

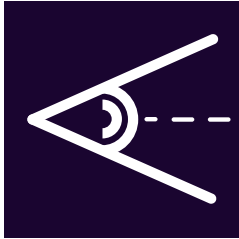
17

**SUSTAINABILITY
LESSONS FOR
LEADERS**

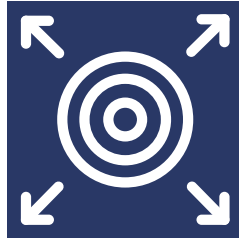
INTRODUCTION

The 17 Global Goals with its 169 targets have provided us with a detailed map for sustainability that every business should study and apply in their work. But how do we practically support the transformation towards more sustainable, long-term profitable business models? During 2019-2020, a group of senior Swedish business leaders worked with The World Economic Forum and Novare Leadership Academy to better understand how to create the right business environment for change. We have summarized the findings of this collaboration in 17 key areas that we hope can be useful to leaders as we collectively take on this important transformation.

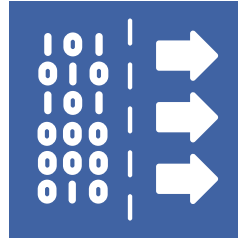




1. LEAD WITH A SUSTAINABLE VISION



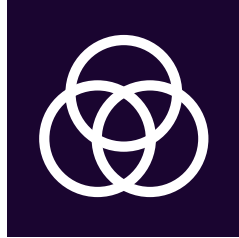
2. MAKE YOUR PURPOSE CLEAR



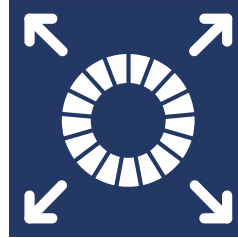
3. INFORMATION IS NOT COMMUNICATION



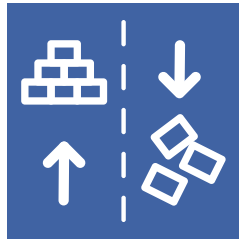
4. BE EGO-LESS



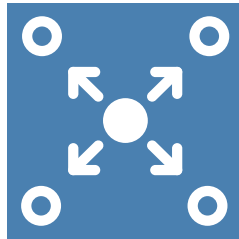
5. BUILD AN INCLUSIVE ORGANIZATION



6. INTEGRATE SUSTAINABILITY IN EVERYTHING YOU DO



7. BE BOTH PROACTIVE AND DEFENSIVE



8. SOLVE STAKEHOLDERS' CHALLENGES



9. PICK YOUR BATTLES



10. COLLABORATE WITHIN THE SYSTEM



11. LEARN FROM THE DIGITAL TRANSFORMATION



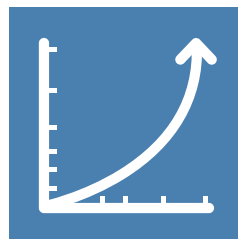
12. EDUCATE THE BOARD OF DIRECTORS



13. KNOW YOUR DATA



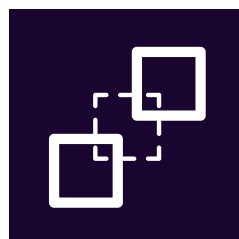
14. UNDERSTAND HOW ASSET VALUES CHANGE



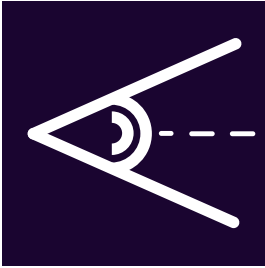
15. THINK EXPONENTIALLY



16. INNOVATE FOR RESILIENCE



17. INVOLVE THE ENTIRE ORGANIZATION



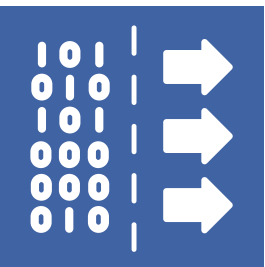
1. LEAD WITH A SUSTAINABLE VISION

The role of business has changed, and now so must leadership. Leaders worldwide are beginning to understand how their actions impact the lives of coming generations and wish to build a legacy that they can be proud to leave behind. A first step is to clearly define how your leadership will contribute to a more sustainable world and how this can be measured. Visions then need to be supported by clearly defined incentive programs and preferably also in corporate valuation.



2. MAKE YOUR PURPOSE CLEAR

Future employees and customers alike increasingly want to know why a company exists and why it will still be relevant in 20 years. Communicating the why is becoming essential for every leader. This is often easier in a long-standing organization with long term mindsets, such as family-owned businesses, but it is essential that every organization project their commitment to building a sustainable future.



3. INFORMATION IS NOT COMMUNICATION

The sustainability agenda in general and the SDGs in particular, are complex and interdependent. Information is not enough to motivate action – the goal, aim, and interdependence needs to be explained in a compelling way. The most complex problems demand inclusive and positive thinking to reach the most elegant solutions. The need for engaging communication from leaders will increase vastly.



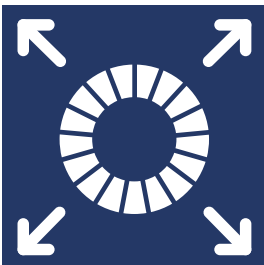
4. BE EGO-LESS

The specific leadership style required to successfully lead a sustainable transformation internally, and systematically collaborate to achieve the SDGs, must be ego-less. The ego-less leader is a strong, skilled, visionary leader who can combine science with feeling, top-down with bottom-up, and profitability with a strong stakeholder perspective. Ego-less leaders see their role as part of a system.



