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EMBARGO 24.4.07 KAI ΩΠΑ 20.00

GROWTH, OUR GOAL ... OR A TOOL ?

Ladies and Gentlemen, dear Friends,

May I start by thanking our hosts for the honour to be invited this evening as guest speaker. I normally profess to prefer action and deeds to words and speeches but this evening will have to be an exception...

Today we heard two distinguished Stanford Professors talk on the subject of «Leading Growth», of front-line innovative thinking. Clearly they were not referring to the super-acquisitions and mergers that so often make the headlines and not always in a very convincing manner. For the large Multinationals, the acquisition of other companies is a quick and tempting road to growth. Yet, all too often, these acquisitions and giga-mergers leave a taste of oversized management compensation for moderate or poor shareholder return.

But that is not the type of growth we have in mind to-day. What we are referring to, I understand, is the normal, desirable and competitive business growth, that is an on-going endeavour and will probably remain so for as long as the market-economy – a euphemism for “capitalism”, unless I am mistaken.... – rules the world.

Permit me, however, to start by paraphrasing Winston Churchill: “Capitalism is the worst economic development system...except for all those other systems that have been tried from time to time”. It needs to be improved.

Fundamental and continuous change is re-shaping business. Digitalisation and globalisation are continuously transforming the world. These two tremendous forces, while fuelling each other, are currently reshaping the whole landscape, from the world economy right down to our daily lives and to Society itself.

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The financial markets have already demonstrated the revolutionary effects of these two forces. Yet, communication and finance were but the first sectors to have been affected by these changes, that are already extending to almost every other area of economic and social life.

These unprecedented changes create enormous potential for opportunities and challenges, but simultaneously bring about huge new problems and complexities.

May be we should ponder for a while and ask ourselves:

What is our world – and what are our businesses – heading for ?

Are we ready to meet these new challenges, to adapt successfully? Or are we likely to get entangled, worse than ever, in a maze of endless contradictions?

Contradiction has always been an important ingredient of political life but also of Management's job, contradictory endeavours, claims, even laws.

Yet, these contradictions have usually been in the course of normal business, of finding solutions to multiple problems, of handling human relations (complex as they are by definition), of finding common ground between the long - and the short-term, of overcoming new obstacles by breaking new ground.

Nowadays, though, contradictions are turning-up at a much faster rate and in a broader context.

No longer are they restricted to the normal course of business. They now involve other matters, other groups of citizens, other notions:

- Matters, such as digital piracy or money-laundering and the ensuing streams of new legislations.
- Groups of citizens, such as environmentalists and civil society that move ahead of legislation, abreast of developments.
- Notions, such as equal rights and opportunities for all minorities.

Oftener than not, these are treated as national issues. But there are also the broader regional issues, such as those of the E.U., the Americas, the Middle-East and the Far-East, with hosts of new problems involving international conventions yet also national cultures, traditions and aspirations.

Even global issues are now cropping-up faster, like world-wide epidemics, organized crime, terrorism, the energy and carbon issue and so on.

Surely, it should be clear to everyone that, in our modern world, no country can any longer afford to consider itself fully independent without taking serious risks. We are all to some extent dependent, and our current challenge is that of managing interdependence.

Of course, there are also plenty of important contradictions in our modern technological world, such as those of biotechnology versus ethics, or that of the military-equipment export-drives that are currently creating a world market for nuclear and missile weaponry, available to governments... and possibly accessible to terrorists – a real nightmare.

So I ask you, what are we really endeavouring to achieve? To build a new, better world for future generations? Or merely to respond to **today's** calls for more growth and prosperity **now**, regardless of the broader and long-term implications?

There are several other important contradictions or “Inconvenient Truths” that we hardly address, because we find them easier to live with than to face-up to.

But one of them, I feel the need to refer to explicitly because of its importance to the world system.

I am referring to our modern democratic system.

Permit me to say, in all humility, that it is developing potentially dangerous-traits :

The main one is that Democracy, at best, is a slow-moving process. Yet, the larger the masses of population and the more educated the people involved, the more time-consuming is the procedure for any change or convergence of public opinion, for any major decision or action. (The current stalemate of the European Constitution is unfortunately a vivid example of this draw-back).

