Critical issues in sustainability

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Preface

In many ways, sustainable development is an interesting journey for any professional – whatever your role in it may be. It inspires and humbles. It entices and it disappoints. It surprises and it challenges.

If we have learned one thing in all those years that we have been active in this field, also through working with a wide range of people and organizations, it is that it is essential to have a critical disposition. (It's oftentimes fun and rewarding too, by the way.) Although a critical view can be easily mistaken for being overly theoretical, pretentious or unsympathetic, we have come to appreciate the development of critical views as exactly the opposite. We feel that sustainable development – irrespective of the laudability of its aspirations – can only benefit from critical views. Critical views provide a much-needed antidote for the myopia and even blindness that we see with many propagators of a better world. Too many sustainability professionals rely on 'sustainability happy talk' – and that only goes so far. Make no mistake: we definitely acknowledge the importance of propagating sustainable development as the only viable alternative for the dire straits our world, and the constellation of economic, ecological and social systems underlying its functioning, is in. However, given that the sustainability discourse in itself represents a critique on the make-up of our current socioeconomic system, it is all too often exempt from profound scrutiny, sometimes making our planet's matters even worse. Consequently, our critical views of sustainability, from its practical manifestations to its conceptual basis, are actually rooted in a sincere engagement with our planet and the human and non-human species inhabiting it, both current and future generations. In fact, this has been our one and only reference point for trying to think through sustainability better, in looking for some fundamental truths, identifying root causes and formulating insights that we think are worthy of bringing to the table – regardless of whether they are convenient truths or not.

Having said that, critical views may also reveal something about the ones that hold and share them. Our views indeed reflect our conviction that many contemporary conceptions of sustainability are flawed, that our current socioeconomic system suffers from severe illnesses and that we, as a species, should resort to other and new strategies if we truly want to turn sustainability from a beautiful aspiration into a reality and from a prefix that serves vested interests into a common language and shared culture.

The booklet contains a number of opinion pieces on critical issues in sustainability that we have written over the past months. All articles except for one were published in national and regional newspapers (in some cases in a slightly adapted form) because this offers an important opportunity to contribute to popularizing much-needed critical views and enticing a sensible debate about our common future. One article was published as a ‘perspective’ in an academic journal. A second exception is the final article in this booklet on sustainability intelligence, which we already wrote in 2016. We have chosen to include this one as the epilogue of this booklet because its sets out the concept of sustainability intelligence that we have worked on for a couple of years now and because several of the topics addressed in the other opinion pieces ultimately originate from and relate to this.

We hope that this booklet will be experienced as a challenging and worthwhile read that invokes insight and critical thinking. Since we, undoubtedly, also suffer from myopia and blindness when it comes to our thinking and writing, we would love to hear from anyone that feels the need to respond. After all, discussion and debate are the critical parts of critical views.

Lars and Frans

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Part I.

Reflections on a contested notion

Sustainability as a contentious issue

If last year has taught us anything about sustainability, it probably is that it has become a contentious issue. Not so much because the need for making the transition to a more sustainable architecture of our socioeconomic system is still a topic of discussion – set aside a handful of wailing politicians – or that sustainability is on its way to become a taboo. Quite the opposite. Whereas this transition initially relied on a niche movement, the actual transformation now seems to culminate in a clash between *the people* on the one hand and *the elite* (made up of the political establishment and corporate capital) on the other.

One could look at this development as undesirable – and, indeed, such a clash can lead to unpleasant and even violent situations. At the same time, it is encouraging to observe that an increasing number of different groups of people, each in their own way, are concerned about environmental quality and social justice. In fact, more and more people consider sustainability-related problems and solutions as a valid and urgent reason to stand up for themselves and for others. The challenge of sustainability has hence become a political question and, in a sense, societal activism has started to realize its own agenda in a somewhat bizarre way: by emancipating and empowering the people!

This emancipation, as we can see all around us, is turning into a true uprising. It is not the kind of revolt that is shaped by a homogeneous group of green apologists, but rather by a kaleidoscopic, polymorphic and rather diverse uprising of the citizenry. With nothing less than an activist form of social criticism they go to battle against the elite, against the existing, dominant political and economic regimes, differentiating themselves from the other establishment – that of existing civil society organizations.

For instance, Extinction Rebellion, a broad citizen movement that started in the United Kingdom, reacts fiercely against a government that is failing to protect its citizens against climate change and other ecological crises. Radical action, they say, can only be realized through democratic innovation and breaking (down) the ruling power. The Swedish teenager Greta Thunberg demonstrates another form of protest: after a searing summer heatwave in Sweden she decided to draw attention to climate change in her own country and put pressure on the Swedish government to finally take adequate climate action. Meanwhile, other youngsters have emulated her actions internationally. In the Netherlands, Urgenda has become an exponent of this heterogeneous movement through taking the Dutch government to court in order to enforce climate action and mobilizing Grand Parents For The Climate.

On the other side of the spectrum there are the somewhat elusive, and in the meantime, fragmented, *gilets jaunes* or yellow vests. This both loved and hated French people's movement calls for French Prime Minister Emmanuel Macron to step down and fights against the high costs of living in France. The ascent of this movement is directly related to a planned rise in excise duties on fuel that the Macron administration proposed to help finance the energy transition. Still, the French do not seem to be against the transition towards a more sustainable energy infrastructure. The yellow vests represent citizens that no longer accept that ordinary French people take the fall for this transition, while the rich benefit from the already introduced and proposed fiscal measures. It is a telling example of the ever more visible and growing schism between the poor and the rich, between the 'haves' and the 'have nots', between the people and the elite – and certainly not in France alone.

Against these backgrounds, it is only logical that more and more people no longer accept the generous fiscal advantages on new electric vehicles in the upper segment, CO2 prices that are way below the necessary minimum level to truly compensate for pollution and change behaviour, that kerosene is exempted from taxes and excise duties, that politicians are unable and unwilling to formulate adequate climate policies, and that multinationals benefit from opaque tax rulings. For many people, the political establishment brown-noses corporate capital too often and is seen as postponing or even avoiding real economic and societal reforms.

The genie now seems to be out of the bottle. Sustainability has taken root as a subject for evermore potent and activist citizen movements, because truly sustainable solutions touch upon justice, democratic innovation and issues of power. A successful sustainability transition will only happen if and when it is supported widely – when it proves to be a transition *of* and *with* the people, with everyone contributing and, ultimately, everyone benefiting from it. Not only the happy few.