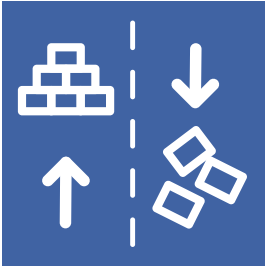
5. BUILD AN INCLUSIVE ORGANIZATION

Organizations that are inclusive have the advantage of multiple perspectives in their decision making. This often leads to more innovation and a better understanding of shifting cultural values in the marketplace. These are essential factors when driving change and considering expansions into new markets. A diverse organization is more creative, which leads to better performance and higher profitability.



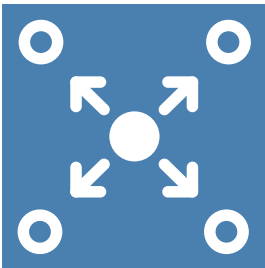
6. INTEGRATE SUSTAINABILITY IN EVERYTHING YOU DO

The importance of sustainability has drastically changed during the past 3-5 years. From often being marginalized and focusing on internal risk mitigation, it is now of high strategic importance. Integrating and working with sustainability throughout your organization will give you a competitive edge that must be understood and empowered.



7. BE BOTH PROACTIVE AND DEFENSIVE

We see two very separate ways of addressing sustainability internally that have a substantial effect on communication, leadership, investments, and growth potential. A company can employ a defensive stance focusing on minimizing the negative footprint of operations and risks, or a proactive, value-creating stance where the company understands how it's core competence can be part of solving systematic issues. The latter is required for real progress but often requires a deeper identity journey. We must make sure both ways get ample attention.



8. SOLVE STAKEHOLDERS' CHALLENGES

One concrete way to integrate sustainability into business strategy and assure that it's not treated as a separate, detachable issue is by focusing part of your strategy work on how your organization can be the solution to other organizations' sustainability challenges. Another way to integrate sustainability into core business strategy is to ensure that it has strategic advantages for consumers. What kind of problems can we help our consumers to solve?



9. PICK YOUR BATTLES

No company can solve all sustainability-related issues, and no company will get it perfectly right from the start. The journey will be a process where we should not let perfection be the enemy of the good, but rather each focus on our material areas to sustain momentum. Leaders should openly share their experiences and invite their stakeholders on the journey.



10. COLLABORATE WITHIN THE SYSTEM

The SDGs cover many complex and interdependent issues that create an increased need for collaboration and system-based leadership. We need to lead our organizations and, at the same time, collaborate within and across value-chains. This will require a special type of leadership that understands the system through research and data and can mobilize the relevant community around shared purpose and goals.



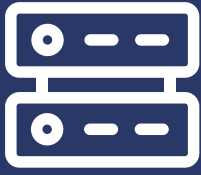
11. LEARN FROM THE DIGITAL TRANSFORMATION

The two dominating mega-trends that companies are facing are digitalization and sustainability. Together, they dominate discussions in boardrooms and have profound similarities in the way they impact organizations. While often initially brought up to gain control or to meet customer expectations, both digitalization and sustainability have the potential to ultimately change the core corporate identity.



12. EDUCATE THE BOARD OF DIRECTORS

The board's role is to act on behalf of the shareholders' interests. Therefore, the board must understand where the sustainability related potential lies and where there is an obvious risk of lost assets. For this, we need to build capacity that is wider than 1-2 persons, or these individuals risk being placed in an activist position rather than having the entire board understand the alpha and beta issues at hand. Nomination Committees and Board Presidents have an important role here.



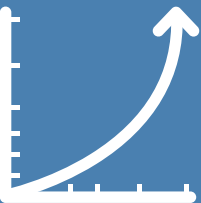
13. KNOW YOUR DATA

Technical progress, like digitalization and AI, is powerful but does not automatically contribute positively to the sustainability agenda – in fact, the opposite may be true. In light of the fast, exponential technological development that is to come, access to reliable data and profound analyses on how technological advancements affect the sustainability agenda will be essential during the coming years.



14. UNDERSTAND HOW ASSET VALUES CHANGE

Every transition enables opportunities but also necessitates a re-evaluation of assets. The current sustainable transition, driven by investment flows, will reshape asset prices. This comes with many potential return advantages that will change how investors build portfolios going forward.



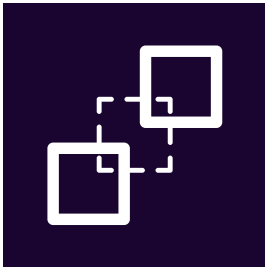
15. THINK EXPONENTIALLY

Exponential thinking is vital for scaling up technologies that can contribute to halving emissions every decade and for reaching the 1.5C goal of the Paris Agreement. But exponential thinking is also vital for corporate leaders. Without understanding the corporate effects of exponential developments, leaders will not be able to future-proof their organizations.



16. INNOVATE FOR RESILIENCE

To future-proof an organization, we must actively foster a culture of innovation where failure is allowed, and learning is used as a tool to better understand the challenges we are facing. A culture of curiosity encourages the development of new business areas and creates better conditions for responding and sustaining operations in crises similar to the challenge of COVID-19.



17. INVOLVE THE ENTIRE ORGANIZATION

There is a great commitment to a sustainable transition and excellent skills within the younger generations. Encourage new ideas, be open to new organizational patterns, and engage the entire organization in the journey.