However, we are living in an era of Change, par excellence, where the tempo of modern times is still accelerating and the ability to adapt is becoming more necessary than ever.

Our democracies are thus witnessing a speeding-up of global developments, simultaneously with a slow-down of democratic decision-making, hardly a recipe for effectiveness and progress !

Are we convinced that such complex international matters as global pollution, monetary stability, research work ethics or world governance can be effectively tackled by national authorities and international agencies alone ?

It should be clear to all of us that our present globalised world, with its high complexity and continuous evolution, needs an improved and more effective form of governance. The current global governance institutions are inadequate to meet today's challenges and even less tomorrow's.

As Professor Valaskakis of Canada, Chairman of the New School of Athens points out, our contemporary world order was designed at the end of the Second World War with the creation of the United Nations, the Bretton Woods institutions and the larger "multilateral system" composed of several intergovernmental organizations such as the WTO, the OECD, NATO, even the European Union. This whole System, designed to meet the problems of the 1950's, is proving less and less capable of facing up to today's challenges, hence the current institutional mismanagement.

We should not minimize the importance of the tremendous achievements made post-WW II, which have led to the present world-growth. On the contrary, those achievements are there to prove that collective action and world-wide agreement can eventually lead to overall improvement and progress.

In other words, it may not be easy, but it **can** be done.

Yet it is also a reminder that in our ever-changing world, **Adaptability** is the name of the game...

No less that 5000 initiatives in the world are currently dealing with globalization and governance issues. The multiplication of such initiatives is good news, in as much that it indicates a growing awareness of the problem. But the proliferation of unrelated projects is creating a Tower of Babel of rival endeavours, which unfortunately has not led to enough progress in dealing with current and future challenges.

Overall, this could be regarded as encouraging news, but it is **slow** news, timid progress.

To-day's world economy needs something more professional, more effective, with time-targets in the not all-too distant future.

Clearly, we badly need to address this pressing need for improvement through new external forms of input and influence. New forms that must, of course, be constitutionally impeccable and indeed encouraged by our Constitutions, hopefully supported by knowledgeable and experienced groups of citizens, think-tanks or equivalent organizations, properly documented and presented to all concerned in comprehensible terms and with full transparency.

I am not referring to the modern concept of CSR - which is rapidly gaining ground world-wide and may also bring about drastic improvement to a host of problems, social, environmental or other.

The real problem is that of world **governance**, of managing a maze of national sovereignties, claims and even rights (under international law) in an inter-connected and interdependent world, but with **no Management in charge**.

We are attempting to solve international or world problems that come up against an array of national goals and preferences, with no real global System to handle them, to bridge the differences, to work-out compromises.

Thus problem-solving is progressing slower than change, dangerously slower. Something must be done about it, before any serious back-lash occurs.

So, what can we do about it?

Where can we find the knowledge and experience of the real world and the necessary capability to adapt to and implement Change?

By now it must be clear that I am referring to the necessary collective initiatives of the Business Community on a world-scale, in cooperation with governments and interested stakeholders such as igos & ngos.

The immediate thought of many of you, I guess, could well be : Is this really achievable, is it at all feasible ?

If I have guessed right, permit to remind you of the huge civil society successes of Greenpeace, WWF, Amnesty International, Médecins du Monde, Médecins Sans Frontières and so many other worthy and well-known initiatives. Without them, to-day's world would probably have been much worse-off, to say the least.

In a similar line of thought, there have also been note-worthy and successful business-community initiatives, which are what I am now referring to. These seem to be cropping up at ever increasing rates, highly transparent and both effective and convincing.

Let me mention a couple of them.

I will start with a striking example that was one man's brain-child and has now developed into a world-wide association with representatives on its Board from such world-players as Alcan of Canada, Toyota and Tokyo Electric Power, Pricewaterhouse Coopers, DuPont, the New York Times Company, Unilever, the Royal Dutch Shell, ARENA of France, GrupoNueva of Chile, Eskom Holdings of South Africa, and the China Petrochemical Corporation.

