CONFERENCE REPORT

The Global Compact Network Australia Conference

Rebuilding Trust in Corporate Australia

Business as an Agent of Sustainable Change

UN GLOBAL COMPACT

Network Australia

Celebrating 10 Years

REBUILDING TRUST IN CORPORATE AUSTRALIA: BUSINESS AS AN AGENT OF SUSTAINABLE CHANGE

CONFERENCE REPORT BY **THE GLOBAL COMPACT NETWORK AUSTRALIA (GCNA)**

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EXECUTIVE DIRECTOR'S REVIEW

"We wanted to ignite thinking about the future of responsible business practices – how businesses will consider the intersection between human rights and AI and automation; how developing a business founded on the principles of the circular economy will transform how we work with and through our own environment; and how the Sustainable Development Goals, whilst daunting, provide a blueprint for sustainable leadership."

The Australian corporate landscape is changing. The Hayne Royal Commission highlighted the need for all sectors to act ethically and responsibly. Hayne's final report described the need to restore trust, instil community confidence in business (from both a financial and non-financial perspective) and embed ethical and responsible business practices. The revised ASX Corporate Governance Principles and Recommendations also state that a "listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly". However, for these things to happen, a cultural change needs to occur that refocuses on the purpose of organisations and has a 'tone from the top' and strategic direction that considers responsible business practices.

As the Australian arm of the world's largest corporate sustainability initiative, the Global Compact Network Australia (GCNA) has a vital role to play in strengthening responsible business practices and providing a platform for business, and non-business, for learning, dialogue, collaboration and action. When I joined the GCNA, I set an objective for our organisation to be Australia's leading responsible business initiative. To do this, and do it well, we need to work alongside business to unravel the growing trust deficit and ensure that businesses can redevelop their culture and prioritise the alignment of purpose and profit.

To this end, our small, yet determined and passionate team, embarked on a challenge to deliver a conference based on rebuilding trust; a conference that would demonstrate that business can become an agent of sustainable change by adopting and integrating responsible business practices. We designed the sessions to open the discussion about what trust means; how ethics can catalyse collective action on global issues like bribery and corruption, climate change and human rights; the role of public private partnerships in creating inclusive social growth; and how the alignment of purpose and profit is fundamental to produce sustainable, long-term returns for business. However, we also wanted to ignite thinking about the future of responsible business practices – how businesses will consider the intersection between human rights and AI and automation; how developing a business founded on the principles of the circular economy will transform how we work with and through our own environment; and how the Sustainable Development Goals, whilst daunting, provide a blueprint for sustainable leadership. Lastly, we wanted to ensure that our participants heard from a great, diverse range of speakers.

And, within only four short months, I am confident that we delivered on our aims. Whilst we have room for improvement and valued the feedback that we received from participants, I am proud of what we delivered. The dialogue throughout the conference raised the bar on discussions about what responsible and ethical business decisions mean. It highlighted that there is commitment from the private sector to shift its practices, to work alongside other corporates, civil society actors and government, to advance corporate sustainability.

We were honoured to have such renowned and respected speakers like Professor John Ruggie, Gillian Triggs and Emmanuel Lulin deliver their perspectives. It was also encouraging hearing from business leaders like Ming Long, Megan Clark and Audette Excel; from government representatives who are paving a new way for business and government to work together like Edward Santow, Clare Walsh and Andrew Walter; as well as from a range of inspirational practitioners, subject matter experts and commentators. I personally thank all of you for your participation and words of wisdom.

It gives me great pleasure to share our conference summary report with you. I look forward to continuing the discussions on how we can advance corporate Australia and work together to create ethical businesses with robust cultures that drive purpose and enable organisations to thrive.

Kylie Porter
Executive Director

INTRODUCTION

"It takes courage and leadership to step forward, but if you want to be on the right side of history these are the decisions that leaders must take. Listen to the voices of the people you need to hear and just get on with it."
- Karen Mundine

The Global Compact Network Australia's (GCNA) inaugural conference 'Rebuilding Trust in Corporate Australia: Business as an Agent of Sustainable Change' was held across two days on 30 April and 1 May 2019, at the Arts Centre Melbourne, Victoria. The conference brought together 275 local and global leaders from business, civil society, academia and government to explore trust and the role that business can play in rebuilding trust in corporate Australia.

This discussion comes in light of the deficit of public trust in businesses around the globe, particularly in the wake of events such as the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, the APRA inquiry into CBA and the publication of the Edelman Trust Barometer earlier this year that highlighted the need for CEOs to take a centralised role in addressing the broader societal, political, and environmental challenges.

Companies are now presented with the opportunity to rebuild trust through the development of responsible business practices and by instilling a corporate culture that considers the alignment of purpose and profit. The expectation for businesses and business leaders to become leading authorities on broader societal issues such as anti-corruption and bribery, human rights and climate change is now widespread. Fundamental to this shifting landscape are the United Nations (UN) Sustainable Development Goals (SDGs), which were adopted in 2015. The extensive work left to be done in order to achieve these ambitious goals provides businesses with the opportunity to engage in collective action to drive sustainable change.

This conference report aims to present the salient points articulated across the two days and summarise take-home messages for businesses seeking to become agents of sustainable change. Key themes that emerged throughout the conference included:

- The shifting corporate landscape in a normative and regulatory sense
- The importance of multi-sectorial partnerships and collaborative action
- Creating corporate culture grounded in shared values
- The necessity for authentic and courageous leadership

Additionally, the GCNA was honoured to host keynote speakers Gillian Triggs, Professor John Ruggie and Emmanuel Lulin, who shared their international expertise and insights into the roles and opportunities for businesses to lead the way in human rights, environmental social governance (ESG) and the challenges of navigating complex ethical dilemmas.

"We cannot use 'transition risk' as an excuse to stand the on a train track while the train is hurtling towards us... If we do nothing for a decade, transition risk will become a cliff risk. There are massive opportunities ahead if we move now."
- Audette Exel

KEYNOTE ADDRESS **Speaking Out**

Gillian Triggs, Emeritus Professor, Chair - Justice Connect, Vice Chancellor's Fellow - University of Melbourne, President - Asian Development Bank Tribunal and Former President - Australian Human Rights Commission

"Australian business leaders have a responsibility to speak up and to take action."

Context

Many Australian businesses now recognise that respecting human rights is not only the right thing to do, it is good for business. As outlined in the UN Guiding Principles on Business and Human Rights and regardless of where a business' operations are, it is pertinent that businesses respect human rights and integrate their responsibility to respect into their approach to risk management. In doing so and ensuring that the whole organisation understands what human rights are and how they can contribute to respecting human rights, business will benefit from enhanced innovation and productivity. A diverse and inclusive workplace that supports transparent and respectful operations is both good practice and advantageous in a global competitive market.

To begin the discussion around business as an agent of sustainable change, Professor Gillian Triggs addressed the conference about the absolute necessity for business leaders to speak up regarding human rights within their respective organisations and at a societal level as a whole. Drawing on her experience as the Former President of the Australian Human Rights Commission and her time as an international lawyer, Gillian outlined the integral part that business leaders can play in giving daily effect to human rights concerns throughout Australia and globally.