(This column was published on December 10, 2018 by Het Financieele Dagblad.)

To what extent is sustainability sustainable?

This week, CBS Statistics Netherlands launched its 'Monitor Brede Welvaart' ('Monitor Broad Prosperity'). The essence of the report is that the Netherlands is doing better on the whole and doing better economically specifically, but that its greenhouse gas emissions continue to grow and that our country puts a relatively large level of stress on natural resources. Also, women (when compared to men) and migrants (both with a Western and non-Western background) appear to lag behind when it comes to their share in our prosperity. You could call the Dutch economy a lot of things, but it is anything but sustainable.

A sustainable economy is an economy that acknowledges that, next to economic dimensions, non-economic dimensions are at least equally important. To get a good idea of the state of our nation, it is important to identify and acknowledge the ecological and social effects of economic growth and to identify the effects of the current state of affairs on other countries and future generations. Growth of Gross National Product, we have known for some time now, is a rather meager indication of levels of prosperity and wellbeing in a country. A wise (wo)man would therefore recognize the report as nothing less than a harsh critique on our socioeconomic system: it could actually be argued to represent a blatant plea to policy-makers and business leaders to treat economic values as a means to a higher end – societal values – instead of continuing to consider economic values as the higher goals themselves.

While the report by CBS Statistics Netherlands provides a relatively complete and accurate image of the Dutch economy, some cautionary words should be said about it, too.

First, the report seems to take economic growth as its main starting point – albeit by speaking of sustainable or green growth, but explicitly addressing the real hot potato is actually avoided. By contextualizing ecological and social quality within the paradigm of economic growth, the urgency of various sustainability challenges, including climate change, is automatically seriously – and unjustly – discounted.

Second, the report hardly addresses the positive effects of economic growth on reducing poverty in developing economies. An important success of the past decades is that extreme poverty has dropped significantly worldwide. The notable failure has been that this trend has been accompanied by an immense growth of our ecological footprint – and still is. In other words: we have so far not been able to develop production and consumption patterns that respect the natural boundaries of our planet. The trade-off between social development and ecological quality is nothing short of massive.

Third, and as an extension of the previous point, a fundamental question rises: to what extent is a sustainable economy actually sustainable? By asking this question, we touch upon not only the biggest problem of this report, but on conceptions of broad prosperity in general. The indicators that are used in the report are partly based on the Sustainable Development Goals (SDGs). Recent studies of, among others, the Bertelsmann Stiftung however conclude that countries with the best SDG performance are also the ones that have the highest ecological footprint. The sustainability of the SDGs hence should be a topic of intense scrutiny. That implies that methodologies to map broad prosperity should be subject to further research and development in order to use the proper measures and in order not to fall victim to good intentions.

We think that the report of CBS Statistics Netherlands should be received with appreciation and approval, but we also think that it is an illustration of how complex sustainability actually is. Sustainability is not only a topic of trade-offs; it is also very much a topic of unintended consequences. And, most of all, it is a topic that requires fundamental choices. We surely hope that the report incites making those choices.

(This column was published on May 24, 2018 by Trouw.)

The three curses of sustainability

A recent report by PBL Netherlands Environmental Assessment Agency called ‘Nederland duurzaam vernieuwen’ (which translates as ‘Innovating the Netherlands sustainably’) contends that the probability of successful sustainability transitions increases when they are linked to social, economic and spatial-geographic agendas. It is important to identify so-called ‘meekoppelkansen’ (a terrible made-up Dutch word that perhaps translates best as ‘co-coupling opportunities’), which represent the opportunities to let transitions in various domains benefit from and reinforce each other. The PBL rightly argues that in various domains, including the circular economy, agriculture & food and climate, transitions are necessary. However, to realize those transitions, we need to recognize that sustainability suffers from three ‘curses’ that can seriously hamper transition efforts.

The first curse is that sustainability has so far been insufficiently democratic. Over the recent years, we have seen that effects of climate change particularly hit those that are least able to shield themselves from these effects: people that live in poverty. And except for the fact that the poor do not have the resources to defend themselves properly against nature’s increasingly spurious woes, they also experience difficulties to recover from the disastrous impacts of, among other things, floods and periods of extreme droughts. Especially when we look at people living in developing economies, it should strike as a rather harsh observation that sustainability efforts have concentrated first and foremost on the West and its trade partners. It seems that if and when you are not part of that world, you are simply out of luck – again. The solidarity that is innate to the sustainability concept is clearly bounded in practice – oftentimes even geographically. It is therefore all but unthinkable that this division actually contributes to maintaining the spiral of poverty and income equality.

It should be noted that the lamenting democratic nature of sustainability also pertains to the West itself: despite the fact that electric car sales in Europe have surged, this type of modern mobility is simply not (yet) attainable for most people. In other words: sustainability has a clear income dimension. In spite of the mantra-like rhetoric that sustainability can save you money (which is partly true, obviously), sustainability has developed itself into something of a luxury that only some can afford. Or, as a colleague of ours put it rather succinctly and symbolically: Teslas are for rich people.

Sustainability’s second curse is the lack of diversity when it comes to icons, role models and leaders. Whereas sustainability seems to perform reasonably well on the topic of gender equality (for instance, so far only women have been lauded with the 'Dutch CSR managers of the year' award ever since its inception), the sustainability domain has otherwise been dominated by white, highly educated people – an observation that pertains to almost all sustainability pioneers in the Netherlands. Most of (the initiatives of) these pioneers are undoubtedly well intended and do not aspire to cause any division at all. Still, the lack of diversity within this group has contributed to the establishment of a rather elitist image of sustainability in which many people cannot or refuse to recognize themselves.

The third and certainly not least important curse of sustainability is that sustainability itself is not very sustainable. While that may sound paradoxical, a recent analysis of the United Nations' Sustainable Development Goals by the Bertelsmann Stiftung shows that realizing social goals usually comes with a high ecological footprint. Also, the Sustainable Development Goals have relatively little attention for the preservation of natural resources. The structure of our socioeconomic system leads many sustainability efforts – not in the least place when it comes to the eradication of poverty and encouraging sustainable consumption – to have huge unintended negative ecological side effects.

