

Passivos Criados Hoje Assombrarao Por Decadas

(Today's liabilities will affect us for decade)

John Elkington answers questions from Brazilian CEOs

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Fábio Barbosa – CEO, Grupo Santander Brasil

Q: What are the reasons to be optimist and to be pessimist about the challenges humanity is facing now with global warming?

A: I wrote my first report on climate change in 1978, so I have seen a fair amount of change in terms of people's awareness of the challenge over the subsequent decades – but in the work we have done with public and private sector clients, we have seen a huge (and continuing) gap between the willingness to accept that there is a systemic problem and the willingness of most leaders to act as if the challenge were real. For example, it's well over a decade since the-the-BP-CEO John Browne warned about climate change, yet now major oil companies are trying to get us excited about extract oil from Canada's tar sands, a hugely carbon-intensive enterprise. Oil industry CEO's are a bit like the driver who indicates to turn left – and accelerates to the right. At the same time, I am very optimistic that new generations of innovators, entrepreneurs and investors are springing up – and will help drive transformative change as the scale of the challenges becomes ever-clearer.

Adilson Primo - CEO, Siemens do Brasil

Q: The world has been holding deep discussions about sustainability, including the responsibility of industry for CO2 emissions and pollution. Some countries have already set standards and established goals to this end. I believe there is a global necessity to take this path. What is the major difficulty these countries are encountering in executing their strategies in relation to CO2 emissions?

A: The disengagement of – indeed, active resistance by - the USA for eight years has been a major problem for those seeking to push progress, but the Obama Administration is working hard to make good the damage. But there have been many other factors at work. One critical one has been that the model of globalisation in recent decades has encouraged the export of climate-destabilising economic and business models world-wide. China, for example, has been described as a 'carbon copy' of the worst of the West in this respect. The short-sightedness of politicians trapped in precariously short electoral time-scales and of CEOs caught in ever-shorter 'life expectancies' in given companies also massively disrupt their ability to think and act long-term. At the country level, too, the pain inflicted by real shifts to low-carbon models is too great to be suffered without much clearer evidence that the climate agenda is inescapable and urgent.

Alex Dias - CEO, Google Brasil

Q: How can we ensure the correct allocation of responsibility and participation between developed and developing countries while searching for positive economic, social and environmental results?

A: It's not surprising that developed nations try to escape the responsibility, but theirs has been by far the biggest contribution to the global greenhouse gas levels – they, in effect, have been running the greatest levels of climate debt over the longest periods. So we need mechanisms to ensure greater degrees of fairness, across geographies, across time and across generations. I very much doubt that these will emerge at COP15 this December, but real progress will depend on these issues being effectively addressed, so I expect to see real progress in the next 2-3 years. Sound slow? Well, the financial implications are huge, so even this seemingly slow time-scale would require a radical acceleration of fundamental change – and with the distraction of the economic downturn, this seems even less likely than it might have done a few short years back.

Paulo Nigro – CEO, Tetrapak do Brasil

Q: Tetra Pak have a goal of cutting our CO2 emissions by 10% of 2005 levels by 2010. Many companies like IBM, Johnson & Johnson, Nike and GE are doing the same. How do you view the role that large corporations played in what has already been achieved by the Kyoto Protocol and what do you think will be the impact of these initiatives on the Copenhagen conference?

A: The companies you mention are among a relatively small number of pioneers that have been pushing the envelope of lower carbon technology and business models – and we should thank them for that. Companies like GE have also joined larger initiatives like the US Climate Action Partnership to lobby government for urgent action on climate. But the uncomfortable fact is that most of these same companies still have sunk capital – and therefore huge vested interests – in business operations that in a few decades will come to be seen as little short of criminal in terms of their climate impact at a time when the climate science was increasingly clear. In the same way that companies are still held to account for the impacts of slavery or of the Holocaust, there are a growing set of liabilities here that will come to haunt many of our best-known companies over decades.

