



COP26: SUSTAINABLE ORGANIZATIONS FOR A NET ZERO WORLD

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Participants

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VIDEO TRANSCRIPT

Peter Lacy: Good morning and welcome from Glasgow and welcome to COP26 for many of you joining us digitally from around the world. My name's Peter Lacey. I'm a member of our Global Management Committee at Accenture and most relevantly for today, I will be moderating you through a session on Sustainable Organizations and the new DNA for success that we believe is going to be at the heart of competitiveness for companies and organizations in the future.

We're going to have a fascinating hour, I hope, and we're going to do it in three parts. Firstly, I'm going to introduce to you some groundbreaking research that we conducted with the World Economic Forum and with Arabesque to really understand with a data driven approach some of these characteristics that are distinguishing leaders and the results that those characteristics and capabilities are delivering.

Then I'm going to invite a wonderful panel who I'm extremely grateful to because several of them are up at, frankly, absurd times of day in different parts of the world to join us.

And I know what that feels like having lived in different parts of the world and so, I appreciate very much the panel that I will introduce to you all in just a second.

And then, we're going to invite those of you in the room and those of you digitally to engage in a dialogue to share with us your own experiences, but also to ask questions of me, to ask questions of our panel on some of the research.

So let me set out some of the context as we begin and really the genesis of this work and why we went about this work from the outset. From my experience and now my experience spans 24 years of working in sustainability and the very first sustainability project I ever conducted and I still joke with Christiana Figueres, who was the last UNFCCC head, I still joke that it was in Costa Rica was to harness the power of geothermal energy from volcanoes, which having an eight and a ten-year-old boy is still the only project other than Lego that I've ever done that they thought was cool.



But back then, I can tell you trying to explain to companies why sustainability and why climate change and why shifting to if issues like renewables or energy efficiency or the electrification of it, why that was needed in their business was a pretty tough ask and so, the why and the whether were really the conversation.

That's clearly no longer the case. Yesterday, I was fortunate enough to launch the results of a study with the United Nations Global Compact, the largest ever special edition of videos and climate change and what was very, very clear is that we are already in a new era. A lot of what they were saying was very clear messages for government negotiators about how to stimulate the markets that open up a green industrial revolution. But also, a lot of them showed how they were already creating value and impact and competitive advantage.

So why is that relevant to tee up today? Well, the why, the whether and even I think increasingly the what is now actually behind us for many leaders, but actually, the real question now is the how and that's what this research focuses on. It focuses on the how in terms of the organizational and leadership capabilities that are required to win in a world where financial value isn't the only metric, frankly.

we talk at Accenture about 360 degree value but certainly, the capital markets and investors talk about environmental, social and governance issues. The pandemic, I think, has really asked many of us as leaders but also at every level of the organization, people have questioned their own purpose, their own values, what it means to dedicate their lives to organizations that aren't maybe aligned with their values or to double down and commit to those that are aligned. So I think we're at a very, very unique period in the global economy where we have multiple environmental, social and governance forces shaping very quickly a disruptive environment for organizations.

Now we know that the North Star has been set, 190 plus governments signed up to Paris in a two degree and, hopefully, 1.5 degree world. That's what we're here at COP in Glasgow to discuss. But one year later, they also signed up to the Sustainable Development Goals, 17 goals that span the full spectrum of the world that we want and the future that we want.

So when we think about what it means to drive strategies, to drive capabilities, to drive leadership responsibilities, it's in that context that I think this work really sits. Now I had a good debate with a school friend of mine. I think Scotland's always good at keeping you honest and particularly if you're a consultant or a journalist or that you're used to using words that maybe might have a little bit of poetic license at times to describe what we do in our day jobs. And I think the claim that there's a new DNA for organizations doesn't go without I think challenge from the odd skeptical person.

And this was my response which is actually, if you go back to Darwin and you go back to evolutionary biology, for those of you who may have studied or understand that, you hear a phrase which is punctuated equilibrium, right, which is the idea that species go through very long periods of very stable DNA and very stable evolution where they have a very consistent environment and there's no real need for them to change. And then every now and again something very, very big happens, like with the dinosaurs dying out, whether or not we believe it was meteors or whatever it was or ice ages ending and actually, species either die out or they have to adapt.

I believe you can extend that example to what's happening in business. I do believe that we are entering a net zero industrial revolution. I do believe we are entering a sustainability revolution which is at least as powerful as the fourth industrial revolution that we've been talking about over the last decade and digital technologies, physical technologies, biological, scientific breakthroughs in engineering.



So I actually think you can extend this metaphor of needing to adapt, needing to recognize this very, very significant set of changes that are taking place in the world. So with that, let me walk you through some of the research to kick us off.

VIDEO: Businesses are under ever greater pressure to deliver value for all stakeholders, to turn their responsible goals into actions and create lasting impact. Those that succeed, begin by shaping into sustainable organizations. They bring a new awareness of how business gets done and how people are treated at work, what people are buying and who they're buying from and how investors decide to allocate their capital.

Shaping sustainable organizations implies transformation, rethinking how and why decisions are made and cultivating new behaviors and capabilities to build a stakeholder centric organization. The key is activating your sustainability DNA. It's what makes a truly sustainable organization, building human connections, collective intelligence and shared accountability to benefit the organization, society and the environment.

To shape your sustainable organization, take our diagnostic to measure your sustainability DNA and start becoming the business your stakeholders want you to be, to deliver value and impact for all.

Peter Lacy: I think it's always good to start off with a video, so the team actually get the script that they actually want, rather than the script that I deliver, rather than looking at my notes. So that's always helpful. So that's really what with what you wanted to hear about, but they also given me a couple of slides, so I can see in the background Cyrus is going to probably start getting nervous as I start riffing.