"Speak up. But when you do, be bipartisan and speak with measured words. Do not stick to your knitting – it's a false binary."

Discussion
Speaking out

- Whilst there are benefits and risks for business leaders to speak up, especially where it conflicts with company interests, the corporate sector and its leaders have an obligation to provide measured advice and policies based on evidence.
- At the heart of speaking up effectively one can find strong instances of storytelling – talking about the individual and the impact of human rights abuses on the victim is a powerful tool for engagement.
- Individuals need to be proud of the company they work for and therefore business leaders should feel more empowered to speak out.

Self-assessment

- The duty of states to protect human rights is relatively well understood, but the corporate responsibility to respect human rights is not as well understood.
- Businesses must ask themselves key questions when it comes to the lack of trust that pervades society today, and how leadership can contribute to rebuilding that trust.
- Key questions to ask: What are responsible business practices and are they different to existing legal obligations? If those obligations are not legal, why would a company look to incorporate them? Should executives follow the lead in risk-managing their activities?
- How business confronts and responds to bad practice when it is identified is more significant than the practice itself.

Businesses are central

- Working with the business community is the most effective way of delivering the responsibility to respect human rights to Australians.
- A huge proportion of complaints (two-thirds) during Gillians' time at the Australian Human Rights Commission related to discriminatory employment practices or discrimination in provision of goods and services.
- Businesses are in a strong position to fill a governance gap in Australia and give daily effect on the ground to key human rights concerns.
- The idea that businesses should stick to their 'knitting' is a false binary – businesses must speak up in a bipartisan way and with measured words.
- We need to consider that many international legal obligations have not been introduced into domestic laws in Australia which means that we need to rely on voluntary approaches to the corporate responsibility to respect human rights.

Key Themes

- The need for powerful storytelling.
- There are changing expectations for businesses to address social and environmental issues.
- Businesses can and should play a central role in respecting and delivering on human rights commitments to Australians.

OPENING PLENARY Responsible Business Leadership as a Vehicle for Trust

Panellists

Andrew Parker, Group Executive Government, Industry, International and Sustainability - Qantas

Gavin MacLaren, Senior Partner and CEO - Corrs Chambers Westgarth

Ming Long, Chair - AMP Funds Management, Deputy Chair - Diversity Council Australia and Non-Executive Director - Chartered Accountants Australia and New Zealand and Fintech Hub Advisory

Professor Gillian Triggs, Emeritus Professor, Chair - Justice Connect, Vice Chancellor's Fellow - University of Melbourne, President - Asian Development Bank Tribunal and Former President - Australian Human Rights Commission

Facilitator
Steven Spurr, CEO – Edelman Australia

Context

The Edelman Trust Barometer highlighted that it is critically important for CEOs to respond to industry issues, political events, national crises and employee driven issues. Those surveyed now look towards business leaders, and in particular, CEOs to take a centralised role in addressing these broader societal, political and environmental issues and not only discuss these but drive change.

The expectation for leadership has fundamentally shifted away from government institutions to business, and more specifically business leaders. Rebuilding trust will require CEOs to become more vocal and transparent. It requires CEOs and Directors to become leading authorities on policy regarding issues such as climate change and human rights; all of which have intrinsic links to the UN Global Compact's Ten Principles and the Sustainable Development Goals (SDGs).

The business landscape has also highlighted the trust deficit - for example, the #metoo movement led to the resignation of the CBS Chief Executive and walkout of over 20,000 Google employees; concerns on the protection of data led to Amazon employees refusing to carrying our surveillance projects for government; and a rise in shareholder resolutions in Australia is indicative of the expectation for business to consider its ESG risk.

Companies now have the opportunity to rebuild trust by developing responsible business practices and instilling a culture based on ethics and responsible business practices; one that considers purpose over profit and takes consideration of how responding to environmental challenges and managing broader societal issues, including human rights and corruption, can also increase profits.

This panel took a critical view on how we assess and engage in leadership in the corporate sector. Renowned business leaders discussed the systemic changes necessary to redress the trust deficit in the business landscape, a deficit that has been consistently highlighted by the Banking Royal Commission, the review of the ASX Governing Principles and recent surveys by the Edelman Trust Barometer. This opening discussion set the scene concerning considerations on responsible and ethical business practices, and the evolution required in boardrooms to centralise these considerations.

Discussion
Pressure for Change

- Companies are experiencing pressure to change corporate culture and take a stance on 'big' societal issues, not only from shareholders but from customers and staff. i.e. Qantas CEO Alan Joyce campaigning for marriage equality.
- To create change and promote leadership we need to reassess how we look at leadership and who we put in those leadership positions to address the systemic barriers to responsible business leadership.

"Culturally, as a country, we need to change how we view leadership. We need to evolve the boardroom in Australia. We need to create psycho-logical safety for employees to call out misconduct and lead on HR."
– Ming Long

Corporate Leadership

- Business leaders including CEOs need to be more credible than they currently are, which will involve a return to personal authenticity rather than delegating the speaking role to media/marketing teams or their lawyers.
- We need to remind leaders that they are in service to their employees, customers and the communities.
- Companies must provide the space and the trust for business leaders to stand up for what they believe in and know what's right.
- Leaders must have the courage to take these opportunities and be unafraid to confront the risks and the costs of doing so.
- There is an opportunity for large companies to lead the way in creating responsible business practices across their supply chains and engage small-medium companies within it, who may lack the resources to independently initiate rapid corporate change.
- It is a fundamental privilege to lead an organisation and serve it. This should not be underestimated.
- Companies and their leadership need to ensure that they are giving people enough of a voice to speak up.

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Government and Business

- Leadership in government is needed – not just domestically but globally. This includes across climate change, human rights, and policies that impact on the Sustainable Development Goals.
- The challenge however is the lack of leadership from government nationally and globally across many societal issues does, and will continue to, limit the advances businesses can make in developing responsible business practices.
- The Australian public therefore expects businesses to lead on these issues to an even greater degree in order to compensate for the lack of government leadership.
- Businesses should look for collaborative partnerships between other stakeholders and even competitors rather than waiting for government leadership.
- Businesses can also play a role in bringing the voice and expectations of the Australian people to government.

"We're drowning in data but not in insight."
– Steven Spurr

Challenges

- Ensuring that in increasing the extent and power of regulatory frameworks such as anti-corruption, we don't create a tick- box kind of compliance that doesn't address the broader issues at stake.
- We need to have difficult conversations around accountability and leadership rather than those that are 'G-rated'.

"Stand up for what you believe in and own it!"
– Ming Long

THE NEXT FRONTIER Building Trust in Digital Technology

Panellists

Edward Santow, Human Rights Commissioner – Australian Human Rights Commission

Sunita Bose, Managing Director – Digital Industry Group Inc (DIGI)

Lee Hickin, National Technology Officer – Microsoft Australia

Facilitator
Mikaela Jade, CEO & Founder – Indigital

Context

New technologies are fundamentally reshaping our world and are profoundly affecting fields as diverse as healthcare, education, law enforcement, defence, sales and many others by increasing service efficacy as well as reducing the cost of essential services. The potential economic and social benefits of technological innovation are vast with McKinsey estimating that AI has the potential to add around $13 trillion to the global economy by 2030 (or 16% to global GDP in cumulative terms relative to 2018).

