Trends in Sustainable Business
Global and Indian context
21st Century Business Drivers

Disruptive Innovation

Global Change

Pollution

Resource Consumption

Industrialisation

Trade Liberalisation

Population Growth

Poverty & Inequity

Urbanisation

Civil Society

Information Explosion
Case for Corporate Sustainability

Average life span of corporate entity is half that of a human being

Rich-poor divide widening

1970 to 2010: 407 new companies
2000 to 2010: 204 new companies
Sustainable Business
Sustainable business is dynamic and still evolving

- **Sustainable Business**
  - Integrated into goals, strategies

- **Community Investment**
  - Strategic partnerships

- **Community Affairs**
  - Strategic giving

- **Philanthropy**
  - Passive donations

- **Profit Focus**
  - Shareholder value

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Sustainability is now seen as a key issue in business...

“In the future, only companies that make sustainability a goal will achieve competitive advantage. That means rethinking business models as well as products, technologies, and processes.”

C.K. Prahalad, M.R. Rangaswami and Ram Nidumolu
Harvard Business Review 2009
Different tools and approaches

**Internal**

- Eco-efficiency
- Risk management
- Waste minimisation
- Resource productivity
- EMS / ISO 14001
- OHS / OHSAS 18001
- SA 8000

**Today**

- Innovation & Repositioning
- Cost & Risk Reduction

**External**

- Disruptive innovation
- Renewable energy
- Sustainable technology
- Knowledge & service intensity
- Systems thinking
- Base of the Pyramid
- Urban Reinvestment
- Inclusive Capitalism
- B2B

- Growth Path & Trajectory
- Reputation & Legitimacy

- CSR
- Sustainability reporting
- Stakeholder Management
- Life-Cycle Management
- Ecolabelling
- Full Cost Accounting
- Transparency

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Different options and tools within the quadrants

<table>
<thead>
<tr>
<th>Quadrant</th>
<th>Description</th>
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<tbody>
<tr>
<td>Cost &amp; Risk Reduction</td>
<td>All options are geared toward increasing the efficiency and security of operations, e.g. by the reduction of waste and emissions associated with a company’s current operations.</td>
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<tr>
<td>Reputation &amp; Legitimacy</td>
<td>Options which focus on stakeholder engagement, transparency, and life-cycle management.</td>
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<tr>
<td>Innovation &amp; Repositioning</td>
<td>Clean technologies and capabilities (through either internal development or acquisition), focusing on emerging, “leapfrogging” technologies (genomics, biomimicry, nanotechnology, information technology).</td>
</tr>
<tr>
<td>Growth Path &amp; Trajectory</td>
<td>Options concerning tackling population growth, poverty, and inequity associated with globalization, as well as potential growth paths.</td>
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Sustainability Value Framework

**Strategy:**
- **Sustainability Vision**
  - Create a shared roadmap for meeting unmet needs
  - *Corporate Payoff:*
    - *Innovation & Repositioning*

**Corporate Payoff:**
- *Growth Trajectory*

**Drivers**
- *Pollution*
- *Poverty*
- *Inequity*

**Strategy:**
- **Clean technology**
  - Develop the sustainable competencies of the future
  - *Corporate Payoff:*
    - *Innovation & Repositioning*

**Corporate Payoff:**
- *Innovation & Repositioning*

**Drivers**
- *Societal Expectations*
- *Competitiveness*

**Strategy:**
- **Pollution prevention**
  - Minimize waste and emissions from operations
  - *Corporate Payoff:*
    - *Cost & Risk Reduction*

**Corporate Payoff:**
- *Cost & Risk Reduction*

**Drivers**
- *Pollution*
- *Consumption*
- *Waste*

**Strategy:**
- **Product Stewardship**
  - Integrate stakeholder views into business process
  - *Corporate Payoff:*
    - *Reputation & Legitimacy*

**Corporate Payoff:**
- *Reputation & Legitimacy*

**Drivers**
- *Societal Expectations*
- *Transparency*
- *Communication*

**Drivers**
- *Pollution*
- *Poverty*
- *Inequity*

**Today**

**Tomorrow**
What market systems reward sustainable business?

How do they influence market behaviour & preference?

What mechanisms will aid informed decision making?
Green Public Procurement

Green specifications
- Public works: cement, bricks
- Electrical appliances
- IT equipment
- Pharmaceutical: bulk drugs

GPP legislation
GPP management framework
Create a market-based system that rewards sustainable business

Sustainability Label → Sustainable Markets → Sustainability Rating

Consumer label
Companies can use anywhere
Symbolic representation of rating

Top 100 by market cap & share
Environment, Social, Economic, Governance parameters
Influencing responsible business policy in India

NVGs & disclosure f/w drafting committee
Suggestions on Companies Bill

National policy
International process
Capacity building
New frameworks

Implementation guidance
CSR spends
Impact assessment guidance

Advocacy on national policy
Development of an Indian model

MCA-IICA
CII-ITC CESD
CSR WG

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ICT companies wanted to identify business opportunities in climate mitigation in India
GHG emission reduction potential in 2030 by implementation of ICT solutions

Conducted collaborative research across 3 national missions: energy efficiency, sustainable habitat, solar
10% of the total GHG emissions can be reduced by ICT
Total GHG Emission reduction potential : 448.3 million tCO2

Low-carbon expert group led by Prof Kirit Parikh Planning Commission’s 12th FYP process
“Sustainability” will be the new usual

Sustainability will be embedded to doing business, growth models, & development plans
What will drive tomorrow?

- Social media
- More stakeholder driven
- Voluntary-regulatory combo
- Many different forms of businesses; hybrid business will be mainstream in medium term
- Resource constraints
Tomorrow will be better; it could be

- Sustainability embedded CG
- Inclusive / BOP business models
- Sustainable & inclusive innovation
- Green will be competitive advantage until medium-term; post that it will be mainstream
- Integrated reporting
Thank you

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