But I think the first thing to say is that we talked about and I talked about in the opening, that this

has become a business imperative, sustainability, the why, the whether and the what. And so, I'm not going to spend too long on this because I think it's clear to all of us that this is about employee demands, 65% of employees that we spoke to believe that their organization should be leaving the world and their people net better off, 66% of consumers are planning to make more sustainable or more ethical purchases over the next six months. And this data is 12 months old.

The data I've seen even more recently is even stronger coming off of the back of the pandemic. And investors, 28% of investors have signed up to the UN principles for responsible investment, but I'll give you another example. We have seen a sea shift on investors in the last 18 months. So what does that mean? That means that, for example, at Accenture, ourselves, before we never had our mainstream investors asking us proper conversations, having proper dialogues about having proper conversations. Now every other week, I'm with one of our top 10, 15 investors having the conversation, not just about our own performance, but about where are these new markets coming from. You talk about sustainability services for your clients, you're talking about embedding sustainability in every asset and offering you're doing in cloud, in security, in supply chain transformations. What does that mean? Is it going to differentiate your product? Is that new pricing mechanisms, etc., etc., etc.

And one of the most startling things for me with investors, in particular, that the CEO study showed us, I've run that CEO study with the UN Secretary General now for 14 years and that's the seventh or even eighth, I think, version of the CEO study that we've done.

When we ask CEOs, we ask them every time which is the stakeholder that drives your awareness and action and activity on sustainability the most?



And it's always regulators, employees, consumers, right. Investors, when we only used to ask them about 11 stakeholders, they finished 10th or 11th. When we asked them 14th, they'd be 8th or 9th. They'd risen a bit. This time, in the last 18 months, they went from eighth to third, the largest we've ever seen in terms of any stakeholder movement. I think totally reflective of an awakening in the capital markets, asset managers and investors that it's here to stay. And this cannot be ignored anymore. So this even if you didn't believe in it, it doesn't matter anymore. The markets do and you've got to get this right.

I think one of the other things that I see a lot in my conversations and one of my own key performance objectives, I have is how many CEOs I spend my time talking to on average per quarter, which I track, which our boss, Julie, tracks as well, so it's always good to try and emulate what your boss tracks. And over the last two quarters, I've spoken to 80 CEOs from our biggest client, 500 clients in the world. And what you hear from them is that the pandemic, in particular, I think really has made them think differently about delivering for stakeholders.

You know, I think sometimes business gets seen, CEOs get seen almost with a singular identity rather than being parents, members of communities, on boards of schools, parents that have been suffering in the pandemic, children that have missed their schooling. You know, I think this has been genuinely behind closed doors one-to-one. I've even had CEOs in tears. These are people now, you know, there's people who watch this and say, well, they get paid a lot of money to do what they do so, okay, fair enough.

But at heart, these are people who have been hugely impacted, I think, in the last two years. And I think that the number you can see here that identify becoming a truly responsible and sustainable business is very much on the up.

And I mean fundamentally, not lip service. Because behind closed doors with me, an executive board member of Accenture. They can say anything they like, right. And what they're doing hundreds of millions of dollars worth of business with us and I don't believe that it is just lip service. I think a lot of organizations are finding it very difficult to navigate this maze, but they want to navigate it.

One anecdote I used yesterday, we launched our support for the first ever global schools prize for sustainability and environmental education, a global prize that will be launched next March, which I was very excited about. But the number of CEOs in the last study would be well over 50%. I don't know the exact number. Anecdotally, who told me that the major driver for them on sustainability was their children or families giving them a hard time. I have to say mine aren't yet, they're just below that age of giving me a hard time on this, but some of you probably do have families. And you know, I said what are you doing? Why aren't we doing more?

First time my ten-year-old actually at dinner table got very upset about poverty and why it was that some people could live in wealth and some could live in poverty the other day. A lot of CEOs are being driven by very, very personal reactions to the pandemic and other issues that have been happening across the global economy in recent years. And particularly, I think relevant is climate change and how clear the science, the economics and the data are now becoming to most leading CEO, right. This is now something that we are very aware of and our generation needs to tackle.

Now I said at the beginning that we've moved from the why, the what and the whether. Now it has to start with organizational and individual capabilities. For the last decade, I've talked a lot with clients about there being two fundamentally different skills that you need to succeed if you want to be a sustainable business, that don't get taught in business schools.



So for any of you here who've got an MBA or who went to business school, who went to a tech school, they didn't teach us this. They didn't teach us stakeholder inclusion and a stakeholder-centric mindset. They taught us about marketing and about consumers, they taught us about organizational behavior, they taught us about finance and accounting, logistics and supply chain, but we didn't get taught about stakeholder engagement, different methodologies, skills, mindsets, tools.

The other thing that we didn't get taught about was ESG data. So really understanding the science and the economics and the quantification of performance around broader than financial metrics, but into things like carbon, biodiversity, water, waste, the job creation, the fair wages, living wages. These were just things that weren't on the curriculum and they weren't on the radar.

Now those two things have been things I've been saying for a decade now. What I love about what Cyrus, before him, and Matthew Robinson and all of the people I'm very grateful. There are many names I've missed, very dangerous using names when you're helping your team work with this, but is that they've actually, I think, done a really good job of expanding what was my view of those two things that you needed to expand them. What the World Economic Forum's Young Global Leaders Group at the Young Global Shapers Group, with more than 600 leaders, I believe, and more than 2,000 conversations over the course of the last 18 months, to ask that group, mostly in their 30s and 40s, in the case of YGL's, mostly in their 20s. I'm very proud to be a member of the board of the World Economic Forum's YGL Group. What they believe the future leaders are going to need, in fact, what they need now, but certainly what they're going to need more in the future.

And these five elements of responsible leadership make up that individual set of capabilities that we're going to need to add to what we already know takes to drive competitiveness. By the way, you don't get a pass, right, all the old things still count, you still need to be able to manage the finance and accounting, you still need to understand the consumer, maybe that's changed more to experience, you still need to be able to manage your finance and accounting. So guess what, unfortunately, the world just got more complex, more complicated and more difficult.