But the widespread adoption of AI carries growing risks that we need to collectively prepare for. Some of the more immediate concerns relate to the potential for entrenching discrimination through algorithm bias, privacy and concerns that technology could enable theft and identity crime. Taking a longer-term view, there are issues around the ethics of AI that we need to work through and concerns about automation leading to a casualisation of work and rising job insecurity, uneven access and ownership of technology exasperating inequality as well as the potential for cyber terrorism.

Ensuring consumer data security and trust presents corporate Australia with an impressive opportunity to promote economic development and establish a fair and stable society. Leadership in integrating AI, while grounded in both the 17 United Nations Sustainable Development Goals (SDGs) and the GCNA's own pillars for action - 'human rights', 'labour rights' and 'anti-corruption' stands to benefit all businesses.

This panel discussion included a dynamic consideration of the implications of the fourth Industrial Revolution – technology, in terms of both the challenges to human rights and the opportunities for advancing them. It provided a clear foundation for moving forward in our understanding of where responsibilities lie both ethically and legally, in protecting and respecting human rights in technological innovation, and how companies can navigate this increasingly complex environment.

Discussion
Human Rights and Technology

- New technologies are giving rise to enormous opportunities, and yet issues such as algorithmic bias continue to obstruct access to human rights.
- There has not been enough progress on addressing these issues, and a key role of the Human Rights Commissioner is to focus more on these threats of harm than the opportunities that technology can provide, because these opportunities will be illusory unless the risks are effectively identified and mitigated.
- There is incredible opportunity for technology to advance human rights. Sunita Bose highlighted the ability of technology to democratise access to information (e.g. access to healthcare).
- In 2019 and onwards it is essential to focus on ensuring that we have systems in place to prevent the violation of peoples' human rights – we can no longer maintain a cavalier attitude as we have in the past.

"Discrimination or harassment is not an ethical matter, it's a legal matter. Companies need to stop seeing these things as just an ethical issue." – Edward Santow

Responsible Innovation

- Means developing systems and processes so that when technology is developed and deployed it is done in a way that is safe from harm. Good innovation and advancement in no way justifies a single human rights violation.
- It is about harnessing the optimism and passion of innovators whilst ensuring that they understand the gravity of their decisions and actions - it means asking 'what is the worst way this [technology] can be used?'. And then having the courage to say no when the parameters/ frameworks do not exist to supporting the development of that technology.

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Role for Governments

- Setting the right legislative frameworks that companies can use to ensure that everyone is asking the right questions and making the right decisions. This includes socialising the right benchmarks across all industries, not just that of technology, because every industry will inevitably be using technology.
- Ensuring that we have modern regulatory instruments that cover a 'data-driven economy'.
- Enforcing these laws – we need to draw the lines more clearly between ethical questions of what a company should do and what a company is legally obliged to do, and governments must make sure that these legal responsibilities are enforced.

Ethical Mindsets for Companies

- The mantra of Microsoft – 'just because we can, should we?' provided a pertinent example of how companies should ethically assess the grey areas of innovation, where the law has not yet spoken. Microsoft has learned from its past mistakes and understands the importance of listening to its customers but also embedding these ethically minded questions across all of it decision making processes.
- Having an ethical mindset allows a company to differentiate itself in the marketplace, and the reality of today is that the social value of a company has a far bigger impact on the marketplace perception than the product being sold. Microsoft learned this the hard way.

"Social value outweighs profit in today's world." – Lee Hickin

Challenges

- Increasing individuals' engagement and under-standing of their human rights in the tech sphere.
- Including marginalised groups such as Indigenous and Torres Strait Islander people in the technological journey and seizing the opportunities that it provides to capture data of old (i.e. culture) in a modern way.
- Navigating AI and technology as it begins to make decisions for us without taking into account broader and rapid societal changes taking place is increasingly challenging.

"Responsible innovation is developing systems and processes that will ensure that when your technology is deployed there is no way it will violate human rights." – Edward Santow

TRANSFORMING PARTNERSHIPS Trust in Public-Private Collaboration

Panellists

Clare Walsh, Deputy Secretary Global Cooperation, Development and Partnerships Group - Department of Foreign Affairs and Trade (DFAT)

Craig Fitzgerald, Executive General Manager, International Operations - Aspen Medical and CEO - Aspen Foundation

Peter Botten AO, Managing Director - Oil Search, Chair - Oil Search Foundation and Non-Executive Director - AGL Energy

Facilitator
Travers McLeod, CEO - Centre for Policy Development

Context

The UN Sustainable Development Goals (SDGs) call for an increase in multi-stakeholder partnerships and collaboration to help achieve local and global sustainable development priorities by 2030. By providing a platform and framework for businesses and government to work collaboratively towards a clearly articulated and universal set of objectives, the SDGs provide a powerful tool for both businesses and government to drive progress across Australia and the region.

Many businesses understand that the pathway to development will require business, civil society and government to work together. The SDGs provide a platform and framework for businesses and government to develop public-private partnerships through a clearly articulated set of objectives, and in a language that speaks to the interests of both parties. The SDGs are also estimated to provide $12 trillion a year in market opportunities across four economic systems: food and agriculture, cities, energy and materials, and health and well-being. Whilst there is a moral imperative, and business case, to achieving these goals, the economic benefits are clear and seizing these opportunities will inevitably require enhanced partnerships across all sectors.

The private sector plays an increasingly important role in providing solutions that can contribute to solving these challenges but are also in a position to generate socio-economic benefits for the communities, civil society actors and government agencies that they work with. There is also a growing recognition by communities that businesses have a critical role to play in responding to societal, environmental and political issues. Thus, achieving partnerships between these three sectors to produce meaningful and impactful PPPs will assist with increasing intellectual capital and investments and fast tracking the development of transformative innovations.

Throughout the panel discussion, the moral imperative as well as the economic benefits were highlighted, demonstrating the increasing role that the private sector can play in providing solutions that generate socio-economic benefits for the communities, civil society actors and government agencies with which they work. Panellists drew on their experiences engaging in public-private partnerships (PPPs), providing meaningful insights into the respective lessons and challenges they encountered whilst working collaboratively across sectors.

Discussion
Government in PPPs

- The Department of Foreign Affairs and Trade (DFAT) recognises the impenetrable nature of government organisations for the private sector and outlined its new operational framework, the Business Partnerships Platform, for engaging with business. A process that they hope will invite greater numbers of business to engage with Government.
- Financial mechanisms such as grant programs are envisioned as a catalyst for investment from both the government and the private sector into regions (particularly the Pacific) and around Australia.

Business in PPPs

- There are compelling economic and moral reasons why business should play a fundamental role in both the economic and social development of the society around it – this will be most efficiently achieved in partnership.
- If companies don't address social issues associated with their business, they risk no longer being able to operate and carrying out their core business.

