



The Value of Values:

Global Ethics and the Future of Sustainable Development

Report from the Leadership Seminar

15 March 2006

Sponsored by **Earth Charter International**

Hosted by **Imperial College London**

Panelists:

John Elkington
Alexander Likhotal
Ruud Lubbers
Herman Mulder
Jane Nelson
Princess Basma Bint Talal

Moderators:

Alan AtKisson
Andrew Blaza



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Global Ethics and the Future of Sustainable Development

On 15 March 2006, at **Imperial College London**, Earth Charter International convened an invitational seminar with about seventy-five UK opinion leaders in sustainable development. Called "The Value of Values: Global Ethics and the Future of Sustainable Development," the seminar's purpose was to introduce the Charter to this group, and to set the stage for an expansion of Earth Charter activity in the United Kingdom.

Participants ranged from sustainability directors of companies to heads of research institutions, from representatives of leading NGOs to local government officials, from well-known financiers to small business entrepreneurs. A strong youth contingent was also invited, reflecting the Earth Charter Initiative's prioritization on the substantive engagement of youth in sustainable development work.

The seminar consisted of two panel discussions followed by questions, comments, and reactions. The panels were divided into the general categories of "Governance" and "Business." The panelists themselves — well-known leaders in sustainability internationally — did not agree on every point regarding the possible role of the Earth Charter, especially in business; but they did agree that the Charter had a potentially powerful role to play across all sectors.

The Panel on Governance:

HRH Princess Basma bint Talal, Chair, The Jordanian Hashemite Fund for Human Development. Her Royal Highness, who holds a DPhil from Oxford University, is also the author of *Rethinking an NGO: Development, Donors and Civil Society in Jordan*. She is a leading figure in international civil society.

Ruud Lubbers, Former Prime Minister of the Netherlands. Mr. Lubbers was the longest serving Prime Minister of his country (1982-1994), in addition to founding the research institute Globus and serving as UN High Commissioner for Refugees.

Alexander Likhotal, President, Green Cross International. Green Cross, founded by Mikhail Gorbachev, is an international NGO devoted to a just, sustainable and secure future for all. Mr. Likhotal also served as a chief Advisor to Mr. Gorbachev during his presidency of the USSR.

The Panel on Business:

John Elkington, Founder and Chief Entrepreneur, SustainAbility. Mr. Elkington is the originator of the concept of the Triple Bottom Line, and he has been described by *Business Week* magazine as "a dean of the corporate-responsibility movement for three decades."

Herman Mulder, Senior Executive Vice President, Group Risk Management, ABN AMRO Bank. Mr. Mulder is considered one of the "founding fathers" of the Equator Principles, a set of ethical guidelines for international lending endorsed by 39 major banks. He has received a Dutch Royal decoration for his efforts.

Jane Nelson, Director, Business Leadership and Strategy, International Business Leaders Forum. Ms. Nelson also directs a Corporate Responsibility Initiative at Harvard University (where she is a Senior Fellow), and prepared an influential UN report on cooperation between the UN and the private sector, at the request of Kofi Annan.

The following are edited excerpts from the remarks of the panelists, organized by topic. A complete record of the Seminar will soon be available on both DVD (for purchase) and as audio files or "podcasts" (for free download). Please visit our website for details:

<http://www.EarthCharterinAction.org>

On the Earth Charter as a source of inspiration:

"In its search for a shared form of communication, the Earth Charter looks for the highest shared values and aspirations, not the lowest common denominator."

- *Princess Basma Bint Talal*

"Getting things done is a function of inspiration and spark, times upscaling, times disciplined execution. The role of Earth Charter is on the first two. It's not the role of Earth Charter to do the disciplined execution. There are professionals to do that ... and we will not steal the agenda. [...]"

If the Earth Charter can mobilize young professionals in leading corporations, and make use of the pulling power of those corporations as well, those professionals can carry the wisdom, and the excitement of the Earth Charter further."

- *Herman Mulder*

"This is an action document. It inspires people. If you are working on eradicating poverty, or you are working on stopping climate change, these are often seen as two different things; but they are connected in the Earth Charter. So it is an instrument that connects."

- *Ruud Lubbers*

"Only a few have the courage, vision, and will to look ahead. Such people can think out of the box; they can pull the thread of history, and bridge different epochs. This is why I feel privileged to be part of the Earth Charter Initiative [and to work with people like Princess Basma, Ruud Lubbers, Maurice Strong, and Mikhail Gorbachev]."