I'm lucky, that's the reality, right, but now these matter and I'll tell you something else which really, really resonated with me from Cyrus's research and the team's research and is sponsored by Ellyn Shook, our Chief HR Officer and Leadership Officer at Accenture, who's my partner in this piece of work, is that our people are watching us as leaders for these skills. It isn't just a case of this is the new curriculum and everyone's on a journey to develop it. They're watching us for these skills already, stakeholder inclusion, emotion and intuition empathy, mission and purpose, technology and innovation and being on top of your game, understanding disruptive technologies and the potential to create value and impact and then intellect and insight. And not just the classic version of that, but able to use big data and analytics, machine learning to understand how to solve bigger and more complex problems. And whether or not we, as leaders, can do that because they look upwards and think to themselves in a very flexible labor market in many places, do I want to be led by that individual or not? Is this individual going to take me where I think the world needs to go? Is it going to be an individual that can help us to manage for shareholders but also for stakeholders and for the planet, if that's what matters to me for the rest of my career?



So I can tell you we're all on, I think, I'm afraid, unfortunately, I'm no longer a young global leader. I graduated. I'm not going to say how long ago I graduated, but I'm not a young global leader anymore. You get a six-year stint of it, but that will give you a sense of how long ago, I graduated. But I think we're all - I think we should all be aware of the fact that we've been put on warning, right, that we should be thinking very carefully about our own leadership just as we think very carefully about exposing the next generation and helping them develop the knowledge, skills, mindsets, attitudes on responsible leadership.

Now that's about human connections. It's about collective intelligence. It's about accountability at all levels, but it is also, we believe, something that can translate not just to the individual level, but to the organizational level. And that you can and in the old days here's what I would hear when I said to people values and ethics can be measured, trust is something that is tangible and I can show you the drivers of trust. I remember a very specific conversation with the CEO of one of the world's biggest pharmaceuticals companies. I'm going to save their blushes, but came to me and said, we can't measure trust. It's just something that you have it or you don't have it and I said BS you can't measure trust. Yes you can, let me go and take all of the data you have on your relationships with your pharmacists, with your patient groups, with your doctors, with your research and development teams, with the pressure you put on your commercial teams, with your regulators and those who approve your drugs, with the ministries of health and the payers or providers and insurance companies. Let me go and get the data you already have and I'll show you how trusted you are. And I'll show you how trusted you are versus your peers. And we went through a phenomenal journey credit to that CEO, who really bought into that process of rethinking state-centric management and trust.

But we think now we're far more advanced than that. Actually, as well as being a responsible leadership set of characteristics, there is a new sustainability DNA emerging. And I want to be clear, it's nascent and it is emerging. It isn't clear cut. It isn't that one organization has nailed every part of this, but there are now deep metrics that we've studied across 4,000 companies with our YGL and the World Economic Forum across 150 data points that point to these different elements of sustainability DNA. And I'm not going to drain the slide or the picture because there's way too much on it, but it is something that you can go and visit the website. We do have a diagnostic that you can take in your own organization and there is a huge amount of research over the last two or three years that has gone into this as well as a lot of client work starting to put this into practice, including at Accenture, ourselves, trying to build this into what we do.

Here's the greatest news of all and it's not perfect because these things are always a little bit self-serving, right, but what I will tell you is if you look at the financial performance of those 4,000 organizations and the top quartile versus the bottom quartile from a shareholder value perspective and from a profit and loss perspective and a balance sheet perspective, so just the kind of classic accounting based and market-based measures. The top quartile outperformed the bottom quartile financially on EBITDA by 21% in terms of the profit it's generating for its business and its cash flow. And it outperforms the top quarter out performs the bottom quarter by 21% on ESG metrics gathered by Arabesque. So across the full set of WEF 21 metrics that have been set up with ESG metrics. So quantifiable metrics on things like inclusion and diversity, business and human rights and supply chains, carbon emissions, water, waste.



So this is something that clearly is relationship. Now we haven't got enough data to take that back to five years, seven years, ten years. We don't have that data, so it's very difficult. But if you look at the last three years and you project forward and you think about where this is headed, I would bet you a lot that this is where organizations are going to differentiate themselves because the why and the whether are done. The what is still a proper conversation in where you choose to invest portfolio allocation, capital investment. But this, the how, how you develop leaders, how you organize, how you build organizational capabilities, how you think differently about that, this matters and it's going to matter evermore.

So the final thing I'm going to say before we open up for the panel is good news and bad news. When we looked at those 4,000 companies, what we found was the average score is only 52 out of 100, right. And I think that's where you would expect it to be. I don't think that's really a massive surprise to me that there is a huge amount of value still on the table. If you go back to my previous slide, it really is value as well as sustainability impact in terms of organizations thinking about their leadership teams, they're learning organizations, their capability development at the individual level and their capability development at the organizational level. So right across the board there's a lot still at stake.

And so, one of the things that I love, this summit, the COP26 Summit, Rachel's in the front row, very, very good friend and colleague of mine. We both live in a very nice part of the south of England and I was running past my local pub the other weekend and I saw a brilliant quote, if any of you have seen on Twitter. I put out at the weekend which summed it up perfectly and the pub is called the Churchill's Tap. And this is the largest diplomatic summit since World War II.

So it immediately caught my attention and the quote itself said that the pessimist sees the difficulty in any opportunity, whereas the optimist sees the opportunity in any difficulty, right. So the pessimist sees the difficulty in any opportunity, the optimist sees the opportunity in any difficulty.

That to me looks like at least a 100% opportunity for organizations to improve their organizational and individual capabilities even from the get-go. So that for me, I think, is that really is at 52, I guess that really is glass half empty, glass half full. I will say if COP doesn't deliver, we don't see where I will be back in the Churchill's Tap for pints of Guinness to drown my sorrows as well and I might scrawl out the quote. But for now, my attitude to COP is very much Churchill's attitude.

