in three minutes series we get insight from a leading practitioner on what was the top focus for 2016, biggest sustainability trend for 2017 and where's sustainability heading in 5 years' time

In the last year, my team and I were focused on defining and communicating our company's mission, vision and values. Last year was our full first year as an independent company following our separation from eBay and, in my mind, mission, vision and values are the foundation for any organization that intends to have global social impact.

We find ourselves at a defining moment in time, when companies must think and act more coherently and consistently about how their values play out in the world. As mission, vision and values become more deeply embedded into the core of the organization, they become the foundation on which everything else is built, a driver of performance and the measure by which we evaluate success. It's more than just a verbal commitment; it takes careful, deliberate work to fully demonstrate and live them across all our operations and the multitude of ways we show up to our key stakeholders around the world.

We believe a strong, clear mission, vision and values should drive our corporate strategy; our product roadmap; the way we interact with partners and governments; the way we hire – and the way we work together. At PayPal

“Mind, mission, vision and values are the foundation for any organization that intends to have global social impact”



Franz Paasche

that means that we're focused on our ability to make a difference in the lives of those who are underserved by the financial system – relentlessly working together to reimagine money and democratize the financial system to improve the financial health of our customers.

What is the biggest trend you see for sustainability for 2017?

With significant political and economic shifts taking place around the world, we're continuing to see our public and private systems transform at a rapid pace and on a global scale. With this changing landscape, it's even more important that we work together to develop long-term, sustainable solutions that will empower people around the world – particularly the underserved – to connect and thrive. Keeping the needs of our customers at the centre of what we do and focusing on solving their pain points is critical.

Technology has a major role to play in this. Tech-driven disruption has transformed many industries – personal computing, entertainment, manufacturing, to name just a few – and I believe 2017 will be an important year in the continued evolution of money and reimagination of financial services. With the scale that software provides and the ubiquity of mobile phones, people every-

“Keeping the needs of our customers at the centre of what we do and focusing on solving their pain points is critical.”



where have the power of a bank branch in the palm of their hands. Fintech is making solutions easier, safer, more affordable and more accessible for everyone. And as the rise and acceleration of Fintech innovation demonstrates, this year I foresee businesses continuing to embrace technology to better understand and serve their customers – and do so at unprecedented scale.

Where will you see sustainability heading in 5 years' time?

To drive long-lasting, inclusive growth will require deep collaboration on several levels across the private sector, NGO community and regulatory bodies. The leading businesses of the future will be those that are open to working with new types of organizations, find new and different ways to collaborate, and explore how they can extend and scale their impact through strategic partnerships.

By collaborating to scale the positive social impact of Fintech and create a more accessible, affordable and participatory financial system, we are not only working to benefit billions of people around the world, but also advancing our interests in delivering long-term, sustainable business results to our shareholders.

Over the next five years and beyond, I believe we'll see even more of this kind of strategic partnership and collaboration – within and across sectors, both private and public – which will unlock new opportunities for innovation and impact at scale. ■

Franz Paasche will be speaking at our upcoming [Responsible Business Summit New York](#). Taking place on March 27-28, the event will host 250+ leading US brands sharing how to create a business of purpose and profit. Other brands leading the debate include; Dell, Ford Motors Foundation, Interface, PepsiCo, Infosys, Ecolab, VF Corporation, Zendesk, HSBC Bank USA plus many more. [Click here for more information](#)



SHUTTERSTOCK



HELEN GREIG

CSR deconstructed: Biomimicry

By Oliver Balch

Oliver Balch explains key topics in academic thinking and research on sustainability

Imagine a tree that creates electricity. That's precisely what scientists at Iowa State university did. The result is a prototype faux tree that mimics the leaves of a cottonwood tree. Each leaf is equipped with a specialised plastic, which, when blown in the wind, generates an electric charge – known as a piezoelectric effect. As the researchers reveal in a [new paper](#) on the experiment, they chose the cottonwood leaf specifically because of its vertically flattened petioles, the stalk that joins a leaf to a stem, which compel the plastic strips to flutter side-to-side, thereby concentrating energy into one oscillating mode.