- *Alexander Likhotal*

On the role of the Earth Charter with regard to performance standards:

"I've been struck in my research by the critical importance of frameworks that engage businesses at all levels, from global corporations, to the hundreds of thousands of small and medium-sized enterprises in the world, many of whom are part of larger companies' global supply chains. [...]"

[The Earth Charter could help in the process of] setting clear targets and performance metrics. [Companies should start by] identifying the issues in the Earth Charter that are material to that business (risks and opportunities)."

- *Jane Nelson*

"Companies have often revisited their business principles, codes of conduct and so on. The question is, how far and how effectively has that cascaded through their value chain? [...] The internal codes have to align, to some degree, with the external world and its values. And that's where, I think, the Earth Charter ... potentially has value to add. [...]"

We have a huge proliferation of charters, of standards, of different approaches to soft law. For many people in business, that's quite confusing. I think there is a need now to consolidate and to converge many of these initiatives. [...] Given its history,

and given the nature of the support behind the Earth Charter, I think it has a huge opportunity, and I really look forward to seeing whether that can be made to happen."

- *John Elkington*

"Some of my colleagues said that we should consolidate. That's how markets operate [and not what the Charter should be attempting to do]. ... It's not [about] the text. It is the emotion, it is the pressure, it is the dynamics that are much more important than the text. ... Your role is inspiration, and scaling up -- helping

me to convince the 90,000 employees in my organization who are still innocent [about the need to get engaged on sustainability]. [...]"

I do believe in the power of disclosure. ... That is the way we can reinvent ourselves, innovate, and make sure that the things we are doing as businesses are respected by the marketplace: citizens, governments, NGOs, employees, and other companies. ... We need to keep the pressure on each other. This is not just hype; this is serious business. And we cannot walk alone, we have to work together to resolve the many serious challenges we have."

- *Herman Mulder*

"It is the responsibility of business and political leaders to bring to the emerging economies the principles of sustainable development -- to develop and implement international standards for environmental protection, nonproliferation and global security. Of course, double standards are not acceptable in this process."

- *Alexander Likhotal*

"You can have all the systems in place, but if there isn't the values-led leadership, and if all the incentives are actually lined against the systems that are in place, then [all those standards] are not worth the paper they are written on."

- *Jane Nelson*

On strategy for engagement with business:

"I hope that the Earth Charter does not go down the path of just engaging business in philanthropic activities. If we don't engage business in their fundamental core business -- what they produce, how they produce it, and how they market it -- then we're not going anywhere."

- *Jane Nelson*

I would appeal to the Earth Charter to reach out to the young managers, to activate the consumers [to be responsible and ethical in their buying habits]. [...]"

I think the Earth Charter should not have institutional engagement with ABN AMRO, but personal engagement with the staff of ABN AMRO, or BP, or whomever. For sustainable development to be sustainable, it has to come from within."

- *Herman Mulder*

"It's no good just going for consensus. Periodically, a mission like this has to put a stake in the ground. I think what the Earth Charter community might do is to start using the principles to develop a set of metrics, and then -- rather like Transparency International does -- stand up and be counted and start [critiquing] some constituency. Of course, it's debatable which constituency that might be."

- *John Elkington*

On the role of government and civil society:

"As a former politician, I was quick to understand that something really has changed in governance. I grew up with this illusion, as a young politician, that politicians rule the world. But then I came to the conclusion that this was not true. It is just as important what civil society is doing, and what business is doing -- transnational companies. They often have more power and possibility to make changes, either for good or for bad. The Earth Charter is a contribution to all three -- government, business, and civil society -- even though it was crafted by civil society."

- *Ruud Lubbers*

"Pushback from society on us is of the essence. ... There is no good company, there is no best practice. It's a learning journey. We want to be a little better tomorrow than we were yesterday. Pressure from societies from investors and NGOs helps us push the envelope."

- *Herman Mulder*

"Civil society, which in recent years has turned from an abstract notion to a real force, should take a more proactive stand in solving the mounting problems. It should not be simply blaming governments for their inertia. It should not be simply blaming business for whatever it is not doing. ... The problem is not business. The problem is the state of the modern economy, which is totally decoupled from social concerns. Business is simply playing by the rules of this situation. [...]"

It's time to work synergistically, for civil society and business to work together to force governments to live up to [their commitments]." [...]"