And we can do a lot to change our organizations, to diagnose, to design, develop, build this into our leadership development and learning programs. And for those of you who have responsibility for organization, for talent, for leadership, for recruitment, for all of the things that build capabilities, as well as operating models of organization and how you organize according to some of these new skills, mindsets, knowledge sets, I would encourage you to have a look at the diagnostic and take some time to really think through what that might mean for your organizations.

So with that, I hope that we may be joined by a wonderful panel, who as I mentioned are up at crazy times in different parts of the world. Nicole probably the only one who, oh, maybe Nicole is in the U.S., but I hope probably on European time, but I am hugely grateful to Arvind and Christie for being up at absurd times and we apologize to your families, but thank you very much for joining us in any case.



So let me just introduce the panel and then, we'll get stuck straight in. So Nicole Schwab, who is a good friend of mine, very pleased to see you here. I know you wanted to be in COP, but couldn't make it this time round. But Nicole has had a whole different series of roles at the World Bank, everything from I believe in the past from the Ministry of Health in Bolivia, all sorts of different roles around the world, but as it currently stands, is both the Chair of the Young Global Leaders board, co-chair I believe, Global Leaders Board at the World Economic Forum community that's extremely important to the WEF. And she is also the co-head of nature-based solutions. They're such an important part of the set of solutions that we need in order to get into the net zero 1.5 degree world. And she's been sponsoring and part of this research all the way through.

We're also joined by another good friend of mine, Arvind. Good to see you, Arvind Satyam, who's the Chief Commercial Officer of Pano, but also many will know Arvind in his former role as one of the Global Executive Leadership team at Cisco and has been a passionate supporter for responsible business for inclusion and diversity, for sustainability and technology over many, many years. And I know he's going to talk to us about his experience now at Pano, but also probably look back on some of the things he's done at Cisco.

And finally, another new friend of mine, Christie, who has joined as our Global Talent & Organization Lead, sits on our Global Management Committee alongside me, and is really getting us into - I don't know if this translate, but we would call it a ship shape and bristol fashion globally on talent and organization and inclusion and diversity agenda. And she truly is, in her previous role, at Apple and in many other areas, one of the world's leading thinkers and practitioners in inclusion and diversity, in particular, and taking that stakeholder level.

So we really do have genuinely a star-studded set of folks who help us really try and have a think about some of these tough questions of how we shape organizational innovation, individual capabilities.

Let me come to Nicole first. Nicole, your thoughts and reactions to some of the research, but also from your extensive engagement with the YGL and WEF and what you're seeing in terms of what future leaders and existing leaders are thinking about those capabilities that they're to be successful in the future?

Nicole Schwab: Thank you, Peter, delighted to be on this panel and it's been a really interesting journey with Accenture, with diving into this research and working with the Young Global Leaders and the Global Shaper communities to really think about what makes for responsible leadership and what are the skills, the mindsets, the attitudes and how can we actually develop those going forward.

So I think that what's been very interesting to see on one hand, I'd say there's like two dimensions. One is the much more global dimension which you refer to in terms of sustainability DNA and kind of this how do we turn around this revolution that you mentioned of where we are today and kind of shifting businesses from becoming restorative businesses, right, regenerative businesses. And you said at the beginning this is what society is expecting, it's the net positive, right, the net better off.

And I really think this COP is also a huge opportunity to continue to take us on that journey where we're looking at not only net zero, but how can we embed the nature aspect and the planetary boundaries aspect within that and have organizations that regenerate and restore nature for future generations.



So I think that's kind of a very interesting aspect that I see also coming more onto the agenda in terms of one of those aspects, one of those qualities that you mentioned of what makes responsible leaders in terms of the mission, right, and what is that mission and that accountability towards stakeholders like future generations and the planet.

And then at another level, kind of how do you embed that, what we've seen is through the different programs we've worked on with Accenture is that it's really possible to start to embed that those responsible leadership skills into organization through very practical means and we've had our Young Global Leaders going through this, these behavioral experimentation programs, to really think through what are the things they can do with their teams today to start to build those skills, build those values and have their organization kind of shift, so it doesn't only stay at the level of the leader and of the CEO but what does that look like in terms of the culture of the organization. So I've seen you know kind of all these different layers, I would say, from the big picture well what is the mission, what is this assist-enabled DNA, how can we embed more of the planetary boundaries aspect into that, to what makes for the responsible leader in terms of the YGL, the Shaper and then what can that YGL and Shaper actually do to then take that to the next level in their organizations.

So that's been really fascinating to see that it's actually this very encompassing approach that can become very practical from the big vision of, okay, how do we become a restorative business.

Peter Lacy: So I'm going to make a shameless plug here which, I can do as a board member, it's harder for you as a chair, which is uh one of the last conversations we had at the YGL board was how we would love to see more big companies partnering with big universities, MITs of the world.

We already have partnerships with Harvard, with INSEAD, with Stanford, with the Indian Institute of Management, but to actually really experiment and pilot with these, I think, in pairs, in collaborative pairs. So that's a note to anyone who thinks they might like to step up and help us with that. We've got plenty of ideas. I'll give that as a plug.

But before I move on, what do you think - when you talk about restorative approaches and nature-based approaches and the relationship with leadership, where are leading companies and companies in general on this issue and what are the two or three things they need to know in terms of the capabilities for the future with Nicole?

Nicole Schwab: So I'll start with, okay, what does that actually mean to be a restorative, regenerative business, right? And I think one thing that we showed through our new nature economy reports this year is that \$44 trillion of economic value. So half of global GDP is dependent on nature and its services.

So clearly, and at the same time, the Dasgupta Review showed that between '92 and 2014, while produced capital doubled, human capital increased 13%, natural capital fell by 40%.

So on one hand, you have businesses that are dependent on nature and services. On the other hand, we're depleting natural capital.

So the first thing a business needs to know is what are my dependencies on nature, on natural capital? What is my impact? So there's really more of a kind of an analytical side of looking within each industry, what is that direct dependency?



