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CISL Cambridge Institute for Sustainability Leadership

Survival of the Fittest: From ESG to Competitive Sustainability

A discussion paper by the University of Cambridge Institute for Sustainability Leadership

Business Leadership

The University of Cambridge Institute for Sustainability Leadership

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Executive Summary

It is time to revisit the fundamentals of business and sustainability. Despite decades of corporate commitments and innovation, the massive flow of capital into clean technologies, and the significant and growing body of evidence of the economic benefits of swift action, the sustainability crisis is deepening. While the roll-out of solutions is impressive, we are failing to keep pace with the scale of the problem and trends on climate and nature continue to head in the wrong direction. It is time to recognise that the market has failed to deliver at the pace required and there is no realistic prospect that, without much deeper structural changes, market forces will 'bend the curve' and protect the social and environmental foundations on which society - and businesses - depend.

Given this, it is time we questioned the founding ideas and dominant approaches in the corporate sustainability movement. CISL has a particular responsibility to do this, because as a leading education provider, convenor and thought leader, we must constantly challenge ourselves to be at the cutting edge. Difficult questions arise, including: Is there something profoundly wrong with our collective approach? Why did we not see this failure earlier? Do we need to question the very idea of market-driven change?

The uncomfortable truth for the corporate sustainability world is that there is a very real risk that – with the exception of a few companies – the majority of businesses, and the ecosystem of advisors and advocates that support them, are actually contributing to the problem, by creating the impression that we are making good progress, and thereby delaying required radical changes to markets and the policies that frame them. Hero projects, long term pledges and disclosures are all part of the solution but are not going to move the dial while it remains profitable to damage nature and society.

As we move beyond the environmental, social and governance (ESG) hype bubble it is time for business to recognise that, irrespective of short-term market sentiment, an economic transition is inevitable. We cannot do business on a dead planet, and we can be certain that business as usual will not continue. Although the window for action is narrowing, businesses still have the opportunity to protect their long term viability and success by working to reshape the markets on which they depend.

In short, we need to design out the prevailing tension between profitability and sustainability. This can only be addressed by consistent, long-term government commitments and effective delivery plans that drive all businesses to act, creating thriving markets for climate-neutral, nature-positive and circular products, and punishing those who fail to act. Such ambition, with the policy and regulations needed, will only materialise if a critical mass of business leaders actively demand it.

This means precious business resources should be focused on shifting whole markets and sectors so that business can profit from transition. Accordingly, the leadership agenda for business must go beyond setting targets and making commitments for individual company change – and instead focus on a 'whole of economy' transition, with a strategy to compete and win within that transition.

Our conclusion is that, while we are locked into the near-term consequences of the damage we have done to date, we still have time to avoid the most dangerous scenarios. We remain optimistic that, with the right interventions and strategies by business and strong guidance by policymakers, we can avoid a truly existential crisis and achieve long-term prosperity and resilience. For this to occur:

- Business needs policy to design out the conflict between long-term sustainability and short-term commerciality;
- Corporate leaders need to build social engagement and buy in for transition;
- Business needs to compete aggressively on superior sustainability performance.

It is time to move on from trying to put 'sustainability thinking' into business and instead start putting 'business thinking' into sustainability. We need to shift to an agenda of competitive sustainability.

ESG has not delivered – and never could.

In an era of disruptions, polarisation and increasingly complex, interconnected sustainability challenges, and despite the recent backlash against ESG, the business case for sustainability remains clear and enduring. At its core it is simple enough: business will not thrive on a planet suffering cascading crises and gripped by unmanageable risks – which is precisely the direction in which we are heading.

This challenge to business has been clear for decades. Our Business and Sustainability Programme was founded 30 years ago by the former HRH Prince of Wales, now HM King Charles III. The World Business Council for Sustainable Development was founded in 1991 and now has a global network of over 60 business-led organisations, representing 6,500 businesses. The United Nations Global Compact was founded in 2000 and has over 25,000 participants. Indeed, many thousands of organisations have been formed, together mobilising millions of businesspeople dedicated to driving action on sustainability through the market.

Propelled by work such as the 'Better Business, Better World'[1] report from the Business and Sustainable Development Commission, which identified US$12 trillion of economic opportunities inherent in delivering the Sustainable Development Goals, many believed that business innovation and action could see markets drive rapid progress to address global challenges – while also delivering superior commercial returns in the process.