Only freedom and democracy can cope with the current challenges. We must support the growth of democratic movements in every nation, on the basis of our commitment to solidarity, inclusiveness, and cultural diversity, but at the same time we should abstain from any attempt to export democracy. Citizens are actors, not spectators. A vibrant civil society that plays a strategic role in protecting local communities, countering extremist ideologies, and dealing with political violence can only be a native one."

- *Alexander Likhotal*

"In government as a politician, and as an economist as well, I used to be very involved with the problem that in globalizing world, there would be a race to the bottom. 'We have to be competitive. So don't go for highest standards, go for the lowest standards.' That was what we predicted. But if you take stock

today, this is not happening. What has changed? What has changed is that this set of values -- as we are discussing now in the Earth Charter, but not only in the Earth Charter -- has become known to the extent that they are taken into account.

So I very much agree with Herman Mulder that it starts with people -- motivated people who believe in these values. Then they start to understand that they can influence the playing field. And that has reached politicians today. So you read a lot less about the race to the bottom. It's still a challenge, what you can do in practice. But there is an enormous role for these activities on the part of citizens and civil society, giving the signals. And companies will come gradually convinced themselves that they had better go for the best practices. So you have a harmonization with the top. ... It seems crazy to the economists, to have a race to the top, but it's happening."

- *Ruud Lubbers*

On the role of business in sustainable development:

"The Earth Charter is not only meant to inspire the action of people [in civil society]; it is meant to influence others to do better. And I mean here, business. [...]"

I remember the days when business thought the idea of going for sustainability or for an acceptable environment was contrary to their purpose -- to make a profit. But that has changed, and it is changing faster all the time."

- *Ruud Lubbers*

"Sustainability is sound business. It's not about next month's profit; it's about future value."

- *Herman Mulder*

"The business sector has an incredibly powerful and potentially positive role to play in achieving the vision and the goals of the Earth Charter. Any company -- regardless of its size or industry sector -- can help to achieve the goals and the vision of the Earth Charter in three main ways.

First of all, how a company runs its core business operations: at a very minimum it must make sure that it creates no social harm or environmental harm. But there are also enormous possibilities now to harness core business opportunities for positive good and positive change, whether in environmental technology, or products that reach poor people in low-income communities.

Secondly, companies can also do a lot in their philanthropy and their social investment, even though philanthropy is a tiny percentage of what a company actually does.

Thirdly, I think companies can work in coalitions with each other to help influence progressive public policy, regulations, and frameworks to help realize the goals and vision of the Earth Charter.

So I think business -- with the right values and mindset -- through its core activities, philanthropy, and its engagement in public policy dialogue, can really make a big difference."

- *Jane Nelson*

"Many leading companies are now doing sustainability reports and whatnot, but if you look at what their lobbyists and industry federations are doing in Brussels, in Washington DC, it's often a very different line. So we have to make that more transparent. Not to stop lobbying -- lobbying will not stop -- but we've got to make it more transparent and honest."

- *John Elkington*

On the value-added of sustainability:

"The diagnostics of sustainability have been completed. The metrics [tell us that we] aren't there yet. We have to be realistic about it. There is an element of believing that it is going to be adding value. We notice, because of our sustainability initiative, that we have a much better place in getting the right talent into the bank. Apart from that, employee engagement has gone up quite significantly. In a compliance-type world, suddenly there is excitement to do something else."

- *Herman Mulder*

On the Earth Charter, investors, and entrepreneurs:

"There is no reference to entrepreneurs in the Earth Charter. And they are the ones who are going to make changes at the bottom of the pyramid. They should use the Earth Charter in their local communities as an inspiration to work together with local governments, with young professionals, with consumers, to develop responsible businesses. [...]"

The investment community at large is not yet convinced there is a business case, so a lot of assistance and help is necessary. I think a first call for the Earth Charter is not to go to the investors, but to make sure that the rating agencies and equity analysts are going to take these issues into account. They are much more important at this stage, but there is still skepticism or indeed cynicism that this is just another hype, and not something that is here to stay."

- *Herman Mulder*

"If the Earth Charter can address the world of entrepreneurs, and the entrepreneurs can then use the Earth Charter as the blueprint around which they build businesses, then the investors will come. But you can't simply go to the investors and say, 'Here's the Earth Charter, you should be concerned.' They won't be."

