



**European
Partners for the
Environment**

*Hungarian Business Leaders Forum.
Budapest. October 10th, 2017.
Written Contribution by Raymond Van Ermen.*

Summary.

What is 'sustainability leadership' ?

As the Hungarian government wants to promote Hungarian SME's exports, this government should be aware of the powerful business leverage created by the 'Sustainability Revolution'. It is of extreme importance that the Hungarian Business Leaders belonging to the HBLF, BCSD, CSR Europe, Global Compact, together with representatives of SME's addresses themselves and together to the Hungarian Prime Minister, Minister of Finance and Minister of Economy.

The *Hungarian Business Leaders Forum* and Hungary should also play a leading role in the coming months by developing an initiative at European level involving '*interested parties*' of countries as Estonia, Bulgaria, Austria, Romania (the four countries which have or will have the EU rotating presidency from now till mid 2019) and the other Visegrád countries

What are the steps you might wish to consider :

- Draft in the framework of Europe Ambition 2030, a CEE declaration (before November) linking the UN message 'Transforming Our World', the Business message 'Better Business, Better World', the Spiritual/Cultural input reflecting the values of your peoples in a pan-European perspective.
- Get the Presidents and/or Prime Ministers of Hungary, Bulgaria, Romania, Austria, Estonia (and Visegrad) on the European Council to support the process of a European Convention during the Bulgarian presidency followed by a informal European Council on the

implementation of the SDGs and the Paris Climate Agreement during the Austrian presidency.

- Get the Business Leaders and Heads of States and Governements of CEE Countries, including Estonia, Bulgaria, Romania, Austria and Hungary to indicate that they would be part of an informal enhanced cooperation with States and non States actors to accelerate the implementation of the Agenda 2030.
- Get the leaders of the Financial Institutions, public and private, to co-host the third conference of Value Based Investors and SDGs on Sustainable Finance which will take place in Buenos Aires at the invitation of the Bank of the Argentine Nation in view of the G20.

Introduction.

Historians of the 22nd Century will certainly recognize 2015 as one of the 21st Century benchmarks. They will underline that the global community adopted that year a new global agenda '*Transforming our World*' and a Climate Agreement. Identifying those who have most contributed to this endeavor, historians will pay tribute to an Hungarian diplomat, co-chair of the UN Open Working : Mr. Csaba Körösi, Permanent Representative of Hungary. The 'Transformation of Our World' will also increasingly be influenced by a post-materialist culture and by the vision of our interdependences of an other Hungarian, Ervin Laszlo, Founder and President of The Club of Budapest, Member of the Hungarian Academy of Science, and his work on the new conception of cosmos, life and consciousness emerging at the forefront of contemporary sciences and their impact on how we address mankind challenges.

'Transforming Our Europe' is the project initiated by the informal group *Europe Ambition 2030* of which the Hungarian Business Leaders Forum as well as CSR Europe are members. It aims to bring all European states - members and non-members of the EU - and non-state actors to address climate change and the need to rebuild the underlying economic, social and cultural project in the framework of the UN plan of action '*Transforming Our World*' and the 17 SDGs unanimously adopted by all states in 2015.

A letter '*Rethink Europe*' signed by VIPs and addressed to the President of the EU Institutions has launched a dialogue towards such enhanced informal cooperation between European State actors who so wish and non-state actors, open to both

state and non-state partners outside the EU and outside Europe. Former President of the European Council, former Prime Ministers, former Vice-presidents of the Commission, including the President of CSR Europe and WTO Executive Director, former Ministers of Finance and Labour, your representative Marta Bonifert and experts in finance, statistics, food security, gender issues, European policies, and other distinguished persons invite Europeans - state and non state actors - to 'rethink Europe' in the framework of the Sustainable Development Goals of the UN Agenda 2030 'Transforming Our World'. It invites to use the 2017-2019 period, prior the Europe elections of 2019, to put Europe on a new path.

Business Leading Role.

With the SDGs and the fourth pillar of the Paris Climate Agreement we see in practice the development of *Multi-stakeholder multilateralism*¹.