Sustainability lives, the PBL report notes in its opening words. Indeed, it increasingly does. At the same time, despite the fact that (political) attention for sustainability is growing, it is important to make sure that sustainability initiatives are not decoupled from reality or from large parts of our people and those of other countries. In order for all those well-intended efforts to make this world a better place not to be in vain, it is high time that sustainability becomes more democratic, more diverse and more sustainable.

(This column was published on October 3, 2018 by Brabants Dagblad.)

Part II.

The long and winding road

Don't bother consumers with sustainability – target producers instead

After years of discussions, deliberations and lobbying, producers of soft drinks and sweetened food who sell their products in the United Kingdom need to come around the bend. The sugar tax has finally become a reality. Because of the introduction of this new tax, they have already increased prices and have reduced the size of their packagings in order to avoid price increases. As a result, consumers are buying less of their products or are not buying them at all, leading to a reduced sugar intake – which is precisely the objective of this unprecedented government intervention. In order to reduce health risks, it is clear that the consumption of sugar needs to be restricted.

And the effect appears to be twofold, because in anticipation of this tax producers have launched a number of new, low-sugar products next to reducing sugar levels in existing products in record time. The British approach shows the importance of two basic premises when it comes to stimulating sustainability: we should not overestimate the benevolent workings of the free market and free consumer choice, nor should we eschew relying on laws and regulations.

Contemporary thinking about stimulating sustainable business seems obsessed with the role of the consumer. Within the free market doctrine the consumer has the power, because when the consumer expresses a need or wishes for something, companies will (have to) abide by offering them the desired goods and services. Consumers are perfectly capable of consciously making sustainable choices themselves based on the availability of an abundance of information. Moreover, freedom of choice is for the greater good of our modern society, and you wouldn’t want to meddle with that, would you?

While it may seem a valid train of thought, reality simply doesn’t work that way. Despite all the good intentions that consumers might (say they) have, as identified by numerous studies, the market share of sustainable products is nowhere near that of unsustainable products. Moreover, the assumption that well-informed consumers make conscious, rational choices that reflect their long-term interests, runs counter to reality. And the argument that consumptive freedom is for the greater good quickly deflates when one considers that sugar intake is among the most important causes of obesity and other very serious health risks. Pointing to the consumer as the one that is primarily responsible for making our society more sustainable is first and foremost a symptom of a corporate tendency to buck-pass social responsibilities.

In mainstream conceptions about sustainable business held in our increasingly neoliberal society there is hardly any room for stimulating sustainability by means of regulations. Regulation efforts are made out to be counterproductive because companies would automatically resort to a minimum level of sustainability initiatives and incentives for sustainable innovation would vanish like a shadow in the sunshine. With the report of the Dutch Social-Economic Council ‘De winst van waarden’ (which probably translates best as ‘The profit in values’) as an influential guidance document, Dutch companies and policy-makers have championed a definition of sustainable business that suggests that sustainable business should be something supra-legal – meeting laws and regulations is conditional, but insufficient in itself to speak of sustainable business. Self-regulation by business is the assumed panacea, but its effects, for instance on labour conditions and deforestation, are often substandard. This week, the RIVM National Institute for Public Health and the Environment said that the agreement between the Dutch government and industry to reduce the consumption of sugar and salt would prove insufficient. Conceiving sustainable business as something supra-legal, then, is more an effort to avoid regulations rather than a laudable idea motivated by a sincere engagement to go beyond what is required by law.

The British sugar tax shows us that we should not bother consumers with sustainability, but that a far better way to get results quickly is to force responsibility for stimulating sustainability onto business. Although these may run into ideological objections, daring to rely on making choices for consumers and on regulating business may prove very intelligent strategies in this day and age. This should make us realize once again that government and politics have a bigger role than they tend to acknowledge. Deploying these strategies may well accelerate rather than hamper sustainability.

(This column was published on May 4, 2018 by Het Financieele Dagblad.)

Sustainability is a matter of trying (and trying again)

WakaWaka, manufacturer of solar-powered led lamps and chargers, has filed for bankruptcy. Partly because of a failed effort to raise 2.5 million euros in growth capital from the market, the company was unable to fulfil its financial obligations. With its social business model that provided refugees and entrepreneurs in rural areas with access to light and energy, WakaWaka experienced double-digit annual growth rates. Simultaneously, however, for six years, the brainchild of sustainability pioneer Maurits Groen suffered financial losses.

WakaWaka has become part of a list of better- and less known sustainable companies that have proved to be short-lived. Some examples from the Netherlands include energy company Econcern, jeans manufacturer Mud Jeans, building company CEC and fashion brand Infact. The failing of these companies surely is grist to the mill of many sceptics who claim that there is no business case in sustainability.

The question is whether that claim is justified.

Sceptics are undoubtedly right to the extent that the market – unfortunately – does not or does not sufficiently reward sustainability efforts. Sceptics see their viewpoints confirmed by the fact that sustainability mainly fulfills a conditional function for business: without having a little bit of attention for sustainability, your company is simply out of sync with the Zeitgeist. At best, sceptics contend, companies may take sustainability initiatives in order to realize some cost savings or avoid or mitigate certain risks. However, as a profit driver, sustainability does not play any large role for most companies. Sustainability has so far not evolved into a defining characteristic of the most successful companies.

Simultaneously, it seems that mostly ‘ordinary’ causes have been at the root of most occasions of sustainable companies going bankrupt. Examples of these are poor governance, lack of working capital and investors, overestimating market need or a business model that does not catch on. Moreover, it is all but uncommon that companies fail: according to research by CBS Statistics Netherlands, almost 3,300 companies and institutes (excluding sole proprietorships) filed for bankruptcy in 2017 alone. Between 90 and 95 per cent of start-ups do not survive beyond their third year. And that has little or nothing to do with the (un)sustainability characteristics of a company.

In addition, media coverage can easily cultivate the idea that sceptics got it right. While precise numbers are not available, examples such as WakaWaka give the impression that sustainable companies go out of business more often, easier and quicker than their less sustainable counterparts. Instead of sustainability being a driving force behind business models or being the main point of strategic differentiation for companies, it may seem that sustainability actually hurts their economic viability. However, appearances can be deceptive: sustainable companies and sustainability pioneers are generally very keen to get media attention. And because they represent companies with a story – nothing short of a world-improving story – they easily capture the imagination and stand out in the minds of many people.

