

Institute of Directors, India

2024 London Global Convention on
Corporate Governance and Sustainability

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Recommendations and Concluding Remarks,

Special Session (16th November)

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The Brundtland Commission defined sustainability in terms of meeting the needs of the present without compromising the ability of future generations to meet their needs.

Monday was Remembrance Day. We remembered those who gave their lives for us. What are we giving up, changing or planning to do for future generations?

According to WMO forecasts 2024 will be the warmest year on record. The COP 29 President has warned that we are on the road to ruin.

The scientific consensus is set out in annual and pre-COP summary and/or synthesis reports of IPCC, UNEP and WMO.

They show we are doing too little too late.

They are also consistent with annual WEF reports of the impacts of global risks.

We face multiple and inter-related global risks and existential threats resulting from our collective corporate operations and the aspirations and lifestyles of our growing human population.

Responding to them represents an unprecedented business, political and professional opportunity as well as a challenge.

There are opportunities to innovate, rethink, repurpose, redesign, renew and relocate. There are circular economy opportunities to link activities, so that the undesirable outputs of some become welcome inputs for others.

However, windows of opportunity to act are closing.

Geopolitical fragmentation, polarisation, vested interests, delaying tactics and push back from electorates prevent us from doing what we need to do to survive and develop more responsible, sustainable and satisfying alternative lifestyles.

Urgent action is needed. Boards must recognise common features of current risks and existential threats:

- They are inter-related and/or inter-dependent and complex
- They have a common cause: Collective human aspirations, activities and lifestyles
- Timing and tipping points are uncertain. Some are 'slow burn'
- Life-forms and infrastructures are increasingly vulnerable. A mass extinction of species is underway.
- Resilience is reducing. Potential impacts and costs are increasing
- There are potentially catastrophic impacts
- Human responses and interventions can have unintended consequences

Existential threats, whether biological, nuclear, technological or natural, can be weaponised by bad and state actors. They can also be exploited by international criminal gangs.

The impacts of combinations of global risks and existential threats now threaten to overwhelm us as and when they occur.

Boards should also understand the requirements for effective responses:

- Collaboration and collective action
- Cooperation across supply and value chains
- Engagement with communities and stakeholders
- Recognition of common and shared interests (e.g. collective survival)
- Cross-functional, inter-disciplinary and wider working together
- Corporate, community and public-private partnerships
- Flexibility, adaptation, intelligent steering and greater speed
- Quicker adoption and scaling up of sustainable innovations and solutions

Data used for monitoring and trends may need to be disaggregated to identify differing local impacts of global risks and existential threats.

What is a minor inconvenience for one community or location might be devastating for another. Areas and communities can feel abandoned when left to their own devices.

Many emergency services are already stretched. They may be unable to cope when multiple incidents occur simultaneously.

As well as understanding the requirements for effective responses, boards must also address various obstacles to them which they are likely to encounter:

- Fragmentation and polarisation
- Self and vested interests in the status quo and fossil fuels
- Distractions and short-term pressures
- Denial and delaying strategies and tactics
- Bias, misinformation and disinformation
- Increasing population and unsustainable lifestyle aspirations
- Limited natural capital and persistent negative externalities
- Retreat into virtual worlds and preoccupation with social media
- Organisational boundaries, departmental structures and a focus on individual disciplines rather than holistic solutions
- Differing public and private sector remits, approval processes and budgeting practices

Certain existential threats will become unstoppable if remaining tipping points are triggered.

There are some immediate questions many directors and boards need to address:

- How vulnerable to existential threats are your companies and areas of responsibility? Which activities, entities, groups, communities and supporting infrastructures are most vulnerable?
- Do those for whom you are responsible understand the causes and common features of current global risks and existential threats? Do they understand requirements for effective responses and possible obstacles to them?
- Where do global risks and existential threats feature in your corporate and institutional purposes, policies and priorities?
- How prepared are people, organisations, communities and societies? How might obstacles to effective responses be overcome? Are required actions regarded as interesting, important or imperative?

- Could our collective survival become a common, shared and priority interest? What could you and your colleagues do to engage stakeholders, confront vested interests and enable, support and accelerate action?

There are also strategic priorities for responsible directors and boards:

- Minimisation of negative externalities and transition to sustainable and inclusive aspirations, objectives, policies and priorities, and activities and lifestyles in harmony with the natural world.
- Cooperation and inter-disciplinary, inter-departmental, inter-entity and international collaboration across organisational, departmental and other boundaries, and responsible collective responses to global risks and existential threats.

Too many boards just focus on risks and challenges facing the entities for which they are responsible. Global risks and existential threats in the international contexts in which they operate are largely ignored.

Responsible boards, companies, communities and societies should be better prepared. Responsible leadership, innovation and entrepreneurship are required.

References

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