At the **UN Global Compact Leaders Summit** in New York this September, the spotlight was on the role of business in delivering the 17 Sustainable Development Goals. With fewer than 5,000 days to go until the 2030 deadline for achieving the Goals, urgency was the word on everyone's lips. With government action slowed, urgent change requires effective business champions.

New tools are proposed². Systemic approaches are recommended.³

An extremely interesting set of proposals are made by John Elkington whom is addressing what 'business leadership' means⁴.

¹ Paradox of Progress – National Intelligence Council – USA – January 2017.

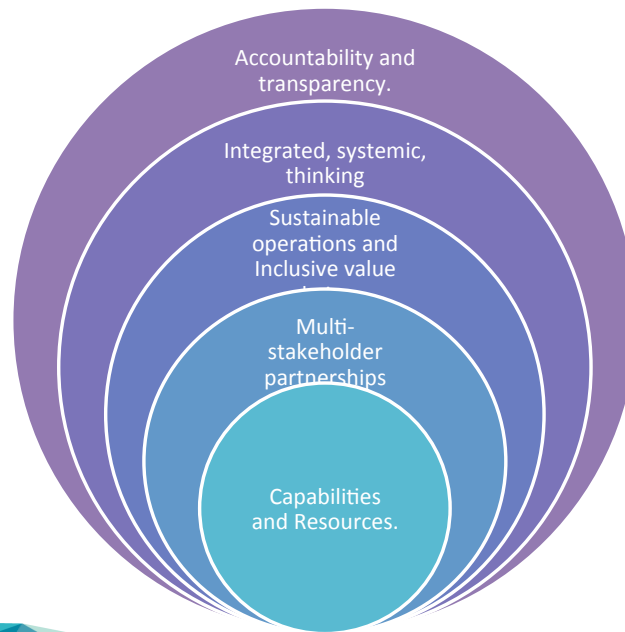
www.dni.gov/nic/globaltrends

² as **The Breakthrough Pitch** — a resource to help business leaders build and present the case for breakthrough change, proposed by John Elkington.

³

https://www.edie.net/news/7/Could-an-SDG100-raise-the-bar-for-business-action-on-global-goals-/?utm_source=Edie+Weekly+Newsletter&utm_campaign=dbde340a22-weeklynewsletter&utm_medium=email&utm_term=0_02b6d7c115-dbde340a22-101353401

Challenges for business in the 2030 Agenda



The work done by CSR-Europe is encouraging. Their priorities are :

- Business Innovation and internal transformation
- Collaboration And co creation with other stakeholders
- Transparency

CSR Europe develops as well an incubator collaborative action for multi stakeholder partnerships