For a while, investment markets believed this too, with a boom of interest in ESG funds, peaking in 2021. But the hype bubble around ESG has burst in the face of economic headwinds, confusion about what it was seeking to achieve and legitimate concerns about greenwashing.

1 Business and Sustainable Development Commission, Better Business, Better World (Business and Sustainable Development Commission, 2017), https://sustainabledevelopment.un.org/index.php?page=view&type=400&nr=2399&menu=1515

The reality we must now face is that businesses and markets have not delivered change at anything like the scale required. While many organisations are now operating in ways that are less damaging than they once were, this is usually down to interventionist policy measures and almost all major firms are still damaging the planet and operating in unsustainable ways. And while massive amounts of capital have flowed into renewables and clean technologies, and are now growing in new food technologies, the phase-out of damaging activities like burning fossil fuels, deforestation and industrial-scale agriculture is not happening at sufficient speed to even register in planetary terms.

Simply put, the problems are increasing faster than solutions are being deployed. We see record carbon emissions, biodiversity still in decline, and income and wealth inequalities worsening in many Western economies, leading to social polarisation.

Given all this, it is time to question the founding ideas and dominant approaches to corporate sustainability. As a leading convenor of business leaders, a provider of business education in sustainability, and a centre for thought leadership that prides itself as being at the cutting edge, we have a particular obligation to do so.

We conclude that ESG, and the dominant ways the corporate sustainability movement has been driving change, have no realistic prospect of doing enough to deliver a safe future for humanity, nor even of protecting businesses and the markets and economies on which they depend.

Why has this movement fallen short despite the myriad initiatives, processes and standard-setting? With so much high-level support and market momentum, why has the market failed to deliver what is needed? Was there something profoundly wrong with our collective approach? Why did we not see this failure earlier? Do we need to question the very idea of market-driven change?

Economic change is inevitable. The question is can markets deliver it?

What is not in question is that transformation will happen. When things are unsustainable, they stop. When we overfish the oceans, fish stocks collapse. When demand for water exceeds supply, we get water stress. Climate change and biodiversity loss are not philosophical questions or moral dilemmas, they are physics, chemistry and biology imposing practical and non-negotiable limits on business as usual. The laws of nature will demonstrate the economic limits of unsustainable business practices and these limits will translate into economic loss.

Given that context, the choice we have as societies and businesses today is not whether transition will happen, but how and how quickly.

While efforts to date around sustainability are insufficient, they are not inconsequential. Innovation and business action, largely driven by industrial policy in the EU, US and China in particular have driven progress in some important areas that is now translating into real market momentum and significant investment into clean technologies, such as electric vehicles and renewable energy. But the lesson to learn here is not that technology and the market will drive change – but that the market and technology can deliver change if reformed and shaped in the right way. We need to learn the right lesson and raise ambition to transform all markets and to respond to the imperative for speed as the transition is not yet fast enough to keep pace with the growing scale of the problem.

The choice we face now is this:

- Will we continue with inadequate responses that do not address the underlying drivers and thus get to transition via a series of cascading economic, geopolitical and social crises that see us teetering on collapse – with existential risks for many businesses, markets and nation states, necessitating direct state intervention?
- Or will we focus on the actions that are required to accelerate change fast enough to avoid this scenario, and instead build long-term resilience for societies through thriving economies and markets?

Our conclusion, as two people deeply involved with corporate sustainability, at the highest levels of business and for many decades, is that while we are locked into the near-term consequences of the damage we have done to date, we still have time to avoid the most dangerous scenarios. Despite everything, we remain optimistic that with the right interventions and strategies by business and strong guidance by policymakers, we can avoid a truly existential crisis.

The question of whether or not to act should be a no-brainer. Everyone who still wants to be in business in five years' time has a vested interest in a managed transition and a soft landing. Indeed, only those who seek to profit from conflict and to milk dirty assets for short-term personal gain at the expense of our collective long-term interests would argue against action.

The real question then, is what shape that action should take. Any action commensurate with the challenge will necessitate a strong role for government, but the nature of government involvement can be either guiding the market to deliver or dominating the market with centralised economic control. We believe we still have time for that choice, whereas if the crisis becomes a full blown one, centralised economic control becomes far more likely.

We believe that while our current models of capitalism have many flaws, we certainly do not have time to rebuild entire institutions and economic systems before the global ecosystem spirals into crisis. This means business and markets, broadly as they are constructed today, remain the most likely way we can deliver change rapidly and at scale – but only if the right policy settings are put in place to guide them to do so.