And then, it's what is the transition pathway? Just like for the net zero transition, you know, each industry is going to have a different pathway. So similarly, here, depending on the industry in the land use space, of course, much more complex, but there is a transition pathway and that generates new opportunities. It generates new employment opportunities, new business opportunities, which we've also estimated globally at 395 million jobs can be generated from this transition and \$10 trillion of annual economic value.

So just like you said before about the opportunity, so one, assess their dependencies. That's what the leading businesses are doing. Look at it as an opportunity. And so, it is really a shift of mindset and that shift of mindset, I think, needs to come from the CEO, from the top level, to reposition this transition of what it means to be a sustainable organization and then take everyone along on that journey.

And so, that's why I was talking about these different levels because that first one is really actually understanding what it means and having that vision to be one of those leading organizations and to have the holistic perspective of nature and climate being two sides of the same coin. And we see a lot of companies who are now – well, maybe not a lot, but we see a small group of really cutting-edge companies that are looking at this very holistically and looking at the opportunities they can generate from that.

Peter Lacy: Thank you very much. I think that's super helpful in helping people to understand why in nature and nature positive or there's different terms being used now is becoming so much more important than where the opportunities lie. Thank you.

Arvind, tell us about the capabilities at the organizational individual level that a tech company needs to be successful, but also needs to move some transition to some of these newer themes. What really matters to success defined maybe differently than it's been before, 360 degree value is a term we use, but you may use other terms, but in terms of value and impact. What are some of those critical capabilities and how do you develop them?

Arvind Satyam: Good morning, Peter. Great to see you and I certainly look forward to having a drink at the Churchill's Tap next time we meet in person.

Now in terms of I'm going to share this from the lens of both Cisco, as well as at Pano. I remember when we were selling into mayors around the world and really helping them think through digital transformation, historically we'd be thinking about routing and switching and better connectivity. But I quickly learned no mayor wakes up in the morning and thinks what router should I buy? So it's really about how do I keep the city safer? How do I drive the sustainability and objectives of the city, etc.?

So that whole idea about stakeholder engagement and leadership and really understanding what they're trying to deliver is a really important part of that. At Pano today, we're a company that's really focused on helping address wildfire impact, whether it be in governments, whether it be in utilities, insurance and also the broader community. And I think before you think about the product itself and you think about the value spending a lot of time with the customers, really understanding what are they trying to drive, what are the outcomes, who are their stakeholders and how do you articulate the value of this, becomes really important.



And the next part of the equation, I look at the journey a decade ago when we're really driving the IoT transformation with organizations, with cities, sustainability was a key part of the agenda, but I think it was hard at that point to really articulate the value of that to a much broader stakeholder group. So one of the things that we always try to look at are the leaders that really made this a priority. And I think of leaders like Lord Mayor Jensen in the city of Copenhagen, where they made this one of their key priorities as a city to be the first carbon neutral city and that was driven top down.

So really aligning to stakeholders where they make it a priority. And once you do that, then it's a case of really thinking about your own internal organization and how you drive your processes. And it really comes back to that point of making sustainability part of your DNA, part of your fabric as an organization and that starts with your mission, that starts with your purpose, that then translates into the team that you can attract and also the value proposition of you, as an organization, to the broader community, to your customers, to your partners.

And some of the other things that we learned is by going through this journey, it's not only good, but it's also good for business. And I think this is the transformation that we've been seeing a lot of these business models have really started emerging. An example that I would share is when we were thinking about energy efficiency and lighting, we spent a lot of time thinking about how these were multi-year contracts, 10, 20-year contracts. So as opposed to thinking about selling into a solution like that where you may sell technology and you really look at it from the standpoint of a technology vendor.

Instead, we changed this and we started thinking about it as outcomes. If you were sitting on the other side and thinking about signing up to a 20-year engagement on this, what would you look at?

So can you move towards paying for lumens where you move from traditional lighting to smart lighting. So you structure something which is really built based on that outcome.

And so, I'll pause there, Peter.

Peter Lacy: I love those examples. So concrete. The city's examples, the energy efficiency examples. So you and each other a little while, we all have good days, bad days, tell us about the trade-off? Give us an example of a trade-off? Where have you got some scars from having tried or where are the challenges in trying to shift to some of these new capabilities and responsible leadership styles? You don't have to name names, but what give me some examples of what some of the barriers are, what some of the challenges are?

Arvind Satyam: Yeah, it's a great question, Peter. I think one of the first things that I would share from an external perspective, when I think about these stakeholders themselves, there is broad awareness of sustainability and I would say over the course of the last decade, you're starting to see this become more and more part of the priority of leaders that are sitting on the other side and then, I think you're seeing a lot more measurement. You mentioned this which is the financial community is really getting behind that.

So if I look at the lens from it 10 years ago, it would be some leaders that were really at the front end. Now I think it's a key imperative. But the next thing that I would also look at is when it comes to investing in this, it really needs to be with a medium to long-term objective in mind. You can't just invest in something and see the sustainability outcomes depending on what you're trying to do in the next six months or the next 12 months.



And I think that whole tug of war between profit, as well as stakeholder value and a broader sustainability objective, I think is one of the big things that I would look at.

Now internally and this is where, you know, I want to say a big thank you to your team and to the broader web community when it comes to the behavioral experiments that we ran. One of the things that I've been grappling with, so Pano is a company that started a little over a year and a bit ago in the middle of a pandemic, we're based in Silicon Valley. We have met as an organization –

Peter Lacy: Tell us 10 to 20 seconds on Pano, just 'cause not everyone knows Pano. I think it's perfectly acceptable to give a quick pitch for Pano and then carry on.