What makes companies such as WakaWaka special is that they derive their reason for being from aspiring to contribute to reaching a higher goal than just maximizing profits, increasing market share or sustaining double-digit growth rates. The mere existence of these companies revolves around one or more societal problems that usually are the result of our unsustainable socioeconomic system. It is important to realize that sustainable companies internalize social and ecological costs rather than pass these on to society – a practice that it is actually the opposite of mainstream business. This is the sort of thinking that has led to the concept of true value, which is also known under the guises of *true price* and *true cost accounting*. As the CPB Netherlands Bureau for Economic Policy Analysis says in its recent report 'Circulaire economie: Economie en ecologie in balans' ('Circular economy: Economy and ecology in balance') a circular economy begins with putting a price on environmental damage. Interestingly, if that would be the norm (and isn't it strange that it isn't?), this would definitely lead many unsustainable companies to go bankrupt. The question then is not whether there is sufficient economic value in sustainability, but if there is enough sustainability in economic value.

WakaWaka's bankruptcy should therefore lead both sceptics and advocates of sustainability to thorough reflection. In the meantime, serial entrepreneur Groen seems to be working on a sustainable success story called Kipster and he is trying to relaunch WakaWaka at the same time. And maybe that is the important lesson here: that we simply keep trying, again and again. We better because if anything is truly bankrupt, it is our current socioeconomic system, and the suspension of payments will be coming to an end soon.

(This column was published on June 29, 2018 by Brabants Dagblad.)

Real value and true sustainability: not everything has a price tag

Putting a price on negative (especially environmental) impacts has become increasingly popular as an approach towards sustainability. Companies have experimented with environmental profit and loss reports (EPLs) in which they try to monetize the externalities and damage they cause to the natural environment through methodologies such as *True Value*, *Full Cost Accounting* and *Total Impact Valuation* in order to obtain some insights into the real costs and benefits of the products they produce and sell. In the Netherlands, Puma's pioneering EPL effort has by now been emulated by companies such as Philips, AkzoNobel, NS and Eosta, a distributor of fresh organic and fair fruits and vegetables.

Methodologies based on true value concepts are interesting and appealing, because they put impacts that otherwise would not be seen as worthy of corporate attention or would be easily ignored altogether on the sustainability radar. As such, they can serve as an important reference point for more future-oriented and inclusive decision-making. In a sense, such concepts represent a clear and seemingly fundamental critique on traditional economic reasoning, with the latter being based on the assumption that companies can use the value and resources that nature provides us with (so-called ecosystem services) at will and that they can simply appropriate the economic value that originates from doing so without being held accountable for the consequences this exploitation engenders.

While true value methodologies may sound as a near-ideal solution to many problems the world faces, it is important to raise a number of problematic issues that are inherent to this approach.

First of all, valuing impacts is everything but a sinecure. Putting a price on clean air or biodiversity is, to put it mildly, not straightforward. Moreover, determining the price tag for ecological impacts is usually still a lot easier than establishing the price for social impacts. What, for instance, are the costs of human right violations? Is it even possible to translate every (type of) impact into a monetary value?

Second, there are several methodological issues. Comparisons between organizations and even issues are often hampered by the variety of methods used. Simultaneously, true value methodologies are based on a range of assumptions, which raises the question how realistic the portrayed image actually is. One can also question the approach to pricing; true value methodologies often rely on market value rather than real value or user value. Current levels of CO2 prices are evidence that there can be large differences between these types of pricing. Finally, many applications of the true value concept neglect supply chain impacts.

A third point of critique relates to the extent to which the true value concept can harness the complexity of reality. A Swedish study showed that monetizing impacts is often not the best way to maintain ecosystem services, which is especially true in the case of interdependent ecosystem services. Additionally, true value methodologies do not account for differences in moral and cultural convictions. Because of the fact that most true value methodologies are Western-oriented, the richest parts of the world ultimately get to determine what is of value and what prices should be attributed to these values.

Fourth and finally, while true value methodologies seem to confront us with the limitations of our current socioeconomic system, the true value concept itself is rooted in that same system. The whole act of monetizing implies that intrinsic values and motivations are of lesser relevance or even considered not relevant at all. In fact, the true value concept contends that something is only of value if and when it can be expressed in economic terms – preferably in euros or dollars. It therefore represents the ultimate manifestation of reducing the concept of value to calculable economic value, thereby implying that economic thinking should remain the measure of all things and leading even more value(s) to be brought under the market's sceptre. That, in turn, prompts the question whether this approach could or would lead to any real change at all. An example of a perverted, but within the context of discussing the true value concept actually perfectly logical, question is: when the economic value surpasses the value of the use of ecosystems, is exploitation, and thus destruction, justifiable? The fundamental question following from this is: what does responsibility mean in this regard? And whose is it?

Especially because the true value concept is still in its embryonic phase, now is the time to raise such questions and reflect on whether or not this approach truly paves a sustainable way forward. Since it is unrealistic to expect a spontaneous (system) transition any time soon, we should however also ask the question whether or not we throw out the proverbial baby with the bathwater if and when we were to abandon the true value concept entirely. Maybe it would be best to consider this type of thinking as an intermediate phase in our long and winding road towards creating a system that stimulates and assists us in recognizing and treating non-economic value as equal to or perhaps even more important than economic value. During that phase it is, because of the illusory connection between economy, ecology and society that the true value concept propagates, all the more important to keep emphasizing that not everything has or should have a price tag. We need to do that to keep our eye on the ball called sustainability – we actually need that more than ever.

(This column was published on August 7, 2018 by The Financieele Dagblad.)

Part III.

Scrutinizing the Sustainable Development Goals

Why the SDGs are flawed

Some three years ago, the Sustainable Development Goals (SDGs) were set by the General Assembly of the United Nations as part of a resolution called ‘Transforming our World: the 2030 Agenda for Sustainable Development’. The SDGs reflect 17 of the most important global sustainability challenges, including eradicating hunger and poverty, conserving biodiversity and climate action. According to the UN, the SDGs constitute a blueprint for working towards a better future for everyone on the planet.

