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My Middle Eastern Sustainability Journey

From charitable giving to economic remodelling

Maria Sillanpaa, Founding Director, Sustainability Advisory Group

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Sustainability Advisory Group is an international alliance of sustainability strategists and specialists. For more information see www.sustainabilityadvisory.net or email info@sustainabilityadvisory.net.

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I arrived in the UAE in 2007, awestruck by the miracle of Dubai growing before me. After a 20-year career in sustainability, I was lured to the region by the prospect of affecting change working with one of the world's largest master developers. Our remit was to instil sustainability on the corporate agenda using it as a catalyst for organisational excellence. The commitment was certainly there and good results achieved; however, at the end of 2008 the world suddenly changed. Dubai property was in turmoil as the global financial crises hit hard.

Despite the upheaval, we have witnessed an irrevocable shift in how the region perceives sustainability and corporate responsibility. Initially, the topic was hardly covered in the media, or corporate or governmental echelons. Whilst now, the topic is an integral part of today's lexicon.

Be Charitable

Although corporate responsibility defined in a Western 'modern' sense is still in its infancy, some core ideas are not new to Arab cultures guided by a strict allegiance to Islam as a deep rooted sense of personal duty towards the community and wider society. Hence the term 'corporate responsibility' is still often understood as synonymous with charity – an extension of individual Zakat (One of the Five Pillars of Islam that requires Muslims to donate part of his income to the poor and needy).

Contrary to Western practice, however, local companies in line with Islamic tradition, do not often talk about their corporate giving. There are signs that attitudes are changing however, so for instance, in its inaugural Corporate Responsibility Report 2009, the Jumeirah Group discuss their commitment to developing a Community Investment policy defining guidelines for a more systematic approach to giving. Further, Jumeirah states that its charitable activities need to be more brand-aligned and channelled through a formal Foundation.

It seems that the regional approach to philanthropy is evolving in a similar fashion to Western economies – from somewhat ad hoc activities driven by individual company founders, to a strategically aligned, competency-based activity framed by the company's overall corporate responsibility strategy. This is certainly a positive trend – the evidence that this model of charitable giving is more effective for all concerned is now well-established and there is no reason why this could not be the case in the Middle East.

Do No Harm

Philanthropy aside, the region is clearly now acknowledging that corporate responsibility goes well

beyond the cheque book. The planet and its people are in trouble and some of the worst challenges we face globally are exacerbated in fragile regional ecosystems: water scarcity and the financial and environmental costs of desalination, decline of the Arabian Gulf, severe pressures on biodiversity and the unpredictable impact of even the slightest climatic changes in an already extreme environment. These are just some of the issues that need to be confronted if we are to mitigate their adverse impacts on the environment and on people's ability to make a living.

'Do no harm' also applies to people as well as the planet. It means governing our organisations robustly, providing decent working conditions and behaving ethically in all our dealings. It means not distorting the market by non-competitive behaviours and shunning corruption and bribery. Ultimately, accepting responsibility beyond the letter of the law and where regulatory frameworks are immature or weak, seeking guidance from international standards for corporate responsibility and sustainability.

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impact of even the slightest climatic changes in an already extreme environment.'

Regional businesses are beginning to take note – every day companies are joining the march towards elevating their corporate responsibility commitments. Governments are introducing new standards and decrees. The media is beginning to demand action. A good example of this is the recent flurry of activity around green building tools, rating schemes and even royal decrees. Undoubtedly, some of the region's key sustainability challenges are caused by and evolve around the sonic speed at which property is being planned and developed. Unsound property development and master planning can cause a lot of harm for generations to come – to the environment, the people who build and ultimately to the residents themselves.

Green buildings and sustainable community development are not just 'nice to have' but a 'must have' for ensuring long term value and enduring economies. Now is the time to ensure that the various tools and standards are adopted and implemented. The business case is well-established, not only in the green building space but also with other 'do no harm' practices. For regional inspiration on win-win-win approaches to 'do no harm', Nakheel's Omran, a workforce accommodation developed to improve the quality of life of construction workers and hospitality staff in Dubai is a valid example. Or look at the inaugural sustainability report of Tecom Investments whose environmental initiatives have generated numerous convincing bottom line benefits beyond lessening the company's environmental burden.

Create Uniqueness

Moving beyond 'do no harm'; seeing corporate responsibility as a somewhat technical matter of compliance, the next stage involves a shift in mindsets. Leading companies now recognise that sustainability must be approached strategically. The various issues can present risks to the company's long-term viability – but the reverse is also true. They can be a source of competitive advantage, offering opportunities for differentiation, even uniqueness. They therefore need to be on the executive agenda and managed proactively with real leadership.

