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# Gubra Corporate Responsibility Policy

**July 2019**





### A word from the founders

Gubra was founded to create an independent company driven by a passion for science – not profit. Based on our collective scientific, managerial and sales track record we wanted to become a preferred collaborator and service partner to the pharmaceutical and biotech industry in the areas of obesity, diabetes and related metabolic disorders, and to use part of the profits generated to initiate innovative target and drug discovery projects. At our core, we strove for economic and scientific independence with a reasonable work-life balance.

In fact, being dedicated to profitable as well as non-profitable projects was listed as a conclusive statement in our first company presentation. We joined the climate protest march during COP15 in 2009 and from the start we discussed how we could support green initiatives both at the personal and at the company level. Now, 10 years later, we have the financial strength to put some real action behind our words.

*Jacob Jelsing & Niels Vrang, July 2019*





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## 1. The need for a new narrative

There is widespread agreement among politicians and within the business community about the need for radical change. However, in order to change, we need to deal with the win-win narrative, which for years has played too big a role in the corporate world and in politics. It is important to emphasize that win-win is insufficient, not bad. Companies should do all they can to find solutions that not only benefit their bottom line but also society at large. However, win-win sets the bar way too low – in effect, you should only go-green as a company if it is in your financial interests and you should only do it to the extent that it pays off, for you.

We need a new narrative – one that does not consider you a sucker or a fool if you act contrary to our own economic interests. Gubra wants to present an alternative story, one about generating profit, not maximizing profit. We will admit that if we didn't care, we would make more money – window-dressing is a lot cheaper than actually doing good. We are debating the subject (almost) every chance we get – with politicians, representatives from other companies, and in the media.

Additionally, we are working on creating a new way of reporting about corporate social and environmental activities, one that includes displaying the costs of these activities. How much you are willing to sacrifice is a pretty good indicator of your social and environmental engagement – we need to be transparent about these costs. Also, the business community needs to talk a lot more about what is right and a little less on which sustainability projects are financially viable. All in all, we need to engage in discussions about what our ethical responsibility implies. If we leave all the big problems for the politicians to deal with, one thing is certain – our descendants will suffer.

## 2. Grand Challenges

In a world devoid of hunger, war, climate change and ecological degradation, Gubra would not need a corporate responsibility policy, at least not a very comprehensive one. Unfortunately, we do not live in a world of affluence and ecological harmony. On the contrary, we are constantly reminded that our current way of life is highly unsustainable. And even though climate change, pollution and depletion of natural resources have been on the political and corporate agenda for decades, many of the grand challenges that humanity is facing remain unsolved. Some of these problems have even deteriorated. In the newly published Global Sustainable Development Report 2019, a group of independent scientists evaluating the progress on the Sustainable Development Goals (SDG) concluded:

Trends on climate (SDG 13) and biodiversity (SDG 14 and SDG 15) are alarming. On average, countries obtain their worst scores on SDG 13 (Climate Action), SDG 14 (Life Below Water) and SDG 15 (Life on Land). No country obtains a "green rating" (synonym of SDG achieved) on SDG 14 (Life Below Water). Trends on greenhouse gas emissions and, even more so, on threatened species are moving in the wrong direction (Sachs et al., 2019).

### ***We are using the ecological capacity of 1.7 Earths***

Another way of describing our current unsustainable way of life is by referencing the Ecological Footprint, which represents the Earth's ability to absorb our greenhouse gas emissions and to regenerate the resources that we



consume. According to the most recent data, our consumption and production patterns indicate that we are currently using the ecological capacity of 1.7 Earths (Lin et al., 2017).

If we do not change our way of life, including the way we do business, we are going to pass down a planet to future generations that is in much worse shape than the one we inherited from our forefathers. That would not just be an example of serious neglect on our part, but perhaps the worst case of generational theft and ignorance in the history of mankind. While we at Gubra cannot solve the grand challenges, the world is facing by ourselves, we want to be part of the solution and we have an ethical obligation to act. For more examples of humanity's unsustainable lifestyle, click [here](#).