We therefore maintain our core faith in markets' capacity to deliver. We know from the history of industrial and technological revolutions that once unleashed, market dynamics are unstoppable. There are countless examples where cleaner, smarter and more efficient solutions to enhancing human quality of life eventually prevailed over less effective approaches. The fact that markets have not yet delivered for sustainability – beyond limited examples like the increasingly explosive growth of renewables – does not mean that markets cannot deliver, only that we have not yet designed them to do so.

If they are to deliver, we need a rapid redesign of markets, incentives and wider business regulation to provide the private sector with a commercially viable transition pathway, and to protect and strengthen the social and environmental foundations on which its markets depend. In short, we need to design out the prevailing tension between profitability and sustainability.

This, in turn, will require a radical change in the way business and investors approach sustainability and the way policy is advocated and delivered. Without that, we do not believe we will get there, and this movement will have failed.

Understanding where ESG went wrong

The approach to date has fallen short and doing more of the same will not work. That is our starting point. We will not pledge and disclose our way to a sustainable future – more is required of us.

To determine a successful approach, we must first understand where we went wrong. We conclude that a core problem lies in the founding ideas of 'corporate responsibility', ESG and the resulting dominant approaches to corporate sustainability strategies over the last three decades.

At its core, this approach has been about imposing new standards and expectations on business, alongside the market drivers of profit and growth, and with a focus on individual business performance – encouraging businesses to 'become sustainable' and to 'future-proof' themselves, failing to recognise that no business can be sustainable in an unsustainable market.

It was believed that disclosure, reporting and good governance across environmental and social performance, along with company targets for this performance, would drive change. The expectation was that it would do so because higher environmental and social performance would provide superior risk management, deliver cost savings, create brand value and be attractive to investors, retail consumers and talented staff, thereby enhancing financial performance and ultimately delivering superior financial returns to shareholders. It was assumed that a positive correlation between sustainability and financial performance would shift markets, making it compelling for all businesses to take action.

This has worked to a certain, but in reality, limited extent. Most major businesses and investors have targets for action, slick communications campaigns highlighting hero projects, and vast teams of staff and consultants labouring over disclosures of their risks and impacts. The carbon and natural resource intensity of many businesses is now a little lower than it was a few decades ago and associated cost savings have been banked.

Yet, in spite of all of this action and rhetoric, capital is not yet moving at scale out of damaging activities. Yes, we have seen a boom in renewables, but growth in energy demand continues to drive fossil fuel use, and most oil majors continue to plan for expansion of production – with strong investor support. It remains the exception rather than the norm that major businesses have strategies to accelerate market transition with investments in innovation programmes designed to catalyse wide-scale change.

The core of the problem is that none of the target-setting, disclosure requirements and greater visibility of enterprise risk, change the fact that it still remains more profitable in most cases in the short term for businesses to trash the planet than to change. This is the core 'market failure'. Transparency and targets may be a good start, but they are deeply inadequate as drivers of the kinds of transformations required.

Within global financial markets, most businesses – and their boards and leadership teams – win or lose based on their short-term financial performance. Until we put a price – implicit or explicit – on social and environmental impacts so they translate into financial performance, we will continue to destroy the very foundations on which business depends, and the crisis will accelerate.

It is clear to us that the problem is not generally a lack of awareness or motivation. Enough leaders of major businesses are aware of the urgency; their staff increasingly demand action; boards are facing new liabilities; and regulations demand new disclosures. The problem is in the central idea of ESG and 'sustainability strategies' – expecting business to add things on top of and alongside their business priorities.

Of course, there are radically innovative and high growth companies that are showing the potential to make money through addressing sustainability challenges. But the reality facing most incumbent businesses that need to transition is that they are stuck between a rock and a hard place. They may recognise the long-term costs and risks of inaction and see the new opportunities that could be unlocked by economic transition. But the market punishes them when practical leadership translates into voluntarily bearing the costs of transformation while their competitors continue to profit from unsustainable practices.

It is this tension – the pressure to appear to be 'green', while operating in market contexts that do not sufficiently support the costs of transition - that drives the widespread phenomenon of greenwashing. It is this same tension that is resulting in many once-leading companies quietly stepping away from - or failing to deliver on - longstanding sustainability ambitions. And it is this tension that leads to burn-out and demoralisation of sustainability professionals who invest ever more time in disclosures and reporting, with limited movement of capital and no widespread real-world action as a result of sustainability performance data.

The solution is to embrace a competitive, value-centric approach

The solution is twofold.