Although the agenda of the SDGs stretches to the year 2030, this is actually a good moment to take stock. While the de SDGs are still ‘young’, some 20 per cent of the time has already passed since their inception. Against that background, the Dutch SDG representative Von Meijenfeldt noted on SDG Action Day that the SDGs are still rather unfamiliar to the general public. In contrast, most large businesses seem to be fully aware of the SDGs. Research by Sustainalize and Tilburg University shows that no less than 93 per cent of large Dutch companies know about the SDGs. However, this study also reports that sofar only few companies have translated the SDGs into corporate strategy. Such findings reflect the results of various international practitioner-oriented studies that have been published since the launch of the SDGs. These studies generally suggest companies to take actions similar to those that have been devised to embed sustainability within business in general, including integrating sustainability in strategy development, incorporating sustainability in procurement processes and advancing partnerships to make companies’ supply chain more sustainable.

However, there is an important difference between integrating sustainability and integrating the SDGs from a company perspective. When connecting sustainability to corporate strategy, companies are encouraged to provide insight into the sustainability areas that are most relevant for them through materiality analyses – and then focus on those areas. Usually, these are the areas that relate to the ‘core business’, that pose the greatest economic and financial risks to the company and that priority stakeholders have the greatest interest in. In that way, it is reasoned that the main areas of attention can be distinguished from secondary areas of attention, forming the basis for a sound sustainability strategy.

With the SDGs this is different – their realization is interdependent. In fact, according to the UN, they are integral and indivisible. The idea for business is therefore not to select and focus on one or even a few of the 17 goals, but to contribute to the realization of *all* SDGs. Interestingly, that runs counter to the principle of materiality, which function is to determine companies’ sustainability approach. Not surprisingly, corporate practice indeed shows that many companies are cherry-picking the SDG agenda and choose to focus on those SDGs that they consider to be the main areas of attention when it comes to interpretations of sustainability from their point of view. That usually means that companies who claim to have embraced the SDG agenda actually focus on the SDGs that directly align with their existing sustainability strategies. Referring to the colourful visual representation of the SDGs – and reflecting the pernicious practice of greenwashing – this phenomenon has been labelled *rainbowwashing*.

The problem with the SDGs is bigger, still. A quick glance at the average corporate sustainability report suggests that many of the SDGs are not considered to be of material importance by most companies. Put differently: the SDGs address those topics that from the perspective of global sustainability need urgent attention, but they do not fit well with corporate sustainability strategies. This implies that business remains to play a small part in effectively addressing the enormous challenges that the SDGs represent.

In conclusion, the practical flaw of the SDGs hence is that they hardly reflect the sustainability reality of business. In not doing so, the SDGs are a mirror image of the fundamental flaw of business and its dominant interpretations of sustainability.

Sustainability should be the 'core business' of every company. All the rest is of secondary importance.

(This column was published as a slightly different version in the December 2018 edition of MilieuMagazine.)

How do the SDGs question rather than inform corporate sustainability?

On 25 September 2018 it was three years since the United Nations (UN) General Assembly adopted resolution A/RES/70/1, titled 'Transforming our world: The 2030 Agenda for Sustainable Development'. An important part of this resolution were the Sustainable Development Goals (SDGs). The SDGs reflect 17 of the most pressing sustainability challenges the world faces today, including eradicating poverty, ensuring affordable and clean energy, and quality education. Having huge positive and negative impacts on people and planet, companies has a central role to play in realizing the SDGs, presumably since the SDGs provide ample business opportunities. As the World Business Council for Sustainable Development (WBCSD) notes: "It is clear that companies perceive a wide range of benefits from engaging with the SDGs, underlining how the Goals can help business in a variety of ways" (WBCSD & DNV GL, 2018: 7).

Such an anniversary is a good reason to take stock in order to celebrate one's successes and failures. In addition, despite the fact that the SDGs have only come into force rather recently, some 20 percent of the time has already passed to achieve them since their launch. In the 12 years left to realize the 2030 Agenda, there is undeniably a lot of work to be done: a recent report by Eurostat (2018) shows that there has only been moderate progress on many SDG indicators. On the upside, many large companies appear to be aware of the SDGs' existence. At the same time, a study among Belgian small and medium-sized enterprises found that half of them had never even heard of the SDGs (Moratis, 2018). We will leave it to the interpretation of the reader to determine whether or not this is a positive sign.

Despite large companies' awareness of the SDGs, recent research has shown that the lion's share of them have not translated the SDGs into their strategies (WBCSD & DNV GL, 2018). Also, the majority of companies are currently not using the SDGs to inform target-setting, with North America lagging with 34 percent of companies not doing so (Globescan & BSR, 2018). In Belgium, most companies adopt the SDGs through bolting them onto their sustainability strategies and note that the SDGs have many similarities with their existing sustainability strategies (SDG Barometer, 2018).

Interestingly, in their conclusions, such SDG studies tend to replicate the advice following from earlier research into the uptake of sustainability by business in general, including integrating sustainability into strategy development processes, making sustainability an integral part of procurement criteria, and exploring opportunities to spur sustainability through cross-sector partnerships. *L'histoire se répète* – and if that signals anything, we are afraid that it isn't a lot of progress per se and that the adoption of the SDGs is bound to become nothing more than a UN-backed framework for legitimizing efforts that have already been undertaken by companies.

However, there seems to be a substantial difference between embedding sustainability into companies on the one hand and embedding the SDGs on the other.

In order to connect sustainability with their strategies, companies usually identify those social and environmental issues that are most relevant to them – and they consequently prioritize these through their sustainability strategies. These so-called ‘materiality assessments’ are part and parcel of every sustainability manager’s repertoire and an important rationale when it comes to selling sustainability to the C-suite. These material issues tend to cover subjects that relate to companies’ ‘core business’, those areas that have the highest economic impacts or pose the highest (financial) risks to the company, and the topics that key stakeholders have the most interest in. In this manner, the idea is, one can separate short-term priorities from longer-term priorities and from issues that should not be prioritized at all.