### 3. Gubra's Corporate Responsibility Vision

*To formulate and implement a radically new approach to corporate responsibility and play an active role in the fight for a more sustainable world*

For years, politicians and businessmen have been lured by the win-win narrative, downplaying that sustainability comes with a price tag. It is time to recognize that doing good and doing well, without any tradeoffs, is a fairy tale. According to a large study on the impacts of CSR, the "current CSR activities mostly only lead to small changes of corporate performance and impacts. Such are not enough to reach policy goals and create change" (European Commission, 2013, p. 9).

In the 15th anniversary report Impact – transforming business, changing the world, the UN Global Compact, which is the world's largest corporate sustainability initiative, concluded: Let's face the facts. There is a vast gap between where the economic system is today and where it needs to be. The incremental progress we are making is not sufficient to stay within the boundaries of a planet with finite resources. We are not doing enough to secure a safe and prosperous future for humankind. Change takes time, but science tells us time is not on our side. We need radical transformative change (UN Global Compact, 2015, p. 174).

In the report Better business better world, the Business & Sustainable Development Commission likewise stated: The environmental and climate science is clear: so are the growing costs of inaction. People and most governments want faster progress. Delaying a better world is wrong, and decent board members, employees, consumers and investors want to do the right thing. And if progress is too slow, there may be no viable world to do business in (The Business & Sustainable Development Commission, 2017, p. 17).

Gubra agrees. Therefore, we have formulated a vigorous and bold vision for corporate responsibility, emphasizing the need for radical change. We hope our approach will inspire others not to settle for the low hanging fruits of win-win but to raise the bar further and recognize that sacrifices have to be made. For more on environmental summits and the history of CSR, click [here](#)



## 4. Corporate Responsibility Methodology

When it comes to corporate responsibility, ethics is key. What is our ethical responsibility as a company? That is the question. Responsible companies are characterized by acting in accordance with reasonable and justified ethical principles. But how do we distinguish reasonable and justified ethical principles from unwarranted and misguided ones? Here, we turn to the academic field of ethics in philosophy – more specifically, to the method of wide reflective equilibrium.

### *The method of wide reflective equilibrium*

In his famous book *A Theory of Justice* (1971) John Rawls presents a methodology that enable us to discuss and evaluate ethical questions in a systematic and rational way. Rawls' methodology, though controversial in some circles, has become mainstream within the field normative philosophy. According to Rawls, we must try to create reflective equilibrium (i.e., coherence) between our considered ethical intuitions and our ethical principles. Later, philosopher Norman Daniels (1996) included relevant background theories in Rawls' methodology and added the term 'wide' to the title. Accordingly, the method of wide reflective equilibrium implies that we must try to create coherence between our considered ethical intuitions, ethical principles and relevant background theories.

Ethical intuitions are the judgements we make about concrete ethical cases or more general statements about ethics. To take a classical example presented by philosopher Peter Singer (1971): if you are walking past a shallow pond and see a small child drowning in it, most of us believe that you should wade in and pull the child out, even if this means getting your clothes muddy. Considered ethical intuitions refer to the ethical intuitions we are relatively confident about, i.e., those we hold when we are fully informed and not under emotional stress. Ethical principles are general statements about what we should do. For instance, according to utilitarianism, which is one of the most discussed and influential ethical theories, agents should maximize the sum of well-being in the world. The relevant background theories refer to the theoretical knowledge that might be relevant when considering ethical issues e.g., sociological theories about human behavior and psychological theories about motivation.

### *A brief illustration of the method*

The method of wide reflective equilibrium is rather complex and besides the brief illustration below, we will not go into details here. For a more thorough account on how the methodology can be used in relation to corporate responsibility, see *Corporate Social Responsibility – A Perspective from Moral Philosophy* by Claus Strue Frederiksen (2011). For a more general introduction to the methodology, see Frederiksen (2019).

