



Opening Remarks: Aron Cramer President & CEO, BSR

BSR Conference 2011
San Francisco | November 1-4

About BSR

A leader in corporate responsibility since 1992, BSR works with its global network of more than 250 member companies to develop sustainable business strategies and solutions through consulting, research, and cross-sector collaboration. With offices in Asia, Europe, and North America, BSR uses its expertise in the environment, human rights, economic development, and governance and accountability to guide global companies toward creating a just and sustainable world. Visit www.bsr.org for more information.

Welcome to the BSR Conference 2011!

It is an honor for me to welcome the nearly 1,000 people who have come from 37 countries in all parts of the world to be with us here this week.

Seeing so many familiar faces—and welcoming new friends, member companies, and partners, is also an honor.

Our Conference has a way of arriving at a time when momentous things are happening.

According to the United Nations, just yesterday we welcomed the seven billionth human being to Planet Earth. We hold the future of that baby in our hands. What's more, the world we are helping to create today will be inherited by the eight billionth person sometime in the next two decades, and the nine billionth by the middle of the century.

This week, I hope we will dedicate ourselves to envisioning and creating a world where all seven, eight, or nine billion of us can lead healthy, secure, and dignified lives. Businesses dedicated to this vision can make it so. And we, in this room, can make that vision a reality within our businesses.

We are here in consequential times. 2011 has been no ordinary year.

I just returned from the Middle East, where I heard a young Tunisian human rights activist who was elected to her country's parliament, met a creative 20-something Egyptian social entrepreneur, and heard the new Libyan leadership speak about how they intend to translate their new found freedoms into peace and prosperity for their liberated country. It was inspiring to share in their joy and their vision.

And so we have many reasons, this year, to be optimistic.

But 2011 is also marked by the anxiety, frustration, and downright anger expressed by the Occupy movement. Whatever you might think of the individuals in the tents, the encampment just on the other side of this very hotel shows how deeply many people feel that the economy simply isn't working for them.

Just last week, new statistics in the United States underlined the magnitude of rising income inequality. In this country, the income of the top 1% has grown by over 275 percent in the past three decades. What is really important is that this is more than six times as fast as income levels have risen for the middle class.

At the same time, faith in governments around the world is extremely low.

» Only 9 percent of Americans believe that Congress is doing a good job—and no, I don't know anyone in that 9 percent.

- » Eurozone leaders struggle to manage their way out of crippling debt in Greece and elsewhere.
- » And the last time we were here in San Francisco, in 2009, we invested hopes in a global deal on climate change in Copenhagen. Today, few of us assume that grand global agreements will put us on the path we know we need, to sustainable development models.

And environmental issues continue to mount: we are all aware of our widespread—and growing—environmental problems, not least the Rubik’s Cube dilemma of managing food, fuel, and water. The speaker you are all waiting to hear next has a little something to say about the climate crisis.

THE WORLD’S AGENDA IS THE BUSINESS AGENDA: A NEW AGENDA FOR A NEW WORLD

But BSR has never been about gloom and doom.

As BSR enters its 20th year, which we will be celebrating in 2012, it is clearer than ever that businesses that are sustainable, innovative, and inclusive will lead us out of the “Great Stagnation.”

We tackle this challenge in a world with new dynamics. Many of the conditions that shaped the last 20 years are no longer relevant—or as powerful as they were.

In 2011, we live in a world where economic conditions in the West are likely to be stagnant for some time. All around us, confidence is often lacking, and faith in the future has declined.

Our world today is hyper-connected and transparent—a world in which change often happens bottom-up, not top-down, and comes at warp speed.

We live in a world in which the relevance of today’s most powerful institutions—in business, civil society, and government—is not guaranteed tomorrow.

All this adds up to an important point: For the first time in a very long time, it is challenges in the mature economies, rather than questions about impact in emerging economies, that are the dominant factor defining corporate responsibility.

In this context, there are four pillars of sustainability that are particularly important now, and should be a part of every company’s strategy.

First, business needs to create new solutions to ensure that the economy provides **opportunity for all**. In many ways, Occupy Wall Street is to this decade what the Battle for Seattle was for the last decade: a wakeup call that causes us to see the world differently than before. We must focus on building an **inclusive and fair economy**, including here at home, otherwise business’ license to operate will be severely damaged. This challenge has not been on the sustainability agenda, and that should change.

Second, we need to declare **war on waste**. When prosperity reigns, wasting one-third of our food and one-third of our energy is morally dubious; during times of economic distress, it is just foolish. And this is one way that a stagnant economy creates an opportunity: A war on waste may be the best chance we have to make sustainability relevant for every household and consumer. We can turn sustainable consumption from an abstract concept to something that

enables companies to build new products and new business models that help consumers unlock savings from wiser use of energy, transport, and food.

Third, business needs to push policy makers to stay focused on **reforms that enable long-term thinking**. Companies need to find a constructive public voice. Reforms of reporting requirements and fiduciary duty are needed to ensure that Boards, executives, and line managers are able to make investments in the future. Business needs to make sure that policy makers do not abdicate the responsibility to create a low-carbon economy. Looking ahead to Rio+20, next June, business should make sure that climate change stays on the world's agenda.

Finally, let's remember what business does best: innovate. The anxious headlines about the global economy mask an undeniable fact: We are living in a golden era of innovation. It is happening down the road in Silicon Valley, in remote villages in Africa, India, and Brazil where mobile technologies are creating opportunities and through new business models focusing on value not stuff. More than ever, the sustainability function has to be an innovation lab. We have to be architects of a new world, not cost centers that manage reputation.

TRANSITION – REDEFINING LEADERSHIP

I want to close by touching on the theme of this year's conference, "Redefining Leadership."

We chose this theme because we see the characteristics of leadership changing in fundamental ways.

Traditionally, leaders demonstrated their prowess by separating themselves from others. The challenge of our time is to lead by bringing others along with us.

Traditionally, leaders could rely on a monopoly on information; today, leaders must elicit insights from information coming from many different and often very unfamiliar sources.

Traditionally, leaders aimed to make their own institutions the best they could be; today, leadership means finding partners to amplify the progress any single company can make on its own.

So let's make a deal.

Over the next three days, make an explicit effort to explore new ways of leading. Commit to yourselves to learning from your peers and fellow practitioners—all 1,000 here in San Francisco this week—about how to be more effective leaders, moving your companies to excellence through sustainability.

CONCLUSION

Looking around, it is easy to question how well prepared many institutions are to take up the challenges of our world.

Governments may be better at negotiating slices of a shrinking pie than creating new opportunities.

The Occupy movement may be better at channeling anger than creating solutions.

And consumers nervous about their jobs may think first about their immediate needs, not the longer term.

With all that in mind, I think the challenge of building an innovative, sustainable, and inclusive economy is up to us.

Steve Jobs famously encouraged us to “stay hungry, and stay foolish.”

Together we can create solutions to ensure that the seven billionth human will be hungry for ideas—not hungry for food or freshwater—and will embody foolish creativity, not foolish wastefulness.

That is the vision I would like us to take up over the next three days.