1. **Change the mindset**. There needs to be a mindset shift within business to recognise the underlying imperative for action – an imperative that is grounded in the hard and fast laws of nature, not morality or market sentiment – and that it is therefore in their economic self-interest to accelerate market-wide shifts. Sustainability is not a choice, a trend, a cyclical issue, a philosophy or ideology. 'Leading' on sustainability is not about rankings and awards, but about driving effective structural change to enable a commercially viable pathway to transition. This means leaving behind the practice of 'declarative sustainability' (long-term pledges and warm words of support, with no serious plan to deliver), along with the ideas of 'doing the right thing' and 'social responsibility' and having dedicated 'sustainability (or ESG) strategies' alongside core commercial growth strategies. We need businesses to get back to the business of business – with a very clear recognition that for any business that aims to still be around in future, there is a compelling case for action today.

2. **Change the market**. With that imperative in mind, business needs to recognise that many actions required today - to ensure their long-term competitiveness and resilience - are not commercially viable for individual companies when their competitors do not act, and when damaging, incumbent business practices pose barriers to entry for important innovations. Therefore, action by individual companies, even by many of them together, will not succeed. Yet not taking action will destroy, or at least seriously damage those same companies and put their profit and growth at risk. This dilemma can only be addressed by strong government policy, containing real economic drivers like taxes and subsidies, mandates and bans, and other measures able to drive all businesses to act and change the market logic so action is supported and inaction is punished rather than than vice versa. We have already seen examples of such policies driving the changes seen to date, in expanding renewable energy, driving forward the transition to electric vehicles, and more.

Such policy – and the creation of markets for climate-neutral, nature-positive and circular products - will only come into being if enough business leaders demand it. Not in a general philosophical way of declarations and position papers, but by demanding clear and consistent government ambition and specific policy actions. As We Mean Business and our

Corporate Leaders Group have argued, we need to address specific business challenges, through pricing externalities (including through taxes and incentives), tackling skills deficits, planning laws and infrastructure investment. This will require a critical mass of businesses and industry bodies to push for more ambitious government action as a top priority and be willing to back this with proactive and constructive engagement with governments to make these policies happen in ways that will drive positive, real-world change.

Let us address these in more detail.

1. Change the mindset - sustainability is not a philosophy

The mindset shift starts with retiring the idea that sustainability is primarily about 'doing the right thing' or being rated highly in an index of 'good' companies then leveraging that for reputational benefit. Of course, a positive reputation on sustainability delivers bottom line benefits while market sentiment is favourable, but a strategy grounded primarily in reputation enhancement and market sentiment leaves the business exposed if sentiment shifts or there is dissonance between the real impacts of the business and its reputation. We have seen a great deal of this in the past few years.

All businesses are ultimately at risk if each individual business only does the little it can afford, while highlighting the good news stories and reassuring citizens, consumers and regulators 'don't worry, we have got this'. This is not only a strategy that is deeply insufficient, it is also often deployed as a smokescreen to distract from and excuse lobbying against the required radical changes to markets, and the policies that frame them.

While demonstration of what is possible and a sense of momentum are essential, the deeply uncomfortable truth for the corporate sustainability world is that there is a very real risk that – with the exception of a few businesses are genuinely positioning for a sustainable future – the majority of businesses, and the ecosystem of advisors and advocates that support them, are actually contributing to the problem, by creating the impression that current progress is adequate and by greenwashing business resistance to more substantive change.

As we emerge from the ESG hype bubble – or 'the ESG party' as the Financial Times labelled it – it is time for business to recognise that an economic transition is inevitable. We do not yet know if it will be driven by climate chaos and a crisis response or more proactively through strategic action. But we are certain that business as usual will not continue.

This transition will be economic, industrial and structural, and as a result will have significant implications for value creation, competitiveness and resilience. It will also present significant strategic choices for businesses between being a defensive victim or a proactive driver of change. In that context, business needs to take a hard, rational look at future scenarios and consider strategic and operational risk in this context. Decision-making should consider not only the cost of action but also the business risks of inaction – including risks of stranded assets. It must simultaneously consider the opportunities from major market shifts and what happens to companies that are slow to change, noting the consistent history of incumbents facing disruption from nimbler, faster competitors.

Yes, there will be the frustration of free-riders, and those who gamble on milking dirty assets until it becomes an absolute impossibility, but when you are sitting in a sinking ship, do you stop bailing out the water just because others are not pulling their weight?