A brief illustration on the practical use of the method of wide reflective equilibrium: 'Being carbon negative' represents one of Gubra's considered ethical intuitions. In our view, the climate crisis is so serious that companies like ours have to go beyond carbon neutrality and become carbon negative. We can balance our intuition about being carbon negative with our assistance principle, which states that 'If it is in our power to promote one (or more) of the 17 sustainable development goals, while running a healthy and competitive business, we should do it.' Furthermore, our intuition about being carbon negative and our assistance principle is balanced with a relevant background theory, namely the theory of planetary boundaries (Steffen et al. 2015).



## 5. Gubra's Corporate Responsibility Principles

Gubra abides by three Corporate Responsibility principles:

- + **Gubra's assistance principle:** If it is in our power to promote one (or more) of the 17 sustainable development goals, while running a healthy and competitive business, we should do it.
- + **Gubra's no-harm principle:** We should refrain from harmful actions that violate important rights, including the use of child labor, polluting so that current and future generations cannot have their needs met, etc.
- + **Gubra's law-abiding principle:** We should respect national and international law.

At first glance, Gubra's assistance principle might seem rather conventional. But unlike strategic and business-driven CSR, the assistance principle implies that Gubra must go beyond win-win and at times promote one (or more) of the 17 SDGs even in situations where it goes against our financial interests. In fact, the only acceptable excuse we have not to promote one (or more) of the 17 SDGs is if it prevents us from running a healthy and competitive business. Then, what falls under the category "running a healthy and competitive business"?

It is difficult to draw a precise line, but for instance, maximizing profit does not seem to be a necessary condition for running a healthy and competitive business, although generating profit does. At some point, unprofitable companies dissolve, so we need to make money in order to run a healthy and competitive business. Also, we must take good care of our employees and create an inspiring and enjoyable work environment, make ongoing investments in the company, etc.

Gubra's no-harm principle is inspired by classical prohibitions against harmful actions. Among others, this principle implies that we should not dump our waste in the local forest, even if the additional cost of proper waste-management means that we are unable to stay in business. Of note, many harmful actions are prohibited by law and are thus covered by the law-abiding principle, but not all – e.g., being carbon positive is legal but still conflicts with the no-harm principle.

### ***Ethical obligations of assistance***

In his book *The Limits of Morality* (1989), philosopher Shelly Kagan suggests that there exists a pro tanto reason to promote the overall good. According to Kagan, a pro tanto reason is a reason that has genuine weight, but which may be outweighed by other considerations. In short, Kagan argues that if you are in a situation where you can do either A or B and your interests are equally affected no matter what you choose, you have a reason to choose the action that promotes the overall good. To illustrate his point, Kagan asks us to imagine that he is in a burning building. During his escape he find a child and a bird trapped within. Since he needs one hand free to clear the path, he can only save one of the two and Kagan picks up the caged bird and leaves the burning building. Clearly, he has done something wrong. As Kagan himself point out, the best explanation for this ethical judgment seems to be that we always have a reason to promote the overall good and that in the case of the burning building, no reasons seem to outweigh Kagan saving the child instead of the bird.



In Kagan's view, no reasons are ever strong enough to outweigh the pro tanto reason to promote good, which makes him support a consequentialist approach to ethics – according to consequentialism, agents should perform the act that leads to the best overall consequences. We find the idea of a pro tanto reason to promote the good intuitively appealing, but we reject consequentialism. In our view, consequentialism is too demanding, since it implies that every time, we have the chance to promote the overall good, we should do it. According to consequentialism, it is thus wrong to spend an evening and a few dollars going to the movies instead of using that time to visit the sick or elderly and donating the money to charity – this seems highly counter-intuitive. In trying to create wide reflective equilibrium, we need principles that are more in line with our considered ethical intuitions, which is why we opt for the assistance principle (presented above). The assistance principle does not imply that we should spend every minute of our life promoting good, since such a sacrifice clearly seems to undermine our ability to run a healthy and competitive business. The assistance principle thus fares a lot better than the consequentialist credo in terms of matching our considered ethical intuitions.