- *John Elkington*

"Maybe when the Earth Charter considers engaging with business and investors, you should not be thinking of engaging at the institutional level. Because the business community has the GRI, the Global Compact, human rights instruments. The investor community has the Dow Jones Sustainability Index ... there are already specific and targeted frameworks. But engaging with individual investors, reaching them as individuals in the same way that Herman suggests reaching out to consumers and employees, would be a better way to go."

- *Jane Nelson*

On the Earth Charter and diversity:

"I am passionately committed to the Earth Charter. One of its great strengths is that it can reach out to so many different people from different backgrounds and geographical spreads in the world. And no matter where we are, or what we're doing, it has something for each and every one of us.... It has a power to move, and a power to inspire commitment. [...]"

The Earth Charter is a dynamic blueprint for living in a pluralistic society. In a globalized world of increasing uniformity, the Earth Charter in fact recognizes the rights of all people to maintain their sense of identity. However, the Charter does note that cultural identity is a dynamic process, because it thrives on creativity, innovation, and exchange, and not through isolation and exclusion. [...]"

The Earth Charter really is a thinking document, and one that celebrates diversity of thought. ... The Charter is a guide to sustainable ways of thinking, of communicating, of organizing, and of action. ... The Earth Charter also helps us communicate shared values, both within and between cultures. And I think we all know how increasingly crucial that is."

- *Princess Basma Bint Talal*

On the role of youth:

"We are assisted enormously by the younger generation ... coming into the transnational corporations. Not only because of their creative thinking, but because they don't like to be ashamed of the companies for which they are working."

- *Ruud Lubbers*

"About five months ago, [a Muslim youth leader] asked Muslim youth around the world to write an essay about their hopes and dreams for a better world. In three weeks, they got 700,000 responses. I'm sure that other faith communities have similar networks.... Engaging young people through faith networks and through the internet would be a way to go [to build support for the Earth Charter.]"

- *Jane Nelson*

On the Earth Charter as a "window into the future":

"Babies are not born with values. Values are acquired. And values change throughout our lives. Usually, it takes half a life just to start thinking and understanding what life is all about, because we cannot evaluate life other than retrospectively, and we cannot live life other than by going forward. This contradiction keeps people in a kind of inertia, because what's the point of looking ahead, when all your experience is in the past? ... The Earth Charter is sort of a window for people. It enables them to look into the future. By relying on the principles of the Earth Charter, they can sort of telescope into the future, and at least start to think in this direction."

- *Alexander Likhotal*

On being called "dreamers":

"There is nothing bad about [being called a dreamer], because one of the biggest dreamers was Mahatma Gandhi. Once he was asked, how did he win? He said, 'It's easy. First they ignore you. Then they mock you. Then they fight you. And then you win.'

I feel that the work of the so-called dreamers is bearing fruit already now. Could you imagine George Bush talking about the US being an oil-dependent economy? ... Could you imagine that Vladimir Putin would ratify the Kyoto Protocol and host the next G-8 meeting under the slogan of energy sustainability? That means the message is reaching its target."

- Alexander Likhotal

On seeing the human tragedies behind the numbers:

"Sometimes we are hypnotized by the figures, and do not see the problem. The figures are so big that we cannot grasp them. Josef Stalin may not be the best person to quote, but when the generals complained during the World War were very high, he said, 'One death is a tragedy; but the death of 10,000 is a statistic.'

We're talking about thousands and thousands dying every day, and unfortunately, Stalin was right. It's perceived as a statistic, not as a tragedy of the human being."

- Alexander Likhotal

On the need to establish the Earth Charter in Britain:

"It would be wonderful to see a British chapter of the Earth Charter. It would help us so much. I come from the developing world, and this document that has been embraced so much in the developing world thanks to the individual efforts of people like [my fellow panelists]. [...] But increasingly, societies that have so much more than the societies such as where I come from need to do more. We have here today representatives from very important institutions in the United Kingdom. You can do so much to help us. Much has been done in Holland in other parts of Europe. But we need a very strong Earth Charter presence here in London, here in Britain. I do hope that you are going to take it very seriously on board, because you will open up a lot of doors for those of us who live in other parts of the world as well."

- Princess Basma Bint Talal

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Some audience questions with panelist responses - summarized and paraphrased

How do we put these ideals into practice? What are the mechanisms for setting targets, holding governments accountable? It's fine to call on civil society, but civil society has no teeth.