Working with the SDGs seems to present companies with a whole other ball game. The 17 SDGs are mutually dependent in realizing them. In fact, the aforementioned UN resolution states that they are integrated and indivisible. While this argument holds true for sustainability issues in general (whether or not you bring them into a coherent set of goals, combating climate change and gender equality remain instrumental strategies for eradicating poverty), contending that the SDGs are integrated and indivisible actually reduces the discretion at which companies can identify material sustainability issues. Put differently, the idea is to prevent companies from cherry-picking the SDGs and to have them embracing and contributing to *all* of them. This runs counter to the materiality orientation that has underpinned the strategies of companies to approach sustainability. Practice however shows that companies tend to select and prioritize only a few SDGs, particularly those that they consider to have the main impact on or to be mainly affected by. A survey of WBCSD members found that 78 percent of companies have already undertaken efforts to identify priority SDGs for their organization (WBCSD & DNV GL, 2018). Recent research shows that the SDGs that are particularly prioritized by companies are Climate action and Decent work and economic growth (Globescan & BSR, 2018) and among those least prioritized are No poverty and Life below water. When focusing on specific SDGs, companies still tend communicate that they have ‘adopted the SDG framework’ or ‘subscribe to the 2030 Agenda’, leading skeptics to label such behavior as rainbowwashing, poking fun at the playful SDG colormap.

Still, the SDGs prove to be more problematic than this. Just a quick glance at companies' sustainability reports seems to reveal that many of the SDGs are considered as 'not material' or are only scored as 'low relevance' by business. Here, an undeniable contrast occurs: whereas the SDGs address those topics that need urgent attention from the perspective of a global development agenda, they do not fit well with companies' sustainability strategies. This implies that the world is at risk of bringing business tot he fringes of the agenda of transformation propagated by the SDGs. Even worse, companies may be dodging responsibilities for their impacts, legitimizing their behavior through a widely accepted strategy for determining the basis of corporate sustainability strategies. In the context of a business case-oriented sustainability discourse it may be argued that companies will be able to better embrace the SDGs from an opportunity-driven materiality approach instead from a risk-driven materiality approach. Such an idea, which essentially also builds on pursuing corporate self-interest, could prompt business to adopt a wider set of goals. Nevertheless, arguments relating to cherry-picking the SDG agenda equally apply to this idea since companies will select those areas where societal interest coincides with theirs.

One may conclude, therefore, that the SDGs actually question corporate sustainability rather than informing companies' strategies in the social and ecological domain. In doing that, it should be realized that the SDGs reveal a fundamental flaw of business (emphasizing self-interest at the expense of society's) and dominant approaches to corporate sustainability (based on the criterion of materiality). Truly weaving the SDGs into business requires companies to embrace the entire set of 17 goals for other reasons than merely instrumental ones – perhaps because pursuing a better world represents a value in itself rather than that it may provide business opportunities. In order to transform our world, it is pivotal to transform the idea of business and its instrumental approach to sustainability first. Having done that by the year 2030, however, seems highly improbable.

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Part IV.

Faces of responsible capitalism

Polman's awkward legacy

In November 2018, Unilever CEO Paul Polman announced that he would be stepping down. For 10 years, the Enschede-born business administration graduate led the globally operating British-Dutch giant in fast-moving consumer goods, providing the world with food, personal care and cleaning products. During those years, Polman built quite the reputation as an iconic propagator of the social responsibilities of business and Unilever developed a solid reputation as a sustainability leader.

The Sustainable Living Plan that was launched in 2010 served as a blueprint and compass to double the company's revenues and slash its environmental footprint in half in only 10 years' time – which is, however you look at it, is quite a challenge. When the Paris Climate Accords were sealed, Unilever announced that its ambition was to become 'CO2 net positive' in 2030. In order to help realize this, Unilever bought several smaller companies leading the sustainability pack, including Seventh Generation (ecological cleaning products), Pukka Herbs (organic herbal tea) and, most recently, The Vegetarian Butcher.

It is therefore not without reason that Unilever is consistently ranked among the world's 'sustainability leaders' by experts. In other rankings, for instance in the field of social sustainability and responsible supply chains, the company regularly tops the lists as well. The Sustainable Living Plan has resulted in positive effects on poverty, labour conditions and ecological performance as well as on profitability. Unilever's sustainable brands have shown to grow at 50 per cent higher growth rate as the other brands. But Paul Polman did more: he challenged the very essence of stockholder capitalism by criticizing the obsession with short-term value creation and following up on this critique himself. One of the most eye-catching initiatives he took short after he was appointed as CEO of Unilever was abolishing quarterly reports - Polman has actually been claimed to say that he dared to do so because he thought nobody would fire a new CEO in his early days. The long-term orientation he championed has resulted in a stock value that has almost quadrupled. Another, less well-known, merit of the Polman era is that the share of female managers and executives in the company has grown considerably. Paul Polman is leaving Unilever not only knowing it is now a more modern, forward-thinking and future-proof company, but also that he has created a story about the advent of a new kind of CEO.

Although Polman grew into a celebrated CEO that has received wide acclaim and many words of praise, he does not have an unblemished record. Financial analysts and a number of powerful stockholders were not always enthusiastic about his ideas and actions. For instance, they accused him of taking the stage as a sustainability pope a bit too often, which – in their view – distracted his attention from the necessary rationalization of the company's product portfolio. Reports about abuses on tea plantations and research that showed that the company still works with producers of palm oil who destroy the rain forests put the credibility of Unilever's sustainability claims to the test at the same time. Research journalists concluded that the company was co-responsible for the inflation of the sustainability concept by defining the criteria for the concept based on its own interpretation. In 2018, there was controversy about Polman's annual executive compensation package that totalled, including bonuses, no less than 11.5 million euros for the year 2017. With this compensation package, he earned almost 300 times the average salary of Unilever employees, a ratio that is the highest for any Dutch stock listed company. The final months of his CEO term were marred by calling off his proposal for a simplified organizational structure that would lead the company's dual British-Dutch headquarters to reside in the Netherlands and his role in the Dutch dividend tax soap. Critics see these incidents as the unmasking of the impassioned, enlightened corporate leader and as evidence of the company's sustainability initiatives being nothing more than obligatory 'happy talk'.

In our view, these examples are actually symptoms of a more profound problem: there is no such thing as green growth. Despite Polman's engaged and inspirational pleas for corporate sustainability, Unilever's green ambitions, and those of most other so-called sustainable companies, have ultimately and consistently been overruled by growth objectives. Scientific studies show time and again that even with very optimistic assumptions about, among other things, the level of CO2 prices and the most efficient production methods, worldwide consumption demands an unsustainably high use of natural resources. Unbridled economic growth and making our society more sustainable are two objectives that, unfortunately, have proven to be irreconcilable; whereas growth can sometimes be argued to be *relatively* green, an absolute decoupling between growth and green is impossible. Green growth has been and will remain an illusion – a politically correct pseudo-solution that distracts the attention from the problems that are inherent to the methods of production and consumption of which companies such as Unilever are the visible exponents. This message becomes all the more problematic when one realizes that most of Unilever's revenues now come from emerging economies and that future growth will also (have to) come from these areas.