Arvind Satyam: Absolutely, absolutely. So a year and a bit ago, when you and I met in Davos, Peter, the number one story at that time pre-COVID was the Australian bushfires. I grew up in Sydney as a kid and we looked at a scale of devastation which was 5 to 10X what they'd seen before. So Pano is a company that's really focused on leveraging AI where you can detect faint whiffs of smoke 10 to 20 miles out, as quickly as it comes up. So that you can provide actionable intelligence. As the saying goes, every big fire starts as a small fire. The sooner you can detect it, the faster you can coordinate a response. And what we're really trying to do is help fire authorities, utilities, insurance and the community understand the threat, but also deal with that.

Now, one of the first things with Pano is it's a company with the with the clear and easy to understand mission. And so, when I think about sustainability, as a leader, being able to articulate that is important because that allowed us to attract an incredible group of people even in the middle of a pandemic and most of the time, we've been running this virtually.

Now what it also meant is that getting the group together to really gel and really focus on things like empathy and inclusion in a fast-paced environment is very challenging. And this is where the idea of the behavioral experiment was something that we found really valuable. So a small thing that I did is practically, I took 15 minutes in the team meetings at the start of each of these, to get the team to share key challenges, questions, any problems any concerns. We didn't react. We just went around the room and we had each of the members do that.

Now initially, it was is this really going to work, but over the course of the next three to four weeks, we started to see common threads, where people were like, huh, you're dealing with the same thing. Then we started to see some risk allies. We started to see some champions. And I think we've learned a lot about just building that fabric, building a lot more of that connectedness in a virtual environment and that really translates into what we're trying to do as a company as well.

Peter Lacy: I absolutely love your business and I love those examples and having myself coming from a farming background that is already being impacted by wildfires, it is something that matters a lot. And I personally have seen the devastation that it's been causing. So phenomenal business and phenomenal examples.

Now let me come to Christie. Christie, I think if I put back up that list of responsible leader behaviors, I think I could probably give you about a nine out of ten on all five of those in the short time that I've seen you. And I do genuinely mean that. And so, Christie joined as our T&O lead halfway through this project.



I would say one of the skills of a leader that can adapt and that can be responsible is to come into projects that are already up and running and embrace them and run with them, rather than stand in the middle of the way and say this isn't the way I would have done it or this is not invented here. And I couldn't think of anyone who's more the opposite of that and now Christie's a partner with me in helping to shape a new business, that you can't see this Christie, but we have Sam Barber here who joined this week to help lead this in Europe, around talent and organization and governance and learning and leadership development on sustainability. So that's a little plug for Sam in the room as well, so you can have a chat with her.

But, Christie, I know we could take this in a whole bunch of different directions. Two things I want to ask you. One is you really have been a pioneer on the inclusion and diversity side of this equation over many, many years, truly changing the global lens on this, I think, at Apple and the work that you did with Tim and others. And that's one thing I'd like you to touch on what it really takes for an organization individually and organizationally to develop that? But the other thing I would say is it's much broader as a leader than that and we have just gone through arguably in all of our careers the most disruptive period in working our working lives and the future of work looks very different than it does as we look back before those two years. And I'd love you to talk about what responsible leadership and organizational capabilities look like as you see that into the future and what you see changing as a result of the pandemic? So those two things if you wouldn't mind?

Christie Smith: Well, thank you, Peter, and it's such a pleasure to be here and an honor to be on the panel with our guests as well. And welcome again, Sam, as you are in the audience there.

You know, I think what is really interesting about the arc of this conversation is we were talking about CEO and CEO responsibility and like you, I spend most of my time in the C-suite talking on these issues. And we did a piece of research earlier this year where we looked at 600, had conversations with 600 CEOs around the world and the impact of the pandemic, in particular, to their leadership style and their priorities. And what we found was that nearly half of those CEOs said that they themselves are taking the lead and responsibility on the sustainable business agenda. And of those 31% said it's really born out of their own personal motivation.

Now what's interesting about that is that we also found that those CEOs, one in three don't feel prepared for this shift in their business and this shift and this focus on sustainability overall. And you talk about the qualities and the attributes that a CEO now needs to have in order to execute on those. We found that empathy, transparency and trustworthiness are the three attributes that they really need to own the most.

Now, you know, to your point these are human beings, but the way they've been brought up in an organization has been primarily to look after the financials and shareholders. And now, we're asking them to make a pivot like they've never made to the values of inclusion and diversity and sustainability in a way that they haven't before. So we are seeing a tremendous shift in our industry.

I spoke to a CEO several months ago and he's a friend and I just said, so how are you? And he was enrolled for about four years and he looked at me, a big smile on his face and he said, boy, I didn't sign up for this. And I think many CEOs and many leaders are feeling that way that while their heart has always been in these issues, it's not something that they've necessarily been held to account.



They've typically, we've abdicated the responsibilities of inclusion and diversity and or sustainability to other leaders in the organization and we've asked them with very small teams and very small budgets to solve for the humanity within their organization. And if you look at inclusion and diversity in and of itself and representation as the goal and the measure of success, well we've been doing the same thing for 50 years and failed miserably because representation is simply not at the top.

And so, now we're seeing and we're asking leaders who are being held responsible for this and they're holding the banner to be responsible for this to act in a wholesale different way and to make commitments in a different way. So you talked about human connection, you talked about collective intelligence and accountability these are the three ingredients. I believe that CEOs and their teams need to impart on their entire organization and build the commitment and the accountability not just at the top, but in the DNA of the culture of the organization. And I think we're in for a rapid shift in leadership, but also rapid accountability. And I think CEOs and brands understand the weight of this moment.

Peter Lacy: I couldn't agree more. I'm so proud of our female leaders even though we're not where we want to be yet, but we will get there and we've set some very bold targets. I don't think there's any accident, if you ask me, that we have a female CEO, female CFO, female CMO, female CHRO and we just had our strongest every year of 21% growth and grew the business over the last 20 years from \$14 to \$360 in share price and there aren't many other organizations that have those top four roles filled by females. So I'm not saying by any means, by the way, that that means we are there. We are not at all, but I'm very proud of that.