On

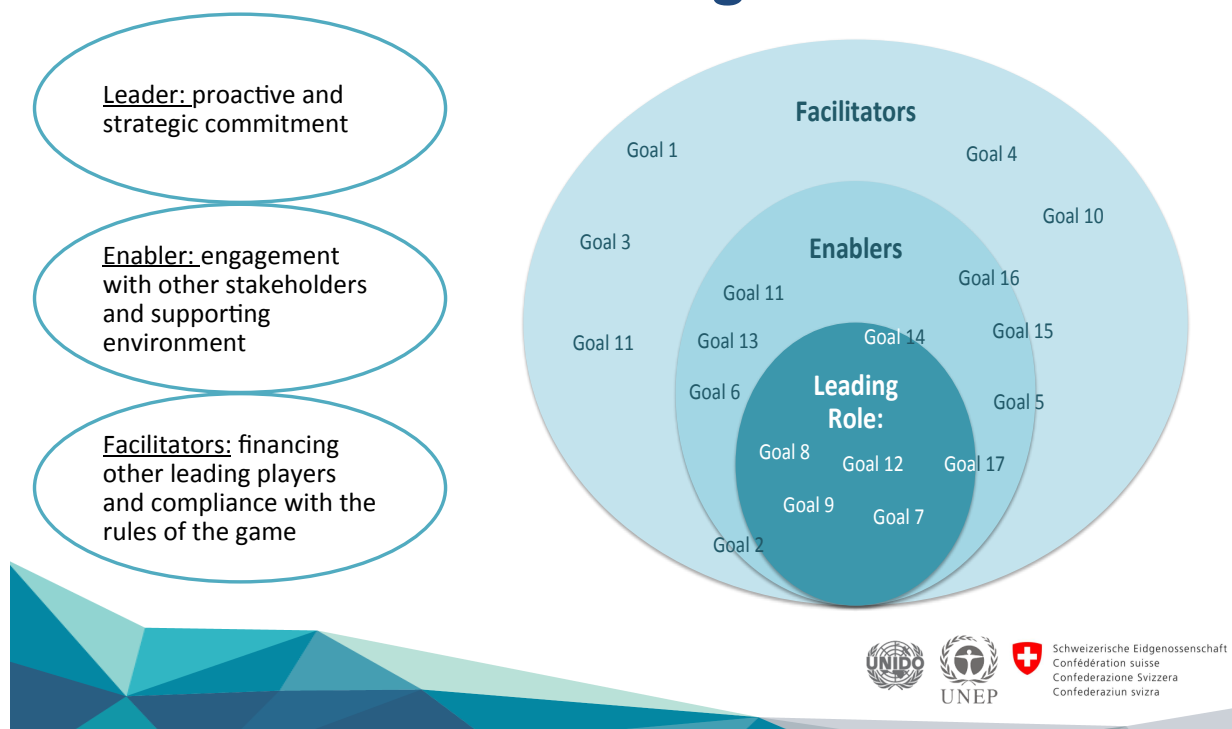
- Labor market, integration of refugees
- Sustainable logistics
- Big data
- Urban mobility

CSR Europe has also an initiative titled :*Drive sustainability* focused on automotive companies

CSR Europe in as well on EU Policy dialogue : industry, circular economy, trade , internal market, governance and transparency



Opportunities for business in the 2030 Agenda



However, what is still missing, is a strategical advocacy role of Companies supporting the SDGs , as being good business, vis-à-vis the Prime Ministers, Ministers of Economy and Finance. As the Hungarian government wants to promote Hungarian SME's exports, this government should be aware of the powerful leverage created by the 'Sustainability Revolution'. It is of

extreme importance that the Hungarian Business Leaders belonging to the HBLF, BCSD, CSR Europe, Global Compact, together with representatives of SME's addresses themselves and together to the Hungarian Prime Minister, Minister of Finance and Minister of Economy.

Interdependence Leadership.

What form could take your leadership ? Of course first of all make your own business a leader in developing a SDGs and climate action plan.

The Circular Economy could bring significant environmental, social and economic benefits to the European Union. In order to deliver resource efficiency, job creation, low-carbon prosperity, a healthy environment, clean production and sustainable consumption, it is necessary to take a holistic approach by working across a number of policy areas. Failure to address every aspect of the issue by developing only partial solutions will prevent the EU from enjoying the overarching benefits the circular economy can provide. 'Walking the Circle'

The same is true for the other EU policies. There is a need for integrated multi-stakeholder value chain strategy addressing Planetary Boundaries, Resource Efficiency & Circular economy, Climate & Energy transition, Bio-Economy & Sustainable Agriculture, Life Style & Behavior. This strategy needs to be cross-borders and can be supported by EU initiatives as the European Innovation Partnerships and the Knowledge and Innovation Communities. I'm encouraging your to bring together those involved in the EIPs and KICs. EPE has facilitated such type of meeting in France and will do the same next year in Italy

It should also address the Hungarian leve from a more social perspective. I read the report of the conference which took place on February 7th, 2017 in the Hungarian Parliament on the implementation of the SDGs. In the same way as a European Convention would adopt a '*Joint Action Transformational Partnership plan of non-state and state actors in Europe*' which would be a major milestone in the shaping of the '*new social contract*' advocated in the report *Better Business-Better World*, initiatives should be taken in and for Hungary.

