



Putting Sustainability at the Heart of Strategy

Well-informed stakeholders are demanding more from businesses when it comes to sustainability. Leaders share the challenges and opportunities in this space, with **Anisha Tansley**

Businesses can no longer put profits before people and the planet. A wide spectrum of stakeholders want to see action on climate change, diversity and inclusion, poverty and a whole lot more. For CEOs and Boards, the pressure is on to integrate real sustainability practices into the core strategy and operations, using them to drive innovation, growth and high performance.

At Criticaleye's recent [CEO Retreat](#), held in association with [Accenture](#), [E.ON](#) and [Salesforce](#), senior business leaders came together – for the first time in twenty months – to explore putting sustainability at the heart of strategy. **Matthew Blagg**, CEO of Criticaleye, said: "Leaders must not underestimate how fast the tide of stakeholder pressure on sustainability

is coming in – customers, employees, governments and investors are all demanding their voices and needs are heard."

The push for Net Zero presents senior leaders with a unique opportunity to form new partnerships and innovate as old economic models transition in the Fourth Industrial Revolution. **Peter Lacy**, Chief Responsibility Officer and Global Sustainability Services Lead at Accenture, told the audience that it's a time for fresh thinking, openness and curiosity as "what made you successful before will not make you successful in the next decade."

According to **Peter**, the 17 Principles set out in the UN Sustainable Development Goals continue to serve as a useful framework for businesses.

"This revolution opens up new markets like renewable energy, energy efficiency, electrification of transport systems and the shift in food, such as towards other forms of protein in diets," he said.

"In many cases, when switching out non-renewable for renewable, non-biodegradable for biodegradable, we're finding logarithmic ways to drive down the cost curves. So, there are ways and means of paying for this transition."

It will also be a "data revolution." He explained: "Countries are going to be held to account not just on GDP, inflation and jobs. They've signed up to carbon budgets and carbon plans, national plans and the Sustainable Development Goals. It will be a new form of accounting." >



Sustainability Drives Performance

Earlier this year, Unilever had its Climate Transition Action Plan (CTAP) approved by an overwhelming 99 percent of shareholders. **Marc Engel**, Chief Supply Chain Officer at the global FMCG business, shared his insights on how it aims to reduce carbon emissions to zero within its own operations by 2030 and to Net Zero across its value chain by 2039. "You need to find the sweet spot between performance, functionality, convenience and doing good for the planet," he said.

Clearly, sustainability goes beyond Net Zero. "There's definitely a wider agenda than just carbon," he explained. "You have to look at the totality of it. What is important to your business? What do you think the consumer will see in the end?"

The social impact of a business is crucial. He went on: "There are two big problems in the world: one is climate change and the other is social inequality. They're actually the same problem – two different sides of the same coin. You will not solve one without solving the other. If you look at the farmers around the world, the smallholder farmers and indigenous people, at the end of the day, they are the stewards of the land. By including them, by providing livelihoods and by engaging with them, this is how you drive lasting change."

From Strategy to Execution

It's up to Boards to understand what all of this means for their enterprises. "If you think this is a trade-off between profitability and sustainability, you won't get your Board's support because that isn't what Boards are there for," commented **Sharon Flood**, Non-executive Director of Pets at Home.

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There needs to be robust debate about how sustainability fits in with an organisation's broader strategy. It can't be siloed or parried away. **Danuta Gray**, Non-executive Chair of Direct Line Group, said: "There is a piece around how Boards work together with Chief Executives to help 'simplify the complex' for the organisation. Boards are ultimately asking our Chief Execs to lead organisations authentically and embed sustainability, while providing clarity and focus about where we should put our efforts and when."

As organisations face increasing pressure to act on climate change, inequality and social injustice, it is important that bold statements are translated into specific actions. **Sharon** said: "I really support what has been done in terms of awareness raising, but we need to move into solutions mode. The thing that most worries me about consumer pressure, is that it's still in the headline-grabbing stage and not [about] who's offering really good solutions and how do we get behind them."

This is where Boards need to be robust in their discussions and open minded about solutions. **Sharon** added: "Be brave – bring some of what you've got to the table and

be prepared for other people to have a completely contradictory view. That's fine because diversity brings richness."

Matthew agreed on this point. "There is an interesting balance between challenge, which we all need, and alignment," he said. "The past 18 months have created a lagging information flow, particularly for Boards, which makes alignment quite difficult. Ultimately, you must get the dynamics right and this is worth taking time over."

As we strive for a more sustainable future, it is evident CEOs must communicate authentically with the Board, listen to the demands of all their stakeholders and look for new and innovative ways to support the transition. If not, they risk falling behind. ■

To register your interest in Criticleye's [CEO Retreat 2022](#), held under the theme of People, Purpose & Planet, please contact your Relationship Manager or the [Events](#) team.

Featuring Commentary From:



Matthew Blagg
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Marc Engel
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Sharon Flood
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