Sustainability of PPPs

- Creating sustainable partnerships for social development is important so that projects are not entirely reliant on the presence of the business – Oil Search highlighted the importance of creating systems and processes in the Hela Province hospital (Papua New Guinea) that eventually operated without the guidance of the company itself.

Challenges

- Government must ensure that its funding actions promote partnerships rather than crowding out the private sector.

> "Spending on social development is not about putting up fences; it's about developing communities."
> – Peter Botten

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Key Lessons in PPPs

- Language plays a vital role in PPPs, particularly in sustaining trust.
- Transparency regarding business motivation for social development and engaging in PPPs is especially important to maintaining trust.
- The private sector has a role to play in a humanitarian response, but businesses need to be far more transparent than international NGOs (INGOs) to ensure that they have the trust and respect they need to effectively deliver on services.
- Early communication in partnerships about the objectives of each stakeholder is important to ensure that the potential differences are still compatible for the relationship.
- The opportunity of PPPs is to ensure that no one is left behind. That concept needs to be integrated into international development engagement.

KEYNOTE ADDRESS Rebuilding Trust, One Step at a Time: Human Rights and the S in the ESG

Speaker
John Ruggie, Berthold Beitz Professor in Human Rights and International Affairs - Harvard Kennedy School, Non-Executive Director - Arabesque and Chair - Shift

"We need to reimagine capitalism."

Context

Professor John Ruggie was the international keynote speaker for the conference. He wrote the UN Guiding Principles on Business and Human Rights which in 2011 was endorsed by the UN Human Rights Council.

In his address, Professor Ruggie discussed the need to rethink the traditional understandings of the capitalist framework in order to redress the deficit in trust and the global issues of the 21st century. He outlined the evolution of business and human rights, and shared how the UN Guiding Principles can be used as a principled human rights framing to the 'social' in ESG, a framing that is foundational to responsible and ethical business practices.

Professor Ruggie's address provided the conference with a clear appreciation of the roles of various stakeholders with regard to the UN Guiding Principles, highlighting the duty of states to protect human rights, and the responsibility of businesses to respect human rights. In order to rebuild trust and prevent human rights harm, Professor Ruggie called for a reimagination of the modern corporation to be a "social entity, embedded in the social fabric and natural ecosystems around it – not merely a nexus of contracts between private party and the firm".

Discussion
A Changing Capitalism

- Milton Friedman's ideas of capitalism and stakeholder primacy doctrine have dominated capitalism, however, the trust deficit in business and the host of environmental and social issues facing society demand that we overcome the doctrine of maximising shareholder value.
- Thus, businesses have undeniably (although not solely) contributed massively to the current situation.
- The SDGs have become an expected framework for business to address, and indeed, none of the SDGs can be achieved without business participation.
- ESG is part of the transformation required to reimage capitalism.

"A core component must be re-imagining the modern corporation; but in terms of social entity, not legal complexities."

ESG Investing

- Globalisation is increasingly under unprecedented stress and requires stronger social and environmental pillars – ESG is part of the transformation required to reimagine capitalism and globalisation. There are also global foundations/principles that we can draw on including the UN Global Compact and the UN Guiding Principles on Business and Human Rights.
- ESG investing is a potentially transformative tool to reimagining capitalism as we know it.
- ESG investment represents one quarter of all assets under management, demonstrating the massive growth in ESG investing – it signifies the expression of dismay and distrust in the traditional investor community by society, as well as the stepping-up of investor communities in response to the lack of governmental lead in ESG, particularly the USA.
- We can also expect a 'millennial boost' to ESG investments as wealth is transferred to this generation.
- Although the S in ESG is about 'people', and 'people' is about 'human rights', the 'S' metrics that we normally see by data providers don't fully understand or incorporate human rights.
- To combat this, we can use a simple conceptual understanding of the 'S' in ESG as represented by three key categories (workers, customers, and affected individuals in communities) that outlines the 'social' components of businesses.

"Business schools have done a disservice to students by teaching that arithmetic measures can inform both risk and uncertainty. Risk can be measured, quantified; uncertainty cannot. It requires judgement."

Human Rights Law

- International human rights laws do not provide obligations for companies, they merely act as a list of human rights that a company could violate.
- That states agree to uphold these laws and prevent human rights violations within their jurisdictions, including by third parties, implicates businesses in the protection of human rights.

"Trust is not transactional."

The UN Guiding Principles on Business and Human Rights

- The principles provide an elaboration of the three key areas of where businesses can impact upon individuals' human rights – they provide a high-level framing for the 'S' in ESG.
- There are three pillars to the UN Guiding Principles: protect, respect and remedy. States are concerned with all three of these pillars within their respective jurisdictions, whereas businesses are only concerned with the latter two.

"Human rights is inherently simple, respect the dignity of each other and treating others how you wish to be treated."

- Business can be involved in human rights harm by:
  - Directly causing an adverse impact (i.e. if employees are injured due to unsafe working conditions). When this occurs, the enterprise should seek to prevent or mitigate the impact, and remediate the harm if an impact has occurred;
  - Contributing to a negative impact (i.e. by knowingly ignoring human rights abuses in a company's supply chain). When this occurs, the enterprise should seek to prevent or mitigate the impact, and use its leverage with other responsible parties to prevent or mitigate the impact and contribute to remediating the harm, if an impact has occurred, to the extent of its contribution; and
  - Its operations, products or services are directly linked to an adverse impact through its business relationships (i.e. a corporate bank loan is used to source cotton from a supplier known to employ child labour despite the contractual obligation with the bank saying not to). When this occurs, the enterprise should use its leverage with other responsible parties to prevent or mitigate the impact. The enterprise does not have a responsibility to remediate but may choose to do so.

PLENARY Ethical Dilemmas for Boards

Panellists

Audette Exel AO, CEO and Founder – Adara Group and Non-Executive Director – Suncorp

Dr Megan Clarke AC, Non-Executive Director – Rio Tinto, CARE Australia and CSL Limited and Head, Australian Space Agency

John Ruggie, Berthold Beitz Professor in Human Rights and International Affairs – Harvard Kennedy School, Non-Executive Director – Arabesque and Chair – Shift

Facilitator

Narelle Hooper, Editor in Chief – Company Director and Non-Executive Director, The Ethics Centre and Documentary Australia Foundation

Context

The boardrooms of corporate Australia are increasingly facing concerns from customers, communities, shareholders and other stakeholders on social, environmental and governance (ESG) issues. With businesses expected to have a social license to operate whilst simultaneously acting in the best interest of the shareholders, boards are being tested to overcome trade-offs between ethics and profitability.

In Australia, the Royal Commission into the Misconduct of the Finance Services Sector highlighted the need for all sectors to act ethically and responsibly. He said when all is said and done it can be boiled down to six basic principles:

- Obey the law;
- Do not mislead or deceive;
- Provide services that are fit for purpose;
- Deliver services with reasonable care and skill; and,
- When acting for another, act in their best interests.

They describe how there is a need to restore trust, instil community confidence in business (from both a financial and non-financial perspective) and embed ethical and responsible business practices. For these things to happen, a cultural change needs to occur that refocuses on the purpose of organisations and ensure that the board is setting a strategic direction that considers responsible business practices.