But your leadership should also be related to your role in our European societies

What could be the leadership of CEE states and non state actors confronted with the problems of our time related to peace, prosperity and well-being, and the 'trinity' as defined by Edgard Morin : the interdependence between individuals, our societies, mankind /our species .

Firstly, let me stress that there is a need to engage both individually and collectively in the cultural paradigm shift closely related with the meaning of the human project itself. Let me recall here Ganhi for whom, in order to transform the world, we must also transform ourselves: "*be the change you want to see in the world.*" There is no interdependence leadership without personal transformation, even if you are a business leader.

This concept of '*interdependence leadership*' has been very well developed by a French prospectivist Carine Dartiguepeyrou⁵ with three pillars of a collective intelligence systemic strategy and a collaborative economy approach. Both developed with soft power, leveraging individual and collective dynamics as well as new alliances :

- Empathy (see Bouddhism, Rifkin, Prigogine) and care (Pope Francis, Islamic finance) so that *no one should be left behind*: help unconditionally those who are in survival mode, taking care of the other, remedying material and immaterial poverty
- Geopolitical resilience : facing geopolitical and economic rivalries, financial networks and oligopolies, struggles for natural resources.
- Societal innovation : investing in new forms of empowerment to be inclusive in a digital era, giving power i.a. to young people and women and their vision of 'desirable futures'.

Systemic Strategy.

We need to develop a 'general framework' for micro(individuals) mezzo (communities) macro (States, Europe, the World) partnerships in support of commitments and action plans contributing to the implementation of SDG 17 and ensures 5 objectives:

1. Strengthen the 'accountability' of all types of actors by encouraging increased commitments in support of SDGs and climate agreement

⁵ *Le futur est déjà là.* Carine Dartiguepeyrou. Ed. Le Bord de l'Eau.2017

2. Follow up on commitments made either under the Fourth Climate Framework or within the framework of the SDGs and facilitate its implementation by building on existing partnership initiatives.
3. Creating the conditions for massification and change of scale
4. Strengthen the virtuous circle ambition-commitment-implementation-monitoring-enhancement of ambition from a 'civic capital' highlighted
5. Ensure resilience and solidarity for a just transition.

We are proposing a systemic strategy based on two tracks and one tool in the digital era.

- a partnership with the states at the highest level,
- a partnership with the Sustainable Finance at the highest level,
- the implementation of a blockchain, incorruptible tool building the trust that will ensure the effectiveness of partnerships:

A partnership at the highest level with the States.

It is only through a partnership at the highest level between state and non-state actors that we can address *“The central challenge of the 21st century which is to develop economic, social, and governance system capable of ending poverty and achieving sustainable levels of production and consumption while securing the life-support systems underpinning current and future human well-being;”*⁶

Informal enhanced cooperation called *“polylateralism or multi-stakeholder multilateralism”* between European state actors who wish to do so (EU Institutions, EU Member States, in particular those that presented in 2016 or 2017 Their roadmap to the HLF) and non-state actors (Regions, Cities, Enterprises, Financial Institutions, Civil Society, Research Centers) within and outside the EU to implement the commitments made by non-state actors to contribute To the objectives set by the public authorities at the international level in 2015: the Sustainable Development Objectives and the fourth pillar of the Paris Climate Agreement.

What it would mean for your Country is a question you should consider.

⁶ “Natural capital and ecosystem services informing decisions: From promise to practice” - Anne D. Guerry et al, in PNAS, June 16, 2015 . anne.guerry@stanford.edu.

This partnership should join three dimensions : the bottom up, the top down and the horizontal. As Olivier De Schutter wrote : *“To think of Politics as being at the service of local initiatives, in order to allow them to flourish by removing the constraints that could weigh on them. The task of higher levels of governance must, to this extent, be to manage externalities; to organize the care within which the local initiative takes place, so as to foster its development through what might be called ‘ (dispositifs d’accueil) reception facilities’ which allow the diversity of innovations to be promoted by adapting the legal and economic institutions that make them available and promote their development. In this context, local transition experiments must be aided in dialogue and “citizens in transition” must be helped to reach a critical mass in order to create a systemic changeover.* CSR Europe speaks of Hubs.