## 6. Gubra's Corporate Responsibility guidelines

Gubra has four key CR guidelines:

- + Donating 10 percent of our pretax profit to social and environmental activities
- + Being carbon negative (absorbing more CO<sub>2</sub> than we are emitting)
- + Inspiring and engaging politicians and other companies to fight for a more sustainable world
- + Order in our own house

### ***Donating 10 percent of our pretax profit***

Gubra is committed to donating 10 percent of its pretax profit to social and environmental activities every year, beginning in 2019. Why 10 percent? Why not 20? Or 7 or 37? We are not claiming that 10 percent is the only correct portion for our surplus to enable us to promote one (or more) of the 17 SDGs, while simultaneously running a healthy and competitive business – 9 or 12 percent might also do the trick. We may go higher than 10 percent in the future, but 10 percent is where we will start. By donating 10 percent of our pretax profit each year, we are taking a chunk of money out of the company, but not so much as to sink the ship. We will still be able to run a profitable business by investing in cutting-edge science and maintaining and attracting the best employees. If we took 50 percent for example, this might not be possible.

### ***Being carbon negative***

The guideline concerning carbon negativity implies that we minimize our carbon footprint by buying carbon offsets, planting trees and stimulating other carbon emission reducing projects. The relentless rise in greenhouse gases is an emergency situation where we all have an ethical obligation to act. By being carbon negative, we are trying to do our part in the quest towards a CO<sub>2</sub>-neutral future.





### ***Inspiring and engaging politicians and companies***

When it comes to the guideline concerning inspiring and engaging politicians and other companies to fight for a more sustainable world, two things are worth noticing. First, Gubra cannot solve the grand challenges the world is facing on its own, we need assistance from other parties. In the big picture, our direct contribution will be small, but hopefully we can inspire more powerful players – and that might change the game. Second, as the evidence illustrates, humanity is moving in the wrong direction in a number of ways, especially in terms of reducing climate change and loss of biodiversity. We need to change our way of living and doing business – it is as simple as that. As described by Claus Strue Frederiksen and Vincent F. Hendricks in their recent book *Kæmp for kloden* (Fight for the planet), researchers, politicians and the business community have to join forces and work together in order to solve the grand challenges that humanity is currently facing. We need unified social responsibility.

### ***Order in our own house***

The guideline concerning keeping order in our own house implies that we provide a healthy and non-discriminatory work environment, pay the correct taxes, insist on proper waste management, ensure that our suppliers live up to environmental and social standards, etc.

## **7. Gubra's Corporate Responsibility activities**

What to do? For a company like Gubra, focusing equally on all 17 SDGs is impossible. We need to narrow the scope. As a biotech company that helps to bring new medicines to patients, SDG 3 concerning health and well-being comes naturally to us. But what else? We have decided to focus mainly on SDGs 13, 14 and 15, because these goals relate to the most severe challenges we are currently facing – climate change and loss of biodiversity. See a list of our current and most significant CR activities on our website.

## **8. Appendix**

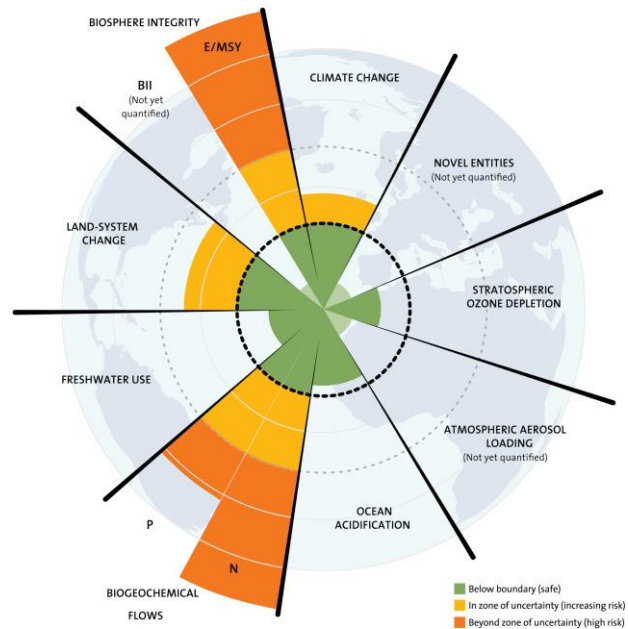
### ***Examples of humanity's unsustainable lifestyle***