In the context of the release of the ASX revised Corporate Governance Principles and Recommendations, it is increasingly apparent that businesses motivated by profit rather than purpose will fail in leadership. Good culture needs to focus on both financial and non-financial metrics, including conduct. Boards and executive teams must now shift their focus to building robust cultures that drive purpose and enable organisations to thrive.

> "Don't underestimate the courage it takes to stand up to a board on ethical dilemmas. We need to be brave because that's why we're on those boards – to bring a sense of what's right."
> – Audette Exel

This panel explored the changing dynamics of the corporate sector, the importance of embedding ESG principles at the core of businesses, and the necessity of creating good corporate culture that is exemplified from the board down. In emphasising the urgency for cultural change, this panel highlighted that we cannot sail slowly into changing capitalism and social equity – businesses must be part of the solution rather than part of the problem.

> "Sustainability and human rights are not something companies can sidle up to slowly any more. It needs to be at the core; business is not separate to society or our planet."
> - Megan Clark

Discussion

Changing Constructs

- We've witnessed movement away from the shareholder primacy doctrine towards the consideration of community expectations and the role that multiple stakeholders play in transforming an organisation. Conversations around board tables across Australia, and globally, are increasingly focusing on purpose, and the increased attention on ESG is reflective of this ongoing transition.
- Nonetheless, the considerable pressure from both the analyst and investor communities to prioritise short term financial considerations (such as expecting positive financial reports on a quarterly timeline) challenges long term investments into ESG. Boards must be the ones to encourage a shift away from this expectation.
- This will allow companies to be reimagined so that ESG issues are core to their business strategy rather than peripheral issues.
- We all need to be part of the solution and adjust the construct.
- We cannot sail slowly into changing capitalism and social equity.

> "We used to worship at the alter of Milton Friedman yet (in today's world) his premise of shareholder primacy is looked upon as the definition for a business sociopath."
> – John Ruggie

Communication from the Board

- Tone from the top is important.
- Enabling this shift away from traditional capitalist doctrines towards ESG will be done via the public movement of funds into ESG investment (e.g. 71% of the electricity used across Rio Tinto is from low carbon, renewable energy).
- Reflecting the extensive embedding of ESG at an executive level and communicating this shift which centralises the customer and the environment rather than purely economic factors to all stakeholders, especially the analyst and investment communities, is essential to ensure that everyone operates on the same page with the same expectations.
- We need to be "listening really hard."

> "We cannot use 'transition risk' as an excuse to stand on a train track while the train is hurtling towards us...
> ...If we do nothing for a decade, transition risk will become a cliff risk. There are massive opportunities ahead if we move now."
> – Audette Exel

The Role of Boards in Driving Culture

- 'Culture is nuanced, and art is not a science'; and yet there are almost endless metrics used throughout businesses to measure culture. Understanding that these metrics can be useful indicators that can highlight problems, but that the conversation around culture does not end there, is critically important.
- Where business schools teach 'management' as a science, they do a disservice to the essential role of good judgement that is inherent in management and leadership.
- In business there is risk, uncertainty and profit; risk and profit can be calculable and probabilistic (measurable), but uncertainty must be assessed with judgement. The board must be the provider of good judgement guided by values in the face of uncertainty.
- Sustainability and human rights are not something companies can sidle up to slowly any more. It needs to be at the core; business is not separate to society or our planet.
- Therefore, boards must provide senior management with the courage and guidance to make bigger leadership steps to ensure that they are challenging ethical issues. They also need to be prepared and capable of navigating the backlash.

> "Good to see ESG issues move up much higher on the agenda for boards. Now we're all purpose driven zealots which is actually a positive thing."
> – Audette Exel

SPOTLIGHT Circular economy, corporate performance and reputation

Panellists

Brooke Donnelly, CEO – Australian Packaging Covenant Organisation

Lachlan Feegans, Director Sustainability, Asia Pacific – Brambles

Justin Frank, Director Marketing, Communications and National Key Accounts – Suez

Facilitator
Anna Skarbek, CEO - ClimateWorks Australia

Context

Since the Industrial Revolution, technology has developed at a rapid pace. Over this period, we have learned to turn more and more forms of natural capital into more advanced products. The resulting innovations have meant that many now have access to products from all over the world at affordable prices. These products have brought many of us levels of material comfort unimaginable to previous generations. The challenge however lies in the fact that our model for economic growth is linear. It depends on the intensive use of natural resources. Currently the ways in which design and produce are incredibly wasteful. For example, if components break in a TV or DVD player we are more inclined to toss it and buy a new one. Another example are material offcuts which have little economic value in a linear system and are simply disposed of.

If we continue under the status quo of a 'take-make-dispose' economy, we are risking our future prosperity by derailing our planet's ability to regenerate itself to provide the natural capital that we are fundamentally dependent on. With an expected three billion additional middle-class consumers by 2030 coupled with the looming threat of climate change, this is fast becoming an urgent problem.

Public awareness of sustainability is growing and with it an interest in where our products come from and how they're produced. There is increasing interest in businesses based on principles of production – consumption – recycling/reuse. Circular economy provides something of a roadmap for decoupling growth from resource constraints and presents exciting opportunities for industry to create sustainable long-term growth.

Businesses moving towards a circular model must develop new approaches to packaging, adopt new technologies and shifting their investment mindset towards longevity, renewability, reuse, repair and, ultimately, de-materialisation. Embracing these principles will allow businesses to maximise the useful life of products and materials while minimising waste, the extraction of raw materials and impact on our environment.

This panel discussed the reimagining of a new business model that encourages people to consume responsibly. Our current frameworks for design and production are incredibly wasteful. This panel assessed the increasing awareness and demand for businesses based on principles of production – consumption – recycling and reuse. A circular economy provides something of a roadmap for decoupling growth from resource constraints and presents the corporate sector with exciting opportunities to create sustainable long-term growth. How to get there and what steps are required were articulated along with a deeper understanding of the realities of adopting this pathway.

Discussion

Business Role in Catalysing a Circular Economy

- Short term: bottom line - businesses and consumers alike will need to pay more to make this transition possible. This will cost money and we have to accept that.
- Understanding what impact your packaging is having in the community in which you operate and how to mitigate it; a mechanism to do this is life-cycle analyses of products.
- Have the conversation about the costs of transitioning to a circular economy, framed by the understanding that these costs will be positioned and balanced in an entirely new system of doing business.
- When addressing costs we also need to make sure that we are not screwing the supplier down to the last dollar and expect an outcome.

> "Who's going to pay for it if we do nothing – the days of doing nothing are gone."
> – Brooke Donnelly

Collaborative Partnerships

- It is critical that we create and seek out collaborative partnerships across sectors to create a circular economy.
- Master planning in relation to urban development was raised as an example of where businesses such as waste management organisations can work with government and planners to ensure urban development is undertaken in a way that facilitates a circular economy and efficient waste processing.
- Brambles' model (Business-to-Business) of leasing a product service systems model that can be used as a blueprint for other businesses across a whole range of sectors to revolutionise ways of production and consumption. This also speaks to the heart of responsibility and ownership of the product. Products tend to be built to last when your business model is based on these principles and the need for building in repair costs also becomes critical.
- Businesses must consider and undertake the necessary conversations through the entire supply chain about transitioning to a circular platform to produce, package and move goods in a sustainable way.