Let me ask you just before we go on to questions, I'm going to ask on the Mentimeter, I believe we've got more than a thousand people dialed in.

We've got a group in who managed to get here, has been quite difficult to get to Glasgow actually physically and we're going to be thinking about your questions.

We're going to run over slightly, if that's okay, but if you need to dial one at this time in the morning, you should feel totally free. But I'm going to ask you one more question as a follow-up, Christie, which is we talked a lot about the CEO, we've talked a lot about leadership, but I personally believe - but you feel free to challenge or at least kind of add your own thoughts that actually we're talking about rotating entire organizations from top to bottom on these quotients, these characteristics. I mean, for example, at Accenture, we came up with the term sustainability quotient. In the last six months, we've trained 94,000 people on carbon, on circular economy, on inclusion and diversity and now on technology and sustainability. You won't know this because since we met last time in Washington and launched the Technology and Sustainability module, it's the most taken module in Accenture's 626,000 people over the last month. It's overtaken cybersecurity actually, operations will tell you who's overtaken all. Someone will tell me often for doing that, but it is a real hunger amongst different levels of the organization to learn and to develop their skills. So I would just say we've talked a lot about CEOs and leaders. I don't think that's enough. I don't think that's what anyone meant, but I do think we're talking about rotating entire organizations through new forms of learning and thinking about learning differently. What would you respond to that?

Christie Smith: Well, I'm in complete agreement. I think that if we see nothing else in the last 10 years, maybe arguably 12 years, we have seen literally a movement occur from our younger people. I feel so old saying that, but humility is seeing yourself as you really are not young anymore.



But what we have seen is a movement around these social, economic equity, sustainability issues, like we've never seen before. And where I think the last two years has accelerated things, Peter, is that this population, that is the majority of all of our organizations, is holding us to account like they never have before. And they have the power to do so because of the labor economy that we're in right now and because that they have choice and they are making those choices every day of who, what brand they want to be associated with, what brand they want to buy or not buy and they, themselves, are activists by choice, by the choices that they make.

So I think we're in a really interesting time. I would be very interested to see what Arvind and Nicole view in terms of your question, but I strongly believe that, you know, this is a talent issue, it's in a talent imperative and it's an organizational cultural imperative, lip service and intent to action is what we're all being scored on right now.

Peter Lacy: Nicole and Arvind, do you jump in.

Arvind Satyam: Yeah, absolutely. Christie, I couldn't agree more. I think especially for the current generation, the whole idea of sustainability and these values are just top of mind, right. We've been able to attract just an incredible team, whether it be ex-consultants. I look across the business, our ability to fill these roles, when you articulate the problem that you're working on especially for folks, especially when you live in areas where you see this firsthand, it's been incredible. So, Christie, I think that that whole thing translating into what you're doing and what your organization stands for is directly correlated to the talent that you can attract.

Peter Lacy: Nicole, anything you would add.

Nicole Schwab: Well, I just want to add that - I mean it's not a coincidence that the UN Decade for Ecosystem Restoration has launched this whole movement of generation restoration, which we are part of, and there's a youth hub now that we've been co-curating with reaching 17 million members collectively, who are all driven by this idea, by this mission. And I think that organizations need to be able to respond to that because we're seeing more and more people coming into organizations and wanting to make sure that there is alignment with their values and their mission and, therefore, kind of shifting also the role of business. As you said before, beyond profit seeking, but to be accountable to all its stakeholders and to a bigger mission. And I think that is the way ahead and there is no way around it.

Peter Lacy: I mean our organization, I believe, unless you correct me, Christie, I think the average age is 26, 27, right. This is real for us. These are folks who really are this generation already. I spoke to my wife when I look in the mirror, and I look at my facts and to your point, Christie, we need to get that recalibrated. It's off by years, but on that basis, let's open up to the audience. So questions or comments and I think we've got a roving mic somewhere, have we or I can repeat it? Who would like to add anything?

Rachael, please Rachael Bartels and please introduce yourself for those who are on the panel as well please.

Rachael Bartels: Hi, everyone. Rachael Bartels. I'm a Senior Managing Director at Accenture. I look after two of our largest clients and I am a passionate supporter of the circular economy and have been long before - alongside Peter, long before it was actually fashionable. I have a question for the panel. I love what you've talked about, absolutely brilliant and people talk a lot about the fact that the hardest thing to change is behaviors.

And this actually is about behavioral change. Now what are the lessons you think we have learned out of the pandemic where we have achieved a compressed transformation and proven unequivocally that we can actually move faster than the icebergs are melting, what's your advice, what do you think those lessons are that we should be applying to having the world pivot faster now?

Peter Lacy: That is a brilliant question, compressed transformation, what did we learn, how could we make this move faster? Who'd like to go first? Who'd like to go first?

Arvind Satyam: Well, I can jump in. So I agree, brilliant question. I think one of the things that the pandemic's highlighted is just the value of time, the value of moments, the value of the environment, it's just put a spotlight on all of those. So it has created a sense of urgency to protect things and to protect those interactions. When I look at it from the lens of climate and the environment, I think people just realize breathing fresh air is something that we took for granted. So going back to getting fresh air is something that's important. So just that urgency is something that we're seeing.

The next part of it when it comes to transformation is how you work and Christie talked about this, how you form and how you really build that human connection to go solve this. And I would argue it's both inside your organization, but also how you build those human connections to your stakeholder group to really accelerate that and also, how you transfer and sharing that urgency from the end users. And so, I think it's going to be a lot of that. I think it really comes down to time is really valuable, can you act faster?

Peter Lacy: Again, compressed transformation capability skills, the pace and scale of change.

Christie Smith: Yeah, I'm sorry that was to Nicole?