The "World Business Council for Sustainable Development" ("World Council", for short) was founded on the eve of the 1992 "Rio Earth Summit" in order to involve Business in sustainability issues and give it a voice in the forum.

It was the brainchild of the Swiss industrialist, Stephan Schmidheiny, who had long had the foresight to realize that business had an inescapable role to play in the search for sustainable development.

The World Council's mission is to provide business leadership as a catalyst for change towards sustainable development, to support the business license to operate and to encourage innovation and growth in a world increasingly shaped by environmental and social issues.

Today, the World Council has some 190 members drawn from more than 35 countries and 20 major industrial sectors, involving some 1,000 business-leaders globally.

In 2005, realizing that the momentum for business engagement with sustainability issues had been created, the World Council decided that the time was ripe to look to the future and towards advocacy. At its meeting in Nagoya, Japan, the World Council adopted its strategy up to 2015.

This strategy acknowledges that the world is shifting towards **partnerships** between government, business and civil society, in order to address the major challenges and to respond adequately to this shift. The World Council has recognized that there is a need to encourage members to take a more **active leadership role** in sustainable development efforts.

The World Council is therefore concentrating its efforts on three major focus areas: Energy and Climate, Development and The Business Role.

It has also encouraged initiatives in a number of specific sectors.

Permit me to say a few words about one of these sectors, namely cement, not only because of the availability of first-hand information – our Company was a founding-member of the Cement Sustainability initiative –but also because it will help me make my point, that collective business initiatives **are** feasible and **can** be both effective and useful from a global governance point of view.

The “Cement Sustainability Initiative” (CSI, for short), which derived from – and operates – under the World Council, is a voluntary collaboration initiative by leaders in the global cement industry, formed to better understand and manage key sustainability challenges of the industry, particularly greenhouse gas emissions. CSI has been operating for more than six years, and now includes 18 companies, collectively with operations in more than 70 different countries worldwide.

CSI believes that a reduction of global greenhouse-gas emissions can best be achieved through **sectoral** approach to be applied **globally**, rather than within national or regional geopolitical boundaries. Together with many stakeholders, CSI developed a practical framework which includes appropriate mechanisms to provide transparency, adaptability to geographic, regulatory and economic circumstances and effective monitoring and enforcement.

Toward these ends, CSI also developed the first industry-wide CO<sub>2</sub> Protocol that permits consistent emissions measurement and reporting. As of 2007, at the end of their first 5-year action plan, CSI member-companies have agreed to include **independent 3d party monitoring and verification** of CO<sub>2</sub> emissions, coupled with public disclosure (even though this is not required of any of the CSI members outside the EU). CSI recently embarked on a new ambitious data collection program to develop an international database of CO<sub>2</sub> emissions from the cement sector, that will track plant-by-plant emissions as functions of a number of variables. Only with such data can real, improved policy proposals be developed and tested. Finally, the CSI is working actively with the Asia Pacific Partnership (AP6, for short) and its cement-industry task-force, on common data and reporting.

In today's world market, we believe that the **global sectoral approach** which, in principle, could be also applied to such sectors as power generation, aluminium and other metal industries, etc, can often provide the necessary leadership and act as an innovative and effective catalyst for change, for worldwide improvement.

These two examples of business guidance and leadership – the World Council and the CSI – both have the Global Climate issue, high on their agendas.

I could give other examples of business initiatives that are highly encouraging – all the more so since they do not always enjoy political support.

I am referring in particular to the “CLIMATE ACTION PARTNERSHIP” formed this year by ten large American Corporations with the intent of lobbying for Government action on climate change.

I also wish to refer to yet another such initiative that was taken last month, called the Business Council for Climate Change (or BC3 for short). It was launched by the City of San Francisco, the Global Compact of the U.N., the Bay Area Council and a wide array of San Francisco businesses. The objective, there again, is to combat global warming.

Several other similar initiatives have also sprung up this century on the same subject – not to mention Al Gore’s “Inconvenient Truth” . The world climate issue is very much on our minds.