It is hence a legitimate question whether Paul Polman's Unilever has put the proverbial sustainable dent in the universe or that he has just seasoned the concept of sustainability for a business world hanging on to capitalist logic. Has Polman really changed stockholder capitalism or has he challenged it for a brief period in time without success? Has the business model of the company transformed fundamentally? Does the company's growth, even with a relatively improved ecological footprint, really result in a serious contribution to making our society more sustainable? Will The Vegetarian Butcher become a more influential driving force of a vegetarian and plant-based lifestyle or will it ultimately be forced to inspect its own 'meat' based on growth potential and margins?

Without downplaying Paul Polman's merits, the inescapable observation must be that he has offered us only a glimpse of what it would mean to conduct business in a more sustainable fashion. If Unilever has been truly serious about it all along, there is a substantial promise, indeed an obligation, which will prove rather difficult for Polman's successor to fulfil. Until the moment that pledge has been redeemed, we cannot but conclude that Unilever has not put the sustainable dent in our universe that it had promised.

(This column was published on January 3, 2019 by BN De Stem.)

Davos: hangout for a purpose-poor business

From January 22 to 25, the 49th meeting of the World Economic Forum (WEF) took place in Davos. The WEF is the annual forum where influential *captains of industry*, politicians, intellectuals and journalists meet to discuss the world's most important problems. As an independent, international and mediagenic multistakeholder platform it is a beloved place for the vested interests and the intelligentsia to explore the state and future of the global economy in relative openness, to debate societal trends and their impacts on human life and present novel 'world-changing' initiatives.

The popularity the WEF has enjoyed through its participants ever since its inception in 1971 is matched by the criticism that can be heard from those that oppose the idea of the forum. The get-togethers have encountered fierce reactions and protest over the course of time, notably by anti-globalists. A cynic would say that, periodically, the white wine sipping elite takes a week to polish the cutlery of global business and the political establishment in the thin air of the Swiss retreat. And if you are part of this elite, as DSM CEO Feike Sijbesma is, you say that 'those who care' meet each other in Davos.

Within the somewhat abstract overarching theme 'Shaping a global architecture in the age of the fourth industrial revolution', this time around the main topics included problems such as the worries surrounding Brexit, the rise of populism and lacking gender equality. However, the biggest problem of all is consistently ignored in Davos: that is the WEF itself.

It is not so much the perverted symbolism of world leaders who arrive by private jet and who are taken to the venue by limousine to get access to the most interesting sessions with their special hologram badges – including a session with Greta Thunberg, the young climate striker who was photographed with her protest placard under her arm at a train station to add to her argument. A much more important problem is that those same world leaders showcase an incredible deal of impotence each and every year (which is probably a combination of a lack of will and lack of ability) to actually shape the new economy that has dominated their rhetorics. Consider the themes of some of the past meetings: 'Taking responsibility for tough choices' (2005), 'Responsive and responsible leadership' (2017) and 'Creating a shared future in a fractured world' (2018). Those statements are undeniably in sharp contrast with reality. For instance, the recently published Circularity Gap Report showed that no more than nine per cent of the world economy currently is circular and developments appear to show a downward rather than an upward trend. A report by Oxfam calculated that the 26 richest people in the world now have collected the same amount of assets as the entire bottom half of the planet's population. The Guardian showed that the best investment in a FTSE 100 company one could have made over the past 35 years was an investment in British American Tobacco was.

While business leaders and politicians champion platitudes such as 'the only constant in this day and age is change', 'climate change is not just a threat, but also a business opportunity' and 'companies should prefer purpose over profit' in Davos, surprisingly little seems to change in-between the WEF's meetings. If there is one effect of the WEF, it is that the broader public is only becoming more skeptical about what it is that 'those who care' really care for. Within this context, U2 lead singer and master tax avoider Bono calling capitalism amoral and a wild beast surely must be considered the all-time low.

The WEF has changed from a place of reflection for corporate leaders and those in political power into a hangout for a purpose-poor business and those that have an interest in hanging on to a socio-economic system that propagates the wrong values. Against that background, the WEF's 50th meeting offers an excellent opportunity for profound introspection and perhaps even dissolving the institute. After all, there are already too many private conversations happening between the rich and those in power on our planet.

(This column was published on February 5, 2019 by Brabants Dagblad.)

Epilogue

Why developing sustainability intelligence is a smart thing to do

Within a month's time, two authoritative reports have been published about smart strategies that the Netherlands should follow in order to both realize sustainable economic growth and develop its international competitive position. The report 'Kiezen voor duurzame groei' ('Choosing sustainable growth'), written by the governmental think tank Sustainable Growth takes a broad view at socioeconomic developments including the sharing economy, digitalization and the energy transition. The second report, written by the Dutch Social and Economic Council, addresses the circular economy and the myriad opportunities it provides, the risks it brings and the implications it has as an emerging economic model.

Both reports were written with the same idea in mind: creating a sustainable economic model that not only respects ecological quality and social justice, but views these as the basis of future economic growth. Sustainability is the smart choice because it focuses on multiple forms of value creation. Transformation through innovation is the guiding motto: we need to continuously learn in order to do things differently and notably smarter than today, the authors of one of the reports write.

It should be noted that many 'smart strategies', especially within the context of a circular economy, the transition towards a green energy infrastructure and natural capital, tend to have a strong technical orientation. They usually rely on rather specific expertise when it comes to using natural resources efficiently, the composition of materials, chemical processes, waste flows, upcycling, biodiversity and the workings of ecosystems. This touches upon an often-heard point of critique: one has to be an accomplished natural scientist or biochemist to develop and deploy such smart strategies. The unintended but inevitable side effect is that the realization of a green economy or a sustainable business model quickly becomes rather illusory to most of us. The solutions that we need, run the risk of drifting away from companies, citizens and policy-makers that have a central role to play in these transitions.

Make no mistake, though: that kind of technical expertise is without any doubt part and parcel of the type of intelligence that we need to make our economy smarter. Also, the reports are right to point at the need to forge cross-sector collaborations in order to combine complementary knowledge, skills and networks and at the importance of a continuously learning government.