The role of non-state actors must be seen and organized as a "value chain" involving local authorities (regions, cities), companies and financiers (insurance companies, banks, pension funds), start-ups, Social entrepreneurs and workers, universities and research centers, consumers and the media, and so on. The transition must be organized on the basis of *an in-between* that would break the traditional opposition between top down (the specialty of the Commission) and the bottom up, between centralized and decentralized management.

A 'Joint Action Transformational Partnership plan of non-state and state actors' will be a major milestone in the shaping of the '*new social contract*' advocated in the report *Better Business-Better World*. It would be drafted first half of 2018 by a *Convention of champions of the SDGs and Climate agreements implementation*.

A partnership at the highest level with Sustainable Finance.

The other capital that can ensure exponential growth is the mobilization of finance for the common good. Initiatives are multiplying. But they remain niche markets. In addition, two current features are important for setting a strategy.

- Initiatives in the field of sustainable finance are debated between financial specialists, sometimes flanked by an NGO representative but very far from being a multi-stakeholder debate, even less concerned with 'care'
- The world of finance does not generate trust, a world marked by greed, taking immediate profits. Furthermore the same banking institutions that

are engaged in green finance have other branches of their institution engaged in tax havens or lobbying against the financial transaction tax.

To accelerate the change of scale and ensure the massification of sustainable finance in a just transition

- Adopt a value chain strategy and collaboration between experts from three galaxies: finance, green economy, care.
- Sign a multi-stakeholder partnership agreement, state and non-state actors, with the CEOs of the Financial Institutions involved in Sustainable Finance
- Establish mechanisms of trust by blockchain technology where mathematical algorithms, cold but incorruptible tools, mathematically proving trust, will allow us to bring trust and more justice
- Add to the evaluation and ranking criteria of sustainable development rating agencies, an indicator: the link between sustainable development performance and the return of executives and managers.

The two years programme should contribute to demonstrate *how to move from a shareholder model to a stakeholder model* making use of best practices to be fostered. A new report *Blueprint for Responsible Investment* of the *Principles for Responsible Investment* is available. The aim over the next 10 years is to bring responsible investors together to work towards sustainable markets that contribute to a prosperous world for all.⁷ We need to scale up, accelerate the transition and move from stewardship to care.

This process has been initiated by the 2nd Rome Conference of Value Based Investors & SDGs titled '*The New Frontier.Sustainable Finance and Care*', facilitated by European Partners for the Environment and the European Movement Italy, hosted by the Italian Banking, Insurance and Finance Federation , which took place in Rome on September 8, 2017.

The meeting was chaired by Mr Nick Robins, UNEP-Inquiry and the keynote speaker has been S.E. Cardinal Turkson, prefect of the Dicastery for the Promotion of Integral Human Development. The conference launched an appeal to the Youth and to all citizens to put finance at the service of the common good , our common house and the central dignity of human persons and invited to a third conference next year in Rome on

⁷ PRI our [Blueprint document](#)

'Sustainable Finance & Care : Empower' to respond to the *urgent need to restore the social meaning of financial and banking activities expressed by Pope Francis and other religious dignitaries*. It will include islamic finance.

The participants, champions of complementary dimensions of sustainable finance, reviewed many aspects of 'sustainable finance' , how it links with ethics and how it contributes to environment, care and peace. Participants considered a *Stakeholder Financial Business Model* and a *Partnership Agreement* in the perspective of the G20 in 2018 in Argentina and based on 'finance, ethics & care' dialogues to create pilot 'sustainable finance areas', address specific nexus related to agriculture, energy, water, megacities and specific regional initiatives on several continents.

I'm glad to announce that the third conference will take place in Buenos Aires next year at the invitation of Mr. Javier González Fraga - President of the Bank of the Argentine Nation , in view of the G20.