Yet there are hosts of other issues, sectoral issues that could be assisted, if not substantially improved, through collective business leadership initiatives, particularly in the younger technology sectors but also in such areas as the pharmaceuticals which are so closely connected to world ill-health and poverty.

Clearly, in such initiatives of broader significance, the larger the Company, the more weight its views will carry. So here again Growth, besides being an obvious corporate goal, can also become an effective tool for sustainable development and global progress.

But there is a further issue that I wish to raise, because it is of prime importance for the whole world: Business and Ethics. Clearly, this issue, is not fully “resolvable”. Corruption has always been a scourge throughout the centuries in all lands and civilizations. Yet the tremendous growth of markets, wealth, trade, and liquidity during the last few decades has enormously increased the scope for corruption. This is an area in which I consider the Business Community’s leadership and commitment to be mandatory.

I need to refer to TRANSPARENCY INTERNATIONAL (T.I.). Fifteen years ago, a World Bank Director by the name of Peter Eigen, recommended that the World Bank address the issue of corruption in its dealings and loans particularly to third world countries. The Bank Chairman forbade it. Eigen then resigned his position after a 25 years’ career and, in 1993, founded single-handedly an ngo, by the name of TRANSPARENCY INTERNATIONAL (or T.I., for short) with the help of a few friends and of his late wife Jutta. Today, T.I. is a highly-respected and effective international institution which I am sure many of you have heard of. National chapters of T.I. have been founded in a 3-digit number of countries worldwide, including Greece.

I move that the Business Community support T.I.'s endeavours while publicly disclosing its commitment to the cause of fighting corruption in all areas, at all levels.

I remind you here of Kofi Annan's words:

“Let us choose to unite the power of markets  
with the authority of universal ideals.  
Let us choose to reconcile the creative forces  
of private entrepreneurship  
with the needs of the disadvantaged  
and the requirements of future generations”.

Ladies and Gentlemen

I wish to make one last point : In my mind, all such action that derives from business and civic responsibility is not only helpful to the Community and Society at large, but also to Business itself. I am not only referring to the reputation of the Company. Thomas Friedman wrote recently that “more people than ever can see right into your business and judge you by your deeds, not words”. That is true, but that is not all, there is also something else, even more important, in my mind:

The signing of pledges, of declarations of support and allegiance to collective initiatives, are the easy part of the job. But then, how do you carry out your new commitments? With what help from within, on these new not-strictly-business-like issues ? Clearly you need adequate human resources - qualitatively adequate - that will be willing and able to re-align their thinking and comply with these new attitudes. This is a Top-Management task, on its own. Yet if Top-Management shows the way by setting the example, not only with words but also with deeds, it is likely to find out pretty soon a tremendously favourable response from the staff itself and also from the

Community at large. Even the recruiting of promising young professionals will be favourably influenced, the reason being that everyone soon realizes that the Company also has another, broader purpose, a really worth-while purpose for Society as a whole, a purpose that most people are happy to relate to.

This may not show-up immediately in the bottom-line but it will eventually and powerfully so.

Here again, Growth, coupled with modern, proactive attitudes towards social challenges and global governance, can prove a very useful tool for all concerned.

Ladies and Gentlemen, dear Friends.

I am fully aware that many of you may not yet be convinced of the feasibility, of the practicality of these ideas. In fact, managers of the younger generation, who tend to focus very intently on success, will probably consider them a bit far-fetched. Yet as we grow older, we tend to take broader views that encompass not only successes but also failures and compassion. And the more children and grand-children we have, the farther ahead we tend to look. And the future is, admittedly, bleak, to say the least.

I strongly believe that the kind of Business Community initiatives I am advocating, is absolutely necessary and stands many chances of at least partial success, at reasonable cost. And there seems to be no real alternative.

Yes, I am suggesting that **we** - all of us – need to take a broader view, than we have so far, of what we call “sound business interest”, for the long-term benefit of both our micro-economies and Society at large.

Permit me to finish with one of Abraham Lincoln’s sayings – my favourite:

“He has the right to criticize  
Who has a heart to help”.

