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More and more companies are embracing sustainability without endangering profitability, but still not enough. ***Gunilla Carlsson*** *and* ***Kris Gopalakrishnan*** *explain why it's a win-win corporate strategy*

It may not be entirely obvious why the Swedish minister for international development co-operation and the CEO of an India-based global IT company have written this joint article. So here's why: the goals and mandates for our respective organisations may be different, but the issues that top our agendas unite us, sustainable development and poverty reduction. We are both heavily involved in Rio +20, the 2012 UN Conference on Sustainable Development.

The issues it will touch on range from climate change to the world's growing population, conflicts, water scarcity and energy and non-respect for human rights, all of which are having a profound impact on health, security and global growth.

What all these issues have in common is that they transcend national and sectoral borders. No single stakeholder group, whether business, industry, government or civil society can tackle these challenges on its own.

For more than a fifth of the world’s population, every day is a struggle for survival, to find clean water, food, shelter and basic medical care. “Business as usual” is not an option for the future as we all of us need to invest in creating a culture of sustainability. Governments have not been good enough at leveraging the initiative, expertise and resources of the business sector in their efforts to meet global challenges.

From a donor government’s perspective, things are now changing. For the first time in the international discussion about how aid can yield better results for poor people, collaboration with the business sector is now high on the agenda. The Fourth High-Level Meeting on Aid Effectiveness in Busan, South Korea last December was a milestone for this as it recognised the need for public and private sector partnerships to meet development goals in ways that are transparent and accountable.

A growing number of companies around the world have now put sustainability at the forefront of

their agenda. But yet more companies have to get involved. We have to show the private sector that it’s possible to increase profitability by incorporating sustainability into a company’s DNA.

Governments also have to set a good example. Sweden was the first country to introduce obligatory reporting for all state-owned companies under the Global Reporting Initiative. Other countries, including China, have since followed suit. It’s an outdated idea that companies are only interested in maximising quarterly profits, and that development aid isn’t interested in collaborating with the business sector.

Change is underway, and progress is being made on co-operation between the private and the public sectors. But there is still much to be done to ensure that business and markets are part of delivering sustainable development and poverty eradication in ways that are both speedy and on a sufficiently large scale.

Comprehensive policies are needed to create regulatory environments that foster innovation and scientific and technological advances. Nine key areas have to be addressed if we are to promote the role of business in sustainable growth and poverty reduction.

- Business should embrace the opportunities that focus on productivity gains, from improving resource efficiencies like water to investments in renewable energy.

- Business' key contribution to poverty reduction is the creation of more and better jobs. A job is a starting point for change, allowing people to make choices and take an active part in their societies. New industries catering for future demands will create jobs for the future.

- Business should adopt inclusive business models by encouraging the development of ecosystems that stimulate the local economy. Where possible, poor people should be included in the value chain as suppliers and employees as well as customers.

- Businesses should seek to increase their transparency by reporting on the environmental, social and economic impact of their operations. Especially in sectors with high resource consumption or extractive industries which are critical to developing countries' economies.

If business leaders begin to address these key areas, they will help to create the next wave of industries that we believe could trigger the great industrial revolution of the 21st century. What, then, of governments?

- Governments should secure an enabling environment of laws, regulations and organisations creating equal opportunities for private sector actors. Development co-operation donors can then support the efforts of national governments.

- Governments should provide the right incentives and regulatory environment to encourage investment in new resource-efficient technologies.

- Governments should systematically seek partnerships with private sector actors that create positive effects in terms of “people, planet and profit”. They should also encourage greater transparency and competition. Development co-operation can be a catalyst for leveraging skills, innovation and resources from the private sector.

- Governments must recognise what innovation and entrepreneurship can do to increase job opportunities. Microfinance, including savings accounts, risk-reducing cost-sharing, insurance and transfers can play a vital role here.

- Governments should encourage sustainability reporting that goes beyond corporate social responsibility (CSR) and focuses on sustainability across all three dimensions of economy, environment and social impact.

There has been a shift away since the Rio Summit in 1992 from the focus on the public sector's role to more effective public-private partnerships. Sustainable development's focus on mainly environmental issues has expanded to include the social and economic dimensions, and from finding new financial resources to leveraging all forms of capital.

In the run-up to Rio +20 and beyond, we want to encourage public and private sector partnerships as a key mechanism for meeting the more complex sustainable development challenges. It is particularly important that these should address systemic issues.

Rio 1992 was primarily a gathering of environment ministers, but Rio+20 will gather all parts of society. So our aim will be to create a real change in the outcome of these political negotiations. Part of this will be to recognise that it is the private sector not governments that provides the solution to many of sustainable development's problems. We want to make sure that the Rio+20 conference is a launch pad for widespread global action in support of sustainability, green growth and poverty eradication.

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