The engineering of a blockchain SDGs and Climate

The blockchain is a vector of evolution of our economic and financial system based on a new technological revolution, indispensable to recreate the conditions of trust - in a great horizontality, where mathematical algorithms, cold but incorruptible tools, mathematically proving trust, will allow us to bring to the rest of the world More justice. It is an essential lever for enhanced informal cooperation between state and non-state actors to be manageable.

It is a well-known tool for banks. The aim of the Blockchain will be to rebuild confidence, to support participatory multilateralism, to ensure more justice, to reduce inequalities, to raise levels of ambition and creativity. It will involve all relevant stakeholders.

What a sustainable future would look like?

AVIVA thinks it looks something like this: every individual will be aware of the corporate activity, their money funds — and how these companies perform on sustainability issues. A set of free, publicly-available corporate-sustainability benchmarks will rank companies on their sustainability performance and their individual contributions to the Sustainable Development Goals. These benchmarks will provide financial institutions and

other stakeholders with the critical information they can use in their engagement with companies on sustainability issues. This model will also encourage a race to the top, driving companies to out-perform each other on sustainability criteria.

The champions of the new development model should be helped.

As Olivier De Schutter wrote, one of the issues to be addressed in this report is *"To think of Politics as being at the service of local initiatives, in order to allow them to flourish by removing the constraints that could weigh on them. The task of higher levels of governance must, to this extent, be to manage externalities; to organize the care within which the local initiative takes place, so as to foster its development through what might be called ' (dispositifs d'accueil) reception facilities' which allow the diversity of innovations to be promoted by adapting the legal and economic institutions that make them available and promote their development. In this context, local transition experiments must be aided in dialogue and "citizens in transition" must be helped to reach a critical mass in order to create a systemic changeover. CSR Europe speaks of Hubs.*

The role of non-state actors must be seen and organized as a "value chain" involving local authorities (regions, cities), companies and financiers (insurance companies, banks, pension funds), start-ups, Social entrepreneurs and workers, universities and research centers, consumers and the media, and so on. The transition must be organized on the basis of *an in-between* that would break the traditional opposition between top down (the specialty of the Commission) and the bottom up, between centralized and decentralized management.

Scale Up approach is prospective and the aim is to build a project of *'transformative collaboration'* between partnerships making sense at global level and building on existing initiatives and tools (NAZCA, SDG's platform, EIP's, the joint initiative of ECOSOC, Committee of Regions, OCDE and Comité 21 on Climate Change , the CSR Europe *European Business Hub and its Sustainable Business Exchange*

SDG 17.

With Scale Up, Europeans will be the first to establish enhanced polyilateral cooperation between state and non-state actors to help non-state actors succeed in achieving and exceeding the targets set by relevant state actors. It deals with issues of governance and soft power. It contributes to the implementation of the SDO.

Implementation of SDG 17 and in particular on:

Multi-stakeholder partnerships

17.16

Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries

17.17

Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships

Culture and Paradigm, Risk nature and horizon.

The UN SDGs and the “fourth pillar Climate” are seen in connection with both the risks inherent in the “Planetary Boundaries”-analysis and its “Safe Operating Space for Humanity”.

The SDGs where the Europeans are poorly performing are SDGs 12 ,13, 14, 15⁸

The envisaged co-operation of state- and non-state actors would (need to) focus on the economic, financial dimensions and cultural dimensions of the underlying currently unsustainable production- and consumption-patterns

⁸ Sdgindex.org

in the EU-member states - all connected to the “Planetary Boundaries”-risks -, in the perspective of a systemic transformation over time⁹.

I referred to E. Lazslo. Indeed, as he advocated “We have an opportunity to move from the current political and business model of grow or die to a sustainable world respectful of human beings, nature, and the planet. Change on this level calls for a profound shift in consciousness and a clear understanding that—as cutting-edge physics shows—we are truly connected with each other and with the cosmos”.

Is this far from Business ? Yes and no. A ‘Transformation’ of our world depends on many forms of innovations, technological innovations as the one deriving from quantum physics as well as ‘societal innovations’ deriving from new forms of consciousness of our interdependences leading to new forms of cooperation and solidarity between those understanding the power of interdependence.