In recent years, a vast number of alarming conclusions about the state of our planet have been presented by the research community and by various prominent organizations. Here are just a few examples:

In 2009, a research team identified nine planetary boundaries that constitute the ecological foundation of our existence. Two of the planetary boundaries – climate change and biosphere integrity – are recognized as core planetary boundaries since they are of fundamental importance for Earth. A recent study published in *Science* concluded that only three of the planetary boundaries are in the safe zone, two have not yet qualified, and four are beyond their safe boundaries (Steffen et al., 2015).

A recent study published in Nature Climate Change concluded that there is only a 1 percent chance that we will reach the ambitious goal of the Paris Agreement and limit the temperature increase to no more than 1.5°C above pre-industrial levels. According to the same study, there is only a 5% chance that the global temperature increase will be less than 2°C in 2100. Most likely the increase will be between 2.0-4.9°C. Such an increase will have severe consequences for Earth’s ecosystems (Raftery et al, 2017). The World Bank outlines the devastating consequences of a 4°C warmer world in the following way:

The 4°C scenarios are devastating: the inundation of coastal cities; increasing risks for food production potentially leading to higher malnutrition rates; many dry regions becoming dryer, wet regions wetter; unprecedented heat waves in many regions, especially in the tropics; substantially exacerbated water scarcity in many regions; increased frequency of high-intensity tropical cyclones; and irreversible loss of biodiversity, including coral reef systems. And most importantly, a 4°C world is so different from the current one that it comes with high uncertainty and new risks that threaten our ability to anticipate and plan for future adaptation needs (The World Bank, 2012, p. ix).



In the Global Risk Report 2017, the World Economic Forum concludes that one of the greatest challenges of our time is the rising income and wealth disparity. In this regard, the World Economic Forum proclaimed (p. 11) that “[m]ore fundamental reforms to market capitalism maybe needed to tackle, in particular, an apparent lack of solidarity between those at the top of national income and wealth distributions and those further down.”

In a press release (6 May, 2019) commenting on the forthcoming Global Assessment Report on Biodiversity and Ecosystem Services, the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) Chair, Sir Robert Watson said that “The health of ecosystems on which we and all other species depend is deteriorating more rapidly than ever. We are eroding the very foundations of our economies, livelihoods, food security, health and quality of life worldwide.”

**A brief overview on environmental summits and the history of CSR**

Politicians have talked about our unsustainable consumption and production patterns for decades. The first Earth Summit took place in Stockholm in 1972 and resulted in a declaration of 26 principles meant to inspire and guide people to preserve and enhance the human environment – the summit also led to the establishment of the United Nations Environmental Programme. Sixteen years later, in 1988, the Intergovernmental Panel on Climate Change was established, and in 1992 the UN conference on sustainable development in Rio de Janeiro laid the ground for the yearly COP meetings on climate change, held for the first time in 1995 in Berlin. These meetings are still running – COP 25 took place in Madrid 2-13 December 2019.



The business community has been concerned with its impact on society for centuries. However, the modern era of CSR is often said to begin in the early 1950s with the book *Social Responsibility of the Businessman* by Howard Bowen, who defined CSR as “the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society” (Bowen, 1953, p. 6). In the following years, numerous scholars published books and research articles on CSR, but it was not until the early 1990s that companies had an official CSR policy. Today, this has changed dramatically. According to an analysis from KPMG (2017), only 12 percent of large companies reported on their CSR activities in 1993 – in 2017, the number was 75 percent. Today, there exists a wide range of CSR and sustainability initiatives, including organisations like the UN Global Compact that present social and environmental corporate guidelines and provide ratings for companies, e.g., the Dow Jones Sustainability Indices that evaluate companies’ sustainability performance.

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