> "We need to create an entirely new packaging ecosystem."
> – Brooke Donnelly

The Benefits of a Circular Economy

- It makes business sense in terms of ESG investment priorities and increasing dominance in the marketplace.
- It makes consumer sense because customers are increasingly expecting sustainable supply chains and products. Transparency is becoming critical for consumers and businesses need to respond to that.

Challenges

- Developing the stable policy, regulation and legislation necessary to take control and fully support and develop the circular economy.
- Engaging the remaining organisations that are not moving towards a circular economy which will require understanding what kind of regulatory levers must be pulled to bring all businesses into the circular economy framework.
- The current framework – the Australian Packaging Covenant is 20 years old and must be redeveloped to provide a stronger approach than the current 'soft-touch regulatory framework'.

Key Themes

- New business model required for packaging.
- Greater education of analysts, businesses and consumers required.
- Government must play an increased role to address the additional costs and regulation requirements of transitioning to a circular economy.

BREAK OUT SESSION Indigenous Reconciliation

Panellists

Karen Mundine, CEO - Reconciliation Australia

Ken Ramsey, Group Executive, Sustainability and External Relations - Newmont Mining

Linda Dawson, GM Communities and Communication - Rio Tinto

Jason Masters, Non-Executive Director - Yaandina Community Services and Specialist, Regional Framework Deed - Rio Tinto

Facilitator

Catherine Hunter, Partner, Corporate Citizenship and Leader of Indigenous Services - KPMG

Context

Many Australian businesses directly impact on land and peoples. Businesses across all sectors in Australia contribute to the growth in jobs for Aboriginal and Torres Strait Islander peoples, and an increasing number of businesses are adopting Reconciliation Action Plans and programs that work towards reducing inequalities, through Indigenous employment, procurement and respect for culture.

However, there are still gaps in equity, equality and cultural acceptance that have widened the trust deficit between Indigenous and non-Indigenous peoples. Today it is important for corporate Australia to consider its role in leading the discussion around reconciliation, and the avenues that are available for both symbolic and practical action.

This panel explored the power of reconciliation in the Australian landscape through business engagement with Indigenous rights, the path to reconciliation through mechanisms like the Uluru Statement from the Heart and partnerships with Indigenous organisations. Panellists touched on the evolution of reconciliation in the Australian context and the opportunities available to businesses to lead in engendering meaningful and respectful relationships with Indigenous Australians at a corporate and individual level. Important take home messages from this insightful discussion included the understanding that reconciliation is collaborative and ongoing, not just contractual. Ultimately, this panel highlighted that whilst many are seizing the opportunity to build trusting and reconciled relationships with Indigenous Australians, greater depth and width of engagement in this issue is required across all government and non-government sectors is still needed.

Discussion
Where have we come from?

- Reconciliation has grown out of what began as a distrustful relationship between First Nation People and other Australians.
- A key to this moment is the development of Reconciliation Action Plans which at the heart are about opportunity, relationships and respect.
- Today we see a relationship which at times of collaboration and purpose has shown that good can come from working together.

"It takes courage and leadership to step forward, but if you want to be on the right side of history these are the decisions that leaders must take. Listen to the voices of the people you need to hear and just get on with it."
– Karen Mundine

Reconciliation Action Plans (RAPs)

- Provide organisations with clearly articulated purpose and goals and provides a framework for organisations to support the national reconciliation movement.
- RAPs have developed from the Native Title Act as well as increasing awareness of the opportunities for Indigenous Australians to be at the table; they are not simply about monetary rewards, but especially in the mining sector go to the heart of what would be collaborative land management.
- RAPs shift what can begin as internally focussed reconciliation efforts within an organisation, to a very public and external exploration of development of reconciliation – such was the case with Newmont Mining.

"From an Aboriginal point of view, 'Native Title' is not focused on compensation - they want to know exactly what you're doing on the land."
– Jason Masters

The Uluru Statement from the Heart

- Continued engagement in reconciliation on behalf of the Indigenous people culminated in the Uluru Statement of the Heart which was consequently rejected by the Australian government in early 2019.
- This provided organisations such as Rio Tinto and BHP to take the lead in their action to publicly announce their support for the statement.
- Businesses have the opportunity to lead industries in building reconciliation when it comes from a place of authenticity and collaboration with Indigenous Australians, as was the case with Rio Tinto.

BREAK OUT SESSION Innovative Finance

Panellists

Allison George, Acting CEO – Regnan

David Jenkins, Head of Sustainable Finance – National Australia Bank

Lauren Hicks, Manager Responsible Leadership – IAG

Facilitator

Jonathan Cartledge, Acting CEO and Head of Public Affairs and Membership – Green Building Council of Australia

Context

Globally, momentum is building to better align finance with the sustainable development needs of the 21st Century. We have seen a growth in capital, through lending, insuring and investing that aims to help tackle the most urgent social and environmental challenges.

Last year almost USD250 billion was issued globally in sustainability themed debt in the form of green, social or sustainability bonds, green loans or sustainability-linked loans. Over US$225 billion was invested in renewable energy and US$35 billion was invested into social impact investments. As flagged in The Global Sustainable Investment Review 2018, sustainable investing assets stood at US$30.7 trillion at the start of 2018 up 34% in two years across the five major global markets of the United States, Europe, Canada, Japan, Australia and NZ. Sustainable investing is an investment approach that considers ESG factors in portfolio selection and management.

Client demand for responsible investing continues to increase. Responsible investments accounted for more than 55% percent of professionally managed funds — or $866 billion — in Australia in 2017, according to RIAA"s 2018 benchmark report. This was a 39% increase from the previous year when responsible investments stood at $622 billion.

Sustainable investing has become more important in recent years to people who invest around the globe. But there is still some way to go before the majority recognise sustainable investing as an effective means of having a positive impact on the world.

Panellists discussed the emergence of sustainable finance and some of the driving forces behind it, including the emergence of new stakeholders and changing shareholder expectations. Conference delegates also learned of the ongoing challenges in developing consistent and meaningful measures of impact and reporting metrics, as well as the emerging opportunities in the field for their respective organisations and businesses.

Discussion
A Growing Theme

- Sustainable finance has experienced significant growth as people seek to invest in ESG as well as many organisations seeking to deliver the SDGs.
- Part of this drive in the corporate sector is related to fundamental changes in business models and the need to maintain social licences to operate.
- For example, NAB has witnessed a growing demand side pull seeking to mobilise and direct capital into sustainable investing, and an increase in the complexity of questions surrounding the impact and measurement metrics used for these investments.

"The easiest example is looking at coal — we have a climate change working group made up of key stakeholders at the executive leadership level within the bank. They look at the risks and opportunities moving forward and areas where we can do more to transition our balance sheet."
– David Jenkins

New Stakeholders

- The growth in women and millennials as wealth holders has challenged the investment community to reassess customer expectations.
- We have also seen the frame shift from 'risk and responsibility' as companies, to engaging in ESG investment for the purpose of brand management and differentiation around approaches to sustainable finance.