Governments are as good as we force them to be, and as bad as we allow them to be. Civil society does have teeth! Pressure from civil society can be a decisive force in changing policy in government and business. It's too easy to blame large institutions; it is more difficult to make individual changes, oneself. And individual action -- setting a good example -- is both essential and can be very powerful in institutional settings. But Earth Charter International should also take seriously the task of building follow-up and accountability mechanisms; it has work to do there.

The Earth Charter has recently been attacked by some very conservative groups in the United States. How do you respond to such controversies?

Perhaps some level of controversy indicates that the Earth Charter is beginning to have an impact. These attacks, however, represent a small minority of people in one country. Often they misinterpret or misrepresent what the Charter actually says, and sometimes they are simply confused about terminology: some writers, for example, criticize the Earth Charter for promoting a "global government," when instead it is addressing the general topic of "global governance" and the ethics of decision making.

How does the Earth Charter help people make choices when two values - say, ecological stewardship versus improving economic development for people - come into conflict with each other?

Such conflicts are often false conflicts based on a short-term perspective; a truly long-term perspective clarifies the dilemmas and can reveal solutions. You have to bring people together to think inclusively and in long-term ways, and the Earth Charter can serve as a foundation for such thinking and as a foundation for innovation.

Should the Earth Charter be taught as a "belief system"? Should adopting it be mandatory?

No. The beauty of the Earth Charter is that it doesn't force itself on anyone. It speaks to all different religions. It invites a consideration of a set of ideas, and has something in it for everybody. It captures the imagination, it even inspires art ... so there is no need to make it mandatory, nor would that be appropriate.

Is it really the business of business to be pushing governments toward sustainability?

We should not ignore the fact that government is absolutely critical. None of this should be about "getting governments off the hook," and government has a role to play with both incentives and regulations. We are "far too uncreative" about how government does that. We don't do enough as a sustainability movement to engage parliamentarians, for example. Business also has a role - for example, the recent role of Global Compact signatories in calling the UN itself to account for not practicing ethical investment and procurement policies in its own operations.

I manage large investments, and we manage them ethically, but it's amazing how few of our clients are actually pushing us to do this. We do it anyway, because we think it's the right thing to do. But the market is not pressuring us to do it -- and certainly not to do it any more than we currently are.

I work in marketing. Consumers don't want to change. They don't know what sustainability means. How can a person who makes 500 pounds a month take all these big ideas and apply them to everyday life?

How long did it take us to learn to separate our waste? Glass from metal? This is a learning journey; it takes a lot of time. But even for lower-income consumers, this eventually becomes part of their DNA, because that's how things should be done. It may take a generational change. "Sustainability" is probably not the language to use. We have to use a mix of offerings, and targeted language, and learn from current examples. Take Wal-Mart, and its recent commitment to zero waste and eventually selling only sustainable fish. They may have trouble meeting those goals, but changes like that bring "sustainability" to even low-income consumers.

What about competition with China and India? Does the business case for sustainability collapse if they are not playing by the same rules?

We have to sit down with such countries and raise the bar collectively. This should be part of what is expected in joining the ranks of the developed economies. But this community, whatever banner it aligns under, has to be looking at some of the less comfortable trends, including the competition for resources. We should be recognizing people like the Vice-Minister for Environment of China, who temporarily shut down thirty development projects for violation of environmental laws,

and trying to support them. Also the entry of Russian, Chinese, Indian and other companies into the western stock exchanges etc. is very helpful, because this begins to expose them to the requirements of those markets.

A lot of new businesses are emerging in the area of fair trade and environment. Perhaps Earth Charter values could be used to identify areas where there are new opportunities, not traditional business area, and ways for extractive industries could think about restoration, that would be a good way to have an impact.

There are huge limitations on what large companies can do. Entrepreneurs and venture capitalists are starting to move into areas like clean technology. There will be new constellations of actors. But it's not clear yet how to pitch the Earth Charter to those entrepreneurs and venture capitalists. The question is, how do we get the message through, community by community? The strength of the Earth Charter is that it is communities-based, and it has a global network. "Think local, act local" might be the motto. Use the Initiative on a global basis as a learning platform, exchange of learning among communities, about approaches to employees, about how property rights are managed around the world. At the global level, there are already plenty of efforts. The value added is perhaps more local than global.

Final question: Should there be an Earth Charter UK? Who will do it, and how will it be done?

Moderators' answer: "Yes, yes, and yes ... the process of establishing the Earth Charter in the UK is underway, and we will be consulting with you as planning develops."

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