Whether the invention will ever rival conventional wind turbines remains to be seen, but the paper's title is telling: Wind Energy Conversion by Plant-Inspired Designs. Academic interest in the inspiration that plants and nature at large can offer is escalating, especially in product design circles. Think Velcro, an invention that owes its origins to the prickly burrs of the burdock plant, renowned for sticking to fur or clothing. Or consider Japan's Shinkansen bullet train, whose inventor turned to birdlife for his inspiration, drawing specifically on a kingfisher's aerodynamic beak for the train's nose and on the structure of an owl's wings to reduce noise volumes. Spider webs, which are renowned for being both lightweight and extremely strong, have inspired the development of a host of innovative new materials.

“Academic interest in the inspiration that plants and nature at large can offer is escalating, especially in product design circles.”

A recent report by consultancy Terrapin Bright Green, [Tapping into Nature](#) (pdf), lists more than 100 bio-inspired innovations, ranging from industries such as agriculture, building systems and textiles, through to chemical manufacturing, electronics and food manufacturing. According to the Fermanian Business and Economic Institute at California's Point Loma Nazarene University, new products based on principles observed in nature could be worth \$425bn by the end of the next decade (pdf).

The term given for this biologically inspired approach to product design is "biomimicry". First coined by Janine Benyus, an American natural science expert and author of the 1997 classic, *Biomimicry: Innovation Inspired by Nature*, the term derives from the Greek "bios" (meaning life) and "mimesis" (imitation). The core premise is that nature is the supreme innovator, constantly adapting and evolving to meet changing circumstances and to solve enduring challenges such as energy generation, food production, climate control and transportation.

Among biomimicry's key concepts is the idea of function, a reference to the "roles played by a living system's unique strategies that enable it to survive". A related concept is that of biological strategy, which relates to a "characteristic, mechanism or process that performs a function for an organism or other type of living system". [The Biomimicry Institute](#), a US-based education and advocacy organisation that was co-founded by Benyus, has put together a list of 15 such strategies. Titled "Life's Principles", they include concepts ranging from free energy and cyclical processes to resilience and cross-pollination.

As well as product design, biomimicry is becoming rapidly adopted by specialists in green chemistry, structural planning, manufacturing and architecture. Its integration into organisational theory remains nascent, however. This is perhaps unsurprising. Aspects of nature may be beautiful and inspiring when viewed in isolation, but observed as one they are frighteningly complex. Nature comprises order-within-chaos, constant evolution and a perpetual struggle of "dynamic non-equilibrium". In short, it is tricky to copy like-for-like.

Yet biomimicry isn't just about modelling nature in a literal sense. The concept boasts two other conceptual threads as well: "nature as measure"



SAKARIN SAWASDINAKA

"New products based on principles observed in nature could be worth \$425bn by the end of the next decade"

(namely, the use of nature as a yardstick for what is ecologically feasible, sustainable and durable); and “nature as mentor” (ie nature as a “source of ideas instead of goods”, to quote Benyus).

Six steps for companies

It is in this last guise that organisations are best-placed to become bio-inspired, drawing on natural behavioural principles in particular as a guide to effective modes of organisational adaptation and evolution. Borrowing from the Biomimicry Institute’s Life’s Principles, an interdisciplinary network of 16 specialists calling itself Biomimicry for Creative Innovation has developed a similar list of tenets for companies.



JADIMAGES

1. **Build resilience** See change as opportunity; distribute knowledge, resources, decision-making, and actions; and foster diversity
2. **Optimise** Create “forms that fit functions”, embed multiplicity into both functions and responses; use simple components and patterns to create complexity and diversity
3. **Adapt** Create feedback loops; integrate cyclic processes, and be opportunistic in resource-stretched situations.
4. **Integrate systems** Foster synergies within communities and within energy, information and communication networks; recycle waste.
5. **Navigate by values** Use values as the core driver towards positive outcomes; measure what is valued rather than value what is measured.
6. **Support life** Leverage information and innovation rather than energy and materials; make products water-based, renewable, bio-based, and biodegradable.

“Leverage information and innovation rather than energy and materials”

One of the leading thinkers about the replication of nature in business systems is the UK writer and one-time PWC sustainability consultant Giles Hutchins. Author of three books on the subject, Hutchins calls for a new norm of leadership, one that requires a recalibration of our “ontological and epistemological threshold” or, more simply, our way of being and knowing. First, leaders need to begin to see businesses as living systems, not machines.



SHUTTERSTOCK

Second, leaders need to see themselves and their teams as inter-related and emergent with their organisations and stakeholder ecosystems, not as individuals operating separately.