Peter Lacy: Well, either of you, I think the question is brilliant. What did we learn from - I mean I'll give you an example that I was blown away by in the pandemic to tee it up for what I think Rachael means. The NHA, the National Health Service in the UK is the least digital organization you can possibly imagine. My mother worked there for 50 years, I'm incredibly proud of her for working there for 50 years, everything done on paper, total skepticism of digital because of security, no training, etc. We worked through night and day for three weeks and we put 80% of the entire NHS in the UK, more than a million people on Teams, to be able to communicate effectively and they adopted it like that, right. That transformation journey, by a rough estimate, we would have probably said would take five to ten years to move an organization at the scale of the NHS. They did it in two weeks. And now, it's becoming just the norm. So that's an example for me of compressed transformation and how we go about working, how could we learn those lessons to make a faster transition to net zero, to circular economy, to the SDGs, to net positive nature, etc. So either of you, Christie or Nicole.

Nicole Schwab: Maybe I'll start. Just so what I wanted to add is taking more of an angle on the emotional intelligence side and talking about compassion and empathy. And I think there's also been an acceleration there in terms of it being much more acceptable to show vulnerability. I mean this is something, of course, that we've been talking about for decades, right, but that we have seen at a different scale with the pandemic in terms of actually opening spaces for people to be able to share some of their challenges and kind of this compassion, this empathy and more of a crossover even between the purely professional and the personal situations because of how dramatic those situations have been in some cases.



And I think this is taking us into this direction of a much more comprehensive view of leadership and of culture and what are the ingredients of a sustainable culture within an organization.

Peter Lacy: I just love that point because I used to run a game with Teams to break them into stakeholder groups where they might try and solve a decision as an NGO or as a community member, as a parent, as a business leader, as an investor and then they'd all come back together and realize what nonsense were all those things. And I think like we see each other somehow as one particular part of the identity and your point about the empathy, I think it has changed the way that we see each other, that we see each other with our families, we see each other in our communities worrying and with other needs than just work and getting deliverables out the door. And I just think it's a brilliant, brilliant point. Christie.

Christie Smith: Well, a couple of things just to follow on that point. I think one of the massive failures of what I was talking about earlier in terms of inclusion and diversity is exactly what you just said, Peter, is that we have defined people by a single attribute in business for certainly my lifetime and to do so really has placed - has segregated our organizations into those singular dimensions and ascribed attributes to those individuals that are simply not true and we've held people accountable to those. So I think that that is a point that we need to keep making and keep making and keep making.

The second thing to Rachael's question is, and you in part answered it, is we have the ability through data, digital, analytics and technology to move at pace, to understand the data and the insights and the actions that we need to take at speed to begin to arrest this assault on our earth and on individuals themselves.

And so, I think that we have to do more with regards to - everybody talks about data and there's more data than any one human being could absolutely digest out there. It's what you do with that and the insights and then the accountabilities that you prescribe as a result of those insights to your organizations, with your stakeholders and customers. That to me is one of our only hopes is that we live in this intelligent age where if we can harness that collective intelligence and take action on it in a very targeted specific way and have accountabilities associated with it, I think that is our best shot to kind of arrest this assault as I said.

Peter Lacy: I think that's a brilliant place to close because we talk about this era of intelligence and data and insight. And I think you could argue that on two fronts this is probably the first species that is aware of its own extinction, right. If you truly understand the science, the data and the economics and what we're doing to our planet and that's why we're here at COP26 with governments. You know, you know take 2050, 2100, 2200, 2300, what we are doing at this point in time ends in a very, very bad place. I think the other interesting thing from an intelligence perspective and certainly, the World Economic Forum has pioneered this, is that we're also the first era of humanity that realizes it's going through a fourth industrial revolution in terms of technology.

The other industrial revolutions people went through them, but they didn't really understand that they were going through them and the combinatorial impact that those technologies could reframe and reimagine and restructure economies and the relationship between humans and the economy and now between ecology and the environment and the economy.



And so, I think, as leaders, if we hold ourselves to that bar of being driven by the science, driven by the economics, driven by the data, but also I hope this important contribution around sustainability day at DNA, DNA at the level of leadership and what qualities and capabilities and characteristics you need to be an effective leader to manage for value, of course, shareholders, but also to stakeholders and to deliver on what our planet needs and to make sure that we manage within those boundaries. And if we do the same with the organizational DNA and capabilities and characteristics, I hope that there are real prizes on the table.

I mentioned that at the very least you can double your score on the Accenture sustainability, Accenture WEF sustainability DNA diagnostic and I'd encourage all of you to go and have a look at that and 150 measures that we've mapped out that we may need to evolve and change and we're welcome feedback on that on this session because it's a journey and no one has all the answers. But I hope this wonderful session has given you some insights and something to think about.

Let me finish by thanking the teams who've worked on this at WEF, at Arabesque, at Accenture, a huge thank you to our panelists who have joined at silly times of day and apologies for that. Thank you for your commitment. I know how much it means to each of the three of you genuinely and sincerely how much it means to each of the three of you. And this will go up as a recording that we're lucky and thank you to the thousand people who've joined today, but it will go up as a recording for many, many people who can use it in the future.

And my final ask to all of you in the room, but all of you who have participated or even who watch the video afterwards, COP is a unique moment in history. It won't be the only moment. We need to be careful not to overload our expectations, but it is an important moment in history and I would ask that any of you who've watched this think about the end of COP next week and the results and the outcomes and where we end up in terms of a 1.5 degree or a 2 degree world or where we end up on finance or carbon pricing or all of the things that we care about as organizations. But then to step back because COP will finish next Friday and the real job will be for you as leaders at every level of organizations to think about what you're going to do. And I take it back to the very beginning of the fact we're past the why, we're past the whether, there's still choices on the what, but a lot of the question is how and the how is about organizational capabilities and individual capabilities. And that Monday after COP, having had a chance to reflect, I'd ask you to think about what you're going to do concretely and practically in whatever sphere of influence you have, whether that's a small team or whether or not that's the CEO of an S&P500 business. Because there's no doubt that there's both a prize for you, but I think an important moral and leadership imperative.

And with that, thank you very much for joining us all today.

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