Jose Sergio Gabrielli de Azevedo – CEO, Petrobras

Q: The 2008 financial crisis had a big and negative impact on the traditional channels companies used for financing. Corporate responsibility and the focus on the triple bottom line were hit dramatically. What could be done from now on to avoid the risk of sustainability become just rhetoric?

A: Paradoxically, perhaps, I welcome this aspect of the downturn, in the sense that I think the worlds of corporate citizenship and corporate social responsibility had become slightly overblown – and needed weeding. That is happening. One company we work with has just cut the staffing of its CSR office in Europe from 15 people to 2. Over time, this is a good thing. The pressures aren't going away; indeed many are set to intensify, so the agendas are going to be driven much deeper into companies over time. But over the next couple of years I expect to see growing numbers of companies cutting back in this area – indeed, this is a trend I have been forecasting for around three years.

José Ermírio de Moraes Neto – CEO, Instituto Votorantim's and Votorantim board member

Q: Business sustainability is often discussed only from the environmental point of view. How can companies view sustainability through three dimensions: social, environmental and economic, against a culture centered on economic value?

A: The whole idea of the triple bottom line agenda, which we launched in 1994, was to open business minds to an agenda well beyond the 'eco-efficiency' agenda of the time. Our markets are focused on financial value, not even wider economic value, and the near-collapse of some developed world economies shows just how little we understand the wider impacts of our priorities and behaviours. I do think, however, that we see a younger generation of leaders and executives emerging for whom these wider challenges are not foreign – indeed, many of them embrace at least some of them as part of their personal missions. You see some evidence of that in the questions posed here by the Brazilian CEOs profiled.

Marcelo Bahia Odebrecht – CEO, Organização Odebrecht's

Q: If important international NGOs see fighting climate change as a priority, how could we explain that in some countries they are against projects that can help fight the problem, like hydroelectric dams? Does it make sense that these NGOs are less resistant to thermoelectric power plants, which have a greater impact on green house effect? Instead of opposing hydroelectric projects, wouldn't these NGO's have a more positive impact if they got involved in the design and implementation of these projects to make sure they were sustainable?

A: Yes, of course, though in some countries – for example the USA - thermoelectric power plants are seen as a much greater threat to climate stability. We are seeing some very imaginative NGO campaigns alongside private equity forms like KKR to reduce the amount of new thermoelectric (particularly coal-fired) capacity brought online. On dams, the uncomfortable fact is that in many parts of the world related projects have been poorly designed and managed, with subsequent evidence suggesting that the balance sheets look much less attractive once the wider costs are factored in. I support hydroelectricity, though,

as long as it is well designed, sited and managed.

Marcos Oliveira – CEO, Ford do Brasil

Q: From an industrial point of view, what are the options for the automotive industry to really achieve sustainability? How long you think will take?

A: Lightweighting of materials, smaller vehicles, lower carbon fuels and more efficient traffic management systems are all going to be key to the equation. But real sustainability, for a global population of 9-10 billion people is very unlikely to be achieved with a growing dependence on the private motor car, even if the bulk of those cars are powered by biofuels or electricity. Instead, over time, our urban areas are going to have to become more concentrated and better served by public transport.

Héctor Núñez – CEO, Wal-Mart Brasil

Q: Do you agree that we already know the tools to reduce our global footprint – such as technologies to generate efficient energy, reduce the consumption of natural resources and deforestation, but we lack coordination and political will from governments to put these tools into use?

A: The role of government is certainly crucial in getting communities, industries and value chains to shrink their footprints, and for the most part governments have abdicated this role – except in times of crisis, as with oil shocks. If COP-15 and related global initiatives to promote the shift towards low carbon value creation are to mean anything, though, governments must get their act together – and thoughtful industries and companies will need to more effectively engage government to ensure that progress happens – efficiently, effectively and driven in the right directions. In the end, we get the quality of government we vote for – and are prepared to fund.