A strategic approach requires that the company has done its homework and can rest assured that it has taken care of its compliance agenda. Failure to perform against minimum standards is not a strong foundation for seeking areas of unique value. Sustainability needs to be delivered across diverse aspects of the business – from governance to human resources, procurement, marketing and communications. It must be integrated with business planning processes to make it stick – if it is not in budgets or doesn't figure in bonuses, it's not real.

After the homework is done, a strategic company sits down and decides what really matters. What are the material sustainability issues that are relevant for its business, its corporate strategy, its stakeholders and its bottom line? Where can the company innovate to not only save money or prevent reputational damage, but to enhance its products and services by using sustainability as a driver for innovation? Sustainability becomes a new leadership skill, a lens through which the company scans the market for opportunities to do well by doing good.

Internationally, case studies in this space are increasing. We have all heard of Toyota and Prius, GE and ecomagination, Vodafone and M-Pesa. These companies may not be sustainability saints in every sense of the word, but they've seen the light and are proactively developing products and services to meet needs differently.

Locally, this trend is also taking off. Look, for example, at Aramex who are working towards neutralising the carbon stemming from its core service and establishing a sustainability innovation index to measure the degree to which sustainability is becoming integral to its corporate DNA.

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Transform or perish

The ultimate step on the sustainability journey involves shifting mindsets and perceptions about what business is all about. This involves moving from the traditional 'the business of business is business' world to a new paradigm where the 'business of business is the planet and its people'.

At the turn of the Millennium, companies took over as the major economic force globally – of the 100 largest economies in the world, 51 turned out to be corporations, 49 were countries. At that time, Wal-Mart was bigger than 161 countries; Mitsubishi was larger than Indonesia. General Motors was bigger than Denmark. Ford was bigger than South Africa and Toyota bigger than Norway.

With this level of might and influence, companies must accept a much wider global role than purely the economic. They need to be proactive seekers of solutions to our complex global challenges, not only reactive followers of new rules. Channelling their resources to play a part in elevating standards beyond their own front gates is a must. Pushing their own stakeholders to behave differently - to want or to offer different things – becomes vital. The ultimate driver for such a company is not the short term bottom line but the long-term survival of the system without which the company is no more.

A utopian scenario, you may say, but evidence of such companies exists. Admittedly, they are often small niche players compared to the global giants. At times however, they grow into globally recognised brands that affect the way we think about business and the products we buy or sell. Consider The Body Shop, whose founders, amongst many other campaigns, pioneered the practice of sustainability reporting in the mid-90s. Eighty percent of the world’s 250 largest companies now report on their sustainability performance – a passing fad, they said only ten years ago. Consider Ben & Jerry’s Ice Cream – a company that has played a major role in igniting the global fair trade movement. What unites these transformational success stories is their customer’s loyalty towards them.

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Such companies think differently about their products – they see human needs and strive to offer more sustainable solutions and in the process often propel their stakeholders and other companies along the journey.

We are seeing such early niche players emerge in this region too. Take a stroll for instance in any big mall food court and you cannot escape the words ‘organic’, ‘green’, ‘fair trade’ etc. But bigger players are also onboard – consider Masdar and its ambition to play a role in the economic transformation of Abu Dhabi from oil to energy. The success of this company will be measured by what happens in Abu Dhabi during the next 100 years.



Back to work

Looking back at the last three years in the region, I conclude that the corporate responsibility and sustainability journey follows similar steps as in any other country I’ve worked in during the last 20 years. Companies in this region may have joined the journey later than their western counterparts and their numbers may not yet be as large, but the steps follow similar patters. We can all learn from this by tapping into the vast pool of experimentation – successes and mistakes – and hopefully leapfrog quickly to a new level of excellence. There is still room at the top table and I look forward to rolling my sleeves up with you to take the agenda forward!

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Maria is one of the pioneering practitioners in the fields of corporate responsibility and sustainability management, stakeholder engagement and assurance. She has worked exclusively in the field since its earliest days in senior roles at The Body Shop, KPMG and AccountAbility.

Her former clients include BBC, BSKyB, The Gap, ING Bank, Nakheel, Nike, Novo Nordisk, Pfizer, Shell, Siemens and Westfield.

Maria was instrumental in setting up the AA1000 Assurance and Stakeholder Engagement Standards and she currently sits on the Technical Advisory Committee of Global Reporting Initiative. Maria’s publications include The Stakeholder Corporation – A Blueprint for Maximizing Stakeholder Value.

Her recent number three ranking in CSR International’s global top 100 leaders advisory category reflects her profound and continuing impact in this field.

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