Which role for CEE Countries State and non-State Actors ?

I started my remarks by referring to the role of Hungarians in the adoption of the SDGs. and a new vision of our interdependences and our place in the cosmos. I will conclude my remarks by addressing to you, HBLF members and partners this question : *which role for CEE Countries State and non-State Actors in ‘Transforming Our Europe’ ?*

If Estonia has today the EU rotating presidency, Bulgaria will have the EU presidency first semester 2018 and Romania at the time of the European Election and the nomination of the new Commission. And of course, we should not forget the central role of the President of the European Council, Donald Tusk from Poland.

⁹The analytical paper “Natural capital and ecosystem services informing decisions: From promise to practice” - Anne D. Guerry et al, in PNAS, June 16, 2015 - describing “The central challenge of the 21st century is to develop economic, social, and governance system capable of ending poverty and achieving sustainable levels of production and consumption while securing the life-support systems underpinning current and future human well-being;” Table 1 provides an overview of “some promising opportunities to effect large-scale transformative change in the near future”, including the “geography” of “possible key actors” - both state - and non-state actors.

What could you do involving, if possible Estonia, Bulgaria, Austria, Romania and the **Visegrád** countries interested parties ?

It is in our interest to see the EU as only one step in the context of a more ambitious global governance project inspired by the SDGs.

At a time when the EU Member States from Great Britain to Poland and Hungary, from France and Germany to the Netherlands, from Italy to Finland have visions of the EU and their place within it which diverge, the *Europe Ambition 2030* informal group proposes to respond to the challenges of our time (the economic, social and cultural transformations linked to climate change and the new development model that emerges through the conjunction of the societal revolutions of the digital era). quickly and without a treaty change, by founding a 'multistakeholder multilateral' partnership between State and non State Actors, with the EU Institutions as they are but not dependent on it and its management of its Internal crisis. Before the end of the Brexit negotiation, there is a window of opportunity to present a new vision of our region of the world.

What could be the 'added value' to transform our World and Europe of an initiative, a declaration at European level which would be coming not from London, Paris, Rome or Berlin and Brussels but from Budapest ? Well, in my opinion, the answer is by bringing together three 'movements' of which the two Hungarian names I started with and yourself are 'champions' : a humankind agenda for the 21st century unanimously approved at UN , a better business-better world agenda, and a 'paradigm shift, a consciousness shift *to make our world greener and our planet safer*¹⁰.

The success of the 'Transformation Our Europe' initiative will very much depend on you, business leaders and citizens of Central and Eastern Europe' !

You will succeed if you could project a vision of the transformation of Europe which would be the marriage of the perspectives of business leaders, political leaders, scientific and cultural leaders.

Proud of Hungary role in the adoption of the SDGs, give us your vision, take the lead at European level. Transformation is about better business,

¹⁰ WorldShift 2012

societal innovation, culture, it is also about 'changing mindset'. Let us together change the mindset of Europe.

So what are the steps you might wish to consider :

- Draft a CEE declaration before November linking the UN message 'Transforming Our World', the Business message 'Better Business, Better World', the Spiritual/Cultural input reflecting the values of your peoples.
- Get the Presidents and/or Prime Ministers of Hungary, Bulgaria, Romania, Austria, Estonia and Visegrad on the European Council to support the process of a European Convention during the Bulgarian presidency followed by a informal European Council on the implementation of the SDGs and the Paris Climate Agreement during the Austrian presidency.
- Get the Heads of States and governments of CEE Countries, including Estonia, Bulgaria, Romania to indicate that they would be part of an informal enhanced cooperation with States and non States actors to accelerate the implementation of the Agenda 2030.
- Get the leaders of the Financial Institutions, public and private, to co-host the third conference of Value Based Investors and SDGs on Sustainable Finance which will take place in Buenos Aires at the invitation of the Bank of the Argentine Nation in view of the G20.