Other Drivers

- Greater public expectations of responsible investment have generated different normative expectations around investment opportunities.
- Guiding documents such as the UN Principles for Responsible Investment (UNPRI) have formalised these changing norms.

Reporting metrics

- Impact metrics must be measurable and meaningful.
- Consistency of terms is important: the example of defining 'resilience' in the investment world was highlighted as a process that is still being undertaken.

Challenges

- Australia is behind in the regulation to mobilise sustainable capital and fiduciary duty expectations compared to other countries.
- Government is a boundary in some areas for innovative finance; they are needed to set frameworks and provide investment opportunities.
- The inconsistency of terms related to sustainable finance can lead to subjective ESG metrics – there must be measurable outcomes for sustainable investment so as to avoid 'SDG-washing'.
- 'Long-term' in an investment sense is often very different to long term in a corporate or policy sense. However, long term horizons are required in the investment market to effectively promote sustainable finance.

BREAK OUT SESSION Effective Corporate Culture in Anti-corruption: A Pillar for Sustainable Business

Panellists

Andrew Walter, First Assistant Secretary, Criminal Law Reform – Attorney General's Department

Debbie Goodwin, Non-Executive Director – Macquarie Atlas Roads Limited, APA Group, Ooh! Media and Senex Energy Limited (including Chair of the Risk & Audit Committee)

Sue Wilson, General Counsel & Company Secretary – Iluka Resources Limited

Facilitator

Rachel Nicolson, Director – Global Compact Network Australia and Partner – Allens

Context

A strong corporate culture is a driver of ethical conduct and trust in a business. A poor corporate culture, on the other hand, can lead to misconduct, including corruption, and has the potential to foster mistrust in a business.

Corruption is a societal ill. It incentivises and rewards unethical behaviour, hinders social and economic growth, delays the emergence of developing economies and stunts thriving democracies based on good governance and the rule of law. From a business perspective, corruption can have considerable negative impact on sustainable business development, employee satisfaction and retention, as well as the cost of doing business.

Corporate culture has for some time been a relevant factor in the anti-bribery and corruption regulatory space. By way of example, inadequate corporate culture can be a ground for establishing corporate criminal liability and a relevant factor when it comes to prosecution and sentencing discretion. Fostering an effective corporate culture that does not direct, encourage, tolerate or lead to corruption requires strong leadership within an organisation that "leads by example" and governance structures that foster ethical conduct. Transparency and accountability regarding expectations of directors, officers and employees is also key. The proposed amendments to Australia's anti-bribery laws reflect this reality – they will include new and tougher provisions that have the potential to hold businesses to account if they fail to prevent foreign bribery in circumstances where they did not have adequate procedures in place to prevent it from being committed.

We are in a new era of corporate responsibility where community and regulatory expectations about corporate compliance have matured domestically and internationally – this is most apparent in the final report of the Banking Royal Commission. This panel brought together leaders to discuss the important lessons we can learn from recent events, the changing regulatory landscape and its implications for boards, and how corporate culture in anti-corruption can be effectively shifted to align with sustainable business practices.

Discussion

Learning from the Banking Royal Commission

- Many companies are using the final report from the Royal Banking Commission as a guiding reference when assessing and shaping their corporate culture.
- Corporate culture is led by the board which sets the 'tone from the top' and leads by example.

Shifting Culture

- Iluka Resources highlighted an example of how it responded to the discovery of corruption and bribery internally, including the decision to self-report, and how this provided an opportunity to shift corporate culture.
- Boards must take responsibility for their company's corporate culture by actively staying informed about regulatory changes, risk management processes and updating policies.
- Authentic interactions within the organisation will allow boards to continually assess their corporate culture.
- No complaints or whistle-blower reports are a cause for concern as they can indicate failures in reporting systems and culture.

Changing Regulatory Landscape

- New regulatory reforms are being passed to bridge the accountability deficit and match stakeholder expectations.
- These include new whistleblowing legislation, Commonwealth and NSW Modern Slavery Legislation, and the forthcoming introduction of absolute liability for failure to prevent foreign bribery.

BREAK OUT SESSION Principles at Work: Blueprint for Sustainable Leadership

Panellists

Colin Adams, Vice President Asia Pacific - Cardno International Development

Matthew Brennan, Head of Sustainability - Transurban and Director - Infrastructure Sustainability Council of Australia

Susan Mizrahi, Head of Corporate Responsibility - Australia Post

Facilitator

Sam Mostyn, Non-Executive Director and Sustainability Adviser - Mirvac, Transurban, Virgin Australia and Sydney Swans and Chair - CitiBank Australia

"The SDGs are bright and colourful and people are taking notice."
– Susan Mizrahi

"Summer is coming."
– Colin Adams

Context

There is widespread recognition that businesses today should take the lead on environmental, societal and economic issues and that by taking a holistic approach and embedding these principles into an organisation's DNA, it will uniquely position the business to not only tackle existing and future risks and challenges but also be primed to embrace the myriad of opportunities that will emerge.

As a result, businesses are becoming far more sophisticated, innovative and ambitious in their desire to meet these global economic and societal goals as they fundamentally understand this one overriding reality – that sustainability represents a profound market shift.

The 2030 Agenda for Sustainable Development is a people-centred, rights-based call to action that recognises the vital role that business plays in creating a sustainable future. The UNGC's 10 Principles are the foundation for creating a sustainable business, bringing together universally accepted standards across human rights, labour rights, environment and anti-corruption. When businesses implement these Principles into their strategies and processes it is not only good business practice, but is an enabler for realising a prosperous, inclusive, peaceful and sustainable world.

In this dynamic conversation, participants heard from renowned business leaders on how the Sustainable Development Goals (SDGs) have helped galvanise corporate action around a common set of goals and targets whilst also illustrating what barriers have been encountered along the way and what, if any, is the long-term value in embedding these principles across corporate practice.

Discussion

Businesses Leadership on the SDGs

- The SDGs define global sustainable development priorities and aspirations for 2030 and seek to mobilise global efforts around a common set of goals and targets. They provide a collective blueprint and common language for governments, business, civil society and the broader society.
- The SDGs provide the basis for engagement in sustainable leadership across an organisation.
- Companies have a moral obligation to work towards meeting the SDGs. But there is also a clear business case for doing so.
- The SDGs are a framework for analysis. They highlight company performance/underperformance on certain key issues thus enabling companies to understand where key actions need to be focused/ and what leadership is required to support these pathways.
- They provide business leaders with a key framework against which they can communicate a broader agenda in the midst of a megatrend of activism around the environment and sustainable social development more generally.
- Instead of haphazardly focussing on the SDGs in general, businesses should look to focus on specific SDGs that naturally intersect with their business strategies.

SDGs Supporting Strategic Directions

- Not about retrofitting your existing business strategy to the SDGS, it's about finding points where they mutually support one another. Existing business strategies will already support one or more of the goals, and it's about finding these natural intersections and aligning the SDGs and their business strategy more explicitly. There is a tide of change coming for business which will see an increase in business uptake on the SDGs.