For those who choose to act, the question must no longer be 'how much sustainability-related activity can we afford?' and must instead be 'how do we accelerate, navigate and benefit from the transition, and secure our long-term business success?'. For example, in Sweden, a number of major industrial players looked ahead to see what they need to be in ten years' time and took steps to align their strategy, market positioning and advocacy positions with the achievement of a fossil-free future. This, combined with concrete support from the Swedish government, resulted in the fossil-free steel initiative which has continuously achieved results at faster speeds than estimated and demonstrated a pathway towards decarbonised steel.

The obvious implication is that it means that business leaders need to not only understand the context they operate within and long-term trends shaping it, but also be willing and committed to try to shape it. Precious business resources should not be squandered on action that achieves only reputation kudos or which has negligible scale contribution to real world change but should instead be committed to shifting markets and sectors - and positioning to win in the resulting market shifts - so that business can profit from a more sustainable future.

2. Change the market – demand the conditions for business success

The leadership agenda for business must go beyond setting targets and making commitments to individual company change – and instead focus on whole of economy transition. Less 'we are doing our bit' (although demonstrating what is possible remains essential and a critical sign of commitment) and more 'we are shifting the market to secure our long-term future'. It means less signing up to whatever buzzword is trending, and more targeted strategic investment in achieving market - and societal - shifts that enable business to align commerciality and sustainability.

The issue of plastic packaging provides a good example of the problem. Plastic waste has exploded in the public consciousness in recent years. In response, most fast-moving consumer goods (FMCG) companies recognised the huge reputational risk this posed to their business model of delivering convenience in packaged goods, and both adopted policies and set targets for their plastic use and recyclability while signing up to various coalitions to advocate for circularity.

But too much of this action was focused on defending the claim of recyclability or use of recycled content as if that was the answer to the problem. On the surface this sounds logical – if they use more recycled content, it will drive market demand for recycling and that will put value on collected material. In reality it is almost irrelevant – certainly to the ecosystem (does a whale care if the plastic it is ingesting is recyclable?). More critically it is also largely irrelevant to the actual business risk because the leaders, even collectively, are not big enough to shift global markets.

The smarter approach some companies have started to adopt is to take action by showing leadership and intent through demonstrating what is possible and arguing for policy action to address the problem. For example, in the case of plastic, collection is the most pressing ecological issue rather than use. Therefore, the risk can only be addressed by policy to mandate collection, through deposit schemes, to incentivise recycling, reuse and less packaging through virgin material taxes, to demand recyclability in all packaging design. Some businesses are supporting these measures, but not yet a critical mass and not strongly enough.

The cost of this approach to the company? Marginal until the policy comes in, then the same costs as the competition when it does. So more change at less cost, making it a win for the ecosystem and a win for the market. Meanwhile, the company doing the strongest advocating gets reputational benefit, including with consumers, for being a leading voice in addressing the real problem and driving structural change.

This principle applies across the whole sustainability space. There are also multiple examples of corporate strategies that, through seeking to protect incumbent approaches, put their long-term markets at risk from competitors.

For example, the German car manufacturing sector is facing significant – perhaps existential – risks in the face of international competition from electric vehicle (EV) manufacturers. If, instead of confused government policy, wavering political support and dithering company strategies, industry and government had worked together in support of transition, Germany could now have a strong and competitive automotive sector, strengthened its energy security and made more rapid progress towards its climate goals. Instead it has an industry in crisis and the prospect of major job losses. Yet this weak government action and leadership can be at least partly attributed to the lobbying positions from the sector itself which has consistently argued against prompts for transition. Even now, some German car companies, rather than seeking to accelerate the growth of the German EV market and be positioned to compete within in it, are banking on prolonging the life of the combustion engine. Any strategy premised on defending a less efficient product will inevitably fall foul of market forces.

We see the same approach emerging now in agriculture and livestock. The meat and dairy industry - the standout cause of global methane emissions - is successfully resisting policy and pricing to address this challenge. This leaves the industry with no incentives to innovate to design out methane. Rather than protect the sector in the long term, this strategy gives an advantage to plant-based alternatives and new technologies like precision fermentation and cellular agriculture, which will be well placed to step in to meet market demand when governments act on methane – as they inevitably will at some point. Such approaches feel protective for incumbents at the time but given change is ultimately inevitable, it concedes the future market to the competition, saying “we can’t fix it so you will have to”.

