

“Sustainable economy versus economical sustainability”

(Florence, February 13/14 2009)

Summary of the comments of the participants

“Paradigm shift”

The Seminar led to a new and better recognition of the choices we face. Participants understood and communicated that the choice between sustainability or growth is a fake one. Only sustainable investment is ultimately profitable. Sustainability and good governance are practically identical. Attendees from a wide spectrum: investors, entrepreneurs, bankers and academics, agreed that a “paradigm shift” from “shareholder value maximization” to “internalization of the consequences of corporate actions beyond costs and profit” should be encouraged.

Taking stock

Attendees emphasized the failure of an economic system rather than pointing at individual mistakes, and cautioned to not export this system: “Rather than exporting our failed ideas to China, we should be honest enough to recognize that without true commitment – not lip-service – nothing of lasting benefit will be achieved.” There is already a field of possible strong connection between sustainability and profitability: the companies that are the best market performers are also deeper involved in sustainability issues and represent a potential of “Future view oriented actors”. Sustainability vs. Profitability: “It’s a long way which needs to improve in all our heads to build up a new world.”

The way forward

Participants discussed a range of concrete, practical steps to address what was regarded as shortcomings of current investment practice:

- *establish **sustainability accounting** in banks and companies;
- *find ways as shareholders to hold managers accountable for this;
- *sustainability requires the organization of institutional investors and financial products that result in both a financial and non-financial return on investment (**impact investing**);
- *Companies need to adopt **multi-stakeholder approach**.
- *There is a need of harmonious environment between sustainability and profitability, of a responsible ownership of companies, transparent accountability
- *Critically appraise role models: e.g. **Gaia capitalism**
- *Companies should allocate a certain portion of their revenue to environmental projects

Regulation

Considering the actual situation the request of “regulation” was quite diffused among participants. Regulation should be “more intelligent” and “international” to “master the challenges for the future generations”. “The benchmark for the new regulation should be a new understanding of “quality of life”. On the other hand someone remembered that regulation “attracts” violation of the same. “Responsible economic development needs changes in the individual behaviour”.

The future

Some offered a vision of what the future might hold. More regulation would certainly be part of policy-makers' efforts to enforce sustainability, and maybe a return to Keynesianism.

"Is profitability a main factor for a company to be sustainable and is a "good" corporate governance the key to both?"

"Wer nichts macht, macht nichts verkehrt" – this is a wrong approach!

"In other words, we have to redefine the term of "profitability", including into it other new concepts more concerned on responsible growth and social benefits for the whole community."

"Let's start to change now!"

Club of Florence, March 15th 2009