As Hutchins states: “Rather than control-based hierarchic logic and fear-based carrot-and-stick approaches, as leaders we have the humbling responsibility to create the conditions conducive for life to flourish through empowerment, local attunement, self-management, humility, love, respect, courage and authenticity.”

If that all sounds a little whimsical and abstract, then take a break from your screen a minute and step outside. As Albert Einstein once advised: “Look deep into nature and you will understand everything better.” ■

Suggested reading

Janine Benyus (1997). *Biomimicry: Innovation Inspired by Nature*. Perennial, Harper Collins.

Giles Hutchins (2016). *Future Fit*. CreateSpace.

Fausto Tazzi & Cinzia de Rossi (2014). *Biomimicry in Organizations: Drawing inspiration from nature to find new efficient, effective and sustainable ways of managing business*. CreateSpace.

Useful sources

The Biomimicry Institute: <https://biomimicry.org>

Biomimicry for Creative Innovation: <http://businessinspiredbynature.com>

“Leaders need to see themselves and their teams as inter-related and emergent within their organisations and stakeholder ecosystems”

What some of our subscribers have to say

"Excellent informed briefings across a broad range of subject matter areas."



**Sean Axon, Group Sustainability
Direct at Johnson Matthey**

"Ethical Corporation bring together the best in business to make a difference"



**Jeff Swartz, Former CEO,
Timberland**

"Great service; a source of clear thinking and brilliant links to what is going on."



**Ian Roderick, Director,
Schumacher Institute**

"Ethical Corporation magazine is one of the most valuable resources of business information on sustainability"



vodafone

**Joaquim Croca, Global Head
Enterprise Sales & Commercial
Operations, Vodafone Group**

"Ethical Corporation is a valuable and comprehensive resource on the global state of affairs in corporate responsibility"



**Dave Stangis, Vice President,
Corporate Social Responsibility,
Campbell Soup Company**

"It is a good way to benchmark with other companies and industries. It is also an excellent way of leveraging best practice."



BACARDI LIMITED

**David Howson, Former Global
Sustainability Direct at Bacardi Ltd.**

"Ethical Corporation brings together the no-nonsense critical approach to sustainability with business savvy information"



**Ramon Arratia, Sustainability
Director, EMEA, InterfaceFLOR**

"As one of the foremost thought leaders engaging key stakeholders around the globe on sustainability issues – supply chain, operations, innovation, communications, engagement – it is well positioned to provide valuable input and guidance to the business and stakeholder community at large on the issues, questions and challenges material to this domain."

"The essential source of critical analysis on corporate responsibility"



**Richard Ellis, Group Head of CSR,
Alliance Boots**



Alcatel-Lucent

**Christine Diamente, Head of Brand
and Corporate Sustainability,
Alcatel-Lucent**

The services we provide to help you in your role

Ethical Corporation subscriptions are designed to help individuals and teams truly understand the evolving landscape of sustainability and responsible business. By providing a wide range of research, data, analysis, case studies, reports, events and online resources, Ethical Corporation will help you and your organisation build a sustainable and successful business strategy.



An industry-leading resource at your fingertips

Not just a magazine, but a holistic sustainability intelligence resource. Ethical Corporation resources will provide a huge boost to your initiatives. Whether you're at your desk or on the train, we are there to provide the answers you need.

The EC Player

Hear directly from some of the leading figures in responsible business as they tackle and discuss the key issues, with fully-searchable video and audio recordings of conference sessions.



The Digital Magazine Library

All past issues of the Ethical Corporation magazine (dating back to 2001) are available in the Digital Magazine Library. You'll receive email notifications new editions are published every month, complete with all of the most pertinent and comprehensive analysis.

The Whitepaper Library

Gain unlimited access to in-depth reports on conferences, key sustainability issues, and surveys run to the global Ethical Corp community. Readily-available and open only to subscribers, via mobile or desktop.



EthicalCorp.com

An in-depth database of sustainability intelligence – containing premium business intelligence – at your fingertips. More than 9,000 articles, comprehensive briefings, corporate profiles, strategy pieces, and more.

Weekly email updates

Subscriber-only emails containing all of the latest insight, reports, news and offers make sure you remain up-to-date.



Save money on...

Expertly-crafted intelligence reports, reaching the responsible business community with EC promotional facilities, passes to industry-leading conferences, and all other EC products.