We now know, from decades of failure by the ‘leave it to the market’ or ‘voluntary’ approaches, that ambitious government action is essential for markets to deliver change. We now also know that ambitious government action will not be achieved without strong and active private sector support. For decades, powerful incumbents have been very effective at protecting their short-term interests by fighting against action. The rest of the economy is now paying the price with direct financial consequences of a changing climate hitting a range of companies. That cost will accelerate from here on.

To reverse this, progressive business needs to advocate - just as strongly as those resisting change do – consistent, long-term government commitments and credible delivery plans, for the right policies in the right place to unlock investment and sustainable innovation. And they need to support politicians who are leading the charge for change. This includes backing real measures to incentivise sustainable activities as well as penalising unsustainable ones. European renewables targets and support, the US Inflation Reduction Act and China’s green economic incentive strategies have been very successful at driving green industries and jobs, but have done too little to accelerate the phase-out of damaging industries.

The market is a great delivery vehicle for rapid change, but will only ever drive change that is aligned with market fundamentals. Leading companies must advocate policies that shift these market fundamentals in their favour and expose those that are barriers to transition. They also need to call for greater transparency, scrutiny – and ultimately challenge - of fellow businesses and organisations who have public positions supporting action while privately lobbying against it. As billionaire hedge fund manager Sir Christopher Hohn argues, “Any bank making a net zero promise while actively lobbying against necessary climate regulation… is greenwashing.” [2]

2 Helena Horton, “Sir Chris Hohn urges shareholders to vote against ‘greenwashing’ bank directors,” The Guardian, March 25, 2022, https://www.theguardian.com/business/2022/mar/25/sir-chris-hohn-urges-shareholders-to-vote-against-greenwashing-bank-directors

Conclusion: Change the story

Social and political support for the radical market change required to address global challenges will be critical. In the world we now live in, politics is messy and tribal, and unable to navigate the complexity of the context.

Populist political parties have denied this complexity with simplistic counter-narratives that present false dichotomies, while sowing doubt and fear in order to oppose action on sustainability, exploiting growing inequality and legitimate concerns about security, jobs and the cost of living in order to undermine evidence-based decision-making and governance.

They have framed the choice as 'leave things as they are' (or even 'go back to how things were')' or 'have change imposed on you at great expense and remove your choices'. As a result, even those politicians who can see the logic for urgent action are backed into narratives of 'don't worry, we won't force change upon you', limiting their political space for bold moves in society's long-term interests.

In spite of this messiness, there is underlying public support for addressing sustainability – across the developed and developing world. There is no political movement arguing for climate destruction, for more refugees, for food crises, for water scarcity or for more inequality. Governments can and must act, and they can do so in ways that secures buy in across political divides.

There is an important role for business here – to take control of the story from those seeking to defend the status quo for personal gain - and make the case that swift action on sustainability challenges will be good for economies, for jobs, for security, for health. Beyond this there is a role in building a compelling vision for a better, more prosperous, cleaner and fairer future. Business knows how to market products; it now needs to market sustainability as a social and economic benefit. And it needs to paint the alternative to action as deeply negative for the economy and for people.

In doing this, progressive companies cannot afford to be naive or tentative. Incumbents defending the status quo are aggressive and effective in resisting change, and in creating doubt and division.

To date, progressive businesses have advocated co-operatively, gently and cautiously. Many have opted to step back and keep quiet in the face of recent aggressive backlash. This must change. A more robust and interventionist approach by a critical mass of businesses is essential now.

We already see sustainability emerging as a competitive dynamic between countries, and we should welcome that. We now need to see a competitive dynamic within and across sectors - competition is, after all, what drives capitalism and delivers change.

In summary, we believe the core analysis that drove us 30 years ago remains correct. Markets are the best vehicle to deliver change, at scale, rapidly and globally. However, we must face the reality that we are failing, as measured by the economic, human and ecological consequences unfolding all around us. The leadership agenda for business must therefore now be focused on strong action to urgently accelerate systemic, economy-wide change – and to prepare their businesses for that change.

This will require a step change from business in its approach to corporate sustainability, to one that delivers long-term commercial performance through sustainably meeting society's needs, not by seeking to tackle sustainability alongside business as usual. This will require business to work proactively, vocally and confidently in support of government policy to drive markets to deliver sustainability.

Business needs policy to design out the conflict between long term sustainability and short-term commerciality. Business needs to build social engagement and buy in for transition. And business needs to compete aggressively on superior sustainability performance. Markets are not win-win.

It is time to move on from trying to put ‘sustainability thinking’ into business and instead start putting ‘business thinking’ into sustainability. To shift to an agenda of ‘competitive sustainability’.

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