Yet, in our view, ultimately, other types of intelligence are needed to make a sustainable economic model become a reality and to sustain it in the long-term – and the reports fail to address them. We actually need something that we have come to call sustainability intelligence, a concept that is based on what we have witnessed in our work in the field of sustainability over the past years and ideas that we have developed through our professional engagements with the subject. Sustainability intelligence consists of three components: naive intelligence, native intelligence and narrative intelligence.

We identify naive intelligence as important in order to be able to envision and experiment with a future that can – and must – be, without being hampered by the limitations of the existing systems and structures in which our current conceptions of economic value creation are trapped. Demonstrating creativity, having an entrepreneurial attitude and courage are essential here. Being consciously naive is important in a challenging situation made up of knowing what we want to get rid of without already knowing how to successfully move on.

The second component is native intelligence. Native intelligence pertains to being able to respond to and work with ingrained aspects of human behavior and age-old human tendencies that have shaped today's economy and that compromise sustainability. A focus on self-interest, a short-term orientation and the importance that people attach to relative status have proved to be hard to overcome barriers for sustainability. Native intelligence enables us to try and work around these barriers and consider these as behavioral mechanisms that could also stimulate and spawn sustainable behavior. One of the strategies that can be used for this is designing human environments in such a way that they promote and represent sustainable choices as the default choice rather than sustainability being just one of the options.

Narrative intelligence is the third component of sustainability intelligence. Capitalizing on the notion that humans are narrative animals, we need to develop new stories about sustainable futures (somewhere between utopia and catastrophe) and invite and enable people to tell those stories. People who are familiar with the art of providing inspiring, concrete and desirable perspectives, who can integrate the development of societal and economic values and who can mobilize people for such futures are among the greatest assets mankind has in its quest for sustainability.

Ranging from Vandebron to Tesla, from Deelkelder to Patagonia, from FLOOW2 to Interface – these organizations show us the potential of cultivating these components of sustainability intelligence and are the living examples of the fact that developing sustainability intelligence is the smart thing to do.

Finally, it should be noted that both reports rightly emphasize the role of education. After all, education shapes the economy and the moral infrastructure of the future: tomorrow's professionals, entrepreneurs and policy-makers are in our classrooms now. They will be the driving force behind the circular economy and sustainable business models. And that is exactly why sustainability intelligence should be cultivated there.

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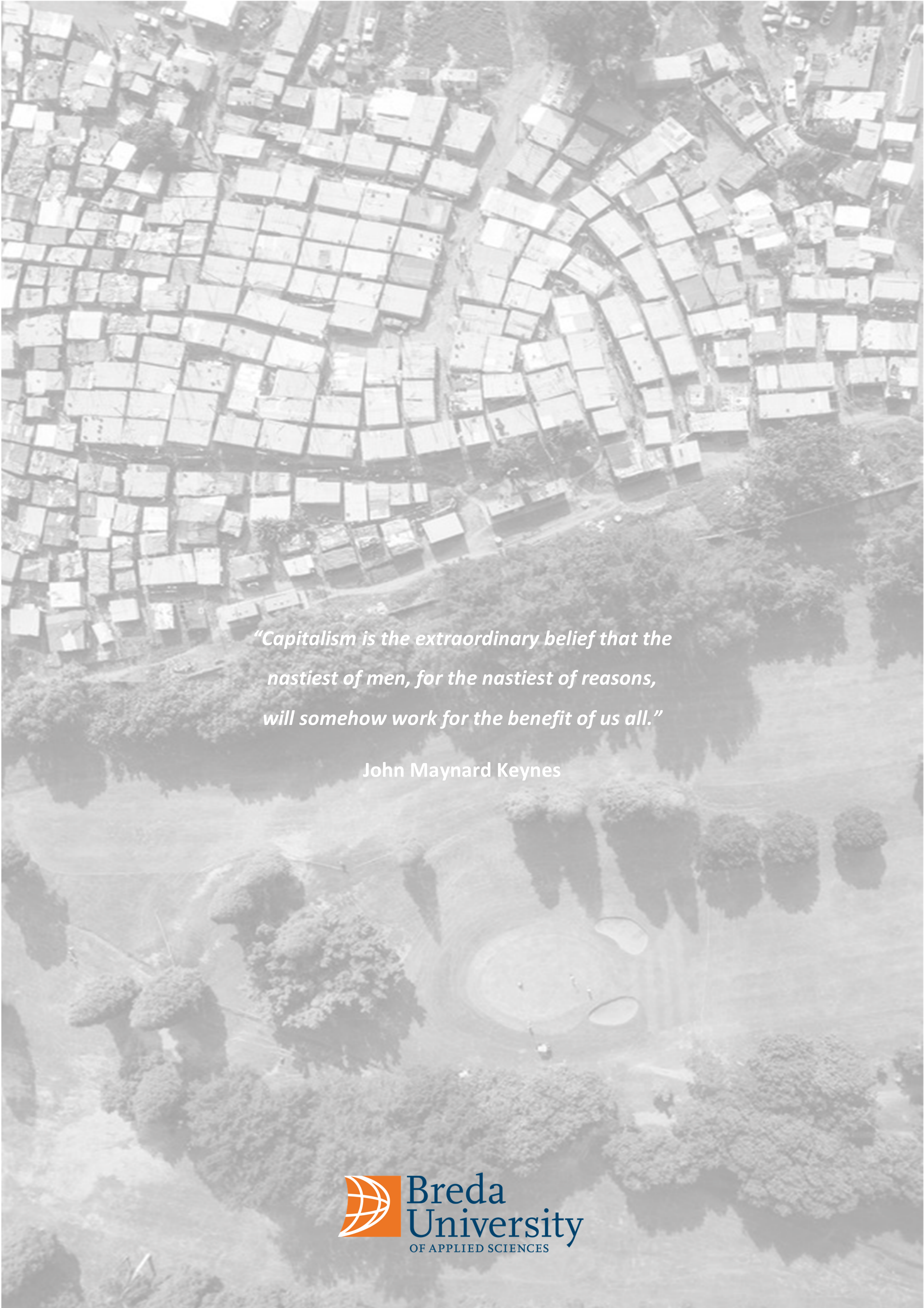

"Capitalism is the extraordinary belief that the nastiest of men, for the nastiest of reasons, will somehow work for the benefit of us all."

John Maynard Keynes

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