Sustainable Finance

- The SDGs present great opportunities for business practices that integrate respect and support for human rights and protection of our planet.
- There is mounting evidence that businesses with better environmental, social and governance performance have better financial performance. Important to be aware of this growing trend.
- Investors are no longer satisfied by simply reading a sustainability report - they want to get into the detail and explore the robustness of projects and their sustainability. The SDGs provide an avenue through which to achieve this.

Challenges

- There is no national action plan or national implementation plan, and little language at the governmental level on the SDGs.
- A greater attention to reporting SDG performance is required, although this is hampered by the current lack of common indicators.
- Australia currently has a huge amount of work in addressing the SDGs of economic inequality, climate change and responsible consumption and production, whereas our work to reduce poverty and increase health and well-being outcomes has seen some tremendous results.
- There is still a huge amount of progress to be made, particularly on climate action from both a business and government perspective.

PLENARY The Last Word

Panellists

Pat McCafferty, Managing Director – Yarra Valley Water and Chair – Water Services Association of Australia

Phil Vernon, CEO – Australian Ethical

Tania Constable, CEO – Minerals Council of Australia

Meg Fricke, Partner, Climate Change and Sustainability Services – EY

Facilitator

Robin Mellon, CEO – Supply Chain Sustainability School

Context

Has corporate Australia gone too far, and lost public trust indefinitely? Or can leaders drive cultural change to create responsible businesses and regain the public's trust – and if so, how do we do it?

This session brought together themes discussed throughout the conference including the importance for CEOs to respond to industry issues, political events, national crises and employee-driven issues; the need for business to prepare and guide people for an automated future; ability for public-private partnerships to enable companies to lead on impact; the need for companies to have an effective corporate culture that takes account of the ASX Guidelines, in particularly Principle 3; and how implementing a principles-approach to the SDGs is an enabler for trust. Given all that is evolving, both with the nature of work and the number of concurrent factors at play, how do leaders balance and prioritise?

This session aimed to provide delegates with the opportunity to hear from business leaders about the connection between increasing responsible business practices and rebuilding trust and unpacked what it would take to regain trust in corporate Australia.

"Partnership is the new leadership."
– Robin Mellon

Discussion
Are You Trusted?

Each panellist was asked if they thought their organisations were trusted by the public. All businesses should be asking themselves this fundamental question in order to engage with the deficit of trust in corporate Australia.

Embedding Values in Culture

- The UN Global Compact's 10 Principles and mapping work to the SDGs provide frameworks and reference points for businesses to distil their respective values.
- Understanding values as a competitive advantage for an organisation and putting these values into action through continual discussion and measurement is important to committing to a constructive culture.
- Linking the individual purpose of staff to the organisation's purpose is important in creating good culture.

Communication of Culture

- Transparency in reporting and articulating which ethical approach an organisation is adopting is important in maintaining good corporate culture and rebuilding trust internally and externally.
- Codes of conduct and measuring conduct from an operations perspective was an example provided from the minerals sector on how they communicate and measure their values and culture.

Engaging the Public

- Particularly when related to increased price of goods and services, it is important to engage the public and communicate explicitly about costs.
- An example from Yarra Valley Water demonstrated that dialogue with the public can often help reveal expectations and trends such as a strong pull for fairness and equity regarding delivery of services to consumers, despite the cost.

Challenges

- Uneven engagement in ESG by businesses remains a key challenge in rebuilding trust and driving change in a collaborative and cross-sectoral way. Navigating this requires legislation to assist people and corporations to engage responsible business practice when they might not have otherwise done so.
- The challenge of balancing an increasingly resource scarce world (be it energy or water etc.) with affordable amenities and services remains unresolved.
- Businesses have a responsibility to call out misconduct within and across sectors, however this takes courage and leadership.

"Businesses need to "stop rationalising inaction" on climate change and human rights issues."
– Phil Vernon

Final Question

What would your advice to the people in the room be on how to act on the discussions of the last couple of days?

- Hold a mirror up to your organisation and measure both the costs and the benefits of your business.
- Create a values-based culture, reinforce it continually and communicate it clearly internally and externally.
- Move beyond alignment of the SDGs to 'ambition, attribution and additionality'.
- Understand your organisation's impact and create partnerships and encourage diverse opinions and collaborations to manage the positives and negatives of these impacts.
- Don't strive for perfection, take action and do something.

CLOSING PLENARY Moving Forward: Reflections on "the Ethics Revolution" with Emmanuel Lulin

Speaker
Emmanuel Lulin, Senior Vice President and Chief Ethics Officer – L'Oréal

"Be brave, be transparent, be bold."

Context

This session aimed to offer reflections on the "ethics revolution" from Emmanuel Lulin – the Chief Ethics Officer of L'OREAL. Emmanuel discussed why embedding ethics and responsible business practices in every aspect of business is the only way for business to guarantee sustainability, maintain competitive advantage and regain trust.

Through a series of interactive case studies, Emmanuel put forward his perceptions about the ethics revolution by incorporating some of the themes discussed throughout the conference:

- Importance for CEOs to respond to ethical issues;
- Need for business to prepare and guide people for an automated future;
- Ability for public-private partnerships to enable companies to lead on impact;
- Need for companies to have a strong corporate culture to prevent misconduct and mistrust, including preventing corruption; and
- How implementing a principles-approach based on the SDGs that incorporates innovative financing is an enabler for trust.

Emmanuel's keynote built on these topics and discussed how, overarchingly, ethics is an agent of change and trust as the currency of ethics.

Discussion

Bottom line

Ethics is good for the triple bottom line.

Opportunity

Advances in innovation makes for a fascinating time leading to great opportunity; it can also lead to new ethical issues that must be addressed.

Regulation

- The law does not always offer a framework for ethics around technical innovation ethics; it may develop late or be insufficient to address ethical issues.
- In fact, ethics is more often than not beyond the law and compliance, especially due to the subjective nature and implementation of ethics around the globe.

Asking Ethical Questions

- "When you are a boss at any level or an employee you always have to ask two questions. The first question is, do you have a right to do it? That's a compliance question. Then comes the ethical question – is it the right thing to do? Just because you have the right to do something, should you do it?"
- Through an example of the use of automated cars, this session challenged the audience to consider the ethical questions that must be asked when developing the algorithms for technological solutions, like driverless cars.
- Programmers will need to ask themselves about what current laws is my technology implicated in – what laws will an automated car have to comply with, and how does that intersect with ethical decision making.
- How automated technology responds to different situations will be at the crux of ongoing development – for example, will these cars prioritise the safety of the individuals in the car (individual human rights), or those of broader society (everyone else).
- When answering these questions, programmers must consider whether the answers are what we 'should' answer, or alternatively the answers that are most accurate (i.e. ones that reflect self-preservation or perhaps 'human nature').

Final Key Thoughts

- Innovation, like business decisions more broadly, provides incredible opportunity, but with it comes a responsibility to carefully consider and address ethical questions surrounding innovation.
- These questions will encompass ethical and legal considerations, and the grey areas in between them.
- Making ethical decisions are key to rebuilding trust in corporate Australia.

"Ethics Rocks."

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